An aerial, black and white photograph of a massive crowd of people gathered for a beach event in North Myrtle Beach, South Carolina. The crowd is dense and stretches along a wide promenade. In the background, there are several buildings, including one with a sign that reads "OCEAN DRIVE BEACHES". A large, inflatable archway with the word "DREAMS" is visible in the middle of the crowd. To the left, there are palm trees and a sign for "OCEAN DRIVE GOLF RESORT" with a "VACANCY" notice. The overall scene is one of a busy, popular public gathering.

City of North Myrtle Beach, South Carolina

CAFR

Comprehensive Annual Financial Report

Fiscal Year ended June 30, 2014

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

Issued by: Department of Finance
Randy J. Wright, Director

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

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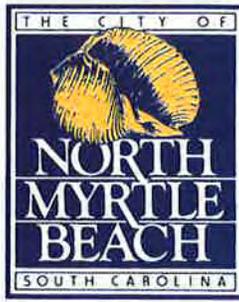
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INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



December 21, 2014

To the Honorable Mayor, Members of City Council, and Citizens of North Myrtle Beach:

We are pleased to present the Comprehensive Annual Financial Report of the City of North Myrtle Beach, South Carolina for the Fiscal Year Ended June 30, 2014. This report has been prepared in conformity with generally accepted accounting principle (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of North Myrtle Beach. We believe the enclosed is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operation of the various funds of the government in accordance with accounting principles generally accepted in the United States of America GAAP; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. To provide a reasonable basis for making these representations, management of the City of North Myrtle Beach has established a comprehensive internal control framework. This framework is designed to protect the government's assets as well as provide sufficient reliable information for preparation of its financial statements. Because the costs of internal controls should not outweigh their benefits, the City of North Myrtle Beach's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Robert E. Milhous, C.P.A.; P.A., a firm of licensed certified public accounts. The goal of the independent audit was to provide reasonable assurance that the Financial Statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit and its procedures. The independent auditor has rendered an unqualified opinion that the City of North Myrtle Beach's financial statements for the fiscal year ended June 30, 2014, are fairly presented in accordance with GAAP.

Additional information as well as an overview and analysis of the City's financial position and statements can be found in the Management's Discussion and Analysis section of this report. This analysis is located after the Auditor's Opinion.

PROFILE OF THE GOVERNMENT

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. North Myrtle Beach operates in and is governed by the laws of the State of South Carolina and also by its own charter, which was first adopted by the electorate

on May 7, 1968. The charter provides for a Council-Manager form of government. Legislative authority is vested in the Mayor and six Council members; provided, one council member shall be a resident of the Crescent Beach Ward, one a resident of the Cherry Grove Ward, one a resident of the Ocean Drive Ward, and one a resident of the Windy Hill Ward. The terms of office are for four years each. The present term for council members from the Cherry Grove and Crescent Beach Wards will expire during November 2015. The present term of the Mayor and the councilmembers from the Ocean Drive and Windy Hill Wards will expire during November 2017. The two at-large councilmembers were added November 2001 – they both have a four-year term and one will expire during November 2015 while the other will be November 2017. The Mayor and Council enact ordinances and resolutions relating to City services, levy of taxes, appropriation and borrowing, licensing and regulating of businesses and trades, and other municipal purposes.

The City of North Myrtle Beach provides a full range of services, including police and fire protection; the construction and maintenance of streets, drainage, and other infrastructure; and recreational activities, and cultural events. Water, sewer, and solid waste are provided by the government through enterprise funds.

The annual budget serves as the foundation for the City of North Myrtle Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Department on or before the first week of January each year. The Finance Department uses these requests as the starting point for developing a proposed budget. The government's manager then reviews this proposed budget and makes adjustments to be presented to Council at the annual budget retreat held the beginning of March. The Council then makes any suggestion or changes in programs and policy and instructs staff to provide a budget document by the end of April, sixty days prior to the beginning of the fiscal year. Council then holds a public hearing and as soon thereafter as possible, adopts a budget and passes a tax levy ordinance and such other ordinances as may be required to make the budget effective. The appropriated budget is adopted by total expenditures. Detail is provided for accounting and budgetary control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 55 through 57 as part of the basic financial statements for the governmental funds.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Condition and Outlook

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. The near term current economic outlook continues to be consistent growth from the 2013 level. Indicators such as water usage, hospitality fees, and accommodations tax receipts are growing about 2 to 4% above the previous fiscal year. Other factors such as property taxes continue to show an ever-increasing tax base as of this writing.

The construction industry appears to have leveled off at a moderate pace. A total of \$47,336,549 of permitted construction for residential and commercial have occurred over the first five months of FY 2015. This represents a decrease of 33% under the previous fiscal year. This is attributed to a significant commercial development permitted in the previous fiscal year. Major development continues to occur throughout the City, with continued development of Barefoot Landing Resort which encompasses 5 square miles on the west side of the Intracoastal Waterway, and the redevelopment of the Gator Hole Golf Course and ocean front property. Citywide construction continues to be steady if not on a slight upswing.

The long-term economic outlook for the City of North Myrtle Beach is positive. The community continues to be a highly visited vacation spot which offers popular attractions such as golf, the beach, entertainment, and shopping. Also, the recent addition of major roads such as Route 22 and 31 in the area has opened up new areas for development as well as provided alternative routes in order to alleviate some traffic congestion. As of this writing discussions are underway to begin developing parts of recently annexed property. These developments will provide significant growth in undeveloped area of the city.

The City recently annexed another large tract of land along Route 31 and east to the Intracoastal Waterway. Even though no development is currently underway within this annexation, the City borrowed \$15,000,000 in 2011 to develop a sports tourism park off the Main Street connector. The park was opened March 1, 2014 and held over 60 events during the year. It has contributed to the 4.1% growth that the city is experiencing in Local Accommodations Tax Fees and Hospitality Fees. Over 60 events have already been booked for 2015 which will continue to positively impact the City of North Myrtle Beach.

General Fund Revenues are projected to grow at a faster pace through 2016 especially if some of these new developments get off the ground. No additional general obligation bond issues are projected for FY 2015. The City continues to improve its' beach quality with the completion of the Main Street Ocean Outfall in the Main Street area. This is the 5th major ocean outfall installed by the City over the last 10 years. Approximately seven smaller ocean outfall projects remain to totally remove storm water drains off the beach.

Long-Term Financial Planning

The annexation of the 1,350 acre and the 1600 acre tracts of undeveloped land will greatly enhance the City's revenue picture over the long run. Few annexations are along a future interstate like these two tracts of land with an already existing interchange. These annexations will provide the City with two new commercial districts that has the potential to bring in major retail businesses along with the many ancillary businesses that accompany them, as well as the City's largest park.

Even though the overall economy is still struggling from the 2008-09 recession, the City has been able to maintain a 35% Fund Balance. This was done by reducing expenditures in proportion to revenues. Management is encouraged with the growth we have been experiencing over the last two years and look forward to next year with the new park in full swing. Current projections are favorable and another surplus is expected for the FY 2015.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2013. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for Fiscal Year 2014.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the dedicated endeavors of the Accounting Division. We would like to express our appreciation to all staff members, especially Assistant Finance Director, Diane Shell; Accounting Supervisor, Jamie Baker; and Enterprise Accountant, Lauren Richardson who have assisted and contributed to its preparation. Further appreciation is extended to the Mayor and City Council and City Manager for their encouragement, assistance, and approval. It is a real pleasure to work for a group of people who encourage and support the sound financial operation and reporting of the City.

Respectfully submitted,



Randy J. Wright, CPA, CPFO, CGFM
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of North Myrtle Beach
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of North Myrtle Beach, South Carolina

PRINCIPAL OFFICIALS

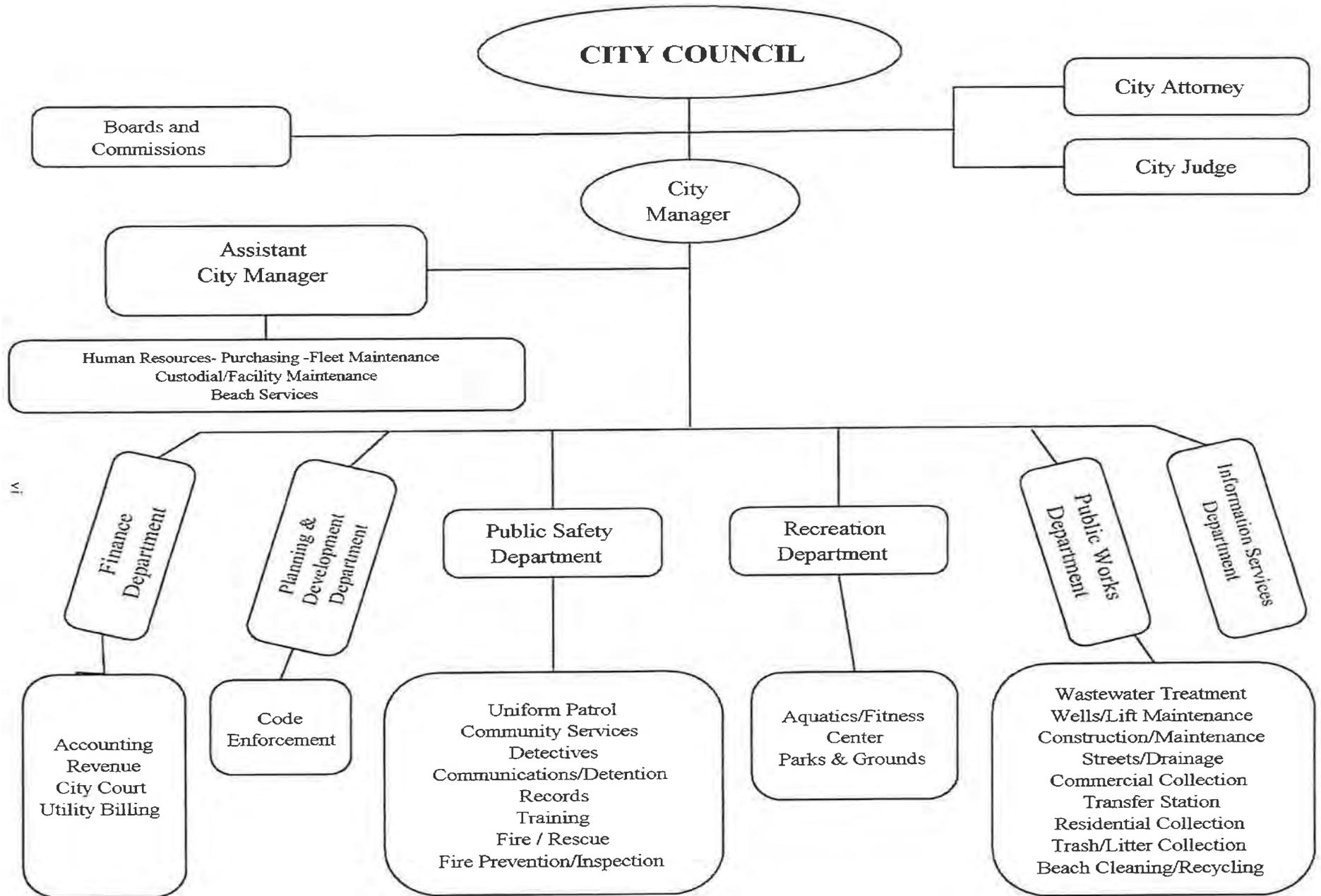
June 30, 2014

Elected

Mayor Marilyn B. Hatley
Councilmember, Cherry Grove Ward Fred Coyne
Councilmember, Crescent Beach Ward Jay Baldwin
Councilmember, Ocean Drive Ward Terry White
Councilmember, Windy Hill Ward Nicole Fontana
Councilmember, At-Large Bob Cavanaugh
Councilmember, At-Large Hank Thomas

Appointed

City Manager Michael G. Mahaney
Assistant City Manager Steven E. Thomas
Finance Director Randy J. Wright
Information Services Director Patrick Wall Jr.
Parks and Recreation Director John W. Bullard
Planning and Development Director James W. Wood
City Engineer/Public Works Director Kevin D. Blayton
Public Safety Director Jay A. Fernandez



FINANCIAL SECTION

CITY OF NORTH MYRTLE BEACH

REPORT OF INDEPENDENT AUDITOR

CITY OF NORTH MYRTLE BEACH

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

A Professional Association Of
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of City Council
City of North Myrtle Beach, South Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

— CONTINUED —



Opinions

Unmodified Opinion

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in *Note 18* to the financial statements, the 2013 Business-type Activities and Proprietary Fund financial statements have been restated as a result of the City implementing a new GASB accounting standard. My opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information, which consisted principally of inquires of management about comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, of the combining and individual fund financial statements and other financial schedules as listed in the table of contents as Other Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of North Myrtle Beach, South Carolina.

The combining and individual fund financial statements and other financial schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year summarized comparative information presented in the 2014 individual fund financial statements and schedules has been derived from the City's 2013 audited financial statements, and in my report dated December 17, 2013, expressed an unqualified opinion on those individual fund financial statements. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or any other form of assurance on this information.



December 10, 2014
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

This section of the City of North Myrtle Beach, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

Per the Government-Wide Statement of Net Position, the City's total assets at year end June 30, 2014 were \$229.6 million and exceeded total liabilities by \$189.6 million. Of the total net position at June 30, 2014, \$21.5 million were unrestricted and available to support short-term operations of the City.

Per the Government-Wide Statement of Activities, the City's total net position increased by \$5.7 million for the year ended June 30, 2014. The Governmental Activities contributed \$5,119,678 and the Business-type Activities contributed \$562,578 for the year.

The City restated year 2013 to comply with a new accounting principle (GASB #65) and to correct a prior-year accrual of the City's Other Post-Employment Benefit (OPEB) liabilities in its Insurance Reserves Internal Service Fund (see *Note 18* in the Notes to Financial Statements).

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements comprise three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves. Typically, the MD&A contains comparative data to help the reader identify trends in financial activity of the government. The Letter of Transmittal and the Statistical Section of the Comprehensive Annual Financial Report (CAFR), of which this discussion is a component thereof, contains much of the data and analysis usually included in a MD&A and therefore it is not duplicated herein.

Government-Wide Financial Statements – The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave).

Government-Wide Financial Statements (Continued)

Both of the Government-Wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the City include general government, finance, public safety, public works, parks and recreation, planning and economic development, and support services. The Business-type Activities of the City include enterprise operations for water and sewer utility, solid waste, aquatic center, and beach service. Internal service fund of the City's health insurance reserves and claims expense is accounted for prorata in both Governmental Activities and Business-type Activities.

The Government-Wide financial statements can be found immediately following the "Report of the Independent Auditor".

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds – *Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled "Required Supplementary Information".

The basic Governmental Fund financial statements can be found immediately following the "Government-Wide" financial statements.

Proprietary Funds – Proprietary Funds provide the same type of information as the Government-Wide financial statements, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the "Governmental Fund" financial statements.

Enterprise Funds are used to report the same functions presented as *Business-type Activities* in the Government-Wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, its Solid Waste, its Aquatic Center, and its Beach Service enterprises.

Internal Service Funds are used to account for activity of providing goods and services to other funds and departments of the City on a cost-reimbursement basis. The City uses its Internal Service Fund to account for resources and expenses related to the City's risk financing activities of employee and retiree/non-employee health costs and workers compensation liability program.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements.

Other Financial Information – In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report also presents certain financial data of individual fund statements and schedules.

Government-Wide Financial Analysis

Below is a 'condensed' Statement of Net Position at June 30, 2014 (with comparative amounts of June 30, 2013) which depicts the major components of the City's total (Governmental and Business-type) assets, liabilities and net position (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	Restated 2013	2014	Restated 2013
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 10,353	\$ 18,651	\$ 13,283	\$ 13,547	\$ 23,636	\$ 32,198
Restricted	792	6,014	4,012	3,704	4,804	9,718
Other current assets	6,346	7,451	499	482	6,845	7,933
Capital assets, net of accumulated depreciation	104,210	86,967	79,192	79,895	183,402	166,862
Other assets, net of accumulated amortization	—	—	10,921	11,757	10,921	11,757
Total assets	121,701	119,083	107,907	109,385	229,608	228,468
Liabilities:						
Current liabilities	6,280	7,964	5,148	5,277	11,428	13,241
Long term liabilities	17,625	18,443	10,979	12,891	28,604	31,334
Total liabilities	23,905	26,407	16,127	18,168	40,032	44,575
Net Position:						
Net investment in capital assets	90,295	76,284	74,144	74,441	164,439	150,725
Restricted	1,529	6,564	2,134	1,786	3,663	8,350
Unrestricted	5,972	9,828	15,502	14,990	21,474	24,818
Total net position	\$ 97,796	\$ 92,676	\$ 91,780	\$ 91,217	\$ 189,576	\$ 183,893

Governmental Activities – For 2014, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$17.5 million, or 14% of total assets. Non-current assets (consisting of capital assets and other assets, net of accumulated depreciation and amortization, respectively) totaled \$104.2 million or 86% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$6.3 million, or 24% of total liabilities. Long-term (non-current) liabilities totaled 17.6 million, or 74% of the respective total.

Business-type Activities – For 2014, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$17.8 million, or 16% of total assets. Non-current assets (consisting of capital assets and other assets, net of accumulated depreciation and amortization, respectively) totaled \$90.1 million, or 84% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.1 million, or 31% of the respective total liabilities. Long-term (non-current) liabilities totaled \$11.0 million, or 69% of the respective total.

As noted earlier, net position (formally known as net assets) may serve over time as a useful indicator of a government's financial position. In the case of the City, 2014 total assets exceeded total liabilities by \$189.6 million at the end of June 30, 2014 (or \$97.8 million for Governmental Activities and \$91.8 million for Business-type Activities.)

By far the largest portion (\$164.4 million, or 88%) of the City's 2014 total net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-Wide Financial Analysis (Continued)

The City's 2014 restricted net position (totaling \$3.6 million or 2.0% of total net position) consist of \$1.5 million in Governmental Activities and \$2.1 million in Business-type Activities, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6.0 million Governmental Activities and \$15.5 million Business-type Activities, for a total of \$21.5 million, or 11.3% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's components of changes in net position for FY 2014 and FY 2013 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	Restated 2013	2014	Restated 2013
Revenue:						
Program Revenue:						
Charges for services	\$ 3,996	\$ 3,310	\$ 20,158	\$ 19,247	\$ 24,154	\$ 22,557
Operating grants and contributions	16	284	—	—	16	284
Capital grants and contributions	2,344	623	2,240	1,442	4,584	2,065
General revenue:						
Property taxes	14,192	14,363	—	—	14,192	14,363
State shared and other taxes	16,438	15,789	—	—	16,438	15,789
Investment earnings	175	24	76	59	251	83
Other	130	55	247	216	377	271
Total revenue	37,291	34,448	22,721	20,964	60,012	55,412
Expenses:						
General government	3,785	2,514	—	—	3,785	2,514
Finance	765	844	—	—	765	844
Information services	538	627	—	—	538	627
Public safety	12,056	12,431	—	—	12,056	12,431
Planning and development	1,411	1,629	—	—	1,411	1,629
Public works	4,225	4,793	—	—	4,225	4,793
Parks and recreation	6,675	4,217	—	—	6,675	4,217
Support services	990	1,041	—	—	990	1,041
Interest on general long-term debt	504	342	—	—	504	342
Water and Sewer Utility	—	—	15,004	14,038	15,004	14,038
Solid Waste	—	—	3,910	3,870	3,910	3,870
Aquatic Center	—	—	2,329	2,190	2,329	2,190
Beach Service	—	—	2,137	2,045	2,137	2,045
Total expenses	30,949	28,438	23,380	22,143	54,329	50,581
Change in net position before transfers	6,342	6,010	(659)	(1,179)	5,683	4,831
Transfers	(1,222)	(1,181)	1,222	1,181	—	—
Change in net position	5,120	4,829	563	2	5,683	4,831
Net position – beginning of year	92,676	87,847	91,217	91,621	183,893	179,468
Cumulative effect of restatements	—	—	—	(406)	—	(406)
Net position – end of year	\$ 97,796	\$ 92,676	\$ 91,780	\$ 91,217	\$ 189,576	\$ 183,893

Of total net position at June 30, 2014, \$97.8 million (and \$92.6 million at June 30, 2013) represents net position of the City's Governmental Activities, and \$91.8 million (and \$91.2 million in 2013) represents total net position of the City's Business-type Activities. At the end of fiscal years 2014 and 2013, the City is able to report 'positive' changes in net position even with the continued implementation of GASB Statement #45, *Other Post-Employment Benefits Other Than Pensions* (OPEB). Total OPEB liability and related expenses equaled \$5.5 million at June 30, 2014 (represented by \$4.7 million in Governmental Activities and \$1.0 million in Business-type Activities). Additional information on the City's OPEB can be found in *Note 13* of this report. The increase in net position for Governmental Activities was a result of modest increases in general revenues (property taxes and accommodation/hospitality taxes) and street improvement grants. Increase in Business-type Activities net position resulted primarily in increases in transferred amounts from Accommodation (2%) Tax Special Revenue Fund and Local Accommodations (1.5%) Tax Special Revenue Fund to various Enterprise Funds.

Government-Wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities

Governmental expenses are funded by fees for services, grants and contributions and general revenues. The Statement of Activities details this activity for the City. The following table summarizes that data.

(amounts shown in thousands)

	Expenses	Total Program Revenue	Net Expenses	% Funded by Program Revenue	% Required to Funded by General Revenue
General govt. admin.	\$ (3,785)	\$ 193	\$ (3,592)	5.1%	94.9%
Finance	(765)	—	(765)	—	100%
Information services	(538)	—	(538)	—	100%
Public safety	(12,056)	490	(11,566)	4.1%	95.9%
Planning and development	(1,411)	707	(704)	50.1%	49.9%
Public works	(4,225)	4,362	137	103.2%	(3.2)%
Parks and recreation	(6,675)	605	(6,070)	9.1%	90.9%
Support services	(990)	—	(990)	—	100%
Debt service interest	(504)	—	(504)	—	100%
Totals	<u>\$ (30,949)</u>	<u>\$ 6,357</u>	<u>\$ (24,592)</u>	<u>20.5%</u>	<u>79.5%</u>

The City allocates its depreciation of capital assets to the City's functions (see *Note 6*), and absorbed 79% of the net position deficit in the City's Insurance Reserves Internal Services Fund in 2014. General Revenues (79.58%) were required to fund Governmental Activities (as compared to 85.2% in 2013) and were as follows:

General Revenues by Source – Governmental Activities (shown in thousands)

Property taxes	\$ 14,192
Accommodations/hospitality taxes	8,216
State shared taxes – unrestricted	805
Licenses and franchise taxes	7,416
Investment earnings	175
Other revenues	130
Total general revenue before transfers	<u>\$ 30,934</u>

Fund Financial Analysis

General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$21.6 million, and achieved actual revenues of \$22.5 million or within budget. Final expenditures budgeted for the General Fund were \$24.3 million with actual expenditures of \$25.1 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.7 million, with the actual deficiency equaling \$2.6 million. However, after considering Other Financing Sources and Uses, which included a new installment note (lease purchase) arrangement, the General Fund had an actual decrease of \$131,049 in fund balance.

As noted above, the City's General Fund fund balance decreased slightly in 2014 and was a direct result of the City managing expenditures throughout the year due to the economic downturn plus increased actual revenues over estimated revenues. Certain capital purchases were put on hold and open personnel positions were allowed to stay vacant substantially longer in order to align expenditures with the revenue. These efforts have proved successful over the past few fiscal years.

Fund Financial Analysis (Continued)

The General Fund's budget also included net transfers to/from other funds, netting to \$2.7 million more transferred in than out, primarily due to increases in both Accommodations and Hospitality taxes.

Expenses and Program Revenues – Business-type Activities

The City operates four enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center and Beach Service. Business-type Activities absorbed 21% of the net position deficit in the City's Insurance Reserves Internal Services Fund in 2014.

The Water and Sewer Utility has been in operation for a number of years, and suffered an operating loss of \$2,435,206 for the year ended June 30, 2014. Due to the economic decline in construction and related developer fees and other capital contributions that were not as high as estimated, the Utility Fund realized an overall decrease in net position of \$301,963.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved a net operating income of \$390,335 for the year ended June 30, 2014. After transfers from the Accommodations (2%) Tax Fund of \$127,071, the change in net position increased by \$542,599.

The City's Aquatic Center Enterprise Fund, in its ninth year of operations, incurred a net operating loss of \$157,238. After recognizing a \$547,974 transfer from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled a positive \$203,437.

The City's Beach Service Enterprise Fund, in its sixth year of operations, incurred a net operating loss of \$222,021. After recognizing \$547,185 in transfers from the Accommodations (2%) Tax Fund and the Local Accommodations (1.5%) Tax Fund, the change in net position of Beach Service totaled \$328,577.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2014, amounts to \$183.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads. A major increase in 2014 results from the completion of a \$22 million sports park and complex.

Capital asset purchases within the General Fund departments continued to be made on a pay-as-you-go basis. This has been the City's policy for 20 years. The City resumed purchases of budgeted capital assets since revenues came in at budget. Overall capital is in very good condition and any deferrals from prior years have had no negative affect on City services. Additional information on the City's capital assets can be found in *Note 6* of this report.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$12.9 million. Of this amount, \$12.5 million comprises debt backed by the full faith and credit of the City government. A new installment note (lease purchase) obligation occurred in 2014 to acquire certain fire equipment. Enterprise Fund revenue-backed long-term debt consists of contract and note payables totaled \$11.4 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

During FY 2013, the City issued \$15 million in G.O. Bonds for Park Development Capital Project Fund, a major fund of the City. The new park and sports complex encompasses 160 acres and includes numerous sports-related fields and park activities. City tax millage was increased 6 mils in order to provide funding for this debt, which is scheduled for retirement by year 2019.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of North Myrtle Beach, South Carolina 29582.

AUDITED BASIC FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,067,459	\$ 9,366,436	\$ 11,433,895
Equity in pooled cash and cash equivalents	8,285,594	3,916,586	12,202,180
Receivables, net	2,417,964	2,303,272	4,721,236
Due from other governments	1,131,464	267,157	1,398,621
Internal balances, net	2,518,524	(2,518,524)	—
Inventories and prepaids	278,806	447,722	726,528
Restricted assets:			
Cash and cash equivalents	785,006	3,607,294	4,392,300
Equity in pooled cash and cash equivalents	—	123,031	123,031
Deposits held by others	6,974	281,223	288,197
Total current assets	17,491,791	17,794,197	35,285,988
Non-currents assets:			
Capital assets not subject to depreciation	29,341,956	1,171,585	30,513,541
Capital assets, net of depreciation	74,867,661	78,020,492	152,888,153
Other assets, net	—	10,920,545	10,920,545
Total non-current assets	104,209,617	90,112,622	194,322,239
Total Assets	\$ 121,701,408	\$ 107,906,819	\$ 229,608,227
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 1,977,105	\$ 835,724	\$ 2,812,829
Accrued payroll and related taxes	624,148	379,553	1,003,701
Accrued interest payable	150,194	123,200	273,394
Due to other governments	10,672	—	10,672
Bonds, contracts and notes payable – current portion	2,485,755	1,420,935	3,906,690
Unearned revenue	—	261,696	261,696
Insurance reserves and claims payable	147,085	39,146	186,231
Liabilities payable from restricted assets	885,484	2,087,476	2,972,960
Total current liabilities	6,280,443	5,147,730	11,428,173
Long-term (non-current) liabilities:			
Accrued compensated absences	1,265,944	428,058	1,694,002
General obligation bonds payable	3,220,018	—	3,220,018
Contracts payable	7,955,000	5,400,000	13,355,000
Note payable	253,465	4,625,398	4,878,863
Other post-employment benefits (OPEB)	4,930,600	525,722	5,456,322
Total long-term liabilities	17,625,027	10,979,178	28,604,205
Total liabilities	23,905,470	16,126,908	40,032,378
Net position:			
Net investment in capital assets	90,295,379	74,144,077	164,439,456
Restricted for:			
Insurance reserves and deposits	785,318	209,007	994,325
Public safety assistance	311,946	—	311,946
Tourism related and parks	431,459	—	431,459
Future capacity of utility	—	1,924,148	1,924,148
Unrestricted	5,971,836	15,502,679	21,474,515
Total net position	97,795,938	91,779,911	189,575,849
Total Liabilities and Net Position	\$ 121,701,408	\$ 107,906,819	\$ 229,608,227

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions and Programs	Primary Government						
	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government admin.	\$ (3,784,688)	\$ 176,752	\$ 16,678	\$ —	\$ (3,591,258)	\$ —	\$ (3,591,258)
Finance	(765,254)	—	—	—	(765,254)	—	(765,254)
Information Services	(538,150)	—	—	—	(538,150)	—	(538,150)
Public safety	(12,056,285)	489,978	—	—	(11,566,307)	—	(11,566,307)
Planning and development	(1,411,630)	706,512	—	—	(705,118)	—	(705,118)
Public works	(4,224,995)	2,072,644	—	2,289,804	137,453	—	137,453
Parks and recreation	(6,674,840)	550,442	—	54,596	(6,069,802)	—	(6,069,802)
Support services	(989,966)	—	—	—	(989,966)	—	(989,966)
Debt service – interest	(503,633)	—	—	—	(503,633)	—	(503,633)
Total governmental activities	<u>(30,949,441)</u>	<u>3,996,328</u>	<u>16,678</u>	<u>2,344,400</u>	<u>(24,592,035)</u>	<u>—</u>	<u>(24,592,035)</u>
Business-type Activities:							
Water and Sewer Utility	(15,004,253)	12,048,522	—	2,240,057	—	(715,674)	(715,674)
Solid Waste	(3,910,649)	4,264,940	—	—	—	354,291	354,291
Aquatic Center	(2,329,002)	1,949,899	—	—	—	(379,103)	(379,103)
Beach Service	(2,136,232)	1,894,522	—	—	—	(241,710)	(241,710)
Total business-type activities	<u>(23,380,136)</u>	<u>20,157,883</u>	<u>—</u>	<u>2,240,057</u>	<u>—</u>	<u>(982,196)</u>	<u>(982,196)</u>
Total functions and programs	<u>\$ (54,329,577)</u>	<u>\$24,154,211</u>	<u>\$ 16,678</u>	<u>\$ 4,584,457</u>	<u>(24,592,035)</u>	<u>(982,196)</u>	<u>(25,574,231)</u>
General Revenue and Transfers							
General Revenue:							
Property taxes					14,192,390	—	14,192,390
Accommodations and hospitality taxes					8,215,896	—	8,215,896
State shared taxes – unrestricted					805,341	—	805,341
Business licenses and franchise taxes					7,416,404	—	7,416,404
Unrestricted investment earnings					175,616	75,692	251,308
Miscellaneous					128,296	246,852	375,148
Transfers:							
Transfers in/(out)					(1,222,230)	1,222,230	—
Total general revenue and transfers					<u>29,711,713</u>	<u>1,544,774</u>	<u>31,256,487</u>
Changes in net position							
Net position, beginning of year (as restated, <i>see Note 18</i>)					<u>92,676,260</u>	<u>91,217,333</u>	<u>183,893,593</u>
Net position, end of year					<u>\$ 97,795,938</u>	<u>\$ 91,779,911</u>	<u>\$ 189,575,849</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	General Fund	Stormwater Drainage Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,067,459	\$ —	\$ —	\$ —	\$ 2,067,459
Equity in pooled cash and cash equivalents	4,148,786	—	—	3,193,626	7,342,412
Deposits held by others	2,378	—	—	—	2,378
Receivables, net	1,506,418	116,452	800	794,294	2,417,964
Due from other funds	5,084,993	—	—	—	5,084,993
Due from other governments	191,758	—	—	939,706	1,131,464
Inventories and prepaids	278,806	—	—	—	278,806
Restricted assets:					
Cash and cash equivalents	610,252	—	—	—	610,252
Equity in pooled cash and cash equivalents	—	—	—	—	—
Total assets	\$ 13,890,850	\$ 116,452	\$ 800	\$ 4,927,626	\$ 18,935,728
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 713,348	\$ 821,309	\$ 49,747	\$ 382,207	\$ 1,966,611
Accrued payroll and withholdings payable	624,148	—	—	—	624,148
Due to other funds	—	1,372,348	265,945	928,176	2,566,469
Due to other governments	10,672	—	—	—	10,672
Payable from restricted assets	705,849	—	—	—	705,849
Total liabilities	2,054,017	2,193,657	315,692	1,310,383	5,873,749
Fund balances:					
Non-spendable	278,806	—	—	—	278,806
Restricted by others	311,946	—	—	431,459	743,405
Committed by ordinance	392,500	—	—	65,960	458,460
Assigned by management	—	—	—	3,119,824	3,119,824
Unassigned reported in:					
General Fund	10,853,581	—	—	—	10,853,581
Capital Projects Fund	—	(2,077,205)	(314,892)	—	(2,392,097)
Total fund balances	11,836,833	(2,077,205)	(314,892)	3,617,243	13,061,979
Total liabilities and fund balances	\$ 13,890,850	\$ 116,452	\$ 800	\$ 4,927,626	

Reconciliation to amounts reported for governmental activities in the Statement of Net Position (see Note 15):

Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.	104,209,617
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.	785,318
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(22,260,976)

Net position, end of year – Governmental Activities **\$ 97,795,938**

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	General Fund	Stormwater Drainage Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 11,957,906	\$ —	\$ —	\$ 2,234,484	\$ 14,192,390
Licenses and permits	8,111,216	—	—	—	8,111,216
Fines and forfeitures	377,226	—	—	—	377,226
Use of money and property	150,358	(1,418)	2,950	23,726	175,616
Unrestricted intergovernmental	991,176	—	—	—	991,176
Restricted intergovernmental	54,596	1,250,000	—	9,069,865	10,374,461
Sales and service charges	846,780	2,065,810	—	11,700	2,924,290
Miscellaneous	42,190	—	2,626	107,500	152,316
Total revenue	22,531,448	3,314,392	5,576	11,447,275	37,298,691
Expenditures					
Current:					
General government administration	2,112,275	—	—	—	2,112,275
Finance	775,994	—	—	—	775,994
Information services	517,469	—	—	—	517,469
Public safety	12,411,630	—	—	—	12,411,630
Planning/development	1,488,171	—	—	—	1,488,171
Public works	1,977,559	—	—	—	1,977,559
Parks and recreation	3,286,798	—	—	1,374,025	4,660,823
Support services	1,040,662	—	—	—	1,040,662
Debt service	605,893	—	—	2,248,750	2,854,643
Capital outlay	891,703	11,741,928	7,778,651	1,442,609	21,854,891
Total expenditures	25,108,154	11,741,928	7,778,651	5,065,384	49,694,117
Excess (deficiency) of revenue over (under) expenditures	(2,576,706)	(8,427,536)	(7,773,075)	6,381,891	(12,395,426)
Other Financing Sources (Uses)					
Installment note obligation	383,167	—	—	—	383,167
Transfers in	4,962,490	25,714	2,766,999	2,291,543	10,046,746
Transfers (out)	(2,900,000)	—	—	(8,368,976)	(11,268,976)
Total other financing sources (uses)	2,445,657	25,714	2,766,999	(6,077,433)	(839,063)
Net change in fund balances	(131,049)	(8,401,822)	(5,006,076)	304,458	(13,234,489)
Fund balances, beginning of year	11,967,882	6,324,617	4,691,184	3,312,785	26,296,468
Fund balances, end of year	\$ 11,836,833	\$ (2,077,205)	\$ (314,892)	\$ 3,617,243	\$ 13,061,979

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
 Statement of Activities (see Note 15):**

Net change in fund balances – total governmental funds	\$ (13,234,489)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	17,242,439
Internal service funds are used by management to charge the costs of health insurance programs to individual funds. This is the amount allocated to Governmental Activities.	(789,317)
Some expenses reported in Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in these funds.	(549)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,901,594</u>
Change in Net Position – Governmental Activities	<u><u>\$ 5,119,678</u></u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
PROPRIETARY FUNDS

JUNE 30, 2014

Business-type Activities – Enterprise Funds

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 9,359,510	\$ —	\$ 400	\$ 6,526	\$ 9,366,436	\$ —
Equity in pooled cash and cash equivalents	3,195,820	469,744	—	—	3,665,564	1,194,204
Receivables, net	2,005,375	256,094	11,888	29,915	2,303,272	—
Due from other funds	—	—	—	174,793	174,793	—
Due from other governments	267,157	—	—	—	267,157	—
Inventories	442,354	—	—	5,368	447,722	—
Restricted assets:						
Cash and cash equivalents	3,560,784	—	—	—	3,560,784	221,264
Equity in pooled cash and cash equivalents	123,031	—	—	—	123,031	—
Deposits with others	280,000	—	—	—	280,000	5,819
Total current assets	<u>19,234,031</u>	<u>725,838</u>	<u>12,288</u>	<u>216,602</u>	<u>20,188,759</u>	<u>1,421,287</u>
Non-current assets:						
Capital assets, not subject to depreciation	1,171,585	—	—	—	1,171,585	—
Capital assets, subject to depreciation	67,618,354	1,997,141	7,843,593	561,404	78,020,492	—
Total capital assets, net	68,789,939	1,997,141	7,843,593	561,404	79,192,077	—
Other assets, net	10,920,545	—	—	—	10,920,545	—
Total non-current assets	<u>79,710,484</u>	<u>1,997,141</u>	<u>7,843,593</u>	<u>561,404</u>	<u>90,112,622</u>	<u>—</u>
Total assets	<u>\$ 98,944,515</u>	<u>\$ 2,722,979</u>	<u>\$ 7,855,881</u>	<u>\$ 778,006</u>	<u>\$ 110,301,381</u>	<u>\$ 1,421,287</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Funds				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Liabilities and Net Position						
Current liabilities:						
Accounts payable	\$ 731,665	\$ 4,369	\$ 38,919	\$ 57,978	\$ 832,931	\$ 13,287
Accrued payroll and related taxes	103,708	61,609	35,885	178,351	379,553	—
Due to other funds	—	—	23,299	2,670,018	2,693,317	—
Accrued interest payable	—	—	123,200	—	123,200	—
Contracts and note payable – current portion	998,333	—	422,602	—	1,420,935	—
Unearned revenue	—	—	261,696	—	261,696	—
Insurance reserves and claims payable	—	—	—	—	—	186,231
Liabilities payable from restricted assets	2,039,667	—	—	—	2,039,667	227,444
Total current liabilities	<u>3,873,373</u>	<u>65,978</u>	<u>905,601</u>	<u>2,906,347</u>	<u>7,751,299</u>	<u>426,962</u>
Long-term (non-current) liabilities:						
Accrued compensated absences	247,071	141,781	39,206	—	428,058	—
Contracts payable	5,400,000	—	—	—	5,400,000	—
Note payable	—	—	4,625,398	—	4,625,398	—
Other post-employment benefits (OPEB)	—	—	—	—	—	5,456,322
Total long-term liabilities	<u>5,647,071</u>	<u>141,781</u>	<u>4,664,604</u>	<u>—</u>	<u>10,453,456</u>	<u>5,456,322</u>
Total liabilities	<u>9,520,444</u>	<u>207,759</u>	<u>5,570,205</u>	<u>2,906,347</u>	<u>18,204,755</u>	<u>5,883,284</u>
Net position:						
Net investment in capital assets	68,789,939	1,997,141	2,795,593	561,404	74,144,077	—
Restricted for:						
Future capacity and deposits	1,924,148	—	—	—	1,924,148	—
Health insurance claims	—	—	—	—	—	—
Unrestricted (deficit)	18,709,984	518,079	(509,917)	(2,689,745)	16,028,401	(4,461,997)
Total net position	<u>89,424,071</u>	<u>2,515,220</u>	<u>2,285,676</u>	<u>(2,128,341)</u>	<u>92,096,626</u>	<u>(4,461,997)</u>
Total liabilities and net position	<u>\$ 98,944,515</u>	<u>\$ 2,722,979</u>	<u>\$ 7,855,881</u>	<u>\$ 778,006</u>		<u>\$ 1,421,287</u>
<i>Some amounts reported for Business-type Activities in the Statement of Net Position are different because certain Internal Service Fund assets and liabilities are included with Business-type Activities (see Note 15):</i>					(316,715)	
Net Position of Business-type Activities					<u>\$ 91,779,911</u>	

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	Business-type Activities – Enterprise Funds				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Operating Revenue						
Sales and service charges	\$ 12,048,522	\$ 4,264,940	\$ 1,949,899	\$ 1,894,522	\$ 20,157,883	\$ 4,095,226
Total operating revenue	12,048,522	4,264,940	1,949,899	1,894,522	20,157,883	4,095,226
Operating Expenses						
General government administration	1,061,813	209,401	80,569	129,024	1,480,807	2,352,121
Finance	762,236	106,717	29,021	72,552	970,526	231,328
Information services	281,861	56,372	18,791	28,186	385,210	42,039
Public safety	59,779	—	—	832,230	892,009	1,138,538
Planning/development	34,960	—	—	—	34,960	166,985
Public works	8,805,491	2,924,991	—	—	11,730,482	666,943
Parks and recreation	—	—	1,632,467	868,282	2,500,749	376,331
Support services	478,525	141,714	46,155	40,958	707,352	168,017
Depreciation and amortization	2,999,063	435,410	300,134	145,311	3,879,918	—
Total operating expenses	14,483,728	3,874,605	2,107,137	2,116,543	22,582,013	5,142,302
Operating income (loss)	(2,435,206)	390,335	(157,238)	(222,021)	(2,424,130)	(1,047,076)
Non-Operating Revenue (Expenses)						
Interest earned on investments	75,832	(140)	—	—	75,692	—
Interest expense	(385,788)	—	(202,263)	—	(588,051)	—
Non-operating program fees and other	207,421	—	6,464	—	213,885	47,687
Restricted intergovernmental	—	5,000	—	—	5,000	—
Miscellaneous and other	(4,279)	20,333	8,500	3,413	27,967	—
Total non-operating revenue (expenses)	(106,814)	25,193	(187,299)	3,413	(265,507)	47,687
Income (loss) before contributions and transfers	(2,542,020)	415,528	(344,537)	(218,608)	(2,689,637)	(999,389)
Capital Contributions	2,240,057	—	—	—	2,240,057	—
Transfers – in (out)	—	127,071	547,974	547,185	1,222,230	—
Change in net position	(301,963)	542,599	203,437	328,577	772,650	(999,389)
Net position, beginning of year (as restated, <i>see Note 18</i>)	89,726,034	1,972,621	2,082,239	(2,456,918)		(3,462,608)
Net position, end of year	\$ 89,424,071	\$ 2,515,220	\$ 2,285,676	\$ (2,128,341)		\$ (4,461,997)

Some amounts reported for Business-type Activities in the Statement of Activities are different because certain Internal Service Fund Revenue and Expenses are reported with Business-type Activities (see Note 15):

(210,072)
 \$ 562,578

Change in Net Position of Business-type Activities

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	Business-type Activities – Enterprise Fund				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Cash flows from operating activities						
Cash received from:						
User fees	\$ 11,829,321	\$ 4,291,807	\$ 1,951,946	\$ 1,923,133	\$ 19,996,207	\$ 4,095,226
Tap fees	104,297	—	—	—	104,297	—
Service and miscellaneous charges	133,133	7,361	1,966	13,128	155,588	—
Cash paid to (for):						
Employee salaries and related costs	(3,459,280)	(1,695,670)	(995,573)	(1,220,208)	(7,370,731)	—
Water and sewer system costs	(6,353,345)	—	—	—	(6,353,345)	—
Garbage collection services	—	(1,446,588)	—	—	(1,446,588)	—
Aquatic Center operations	—	—	(722,329)	—	(722,329)	—
Beach Service operations	—	—	—	(317,321)	(317,321)	—
Health insurance and claims costs	—	—	—	—	—	(3,592,901)
Overhead and miscellaneous costs	(2,245,740)	(637,351)	(197,594)	(398,818)	(3,479,503)	(29,021)
Net cash provided by (used in) operating activities	8,386	519,559	38,416	(86)	566,275	473,304
Cash flows from non-capital and related financing activities						
Inter-fund borrowing/payments, net	(800)	—	23,299	(411,304)	(388,805)	—
Tower rental and other	183,709	—	—	—	183,709	—
Intergovernmental grants	—	5,000	—	—	5,000	—
Local accommodation/hospitality taxes	—	127,071	547,974	547,185	1,222,230	—
Non-operating fees, donations/fundraisers	24,000	—	14,968	4,917	43,885	47,687
Net cash provided by (used in) non-capital and related financing activities	206,909	132,071	586,241	140,798	1,066,019	47,687
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(1,169,691)	(1,011,184)	(28,061)	(144,837)	(2,353,773)	—
Proceeds from sale of assets	5,435	20,333	—	4,044	29,812	—
Principal paid on bonds and contracts	(950,000)	—	(406,779)	—	(1,356,779)	—
Interest and bond agent fees on long-term debt	(386,076)	—	(202,267)	—	(588,343)	—
Capital contributions – impact fees, grants and other cash contributions	2,240,057	—	—	—	2,240,057	—
Net cash provided by (used in) capital and related financing activities	(260,275)	(990,851)	(637,107)	(140,793)	(2,029,026)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Fund				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Cash flows from investing activities						
Interest received on investments	75,832	(140)	—	—	75,692	—
Net cash provided by (used in) investing activities	75,832	(140)	—	—	75,692	—
Net increase (decrease) in cash and cash equivalents	30,852	(339,361)	(12,450)	(81)	(321,040)	520,991
Cash and cash equivalents, beginning of year (of which \$3,839,732 is restricted)	16,208,293	809,105	12,850	6,607	17,036,855	894,477
Cash and cash equivalents, end of year (of which \$3,905,079 is restricted)	\$ 16,239,145	\$ 469,744	\$ 400	\$ 6,526	\$ 16,715,815	\$ 1,415,468
Reconciliation of operating income (loss) to net cash from operating activities						
Operating income (loss)	(2,435,206)	390,335	(157,238)	(222,021)	(2,424,130)	(1,047,076)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	2,999,063	435,410	300,134	145,311	3,879,918	—
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	18,229	34,228	4,013	41,739	98,209	—
(Increase) decrease in inventories	(11,365)	—	—	—	(11,365)	(3,810)
Increase (decrease) in accounts and other payables	(118,566)	(101,476)	(17,876)	3,916	(234,002)	—
Increase (decrease) in payroll and accrued liabilities	22,839	8,090	4,283	30,969	66,181	—
Increase (decrease) in unearned revenue	—	—	1,164	—	1,164	—
Increase (decrease) in other post employment benefits (OPEB)	(466,608)	(247,028)	(96,064)	—	(809,700)	1,524,190
Net cash provided by (used in) operating activities	\$ 8,386	\$ 519,559	\$ 38,416	\$ (86)	\$ 566,275	\$ 473,304
Supplemental disclosure of non-cash capital and related financing activities						
System contributions by developers	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FUDUCIARY FUNDS

JUNE 30, 2014

	<u>Pension Trust Funds</u>	<u>Agency Fund Firemen's Fund</u>
Assets		
Cash and cash equivalents	\$ —	\$ 28,516
Cash and temporary investments – mutual funds	18,248,540	—
Receivables – Participant loans	994,105	—
Total assets	<u>\$ 19,242,645</u>	<u>\$ 28,516</u>
Liabilities		
Due to Firemen's Association	<u>\$ —</u>	<u>\$ 28,516</u>
Total liabilities	<u>—</u>	<u>\$ 28,516</u>
Net Position		
Held in trust for employee's pension benefits	<u>\$ 19,242,645</u>	

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FUDUCIARY FUNDS

YEAR ENDED JUNE 30, 2014

	<u>Pension Trust Funds</u>
Additions	
Employer contributions	\$ 882,772
Employee (member) contributions	223,689
Investment income (loss)	2,212,028
Non-vested rollover	—
Total additions	<u>3,318,489</u>
Deductions	
Benefit payments and loan issuance costs	960,887
Trustee fees	15,956
Forfeitures	3,993
Total deductions	<u>980,836</u>
Change in net position	2,337,653
Net position, beginning of year	<u>16,904,992</u>
Net position, end of year	<u>\$ 19,242,645</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of North Myrtle Beach, South Carolina was incorporated on May 7, 1968, and adopted a "Home Rule Charter" on February 13, 1976. The City operates under a "Council-Manager" form of government.

The financial statements of the City of North Myrtle Beach, South Carolina (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended, established new financial reporting requirements for governments and caused to restructure much of the information that the City presented in the past. The more significant of the government's accounting policies are described below.

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the City presents the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. At June 30, 2014, there were no material component units of the City.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements – The Government-Wide financial statements consists of a Statement of Net Position and the Statement of Activities and reports information on all of the non-fiduciary activities of the government as a whole. Separate columns are used to distinguish between the City's governmental and business-type activities. Governmental activities are generally those activities financed by taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds. Business-type activities are those activities which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and liabilities as "net position" not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and reflects the "net (expenses) revenue" of the City's individual functions before applying 'general' revenues.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government's general revenues. They include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are 'general' revenues unless they are required to be reported as program revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-Wide financial statements. The focus of governmental and proprietary fund financial statements is on 'major' funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with 'non-major' funds being aggregated and displayed in a single column.

The City reports the following 'major' governmental funds: General Fund and Park Development. While a "major fund" in prior-years, the City has elected to report its Stormwater Drainage Fund separately to enhance the presentation of significant governmental funds. The City reports the following 'major' proprietary funds: Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, and Beach Service Fund.

A combining schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences in Governmental Funds, summary reconciliations to the Government-Wide financial statements are presented at the end of each applicable fund financial statement.

Governmental Funds

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The Governmental Fund category includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes. The City's Special Revenue Funds consists of the Accommodations (2%) Tax Fund, Local Accommodations (1.5%) Tax Fund, and Hospitality (1%) State Fee Fund, which have been adopted pursuant to state laws.

Debt Service Funds – Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types. This includes accounts for Stormwater Bonds and Park Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The City utilizes the following individual Capital Projects Funds: Capital Improvement Fund, Street Improvement Fund, Beach Renourishment Fund, Park Development Fund, and Stormwater Drainage Fund.

Proprietary Funds

Proprietary fund reporting primarily focuses on the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The proprietary fund category includes the Enterprise Fund and the Internal Service Fund.

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City uses the Water and Sewer Utility Fund to account for all financial resources associated with furnishing water and sewer service to domestic, business and industrial users; the Solid Waste Fund to account for all revenues and expenses related to the City's solid waste activities; the Aquatic Center Fund to account for all revenues and expenses associated with the operation of the City's Aquatic and Fitness Center; and the Beach Service Fund to account for all revenues and expenses related to the City's beach service activities.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user-charge basis. This includes Insurance Reserves Fund which accounts for the health insurance programs of employees and retiree/non-employees of the City and workers compensation program.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position, and is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The Fiduciary Fund category includes Pension Trust Funds to account for retirement benefits, and Agency Funds to account for the City's Firemen's Funds.

Pension Trust Funds – A Pension Trust Fund is a fund held by the City in a trustee capacity for retirement plan members, and used to account for the accumulation of assets for the purpose of paying benefits when they become due in accordance with the terms of the plan. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is fundamental. The City maintains two pension trust funds – see Note 11.

Agency Funds – Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds; are custodial in nature (assets equal liabilities); and do not involve the measurement of results of operations. The City's Firemen's Fund accounts for the 1% fire insurance premiums passed-through from the State for the exclusive benefit of the City's firemen. These activities have been excluded from the City's Government-wide financial statements because the City can not use those assets to finance its operations.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

Under GASB #34, the Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity (i.e. advances or short-term loans) has been eliminated from the Government-Wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough (usually 60 days) thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Fund financial statements reflect revenues, expenses and changes in net position using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds and Internal Services Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Insurance Reserves Fund is an Internal Service Fund that records all health related costs of the City, its actuarially determined OPEB expenses for the current period, and workers compensation program. The fund accounts for actual healthcare resources and costs of employees, administration of flexible spending and health reimbursement costs, plus normal costs of OPEB health benefits and amortization of unfunded/actuary-determined OPEB health benefits, reinsurance for health benefits, and administration and processing fees for the health insurance programs for the City. Each fund of the City is charged a set amount (insurance premiums) per covered employee position that is budgeted for the year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The City will appraise results of the Insurance Reserves Fund on an annual basis and adjust rates from the City's various governmental and enterprise funds to assure proper funding for prior, current and future costs of all health insurance-related activities. Thus, the amount subsequently charged per covered employee is adjusted to cover all costs (and any prior-year deficits) associated with the Insurance Reserves Fund.

Private-sector standards of accounting and financial reporting are generally followed in both the Government-Wide and Proprietary Fund financial statements pursuant to GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*. This Statement codifies into GASB accounting and financial reporting standards the "legacy" standards from the private-sector.

The Statement of Fiduciary Net Position includes information about the assets, liabilities, and net position for each of the City's fiduciary fund types on the basis of accounting similar to proprietary-type funds, except for agency funds. The Statement of Changes in Fiduciary Net Position presents information about the additions, deductions, and net increases (or decreases) for the year in net position for each fiduciary fund type.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, certain claims and judgment liabilities, and current-portions of compensated absences among other accounts. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the City-wide total appropriations (expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

Since the City has adopted GASB Statement #54, encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation - is not used by the City and, accordingly, is not a part of budgetary integration.

Budget Deficits and Fund Balances

For the year ended June 30, 2014, 'final budgeted' expenditures/expenses exceeded estimated revenues as follows: Park Bonds Debt Service Fund by \$46,200; Capital Improvements Capital Projects Fund by \$585,000; Stormwater Drainage Capital Project Fund by \$5,216,105; Beach Renourishment Capital Project Fund by \$108,600; Park Development Capital Projects fund by \$8,365,298; Street Improvement Capital Project Fund by \$265,500; and Insurance Reserves Internal Service Fund by \$565,598. These deficits were funded (if necessary) by unreserved and applicable reserved fund balances and additional unbudgeted revenue, and reduced actual expenditures/expenses. The Enterprise Funds of the Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, and Beach Service Fund operated under total operating expense budgets equaling \$13.5 million, \$3.9 million, \$2.0 million and \$1.9 million, respectively.

At June 30, 2014, deficit fund balances/net position resulted in the following: Park Development Capital Projects Fund by \$314,892; Stormwater Drainage Capital Projects Fund by \$2,077,205; Beach Service Enterprise Fund by \$2,128,341, and Insurance Reserves Internal Service Fund by \$4,461,997. These deficits are expected to be resolved from either future appropriations or revenues.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents, and Investments

The City pools the cash of all funds into a central depository bank account except where legal restrictions prohibit the commingling of funds. Temporary investments are then made from the account in collaborative form in order to maximize the return on invested funds. Therefore, in the "Statement of Cash Flows", all Water and Sewer Utility Fund cash and investments (including restricted assets other than deposits with other agencies) are essentially demand deposits and are considered cash and cash equivalents. Each individual fund's equity in the pooled cash and temporary investments is shown in that fund. Allocation of interest earned is made to each fund based on pro rata equity.

Investments of the Money Purchase Retirement Plans managed by the ICMA Retirement Corporation, a third party administrator, consists of a combination of mutual funds, and money market accounts as selected by the participating employees. All investments are carried at fair value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated net of their allowance for uncollectible accounts.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Inventories

Inventories are valued at weighted average cost and consist of expendable supplies held for consumption. Accordingly, the cost is recorded as an asset at the time individual inventory items are purchased and then expended as the supplies are consumed (“consumption method”). Reported inventories in the Governmental Funds are equally offset by a fund balance reserve which indicates that they do not constitute “available expendable resources” even though they are a component of net current assets.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’. These interfund receivables and payables are classified as “internal balances” on the Government-wide Statement of Net Position and have been eliminated. Amounts payable to the Governmental activities from the Business-type activities are reported as contra-assets in the Proprietary fund financial statements for consistency and clarity in presentation. The City deems all interfund receivables and payables to be short-term and do not constitute general long-term liabilities.

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Government-wide Governmental Activities, restricted assets consist of cash and cash equivalents restricted as to legal purpose. In the Business-type Activities and Proprietary fund types, restricted assets consists of restricted cash and cash equivalents that arose from certain bond and contract ordinances.

Other Assets

Other assets consists of purchases of intangible assets, or ‘contractual rights’ to use capital asset resources. The Government-wide Business-type Activities and Proprietary (Enterprise) Fund ‘rights’ result from the purchases of water capacity and for sewer treatment, incurred by the Water and Sewer Utility Enterprise Fund, through contractual agreements with third-parties. These costs are being amortized over the longer of the life of the related agreements or the useful life of the asset using the straight-line method.

Deferred Inflows/Outflows of Resources

Pursuant to GASB Concepts Statement No. 4, “deferred outflow of resources” is a consumption of net assets (assets minus liabilities) by the government that is applicable to a future period, while an ‘asset’ is a resource with present service capacity that the government presently controls. A “deferred inflow of resources” is an acquisition of net assets (assets minus liabilities) by the government that is applicable to a future reporting period, while a ‘liability’ is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position. At June 30, 2014, the City had no ‘deferred outflow of resources’ or ‘deferred inflow of resources’.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, water and sewer utility systems, and infrastructure assets, are reported in the applicable Governmental or Business-type activities columns in the Government-wide financial statements. Capital assets of the City that are not specifically related to activities reported in Proprietary or Fiduciary funds have been reported as assets in the governmental funds column of the Government-wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) have been capitalized using actual and estimated historical costs of major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements in fiscal years ending after June 30, 1980.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows: Buildings – 15 to 40 years; Water and sewer systems – 10 to 60 years; Improvements – 10 to 30 years; Machinery and equipment – 3 to 20 years; Infrastructure – 30 years.

Interest costs incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2014, there were no material capitalized interest costs incurred.

Unearned Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for deferred revenue, commonly referred to as unearned revenue. Unearned revenue in the Government-wide and in the Proprietary (Enterprise) financial statements, is represented by various deposits on contracts. In the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as unearned revenue.

Long-term Obligations

In the Government-Wide financial statements, and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-type Activities, or Proprietary fund financial statement. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, installment note obligations, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as Other Financing Sources.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Compensated Absences (Accrued Vacation)

It is the City's policy to permit employees to accumulate earned, but unused vacation leave. In the Government-Wide and Proprietary Fund financial statements, vacation pay is accrued and expensed when earned (incurred) and reported as a current and long-term liability based upon management's estimates of employees using their leave in the current period, or accumulating their earned leave for future (long-term) use. Thus, typically employees consume newly-earned increments of leave in future periods and unused portions of vacation leave represent the eventual long-term contractual obligations of the City. At June 30, 2014, there were no material short-term payable amounts based on known retirement or resignation. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they become due. For example, vacation pay that is expected to be liquidated (as a result of employee termination or retirement) with expendable available financial resources is reported as an expenditure and a fund liability in these funds. For Governmental Funds, no material amounts have matured (i.e., come due for payment) with expendable available financial resources at June 30, 2014. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the City's total assets and deferred inflows of resources, less total liabilities and deferred outflows of resources represents net position. Net position for both the Government-wide (Governmental Activities and Business-type Activities) financial statements and Proprietary Fund types displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the assets available for future operations.

In the Fund financial statements, Governmental Funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent as follows.

Non-spendable Fund Balance

Fund balances include amounts "not in spendable form" and are not expected to be converted to cash. The City deems all of its interfund receivables (net of payables) to be short-term borrowing and not held long-term. The following are Non-spendable fund balances at June 30, 2014:

General Fund:	
Inventories and prepaid items	\$ 278,806
Total Non-spendable	<u>\$ 278,806</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Restricted Fund Balance

Fund balances include amounts that can only be used for specific purposes pursuant to externally imposed (by others) stipulations by creditors, grantors, contributions, or laws and regulations of other governments, or imposed by law through constitutional or enabling legislation for specific purposes – are as follows:

General Fund:	
Drug enforcement	\$ 265,178
Public Safety Scholarship	36,727
Victims' Assistance	10,041
	<u>311,946</u>
Special Revenue Fund:	
State (2%) Accommodations Tax	431,459
Total restricted by others	<u>\$ 743,405</u>

Committed Fund Balance

Fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (City Council and its ordinances). Changes in these commitments require action by City Council – and are as follows:

General Fund:	
Contingency ordinance	\$ 250,000
Emergency recovery ordinance	142,500
	<u>392,500</u>
Debt Service Funds:	
Debt retirement ordinance	65,960
Total committed by ordinance	<u>\$ 458,460</u>

Assigned Fund Balance

Fund balances include amounts that are constrained by government's intent to use resources for specific purpose, but are neither restricted nor committed. Through the City's state-charter and form of government, "Council-manager", the City Manager and/or through the annual budget, is authorized to assign resources for specific purposes – which are as follows:

Capital Projects Funds:	
Capital improvement oceanfront parking project	\$ 283,485
Street improvement repairs and underground utilities project	2,481,826
Beach renourishment project	354,513
Total assigned by management	<u>\$ 3,119,824</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Unassigned Fund Balance

Represents the residual classification for the General Fund, or in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. When other governmental funds have deficit fund balances, such deficits, after reducing any assigned or committed balances, are reported as negative unassigned fund balances. When restricted, committed, assigned and unassigned fund balances are available for the same purpose, event or project, the City's policy is to expend restricted funds before using committed, committed funds before assigned, and assigned funds before unassigned funds.

Program and General Revenues

The City charges public fees for building permits and inspections, participation fees for certain recreational activities and stormwater fees. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities. General revenues reported by the City include property taxes, state shared taxes, business licenses, hospitality fees (which are meal and hotel imposed taxes) and franchise fees (which are general revenue fees in lieu of business licenses). The City has imposed a one and one-half (1.5 %) percent local accommodations and a one (1.0%) percent hospitality fee, both of which purposes are restricted by State law, with City Council designating such receipts toward the City's Aquatic Center. Accordingly, these funds have been reported as non-operating revenue in the Aquatic Center Enterprise Fund.

Property Taxes

The City of North Myrtle Beach assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process. Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor. Taxes are levied on January 1, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17. New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal. City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. The prior year summarized comparative information has been derived from the City's 2013 audited financial statements. Also, certain amounts presented in the prior year data have been restated and/or reclassified in order to be consistent with the current year's presentation, (*see Note 18*).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments

Deposits

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2014, the carrying amount of the City's cash deposits with financial institutions was \$860,138 and the financial institution's balances totaled \$1,329,558. Of this balance, \$1,098,968 was covered by federal depository insurance and the remaining balance was covered by collateral held by the financial institutions' trust departments in the City's name. At June 30, 2014, the City's deposits were not materially exposed to custodial credit risk.

Investments

Custodial credit risk of investments is the risk that, in the event of a bank failure or the failure of the counterparty, the City will not be able to recover the value of its investments. The City does not have an investment policy for custodial credit risk. At June 30, 2014, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 3,269,667	0.002	n/a
Certificates of deposit	20,424,629	0.05	n/a
Money Market funds	2,012,411	n/a	Aa1
Mutual funds	18,248,539	n/a	AAA
State of South Carolina Treasurer's Investment Pool	1,600,625	0.5	Unrated
Total carrying value	<u>\$ 45,555,871</u>		

At June 30, 2014, the City's investments were not materially exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statute authorizes the City to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Investment Pool, of which, the fair value of the City's investments is the same as the value of the pooled shares. The City is under no contractual agreements which restrict investment alternatives. The City has no investment policy that would further limit its investment choices.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (Continued)

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in repurchase agreements, bank certificates of deposit, money market funds, mutual funds, and pooled with the State Treasurer's investments. The concentrations of these investments are 17%, 32%, 25%, 23% and 3% respectively, of the City's total investments.

A reconciliation of deposits and investments to cash and cash equivalents shown on the Government-wide and Fiduciary financial statements at June 30, 2014 are as follows:

Cash on hand	\$ 12,453
Carrying amount of cash deposits	860,138
Carrying amount of investments	<u>45,555,871</u>
Total	<u>\$ 46,428,462</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 11,433,895
Equity in pooled cash and cash equivalents	12,202,180
Cash and cash equivalents-restricted	4,392,300
Equity in pooled cash and cash equivalents-restricted	123,031
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	28,516
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	17,619,257
Money Purchase Retirement Plan #2	<u>629,283</u>
Total	<u>\$ 46,428,462</u>

3. Receivables

Receivables at June 30, 2014, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 953,337	\$ —
Franchise fees	766,683	—
Grants – Municipal Association	596,935	—
Stormwater fees	116,452	—
Local accommodation and hospitality fees	793,163	—
Water and sewer accounts	—	2,010,375
Solid waste user fees	—	257,594
Aquatic Center	—	11,888
Beach Service	—	29,915
Other	<u>36,531</u>	<u>—</u>
Gross receivables	3,263,101	2,309,772
Less: allowance for uncollectibles	<u>(845,137)</u>	<u>(6,500)</u>
Net total receivables	<u>\$ 2,417,964</u>	<u>\$ 2,303,272</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Internal Balances – Due To/From Other Funds and Transfers

In the Governmental and Proprietary Enterprise Fund financial statements, short-term interfund receivables and payables at June 30, 2014, along with interfund transfers which occurred during the fiscal year were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>				
General Fund	\$ 5,084,993	\$ —	\$ 4,962,490	\$ 2,900,000
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	135,013	—	1,700,284
Local Accommodations (1.5%) Tax Fund	—	524,894	—	2,801,552
Hospitality Fees (1%) Fund	—	268,269	—	2,172,640
Debt Service Fund:				
Stormwater Bonds	—	—	—	—
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,500,000	1,642,000
Street Improvement Fund	—	—	773,114	—
Beach Renourishment Fund	—	—	18,429	52,500
Stormwater Drainage Fund	—	1,372,348	25,714	—
Park Development Fund	—	265,945	2,766,999	—
<u>Business-type Activities</u>				
Enterprise Funds:				
Solid Waste Fund	—	—	127,071	—
Beach Services Fund	—	2,670,018	547,185	—
Aquatic Center Fund	174,793	23,299	547,974	—
	<u>\$ 5,259,786</u>	<u>\$ 5,259,786</u>	<u>\$ 11,268,976</u>	<u>\$ 11,268,976</u>

Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$2,518,524, and resulted from short-term loans between individual funds. Net transfers of monies in \$1,222,230.

5. Due To/From Other Governments

The amounts due to/from other governmental agencies include the following:

	<u>Due From</u>	<u>Due To</u>
<u>Governmental Activities</u>		
General Fund:		
Alcohol permits – SC State	\$ 191,758	\$ —
Abandoned property	—	10,672
Special Revenue Fund:		
Accommodations (2%) Tax Fund	939,706	—
	<u>\$ 1,131,464</u>	<u>\$ 10,672</u>
<u>Business-type Activities</u>		
Water and Sewer Utility Enterprise Fund grants	<u>\$ 267,157</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets

A summary of the changes in the City's capital assets during the year ended June 30, 2014, are as follows:

Governmental Activities:

	Balance June 30, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
<u>Capital assets not being depreciated:</u>					
Land	\$ 15,450,348	\$ —	\$ —	\$ —	\$ 15,450,348
Construction in progress	12,968,495	11,670,052	—	(10,746,939)	13,891,608
Total capital assets not being depreciated	<u>28,418,843</u>	<u>11,670,052</u>	<u>—</u>	<u>(10,746,939)</u>	<u>29,341,956</u>
<u>Capital assets being depreciated:</u>					
Buildings	21,387,472	3,043,534	—	1,221,722	25,652,728
Improvements	9,201,085	4,936,616	—	8,291,981	22,429,682
Machinery and equipment	16,500,935	1,351,174	(797,170)	—	17,054,939
Infrastructure	55,235,081	469,413	—	1,233,236	56,937,730
Total capital assets being depreciated	<u>102,324,573</u>	<u>9,800,737</u>	<u>(797,170)</u>	<u>10,746,939</u>	<u>122,075,079</u>
<u>Less, accumulated depreciation for:</u>					
Buildings	(8,037,835)	(670,559)	—	—	8,708,394
Improvements	(3,647,199)	(680,442)	—	—	4,327,641
Machinery and equipment	(13,350,040)	(932,449)	789,828	—	13,492,661
Infrastructure	(18,741,164)	(1,937,558)	—	—	20,678,722
Total accumulated depreciation	<u>(43,776,238)</u>	<u>(4,221,008)</u>	<u>789,828</u>	<u>—</u>	<u>47,207,418</u>
Total capital assets being depreciated, net	<u>58,548,335</u>	<u>5,579,729</u>	<u>(7,342)</u>	<u>10,746,939</u>	<u>74,867,661</u>
Net capital assets – Governmental Activities	<u>\$86,967,178</u>	<u>\$ 17,249,781</u>	<u>\$ (7,342)</u>	<u>\$ —</u>	<u>\$104,209,617</u>

For the year ended June 30, 2014, depreciation expenses charged to Governmental Activities totaled \$4,221,008, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 80,479
Finance	30,192
Information services	61,934
Public safety	486,570
Planning and development	3,991
Public works	2,727,332
Parks and recreation	814,712
Support services	15,798
	<u>\$ 4,221,008</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Business-type Activities:

	Balance				Balance
	June 30, 2013	Additions	Retirements	Transfers	June 30, 2014
Capital assets not being depreciated:					
Land	\$ 706,954	\$ —	\$ —	\$ —	\$ 706,954
Construction in progress	1,637,780	456,895	—	(1,630,044)	464,631
Total capital assets not being depreciated	<u>2,344,734</u>	<u>456,895</u>	<u>—</u>	<u>(1,630,044)</u>	<u>1,171,585</u>
Capital assets being depreciated:					
Buildings	11,122,297	—	—	—	11,122,297
Water and sewer systems	100,622,068	388,148	—	1,630,044	102,640,260
Improvements	121,465	—	—	—	121,465
Machinery and equipment	12,727,298	1,508,730	(325,824)	—	13,910,204
Total capital assets being depreciated	<u>124,593,128</u>	<u>1,896,878</u>	<u>(325,824)</u>	<u>1,630,044</u>	<u>127,794,226</u>
Less, accumulated depreciation:					
Buildings	(2,538,072)	(296,761)	—	—	(2,834,833)
Water and sewer systems	(34,258,203)	(1,932,953)	—	—	(36,191,156)
Improvements	(28,242)	(3,380)	—	—	(31,622)
Machinery and equipment	(10,217,997)	(810,288)	312,162	—	(10,716,123)
Total accumulated depreciation	<u>(47,042,514)</u>	<u>(3,043,382)</u>	<u>312,162</u>	<u>—</u>	<u>(49,773,734)</u>
Total capital assets being depreciated, net	<u>77,550,614</u>	<u>(1,146,504)</u>	<u>(13,662)</u>	<u>1,630,044</u>	<u>78,020,492</u>
Net capital assets – Business-type Activities	<u>\$ 79,895,348</u>	<u>\$ (689,609)</u>	<u>\$ (13,662)</u>	<u>\$ —</u>	<u>\$ 79,192,077</u>

A summary of Proprietary Fund Type capital assets at June 30, 2014, is as follows:

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Total
Land	\$ 706,954	\$ —	\$ —	\$ —	\$ 706,954
Buildings	695,071	313,200	9,700,878	413,148	11,122,297
Water and sewer systems	102,640,260	—	—	—	102,640,260
Other improvements	—	32,262	89,203	—	121,465
Machinery and equipment	5,412,451	6,336,054	790,622	1,371,077	13,910,204
Construction in progress	464,631	—	—	—	464,631
Totals	<u>109,919,367</u>	<u>6,681,516</u>	<u>10,580,703</u>	<u>1,784,225</u>	<u>128,965,811</u>
Less, accumulated depreciation	<u>(41,129,428)</u>	<u>(4,684,375)</u>	<u>(2,737,110)</u>	<u>(1,222,821)</u>	<u>(49,773,734)</u>
Net capital assets – Proprietary Funds	<u>\$ 68,789,939</u>	<u>\$ 1,997,141</u>	<u>\$ 7,843,593</u>	<u>\$ 561,404</u>	<u>\$ 79,192,077</u>

For the year ended June 30, 2014, depreciation expenses were charged to Business-type activities totaling \$3,043,382 (Water and Sewer Utility \$2,162,526; Solid Waste – \$435,410; Aquatic Center – \$300,134; and Beach Service – \$145,311 respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

Long-term debt (other than OPEB, see *Note 13*) of the City at June 30, 2014, consisted of the following:

A. Governmental Activities

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>General Obligation Bonds:</u>				
Municipal Roads	4/22/09	3.26%	\$ 2,754,071	April 22, 2019
Parks	9/15/11	3.00%-4.00%	9,795,000	March 1, 2019
Total general obligation bonds			12,549,071	
Less, current portions (payable within one year)			(2,356,053)	
Add, bond premium \$1,496,381 less accumulated amortization of \$514,381			982,000	
			<u>\$ 11,175,018</u>	
<u>Installment note (lease purchase)</u>	5/5/14	3.05%	\$ 383,167	August 1, 2016
Less, current portion			(129,702)	
			<u>\$ 253,465</u>	
<u>Accrued Compensated Absences</u>			\$ 1,265,944	
Less, current portions (payable within one year)			—	
			<u>\$ 1,265,944</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 12,694,427</u>	

B. Business-type Activities

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>Water and Sewer Utility Fund</u>				
Contract payable:				
Myrtle Beach/Grand Strand Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	\$ 6,398,333	March 1, 2020
Less, current portions (payable within one year)			(988,333)	
			<u>\$ 5,400,000</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 5,048,000	November 13, 2023
Less, current portions (payable within one year)			(422,602)	
			<u>\$ 4,625,398</u>	
<u>Accrued Compensated Absences</u>			\$ 428,058	
Less, current portions (payable within one year)			—	
			<u>\$ 428,058</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 10,453,456</u>	

[DM1]

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Total Long-term Debt

Changes in the long-term debt of the City during the year ended June 30, 2014, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/14</u>
Governmental Activities					
<u>General Obligation Bonds:</u>					
Municipal Roads	4/22/09	\$ 3,253,832	\$ —	\$ (499,761)	\$ 2,754,071
Parks	9/15/11	11,580,000	—	(1,785,000)	9,795,000
Total general obligation bonds		<u>\$ 14,833,832</u>	<u>\$ —</u>	<u>\$ (2,284,761)</u>	<u>\$ 12,549,071</u>
<u>Installment Note (Lease Purchase):</u>	5/5/14				
Public Safety (Fire Equipment)		\$ —	\$ 383,167	\$ —	\$ 383,167
<u>Accrued Compensated Absences:</u>		<u>\$ 1,199,146</u>	<u>\$ 66,798</u>	<u>\$ —</u>	<u>\$ 1,265,944</u>
Business-type Activities					
<u>Contract Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	\$ 7,348,333	\$ —	\$ (950,000)	\$ 6,398,333
<u>Note Payable:</u>					
Aquatic and fitness center note obligation	11/13/03	\$ 5,454,779	\$ —	\$ (406,779)	\$ 5,048,000
<u>Accrued Compensated Absences:</u>		<u>\$ 415,354</u>	<u>\$ 12,704</u>	<u>\$ —</u>	<u>\$ 428,058</u>

As stated in *Note 1*, the City's policy is for accrued compensated absences to be long-term liabilities. The City calculates its outstanding employee accrued leave values at fiscal year end and estimates the additions and retirement changes. The City's present system is unable to determine the current-portion, if any, of accrued compensated absences do to the unknown facts of employee retirement and termination, that if known, would result in current liabilities. The City believes that any estimate of a current liability would be not material to the Government-wide and Proprietary Fund financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. Annual Requirements for Long-term Debt

The annual debt service requirements to amortize all of the City’s long-term debt, except accrued compensated absences, are summarized below:

Government Activities	Interest Requirements		Principal Requirements		Total Requirements	
	Parks	Roads	Parks	Roads	Parks	Roads
General Obligation Bonds:						
2015 (Due within one year)	\$ 391,800	\$ 89,783	\$ 1,840,000	\$ 516,053	\$ 2,231,800	\$ 605,836
2016	318,200	72,960	1,900,000	532,876	2,218,200	605,836
2017	242,000	55,588	1,955,000	550,248	2,197,000	605,836
2018	164,000	37,650	2,020,000	568,186	2,184,000	605,836
2019	83,200	19,127	2,080,000	586,708	2,163,200	605,835
	<u>\$ 1,199,200</u>	<u>\$ 275,108</u>	<u>\$ 9,795,000</u>	<u>\$ 2,754,071</u>	<u>\$ 10,994,200</u>	<u>\$ 3,029,179</u>
Installment Note		Interest Requirements		Principal Requirements		Total Requirements
Lease Purchase:						
2015 (Due within one year)		\$ 2,857		\$ 129,702		\$ 132,559
2016		7,730		124,829		132,559
2017		3,923		128,636		132,559
		<u>\$ 14,510</u>		<u>\$ 383,167</u>		<u>\$ 397,677</u>
Business-type Activities		Interest Requirements		Principal Requirements		Total Requirements
Contract Payable:						
2015 (Due within one year)		\$ 335,913		\$ 998,333		\$ 1,334,246
2016		283,500		1,053,333		1,336,833
2017		228,200		1,110,000		1,338,200
2018		169,925		1,168,333		1,338,258
2019		108,588		1,225,000		1,333,588
2020		44,275		843,334		887,609
		<u>\$ 1,170,401</u>		<u>\$ 6,398,333</u>		<u>\$ 7,568,734</u>
Note Payable:						
2015 (Due within one year)		\$ 196,367		\$ 422,602		\$ 618,969
2016		179,928		439,041		618,969
2017		162,849		456,120		618,969
2018		145,106		473,863		618,969
2019		126,673		492,296		618,969
2020		107,522		511,447		618,969
2021		87,627		531,342		618,969
2022		66,958		552,011		618,969
2023		45,485		573,484		618,969
2024		23,173		595,795		618,968
		<u>\$ 1,141,688</u>		<u>\$ 5,048,001</u>		<u>\$ 6,189,689</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Revenue Bond and Other Debt Requirements

Through its ordinances, or indenture of trust, the City has pledge as security all of its operating revenues in the Water and Sewer Utility Fund. For the Aquatic Center Fund all capital improvements are named collateral for the note payable obligation.

The ordinance provisions supporting the Water and Sewer Sales and Purchase Agreement require the maintenance of the following funds:

Gross Revenue Fund – All revenues generated by the Water and Sewer Utility Fund system are to be deposited in this fund. The accounting for this revenue is included in the Water and Sewer Utility Enterprise Fund.

Operation and Maintenance Fund – This fund is intended to provide for the payment of expenses incurred in connection with the administration and operation of the water and sewer system, and such other expenses as may be necessary to preserve the system in good repair and working order. The accounting for these expenses are included in the Water and Sewer Utility Enterprise Fund.

Debt Service Fund – Transfers from the Gross Revenue Fund are required to meet bond/debt redemptions and interest payments. This account is titled “Bond and Interest Redemption and Cushion Funds” in the Water and Sewer Utility Enterprise Fund. Additionally, and in lieu of making deposits into a Debt Service Reserve Fund, the City has obtained a Debt Service Reserve Surety Bond issued by a third-party guarantor.

Depreciation and Contingent Fund – A transfer from the Gross Revenue Fund is required annually in an amount determined by the City. These funds are to be used for the purposes of restoring depreciated or obsolete items of the system and for contingencies, improvements, betterments and extensions of the system. At June 30, 2014, no amounts have been required to be transferred.

There are a number of limitations and restrictions contained in the respective revenue bond/debt ordinances, all of which the City complied at June 30, 2014.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Contracts Payable and Long-term Commitments

Water Sale and Purchase Agreement

The City is obligated under a Water Sale and Purchase Agreement (the Agreement), whereby the City purchased capacity of 12.4 million gallons per day in the City of Myrtle Beach, South Carolina (Myrtle Beach) water treatment plant. During 2006, Myrtle Beach assigned all of its rights, title and interest of the contract to Grand Strand Water and Sewer Authority (GSWSA). The City's obligation under the Agreement is to make payments to GSWSA solely from charges for water services. The City does not receive any ownership rights in the water treatment plant under the Agreement and is obligated to make the scheduled payments regardless of actual usage of water from the system. The Agreement expires in 2021 upon the final maturity of the related bonds.

The City's purchase cost incurred, which consists of a pro rata portion of original construction costs incurred by Myrtle Beach, has been recorded by the City as an "other asset", net of accumulated amortization, in the Water and Sewer Utility Fund. Total purchased costs equaled approximately \$18.4 million.

At year end June 30, 2014, net carrying value of the contractual rights (other assets) equaled \$4,280,052 with accumulated amortization expense equaling \$14,163,171. For 2014, amortization expense equaled \$611,435. The City's obligation to make payments to GSWSA to retire a pro rata portion of the principal of bonds issued by GSWSA to finance the water treatment plant has been recorded as contracts payable in the Water and Sewer Utility Fund (*see Note 7*). Additionally, the City is obligated to make a monthly payment attributable to its pro rata share of the cost of operating and maintaining the water treatment plant and related booster pumps. Currently estimated annual costs, which will be charged to expense as incurred, are approximately \$1,554,000 plus twenty (20) percent of the annual debt service component. A portion of the annual operating cost paid is deposited into a Renewal and Replacement Fund held by GSWSA to provide for depreciation, contingencies, improvements and extensions of the plant. If at the end of any fiscal year, there shall be on deposit in the Renewal and Replacement Fund an amount in excess of \$1,000,000, the City will be entitled to a reimbursement from GSWSA. Deposits on hand with GSWSA as of June 30, 2014, (\$280,000) have been reported in the Water and Sewer Utility Fund as part of restricted assets.

During the term of the Agreement, the City covenants that it will maintain rates and charges for its water and sewer system to enable the Water and Sewer Utility Fund to maintain the sum of net income, depreciation, amortization and interest at levels equal to at least 120% of total debt service requirements for each year.

Wastewater Treatment Service Agreement

The City is obligated under a Wastewater Treatment Service Agreement with the Grand Strand Water and Sewer Authority (GSWSA), an independent authority whose membership is appointed by elected officials from Horry County, South Carolina, to provide wastewater treatment services for the City. Under the agreement, the City is obligated to pay periodically an amount based on volume usage equal to a pro rata share of GSWSA's cost of wastewater treatment. The term of the agreement expires in the year 2020.

During FY 03-04, the City exercised its option and acquired additional sewer capacity from GSWSA at a cost of approximately \$9.0 million for 3.0 million gallons per day (mgd). The total capacity of the City's wastewater treatment plants is 5.4 mgd. At June 30, 2014, net carrying value equaled \$6,640,493 with accumulated amortization expense equaling \$2,363,565. For 2014, amortization expense equaled \$225,102.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Capital Contributions

Capacity (system impact) charges, non-operating grants, and other capital contributions have been recognized in the Government-Wide financial statements and in the Proprietary Funds as a change in net position. Capacity (system impact) charges are designed to reimburse the City for cost of providing additional facilities and services made necessary by the impact of new utility users. Capacity charges are recognized when the fees become non-refundable, typically when the construction is completed.

For the Proprietary Fund, a summary of capacity charges recognized, system contributions, and infrastructure deeded to the City from developers during the year ended June 30, 2014, were as follows:

Utility system impact fees	\$ 2,035,673
Deeded infrastructure	—
System contributions by developers	17,575
Other	186,809
Total capital contributions	<u>\$ 2,240,057</u>

10. Net position

Net position of the Government-Wide and Proprietary Fund financial statements represent the difference between assets and liabilities. Reported amounts for net investment in capital assets and restricted net position were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Net Investment in Capital Assets:</u>		
Net capital assets	\$ 104,209,617	\$ 79,192,077
Less, G.O., revenue bonds, and note payable	(13,914,238)	(5,048,070)
Total net investment in capital assets	<u>\$ 90,295,379</u>	<u>\$ 74,144,007</u>
<u>Restricted:</u>		
Deposits held by others	\$ 6,974	\$ 281,223
Cash, cash equivalents and equity in pooled cash	785,006	3,730,325
Other	1,622,227	209,083
Less, liabilities payable from restricted assets	(885,484)	(2,087,476)
	<u>\$ 1,528,723</u>	<u>\$ 2,133,155</u>
Restricted net position:		
Insurance reserves and deposits	\$ 785,318	\$ 209,007
Public safety:		
Victims' assistance programs	10,041	—
Drug enforcement programs	267,473	—
Scholarships and memorials	34,432	—
Parks and recreation:		
Tourism related	431,459	—
Future capacity of utility	—	1,924,148
Total restricted net position	<u>\$ 1,528,723</u>	<u>\$ 2,133,155</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans

The City presently maintains two defined contribution plans (Money Purchase Retirement Plans #1 and #2) and also participates in the South Carolina Police Officers Retirement System, a cost-sharing multiple-employer public employee retirement system. Detailed disclosures about each of these plans follow:

Money Purchase Retirement Plans

A. Plan Description

In 1994, the City established a money purchase plan and trust Money Purchase Retirement Plans #1 and #2 to be known as “North Myrtle Beach 401(a) Plan for General Employees and Firefighters”.

The Money Purchase Retirement Plans #1 and #2 are single-employer defined contribution retirement systems administered by the International City Managers’ Association (ICMA) Retirement Corporation. The City is the only non-employee contributor to the plans and maintains authority (through the Mayor and Council) to establish and amend contribution requirements. All employees of the City are covered by the two plans with Plan #2 covering certain administrative personnel and Plan #1 covering the balance of the work force.

The plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participants’ benefits that may be allocated to such participant’s account. Contributions made by participants vest immediately and participant loans are permitted.

B. Basic Provisions

The City has adopted the Declaration of Trust of the ICMA Retirement Trust. Under terms of the trust, the City (as Trustee), or the Plan Administrator acting as agent for the trustee, shall have the investment powers listed in the Declaration with respect to investment of Trust, except to the extent that the investment of Trust assets is controlled by participants.

The Trust created under the plan shall consist of all the assets of the Plan derived from employer contributions and participant contributions under the plan, plus any income and gains thereon, less any losses, expenses, and distributions to participants and beneficiaries.

Contributions from the City and the City’s employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the retirement plan. The net appreciation (depreciation) in the fair value of investments held by the retirement plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. Investments in securities (if applicable) are valued at current market prices at June 30, 2014. Investments of the Trust at June 20, 2014, consisted of only mutual fund shares and money market funds (i.e., cash and temporary investments). No investment in any one organization represents 5% or more of the net position available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan. At June 30, 2014, separate, GAAP financial reports have not been issued for the Money Purchase Retirement Plans #1 and #2.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

Money Purchase Retirement Plans (Continued)

C. Funding Policy

For Plan #1, the City contributes 8% of the employees' gross earnings and each participant is required to contribute 2%. Contributions made by the City are vested 100% after 5 years of full-time employment. For Plan #2, the City and each participant contribute 12% and contributions vest immediately. As of June 30, 2014, the plans' participants equaled 206 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2014, approximated \$11,347,757. The City's total payroll, without adjustment for accruals, was approximately \$19,979,873. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2014, equaled 870,148 and \$12,624, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2014, equaled \$211,065 and \$12,624 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position
June 30, 2014**

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Assets			
Cash and temporary investments	\$ 17,619,257	\$ 629,283	\$ 18,248,540
Receivables – Participant loans	994,105	—	994,105
Total assets	<u>\$ 18,613,362</u>	<u>\$ 629,283</u>	<u>\$ 19,242,645</u>
Net Position			
Held in trust for employee's pension benefits	<u>\$ 18,613,362</u>	<u>\$ 629,283</u>	<u>\$ 19,242,645</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

Money Purchase Retirement Plans (Continued)

Combining Statement of Changes of Plan Net Position
Year Ended June 30, 2014

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Additions			
Employer contributions	\$ 870,148	\$ 12,624	\$ 882,772
Employee (member) contributions	211,065	12,624	223,689
Investment income (loss)	2,114,010	98,018	2,212,028
Non-vested rollover	—	—	—
Total additions	3,195,223	123,266	3,318,489
Deductions			
Benefit payments/loan issuance costs	953,687	7,200	960,887
Trustee fees	15,956	—	15,956
Forfeitures	3,993	—	3,993
Total deductions	973,636	7,200	980,836
Change in net position	2,221,587	116,066	2,337,653
Net position, beginning of year	16,391,775	513,217	16,904,992
Net position, end of year	\$ 18,613,362	\$ 629,283	\$ 19,242,645

South Carolina Police Officers Retirement System

A. Plan Description

The City participates in the South Carolina Police Officers Retirement System (PORS), which is a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. City police officers and certain other public safety officers are required to participate in and contribute to the PORS as a condition of employment.

The South Carolina Police Officers Retirement System offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws.

A comprehensive annual financial report containing financial statements and required supplementary information for the South Carolina Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (Continued)

B. Funding Policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws.

Employees are required to contribute 7.84% of their salary to the Plan. The employee contribution rate increases to 8.41% effective July 1, 2014.

Employers are required to contribute to the Plan at an actuarially determined rate. The rate for the year ended June 30, 2014, was 12.3%. In addition, the City contributes .2% to provide group life insurance and .2% to provide accidental death benefits. The City's contributions to the PORS for the years ending June 30, 2014, 2013 and 2012 were \$867,179, \$793,476, and \$774,519, respectively, equal to the required contributions for each year.

City of North Myrtle Beach Death, Disability and Retirement Benefit Plan – Terminated

Prior to FY 95, the City maintained its own self-funded death, disability and retirement plan. The plan was a single-employer, defined benefit pension plan administered by the City, as trustee, with plan assets held by a commercial bank under the terms of a custodial and management agreement with the City. In 1994, the City, via resolution, terminated the plan, which effectively ceased all future participation requirements and benefit accruals. All remaining net position available for benefits (\$121,014 at June 30, 2014) are maintained by a third-party trustee.

All City employees who were actively employed by the City as of June 30, 1994 and whose customary employment was for at least 30 hours per week were eligible and were required to participate in the City's Money Purchase Retirement Plans with all applicable net position of the terminated plan being transferred accordingly.

For those employees who have retired under the terminated plan, or vested employees who had left the City employ prior to plan termination, will receive a comparable level of benefits as defined by the plan and trust agreement, or a negotiated settlement.

12. Risk Management

The City is exposed to various risks of loss related to torts-theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial property insurance coverage and general liability coverage for these risks, except as noted below. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The City participates in the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), an insurance pool currently operating as a common risk management and insurance program. The pool provides coverage up to \$500,000 for property and liability insurance.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Risk Management (Continued)

The pool has excess commercial insurance that increases coverage to \$300,000 (per occurrence) for property, \$1 million for liability, \$75 million for boiler and machinery and \$100,000 surety coverage. The City pays an annual premium to SCMIRF for its general insurance coverage. Payments made for the year ended June 30, 2014, were \$341,195.

Effective July 1, 2013, the City changed its health insurance plan for its employees and substantially became a self-funded plan. The City utilizes Blue Cross & Blue Shield of South Carolina to provide for the administration and claims management of providing health insurance coverage to all employees. Claims in excess of \$100,000 (stop-loss provision) are insured by a private carrier selected by Blue Cross & Blue Shield. The City pays claims weekly and transfers cash to the administrator to cover the prior week's actual claims for employees and their covered dependents. With the creation of its Internal Service Fund for accounting and reporting all health insurance activities, premiums are charged the City's departments and all excess reserves are maintained in the Insurance Reserve Internal Service Fund.

The City previously participated in the South Carolina Municipal Insurance Trust (SCMIT), an insurance pool covering the City's worker's compensation liability program. The City funded the costs by charging premiums to user departments. Claims in excess of \$600,000 (stop-loss provision) are issued by a private carrier selected by the SCMIT. The City made premium payments totaling \$90,997 for the first-half year ended June 30, 2014. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$300,000 per person and \$600,000 per occurrence.

The City is now participating in a self-funded worker's compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of \$500,000 (stop-loss provision) are covered by a private insurer, Midwest Employers Casualty Company. Gallagher Basset is the claims handler for the City. Premiums paid to Arthur J. Gallagher Risk Management Services, Inc. for administration and excess coverage were \$135,108 for the year ended June 30, 2014.

Changes in the aggregate liability are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Unpaid claims at beginning of year	\$ (86,350)	\$ (165,179)	\$ (280,446)
Incurred claims for current and prior year events where the City has retained risk of loss	5,013,401	2,793,967	2,764,020
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(5,113,282)</u>	<u>(2,715,138)</u>	<u>(2,648,753)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (186,231)</u>	<u>\$ (86,350)</u>	<u>\$ (165,179)</u>

The City also is self-insured for unemployment benefits. Claims are administered by the South Carolina Department of Employment and Workforce and are then reimbursed by the City. No liability has been accrued at year end for potential claims, as they are expected to be minimal.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Post-Employment Benefits Other Than Pension

Plan Description

In addition to the pension benefits described in *Note 11*, the City maintains a policy whereby an employee who has 20 years of continuous service with the City will have the opportunity to participate in the City’s single employer defined benefit other post-employment benefit (OPEB) plan, hereafter referred to as “OPEB”, “plan”, or “program”. The plan offers retired employees’ premium payments for the employee group health insurance plan (including dental) at no cost. The City’s policy premium rates were \$6,900 for the retiree and \$4,380 for the spouse for the year ended June 30, 2014. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$4,380, annually, for spouse coverage. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The City (through the Mayor and Council) currently administers the plan and maintains the authority for establishing benefits and funding policy. The plan does not issue separate stand alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The City’s contributions are financed on a pay-as-you-go basis and therefore, no trust fund has been established which would maintain plan net position held for the benefit of others. At June 30, 2014, the City had 48 retired employees who are covered under this plan, with an average age of 62 years, and monthly premium costs averaging \$451 per participant. Total expenses incurred for this program and paid by the City for the year ended June 30, 2014 were \$211,377 or approximately 21% of the annual required contribution (ARC). For the prior years’ 2013 and 2012, expenses incurred equaled \$199,055 and \$162,218, respectively, or 19% and 16%, respectively of the ARC.

Annual Other Post-Employment Benefit (OPEB) Cost

The annual required contribution (“ARC”) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. For prior-years 2013 and 2012, annual other post-employment benefit (OPEB) costs totaled \$864,200 and \$1,076,089 , respectively. Due to change in health care programs, the City’s OPEB costs for the current year 2014 totaled \$949,488 with net obligation (liability) equaling \$5,456,322 as follows:

Employer normal costs	\$ 630,637
Amortization of UAL	396,289
Annual required contribution (ARC)	<u>1,026,926</u>
Interest on net other post-employment benefit (OPEB) obligation	214,422
Adjustment to required annual contribution	<u>(291,860)</u>
Annual other post-employment benefit (OPEB) cost	949,488
Contributions made by City	<u>(234,999)</u>
Increase in net other post-employment benefit (OPEB) obligation	714,489
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>4,741,833</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 5,456,322</u></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Post Employment Benefits Other Than Pension (Continued)

Funded Status and Funding Progress

As stated above, due to the change in the City's healthcare programs, the actuarial accrued liability for benefits totals \$11,180,322, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$20,119,780 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 55.6 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the other post-employment benefit (OPEB) and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of other post-employment benefit (OPEB) assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

In the actuarial valuation dated July 1, 2013 (for the fiscal year June 30, 2014), the "Projected Unit Credit" cost method and the "Dollar Closed" amortization method were used. The unfunded actuarial accrued liability ("UAAL") amortization payment is the fixed (or level) amount required to fully amortize the UAAL over a thirty (30) year period. During FY 2014, the amortization period has been graded to 15 years and is currently 25 years. The actuarial economic assumptions include an estimated investment rate of return of 4.00% (which is the annual return net of both administrative and investment related expenses) and a healthcare inflation rate (medical trend) of 5% annually which is greater than the overall inflation rate trend of 2%. The actuarial demographic assumption includes mortality rates based on 1983 GAM, with no termination affect. Vested employees are entitled to benefits same as the City's pension plan: 4% until age 55; 12% from ages 56-60; 20% ages 61-62; 60% at age 63; 25% ages 64; and 100% age 65 or later. Disability has been based on 50% of the 1975 SSA study. Expected average per capita claims cost equaled \$4,962 at July 1, 2013, with retiree policy costs equaling \$8,537. Implied subsidy is calculated at 72.05%.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Contingencies

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected government-wide and applicable funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds.

Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

15. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between total fund balance amounts and the total Net position-Governmental Activities. The details of the reconciled amounts are as follows:

<i>Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:</i>	
Capital assets	\$ 151,417,035
Less, accumulated depreciation	(47,207,418)
Net amount reported	<u>\$ 104,209,617</u>
<i>Internal service funds are used by management to charge the costs of health and workers compensation insurance to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Governmental Activities prorata portion (79%) of the Internal Service Fund:</i>	
Equity in pooled cash	\$ 943,182
Restricted cash and cash equivalents	174,754
Claim deposits	4,596
Claim liabilities and payables	(337,214)
Net amount reported	<u>\$ 785,318</u>
<i>Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements:</i>	
Accrued interest expense	\$ (150,194)
General obligation bonds and notes payable	(13,914,238)
Accrued compensated absences	(1,265,944)
Other Post Employment Benefits (OPEB)	(4,930,600)
Net amount reported	<u>\$ (20,260,976)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenditures and Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balance and Changes in Net Position-Governmental Activities. The details of the reconciled amounts are as follows:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period:

Capital outlay expenditures	\$ 21,470,789
Depreciation expense	(4,221,008)
Net on sale/disposal of assets	(7,342)
Net amount reported	<u>\$ 17,242,439</u>

Internal service funds are used by management to charge the costs of health insurance and workers compensation programs. The following represents the Governmental Activities prorata portion (79%) of the Internal Service Fund:

Premiums charged and contributions	\$ 3,272,072
Insurance claims paid and reserves	(4,061,389)
Net amount reported	<u>\$ (789,317)</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued interest expense – net	\$ 66,249
Accrued compensated absences payable	(66,798)
Net amount reported	<u>\$ (549)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal repayments – G.O. Bonds, revenue bonds and installment note obligation	\$ 1,901,594
Net amount reported	<u>\$ 1,901,594</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

C. Explanations of Differences Between the Proprietary Fund Balance Sheet and the Government-Wide Statement of Net Position

The Proprietary Fund Balance Sheet includes a reconciliation between the total net position amounts and the total Net Position – Business-type Activities. The details of the reconciled amounts are as follows:

Internal service funds are used by management to charge the costs of health and workers compensation insurance to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Business-type Activities prorata portion (21%) of the Internal Service Fund:

Equity in pooled cash	\$ 251,022
Restricted cash and cash equivalents	46,510
Claim deposits	1,223
Claim liabilities and payables	(89,748)
Other post-employment benefits payable (OPEB)	(525,722)
Net amount reported	<u>\$ (316,715)</u>

D. Explanations of Differences Between the Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position and the Government-Wide Statement of Activities

The Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position includes a reconciliation between net changes in Net Position and Changes in Net Position-Governmental Activities. The details of the reconciled amounts are as follows:

Internal service funds are used by management to charge the costs of health and workers compensation insurance programs. The following represents the Business-type Activities prorata portion (21%) of the Internal Service Fund:

Premiums charged and contributions	\$ (1,080,912)
Insurance claims paid and reserves	870,840
Net amount reported	<u>\$ (210,072)</u>

16. Subsequent Events

Management has evaluated subsequent events which may require disclosure through December 10, 2014.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

17. New and Additional Pronouncements

New GASB pronouncements that will affect the City for next fiscal year follows:

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pensions that are administered through trusts or equivalent arrangements. The requirements of Statement No. 27 and No. 50 remain applicable to pensions that are not administered through a trust or equivalent arrangements. The requirements of this Statement are effective for financial statements for the fiscal years beginning after June 15, 2014.

This pronouncement will require the reporting of actuarial determined liabilities and City is in the process of obtaining valuations in order to comply.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

18. Restatement for Accounting Principle Change and Correction of an Error

The City has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which specifies items that were previously classified and as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, and inflows of resources. The following items previously classified as assets are now reported as a deferred outflow of resources in the Statement of Net Position – grants paid in advance of meeting timing requirements; deferred amounts from the refunding of debt; costs to acquire rights to future revenues; deferred loss from sale-leaseback transaction. The following items previously classified as liabilities are now reported as deferred inflow of resources in the Statement of Net Position – grants received in advance of meeting timing requirements; imposed and other non-exchange transactions received in advance, or ‘unavailable’ revenue in governmental funds; deferred amounts from the refunding of debt; proceeds from the sales of future revenues; deferred gain from sale-leaseback transactions; and certain regulatory credits. The requirements of this Statement required the City to restate amounts previously reported as deferred bond and contract issuance costs.

The City also restated its Insurance Reserves Internal Service Fund to account for all OPEB liabilities. Changes were as follows:

	Business-type Activities
Net Position, as previously reported	\$ 91,623,223
Cumulative effect of accounting change for issuance costs, net of accumulated amortization	(405,890)
Balances as restated, June 30, 2013	<u>\$ 91,217,333</u>
Water and Sewer Utility Fund:	Proprietary Funds
Net Position, as previously reported	\$ 90,095,846
Cumulative effect of accounting change for issuance costs, net of accumulated amortization	(369,812)
Balance as restated, June 30, 2013	<u>\$ 89,726,034</u>
Aquatic Center Fund:	
Net Position, as previously reported	\$ 1,918,316
Cumulative effect of accounting change for issuance costs, net of accumulated amortization	(36,078)
Balance as restated, June 30, 2013	<u>\$ 2,082,239</u>
Insurance Reserves Fund:	
Net Position, as previously reported	\$ (444,347)
Correction of prior accrual of OPEB liability	(3,018,261)
Balance as restated, June 30, 2013	<u>\$ (3,462,608)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Actual	Variance Positive (Neg.)	2013
	Budget Original	Final			Actual
Revenue					
Current property taxes	\$ 11,759,863	\$ 11,759,863	\$ 11,570,788	\$ (189,075)	\$ 11,408,649
Delinquent property taxes and penalties	275,000	275,000	387,118	112,118	750,490
Licenses and permits	7,311,000	7,311,000	8,111,216	800,216	7,500,430
Fines and forfeitures	495,000	495,000	377,226	(117,774)	319,623
Use of money and property	188,600	188,600	150,358	(38,242)	183,657
Unrestricted intergovernmental	875,300	875,300	991,176	115,876	943,614
Restricted intergovernmental	141,000	141,000	54,596	(86,404)	244,960
Sales and service charges	484,500	484,500	846,780	362,280	411,109
Miscellaneous	40,000	40,000	42,190	2,190	76,178
Total revenue	21,570,263	21,570,263	22,531,448	961,185	21,838,710
Expenditures					
General Government Administration					
General services	744,040	744,040	714,905	29,135	761,173
Legislative	154,016	154,016	158,962	(4,946)	123,866
Administrative	167,828	167,828	146,173	21,655	146,938
City Court	444,739	444,739	424,947	19,792	421,847
Legal	203,930	203,930	251,493	(47,563)	282,631
Human resources	446,709	446,709	468,416	(21,707)	458,359
Total	2,161,262	2,161,262	2,164,896	(3,634)	2,194,814
Less, capital outlay	—	—	(52,621)	52,621	(83,000)
Net general government administration	2,161,262	2,161,262	2,112,275	48,987	2,111,814
Finance					
Accounting	340,691	340,691	319,231	21,460	346,558
Revenue	455,917	455,917	456,763	(846)	439,528
Total	796,608	796,608	775,994	20,614	786,086
Less, capital outlay	—	—	—	—	—
Net finance	796,608	796,608	775,994	20,614	786,086
Information Services					
Total	549,064	549,064	554,327	(5,263)	574,117
Less, capital outlay	(53,600)	(53,600)	(36,858)	(16,742)	(96,093)
Net information services	495,464	495,464	517,469	(22,005)	478,024
Public Safety					
Administrative	477,691	477,691	443,077	34,614	358,452
Uniform patrol	4,554,083	4,554,083	4,909,694	(355,611)	4,095,547
Community services	804,122	804,122	801,308	2,814	831,930
Detectives	940,469	940,469	939,683	786	919,101
Communications/Detention	1,146,619	1,146,619	1,099,940	46,679	1,158,379
Records	278,306	278,306	262,718	15,588	253,872
Victim's assistance	77,337	77,337	73,467	3,870	72,361
Police training	234,044	234,044	260,136	(26,092)	225,264
Fire suppression	3,482,427	3,482,427	4,011,398	(528,971)	3,587,683
Fire prevention	320,912	320,912	324,291	(3,379)	321,189
Total	12,316,010	12,316,010	13,125,712	(809,702)	11,823,778
Less, capital outlay	(385,096)	(385,096)	(714,082)	(328,986)	(203,968)
Net public safety	11,930,914	11,930,914	12,411,630	(480,716)	11,619,810

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2014			Variance Positive (Neg.)	2013
	Budget		Actual		Actual
	Original	Final			
Expenditures (Continued)					
Planning/Development					
Planning/zoning administration	953,530	953,530	823,932	129,598	859,572
Code enforcement-building	701,338	701,338	664,239	37,099	677,071
Total	1,654,868	1,654,868	1,488,171	166,697	1,536,643
Less, capital outlay	—	—	—	—	—
Net planning/development	1,654,868	1,654,868	1,488,171	166,697	1,536,643
Public Works					
Streets/drainage	2,099,474	2,099,474	2,000,597	98,877	2,169,208
Less, capital outlay	(25,000)	(25,000)	(23,038)	(1,962)	—
Net public works	2,074,474	2,074,474	1,977,559	96,915	2,169,208
Parks and Recreation					
Recreation administration	322,644	322,644	345,863	(23,219)	296,848
Athletics	454,090	454,090	566,137	(112,047)	336,301
Programs	910,397	910,397	745,003	165,394	732,867
Parks and grounds	1,525,526	1,525,526	1,535,873	(10,347)	1,517,400
Sports park	—	—	152,205	(152,205)	—
Total	3,212,657	3,212,657	3,345,081	(132,424)	2,883,416
Less, capital outlay	(36,500)	(36,500)	(58,283)	21,783	(272,334)
Net parks and recreation	3,176,157	3,176,157	3,286,798	(110,641)	2,611,082
Support Services					
Purchasing	119,005	119,005	129,307	(10,302)	128,067
Fleet maintenance	253,480	253,480	268,204	(14,724)	280,866
Custodial services	460,563	460,563	649,972	(189,409)	617,925
Total	833,048	833,048	1,047,483	(214,435)	1,026,858
Less, capital outlay	—	—	(6,821)	6,821	(25,768)
Net support services	833,048	833,048	1,040,662	(207,614)	1,001,090
Debt Service					
Principal retirement	499,761	499,761	499,980	(219)	483,983
Interest and fiscal charges	106,075	106,075	105,856	219	121,853
Agent fees	111,942	111,942	57	111,885	1,100
Total debt service	717,778	717,778	605,893	111,885	606,936
Capital Outlay	500,196	500,196	891,703	(391,507)	681,163
Total expenditures	24,340,769	24,340,769	25,108,154	(767,385)	23,601,856
Excess (deficiency) of revenue over (under) expenditures	(2,770,506)	(2,770,506)	(2,576,706)	193,800	(1,763,146)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2014			Variance Positive (Neg.)	2013
	Budget		Actual		Actual
	Original	Final			
Other Financing Sources (Uses)					
Installment Note Obligation	—	—	383,167	383,167	—
Transfers in:					
From Accommodations (2%) Tax Fund	895,502	895,502	920,503	25,001	704,804
From Local (1.5%) Accommodations Tax Fund	1,850,000	1,850,000	1,869,347	19,347	1,791,548
From Local (1%) Hospitality Fee Fund	2,175,000	2,175,000	2,172,640	(2,360)	2,091,898
Total transfers in	4,920,502	4,920,502	4,962,490	41,988	4,588,250
Transfers (out):					
To Park Improvement Fund	—	—	(750,000)	(750,000)	—
To Capital Improvement Fund	(1,500,000)	(1,500,000)	(1,500,000)	—	(1,500,000)
To Street Improvement Fund	(650,000)	(650,000)	(650,000)	—	(650,000)
Total Transfers (out)	(2,150,000)	(2,150,000)	(2,900,000)	(750,000)	(2,150,000)
Total other financing sources (uses)	2,770,502	2,770,502	2,445,657	(324,845)	2,438,250
Net change in fund balance	(4)	(4)	(131,049)	(131,045)	675,104
Fund balance, beginning of year	11,967,882	11,967,882	11,967,882	—	11,292,778
Fund balance, end of year	\$ 11,967,878	\$ 11,967,878	\$ 11,836,833	\$ (131,045)	\$ 11,967,882

Notes to Schedule:

Budget to Actual Deficits

As needed actual General Fund expenditures were funded by unreserved and reserved fund balances, additional unbudgeted revenue and transfers.

Budgets and Budgetary Accounting

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the City-wide total appropriations (total expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.
- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/01/08	—	\$8,108,305	\$8,108,305	0%	\$18,018,737	45.0%
1/01/10	—	\$8,040,499	\$8,040,499	0%	\$18,899,302	42.5%
7/01/12	—	\$9,856,605	\$9,856,605	0%	\$19,063,929	51.7%
7/01/13	—	\$11,180,322	\$11,180,322	0%	\$20,119,780	55.6%

Note: The City obtains annual valuations for use in the next fiscal year's budget. The next scheduled valuation date is for July 1, 2014, for fiscal year 2014-15.

CITY OF NORTH MYRTLE BEACH

OTHER FINANCIAL INFORMATION

CITY OF NORTH MYRTLE BEACH

COMBINING 'NON-MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ —	\$ 65,960	\$ 3,127,666	\$ 3,193,626
Receivables, net	793,163	—	1,131	794,294
Due from other governments	939,706	—	—	939,706
Total assets	\$ 1,732,869	\$ 65,960	\$ 3,128,797	\$ 4,927,626
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 373,234	\$ —	\$ 8,973	\$ 382,207
Due to other funds	928,176	—	—	928,176
Total liabilities	1,301,410	—	8,973	1,310,383
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	431,459	—	—	431,459
Committed by ordinance	—	65,960	—	65,960
Assigned by management	—	—	3,119,824	3,119,824
Unassigned	—	—	—	—
Total fund balances	431,459	65,960	3,119,824	3,617,243
Total liabilities and fund balances	\$ 1,732,869	\$ 65,960	\$ 3,128,797	\$ 4,927,626

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
 BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Revenue				
Property taxes	\$ —	\$ 2,234,484	\$ —	\$ 2,234,484
Use of money and property	—	—	23,726	23,726
Restricted intergovernmental	8,030,061	—	1,039,804	9,069,865
Sales and service charges	—	—	11,700	11,700
Miscellaneous	—	—	107,500	107,500
Total revenue	<u>8,030,061</u>	<u>2,234,484</u>	<u>1,182,730</u>	<u>11,447,275</u>
Expenditures				
Current:				
Parks and recreation	1,374,025	—	—	1,374,025
Debt Service	—	2,248,750	—	2,248,750
Capital outlay	—	—	1,442,609	1,442,609
Total expenditures	<u>1,374,025</u>	<u>2,248,750</u>	<u>1,442,609</u>	<u>5,065,384</u>
Excess (deficiency) of revenue over (under) expenditures	<u>6,656,036</u>	<u>(14,266)</u>	<u>(259,879)</u>	<u>6,381,891</u>
Other Financing Sources (Uses)				
Transfers in	—	—	2,291,543	2,291,543
Transfers (out)	(6,674,476)	—	(1,694,500)	(8,368,976)
Total other financing sources (uses)	<u>(6,674,476)</u>	<u>—</u>	<u>597,043</u>	<u>6,077,433</u>
Net change in fund balances	(18,440)	(14,266)	337,164	304,458
Fund balances, beginning of year	449,899	80,226	2,782,660	3,312,785
Fund balances, end of year	<u>\$ 431,459</u>	<u>\$ 65,960</u>	<u>\$ 3,119,824</u>	<u>\$ 3,617,243</u>

CITY OF NORTH MYRTLE BEACH

INDIVIDUAL FUND
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH

GENERAL FUND

The General Fund is the major operating fund of the City's governmental activities and is used to account for all financial resources except those required to be accounted for in other funds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 2,067,459	\$ 3,066,100
Equity in pooled cash and cash equivalents	4,148,786	4,092,336
Deposits held by others	2,378	2,397
Receivables:		
Property taxes	953,337	1,113,317
Less, allowance for doubtful accounts	(845,137)	(1,021,030)
Franchise fees	766,683	676,302
Grants – Municipal Association	596,935	609,472
Other receivables	34,600	8,076
Due from other governments:		
State of South Carolina	191,758	192,222
Due from other funds:		
Accommodations (2%) Tax Fund	135,013	127,961
Stormwater Fund	1,372,348	—
Local Accommodations (1.5%) Tax Fund	350,101	368,367
Hospitality (1.0%) Fees Fund	265,945	266,045
Park Improvement Fund	315,692	—
Aquatic Center Fund	23,299	—
Beach Service Fund	2,670,018	3,081,322
Inventories and prepaid items	278,806	250,073
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	259,796	264,661
Drug enforcement account	265,178	388,770
Police seizures held	50,846	50,268
Public safety scholarship fund	34,432	42,548
Total assets	<u>\$ 13,890,850</u>	<u>\$ 13,579,207</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

— CONTINUED —

	<u>2014</u>	<u>2013</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 713,348	\$ 738,171
Accrued payroll and withholdings payable	624,148	540,899
Due to other governments:		
State of SC – abandoned property	10,672	18,125
Payable from restricted assets:		
Bail bonds	257,965	263,862
Police seizures held	50,846	50,268
Performance bonds	397,038	—
Total liabilities	<u>2,054,017</u>	<u>1,611,325</u>
Fund Balance:		
Non-spendable	278,806	250,073
Restricted by others	311,946	464,401
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	10,853,581	10,860,908
Total fund balance	<u>11,836,833</u>	<u>11,967,882</u>
Total liabilities and fund balance	<u>\$ 13,890,850</u>	<u>\$ 13,579,207</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014
(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Current property taxes	\$ 11,759,863	\$ 11,570,788	\$ (189,075)	\$ 11,408,649
Delinquent property taxes:				
Real and personal property	125,000	270,410	145,410	634,852
Penalties	150,000	116,708	(33,292)	115,638
	<u>275,000</u>	<u>387,118</u>	<u>112,118</u>	<u>750,490</u>
Licenses and permits:				
Business licenses	4,825,000	5,282,078	457,078	5,099,302
Business license penalties	50,000	36,768	(13,232)	31,967
Building permits	360,000	675,112	315,112	392,081
Inspection fees	3,500	4,220	720	4,310
Other permits	10,000	14,280	4,280	15,500
Tree bank	—	1,200	1,200	700
Franchise fee – electricity	1,427,500	1,479,391	51,891	1,364,264
Franchise fee – cable TV	490,000	486,800	(3,200)	478,038
Franchise fee – telephone	60,000	50,417	(9,583)	45,065
Franchise fee – gas	85,000	80,950	(4,050)	69,203
	<u>7,311,000</u>	<u>8,111,216</u>	<u>800,216</u>	<u>7,500,430</u>
Fines and forfeitures:				
Fines	750,000	705,623	(44,377)	615,716
Seizures	100,000	32,331	(67,669)	5,384
Improper parking	10,000	3,535	(6,465)	2,908
Victims assistance	60,000	52,720	(7,280)	46,957
Bail Bondsman Fee	—	—	—	1,260
Less, remittances to State Treasurer	(425,000)	(416,983)	8,017	(352,602)
	<u>495,000</u>	<u>377,226</u>	<u>(117,774)</u>	<u>319,623</u>
Use of money and property:				
Interest on investments	25,000	1,332	(23,668)	1,451
Property rental	163,600	144,655	(18,945)	166,462
Purchasing card rebate	—	4,371	4,371	15,744
	<u>188,600</u>	<u>150,358</u>	<u>(38,242)</u>	<u>183,657</u>
Unrestricted intergovernmental:				
Local government	257,200	296,664	39,464	297,169
Homestead exemption tax	150,000	152,488	2,488	147,035
Business inventory tax	36,600	36,641	41	36,616
Accommodations tax	162,500	185,835	23,335	181,860
Admissions tax	91,000	109,663	18,663	92,441
Motor carrier tax	18,000	21,285	3,285	20,093
Alcoholic beverage permit fees	160,000	188,600	28,600	168,400
	<u>875,300</u>	<u>991,176</u>	<u>115,876</u>	<u>943,614</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue (Continued)				
Restricted intergovernmental:				
Federal BJA - BVP	—	12,636	12,636	—
Federal Homeland security/DOJ grants	—	—	—	169,565
State PRT/misc. grants	100,000	—	(100,000)	13,435
Horry County recreation	41,000	41,960	960	61,960
	<u>141,000</u>	<u>54,596</u>	<u>(86,404)</u>	<u>244,960</u>
Sales and service charges:				
City codes and ordinances	10,000	10,883	883	7,528
Fire protection – contracts	110,000	112,752	2,752	110,352
Street work	4,000	6,834	2,834	32,031
Beach services franchise	95,000	90,000	(5,000)	90,000
Recreation fees	85,000	125,063	40,063	116,365
GIS Data	1,500	—	(1,500)	—
NMB Park sponsorships and concessions	127,000	335,379	208,379	4
Credit Card service charge	7,000	7,042	42	5,815
Memorial	10,000	10,000	—	—
Miscellaneous	35,000	148,827	113,827	49,014
	<u>484,500</u>	<u>846,780</u>	<u>362,280</u>	<u>411,109</u>
Miscellaneous:				
Insurance reimbursements	25,000	21,019	(3,981)	11,585
Grants from private entities	15,000	15,843	843	39,811
Mayfest sponsorship	—	750	750	16,000
PS Scholarship Fund donation	—	85	85	188
Other	—	4,493	4,493	8,594
	<u>40,000</u>	<u>42,190</u>	<u>2,190</u>	<u>76,178</u>
Total revenue	<u>21,570,263</u>	<u>22,531,448</u>	<u>961,185</u>	<u>21,838,710</u>
Expenditures				
General Government Administration				
General Services:				
Personal services	216,000	225,106	(9,106)	205,607
Operating expenditures	1,136,800	1,022,100	114,700	1,095,344
Capital expenditure	—	52,621	(52,621)	83,000
Less, overhead allocation – utility	(608,760)	(584,922)	(23,838)	(622,778)
	<u>744,040</u>	<u>714,905</u>	<u>29,135</u>	<u>761,173</u>
Legislative:				
Personal services	265,732	269,073	(3,341)	184,193
Operating expenditures	42,300	48,852	(6,552)	63,539
Less, overhead allocation – utility	(154,016)	(158,963)	4,947	(123,866)
	<u>154,016</u>	<u>158,962</u>	<u>(4,946)</u>	<u>123,866</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Expenditures (Continued)				
General Government Administration (Cont.)				
Administrative:				
Personal services	243,906	239,523	4,383	226,435
Operating expenditures	91,750	52,823	38,927	67,440
Less, overhead allocation – utility	(167,828)	(146,173)	(21,655)	(146,937)
	<u>167,828</u>	<u>146,173</u>	<u>21,655</u>	<u>146,938</u>
City Court:				
Personal services	389,664	394,994	(5,330)	384,912
Operating expenditures	55,075	29,953	25,122	36,935
	<u>444,739</u>	<u>424,947</u>	<u>19,792</u>	<u>421,847</u>
Legal:				
Personal services	205,635	222,190	(16,555)	210,000
Operating expenditures	202,225	280,856	(78,631)	355,262
Less, overhead allocation – utility	(203,930)	(251,553)	47,623	(282,631)
	<u>203,930</u>	<u>251,493</u>	<u>(47,563)</u>	<u>282,631</u>
Human resources:				
Personal services	703,188	724,882	(21,694)	688,012
Operating expenditures	67,000	82,732	(15,732)	102,263
Less, overhead allocation – utility	(323,479)	(339,198)	15,719	(331,916)
	<u>446,709</u>	<u>468,416</u>	<u>(21,707)</u>	<u>458,359</u>
Total general government administration	2,161,262	2,164,896	(3,634)	2,194,814
Less, total capital outlay	—	(52,621)	52,621	(83,000)
Net general government administration	<u>2,161,262</u>	<u>2,112,275</u>	<u>48,987</u>	<u>2,111,814</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

Expenditures (Continued)	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Finance				
Accounting:				
Personal services	618,647	602,171	16,476	583,743
Operating expenditures	155,650	123,354	32,296	138,241
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(433,606)	(406,294)	(27,312)	(375,426)
	<u>340,691</u>	<u>319,231</u>	<u>21,460</u>	<u>346,558</u>
Revenue:				
Personal services	419,452	408,775	10,677	402,724
Operating expenditures	36,465	47,988	(11,523)	36,804
Capital expenditures	—	—	—	—
	<u>455,917</u>	<u>456,763</u>	<u>(846)</u>	<u>439,528</u>
Total finance	796,608	775,994	20,614	786,086
Less, total capital outlay	—	—	—	—
Net finance	<u>796,608</u>	<u>775,994</u>	<u>20,614</u>	<u>786,086</u>
Information Services				
Personal services	626,847	636,627	(9,780)	587,571
Operating services	250,170	266,052	(15,882)	289,417
Capital expenditures	53,600	36,858	16,742	96,093
Less, overhead allocation – utility	(381,553)	(385,210)	3,657	(398,964)
	<u>549,064</u>	<u>554,327</u>	<u>(5,263)</u>	<u>574,117</u>
Total information services	549,064	554,327	(5,263)	574,117
Less, total capital outlay	(53,600)	(36,858)	(16,742)	(96,093)
Net information services	<u>495,464</u>	<u>517,469</u>	<u>(22,005)</u>	<u>478,024</u>
Public Safety				
Administrative:				
Personal services	404,516	373,188	31,328	299,025
Operating expenditures	13,175	36,174	(22,999)	26,276
Capital expenditures	60,000	33,715	26,285	33,151
	<u>477,691</u>	<u>443,077</u>	<u>34,614</u>	<u>358,452</u>
Uniform patrol:				
Personal services	3,859,486	3,875,337	(15,851)	3,454,588
Operating expenditures	436,561	765,645	(329,084)	632,356
Capital expenditures	258,036	268,712	(10,676)	8,603
	<u>4,554,083</u>	<u>4,909,694</u>	<u>(355,611)</u>	<u>4,095,547</u>
Community services:				
Personal services	604,892	593,052	11,840	535,883
Operating expenditures	172,170	208,256	(36,086)	221,509
Capital expenditures	27,060	—	27,060	74,538
	<u>804,122</u>	<u>801,308</u>	<u>2,814</u>	<u>831,930</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

Expenditures (Continued)	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Public Safety (Cont.)				
Detectives:				
Personal services	850,106	815,529	34,577	821,028
Operating expenditures	90,363	113,280	(22,917)	85,878
Capital expenditures	—	10,874	(10,874)	12,195
	<u>940,469</u>	<u>939,683</u>	<u>786</u>	<u>919,101</u>
Communications/Detention:				
Personal services	1,121,670	1,043,142	78,528	1,082,383
Operating expenditures	124,655	152,445	(27,790)	176,725
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(99,706)	(95,647)	(4,059)	(100,729)
	<u>1,146,619</u>	<u>1,099,940</u>	<u>46,679</u>	<u>1,158,379</u>
Records:				
Personal services	226,642	221,850	4,792	220,049
Operating expenditures	51,664	40,868	10,796	33,823
Capital expenditures	—	—	—	—
	<u>278,306</u>	<u>262,718</u>	<u>15,588</u>	<u>253,872</u>
Victim's Assistance:				
Personal services	69,187	69,404	(217)	66,635
Operating expenditures	8,150	4,063	4,087	5,726
	<u>77,337</u>	<u>73,467</u>	<u>3,870</u>	<u>72,361</u>
Police Training:				
Personal services	216,784	234,912	(18,128)	203,703
Operating expenditures	17,260	25,224	(7,964)	21,561
	<u>234,044</u>	<u>260,136</u>	<u>(26,092)</u>	<u>225,264</u>
Fire Suppression/Rescue:				
Personal services	3,168,397	3,228,328	(59,931)	3,164,379
Operating expenditures	274,030	382,289	(108,259)	347,823
Capital expenditures	40,000	400,781	(360,781)	75,481
	<u>3,482,427</u>	<u>4,011,398</u>	<u>(528,971)</u>	<u>3,587,683</u>
Fire Prevention/Inspection:				
Personal services	303,042	305,934	(2,892)	292,224
Operating expenditures	17,870	18,357	(487)	28,964
Capital expenditures	—	—	—	—
	<u>320,912</u>	<u>324,291</u>	<u>(3,379)</u>	<u>321,188</u>
Total Public Safety	12,316,010	13,125,712	(809,702)	11,823,778
Less, total capital outlay	(385,096)	(714,082)	(328,986)	(203,968)
Net public safety	<u>11,930,914</u>	<u>12,411,630</u>	<u>(480,716)</u>	<u>11,619,810</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Expenditures (Continued)				
Planning/Development				
Planning/Zoning Administration:				
Personal services	885,630	793,561	92,069	825,563
Operating expenditures	67,900	30,371	37,529	34,009
	<u>953,530</u>	<u>823,932</u>	<u>129,598</u>	<u>859,572</u>
Building:				
Personal services	682,451	654,980	27,471	660,326
Operating expenditures	55,800	44,219	11,581	52,380
Less, overhead allocation – utility	(36,913)	(34,960)	(1,953)	(35,635)
	<u>701,338</u>	<u>664,239</u>	<u>37,099</u>	<u>677,071</u>
Total Planning/Development	1,654,868	1,488,171	166,697	1,536,643
Less, total capital outlay	—	—	—	—
Net planning/development	<u>1,654,868</u>	<u>1,488,171</u>	<u>166,697</u>	<u>1,536,643</u>
Public Works				
Streets/Drainage:				
Personal services	1,245,249	1,228,956	16,293	1,189,936
Operating expenditures	1,062,500	970,891	91,609	1,220,288
Capital expenditures	25,000	23,038	1,962	—
Less, overhead allocation – utility	(233,275)	(222,288)	(10,987)	(241,016)
	<u>2,099,474</u>	<u>2,000,597</u>	<u>98,877</u>	<u>2,169,208</u>
Total Public Works	2,099,474	2,000,597	98,877	2,169,208
Less, total capital outlay	(25,000)	(23,038)	(1,962)	—
Net public works	<u>2,074,474</u>	<u>1,977,559</u>	<u>96,915</u>	<u>2,169,208</u>
Parks and Recreation				
Recreation Administration:				
Personal services	348,615	369,167	(20,552)	323,050
Operating expenditures	81,577	91,984	(10,407)	72,747
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(107,548)	(115,288)	7,740	(98,949)
	<u>322,644</u>	<u>345,863</u>	<u>(23,219)</u>	<u>296,848</u>
Athletics:				
Personal services	228,240	260,440	(32,200)	149,573
Operating expenditures	225,850	253,280	(27,430)	186,728
Capital expenditures	—	52,417	(52,417)	—
	<u>454,090</u>	<u>566,137</u>	<u>(112,047)</u>	<u>336,301</u>
Programs:				
Personal services	309,107	251,300	57,807	229,919
Operating expenditures	601,290	493,703	107,587	485,526
Capital expenditures	—	—	—	17,422
	<u>910,397</u>	<u>745,003</u>	<u>165,394</u>	<u>732,867</u>
Parks and Grounds:				
Personal services	937,327	991,443	(54,116)	806,561
Operating expenditures	551,699	538,564	13,135	455,927
Capital expenditures	36,500	5,866	30,634	254,912
	<u>1,525,526</u>	<u>1,535,873</u>	<u>(10,347)</u>	<u>1,517,400</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Expenditures (Continued)				
Parks and Recreation (continued)				
Sports Park:				
Personal services	—	49,058	(49,058)	—
Operating expenditures	—	103,147	(103,147)	—
Capital expenditures	—	—	—	—
	—	152,205	(152,205)	—
Total Parks and Recreation	3,212,657	3,345,081	(132,424)	2,883,416
Less, total capital outlay	(36,500)	(58,283)	21,783	(272,334)
Net parks and recreation	3,176,157	3,286,798	(110,641)	2,611,082
Support Services				
Purchasing:				
Personal services	259,596	260,514	(918)	263,575
Operating expenditures	23,750	47,359	(23,609)	44,813
Capital outlay	—	—	—	11,779
Less, overhead allocation – utility	(164,341)	(178,566)	14,225	(192,100)
	119,005	129,307	(10,302)	128,067
Fleet management:				
Personal services	374,416	368,326	6,090	361,720
Operating expenditures	48,050	71,860	(23,810)	106,390
Capital outlay	—	6,821	(6,821)	—
Less, overhead allocation – utility	(168,986)	(178,803)	9,817	(187,244)
	253,480	268,204	(14,724)	280,866
Custodial Services:				
Personnel services	415,259	450,822	(35,563)	556,567
Operating expenses	293,300	549,134	(255,834)	426,097
Capital expenditures	—	—	—	13,989
Less, overhead allocation – utility	(247,996)	(349,984)	101,988	(378,728)
	460,563	649,972	(189,409)	617,925
Total Support Services	833,048	1,047,483	(214,435)	1,026,858
Less, total capital outlay	—	(6,821)	6,821	(25,768)
Net support services	833,048	1,040,662	(207,614)	1,001,090
Total Departmental Expenditures (net)	23,122,795	23,610,558	(487,763)	22,313,757
Debt Service				
Principal retirement	499,761	499,980	(219)	483,983
Interest and fiscal charges	106,075	105,856	219	121,853
Agent fees	111,942	57	111,885	1,100
Total debt service	717,778	605,893	111,885	606,936
Capital Outlay	500,196	891,703	(391,507)	681,163
Total expenditures	24,340,769	25,108,154	(767,385)	23,601,856
Excess (deficiency) of revenue over (under) expenditures	(2,770,506)	(2,576,706)	193,800	(1,763,146)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Other Financing Sources (Uses)				
Installment note obligation	—	383,167	383,167	—
Transfers in:				
From Accommodations (2%) Tax Fund	895,502	920,503	25,001	704,804
From Local (1.5%) Accommodations Tax Fund	1,850,000	1,869,347	19,347	1,791,548
From Local (1%) Hospitality Fee Fund	2,175,000	2,172,640	(2,360)	2,091,898
Total transfers in:	4,920,502	4,962,490	41,988	4,588,250
Transfers (out):				
To Park Improvement Fund	—	(750,000)	(750,000)	—
To Capital Improvement Fund	(1,500,000)	(1,500,000)	—	(1,500,000)
To Street Improvement Fund	(650,000)	(650,000)	—	(650,000)
Total transfers (out)	(2,150,000)	(2,900,000)	(750,000)	(2,150,000)
Total other financing sources (uses)	2,770,502	2,445,657	(324,845)	2,438,250
Net change in fund balance	(4)	(131,049)	(131,045)	675,104
Fund balance, beginning of year	11,967,882	11,967,882	—	11,292,778
Fund balance, end of year	\$ 11,967,878	\$ 11,836,833	\$ (131,045)	\$ 11,967,882

CITY OF NORTH MYRTLE BEACH

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are restricted by law or otherwise restricted for specified purposes.

Accommodations (2%) Tax:

To account for the City's share of a 2% State accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted to the promotion of tourism and tourist related activities.

Local Accommodations (1.5%) Tax:

To account for the City's share of a 1.5% local accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted for the beach, infrastructure and capital purchases.

Hospitality (1%) Fees:

To account for the City's share of a 1% tax on amusements and prepared foods. Use of the revenue is restricted for the beach, infrastructure and capital purchases.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
Assets				
Equity in pooled cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables, net	—	524,894	268,269	793,163
Due from other governments	939,706	—	—	939,706
Total assets	\$ 939,706	\$ 524,894	\$ 268,269	\$ 1,732,869
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 373,234	\$ —	\$ —	\$ 373,234
Due to other funds	135,013	524,894	268,269	928,176
Total liabilities	508,247	524,894	268,269	1,301,410
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	431,459	—	—	431,459
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	431,459	—	—	431,459
Total liabilities and fund balances	\$ 939,706	\$ 524,894	\$ 268,269	\$ 1,732,869

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2014

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
Revenue				
Use of money and property	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental	3,055,869	2,801,552	2,172,640	8,030,061
Total revenue	3,055,869	2,801,552	2,172,640	8,030,061
Expenditures				
Current:				
Parks and recreation – tourism related	1,374,025	—	—	1,374,025
Total expenditures	1,374,025	—	—	1,374,025
Excess (deficiency) of revenue over (under) expenditures	1,681,844	2,801,552	2,172,640	6,656,036
Other Financing Sources (Uses)				
Transfers (out)	(1,700,284)	(2,801,552)	(2,172,640)	(6,674,476)
Total other financing sources (uses)	(1,700,284)	(2,801,552)	(2,172,640)	(6,674,476)
Net change in fund balances	(18,440)	—	—	(18,440)
Fund balances, beginning of year	449,899	—	—	449,899
Fund balances, end of year	\$ 431,459	\$ —	\$ —	\$ 431,459

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Due from other governments	\$ 939,706	\$ 947,575
Total assets	<u>\$ 939,706</u>	<u>\$ 947,575</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 373,234	\$ 369,715
Due to General Fund	135,013	127,961
Total liabilities	<u>508,247</u>	<u>497,676</u>
 Fund balance:		
Restricted by others	<u>431,459</u>	<u>449,899</u>
Total liabilities and fund balance	<u>\$ 939,706</u>	<u>\$ 947,575</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014
 (With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 400	\$ —	\$ (400)	\$ —
Restricted intergovernmental:				
State A-tax revenue	2,603,000	3,055,869	452,869	2,980,351
Total revenue	2,603,400	3,055,869	452,469	2,980,351
Expenditures				
Parks and recreation:				
30% advertising allocation	822,000	965,011	(143,011)	941,163
North Myrtle Beach Chamber	400,000	400,000	—	516,236
Services to other agencies	34,014	9,014	25,000	4,300
Total expenditures	1,256,014	1,374,025	(118,011)	1,461,699
Excess of revenue over expenditures	1,347,386	1,681,844	334,458	1,518,652
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(992,204)	(920,503)	71,701	(704,804)
Street Improvement Fund	(70,614)	(70,614)	—	(248,984)
Beach Renourishment Fund	(18,429)	(18,429)	—	(16,971)
Stormwater Drainage Fund	(25,714)	(25,714)	—	(23,525)
Solid Waste Fund	(127,071)	(127,071)	—	(134,431)
Park Improvement Fund	—	(424,999)	(424,999)	—
Capital Improvement Fund	—	—	—	(139,391)
Beach Service Fund	(112,954)	(112,954)	—	(83,947)
Total other financing sources (uses)	(1,346,986)	(1,700,284)	(353,298)	(1,352,053)
Net change in fund balance	400	(18,440)	(18,840)	166,599
Fund balance, beginning of year	449,899	449,899	—	293,300
Fund balance, end of year	\$ 450,229	\$ 431,459	\$ (18,840)	\$ 449,899

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
SPECIAL REVENUE FUND
LOCAL ACCOMMODATIONS (1.5%) TAX
BALANCE SHEET

JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	2014	2013
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	524,894	552,472
Total assets	\$ 524,894	\$ 552,472
Liabilities and Fund Balance		
Accounts payable	\$ —	\$ —
Due to General Fund	350,101	368,367
Due to Beach Services Fund	174,793	184,105
Total liabilities	524,894	552,472
Fund balance:		
Restricted by others	—	—
Total liabilities and fund balance	\$ 524,894	\$ 552,472

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014
 (With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Local A-tax revenue	\$ 2,790,000	\$ 2,796,620	\$ (6,620)	\$ 2,681,590
Penalties	6,836	4,933	1,904	3,822
Total revenue	<u>2,796,836</u>	<u>2,801,552</u>	<u>(4,716)</u>	<u>2,685,412</u>
Excess of revenue over expenditures	<u>2,796,836</u>	<u>2,801,552</u>	<u>(4,716)</u>	<u>2,685,412</u>
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(1,850,000)	(1,869,347)	(19,347)	(1,791,548)
Beach Services Fund	(479,468)	(384,231)	95,237	(384,085)
Aquatic Center Fund	(467,368)	(547,974)	(80,606)	(509,779)
Total other financing sources (uses)	<u>(2,796,836)</u>	<u>(2,801,552)</u>	<u>(4,716)</u>	<u>(2,685,412)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 1,759
Receivables	<u>268,269</u>	<u>266,045</u>
Total assets	<u>\$ 268,269</u>	<u>\$ 267,804</u>
Liabilities and Fund Balance		
Accounts payable	\$ —	\$ 1,759
Due to General Fund	<u>268,269</u>	<u>266,045</u>
Total liabilities	<u>268,269</u>	<u>267,804</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 268,269</u>	<u>\$ 267,804</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Hospitality fees	\$2,170,000	\$ 2,168,629	\$ 1,371	\$ 2,089,108
Penalties	5,000	4,011	989	2,790
Total revenue	<u>2,175,000</u>	<u>2,172,640</u>	<u>2,360</u>	<u>2,091,898</u>
Excess of revenue over expenditures	<u>2,175,000</u>	<u>2,172,640</u>	<u>2,360</u>	<u>2,091,898</u>
Other Financing Sources (Uses)				
Transfers (out) – General Fund	<u>(2,175,000)</u>	<u>(2,172,640)</u>	<u>(2,360)</u>	<u>(2,091,898)</u>
Total other financing sources (uses)	<u>(2,175,000)</u>	<u>(2,172,640)</u>	<u>(2,360)</u>	<u>(2,091,898)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH

DEBT SERVICE FUNDS

The Debt Service Funds accounts for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types.

Stormwater Bonds:

To account for financial resources to be used for payment of stormwater debt.

Park Bonds:

To account for financial resources to be used for payment of park debt.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BONDS
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Total assets	\$ —	\$ —
Liabilities and Fund Balance		
Fund Balance:		
Unassigned	\$ —	\$ —
Total liabilities and fund balance	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BONDS

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenue	—	—	—	—
Expenditures				
Debt Service:				
Principal	—	—	—	279,741
Interest	—	—	—	1,689
Total expenditures	—	—	—	281,430
Excess (deficiency) of revenue over (under) expenditures	—	—	—	(281,430)
Other Financing Sources (Uses)				
Transfers in – Stormwater Drainage Special Revenue Fund	—	—	—	281,430
Total other financing sources (uses)	—	—	—	281,430
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 65,960	\$ 80,226
Receivables, net	<u>—</u>	<u>—</u>
Total assets	<u>\$ 65,960</u>	<u>\$ 80,226</u>
Liabilities and Fund Balance		
Fund Balance:		
Committed by ordinance	\$ 65,960	\$ 80,226
Total liabilities and fund balance	<u>\$ 65,960</u>	<u>\$ 80,226</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE --
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Property taxes:				
Current	\$ 2,200,000	\$ 2,169,609	\$ (30,391)	\$ 2,139,206
Delinquent and penalties	—	64,875	64,875	64,563
Use of money and property:				
Interest on investments	2,000	—	2,000	—
Total revenue	<u>2,202,000</u>	<u>2,234,484</u>	<u>(32,484)</u>	<u>2,203,769</u>
Expenditures				
Debt Service:				
Principal	1,785,000	1,785,000	—	1,735,000
Interest	463,200	463,200	—	532,600
Bond agent fees	—	550	(550)	—
Total expenditures	<u>2,248,200</u>	<u>2,248,750</u>	<u>(550)</u>	<u>2,267,600</u>
Net change in fund balance	(46,200)	(14,266)	(31,936)	(63,831)
Fund balance, beginning of year	80,226	80,226	—	144,057
Fund balance, end of year	<u>\$ 34,026</u>	<u>\$ 65,960</u>	<u>\$ (31,936)</u>	<u>\$ 80,226</u>

CITY OF NORTH MYRTLE BEACH

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities that are not financed by proprietary funds or trust funds.

Capital Improvement:	To account for financial resources to be used for general capital asset acquisitions and replacements.
Street Improvement:	To account for financial resources to be used for paving streets and relocating utilities in the City.
Beach Renourishment:	To account for financial resources to be used for renourishing the beach.
Park Development:	To account for financial resources to be used for land acquisition and development of parks.
Stormwater Drainage:	To account for revenues and expenditures associated with the City's Stormwater management program and drainage improvements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Street Improvement	Beach Renourishment		Park Development	Stormwater Drainage
Assets						
Equity in pooled cash and cash equivalents	\$ 285,289	\$ 2,487,864	\$ 354,513	\$ 3,127,666	\$ —	\$ —
Receivables, net	1,131	—	—	1,131	800	116,452
Restricted – cash and cash equivalents	—	—	—	—	—	—
Funds held in escrow	—	—	—	—	—	—
Total assets	\$ 286,420	\$ 2,487,864	\$ 354,513	\$ 3,128,797	\$ 800	\$ 116,452
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 2,935	\$ 6,038	\$ —	\$ 8,973	\$ 49,747	\$ 821,309
Payable from restricted assets	—	—	—	—	—	—
Due to other funds	—	—	—	—	265,945	1,372,348
Total liabilities	2,935	6,038	—	8,973	315,692	2,193,657
Fund balances:						
Non-spendable	—	—	—	—	—	—
Restricted by others	—	—	—	—	—	—
Committed by ordinance	—	—	—	—	—	—
Assigned by management	283,485	2,481,826	354,513	3,119,824	—	—
Unassigned (deficit)	—	—	—	—	(314,892)	(2,077,205)
Total fund balances	283,485	2,481,826	354,513	3,119,824	(314,892)	(2,077,205)
Total liabilities and fund balances	\$ 286,420	\$ 2,487,864	\$ 354,513	\$ 3,128,797	\$ 800	\$ 116,452

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2014

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Street Improvement	Beach Renourishment		Park Development	Stormwater Drainage
Revenue						
Use of money and property	\$ 23,726	\$ —	\$ —	\$ 23,726	\$ 2,950	\$ (1,418)
Restricted intergovernmental	—	1,039,804	—	1,039,804	—	1,250,000
Sales and service charges	11,700	—	—	11,700	—	2,065,810
Miscellaneous	—	107,500	—	107,500	2,626	—
Total revenue	35,426	1,147,304	—	1,182,730	5,576	3,314,392
Expenditures						
Capital outlay:						
General government administration	86,894	—	—	86,894	—	—
Finance	—	—	—	—	—	46,103
Public works	292,650	834,390	27,764	1,154,804	—	11,695,825
Parks and recreation	200,911	—	—	200,911	7,778,651	—
Total expenditures	580,455	834,390	27,764	1,442,609	7,778,651	11,741,928
Excess (deficiency) of revenue over (under) expenditures	(545,029)	312,914	(27,764)	(259,879)	(7,773,075)	(8,427,536)
Other Financing Sources (Uses)						
Transfers in	1,500,000	773,114	18,429	2,291,543	2,766,999	25,714
Transfers (out)	(1,642,000)	—	(52,500)	(1,694,500)	—	—
Total other financing sources (uses)	(142,000)	773,114	(34,071)	597,043	2,766,999	25,714
Net change in fund balances	(687,029)	1,086,028	(61,835)	337,164	(5,006,076)	(8,401,822)
Fund balances, beginning of year	970,514	1,395,798	416,348	2,782,660	4,691,184	6,324,617
Fund balances, end of year	\$ 283,485	\$ 2,481,826	\$ 354,513	\$ 3,119,824	\$ (314,892)	\$ (2,077,205)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT
BALANCE SEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 285,289	\$ 973,680
Receivables, net	1,131	—
Total assets	<u>\$ 286,420</u>	<u>\$ 973,680</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 2,935	\$ 3,166
Total liabilities	<u>2,935</u>	<u>3,166</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	246,553
Committed by ordinance	—	—
Assigned by management	283,485	723,961
Unassigned	—	—
Total fund balance	<u>283,485</u>	<u>970,514</u>
Total liabilities and fund balance	<u>\$ 286,420</u>	<u>\$ 973,680</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 1,000	\$ —	\$ (1,000)	\$ —
Surplus sales	20,000	23,726	3,726	12,295
Sales and services:				
Development fees	—	11,700	11,700	600
Other:				
Contributions	—	—	—	38,237
Total revenue	<u>21,000</u>	<u>35,426</u>	<u>14,426</u>	<u>51,132</u>
Expenditures				
Capital outlay –				
General government administration:				
Land	—	—	—	290,589
Farmers market	—	—	—	11,588
Animal shelter	—	—	—	6,680
Equipment	114,000	80,418	33,582	—
Phone system	—	6,476	(6,476)	28,220
City Hall parking lot	—	—	—	28,341
Public works:				
Highway 17 median	—	107,030	(107,030)	—
Cherry Grove dredging	270,000	185,620	84,380	232,925
Parks and recreation:				
Park renovations/improvements	80,000	—	80,000	130,529
Water tower parks	—	200,911	(200,911)	—
Contingency	392,000	—	392,000	—
Total expenditures	<u>856,000</u>	<u>580,455</u>	<u>275,545</u>	<u>728,872</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(835,000)</u>	<u>(545,029)</u>	<u>289,971</u>	<u>(677,740)</u>
Other Financing Sources (Uses)				
Transfers in – General Fund	1,500,000	1,500,000	—	1,500,000
Transfers in – Accommodations (2%) Tax Fund	—	—	—	139,391
Transfers (out) – Park Improvement Fund	(1,200,000)	(1,592,000)	(392,000)	(1,279,283)
Transfers (out) – Beach Services Fund	(50,000)	(50,000)	—	(69,000)
Total other financing sources (uses)	<u>250,000</u>	<u>(142,000)</u>	<u>(392,000)</u>	<u>291,108</u>
Net change in fund balance	(585,000)	(687,029)	(102,029)	(386,632)
Fund balance, beginning of year	<u>970,514</u>	<u>970,514</u>	<u>—</u>	<u>1,357,146</u>
Fund balance, end of year	<u>\$ 385,514</u>	<u>\$ 283,485</u>	<u>\$ (102,029)</u>	<u>\$ 970,514</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 2,487,864	\$ 957,045
Receivables, net	—	510,000
Due from other governments	—	—
Total assets	<u>\$ 2,487,864</u>	<u>\$ 1,467,045</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 6,038	\$ 71,247
Total liabilities	<u>6,038</u>	<u>71,247</u>
Fund balance:		
Non-spendable		—
Restricted by others		—
Committed by ordinance	—	454,106
Assigned by management	2,481,826	941,692
Unassigned	—	—
Total fund balance	<u>2,481,826</u>	<u>1,395,798</u>
Total liabilities and fund balance	<u>\$ 2,487,864</u>	<u>\$ 1,467,045</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 2,186	\$ —	\$ (2,186)	\$ —
Restricted intergovernmental:				
Federal Grants – NOAA OCRM	102,500	99,656	(2,844)	—
State Grants – SCDOT/C Fund	686,800	439,882	(246,918)	—
Local Grant - Horry Cty Road Fee	390,000	405,868	15,868	378,226
Other Grants - Santee Cooper	2,250,000	94,398	(2,155,602)	—
Misc – underground utilities	50,000	107,500	57,500	170,000
Total revenue	<u>3,481,486</u>	<u>1,147,3047</u>	<u>(2,334,182)</u>	<u>548,226</u>
Expenditures				
Capital outlay –				
Public works:				
New park entry road	150,000	20,398	129,602	1,233,236
6 th Ave intersection improvement	—	—	—	253,939
3 rd – 7 th Ave underground utilities	—	—	—	92,758
Barefoot Bridge painting	—	72,500	(72,500)	69,500
Parking lot – road improvements	—	—	—	823,382
48 th Ave underground utilities	—	—	—	12,988
Resurfacing – roads	640,000	449,014	190,986	84,628
Beach access improvements	355,000	256,370	98,630	32,611
Sidewalks	259,600	—	259,600	6,853
Underground utilities	2,500,000	36,108	2,485,920	—
Intersection improvements	250,000	—	250,000	—
East Coast Greenway	295,000	—	295,000	—
Contingency	70,500	—	70,500	—
Total expenditures	<u>4,520,100</u>	<u>834,390</u>	<u>3,685,710</u>	<u>2,609,895</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,038,614)</u>	<u>312,914</u>	<u>1,351,528</u>	<u>(2,061,669)</u>
Other Financing Sources (Uses)				
Transfers in – General Fund	650,000	650,000	—	650,000
Transfers in – Accommodation (2%) Tax Fund	70,614	70,614	—	248,984
Transfers in – Beach Renour. Fund	52,500	52,500	—	—
Transfers in – Park Improvement Fund	—	—	—	495,444
Total other financing sources (uses)	<u>773,114</u>	<u>773,114</u>	<u>—</u>	<u>1,394,428</u>
Net change in fund balance	(265,500)	1,086,028	1,351,528	(667,241)
Fund balance, beginning of year	<u>1,395,798</u>	<u>1,395,798</u>	<u>—</u>	<u>2,063,039</u>
Fund balance, end of year	<u>\$ 1,130,298</u>	<u>\$ 2,481,826</u>	<u>\$ 1,351,528</u>	<u>\$ 1,395,798</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 354,513	\$ 436,224
Total assets	<u>\$ 354,513</u>	<u>\$ 436,224</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ —	\$ 19,876
Total liabilities	<u>—</u>	<u>19,876</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	354,513	416,348
Unassigned	—	—
Total fund balance	<u>354,513</u>	<u>416,348</u>
Total liabilities and fund balance	<u>\$ 354,513</u>	<u>\$ 436,224</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 471	\$ —	\$ (471)	\$ —
Total revenue	<u>471</u>	<u>—</u>	<u>(471)</u>	<u>—</u>
Expenditures				
Public works:				
Materials and supplies	50,000	15,576	34,424	4,196
Professional services	25,000	12,188	12,812	29,613
Total expenditures	<u>75,000</u>	<u>27,764</u>	<u>47,236</u>	<u>33,809</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(74,529)</u>	<u>(27,764)</u>	<u>46,765</u>	<u>(33,809)</u>
Other Financing Sources (Uses)				
Transfers in – Accommodations (2%)Tax Fund	18,429	18,429	—	16,971
Transfers out – Street Impr Fund	(52,500)	(52,500)	—	—
Total other financing sources	<u>(34,071)</u>	<u>(34,071)</u>	<u>—</u>	<u>16,971</u>
Net change in fund balance	(108,600)	(61,835)	46,765	(16,838)
Fund balance, beginning of year	<u>416,348</u>	<u>416,348</u>	<u>—</u>	<u>433,186</u>
Fund balance, end of year	<u>\$ 307,748</u>	<u>\$ 354,513</u>	<u>\$ 46,765</u>	<u>\$ 416,348</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 2,296,562
Restricted – cash and cash equivalents	—	5,132,447
Receivables, net	800	—
Deposits – funds held in escrow	—	300,459
Total assets	<u>\$ 800</u>	<u>\$ 7,729,468</u>
Liabilities and Fund Balance		
Liabilities:		
Payable from restricted assets:		
Construction payable	\$ 49,747	\$ 2,057,911
Retainage payable	—	680,373
Due to General Fund	265,945	—
Other	—	300,000
Total liabilities	<u>315,692</u>	<u>3,038,284</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	2,094,163
Assigned by management	—	2,597,021
Unassigned (deficit)	(314,892)	—
Total fund balance	<u>(314,892)</u>	<u>4,691,184</u>
Total liabilities and fund balance	<u>\$ 800</u>	<u>\$ 7,729,468</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014
 (With comparative actual amounts for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 16,298	\$ 2,950	\$ (13,348)	\$ 22,150
Miscellaneous	—	2,626	2,626	—
Total revenue	16,298	5,576	(10,722)	22,150
Expenditures				
Capital Outlay –				
Parks and recreation:				
Park development	10,975,000	7,778,651	3,196,349	9,252,896
Total expenditures	10,975,000	7,778,651	3,196,349	9,252,896
Excess (deficiency) of revenue over (under) expenditures	(10,958,702)	(7,773,075)	3,185,627	(9,230,746)
Other Financing Sources (Uses)				
Transfers in – General Fund	—	750,000	750,000	—
Transfers in – Capital Improvement Fund	1,200,000	1,592,000	392,000	1,279,283
Transfers in – Accommodation (2%) Tax Fund	96,702	424,999	328,297	—
Transfers (out) – Street Improvement Fund	—	—	—	(495,444)
Total other financing sources (uses)	1,296,702	2,766,999	1,470,297	783,839
Net change in fund balance	(8,365,298)	(5,006,076)	3,185,628	(8,446,907)
Fund balance, beginning of year	4,691,184	4,691,184	—	13,138,091
Fund balance, end of year	\$ (3,674,114)	\$ (314,892)	\$ 3,185,628	\$ 4,691,184

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE
BALANCE SHEET

YEAR ENDED JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 6,201,682
Receivables, net	116,452	140,812
Total assets	<u>\$ 116,452</u>	<u>\$ 6,342,494</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 238,485	\$ 17,877
Retainages payable	582,824	—
Due to General Fund	1,372,348	—
Total liabilities	<u>2,193,657</u>	<u>17,877</u>
Fund balance:		
Non-spendable		—
Restricted by others	—	3,000,000
Committed by ordinance	—	2,323,528
Assigned by management	—	1,001,089
Unassigned (deficit)	(2,077,205)	—
Total fund balance	<u>(2,077,205)</u>	<u>6,324,617</u>
Total liabilities and fund balance	<u>\$ 116,452</u>	<u>\$ 6,342,494</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 7,114	\$ (1,418)	\$ 8,533	\$ —
Restricted intergovernmental:				
SCDHEC grant	—	1,250,000	1,250,000	—
Sales and service charges:				
Stormwater/drainage fees	2,030,000	2,058,103	28,103	2,025,577
Penalties	9,500	9,342	158	8,857
Less, adjustments/bad debts	—	(1,635)	23	(1,221)
Total revenue	<u>2,046,614</u>	<u>3,314,392</u>	<u>1,286,817</u>	<u>2,033,213</u>
Expenditures				
Finance:				
Overhead allocation –				
Accounting	15,486	14,510	976	14,439
Utility billing	32,064	31,593	471	30,216
Public works:				
Overhead allocation –				
Administration	44,246	41,049	3,197	38,667
Streets/drainage	116,637	111,144	5,493	120,508
Beach water quality monitoring	80,000	48,246	31,754	83,216
Capital outlay:				
Main Street drainage	5,000,000	8,627,967	(3,627,967)	76,226
18 th Ave. drainage	—	—	—	25,460
Drainage/Ocean out-fall	—	1,347	(1,347)	4,708
Hillside Street drainage basin	2,000,000	2,866,072	(866,072)	380,779
Total expenditures	<u>7,288,433</u>	<u>11,741,928</u>	<u>(4,453,495)</u>	<u>774,219</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(5,241,819)</u>	<u>(8,427,536)</u>	<u>(3,185,717)</u>	<u>1,258,994</u>
Other Financing Sources (Uses)				
Transfers in – Accommodations Tax Fund	25,714	25,714	—	23,525
Transfers (out) – Debt Service Fund	—	—	—	(281,430)
Total other financing sources (uses)	<u>25,714</u>	<u>25,714</u>	<u>—</u>	<u>(257,905)</u>
Net change in fund balance	(5,216,105)	(8,401,822)	(3,185,717)	1,001,089
Fund balance, beginning of year	<u>6,324,617</u>	<u>6,324,617</u>	<u>—</u>	<u>5,323,528</u>
Fund balance, end of year	<u>\$ 1,108,512</u>	<u>\$ (2,077,205)</u>	<u>\$ (3,185,717)</u>	<u>\$ 6,324,617</u>

CITY OF NORTH MYRTLE BEACH

ENTERPRISE FUNDS

Enterprise Funds are to be used to account for operations that are financed and operated in a manner similar to private sector businesses where the intent of the governing body is that the costs (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

Water and Sewer Utility:

To account for all financial resources associated with supplying water and providing sewage services to domestic, business, and industrial customers within the North Myrtle Beach area.

Solid Waste:

To account for all revenues and expenses related to the City's solid waste activities.

Aquatic Center:

To account for all revenues and expenses related to the operating of the City's aquatic center.

Beach Service:

To account for all revenues and expenses related to the operating of the City's beach service activities.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>Restated 2013</u>		<u>2014</u>	<u>Restated 2013</u>
Assets			Liabilities and Net Position		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 9,359,510	\$ 9,305,009	Accounts payable-trade	\$ 731,665	\$ 733,712
Equity in pooled cash and cash equivalents	3,195,820	3,241,499	Accrued payroll and related taxes	103,708	93,278
Accounts receivable, net	2,005,375	2,023,604	Contracts payable-current portion	998,333	950,000
Inventories	442,354	430,989		<u>1,833,706</u>	<u>1,776,990</u>
Due from other governments	267,157	267,957			
	<u>15,270,216</u>	<u>15,269,058</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	<u>2,039,667</u>	<u>2,156,186</u>
Bond and interest redemption and cushion funds	—	288	Total current liabilities payable from restricted assets	<u>2,039,667</u>	<u>2,156,186</u>
Customer meter deposits	1,944,456	1,944,456	Total current liabilities	<u>3,873,373</u>	<u>3,933,176</u>
Impact fees	1,616,328	1,594,010			
Equity in pooled cash and cash equivalents:			Long-term liabilities:		
Impact fees	123,031	123,031	Accrued compensated absences	247,071	234,662
Deposits with the GSWSA	280,000	280,000	Other post-employment benefits (OPEB)	—	466,608
Total restricted assets	<u>3,963,815</u>	<u>3,941,785</u>	Contracts payable	5,400,000	6,398,333
Total current assets	<u>19,234,031</u>	<u>19,210,843</u>	Total long-term liabilities	<u>5,647,071</u>	<u>7,099,603</u>
Capital assets:			Total liabilities	<u>9,520,444</u>	<u>11,032,779</u>
Land	706,954	706,954			
Buildings	695,071	695,071	Net Position:		
Water and sewer systems	102,640,260	100,622,068	Net investment in capital assets	68,789,939	69,790,888
Automotive equipment	1,131,704	1,104,240	Restricted debt service, capacity and deposits	1,924,148	1,785,599
Maintenance equipment	2,621,507	2,357,379	Unrestricted	18,709,984	18,149,547
Office equipment	1,659,240	1,659,240	Total net position	<u>89,424,071</u>	<u>89,726,034</u>
Construction in progress	464,631	1,637,780			
	<u>109,919,367</u>	<u>108,782,732</u>	Total liabilities and net position	<u>\$ 98,944,515</u>	<u>\$ 100,758,813</u>
Less, accumulated depreciation	<u>(41,129,428)</u>	<u>(38,991,844)</u>			
Net capital assets	<u>68,789,939</u>	<u>69,790,888</u>			
Other assets:					
Cost of purchased water/sewer rights	27,447,281	27,447,281			
Less, accumulated amortizations	<u>(16,526,736)</u>	<u>(15,690,199)</u>			
Net other assets	<u>10,920,545</u>	<u>11,757,082</u>			
Total assets	<u>\$ 98,944,515</u>	<u>\$ 100,758,813</u>			

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014
(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	Restated 2013
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Water usage fees	\$ 7,475,000	\$ 7,065,823	\$ (409,177)	\$ 6,950,459
Sewer usage fees	5,017,000	4,745,269	(271,731)	4,597,447
Water taps	50,000	81,843	31,843	65,771
Sewer taps	20,000	22,454	2,454	19,300
Late payment penalties and service charges	155,000	130,634	(24,366)	128,986
Miscellaneous	2,500	2,499	(1)	6,118
Total operating revenue	12,719,500	12,048,522	(670,978)	11,768,081
Operating Expenses				
General Government Administration				
Overhead allocation –				
General services	473,480	454,940	18,540	484,384
Legislative	123,212	127,170	(3,958)	99,093
Administrative	134,263	116,938	17,325	117,550
Legal	163,144	201,242	(38,098)	226,105
Personnel	154,037	161,523	(7,486)	158,055
Total general government administration	1,048,136	1,061,813	(13,677)	1,085,187
Finance				
Overhead allocation –				
Accounting	232,288	217,658	14,630	216,592
Utility billing:				
Personal services	484,061	473,753	10,308	462,258
Operating expenses	157,225	165,603	(8,378)	142,071
Less, overhead allocation	(96,193)	(94,778)	(1,415)	(90,649)
Total finance	777,381	762,236	15,145	730,272
Information Services				
Overhead allocation	279,185	281,861	(2,676)	291,924
Public Safety				
Overhead allocation –				
Communications	62,316	59,779	2,537	62,955

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	Restated 2013
	Budget	Actual		Actual
Operating Expenses (Continued)				
Planning/Development				
Overhead allocation –				
Code enforcement	36,913	34,960	1,953	35,635
Public Works				
Administrative:				
Personal services	786,321	756,112	30,209	713,280
Operating expenses	98,600	79,402	19,198	60,490
Less, overhead allocation	(176,984)	(164,196)	(12,788)	(154,669)
	707,937	671,318	36,619	619,101
Wastewater treatment:				
Personal services	468,900	488,572	(19,672)	466,603
Operating expenses	1,158,800	1,795,181	(636,381)	1,145,360
	1,627,700	2,283,753	(656,053)	1,611,963
Wells/lifts maintenance:				
Personal services	642,162	599,887	42,275	627,671
Operating expenses	946,500	1,005,855	(59,355)	866,494
	1,588,662	1,605,742	(17,080)	1,494,165
Construction/maintenance:				
Personal services	1,187,099	1,163,795	23,304	1,124,560
Operating expenses	2,675,800	2,969,739	(293,939)	2,936,969
	3,862,899	4,133,534	(270,635)	4,061,529
Streets/drainage:				
Overhead allocation	116,638	111,144	5,494	120,508
Total public works	7,903,836	8,805,491	(901,655)	7,907,266
Support Services				
Overhead allocation –				
Purchasing	144,507	157,015	(12,508)	163,285
Fleet management	67,594	71,521	(3,927)	74,898
Custodial	177,141	249,989	(72,848)	249,163
Total support services	389,242	478,525	(89,283)	487,346
Depreciation and amortization expense	3,039,171	2,999,063	40,108	2,984,758
Total operating expenses	13,536,180	14,483,728	(947,548)	13,585,343
Operating income (loss)	(816,680)	(2,435,206)	(1,618,526)	(1,817,262)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
 BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	Restated 2013
	Budget	Actual		Actual
Non-operating Revenue (Expenses)				
Interest earned on investments	125,000	75,832	(49,168)	58,506
Interest expense	(385,788)	(385,788)	—	(434,783)
Bond agent fees	(2,000)	(288)	1,712	—
Insurance reimbursement	—	24,000	24,000	—
Tower rental and other	185,000	183,709	(1,291)	176,674
Gain (loss) over sale of capital assets	—	(4,279)	(4,279)	10,900
Total non-operating revenue (expenses)	<u>(77,788)</u>	<u>106,814</u>	<u>(29,026)</u>	<u>(188,703)</u>
Capital Contributions				
Impact fees:				
Water	800,000	1,119,914	319,914	804,429
Sewer	650,000	915,759	265,759	620,615
Developer contributions	—	17,575	17,575	—
Construction for public use	50,000	186,809	136,809	16,487
Total capital contributions	<u>1,500,000</u>	<u>2,240,057</u>	<u>740,057</u>	<u>1,441,531</u>
Change in net position	605,532	(301,963)	(907,495)	(564,434)
Net position, beginning of year	89,726,034	89,726,034	—	90,660,280
Cumulative effect of accounting change (see Note 18)	—	—	—	(369,812)
Net position, end of year	<u>\$ 90,331,566</u>	<u>\$ 89,424,071</u>	<u>\$ (907,495)</u>	<u>\$89,726,034</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 469,744	\$ 809,105
Accounts receivable, net	256,094	290,322
Total current assets	<u>725,838</u>	<u>1,099,427</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	6,336,054	5,579,756
	<u>6,681,516</u>	<u>5,925,218</u>
Less, accumulated depreciation	(4,684,375)	(4,503,850)
Net capital assets	<u>1,997,141</u>	<u>1,421,368</u>
Total assets	<u>\$ 2,722,979</u>	<u>\$ 2,520,795</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 4,369	\$ 105,846
Accrued payroll and related taxes	61,609	53,976
Total current liabilities	<u>65,978</u>	<u>159,822</u>
Long-term liabilities:		
Accrued compensated absences	141,781	141,324
Other post-employment benefits (OPEB)	—	247,028
Total long-term liabilities	<u>141,781</u>	<u>388,352</u>
Total liabilities	<u>207,759</u>	<u>548,174</u>
Net position:		
Net investment in capital assets	1,997,141	1,421,368
Unrestricted	518,079	551,253
Total net position	<u>2,515,220</u>	<u>1,972,621</u>
Total liabilities and net position	<u>\$ 2,722,979</u>	<u>\$ 2,520,795</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014
(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,015,000	\$ 4,257,579	\$ 242,579	\$ 4,050,678
Trash bags	10,500	7,361	3,139	7,037
Total operating revenue	4,025,500	4,264,940	239,440	4,057,715
Operating Expenses				
General government administration				
Overhead allocation –				
General services	81,168	77,990	3,178	83,037
Legislative	18,482	17,075	(593)	14,864
Administration	20,139	17,541	2,598	17,633
Legal	24,472	30,186	(5,714)	33,916
Personnel	61,615	64,609	(2,994)	63,222
Total general government administration	205,876	209,401	(3,525)	212,672
Finance				
Overhead allocation –				
Accounting	46,458	43,532	2,927	43,318
Utility billings	64,129	63,185	944	60,433
Total finance	110,587	106,717	3,871	103,751
Information Services				
Overhead allocation	55,837	56,372	(535)	58,385
Public works				
Administration – overhead allocation	132,738	123,147	9,591	116,002
Commercial collection:				
Personal services	283,046	287,563	(4,517)	270,436
Operating	137,300	136,674	626	124,756
	420,346	424,237	(3,891)	395,192
Transfer station:				
Personal services	199,808	194,295	5,513	189,332
Operating	583,000	519,706	63,294	526,770
	782,808	714,001	68,807	716,102
Residential collection:				
Personal services	730,949	663,489	67,460	658,192
Operating	168,000	166,482	1,518	187,153
	898,949	829,971	68,978	845,345

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public works (Continued)				
Trash/litter collections:				
Personal services	205,324	199,892	5,432	191,072
Operating	61,500	82,570	(21,070)	69,246
	<u>266,824</u>	<u>282,462</u>	<u>(15,638)</u>	<u>260,318</u>
Beach cleaning:				
Personal services	158,956	132,163	26,793	128,468
Operating	74,400	97,906	(23,506)	91,319
	<u>233,356</u>	<u>230,069</u>	<u>3,287</u>	<u>219,787</u>
Recycling:				
Personal services	224,328	226,358	(2,030)	213,671
Operating	103,500	94,746	8,754	176,535
	<u>327,828</u>	<u>321,104</u>	<u>6,724</u>	<u>390,206</u>
Total public works	<u>3,062,849</u>	<u>2,924,991</u>	<u>137,858</u>	<u>2,942,952</u>
Support services				
Overhead allocation –				
Purchasing	11,334	12,314	(981)	12,806
Fleet management	84,493	89,402	(4,909)	93,622
Custodial	28,342	39,998	(11,656)	39,866
Total support services	<u>124,169</u>	<u>141,714</u>	<u>(17,546)</u>	<u>146,294</u>
Depreciation and amortization	<u>400,000</u>	<u>435,410</u>	<u>(35,410)</u>	<u>400,426</u>
Total operating expenses	<u>3,959,318</u>	<u>3,874,605</u>	<u>84,713</u>	<u>3,864,480</u>
Operating income (loss)	<u>66,182</u>	<u>390,335</u>	<u>324,153</u>	<u>193,235</u>
Non-operating Revenue (Expenses)				
Interest earned on investments	—	(140)	(140)	—
Gain on sale/disposal of capital assets	—	20,333	20,333	6,199
Insurance proceeds	—	—	—	2,079
Restricted intergovernmental:				
Grant – SCDHEC	—	5,000	5,000	—
Total non-operating revenue (expenses)	<u>—</u>	<u>25,193</u>	<u>25,193</u>	<u>8,278</u>
Transfers				
Transfer in – Accommodations (2%) Tax Fund	<u>127,071</u>	<u>127,071</u>	<u>—</u>	<u>134,431</u>
Change in net position	<u>193,253</u>	<u>542,599</u>	<u>349,346</u>	<u>335,944</u>
Net position, beginning of year	<u>1,972,621</u>	<u>1,972,621</u>	<u>—</u>	<u>1,636,677</u>
Net position, end of year	<u>\$ 2,165,874</u>	<u>\$ 2,515,220</u>	<u>\$ 349,346</u>	<u>\$ 1,972,621</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	2014	Restated 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Equity in pooled cash	—	12,450
Accounts receivable	11,888	15,901
Total current assets	<u>12,288</u>	<u>28,751</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,203	89,203
Furniture and equipment	790,622	762,561
	<u>10,580,703</u>	<u>10,552,642</u>
Less, accumulated depreciation	(2,737,110)	(2,436,976)
Net capital assets	<u>7,843,593</u>	<u>8,115,666</u>
Total assets	<u>\$ 7,855,881</u>	<u>\$ 8,144,417</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 38,919	\$ 46,867
Accrued payroll and related taxes	35,885	31,440
Due to General Fund	23,299	—
Accrued interest payable	123,200	133,128
Current portion of note obligation	422,602	406,778
Unearned revenue	261,696	260,532
Total current liabilities	<u>905,601</u>	<u>878,745</u>
Long-term liabilities:		
Accrued compensated absences	39,206	39,368
Note payable	4,625,398	5,048,001
Other post-employment benefits (OPEB)	—	96,064
Total long-term liabilities	<u>4,664,604</u>	<u>5,183,433</u>
Total liabilities	<u>5,570,205</u>	<u>6,062,178</u>
Net position:		
Net investment in capital assets	2,795,593	2,660,887
Unrestricted (deficit)	(509,917)	(578,648)
Total net position	<u>2,285,676</u>	<u>2,082,239</u>
Total liabilities and net position	<u>\$ 7,855,881</u>	<u>\$ 8,144,417</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance	Restated
	Budget	Actual	Positive (Neg.)	2013
				Actual
Operating Revenue				
Sales and service charges:				
Membership fees	\$ 1,520,000	\$ 1,361,649	\$ (158,351)	\$ 1,312,930
Day membership fees	55,000	52,065	(2,935)	58,765
Employee membership fees	—	112,920	112,920	114,833
Enrollment fees	45,000	55,216	10,216	57,285
Program fees	272,000	336,260	64,260	290,856
Merchandise sales	35,000	3,672	(31,328)	5,662
Food sales	—	26,151	26,151	30,204
Miscellaneous	1,000	1,966	966	(2,075)
Total operating revenue	1,928,000	1,949,899	21,899	1,868,460
Operating Expenses				
General government administration				
Overhead allocation –				
General services	27,056	25,997	1,059	27,679
Legislative	6,161	6,358	(197)	4,955
Administration	6,713	5,847	866	5,877
Legal	8,157	10,062	(1,905)	11,305
Personnel	30,808	32,305	(1,497)	31,611
Total general government administration	78,895	80,569	(1,674)	81,427
Finance				
Overhead allocation	30,972	29,021	1,951	28,879
Information Services				
Overhead allocation	18,612	18,791	(179)	19,462
Parks and Recreation				
Overhead allocation –				
Recreation administration	21,510	23,058	(1,548)	19,790
Aquatic:				
Personnel services	970,474	999,856	(29,382)	932,241
Operations and maintenance	565,198	609,553	(44,355)	535,934
Total parks and recreation	1,557,182	1,632,467	(75,285)	1,487,965
Support Services				
Overhead allocation –				
Purchasing	5,667	6,157	(490)	12,807
Custodial	28,342	39,998	(11,656)	39,866
Total support services	34,009	46,155	(12,146)	52,673
Depreciation and amortization	283,436	300,134	(16,698)	295,150
Total operating expenses	2,003,106	2,107,137	(104,031)	1,965,556

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	Restated 2013
	Budget	Actual		Actual
Operating income (loss)	(75,106)	(157,238)	(82,132)	(97,096)
Non-operating Revenue (Expenses)				
Interest earned on investments	—	—	—	—
Non-operating program fees and other	10,000	6,464	(3,534)	6,220
Insurance reimbursement	—	8,500	8,500	—
Gain on sale/disposal of capital assets	—	—	—	2,400
Amortization of debt issuance costs	—	—	—	(3,436)
Interest expense	(202,263)	(202,263)	—	(217,866)
Total non-operating revenue (expenses)	(192,263)	(187,299)	4,966	(212,682)
Transfers				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	467,368	547,974	80,606	509,779
Total transfers	467,368	547,974	80,606	509,779
Change in net position	199,999	203,437	3,438	200,001
Net position, beginning of the year	2,082,239	2,082,239	—	1,918,316
Cumulative effect of accounting change (see Note 18)	—	—	—	(36,078)
Net position, end of year	\$ 2,282,238	\$ 2,285,676	\$ 3,438	\$ 2,082,239

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,526	\$ 6,607
Receivables, net	29,915	62,342
Due from Local Accommodations (1.5%) Fund	174,793	184,105
Inventories	5,368	5,368
Total current assets	<u>216,602</u>	<u>258,422</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,371,077	1,264,122
	<u>1,784,225</u>	<u>1,677,270</u>
Less, accumulated depreciation	(1,222,821)	(1,109,844)
Net capital assets	<u>561,404</u>	<u>567,426</u>
Total assets	<u>\$ 778,006</u>	<u>\$ 825,848</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 57,978	\$ 54,062
Accrued payroll and related taxes	178,351	147,382
Due to General Fund	2,670,018	3,081,322
Total current liabilities	<u>2,906,347</u>	<u>3,282,766</u>
Net position:		
Net investment in capital assets	561,404	567,426
Unrestricted (deficit)	(2,689,745)	(3,024,344)
Total net position	<u>(2,128,341)</u>	<u>(2,456,918)</u>
Total liabilities and net position	<u>\$ 778,006</u>	<u>\$ 825,848</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

(With comparative actual amounts for June 30, 2013)

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Beach service rentals	\$ 1,225,000	\$ 1,535,219	\$ 310,219	\$ 1,213,930
Water slide fees	125,000	131,758	6,758	75,633
Food and beverage sales	435,000	360,944	(74,056)	382,298
Less, sales tax/hospitality fees	(145,000)	(146,527)	(1,527)	(128,901)
Miscellaneous	10,100	13,128	3,028	9,710
Total operating revenue	1,650,100	1,894,522	244,422	1,552,670
Operating Expenses				
General government administration				
Overhead allocation –				
General services	27,056	25,996	1,060	27,679
Legislative	6,161	6,358	(197)	4,955
Administration	6,713	5,847	866	5,877
Legal	8,157	10,062	(1,905)	11,305
Personnel	77,019	80,761	(3,742)	79,027
Total general government administration	125,106	129,024	(3,918)	128,843
Finance				
Overhead allocation	77,430	72,552	4,878	72,197
Information Services				
Overhead allocation	27,919	28,186	(267)	29,192
Public safety				
Overhead allocation –				
Community service	37,390	35,868	1,522	37,773
Lifeguard services:				
Personnel services	610,968	714,175	(103,207)	650,190
Operations and maintenance	32,750	82,187	(49,437)	82,923
Total public safety	681,108	832,230	(151,122)	770,886
Parks and recreation				
Overhead allocation –				
Recreation administration	86,038	92,230	(6,192)	79,160
Concessions:				
Personnel services	542,578	535,652	6,926	496,554
Operations and maintenance	205,150	231,284	(26,134)	252,199
Banana boats:				
Personnel services	—	1,350	(13,50)	—
Operations and maintenance	—	7,766	(7,766)	—
Total parks and recreation	833,466	868,282	(34,516)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	2013
	Budget	Actual		Actual
Operating Expenses (Continued)				
Support services				
Overhead allocation -				
Purchasing	2,833	3,079	(246)	3,202
Fleet	16,899	17,880	(981)	18,724
Custodian	14,171	19,999	(5,828)	49,833
Total support services	33,903	40,958	(7,055)	71,759
Depreciation and amortization	100,000	145,311	(45,311)	141,099
Total operating expenses	1,879,232	2,116,543	(237,311)	2,041,889
Operating income (loss)	(229,132)	(222,021)	7,111	(489,219)
Non-operating Revenue (Expenses)				
Sponsorships and donations	—	4,917	4,917	3,966
Gain (loss) on sale/disposal capital assets	—	(1,504)	(1,504)	7,892
Total non-operating revenue (expenses)	—	3,413	3,413	11,858
Transfers				
Transfers in (out):				
Capital Improvement Fund	50,000	50,000	—	69,000
Accommodations (2%) Tax Fund	112,954	112,954	—	83,947
Local accommodations (1.5%) Tax Fund	479,468	384,231	95,237	384,085
Total transfers	642,422	547,185	95,237	537,032
Change in net position	413,290	328,577	(84,713)	59,671
Net position, beginning of year	(2,456,918)	(2,456,918)	—	(2,516,589)
Net position, end of year	<u>\$ (2,043,628)</u>	<u>\$ (2,128,341)</u>	<u>\$ (84,713)</u>	<u>\$ (2,456,918)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are to be used to account for and report activity that provides goods and services to other funds and departments of the City on a cost-reimbursement basis.

Insurance Reserves:

To account for all revenues and expenses related to operating the City's risk financing activities of employee and retiree/non-employee health insurance.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
BALANCE SHEET

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>Restated 2013</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,194,204	\$ 716,530
Restricted cash and cash equivalents:		
HRA custodial account	221,264	177,947
Deposits and prepaid items	5,819	8,017
Total assets	<u>\$ 1,421,287</u>	<u>\$ 902,494</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 13,287	\$ 5,875
Claims payable	186,231	244,008
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	227,444	183,087
Total current liabilities	<u>426,962</u>	<u>432,970</u>
Long-term liabilities:		
Accrued post-employment benefits (OPEB) expenses	5,456,322	3,932,132
Total liabilities	<u>5,883,284</u>	<u>4,365,102</u>
Net position:		
Restricted for health insurance claims	—	2,877
Unrestricted (deficit)	(4,461,997)	(3,465,485)
Total net position	<u>(4,461,997)</u>	<u>(3,462,608)</u>
Total liabilities and net position	<u>\$ 1,421,287</u>	<u>\$ 902,494</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014
(With comparative actual amounts for June 30, 2013)

	2014			Restated 2013
	Budget	Actual	Variance Positive (Neg.)	Actual
Operating Revenue				
Sales and service charges:				
Health premiums –				
Employee charges	\$ 3,111,770	\$ 3,192,077	\$ 80,377	\$ 2,850,754
Dependent withholdings	557,793	535,740	(22,053)	529,713
Retiree/non-employee contributions	65,518	66,501	983	64,987
Cobra/non-employee contributions	223,965	228,350	4,385	204,943
Reinsurance reimbursements	—	72,558	72,558	264,119
Total operating revenue	3,959,046	4,095,226	136,250	3,914,516
Operating Expenses				
General government administration				
Non-employee health expenses –				
Misc. aggregate premium	32,831	32,645	186	33,356
Dependents	601,787	1,555,656	(953,869)	1,346,601
Cobra	—	124,715	(124,715)	194,070
Retirees	216,231	230,219	(13,988)	404,523
	850,849	1,943,235	(1,092,386)	1,978,550
Employee health expenses –				
Legislative	—	93,084	(93,084)	5,592
Administration	10,340	5,875	4,465	3,608
City court	51,700	34,364	17,336	19,871
Legal	20,680	15,137	5,543	6,590
Personnel	72,379	119,075	(46,696)	102,409
	155,099	267,535	(112,436)	138,070
Total general government administration	1,005,948	2,210,770	(1,204,822)	2,116,620
Finance				
Employee health expenses	206,798	202,307	4,491	139,630
Overhead allocation	30,972	29,021	1,951	—
	237,770	231,328	6,442	139,630
Information Services				
Employee health expenses	72,379	42,039	30,340	22,699

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
 BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	Restated 2013
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public safety				
Employee health expenses –				
Administration	41,359	26,537	14,822	17,637
Uniform patrol	579,036	372,817	206,219	200,922
Community service	93,059	57,522	35,537	24,292
Detectives	113,739	62,365	51,374	89,814
Communications/detention	196,460	149,909	46,551	93,120
Records	41,359	42,166	(807)	11,410
Victims assistance	10,340	4,655	5,685	2,959
Police training	31,020	34,338	(3,318)	9,608
Fire/rescue	516,996	345,188	171,808	188,621
Fire prevention/inspection	41,359	36,552	4,807	157,394
Total public safety	1,664,727	1,132,049	532,678	795,777
Public Works				
Employee health expenses –				
Streets/drainage	196,459	132,658	63,801	74,834
Water and sewer	434,277	277,592	156,685	315,824
Solid waste	279,177	225,929	53,248	163,137
Total public works	909,913	636,179	273,734	553,795
Planning/Development				
Employee health expenses –				
Administration	103,400	104,730	(1,330)	44,995
Building	93,059	62,255	30,804	51,202
Total planning/development	196,459	166,985	29,474	96,197
Parks and recreation				
Employee health expenses –				
Recreation administration	41,359	85,826	(44,467)	200,102
Athletics	20,680	16,465	4,215	4,712
Programs	31,020	17,396	13,624	5,746
Parks and grounds	130,973	118,533	12,440	61,312
Aquatic center	93,059	135,796	(42,737)	32,640
Total parks and recreation	317,091	374,016	(56,925)	304,512

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2014		Variance Positive (Neg.)	Restated 2013
	Budget	Actual		Actual
Operating Expenses (Continued)				
Support services				
Employee health expenses –				
Purchasing	41,359	28,397	12,962	30,857
Fleet	51,700	82,269	(30,569)	20,263
Custodian	82,720	56,779	25,941	55,422
Total support services	175,779	167,445	8,334	106,542
Total employee and non-employee health expenses	4,580,066	4,960,811	(380,745)	4,135,772
Workers compensation expenses –				
General government administration	—	141,351	(141,351)	—
Finance	—	—	—	—
Information services	—	—	—	—
Public safety	—	6,489	(6,489)	—
Public works	—	30,764	(30,764)	—
Planning/development	—	—	—	—
Parks and recreation	—	2,315	(2,315)	—
Support services	—	572	(572)	—
Total workers compensation	—	181,491	(181,491)	—
Total operating expenses	4,580,066	5,142,302	(562,236)	4,135,772
Operating income (loss)	(621,090)	(1,047,076)	(425,986)	(221,256)
Non-operating Revenue (Expenses)				
Interest earned on investments	1,005	—	(1,005)	(137)
Sponsorships and donations – Wellness programs	54,487	44,585	(10,262)	54,312
SCLGAG deposits/runoffs	—	3,102	3,102	44,730
Total non-operating revenue (expenses)	55,492	47,687	(7,805)	98,905
Change in net position	(565,598)	(999,389)	(433,791)	(122,351)
Net position (deficit), beginning of year	(3,462,608)	(3,462,608)	—	(321,996)
Cumulative effect on correction of an error (see Note 18)	—	—	—	(3,018,261)
Net position, end of year	<u>\$ (4,028,206)</u>	<u>\$ (4,461,997)</u>	<u>\$ (433,791)</u>	<u>\$ (3,462,608)</u>

CITY OF NORTH MYRTLE BEACH

FIDUCIARY FUNDS

Fiduciary Funds are trust and agency funds used to account for assets received and held by the City acting in the capacity of an agent or custodian. The City maintains the following trust and agency funds:

Pension Trust Funds

Money Purchase Pension Plan #1: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for general employees and firefighters.

Money Purchase Pension Plan #2: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for certain administrative employees.

Agency Fund

Firemen's Fund: To account for the accumulation of resources derived primarily from 1% of the premiums of foreign insurance companies, received from the state under Section 38-57-10 through 38-57-210 of the Code of Laws of South Carolina and to be expended for the sole benefit of the City's firemen.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE PENSION PLAN #1
STATEMENT OF NET POSITION

JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	2014	2013
Assets		
Cash and temporary investments	\$ 17,619,257	\$ 15,278,210
Participant loans	994,105	1,113,565
Total assets	\$ 18,613,362	\$ 16,391,775
Net Position		
Held in trust for employee’s pension benefits	\$ 18,613,362	\$ 16,391,775

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE PENSION PLAN #1
STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	2014	2013
Additions		
Employer contributions	\$ 870,148	\$ 840,992
Employee (member) contributions	211,065	204,088
Investment income gain/(loss)	2,114,010	1,421,744
Non-vested rollover	—	27,430
Total additions	3,195,223	2,494,254
Deductions		
Benefit payments	953,687	535,325
Trustee fees	15,956	15,486
Forfeitures	3,993	8,595
Total deductions	973,636	559,406
Change in net position	2,221,587	1,934,848
Net position held in trust for employee's pension benefits:		
Beginning of year	16,391,775	14,456,927
End of year	\$ 18,613,362	\$ 16,391,775

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE RETIREMENT PLAN #2
STATEMENT OF PLAN NET POSITION

JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	<u>\$ 629,283</u>	<u>\$ 513,217</u>
Net Position		
Held in trust for employee's pension benefits	<u>\$ 629,283</u>	<u>\$ 513,217</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE RETIREMENT PLAN #2
STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2014
(With comparative amounts for June 30, 2013)

	2014	2013
Additions		
Employer contributions	\$ 12,624	\$ 11,568
Employee (member) contributions	12,624	11,568
Investment income gain/(loss)	98,018	60,752
Total additions	123,266	83,888
Deductions		
Benefit payments	7,200	41,000
Total deductions	7,200	41,000
Change in net position	116,066	42,888
Net position held in trust for employee's pension benefits:		
Beginning of year	513,217	470,329
End of year	\$ 629,283	\$ 513,217

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 AGENCY FUND
 FIREMEN'S FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2014

	Beginning Balance 6/30/13	Additions	Deductions	Ending Balance 6/30/14
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 17,676	\$ 297,941	\$ (287,100)	\$ 28,516
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Due to Firemen's Association	\$ 17,676	\$ 297,941	\$ (287,100)	\$ 28,516
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

This schedule presents only the capital asset balances (which include land, buildings, betterments, and equipment owned by the City) related to Governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds (Enterprise and Internal Service Funds) are excluded from these amounts. Infrastructure capital assets represent actual costs of construction, and/or estimated values of deeded properties by developers.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
 GOVERNMENTAL FUNDS BY SOURCE

JUNE 30, 2014
 (With comparative amounts for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Governmental Funds Capital Assets		
Land	\$ 15,450,348	\$ 15,450,348
Land improvements	22,429,682	9,201,085
Buildings	25,652,728	21,387,472
Machinery and equipment	17,054,939	16,500,935
	<u>80,587,697</u>	<u>62,539,840</u>
Infrastructure:		
Roads	24,767,951	23,065,302
Drainage systems	19,310,048	19,310,047
Developer contributions – roads	1,866,247	10,245,930
Sidewalks	747,554	1,866,247
Street lighting and other	10,245,930	747,555
	<u>56,937,730</u>	<u>55,235,081</u>
Construction in progress	<u>13,891,608</u>	<u>12,968,495</u>
Total governmental funds capital assets	<u>\$ 151,417,035</u>	<u>\$ 130,743,416</u>
Investment in Governmental Funds Capital Assets by Source		
General Obligation Bonds and Lease-Purchase financing	\$ 30,166,018	\$ 22,539,367
General Fund Revenue	103,119,850	90,072,883
Special Revenue Funds	6,704,671	6,704,671
Gifts and contributions from developers	11,426,496	11,426,495
Total investment in governmental funds capital assets	<u>\$ 151,417,035</u>	<u>\$ 130,743,416</u>

VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED JUNE 30, 2014

	2014
Court Fines and Assessments	
Court fines and assessments collected	\$ 706,434
Court fines and assessments remitted to State Treasurer	(409,835)
Total court fines and assessments retained	\$ 296,599
Surcharges and Assessments Retained for Victims Service	
Total surcharges collected	\$ 16,951
Total assessments	35,054
Total surcharges and assessments	\$ 52,005
Funds Allocated to Victims Service	
Carryover funds from prior year	\$ 30,708
Surcharges and assessments retained	52,720
Expenditures for victims service	(72,752)
Total unexpended victims rights assistance funds	\$ 10,041

STATISTICAL SECTION

Financial Trend – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. (Tables I-V)..... 119-125

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. (Tables VI-IX)..... 126-130

Debt Capacity – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. (Tables X-XIV)..... 131-134

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments. (Tables XV-XVII)..... 135-137

Operating Information – These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs. (Tables XVIII-XIX) 138-139

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET POSITION BY COMPONENT

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental Activities										
Invested in capital assets, net of related debt	\$90,295,379	\$76,283,793	\$57,863,315	\$70,691,984	\$66,073,670	\$62,387,272	\$59,996,795	\$54,648,649	\$47,153,263	\$39,973,658
Restricted	1,528,723	6,563,965	4,570,958	4,364,806	981,627	370,247	280,938	295,569	1,063,240	1,049,601
Unrestricted	5,971,836	9,828,502	25,412,361	8,467,618	13,385,175	16,926,046	11,782,163	12,810,362	11,666,720	13,011,400
Total governmental activities net assets	<u>\$97,795,938</u>	<u>\$92,676,260</u>	<u>\$87,846,634</u>	<u>\$83,524,408</u>	<u>\$80,440,472</u>	<u>\$79,683,565</u>	<u>\$72,059,896</u>	<u>\$67,754,580</u>	<u>\$59,883,223</u>	<u>\$54,034,659</u>
Business-type Activities										
Invested in capital assets, net of related debt	\$74,144,077	\$74,440,569	\$74,694,365	\$75,857,900	\$74,463,999	\$73,470,864	\$70,181,520	\$66,994,082	\$60,972,531	\$56,752,917
Restricted	2,133,155	1,786,290	3,058,282	4,684,710	7,199,586	11,571,789	13,256,184	15,902,485	14,530,805	11,100,189
Unrestricted	15,502,679	15,396,364	13,868,758	10,303,150	8,805,767	6,347,822	7,806,643	6,774,378	6,972,508	7,726,850
Total business-type activities net assets	<u>\$91,779,911</u>	<u>\$91,623,223</u>	<u>\$91,621,405</u>	<u>\$90,845,760</u>	<u>\$90,469,352</u>	<u>\$91,390,475</u>	<u>\$91,244,347</u>	<u>\$89,670,945</u>	<u>\$82,475,844</u>	<u>\$75,579,956</u>
Primary Government										
Invested in capital assets, net of related debt	\$164,439,456	\$150,724,362	\$132,557,680	\$146,549,884	\$140,537,669	\$135,858,136	\$130,178,315	\$121,642,731	\$108,125,794	\$96,726,575
Restricted	3,661,878	8,350,255	7,629,240	9,049,516	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790
Unrestricted	21,474,515	25,224,866	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740	18,639,228	20,738,250
Total primary government net assets	<u>\$189,575,849</u>	<u>\$184,299,483</u>	<u>\$179,468,039</u>	<u>\$174,370,168</u>	<u>\$170,909,824</u>	<u>\$171,074,040</u>	<u>\$163,304,243</u>	<u>\$157,425,525</u>	<u>\$142,359,067</u>	<u>\$129,614,615</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION
(Accrual basis of accounting)
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses										
Governmental activities:										
General Government	\$3,784,688	\$2,514,035	\$2,207,219	\$2,441,345	\$2,130,225	\$2,271,467	\$2,088,723	(\$34,011)	\$1,161,528	\$1,459,140
Information Services	538,150	843,764	794,118	552,729	464,356	430,655	349,883	-	-	-
Finance	765,254	626,799	630,853	853,129	890,656	752,495	657,347	901,788	780,200	747,756
Public Safety	12,056,285	12,431,410	12,461,512	12,256,306	12,756,846	12,056,536	11,419,629	10,011,477	9,363,496	8,870,555
Planning and Development	1,411,630	1,628,867	1,528,413	1,574,560	1,563,628	1,507,356	1,317,488	1,473,242	1,464,816	1,315,645
Public Works	4,224,995	4,793,492	4,872,278	6,142,162	6,178,403	4,806,216	3,659,488	4,116,534	1,815,327	2,736,392
Parks and Recreation	6,674,840	4,216,638	4,574,828	4,015,757	3,415,431	3,129,329	3,259,313	2,764,956	2,594,537	2,403,297
Support Services	989,966	1,040,604	2,143,354	883,701	796,998	748,813	791,744	624,342	571,110	475,183
Debt service - interest	503,633	342,328	494,544	176,685	421,619	451,621	439,195	445,674	375,076	546,175
Depreciation (unallocated)	-	-	-	-	-	756,800	723,410	3,226,639	2,685,978	2,588,902
Total governmental activities	<u>\$30,949,441</u>	<u>\$28,437,937</u>	<u>\$29,707,119</u>	<u>\$28,896,374</u>	<u>\$28,618,162</u>	<u>\$26,911,288</u>	<u>\$24,706,220</u>	<u>\$23,530,641</u>	<u>\$20,812,068</u>	<u>\$21,143,045</u>
Business-type activities:										
Water and sewer utility	\$15,004,253	\$14,038,718	\$13,449,246	\$13,599,320	\$13,264,136	\$13,913,062	\$13,482,505	\$13,337,790	\$12,478,180	\$11,430,356
Solid waste	3,910,649	3,869,768	3,733,699	3,671,633	3,580,362	3,554,310	3,550,876	3,259,451	3,015,221	2,872,433
Aquatic Center	2,329,002	2,189,548	2,185,319	2,167,517	2,248,606	2,255,884	2,300,591	2,220,718	1,638,962	163,149
Beach Services	2,136,232	2,044,683	1,959,723	1,886,846	1,889,646	2,125,599	2,454,720	1,028,145	-	-
Total business type-activities	<u>\$23,380,136</u>	<u>\$22,142,717</u>	<u>\$21,327,987</u>	<u>\$21,325,316</u>	<u>\$20,982,750</u>	<u>\$21,848,855</u>	<u>\$21,788,692</u>	<u>\$19,846,104</u>	<u>\$17,132,363</u>	<u>\$14,465,938</u>
Total primary government expenses	<u>\$54,329,577</u>	<u>\$50,580,654</u>	<u>\$51,035,106</u>	<u>\$50,221,690</u>	<u>\$49,600,912</u>	<u>\$48,760,143</u>	<u>\$46,494,912</u>	<u>\$43,376,745</u>	<u>\$37,944,431</u>	<u>\$35,608,983</u>
Program Revenue										
Governmental activities:										
Fees for services										
Storm Water	\$2,072,644	\$2,033,213	\$2,009,761	\$1,997,341	\$2,037,098	\$1,994,499	\$1,944,616	\$1,627,127	\$1,596,184	\$1,512,516
Fines	489,978	319,623	409,166	425,582	698,759	698,384	640,696	1,075,873	765,829	656,426
Building Permits	706,512	413,191	377,340	367,195	328,986	346,808	434,028	1,001,339	1,643,855	1,206,264
Other	727,194	544,301	483,759	398,874	155,462	139,472	331,341	204,577	476,595	231,007
Operating grants and contributions	16,678	284,415	1,133,814	2,919,065	1,806,030	456,982	445,707	2,099,130	61,404	154,959
Capital grants and contributions	2,344,400	623,186	2,456,082	644,989	573,294	6,303,509	1,582,531	1,125,000	587,704	2,998,980
Total primary government net assets	<u>\$6,357,406</u>	<u>\$4,217,929</u>	<u>\$6,869,922</u>	<u>\$6,753,046</u>	<u>\$5,599,629</u>	<u>\$9,939,654</u>	<u>\$5,378,919</u>	<u>\$7,133,046</u>	<u>\$5,131,571</u>	<u>\$6,760,152</u>

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION
(Accrual basis of accounting)
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Revenues and Transfers										
Business-type activities										
Fees for services										
Water & Sewer	\$12,048,522	\$11,768,081	\$11,958,083	\$11,607,077	\$11,818,089	\$10,584,989	\$11,253,700	\$11,029,828	\$10,022,251	\$9,127,460
Solid Waste	4,264,940	4,057,715	3,988,980	3,996,766	3,731,954	3,787,700	3,158,258	3,152,034	2,646,757	2,600,664
Other	3,844,421	3,421,130	3,451,870	3,343,444	3,088,793	2,933,188	2,731,291	1,590,656	632,967	82,199
Operating grants and contributions	-	-	-	-	325,133	125,432	124,687	107,383	194,025	-
Capital grants and contributions	2,240,057	1,441,531	1,151,020	1,312,519	-	3,064,214	4,063,757	9,066,557	8,644,138	5,040,737
Total business-type activities	<u>\$22,397,940</u>	<u>\$20,688,457</u>	<u>\$20,549,953</u>	<u>\$20,259,806</u>	<u>\$18,963,969</u>	<u>\$20,495,523</u>	<u>\$21,331,693</u>	<u>\$24,946,458</u>	<u>\$22,140,138</u>	<u>\$16,851,060</u>
Total primary government program revenue	<u>\$28,755,346</u>	<u>\$24,906,386</u>	<u>\$27,419,875</u>	<u>\$27,012,852</u>	<u>\$24,563,598</u>	<u>\$30,435,177</u>	<u>\$26,710,612</u>	<u>\$32,079,504</u>	<u>\$27,271,709</u>	<u>\$23,611,212</u>
Governmental activities:										
Property taxes	\$14,192,390	\$14,362,908	\$13,953,240	\$11,773,505	\$11,168,009	\$11,070,906	\$9,663,938	\$8,569,450	\$7,440,462	\$6,883,489
Accommodations and hospitality taxes	8,215,896	7,757,661	7,161,692	6,857,636	6,226,860	6,231,622	6,907,921	6,670,715	6,246,427	5,446,357
State shared taxes - unrestricted	805,341	943,614	920,270	745,289	789,170	1,134,677	883,306	820,197	955,045	891,991
Business licenses and franchise taxes	7,416,404	7,087,839	6,511,619	6,444,326	6,278,270	6,758,690	6,934,321	8,190,225	7,234,776	6,186,665
Unrestricted investment earnings	175,616	23,601	37,589	13,260	239,601	352,529	398,535	893,930	676,842	901,987
Miscellaneous	128,296	55,253	(260,745)	476,406	26,744	88,097	55,774	95,149	(65,101)	34,804
Transfers in/(out)	(1,222,230)	(1,181,242)	(1,164,242)	(1,083,158)	(953,214)	(1,041,218)	(1,211,178)	(970,714)	(959,390)	(708,061)
Total governmental activities	<u>\$29,711,713</u>	<u>\$29,049,634</u>	<u>\$27,159,423</u>	<u>\$25,227,264</u>	<u>\$23,775,440</u>	<u>\$24,595,303</u>	<u>\$23,632,617</u>	<u>\$24,268,952</u>	<u>\$21,529,061</u>	<u>\$19,637,232</u>
Business-type activities:										
Unrestricted investment earnings	\$75,692	\$58,506	\$86,779	\$140,633	\$144,444	\$265,690	\$819,223	\$1,124,033	\$928,723	\$327,142
Miscellaneous	246,852	216,330	302,658	218,127	-	192,552	-	-	-	161,214
Transfers in/(out)	1,222,230	1,181,242	1,164,242	1,083,158	953,214	1,041,218	1,211,178	970,714	959,390	708,061
Total business type-activities	<u>\$1,544,774</u>	<u>\$1,456,078</u>	<u>\$1,553,679</u>	<u>\$1,441,918</u>	<u>\$1,097,658</u>	<u>\$1,499,460</u>	<u>\$2,030,401</u>	<u>\$2,094,747</u>	<u>\$1,888,113</u>	<u>\$1,196,417</u>
Total primary government general revenue and other changes	<u>\$31,256,487</u>	<u>\$30,505,712</u>	<u>\$28,713,102</u>	<u>\$26,669,182</u>	<u>\$24,873,098</u>	<u>\$26,094,763</u>	<u>\$25,663,018</u>	<u>\$26,363,699</u>	<u>\$23,417,174</u>	<u>\$20,833,649</u>
Changes in Net Assets										
Governmental activities:										
Business-type activities	\$5,119,678	\$4,829,626	\$4,322,226	\$3,083,936	\$756,907	\$7,623,669	\$4,305,316	\$7,871,357	\$5,848,564	\$5,254,339
Business-type activities	562,578	1,818	775,645	376,408	(921,123)	146,128	1,573,402	7,195,101	6,895,888	3,581,539
Total primary government changes in net assets	<u>\$5,682,256</u>	<u>\$4,831,444</u>	<u>\$5,097,871</u>	<u>\$3,460,344</u>	<u>(\$164,216)</u>	<u>\$7,769,797</u>	<u>\$5,878,718</u>	<u>\$15,066,458</u>	<u>\$12,744,452</u>	<u>\$8,835,878</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Function/Program										
Governmental Activities:										
General Government	\$ 193,430	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588	\$ 31,045	\$ 14,050
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	489,978	599,540	955,610	1,030,879	1,222,163	698,384	878,357	1,075,873	765,829	674,464
Planning and Development	706,512	413,191	377,340	367,195	328,986	346,808	434,028	-	-	1,206,264
Public Works	4,362,448	2,443,470	3,949,750	5,034,917	3,843,128	5,673,008	3,741,744	5,845,576	2,473,145	4,744,984
Parks and Recreation	605,038	287,579	293,909	310,358	196,053	3,177,544	311,825	68,009	217,697	95,590
Support Services	-	-	-	-	-	-	-	-	-	24,800
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 6,357,406</u>	<u>\$ 4,217,929</u>	<u>\$ 6,869,922</u>	<u>\$ 6,753,046</u>	<u>\$ 5,599,629</u>	<u>\$ 9,939,654</u>	<u>\$ 5,378,919</u>	<u>\$ 7,133,046</u>	<u>\$ 3,487,716</u>	<u>\$ 6,760,152</u>
Business-type activities										
Water and sewer utility	\$ 14,288,579	\$ 13,209,612	\$ 13,109,103	\$ 12,908,796	\$ 12,071,586	\$ 13,652,598	\$ 15,317,457	\$ 20,113,885	\$ 18,427,204	\$ 14,060,107
Solid waste	4,264,940	4,057,715	3,988,980	3,996,766	3,731,954	3,787,700	3,193,605	3,156,118	2,708,009	2,600,664
Aquatic Center	1,949,899	1,868,460	1,822,158	1,747,843	1,690,487	1,642,446	1,457,777	1,296,920	1,004,925	190,289
Beach Services	1,894,522	1,552,670	1,629,712	1,606,401	1,469,942	1,412,779	1,362,854	379,535	-	-
Total business-type activities	<u>\$ 22,397,940</u>	<u>\$ 20,688,457</u>	<u>\$ 20,549,953</u>	<u>\$ 20,259,806</u>	<u>\$ 18,963,969</u>	<u>\$ 20,495,523</u>	<u>\$ 21,331,693</u>	<u>\$ 24,946,458</u>	<u>\$ 22,140,138</u>	<u>\$ 16,851,060</u>
Total program revenues by function and program	<u>\$ 28,755,346</u>	<u>\$ 24,906,386</u>	<u>\$ 27,419,875</u>	<u>\$ 27,012,852</u>	<u>\$ 24,563,598</u>	<u>\$ 30,435,177</u>	<u>\$ 26,710,612</u>	<u>\$ 32,079,504</u>	<u>\$ 25,627,854</u>	<u>\$ 23,611,212</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 FUND BALANCES - GOVERNMENTAL FUNDS
 (Modified accrual basis of accounting)
 LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Non-spendable	\$ 278,806	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024					
Restricted by Others	311,946	464,401	508,682	501,116	968,830					
Committed by Ordinance	392,500	392,500	392,500	392,500	392,500					
Assigned by Management	-	-	-	-	-					
Unassigned	<u>10,853,581</u>	<u>10,860,908</u>	<u>10,117,180</u>	<u>8,756,419</u>	<u>7,733,570</u>					
Total General Fund	<u>\$ 11,836,833</u>	<u>\$ 11,967,882</u>	<u>\$ 11,292,778</u>	<u>\$ 10,082,589</u>	<u>\$ 9,284,924</u>	<u>\$9,752,787</u>	<u>\$9,690,476</u>	<u>\$11,510,840</u>	<u>\$13,181,507</u>	<u>\$10,412,103</u>
Stormwater Fund										
Restricted by Others	\$ -	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000					
Committed by Ordinance	-	2,323,528	2,237,295	2,142,295	1,672,751					
Assigned by Management	-	1,001,089	86,233	95,000	-					
Unassigned	<u>(2,077,205)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>					
Total Stormwater Fund	<u>\$ (2,077,205)</u>	<u>\$ 6,324,617</u>	<u>\$ 5,323,528</u>	<u>\$ 5,237,295</u>	<u>\$ 4,672,751</u>					
Park Development Fund										
Assigned by Management	\$ -	\$ 2,094,163	\$ 13,138,091	\$ -	\$ -					
Unassigned	<u>(314,892)</u>	<u>2,597,021</u>	<u>-</u>	<u>(2,285,866)</u>	<u>1,434,312</u>					
Total Park Development Fund	<u>\$ (314,892)</u>	<u>\$ 4,691,184</u>	<u>\$ 13,138,091</u>	<u>\$ (2,285,866)</u>	<u>\$ 1,434,312</u>					
All Other Governmental Funds										
Restricted by Others	\$ 431,459	\$ 696,452	\$ 964,070	\$ 863,690	\$ 779,094					
Committed by Ordinance	65,960	534,332	236,402	-	347,933					
Assigned by Management	3,119,824	2,082,001	3,080,256	2,219,111	656,816					
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>					
Total All Other Governmental Funds	<u>\$ 3,617,243</u>	<u>\$ 3,312,785</u>	<u>\$ 4,280,728</u>	<u>\$ 3,082,801</u>	<u>\$ 1,783,843</u>	<u>\$8,882,846</u>	<u>\$2,895,137</u>	<u>\$2,166,042</u>	<u>\$1,481,041</u>	<u>\$1,570,761</u>
Total Governmental Funds	<u>\$ 13,061,979</u>	<u>\$ 26,296,468</u>	<u>\$ 34,035,125</u>	<u>\$ 16,116,819</u>	<u>\$ 17,175,830</u>	<u>\$18,635,633</u>	<u>\$12,585,613</u>	<u>\$13,676,882</u>	<u>\$14,662,548</u>	<u>\$11,982,864</u>
Primary Government										
Invested in capital assets, net of related debt	\$164,439,456	\$150,724,362	\$132,557,680	\$146,549,884	\$140,537,669	\$135,858,136	\$130,178,315	\$121,642,731	\$108,125,794	\$96,726,575
Restricted	3,661,878	8,350,255	7,629,240	9,049,516	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790
Unrestricted	<u>21,474,515</u>	<u>25,224,866</u>	<u>39,281,119</u>	<u>18,770,768</u>	<u>22,190,942</u>	<u>23,273,868</u>	<u>19,588,806</u>	<u>19,584,740</u>	<u>18,639,228</u>	<u>20,738,250</u>
Total primary government net position	<u>\$189,575,849</u>	<u>\$184,299,483</u>	<u>\$179,468,039</u>	<u>\$174,370,168</u>	<u>\$170,909,824</u>	<u>\$171,074,040</u>	<u>\$163,304,243</u>	<u>\$157,425,525</u>	<u>\$142,359,067</u>	<u>\$129,614,615</u>

Note: The City did not previously prepare this schedule to this level of detail and chooses to implement such data prospective of implementing GASB Statement 54.

Only totals readily available are shown for the years prior to categorizing Fund Balances at the new level of detail required.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES

(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue										
Property taxes:										
Current property taxes	\$ 13,740,709	\$ 13,547,856	\$ 13,660,745	\$ 11,684,571	\$ 10,822,314	\$ 10,903,564	\$ 9,337,950	\$ 8,312,388	\$ 7,504,632	\$ 6,634,370
Delinquent property taxes	451,681	815,052	292,495	201,185	504,785	167,342	166,898	173,607	145,756	39,194
Licenses and permits	8,111,216	7,500,430	6,888,599	6,811,281	6,607,116	7,105,498	7,368,349	9,208,744	8,878,631	7,392,929
Fines and forfeitures	377,226	319,623	409,166	425,582	591,575	594,020	498,923	946,703	667,589	559,298
Use of money and property	175,616	218,102	199,597	264,265	239,601	352,529	573,178	893,930	745,955	901,987
Unrestricted intergovernmental	991,176	943,614	920,270	889,898	925,511	1,134,667	1,040,789	970,104	955,045	891,991
Restricted intergovernmental	10,374,461	8,380,847	9,617,774	10,277,081	8,469,843	11,632,473	7,785,775	8,619,938	6,895,535	6,908,439
Sales and service charges	2,924,290	2,444,922	2,384,764	2,308,951	2,299,864	2,290,562	2,243,087	1,986,791	2,101,906	3,512,184
Miscellaneous	152,316	284,415	1,123,814	312,904	30,346	1,405,218	220,687	1,177,052	13,474	29,128
Total revenue	<u>\$ 37,298,691</u>	<u>\$ 34,454,861</u>	<u>\$ 35,497,224</u>	<u>\$ 33,175,718</u>	<u>\$ 30,490,955</u>	<u>\$ 35,585,873</u>	<u>\$ 29,235,636</u>	<u>\$ 32,289,257</u>	<u>\$ 27,908,523</u>	<u>\$ 26,869,520</u>
Expenditures										
Current:										
General Government/Admin.	\$ 2,112,275	\$ 2,111,814	\$ 2,065,118	\$ 2,195,564	\$ 2,444,816	\$ 2,174,015	\$ 1,953,423	\$ (66,549)	\$ 1,031,253	\$ 1,459,140
Finance	775,994	786,086	783,125	777,367	717,716	649,999	541,807	901,788	780,200	747,756
Information Services	517,469	478,024	496,118	443,719	328,899	348,220	349,883			
Public Safety	12,411,630	11,619,810	11,652,613	11,557,464	10,910,010	10,754,799	10,694,089	10,011,477	9,363,496	8,870,555
Planning and Development	1,488,171	1,536,643	1,506,101	1,500,942	1,453,280	1,413,520	1,282,207	1,473,242	1,464,816	1,315,645
Public Works	1,977,559	2,169,208	3,395,130	4,544,221	6,633,499	7,036,796	4,671,751	7,023,921	5,899,802	9,237,747
Parks and Recreation	4,660,823	4,072,781	4,453,727	8,613,758	3,802,272	6,673,148	3,193,185	2,764,956	2,594,537	2,403,297
Support Services	1,040,662	1,001,090	829,777	871,037	667,499	656,093	765,972	624,342	571,110	475,183
Debt service:										
Principal	2,216,130	2,499,824	3,446,423	2,131,238	2,652,808	2,129,899	2,020,987	1,947,568	1,934,661	1,913,040
Interest	638,513	656,142	506,985	262,740	366,663	291,231	380,323	463,741	438,980	578,583
Capital outlay	21,854,891	14,080,854	3,775,940	253,521	907,831	1,540,672	3,262,100	7,879,003	3,849,922	782,834
Total expenditures	<u>\$ 49,694,117</u>	<u>\$ 41,012,276</u>	<u>\$ 32,911,057</u>	<u>\$ 33,151,571</u>	<u>\$ 30,885,293</u>	<u>\$ 33,668,392</u>	<u>\$ 29,115,727</u>	<u>\$ 33,023,489</u>	<u>\$ 27,928,777</u>	<u>\$ 27,783,780</u>

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES

(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Other Financing Sources (Uses)										
Bond Issuance/Installment Note	\$ 383,167	\$ -	\$ 16,496,381	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 1,975,000	\$ 8,000,000
Transfers in	10,046,746	9,223,278	8,570,421	7,936,960	7,366,530	8,054,681	7,973,028	7,389,392	5,909,338	5,497,829
Transfers (out)	(11,268,976)	(10,404,520)	(9,734,663)	(9,020,118)	(8,319,744)	(9,095,998)	(9,184,206)	(8,360,106)	(6,868,728)	(6,748,216)
Total other financing sources (uses)	\$ (839,063)	\$ (1,181,242)	\$ 15,332,139	\$ (1,083,158)	\$ (953,214)	\$ 4,058,683	\$ (1,211,178)	\$ (970,714)	\$ 1,015,610	\$ 6,749,613
Net change in fund balances	\$ (13,234,489)	\$ (7,738,657)	\$ 17,918,306	\$ (1,059,011)	\$ (1,347,552)	\$ 5,976,164	\$ (1,091,269)	\$ (1,704,946)	\$ 995,356	\$ 5,835,353
Fund balances, beginning of year	<u>\$26,296,468</u>	<u>34,035,125</u>	<u>16,116,819</u>	<u>17,175,830</u>	<u>18,523,382</u>	<u>12,659,469</u>	<u>13,676,882</u>	<u>15,381,828</u>	<u>14,386,472</u>	<u>8,551,119</u>
Fund balances, end of year	<u>\$ 13,061,979</u>	<u>\$ 26,296,468</u>	<u>\$ 34,035,125</u>	<u>\$ 16,116,819</u>	<u>\$ 17,175,830</u>	<u>\$ 18,635,633</u>	<u>\$ 12,585,613</u>	<u>\$ 13,676,882</u>	<u>\$ 15,381,828</u>	<u>\$ 14,386,472</u>
Ratio of Debt Service to General Government Expenditures including Capital Outlay	<u>10.11%</u>	<u>11.88%</u>	<u>13.57%</u>	<u>7.28%</u>	<u>10.07%</u>	<u>7.54%</u>	<u>9.29%</u>	<u>9.59%</u>	<u>9.86%</u>	<u>9.23%</u>

TABLE VI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>
	<u>Real Estate</u>	<u>Personal</u>	<u>Less: Tax-Exempt</u>				
2005	167,743,316	24,534,360	2,867,679	189,409,997	0.0357	3,139,826,000	6.0
2006	216,193,479	46,475,103	2,933,728	259,734,854 ⁽¹⁾	0.0305	4,248,137,000	6.1
2007	247,958,690	34,691,790	3,652,346	278,998,134	0.0305	4,699,320,592	5.9
2008	283,695,735	25,394,013	2,927,453	306,162,295	0.0305	5,198,001,614	6.0
2009	329,532,557	28,473,021	3,183,502	354,822,076	0.0322	5,913,000,000	6.0
2010	327,848,164	27,883,552	3,175,101	352,556,615	0.0322	5,875,944,000	6.0
2011	351,371,679	30,443,376	3,317,086	378,497,969	0.0320	6,308,000,000	6.0
2012	352,718,128	30,544,440	3,322,000	379,940,568	0.0380	6,337,624,000	6.0
2013	343,042,000	43,177,328	3,325,000	382,894,328	0.0380	6,435,200,000	6.0
2014	331,177,842	42,866,000	3,320,000	370,723,842 ⁽¹⁾	0.0380	6,234,064,000	6.0

⁽¹⁾ Reassessment performed by Horry County.

Note: 1 mil is equal to \$370,724 in property tax billings.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS
 (rate per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Millage</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>Higher Education Commission Millage</u>	<u>Total Millage</u>
2005	35.7	50.9	130.4	0.7	217.7
2006	30.5	52.0	129.7	0.7	212.9
2007	30.5	46.6	143.3	0.7	221.1
2008	30.5	46.6	143.3	0.7	221.1
2009	32.2	46.6	143.3	0.7	222.8
2010	32.2	47.3	143.3	0.7	223.5
2011	32.0	44.2	132.2	0.7	209.1
2012	38.0	44.5	130.2	0.7	213.4
2013	38.0	44.5	130.2	0.7	213.4
2014	38.0	44.5	130.2	0.7	213.4

Note 1: Each mil for North Myrtle Beach is equal to \$370,724 in property taxes.

Note 2: Millage is expressed in thousands when used in Table VI.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PRINCIPAL PROPERTY TAXPAYERS
 YEARS 2014 AND 2005

Frontier Communications		<u>2014</u>			<u>2005</u>		
		Percentage of Total			Percentage of Total		
<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSMENTS</u>	<u>Assessed Value</u>	<u>RANK</u>	<u>ASSESSMENTS</u>	<u>RANK</u>	<u>Assessed Value</u>
100 N. Beach Blvd, LLC	Commercial	3,063,017	0.83%	1			
Lawyers Title Insurance Corp	Commercial	2,405,460	0.65%	2	739,464	10	0.39%
Fairfield Resorts, Inc.	Multi-Family Residential	2,161,746	0.58%	3			
The Gator Hole Development	Commercial - Retail	2,043,558	0.55%	4	1,306,950	3	0.69%
Lakeside Festival Shopping LLC	Commercial - Retail	2,033,658	0.55%	5			
Bluegreen Vacations Unlimited Inc.	Commercial - Timeshare	1,777,826	0.48%	6			
Wyndham Vacation Resorts Inc.	Commercial - Timeshare	1,609,728	0.43%	7			
Towers on the Grove	Condos	1,367,040	0.37%	8			
BRGC, LLC	Golf Courses	1,113,306	0.30%	9			
Lawyers Title Insurance Corp	Residential Development	1,002,006	0.27%	10			
Frontier Communications	Telecommunications	903,520	0.24%	11			
Rosen Surfwood, LLC	Commercial	832,500	0.22%	12			
Worley Harold G TR ETAL	Hotel	772,200	0.21%	13	753,042	9	0.40%
Barefoot Retail Partners I LLC	Commercial - Retail	729,050	0.20%	14			
Peppertree Resorts, LTD	Condos - Timeshare	686,760	0.19%	15	405,612	20	0.21%
ETW Development Co. LLC	Commercial/Retail	640,140	0.17%	16			
Ocean Keys Development LLC	Condos	557,269	0.15%	17			
Boulineau Holdings LLC	Commercial/Retail	511,776	0.14%	18	479,544	17	0.27%
Oprock Myrtle Fee LLC	Residential	510,000	0.14%	19			
Barefoot Commons, LLC	Retail	503,982	0.14%	20	827,022	8	0.44%
Patten Resorts	Condos				2,054,640	1	1.08%
Barefoot Properties II LTD	Commercial				1,559,340	2	0.82%
Centex Homes	Residential				1,079,016	4	0.57%
Defender Development Group	Multi-Family Residential				1,055,580	5	0.56%
Barefoot Private Golf Club, LLC	Golf Course				1,027,338	6	0.54%
NFPS Inc	Residential Development				850,626	7	0.45%
		<u>\$25,224,542</u>	<u>6.80%</u>		<u>\$12,138,174</u>		<u>6.41%</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Collections Amount	Percentage of Levy
2005	6,634,370	6,469,365	97.5%	100,594	6,569,959	99.0%
2006	7,921,913 ¹	7,732,578	97.6%	91,305	7,823,883	98.8%
2007	8,509,423	8,312,388	97.7%	69,901	8,382,289	98.5%
2008	9,580,573	9,337,950	97.5%	70,149	9,408,099	98.2%
2009	11,425,271 ²	10,903,564	95.4%	66,459	10,970,023	96.0%
2010	11,352,323	10,822,314	95.3%	28,080	10,850,394	95.6%
2011	12,111,935 ³	11,684,571	96.5%	69,641	11,754,212	97.0%
2012	14,311,506 ⁴	13,622,325	95.2%	203,718	13,826,043	96.6%
2013	14,048,920	13,547,855	96.4%	324,214	13,872,069	98.7%
2014	14,087,194	13,740,397	97.5%	0	13,740,397	97.5%

⁽¹⁾ Millage rate reduced to 30.5 from 35.7.

⁽²⁾ Millage rate increased to 32.2 from 30.5.

⁽³⁾ Millage rate reduced to 32.0 from 32.2.

⁽⁴⁾ Millage rate increased to 38.0 from 32.0 to cover debt on 2012 Park Improvement Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	General Activities		Business-Type Activities				Percentage of Personal Income	Per Capita ⁽¹⁾
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Water and Sewer System Revenue Bonds	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund	Total Primary Government		
2005	4,378,000	8,000,000	950,000	13,418,333	8,314,181	35,531,404	9.41%	2,928
2006	3,254,000	9,089,239	725,000	12,790,000	8,016,643	34,386,339	8.67%	2,776
2007	2,588,000	6,951,749	490,000	12,131,666	7,706,906	30,502,024	7.32%	2,412
2008	1,895,000	4,467,410	255,000	11,433,333	7,384,471	25,435,214	5.81%	1,970
2009	6,248,000	3,478,866	-	10,695,000	7,048,815	27,470,681	5.97%	2,084
2010	5,031,424	2,452,794	-	9,920,000	6,699,397	24,103,615	4.99%	1,791
2011	4,392,518	1,386,958	-	9,110,000	6,335,653	21,225,129	4.18%	1,545
2012	17,052,815	280,238	-	8,253,333	5,846,327	31,432,713	5.90%	2,241
2013	14,833,832	-	-	7,348,333	5,454,779	27,636,944	4.94%	1,930
2014	12,549,071	383,167	-	6,398,333	5,048,000	24,378,571	4.22%	1,667

⁽¹⁾ See "Demographic and Economic Statistics" Table XVI for personal income and per capita data.

TABLE XI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2005	4,378,000	2.31%	360.77
2006	3,254,000	1.25%	262.65
2007	2,588,000	0.93%	204.62
2008	1,895,000	0.62%	146.76
2009	6,248,000 ⁽¹⁾	1.76%	473.98
2010	5,031,424	1.43%	373.86
2011	4,392,518	1.16%	319.69
2012	17,052,815 ⁽²⁾	4.49%	1,215.63
2013	14,833,832	3.87%	1,035.74
2014	12,549,071	3.39%	858.23

⁽¹⁾ Includes the 2009 General Obligation Road Improvement Bond in the amount of \$5,100,000.

⁽²⁾ Includes the 2012 General Obligation Park Improvement Bond in the amount of \$15,000,000.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2014

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>General Obligation & Revenue Bond Principal Outstanding</u> ⁽¹⁾	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount Applicable to the City of Outstanding</u> ⁽²⁾
City of North Myrtle Beach	\$ 370,723,842	12,549,071	100.00%	12,549,071
Sub-Total Direct Debt		<u>\$ 12,549,071</u>		<u>\$ 12,549,071</u>
Horry County	1,987,851,000	320,029,000	18.65%	59,685,409
Horry County School District	1,987,851,000	346,986,000	18.65%	64,712,889
Sub-Total Overlapping Debt		<u>\$ 667,015,000</u>		<u>\$ 124,398,298</u>
Grand Total Direct & Overlapping Debt		<u>\$ 679,564,071</u>		<u>\$ 136,947,369</u>

⁽¹⁾ Data for overlapping jurisdictions was provided by the Horry County Finance Department.

⁽²⁾ The percentage of General Obligation Bond principal debt applicable to the City of North Myrtle Beach is based on the percentage of assessed valuation of property located in the City.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Assessed Valuation	\$370,724	\$382,894	\$379,941	\$378,498	\$352,557	\$354,822	\$306,162	\$278,998	\$359,735	\$189,410
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation ⁽¹⁾	29,658	30,632	30,395	30,280	28,205	28,386	24,493	22,320	20,779	15,153
Outstanding bonds chargeable to bond limit ⁽²⁾	<u>12,549</u>	<u>14,834</u>	<u>15,510</u>	<u>4,393</u>	<u>5,031</u>	<u>6,248</u>	<u>1,895</u>	<u>2,588</u>	<u>3,254</u>	<u>4,378</u>
Legal debt margin	<u>\$ 17,109</u>	<u>\$ 15,798</u>	<u>\$ 14,885</u>	<u>\$ 25,887</u>	<u>\$ 23,174</u>	<u>\$ 22,138</u>	<u>\$ 22,598</u>	<u>\$ 19,732</u>	<u>\$ 17,525</u>	<u>\$ 10,775</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>42.3%</u>	<u>48.4%</u>	<u>51.0%</u>	<u>14.5%</u>	<u>17.8%</u>	<u>22.0%</u>	<u>7.7%</u>	<u>11.6%</u>	<u>15.7%</u>	<u>28.9%</u>

⁽¹⁾ Article 10, Section 14.7 of the South Carolina Constitution limits general obligation debt to 8% of the assessed value of all taxable property.

⁽²⁾ Includes only General Obligation Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PLEDGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER
 ENTERPRISE FUND AND STORM WATER DRAINAGE FUND
 LAST TEN FISCAL YEARS

Fiscal Year		Gross Revenue ⁽¹⁾	Operating and Maintenance Expenses ⁽²⁾	Net Revenue Available for Debt Service	Total Debt Service Requirements ⁽³⁾			Debt Service Coverage
					Principal	Interest	Total	
2005	Water and Sewer	10,027,816	7,632,393	2,395,423	936,667	805,100	1,741,767	138%
	Stormwater ⁽³⁾	1,606,960	-	1,606,960	853,040	314,604	1,167,644	137%
2006	Water and Sewer	11,730,817	8,606,218	3,124,599	853,333	700,241	1,553,574	201%
	Stormwater	1,711,205	-	1,711,205	810,661	234,339	1,045,000	164%
2007	Water and Sewer	12,335,826	9,205,793	2,930,431	893,333	708,977	1,602,310	183%
	Stormwater	1,647,144	-	1,647,144	919,737	220,263	1,140,000	144%
2008	Water and Sewer	12,335,826	9,298,912	3,036,914	933,333	556,518	1,489,851	204%
	Stormwater	1,958,240	24,160	1,934,080	951,723	188,277	1,140,000	170%
2009	Water and Sewer	12,337,086	9,578,845	2,758,241	993,333	618,037	1,611,370	171%
	Stormwater	5,207,821	853,538	4,354,283	988,544	151,456	1,140,000	382%
2010	Water and Sewer	13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
	Stormwater	2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%
2011	Water and Sewer	13,304,028	10,100,338	3,203,690	810,000	526,450	1,336,450	240%
	Stormwater	2,006,694	302,150	1,704,544	1,065,836	74,164	1,140,000	150%
2012	Water and Sewer	13,309,589	9,933,637	3,375,952	856,667	481,900	1,338,567	252%
	Stormwater	2,015,999	285,584	1,730,415	1,106,720	33,280	1,140,000	152%
2013	Water and Sewer	13,134,727	10,600,585	2,534,142	905,000	434,783	1,339,783	189%
	Stormwater	2,033,213	287,046	1,746,167	279,741	1,689	281,430	620%
2014	Water and Sewer	14,755,173	11,484,665	3,270,508	950,000	385,788	1,335,788	245%
	Stormwater	-	-	-	-	-	-	0%

⁽¹⁾ Includes total revenues and Impact Fees to cover bond principal and fee studies recorded as operating expenses for the respective Fiscal Year.

⁽²⁾ Operating and Maintenance expenses exclude Depreciation and Interest.

⁽³⁾ Added Stormwater Bonds in 2005.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY VALUES AND CONSTRUCTION

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Estimated Actual Value Amounts in 000's ⁽¹⁾	Single Family Units ⁽²⁾	Construction	Units	Multi- Family Construction	Units	Commercial Construction	Total Construction
2004	3,015,420	278	48,538,234	1335	168,263,252	27	18,750,793	235,552,279
2005	3,139,826	334	52,556,053	1498	164,932,445	120	15,983,819	233,472,317
2006	4,248,137 ⁽³⁾	317	82,308,395	1190	220,231,483	488	73,666,454	376,206,332
2007	4,699,320	201	57,374,305	730	159,950,167	14	24,101,710	241,426,182
2008	5,198,002	125	36,424,451	12	2,105,249	18	12,943,211	51,472,911
2009	5,913,701	115	29,849,672	11	9,828,033	4	4,069,068	43,746,773
2010	5,875,944	128	59,769,116	12	11,280,593	8	4,910,767	45,960,476
2011	6,308,000	144	33,999,105	59	7,740,133	5	1,764,856	43,504,094
2012	6,337,624	151	36,051,450	14	9,496,162	10	4,364,688	49,912,300
2013	6,435,200	181	47,217,835	18	12,818,173	3	1,049,445	61,085,453
2014	6,234,064 ⁽³⁾	196	52,374,133	24	18,663,691	11	25,916,588	96,954,412

⁽¹⁾ Estimated actual value - Horry County Assessment Office.

⁽²⁾ Construction valuation and number of units - Planning Department, City of North Myrtle Beach.

⁽³⁾ Horry County reassessment.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income</u> ⁽¹⁾	<u>Horry County Unemployment Rate</u> ⁽²⁾
2005	12,135	377,711	31,126	4.8%
2006	12,389	396,748	32,024	4.7%
2007	12,648	416,744	32,949	4.3%
2008	12,912	437,748	33,902	5.6%
2009	13,182	459,999	34,896	12.1%
2010	13,458	483,183	35,903	10.3%
2011	13,740	507,535	36,939	10.5%
2012	14,028	533,115	38,004	10.1%
2013	14,322	559,984	39,100	9.0%
2014	14,622	588,207	39,491	5.5%

<u>INCOME</u>	2009			
	<u>Horry County</u>		<u>North Myrtle Beach</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
\$0 - \$10,000	8,000	7.5%	425	5.4%
10,000 - 14,999	6,989	6.5%	286	3.6%
15,000 - 24,999	14,009	13.1%	993	12.6%
25,000 - 34,999	14,155	13.3%	860	10.9%
35,000 - 49,999	18,692	17.5%	1,359	17.2%
50,000 - 74,999	20,613	19.3%	1,640	20.8%
75,000 - 99,999	11,511	10.8%	878	11.1%
100,000 - 149,999	8,173	7.7%	923	11.7%
150,000 - 199,999	2,230	2.1%	352	4.5%
200,000 and over	2,361	2.2%	172	2.2%
Totals	106,733	100.0%	7,888	100.0%

Median Household Income:	\$42,642	\$50,264
Per Capita Income:	\$24,790	\$34,896
Average Household Size	2.31	1.95

NOTE: North Myrtle Beach population figures for 2003 through 2012 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

⁽¹⁾ Based on 2010 Census.

⁽²⁾ County information per S.C. Employment Security Commission.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS

Largest Employers in NMB - 2014 and 2006

<u>Rank</u>	<u>Employer</u>	<u>2014 # of Employees</u>	<u>2006 # of Employees</u>
1	Wyndam Sales & Marketing	666	
2	City of North Myrtle Beach	599	300
3	Wal-Mart	394	403
4	House of Blues	275	160
5	Boulineau's Inc.	245	250
6	Avista	223	
7	Lowe's	165	100
8	Bi-Lo (2 stores)	154	115
9	Cracker Barrel	150	
10	Beach Cove	133	100
11	Barefoot Resort Golf	122	
12	Baywatch Resort	120	
13	Dick's Last Resort	110	100
14	Alabama Theatre	98	
15	Olive Garden	95	
16	Home Depot	95	109
17	Carrabba's	95	
18	Greg Norman's Australian Grill	85	
19	T-Bonz	78	
20	Flying Fish Grill	70	

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing the changes to the statistical section.

* Statistical information on total number of people employed in North Myrtle Beach is unavailable.

Source: North Myrtle Beach Revenue Division

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Employees by Function/Program	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	11	11	12	14	14	14	14	14	11	10.5
City Court	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5	5
Information Services	7	6	6	6	6	6	6	6	5	5
Finance										
Accounting/Revenue	12	12	12	12	12	12	12	10	9.5	9.5
Public Safety										
Administration	12	12	12	10	10	12	12	11	11	12
Detectives	11	10	10	9.5	9.5	9.5	10.5	10.5	10.5	10.5
Public Safety & Fire Officials	138	141	141	144	144	141	132	129	125.5	118.5
Planning & Community Development										
Administration	10	10	10	10	10	10	10	10	10	10
Inspection Services	9	9	9	9	9	11	11	11	9	7
Public Works										
Streets / Drainage	19	19	19	19	19	19	19	18	18	17
Parks and Recreation										
Parks & Grounds	22.5	16.75	15.25	13	13	13	13	12	11	10.5
Other Recreation Activities	15	9.75	9	8.8	7	7	7	6.5	6.5	6.5
Support Services										
Purchasing	4	4	6	7	7	7	7	7	7	6
Fleet Maintenance	5	6	6	6	6	6	6	5	5	5
Custodial & Facility Maintenance	8	9	8	8	5	5	5	4	4	4
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	27	24.6	25	24	26.6	27.6	25.5	27	22	-
Beach Services	54	49	49	41.1	44.5	48	57.8	14	-	-
Water & Sewer Utility										
Administration	12	12	12	12.75	12.75	12.75	12.75	12	12	12
Wastewater Treatment	6	6	6	6	6	6	6	6	6	6
Wells/Lifts Maintenance	9	9	9	9	9	9	9	9	9	9
Construction Maintenance	19	19	19	19	19	21	19	19	17	17
Solid Waste Utility										
Administration	4	4	4	4.25	4.25	4.25	4.25	4	4	4
Sanitation Services	<u>27.6</u>	<u>29</u>	<u>26</u>	<u>25</u>						
GRAND TOTALS	<u>455.6</u>	<u>441.6</u>	<u>441.8</u>	<u>434.9</u>	<u>436.1</u>	<u>443.6</u>	<u>441.3</u>	<u>387.5</u>	<u>352</u>	<u>318</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

MISCELLANEOUS STATISTICAL DATA

June 30, 2014

Date of Incorporation	May 7, 1968
Form of Government	Council/Manager
Area - Square Miles	19
Miles of Shoreline on the Atlantic Ocean	9

WATER & SEWER SYSTEM

Number of Customer Billings for FY 2014	157,200
Daily Pumping Capacity - Gallons	13,200,000
Greatest Pumpage for a Single Day	8,750,000
Maximum Filtration Plant Capacity Per Day - Gallons	14,200,000
Maximum Wells Capacity Per Day - Gallons	2,000,000
Maximum Wastewater Capacity	10,400,000
Greatest Wastewater Treatment Day	8,020,000

PUBLIC SAFETY

Number of Stations	5
Annual Police Calls	31,272
Annual Fire Calls	4,364
Traffic Stops	5,712
Arrests	1,943

BUILDING

Permits Issued	3,115
Estimated Cost of Construction	\$157,640,647
Inspections	11,276

SOLID WASTE

Garbage - Tons	11,984
Construction Debris - Tons	676
Yard Waste - Tons	5,690
Recycling - Tons	1,805

AQUATIC & FITNESS CENTER

Member Packages	2,317
Members	4,060

BEACH SERVICES

Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	16