

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

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, 2015

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INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



December 28, 2015

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, 2015. 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, 2015, 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 2019. 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 2019 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 62 through 64 as part of the basic financial statements for the governmental funds.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Condition and Outlook

The near term current economic projection for the City of North Myrtle Beach is estimated to be continued growth of approximately 4% over the FY2015 levels. Indicators such as water usage, hospitality fees, and accommodations tax receipts are growing about 3 to 5% 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 \$44,508,770 of permitted construction for residential and commercial has occurred over the first five months of FY 2016. This represents a decrease of 6% 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 Robber's Roost 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 possible projects will provide significant growth in the undeveloped areas 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 5.6% growth that the city is experiencing in Local Accommodations Tax Fees and Hospitality Fees. Over 60 events have already been booked for 2016 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 2016. 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 relatively flat as a result of the 2008-09 recession, the City has been able to maintain a Fund Balance that is higher than the 35% fund balance policy. 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 a surplus is expected for FY2016.

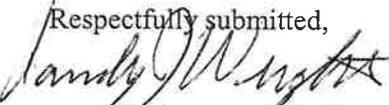
GFOA CERTIFICATE OF ACHIEVEMENT

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, 2014. 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 2015.

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, Jamie Baker; and Accounting Supervisor, 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, 2014

Executive Director/CEO

City of North Myrtle Beach, South Carolina

PRINCIPAL OFFICIALS

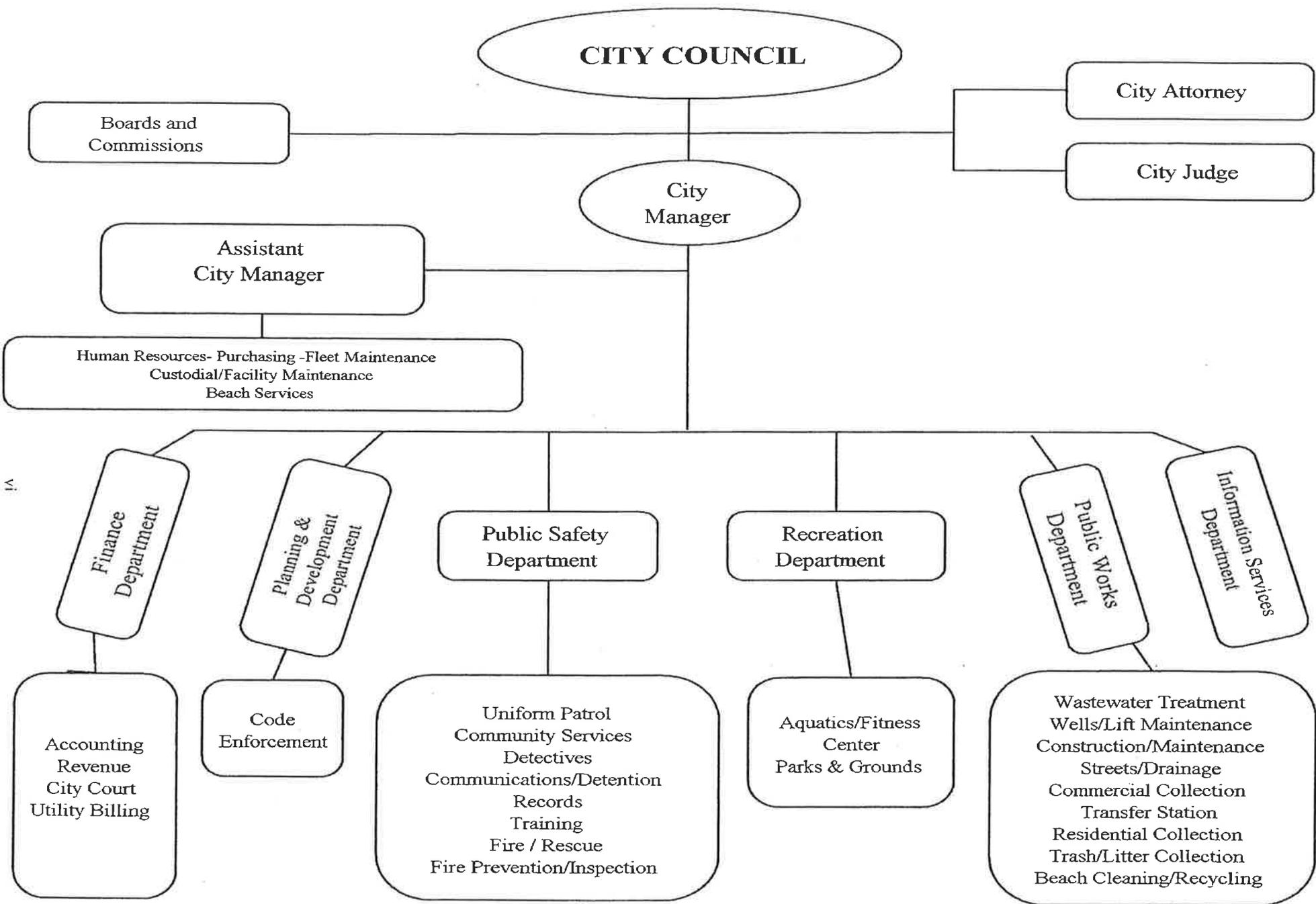
June 30, 2015

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, 2015, 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, 2015, 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 17* to the financial statements, the 2014 Governmental Activities financial statements have been restated as a result of the City implementing a new Governmental Accounting Standards Board 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 Supplementary 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 2014 audited financial statements, and in my report dated December 10, 2014, expressed an unmodified 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 9, 2015
Columbia, South Carolina

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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, 2015. 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 and deferred outflows of resources at year end June 30, 2015 were \$235.5 million and exceeded total liabilities and deferred inflows of resources of \$49.8 million by \$185.9 million. Of the total net position at June 30, 2015, \$8.3 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 \$7.6 million for the year ended June 30, 2015. The Governmental Activities contributed \$5.6 million and the Business-type Activities contributed \$2.0 million for the year.

The City restated year 2014 to comply with a new accounting principle GASB #68 "Accounting and Financial Reporting for Pensions" (see *Note 17* 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, 2015 (with comparative amounts of June 30, 2014) 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	
	2015	Restated 2014	2015	2014	2015	Restated 2014
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 6,265	\$ 10,353	\$ 14,441	\$ 13,283	\$ 20,706	\$ 23,636
Restricted	742	792	3,806	4,012	4,548	4,804
Other current assets	7,049	6,346	945	499	7,994	6,845
Capital assets, net of accumulated depreciation	110,554	104,210	79,799	79,192	190,353	183,402
Other assets, net of accumulated amortization	—	—	10,572	10,921	10,572	10,921
Total assets	124,610	121,701	109,563	107,907	234,173	229,608
Deferred Outflows of Resources	1,290	—	—	—	1,290	—
Liabilities:						
Current liabilities	5,983	6,280	5,418	5,148	11,401	11,428
Long term liabilities	26,590	17,625	10,326	10,979	36,916	28,604
Total liabilities	32,573	23,905	15,744	16,127	48,317	40,032
Deferred Inflows of Resources	1,249	—	—	—	1,249	—
Net Position:						
Net investment in capital assets	98,935	90,295	75,173	74,144	174,108	164,439
Restricted	1,252	1,529	2,233	2,134	3,485	3,663
Unrestricted (deficit)	(8,109)	5,972	16,413	15,502	8,304	21,474
Total net position	\$ 92,078	\$ 97,796	\$ 93,819	\$ 91,780	\$ 185,897	\$ 189,576

Governmental Activities – For 2015, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$14.1 million, or 11.3% of total assets. Non-current assets (consisting of capital assets and other assets, net of accumulated depreciation and amortization, respectively) totaled \$110.6 million or 88.7% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$6.0 million, or 18.4% of total liabilities. Long-term (non-current) liabilities totaled 26.6 million, or 81.6% of the respective total.

Business-type Activities – For 2015, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$19.2 million, or 17.5% of total assets. Non-current assets (consisting of capital assets and other assets, net of accumulated depreciation and amortization, respectively) totaled \$90.4 million, or 82.5% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.4 million, or 34.4% of the respective total liabilities. Long-term (non-current) liabilities totaled \$10.3 million, or 65.6% of the respective total.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, 2015 total assets and deferred outflows by resources exceeded total liabilities and deferred inflows of resources by \$185.9 million at the end of June 30, 2015 (or \$92.1 million for Governmental Activities and \$93.8 million for Business-type Activities.)

By far the largest portion (\$174.1 million, or 93.7%) of the City's 2015 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 2015 restricted net position (totaling \$3.5 million or 1.9% of total net position) consist of \$1.3 million in Governmental Activities and \$2.2 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* (\$8.1 million deficit Governmental Activities and \$16.4 million Business-type Activities, for a total of \$8.3 million, or 4.5% 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 2015 and FY 2014 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program Revenue:						
Charges for services	\$ 3,675	\$ 3,996	\$ 20,670	20,158	24,345	\$ 24,154
Operating grants and contributions	24	16	—	—	24	16
Capital grants and contributions	3,870	2,344	4,019	2,240	7,889	4,584
General revenue:						
Property taxes	14,424	14,192	—	—	14,424	14,192
State shared and other taxes	18,173	16,438	—	—	18,173	16,438
Investment earnings	—	175	65	76	65	251
Other	326	130	112	247	438	377
Total revenue	40,492	37,291	24,866	22,721	65,358	60,012
Expenses:						
General government	2,572	3,785	—	—	2,572	3,785
Finance	904	765	—	—	904	765
Information services	632	538	—	—	632	538
Public safety	13,674	12,056	—	—	13,674	12,056
Planning and development	1,677	1,411	—	—	1,677	1,411
Public works	6,031	4,225	—	—	6,031	4,225
Parks and recreation	6,688	6,675	—	—	6,688	6,675
Support services	1,006	990	—	—	1,006	990
Interest on general long-term debt	294	504	—	—	294	504
Water and Sewer Utility	—	—	15,231	15,004	15,231	15,004
Solid Waste	—	—	4,186	3,910	4,186	3,910
Aquatic Center	—	—	2,438	2,329	2,438	2,329
Beach Service	—	—	2,376	2,137	2,376	2,137
Total expenses	33,478	30,949	24,231	23,380	57,709	54,329
Changes in net position before transfers	7,014	6,342	635	(659)	7,649	5,683
Transfers	(1,404)	(1,222)	1,404	1,222	—	—
Change in net position	5,610	5,120	2,039	563	7,649	5,683
Net position – beginning of year	97,796	92,676	91,780	91,217	189,576	183,893
Cumulative effect of restatement	(11,328)	—	—	—	(11,328)	—
Net position – end of year	\$ 92,078	\$ 97,796	\$ 93,819	\$ 91,780	\$ 185,897	\$ 189,576

Of total net position at June 30, 2015, \$92.1 million (and \$86.5 million at June 30, 2014) represents net position of the City's Governmental Activities, and \$93.8 million (and \$91.8 million in 2014) represents total net position of the City's Business-type Activities. At the end of fiscal year 2015, the City is able to report 'positive' changes in net position even with the implementation of GASB Statement #68 and the cumulative effect of pensions restatement. Additional information on the City's net pension liability can be found in *Note 11* 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.	\$ (2,572)	\$ 629	\$ (1,943)	24%	76%
Finance	(904)	—	(904)	—	—
Information services	(632)	—	(632)	—	—
Public safety	(13,674)	447	(13,227)	3%	97%
Planning and development	(1,677)	16	(1,661)	1%	99%
Public works	(6,031)	5,606	(425)	93%	7%
Parks and recreation	(6,688)	872	(5,816)	—	—
Support services	(1,006)	—	(1,006)	—	—
Debt service interest	(294)	—	(294)	—	—
Totals	\$ (33,478)	\$ 7,570	\$ (25,908)	23%	77%

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 2015. General Revenues (77%) were required to fund Governmental Activities (as compared to 80% in 2014) and were as follows:

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

Property taxes	\$ 14,424
Accommodations/hospitality taxes	8,914
State shared taxes – unrestricted	925
Licenses and franchise taxes	8,334
Investment earnings	—
Other revenues	326
Total general revenue before transfers	\$ 32,923

Fund Financial Analysis

General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$23.1 million, and achieved actual revenues of \$23.5 million or within budget. Final expenditures budgeted for the General Fund were \$26.4 million with actual expenditures of \$27.1 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 \$3.3 million, with the actual deficiency equaling \$3.6 million. However, after considering Other Financing Sources and Uses, and transfers, the General Fund had an actual decrease of \$200,759 in fund balance.

As noted above, the City's General Fund fund balance decreased 1.7% due to additional expenditures in Public Safety for motorcycle weeks during the month of May. The additional expenditures were needed in order to provide the necessary police coverage for these expanded events. Since General Fund fund balance is above the 35% threshold that City policy requires this small decrease will not have any effect on the overall financial position of the City. The City continues to monitor its overall financial position and is currently experiencing growth of around 4%.

The General Fund's budget also included net transfers to/from other funds, netting to \$1.4 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 2015.

The Water and Sewer Utility has been in operation for a number of years and suffered an operating loss of \$2,121,645 for the year ended June 30, 2015. Due to the economic increase in construction and related developer fees and other capital contributions, the Utility Fund realized an overall increase in net position of \$1.7 million.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved a net operating income of \$260,300 for the year ended June 30, 2015. After transfers from the Accommodations (2%) Tax Fund of \$158,400, the change in net position increased by \$457,700.

The City's Aquatic Center Enterprise Fund, in its 10th year of operations, incurred a net operating loss of \$146,284. After recognizing a \$574,177 transfer from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled a positive \$247,984.

The City's Beach Service Enterprise Fund, in its 7th year of operations, incurred a net operating loss of \$161,892. After recognizing \$671,392 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 \$497,276.

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, 2015, amounts to \$190.4 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 2015 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 debt outstanding of \$10.8 million. Of this amount, \$10.2 million comprises debt backed by the full faith and credit of the City government. Enterprise Fund revenue-backed long-term debt consists of contract and note payables totaled \$10 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

During FY 2011, the City issued \$15 million in G.O. Bonds for Park Development Capital Project Fund. 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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows			
Current assets:			
Cash and cash equivalents	\$ 1,068,673	\$ 9,461,765	\$ 10,530,438
Equity in pooled cash and cash equivalents	5,196,958	4,979,665	10,176,623
Receivables, net	2,624,253	1,950,568	4,574,821
Due from other governments	2,153,017	280,059	2,433,076
Internal balances, net	2,012,826	(2,012,826)	—
Inventories and prepaids	259,296	458,256	717,552
Restricted assets:			
Cash and cash equivalents	732,122	1,671,906	2,404,028
Equity in pooled cash and cash equivalents	—	2,134,302	2,134,302
Deposits held by others	9,701	268,739	278,440
Total current assets	<u>14,056,846</u>	<u>19,192,434</u>	<u>33,249,280</u>
Non-currents assets:			
Capital assets not subject to depreciation	36,462,242	1,297,467	37,759,709
Capital assets, net of depreciation	74,091,233	78,501,097	152,592,330
Other assets, net	—	10,571,589	10,571,589
Total non-current assets	<u>110,553,475</u>	<u>90,370,153</u>	<u>200,923,628</u>
Deferred Outflows of Resources:			
Pension plan related, net	1,290,381	—	1,290,381
Total deferred outflows of resources	<u>1,290,381</u>	<u>—</u>	<u>1,290,381</u>
Total Assets and Deferred Outflows	<u>\$ 125,900,702</u>	<u>\$ 109,562,587</u>	<u>\$ 235,463,289</u>
Liabilities, Deferred Inflows, and Net Position			
Current liabilities:			
Accounts payable	\$ 1,624,476	\$ 916,689	\$ 2,541,165
Accrued payroll and related taxes	757,670	431,782	1,189,452
Accrued interest payable	138,612	112,890	251,502
Due to other governments	4,770	—	4,770
Bonds, contracts and notes payable – current portion	2,743,370	1,510,708	4,254,078
Unearned revenue and deposits	144,263	271,852	416,115
Insurance reserves and claims payable	131,959	35,120	167,079
Liabilities payable from restricted assets	437,893	2,138,212	2,576,105
Total current liabilities	<u>5,983,013</u>	<u>5,417,253</u>	<u>11,400,266</u>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,362,291	465,021	1,827,312
General obligation bonds payable	8,555,094	—	8,555,094
Contracts payable	—	4,328,333	4,328,333
Note payable	319,667	4,186,355	4,506,022
Net pension liabilities	11,293,668	—	11,293,668
Other post-employment benefits (OPEB)	5,059,309	1,346,501	6,405,810
Total long-term liabilities	<u>26,590,029</u>	<u>10,326,210</u>	<u>36,916,239</u>
Total liabilities	<u>32,573,042</u>	<u>15,743,463</u>	<u>48,316,505</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows, and Net Position (continued)			
Deferred Inflows of Resources:			
Pension plan related, net	1,249,320	—	1,249,320
Total deferred inflows of resources	<u>1,249,320</u>	<u>—</u>	<u>1,249,320</u>
Net position:			
Net investment in capital assets	98,935,344	75,173,168	174,108,512
Restricted for:			
Public safety pensions	933,571	—	933,571
Public safety assistance	289,208	—	289,208
Tourism related and parks	29,463	—	29,463
Future capacity of utility	—	2,232,873	2,232,873
Unrestricted (deficit)	<u>(8,109,246)</u>	<u>16,413,083</u>	<u>8,303,837</u>
Total net position	<u>92,078,340</u>	<u>93,819,124</u>	<u>185,897,464</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 125,900,702</u>	<u>\$ 109,562,587</u>	<u>\$ 235,463,289</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Functions and Programs	Primary Government				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenue			Governmental Activities	Business-type Activities	Total
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
General government admin.	\$ (2,572,264)	\$ 279,955	\$ 24,203	\$ 324,570	\$ (1,943,536)	\$ —	\$ (1,943,536)
Finance	(904,344)	—	—	—	(904,344)	—	(904,344)
Information Services	(632,013)	—	—	—	(632,013)	—	(632,013)
Public safety	(13,673,961)	447,273	—	—	(13,226,688)	—	(13,226,688)
Planning and development	(1,676,601)	16,490	—	—	(1,660,111)	—	(1,660,111)
Public works	(6,030,984)	2,101,767	—	3,503,948	(425,269)	—	(425,269)
Parks and recreation	(6,688,178)	829,789	—	41,960	(5,816,429)	—	(5,816,429)
Support services	(1,005,675)	—	—	—	(1,005,675)	—	(1,005,675)
Debt service – interest	(293,753)	—	—	—	(293,753)	—	(293,753)
Total governmental activities	<u>(33,477,773)</u>	<u>3,675,274</u>	<u>24,203</u>	<u>3,870,478</u>	<u>(25,907,818)</u>	<u>—</u>	<u>(25,907,818)</u>
Business-type Activities:							
Water and Sewer Utility	(15,231,344)	12,229,279	—	4,018,655	—	1,016,590	1,016,590
Solid Waste	(4,186,046)	4,292,163	—	—	—	106,117	106,117
Aquatic Center	(2,437,895)	2,022,616	—	—	—	(415,279)	(415,279)
Beach Service	(2,375,543)	2,126,154	—	—	—	(249,389)	(249,389)
Total business-type activities	<u>(24,230,828)</u>	<u>20,670,212</u>	<u>—</u>	<u>4,018,655</u>	<u>—</u>	<u>458,039</u>	<u>458,039</u>
Total functions and programs	<u>\$(57,708,601)</u>	<u>\$24,345,486</u>	<u>\$ 24,203</u>	<u>\$ 7,889,133</u>	<u>(25,907,818)</u>	<u>458,039</u>	<u>(25,449,779)</u>
General Revenue and Transfers							
General Revenue:							
Property taxes					14,423,943	—	14,423,943
Accommodations and hospitality taxes					8,914,249	—	8,914,249
State shared taxes – unrestricted					924,763	—	924,763
Business licenses and franchise taxes					8,333,737	—	8,333,737
Unrestricted investment earnings					—	64,689	64,689
Miscellaneous					325,716	112,516	438,232
Transfers:							
Transfers in/(out)					(1,403,969)	1,403,969	—
Total general revenue and transfers					<u>31,518,439</u>	<u>1,581,174</u>	<u>33,099,613</u>
Changes in net position							
Net position, beginning of year (as restated, see Note 17)					<u>86,467,719</u>	<u>91,779,911</u>	<u>178,247,630</u>
Net position, end of year					<u>\$ 92,078,340</u>	<u>\$ 93,819,124</u>	<u>\$ 185,897,464</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Stormwater Drainage Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,068,673	\$ —	\$ —	\$ —	\$ 1,068,673
Equity in pooled cash and cash equivalents	1,238,446	—	2,146,373	1,092,859	4,477,678
Deposits held by others	2,601	—	—	—	2,601
Receivables, net	1,594,880	73,271	110,415	845,687	2,624,253
Due from other funds	8,350,820	—	—	—	8,350,820
Due from other governments	329,591	—	794,189	1,029,237	2,153,017
Inventories and prepaids	259,296	—	—	—	259,296
Restricted assets:					
Cash and cash equivalents	528,989	—	—	—	528,989
Equity in pooled cash and cash equivalents	—	—	—	—	—
Total assets	\$ 13,373,296	\$ 73,271	\$ 3,050,977	\$ 2,967,783	\$ 19,465,327
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 598,349	\$ 345,698	\$ 83,315	\$ 582,827	\$ 1,610,189
Accrued payroll and withholdings payable	757,670	—	—	—	757,670
Deposits and performance bonds	134,263	—	—	10,000	144,263
Due to other funds	—	4,949,378	—	1,388,616	6,337,994
Due to other governments	4,770	—	—	—	4,770
Payable from restricted assets	242,170	—	—	—	242,170
Total liabilities	1,737,222	5,295,076	83,315	1,981,443	9,097,056
Fund balances:					
Non-spendable	259,296	—	—	—	259,296
Restricted by others	289,208	—	—	29,463	318,671
Committed by ordinance	392,500	—	—	105,244	497,744
Assigned by management	—	—	2,967,662	851,633	3,819,295
Unassigned reported in:					
General Fund	10,695,070	—	—	—	10,695,070
Capital Projects Fund	—	(5,221,805)	—	—	(5,221,805)
Total fund balances	11,636,074	(5,221,805)	2,967,662	986,340	10,368,271
Total liabilities and fund balances	\$ 13,373,296	\$ 73,271	\$ 3,050,977	\$ 2,967,783	

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.	110,553,475
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.	(4,471,765)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(24,412,702)
Deferral outflows and inflows of resources are not financial uses or resources, respectively, and therefore are not reported in these funds.	41,061
Net position, end of year – Governmental Activities	\$ 92,078,340

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, 2015

	General Fund	Stormwater Drainage Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 12,152,859	\$ —	\$ —	\$ 2,271,084	\$ 14,423,943
Licenses and permits	8,333,737	—	—	—	8,333,737
Fines and forfeitures	338,717	—	—	—	338,717
Use of money and property	203,198	—	—	39,468	242,666
Unrestricted					
intergovernmental	1,127,271	—	—	—	1,127,271
Restricted					
intergovernmental	41,960	500,000	3,003,948	8,711,741	12,257,649
Sales and service charges	1,222,773	2,097,294	—	16,490	3,336,557
Miscellaneous	45,395	—	61,858	324,570	431,823
Total revenue	23,465,910	2,597,294	3,065,806	11,363,353	40,492,363
Expenditures					
Current:					
General government administration	2,299,321	—	—	—	2,299,321
Finance	787,684	49,872	—	—	837,556
Information services	540,103	—	—	—	540,103
Public safety	12,945,213	—	—	—	12,945,213
Planning/development	1,621,962	—	—	—	1,621,962
Public works	2,204,317	297,066	—	68,696	2,570,079
Parks and recreation	4,009,646	—	—	1,521,070	5,530,716
Support services	969,600	—	—	—	969,600
Debt service	932,069	—	—	2,231,800	3,163,869
Capital outlay	770,368	5,448,956	3,305,570	1,778,789	11,303,683
Total expenditures	27,080,283	5,795,894	3,305,570	5,600,355	41,782,102
Excess (deficiency) of revenue over (under) expenditures	(3,614,373)	(3,198,600)	(239,764)	5,762,998	(1,289,739)
Other Financing Sources (Uses)					
Transfers in	5,563,614	54,000	725,600	3,160,990	9,504,204
Transfers (out)	(2,150,000)	—	—	(8,758,173)	(10,908,173)
Total other financing sources (uses)	3,413,614	54,000	725,600	(5,597,183)	(1,403,969)
Net change in fund balances	(200,759)	(3,144,600)	485,836	165,815	(2,693,708)
Fund balances, beginning of year	11,836,833	(2,077,205)	2,481,826	820,525	13,061,979
Fund balances, end of year	\$ 11,636,074	\$ (5,221,805)	\$ 2,967,662	\$ 986,340	\$ 10,368,271

— 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	\$ (2,693,708)
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.	5,781,431
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.	(326,484)
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.	177,896
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>2,671,486</u>
Change in Net Position – Governmental Activities	<u><u>\$ 5,610,621</u></u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
 PROPRIETARY FUNDS

JUNE 30, 2015

	Business-type Activities – Enterprise Funds				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Assets						
Current assets:						
Cash and cash equivalents	\$ 9,453,863	\$ —	\$ 400	\$ 7,502	\$ 9,461,765	\$ —
Equity in pooled cash and cash equivalents	3,273,114	1,439,052	76,068	—	4,788,234	910,711
Receivables, net	1,728,996	182,150	17,785	21,637	1,950,568	—
Due from other funds	—	—	—	185,506	185,506	—
Due from other governments	280,059	—	—	—	280,059	—
Inventories	453,528	—	—	4,728	458,256	—
Restricted assets:						
Cash and cash equivalents	1,617,843	—	—	—	1,617,843	257,196
Equity in pooled cash and cash equivalents	2,134,302	—	—	—	2,134,302	—
Deposits with others	266,849	—	—	—	266,849	8,990
Total current assets	<u>19,208,554</u>	<u>1,621,202</u>	<u>94,253</u>	<u>219,373</u>	<u>21,143,382</u>	<u>1,176,897</u>
Non-current assets:						
Capital assets, not subject to depreciation	1,297,467	—	—	—	1,297,467	—
Capital assets, subject to depreciation, net	68,736,562	1,568,353	7,571,380	624,802	78,501,097	—
Total capital assets, net	<u>70,034,029</u>	<u>1,568,353</u>	<u>7,571,380</u>	<u>624,802</u>	<u>79,798,564</u>	<u>—</u>
Other assets, net	10,571,589	—	—	—	10,571,589	—
Total non-current assets	<u>80,605,618</u>	<u>1,568,353</u>	<u>7,571,380</u>	<u>624,802</u>	<u>90,370,153</u>	<u>—</u>
Total assets	<u>\$ 99,814,172</u>	<u>\$ 3,189,555</u>	<u>\$ 7,665,633</u>	<u>\$ 844,175</u>	<u>\$ 111,513,535</u>	<u>\$ 1,176,897</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	\$ 798,370	\$ 3,179	\$ 40,517	\$ 70,820	\$ 912,886	\$ 18,090
Accrued payroll and related taxes	117,943	67,880	39,871	206,088	431,782	—
Due to other funds	—	—	—	2,198,332	2,198,332	—
Accrued interest payable	—	—	112,890	—	112,890	—
Contracts and note payable – current portion	1,071,667	—	439,041	—	1,510,708	—
Unearned revenue	—	—	271,852	—	271,852	—
Insurance reserves and claims payable	—	—	—	—	—	167,079
Liabilities payable from restricted assets	2,086,121	—	—	—	2,086,121	247,814
Total current liabilities	<u>4,074,101</u>	<u>71,059</u>	<u>904,171</u>	<u>2,475,240</u>	<u>7,524,571</u>	<u>432,983</u>
Long-term (non-current) liabilities:						
Accrued compensated absences	277,998	145,576	41,447	—	465,021	—
Contracts payable	4,328,333	—	—	—	4,328,333	—
Note payable	—	—	4,186,355	—	4,186,355	—
Other post-employment benefits (OPEB)	—	—	—	—	—	6,405,810
Total long-term liabilities	<u>4,606,331</u>	<u>145,576</u>	<u>4,227,802</u>	<u>—</u>	<u>8,979,709</u>	<u>6,405,810</u>
Total liabilities	<u>8,680,432</u>	<u>216,635</u>	<u>5,131,973</u>	<u>2,475,240</u>	<u>16,504,280</u>	<u>6,838,793</u>
Net position:						
Net investment in capital assets	70,034,029	1,568,353	2,945,984	624,802	75,173,168	—
Restricted for:						
Future capacity and deposits	2,232,873	—	—	—	2,232,873	—
Health insurance claims	—	—	—	—	—	9,382
Unrestricted (deficit)	<u>18,866,838</u>	<u>1,404,567</u>	<u>(412,324)</u>	<u>(2,255,867)</u>	<u>17,603,214</u>	<u>(5,671,278)</u>
Total net position	<u>91,133,740</u>	<u>2,972,920</u>	<u>2,533,660</u>	<u>(1,631,065)</u>	<u>95,009,255</u>	<u>(5,661,896)</u>
Total liabilities and net position	<u>\$ 99,814,172</u>	<u>\$ 3,189,555</u>	<u>\$ 7,665,633</u>	<u>\$ 844,175</u>		<u>\$ 1,176,897</u>

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):

(1,190,131)
\$ 93,819,124

Net Position of Business-type Activities

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, 2015

	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	\$ 12,229,279	\$ 4,292,163	\$ 2,022,616	\$ 2,126,154	\$ 20,670,212	\$ 4,661,249
Total operating revenue	12,229,279	4,292,163	2,022,616	2,126,154	20,670,212	4,661,249
Operating Expenses						
General government administration	1,157,390	227,214	87,177	181,529	1,653,310	2,742,424
Finance	839,519	115,251	31,013	116,299	1,102,082	336,956
Information services	323,871	64,774	21,591	32,387	442,623	52,527
Public safety	67,253	—	—	886,661	953,914	1,447,470
Planning/development	39,028	—	—	—	39,028	135,077
Public works	8,351,910	3,000,960	—	—	11,352,870	782,828
Parks and recreation	—	—	1,692,608	890,776	2,583,384	270,310
Support services	474,091	150,976	44,053	42,183	711,303	143,268
Depreciation and amortization	3,097,862	472,688	292,458	138,211	4,001,219	—
Total operating expenses	14,350,924	4,031,863	2,168,900	2,288,046	22,839,733	5,910,860
Operating income (loss)	(2,121,645)	260,300	(146,284)	(161,892)	(2,169,521)	(1,249,611)
Non-Operating Revenue (Expenses)						
Interest earned on investments	64,689	—	—	—	64,689	—
Interest expense	(331,625)	—	(186,053)	—	(517,678)	—
Non-operating program fees and other	70,696	—	6,144	—	76,840	49,712
Restricted intergovernmental	—	39,000	—	—	39,000	—
Miscellaneous and other	8,899	—	—	(12,224)	(3,325)	—
Total non-operating revenue (expenses)	(187,341)	39,000	(179,909)	(12,224)	(340,474)	49,712
Income (loss) before contributions and transfers	(2,308,986)	299,300	(326,193)	(174,116)	(2,509,995)	(1,199,899)
Capital Contributions	4,018,655	—	—	—	4,018,655	—
Transfers – in (out)	—	158,400	574,177	671,392	1,403,969	—
Change in net position	1,709,669	457,700	247,984	497,276	2,912,629	(1,199,899)
Net position, beginning of year	89,424,071	2,515,220	2,285,676	(2,128,341)		(4,461,997)
Net position, end of year	\$ 91,133,740	\$ 2,972,920	\$ 2,533,660	\$ (1,631,065)		\$ (5,661,896)

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):

Change in Net Position of Business-type Activities	(873,416)
	<u>\$ 2,039,213</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	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	\$ 12,274,562	\$ 4,405,107	\$ 2,026,875	\$ 2,134,432	\$ 20,840,976	\$ 4,661,249
Tap fees	90,546	—	—	—	90,546	—
Service and miscellaneous charges	140,550	—	—	—	140,550	—
Cash paid to (for):						
Employee salaries and related costs	(3,743,516)	(1,750,135)	(1,016,949)	(1,336,375)	(7,846,975)	—
Water and sewer system costs	(5,248,124)	—	—	—	(5,248,124)	—
Garbage collection services	—	(1,115,495)	—	—	(1,115,495)	—
Aquatic Center operations	—	—	(644,105)	—	(644,105)	—
Beach Service operations	—	—	—	(264,575)	(264,575)	—
Health and Workers Compensation insurance and claims costs	—	—	—	—	—	(4,958,522)
Overhead and miscellaneous costs	(2,127,177)	(684,669)	(207,563)	(507,666)	(3,527,075)	—
Net cash provided by (used in) operating activities	1,386,841	854,808	158,258	25,816	2,425,723	(297,273)
Cash flows from non-capital and related financing activities						
Inter-fund borrowing/payments, net	—	—	(23,298)	(460,973)	(484,271)	—
Tower rental and other	78,338	—	—	—	78,338	—
Intergovernmental grants	—	—	—	—	—	—
Local accommodation/hospitality taxes	—	158,400	574,177	671,392	1,403,969	—
Non-operating fees, donations/fundraisers	—	—	6,144	4,915	11,059	49,712
Net cash provided by (used in) non-capital and related financing activities	78,338	158,400	557,023	215,334	1,009,095	49,712
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(1,769,319)	(43,900)	(20,245)	(240,174)	(2,073,638)	—
Proceeds from sale of assets	14,407	—	—	—	14,407	—
Principal paid on bonds, notes, and contracts	(998,333)	—	(422,604)	—	(1,420,937)	—
Interest and bond agent fees on long-term debt	(331,625)	—	(196,364)	—	(527,989)	—
Capital contributions – impact fees, grants and other cash contributions	1,794,979	—	—	—	1,794,979	—
Net cash provided by (used in) capital and related financing activities	(1,289,891)	(43,900)	(639,213)	(240,174)	(2,213,178)	—

— 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	64,689	—	—	—	64,689	—
Net cash provided by (used in) investing activities	64,689	—	—	—	64,689	—
Net increase (decrease) in cash and cash equivalents	239,977	969,308	76,068	976	1,286,329	(247,561)
Cash and cash equivalents, beginning of year (of which \$3,905,079 is restricted)	16,239,145	469,744	400	6,526	16,715,815	1,415,468
6 Cash and cash equivalents, end of year (of which \$3,752,145 is restricted)	\$ 16,479,122	\$ 1,439,052	\$ 76,468	\$ 7,502	\$ 18,002,144	\$ 1,167,907
Reconciliation of operating income (loss) to net cash from operating activities						
Operating income (loss)	\$ (2,121,645)	\$ 260,300	\$ (146,284)	\$ (161,892)	\$ (2,169,521)	\$ (1,249,611)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	3,097,862	472,688	292,458	138,211	4,001,219	—
Changes in assets and liabilities:	263,477	112,944	(5,897)	8,278	378,802	—
(Increase) decrease in accounts receivable	(11,174)	—	—	640	(10,534)	(3,171)
(Increase) decrease in inventories and prepaid items	113,159	(1,190)	1,598	12,842	126,409	6,021
Increase (decrease) in accounts and other payables	45,162	10,066	6,227	27,737	89,192	—
Increase (decrease) in payroll and accrued liabilities	—	—	10,156	—	10,156	—
Increase (decrease) in unearned revenue	—	—	—	—	—	—
Increase (decrease) in other post-employment benefits (OPEB)	—	—	—	—	—	949,488
Net cash provided by (used in) operating activities	\$ 1,386,841	\$ 854,808	\$ 158,258	\$ 25,816	\$ 2,425,723	\$ (297,273)
Supplemental disclosure of non-cash capital and related financing activities						
System contributions by developers	\$ 2,223,676	\$ —	\$ —	\$ —	\$ 2,223,676	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FUDUCIARY FUNDS

JUNE 30, 2015

	<u>Pension Trust Funds</u>		<u>Agency Fund</u>
	<u>Terminated Pension Plan</u>	<u>Money Purchase Pension Plan</u>	<u>Firemen's Fund</u>
Assets			
Cash and cash equivalents	\$ 15,286	\$ —	\$ 28,459
Cash and temporary investments – mutual funds	—	18,755,544	—
Receivables – Participant loans	—	1,119,991	—
Total assets	<u>\$ 15,286</u>	<u>\$ 19,875,535</u>	<u>\$ 28,459</u>
Liabilities			
Due to Firemen's Association	\$ —	\$ —	\$ 28,459
Total liabilities	<u>—</u>	<u>—</u>	<u>\$ 28,459</u>
Net Position			
Held in trust for employee's pension benefits	<u>\$ 15,286</u>	<u>\$ 19,875,535</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, 2015

	Pension Trust Funds	
	Terminated Pension Plan	Money Purchase Pension Plan
Additions		
Employer contributions	\$ —	\$ 913,049
Employee (member) contributions	—	231,333
Investment income (loss)	62	626,500
Non-vested rollover	—	—
Total additions	62	1,770,882
Deductions		
Benefit payments and loan issuance costs	49,404	1,121,238
Trustee fees	2,068	16,754
Forfeitures	—	—
Total deductions	51,472	1,137,922
Change in net position	(51,410)	632,890
Net position, beginning of year	66,696	19,242,645
Net position, end of year	\$ 15,286	\$ 19,875,535

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015, 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, Stormwater Drainage Fund, and Street Improvement Fund. 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 2 pension and 1 terminated 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 cannot 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 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, 2015, ‘final budgeted’ expenditures/expenses exceeded estimated revenues as follows: Accommodation (2%) Tax Special Revenue Fund by \$84,982; Park Bonds Debt Service Fund by \$11,800; Capital Improvements Capital Projects Fund by \$160,000; Stormwater Drainage Capital Project Fund by \$4,183,036; Beach Renourishment Capital Project Fund by \$48,900; Street Improvement Capital Project Fund by \$851,400. 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 \$14.1 million, \$3.9 million, \$2.1 million and \$2.2 million, respectively.

At June 30, 2015, deficit fund balances/net position resulted in the following: Stormwater Drainage Capital Projects Fund by \$5,221,805; Beach Service Enterprise Fund by \$1,631,065, and Insurance Reserves Internal Service Fund by \$5,661,896. 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 position (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 position (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.

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, 2015, 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, 2015, 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, 2015. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

Pensions

The City's employees, with the exception of public safety employees, participate in an IRC Section 401(a) money purchase pension plan. The City's public safety employees participant in a multi-employer, cost sharing pension plan administered by the State of South Carolina. For purposes of measuring the net pension liability, information about deferred outflows of resources and deferred inflows of resources related to public safety pensions, pension expense and the fiduciary net position are determined on the same basis as they are reported by the related plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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, 2015:

General Fund:	
Inventories and prepaid items	\$ 259,296
Total Non-spendable	<u>\$ 259,296</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	\$ 260,450
Public Safety Scholarship	28,758
	<u>289,208</u>
Special Revenue Fund:	
State (2%) Accommodations Tax	29,463
Total restricted by others	<u>\$ 318,671</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	105,244
Total committed by ordinance	<u>\$ 497,744</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	\$ 286,732
Street improvement repairs and underground utilities project	2,967,662
Beach renourishment project	311,817
Park development	253,084
Total assigned by management	<u>\$ 3,819,295</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 licensees). 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 2014 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 17*).

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, 2015, the carrying amount of the City's cash deposits with financial institutions was \$299,532 and the financial institution's balances totaled \$1,213,131. Of this balance, \$1,060,930 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, 2015, 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, 2015, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 5,341,472	0.002	n/a
Certificates of deposit	17,016,900	0.05	n/a
Money Market funds	1,012,566	n/a	Aa1
Mutual funds	18,755,544	n/a	AAA
State of South Carolina Treasurer's Investment Pool	1,604,337	0.5	Unrated
Total carrying value	<u>\$ 43,730,819</u>		

At June 30, 2015, 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, 2015 are as follows:

Cash on hand	\$ 14,329
Carrying amount of cash deposits	299,532
Carrying amount of investments	<u>43,730,819</u>
Total	<u>\$ 44,044,680</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 10,530,438
Equity in pooled cash and cash equivalents	10,176,623
Cash and cash equivalents-restricted	2,404,028
Equity in pooled cash and cash equivalents-restricted	2,134,302
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	28,459
Cash and cash equivalents – Terminated Pension Plan	15,286
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	18,074,577
Money Purchase Retirement Plan #2	<u>680,967</u>
Total	<u>\$ 44,044,680</u>

3. Receivables

Receivables at June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,009,886	\$ —
Franchise fees	740,930	—
Grants – Municipal Association	634,844	—
Street improvement fees	110,415	—
Stormwater fees	73,771	—
Local accommodation and hospitality fees	844,556	—
Water and sewer accounts	—	1,733,996
Solid waste user fees	—	183,650
Aquatic Center	—	17,785
Beach Service	—	21,637
Other	61,883	—
Gross receivables	<u>3,476,285</u>	<u>1,957,068</u>
Less: allowance for uncollectibles	<u>(852,032)</u>	<u>(6,500)</u>
Net total receivables	<u>\$ 2,624,253</u>	<u>\$ 1,950,568</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, 2015, 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	\$ 8,350,820	\$ —	\$ 5,563,614	\$ (2,150,000)
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	(544,060)	—	(2,253,603)
Local Accommodations (1.5%) Tax Fund	—	(557,069)	—	(2,985,676)
Hospitality Fees (1%) Fund	—	(287,487)	—	(2,353,404)
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,500,000	(1,165,490)
Street Improvement Fund	—	—	725,600	—
Beach Renourishment Fund	—	—	26,000	—
Stormwater Drainage Fund	—	(4,949,378)	54,000	—
Park Development Fund	—	—	1,634,990	—
<u>Business-type Activities</u>				
Enterprise Funds:				
Solid Waste Fund	—	—	158,400	—
Beach Services Fund	185,506	(2,198,332)	671,392	—
Aquatic Center Fund	—	—	574,177	—
	<u>\$ 8,536,326</u>	<u>\$ (8,536,326)</u>	<u>\$ 10,908,173</u>	<u>\$ (10,908,173)</u>

Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$2,012,826 and resulted from short-term loans between individual funds. Net transfers of monies equaled \$1,403,969.

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	\$ 329,591	\$ —
Abandoned property	—	4,770
Special Revenue Fund:		
Accommodations (2%) Tax Fund	1,029,237	—
Capital Projects Fund:		
Street Improvement Grant	794,189	—
	<u>\$ 2,153,017</u>	<u>\$ 4,770</u>
<u>Business-type Activities</u>		
Water and Sewer Utility Enterprise Fund grants	<u>\$ 280,059</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, 2015, are as follows:

Governmental Activities:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
<u>Capital assets not being depreciated:</u>					
Land	\$ 15,450,348	\$ —	\$ —	\$ —	\$ 15,450,348
Construction in progress	13,891,608	7,120,286	—	—	21,011,894
Total capital assets not being depreciated	<u>29,341,956</u>	<u>7,120,286</u>	<u>—</u>	<u>—</u>	<u>36,462,242</u>
<u>Capital assets being depreciated:</u>					
Buildings	25,652,728	660,253	—	—	26,312,981
Improvements	22,429,682	284,514	—	—	22,714,196
Machinery and equipment	17,617,366	744,315	(111,987)	—	18,249,694
Infrastructure	56,937,730	1,734,968	—	—	58,672,698
Total capital assets being depreciated	<u>122,637,506</u>	<u>3,424,050</u>	<u>(111,987)</u>	<u>—</u>	<u>125,949,569</u>
<u>Less, accumulated depreciation for:</u>					
Buildings	(8,708,394)	(745,865)	—	—	(9,454,259)
Improvements	(4,327,641)	(908,198)	—	—	(5,235,839)
Machinery and equipment	(13,492,661)	(1,109,410)	111,987	—	(14,490,084)
Infrastructure	(20,678,722)	(1,999,432)	—	—	(22,678,154)
Total accumulated depreciation	<u>(47,207,418)</u>	<u>(4,762,905)</u>	<u>111,987</u>	<u>—</u>	<u>(51,858,336)</u>
Total capital assets being depreciated, net	<u>75,430,088</u>	<u>(1,338,855)</u>	<u>—</u>	<u>—</u>	<u>74,091,233</u>
Net capital assets – Governmental Activities	<u>\$104,772,044</u>	<u>\$ 5,781,431</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$110,553,475</u>

For the year ended June 30, 2015, depreciation expenses charged to Governmental Activities totaled \$4,762,905, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 111,928
Finance	41,914
Information services	85,732
Public safety	676,333
Planning and development	5,715
Public works	2,684,850
Parks and recreation	1,133,571
Support services	22,862
	<u>\$ 4,762,905</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Business-type Activities:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 706,954	\$ —	\$ —	\$ —	\$ 706,954
Construction in progress	464,631	541,502	—	(415,620)	590,513
Total capital assets not being depreciated	<u>1,171,585</u>	<u>541,502</u>	<u>—</u>	<u>(415,620)</u>	<u>1,297,467</u>
Capital assets being depreciated:					
Buildings	11,122,297	52,362	—	—	11,174,659
Water and sewer systems	102,640,260	2,648,817	—	339,067	105,628,144
Improvements	121,465	—	—	—	121,465
Machinery and equipment	13,910,204	551,918	(83,739)	76,553	14,454,936
Total capital assets being depreciated	<u>127,794,226</u>	<u>3,253,097</u>	<u>(83,739)</u>	<u>415,620</u>	<u>131,379,204</u>
Less, accumulated depreciation:					
Buildings	(2,834,833)	(296,413)	—	—	(3,131,246)
Water and sewer systems	(36,191,156)	(1,990,809)	—	—	(38,181,965)
Improvements	(31,622)	(3,380)	—	—	(35,002)
Machinery and equipment	(10,716,123)	(874,080)	60,309	—	(11,529,894)
Total accumulated depreciation	<u>(49,773,734)</u>	<u>(3,164,682)</u>	<u>60,309</u>	<u>—</u>	<u>(52,878,107)</u>
Total capital assets being depreciated, net	<u>78,020,492</u>	<u>88,415</u>	<u>(23,430)</u>	<u>415,620</u>	<u>78,501,097</u>
Net capital assets – Business-type Activities	<u>\$ 79,192,077</u>	<u>\$ 629,917</u>	<u>\$ (23,430)</u>	<u>\$ —</u>	<u>\$ 79,798,564</u>

A summary of Proprietary Fund Type capital assets at June 30, 2015, is as follows:

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Total
Land	\$ 706,954	\$ —	\$ —	\$ —	\$ 706,954
Buildings	747,433	313,200	9,700,878	413,148	11,174,659
Water and sewer systems	105,628,144	—	—	—	105,628,144
Other improvements	—	32,262	89,203	—	121,465
Machinery and equipment	5,734,179	6,379,954	810,867	1,529,936	14,454,936
Construction in progress	590,513	—	—	—	590,513
Totals	<u>113,407,223</u>	<u>6,725,416</u>	<u>10,600,948</u>	<u>1,943,084</u>	<u>132,676,671</u>
Less, accumulated depreciation	<u>(43,373,194)</u>	<u>(5,157,063)</u>	<u>(3,029,568)</u>	<u>(1,318,282)</u>	<u>(52,878,107)</u>
Net capital assets – Proprietary Funds	<u>\$ 70,034,029</u>	<u>\$ 1,568,353</u>	<u>\$ 7,571,380</u>	<u>\$ 624,802</u>	<u>\$ 79,798,564</u>

For the year ended June 30, 2015, depreciation expenses were charged to Business-type activities totaling \$3,164,682 (Water and Sewer Utility \$2,261,325; Solid Waste – \$472,688; Aquatic Center – \$292,458; and Beach Service – \$138,211 respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

Long-term debt, other than pension retirement (see *Note 11*) and post-employment benefits (see *Note 13*), of the City at June 30, 2015, 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%	\$ 2,238,019	April 22, 2019
Parks	9/15/11	3.00%-4.00%	7,955,000	March 1, 2019
Total general obligation bonds			10,193,019	
Less, current portions (payable within one year)			(2,432,876)	
Add, bond premium \$1,496,381 less accumulated amortization of \$701,430			794,951	
			<u>\$ 8,555,094</u>	
<u>Installment notes (lease purchase)</u>				
2013 Motorola Radios	12/1/13	2.89%	\$ 376,696	August 1, 2016
2014 Fire Equipment	5/5/14	3.05%	253,464	August 1, 2016
			630,160	
Less, current portion			(310,493)	
Total installment notes			<u>\$ 319,667</u>	
<u>Accrued Compensated Absences</u>			\$ 1,362,291	
Less, current portions (payable within one year)			—	
			<u>\$ 1,362,291</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 10,237,052</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%	\$ 5,400,000	March 1, 2020
Less, current portions (payable within one year)			(1,071,667)	
			<u>\$ 4,328,333</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 4,625,396	November 13, 2023
Less, current portions (payable within one year)			(439,041)	
			<u>\$ 4,186,355</u>	
<u>Accrued Compensated Absences</u>			\$ 465,021	
Less, current portions (payable within one year)			—	
			<u>\$ 465,021</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 8,979,709</u>	

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, 2015, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/15</u>
Governmental Activities					
<u>General Obligation Bonds:</u>					
Municipal Roads	4/22/09	\$ 2,754,071	\$ —	\$ (516,052)	\$ 2,238,019
Parks	9/15/11	9,795,000	—	(1,840,000)	7,955,000
Total general obligation bonds		<u>\$ 12,549,071</u>	<u>\$ —</u>	<u>\$ (2,356,052)</u>	<u>\$ 10,193,019</u>
<u>Installment Note (Lease Purchase):</u>					
Public Safety (Radios)	12/1/13	\$ 562,427	\$ —	\$ (185,731)	\$ 376,696
Public Safety (Fire Equipment)	5/5/14	383,167	—	(129,703)	253,464
Total installment notes		<u>\$ 945,594</u>	<u>\$ —</u>	<u>\$ (315,434)</u>	<u>\$ 630,160</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 1,265,944</u>	<u>\$ 96,347</u>	<u>\$ —</u>	<u>\$ 1,362,291</u>
Business-type Activities					
<u>Contract Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (<i>see Note 8</i>)	09/18/91	\$ 6,398,333	\$ —	\$ (2,070,000)	\$ 4,328,333
<u>Note Payable:</u>					
Aquatic and fitness center note obligation	11/13/03	\$ 5,048,000	\$ —	\$ (861,645)	\$ 4,186,355
<u>Accrued Compensated Absences:</u>		<u>\$ 428,058</u>	<u>\$ 36,963</u>	<u>\$ —</u>	<u>\$ 465,021</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:						
2016 (Due within one year)	\$ 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	586,709	2,163,200	605,836
	<u>\$ 807,400</u>	<u>\$ 185,325</u>	<u>\$ 7,955,000</u>	<u>\$ 2,238,019</u>	<u>\$ 8,762,400</u>	<u>\$ 2,423,344</u>
Installment Notes		Interest Requirements		Principal Requirements		Total Requirements
Lease Purchase:						
2016 (Due within one year)		\$ 18,618		\$ 310,493		\$ 329,111
2017		9,444		319,667		329,111
		<u>\$ 28,062</u>		<u>\$ 630,160</u>		<u>\$ 658,222</u>
Business-type Activities		Interest Requirements		Principal Requirements		Total Requirements
Contract Payable:						
2016 (Due within one year)		\$ 283,500		\$ 1,071,994		\$ 1,355,167
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		825,000		869,295
		<u>\$ 834,488</u>		<u>\$ 5,400,000</u>		<u>\$ 6,234,488</u>
Note Payable:						
2016 (Due within one year)		\$ 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		595,792		618,965
		<u>\$ 945,321</u>		<u>\$ 4,625,396</u>		<u>\$ 5,570,717</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, 2015, 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, 2015.

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 \$18.9 million.

At year end June 30, 2015, the City maintained the contractual rights (other assets) equaled \$18,930,804 with accumulated amortization expense equaling \$14,774,606, for a net carrying value of \$4,156,198. For 2015, 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, 2015, (\$268,769) 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 2003-04, 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, 2015, maintained the contractual rights (other assets) equal to \$9,004,057 with accumulated amortization expense equaling \$2,588,666, for a net carrying value of \$6,415,391. For 2015, 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, 2015, were as follows:

Utility system impact fees	\$ 1,712,900
Deeded infrastructure	2,223,679
System contributions by developers	82,076
Total capital contributions	<u>\$ 4,018,655</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	\$ 110,553,475	\$ 79,798,564
Less, G.O., revenue bonds, and note payable	<u>(11,618,131)</u>	<u>(4,625,396)</u>
Total net investment in capital assets	<u>\$ 98,935,344</u>	<u>\$ 75,173,168</u>
<u>Restricted:</u>		
Cash, cash equivalents and equity in pooled cash	\$ 318,671	\$ 4,052,145
Other	933,591	266,849
Less, liabilities payable from restricted assets	<u>—</u>	<u>(2,086,121)</u>
	<u>\$ 1,252,262</u>	<u>\$ 2,232,873</u>
Restricted net position:		
Public safety:		
Pensions – employer contribution	\$ 933,571	\$ —
Drug enforcement programs	260,450	—
Scholarships and memorials	28,758	—
Parks and recreation:		
Tourism related	29,463	—
Future capacity of utility	<u>—</u>	<u>2,232,873</u>
Total restricted net position	<u>\$ 1,252,262</u>	<u>\$ 2,232,873</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 participant’s 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, 2015. Investments of the Trust at June 20, 2015, 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, 2015, 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, 2015, the plans' participants equaled 206 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2015, approximated \$10,646,739. The City's total payroll, without adjustment for accruals, was approximately \$17,759,572. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2015, equaled \$899,889 and \$13,160, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2015, equaled \$218,173 and \$13,160 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position
June 30, 2015**

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Assets			
Cash and temporary investments	\$ 18,074,577	\$ 680,967	\$ 18,755,544
Receivables – Participant loans	1,119,991	—	1,119,991
Total assets	<u>\$ 19,194,568</u>	<u>\$ 680,967</u>	<u>\$ 19,875,535</u>
Net Position			
Held in trust for employee's pension benefits	<u>\$ 19,194,568</u>	<u>\$ 680,967</u>	<u>\$ 19,875,535</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, 2015

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Additions			
Employer contributions	\$ 899,889	\$ 13,160	\$ 913,049
Employee (member) contributions	218,173	13,160	231,333
Investment income (loss)	593,936	32,564	626,500
Non-vested rollover	—	—	—
Total additions	<u>1,711,998</u>	<u>58,884</u>	<u>1,770,882</u>
Deductions			
Benefit payments/loan issuance costs	1,114,038	7,200	1,121,238
Trustee fees	16,754	—	16,754
Forfeitures	—	—	—
Total deductions	<u>1,130,792</u>	<u>7,200</u>	<u>1,137,992</u>
Change in net position	581,206	51,684	632,890
Net position, beginning of year	<u>18,613,362</u>	<u>629,283</u>	<u>19,242,645</u>
Net position, end of year	<u>\$ 19,194,568</u>	<u>\$ 680,967</u>	<u>\$ 19,875,535</u>

South Carolina Police Officers Retirement System

A. Plan Description

Beginning July 1, 1995, 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 South Carolina Public Employee Benefit Authority (PEBA). All City police officers, certain other public safety officers, and fire fighters are required to participate in and contribute to the PORS as a condition of employment.

The South Carolina Police Officers Retirement System (PORS) 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. Actuarial determinations are made by the Administrator (PEBA) for the plan.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

B. Benefits

Under current statutes, member employees who retire at age 65 or after 25 years of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 2.14 percent of the employee's highest twelve consecutive quarters of compensation. Member employees who are at least 55 years of age may elect early retirement with reduced benefits. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the Consumer Price Index of at least 3 percent. Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching five years of service. The PORS retirement system also provides death and disability benefits to all member employees.

C. 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 currently required to contribute 8.41% of their earnable compensation to the Plan. For the year ended June 30, 2015, covered employee (gross) wages equaled \$7,112,833, with pensionable wages equaling \$6,961,752. Employee contributions totaled \$583,984 for the year ended June 30, 2015. For the year ended June 30, 2014, covered employee (gross) wages equaled \$6,915,745, with pensionable wages equaling \$6,773,304. Employee contributions totaled \$528,863 for the year ended June 30, 2014. For the year ended June 30, 2013, covered employee (gross) wages equaled \$6,642,671, with pensionable wages equaling \$6,513,521. Employee contributions totaled \$454,618 for the year ended June 30, 2013.

Employers are required to contribute to the Plan at an actuarially determined rate, which for the year ended June 30, 2015 was 13.01%. 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, 2015, 2014 and 2013 were \$933,571, \$866,965, and \$798,388, respectively, and equal to the required contributions for each year.

The City's (employer) contribution for the year ended June 30, 2015 is being reported as part of deferred outflows of resources due to the pension plan's measurement date of June 30, 2014. This amount will be recognized by the City as part of its pension expense in fiscal year 2016.

Payables to PORS

At June 30, 2015 and 2014, the City had employee deductions and employer contributions payable to PEBA totaling \$138,995 and \$122,942, respectively.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

D. Net Pension Liability, Pension Expense, Deferred Outflows/Inflows of Resources

The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, PEBA reported the City's proportionate share of the net pension PORS liability to equal 0.056315%, which totaled \$10,781,098.

For the year ended June 30, 2015, the City recognized pension expense of \$943,212 for its Governmental Activities.

Components of pension expense and changes in the net pension liability for the measurement period (June 30, 2014) follows:

Pension expense:		
Service cost	\$	842,505
Interest on total pension liability		2,353,686
Changes in plan benefits		—
Plan administrative costs		10,252
Plan member contributions		(540,647)
Expected return on plan assets		(1,472,602)
Recognition of deferred outflows – current year amortization		74,611
Recognition of deferred inflows – current year amortization		(311,863)
Other		(12,730)
Total pension expense		943,212
PEBA reported contributions		(887,051)
Balance of deferred items (net of amortization):		
Outflows – Plan performance		289,849
Outflows – Difference in employer contributions		8,595
Inflows – Investment experience		(1,247,452)
Total change in net pension liability	\$	<u>(892,847)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

At June 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources.

As of the measurement date (June 30, 2014), the difference between expected and actual plan performance reported as deferred outflows of resources totaled \$362,311, and is being amortized to pension expense over five years at a rate of \$73,462 per year. At June 30, 2014, the difference between projected and actual investment earnings (experience) reported as deferred inflows of resources totaled \$1,559,315, and is being amortized to pension expense over five years at a rate of \$311,863 per year. At June 30, 2014, the difference between actual employer contributions and the proportionate share of contributions recognized as of the measurement date totaled \$9,342, and is being amortized to pension expense over five years at the rate of \$1,868 per year. The remaining periods of amortization of deferred outflows of resources and deferred inflows of resources follows:

<u>Year ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 74,611	\$ 311,863
2017	74,611	311,863
2018	74,611	311,863
2019	74,611	311,863
	<u>\$ 298,444</u>	<u>\$ 1,247,452</u>

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PORS</u>
Inflation	7.75 percent
Salary	Levels off at 4.0 percent, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA, projected from the year 2000.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study on data through June 30, 2010. The next actuarial experience study is scheduled to be conducted after the June 30, 2015 annual valuation is completed.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust fund assets. As co-fiduciary of the PORS, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Short Term:		
Cash	2.0%	0.01%
Short Duration	3.0%	0.02%
Domestic Fixed Income:		
Core fixed income	7.0%	0.08%
High yield	2.0%	0.07%
Bank loans	4.0%	0.11%
Global Fixed Income:		
Global fixed income	3.0%	0.02%
Emerging markets debt	6.0%	0.25%
Global Public Equity	31.0%	2.42%
Global Tactical Asset Allocation	10.0%	0.51%
Alternatives:		
Hedge Funds (Low Beta)	8.0%	0.32%
Private Debt	7.0%	0.71%
Private Equity	9.0%	0.92%
Real Estate (Broad Market)	5.0%	0.29%
Commodities	3.0%	0.15%
Total expected real return	100.0%	5.88%
Inflation for actuarial purposes		2.75%
Total expected nominal return		8.63%

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2014, was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Sensitivity Analysis

The following presents the City’s proportionate share of the net pension liability calculated using the current discount rate of 7.50 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	PORS		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate	<u>\$ 15,066,412</u>	<u>\$ 10,781,098</u>	<u>\$ 7,235,497</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PEBA financial report. A comprehensive annual financial report containing financial statements and required supplementary information for the PORS, which is issued and publicly available on the website www.retirement.sc.gov, or a copy may be obtained by submitting in writing a request to the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

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

Prior to FY 1995, 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. Those employees who had retired under the terminated plan, or vested employees who had left the City employ prior to plan termination, received a comparable level of benefits as defined by the plan and trust agreement, or a negotiated settlement.

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 subsequently participate in the City’s Money Purchase Retirement Plans with all applicable net position of the terminated plan being transferred accordingly.

The trust created under the terminated plan (previously maintained by a third-party trustee) consisted of all assets of the plan, plus any income (loss) thereon, less expenses and distribution to participants and beneficiaries. At June 30, 2015, net position held for pension benefits equaled \$15,286. Five (5) remaining retirees/beneficiaries are covered under this plan.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

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

The plan does not issue separate stand alone financial statements and is not included in the financial statements of another activity.

In FY 2015, the City assumed responsibility for all remaining assets and net position held for benefits. The City also commissioned an actuarial study to determine any net pension liability.

At June 30, 2015, the City reported in the Governmental Activities an actuarially determined net pension liability of \$512,570 for the terminated plan. Expected changes in the terminated plan liability follows:

Net pension liability, beginning of year	\$	521,239
Expected benefit payments		(48,913)
Expected contribution made from trust		48,913
Interest and mortality changes		(9,669)
Net pension liability, end of year	\$	<u>512,570</u>

Actuarial Assumptions

The City plans to pay unfunded plan benefits on a ‘pay-as-you-go’ basis annually. Assumption and methods used in the actuarial valuation are as follows:

Actuarial cost method:	Entry age normal
Amortization method:	N/A
Discount rate/Interest rate:	7.00%
Mortality:	RP 2014 Blue Collar Mortality

At June 30, 2015, the City maintained an accounts payable to the terminated plan trust of \$4,117 from current available financial resources.

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, 2015, were \$384,905.

Effective July 1, 2014, 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. 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 to the City's departments and all excess reserves are maintained in the Insurance Reserve Internal Service Fund.

Effective January 1, 2014, the City began 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. Hewitt Coleman is the claims handler for the City. Premiums paid to Arthur J. Gallagher Risk Management Services, Inc. for administration and excess coverage were \$146,320 for the year ended June 30, 2015.

Changes in the aggregate liability are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Unpaid claims at beginning of year	\$ (186,231)	\$ (86,350)	\$ (165,179)
Incurred claims for current and prior year events where the City has retained risk of loss	5,262,703	5,013,401	2,793,967
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(5,243,551)</u>	<u>(5,113,282)</u>	<u>(2,715,138)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (167,079)</u>	<u>\$ (186,231)</u>	<u>\$ (86,350)</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 \$7,344 for the retiree and \$4,530 for the spouse for the year ended June 30, 2015. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$4,530, 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, 2015, the City had 47 retired employees who are covered under this plan, with an average age of 62 years, and monthly premium costs averaging \$438 per participant. Total expenses incurred for this program and paid by the City for the year ended June 30, 2015 were \$233,126 or approximately 23% of the annual required contribution (ARC). For the prior years 2014 and 2013, expenses incurred equaled \$211,377 and \$199,055, respectively, or 21% and 19%, 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 2014 and 2013, annual other post-employment benefit (OPEB) costs totaled \$949,488 and \$864,200, respectively. The City’s OPEB costs for the current year 2015 totaled \$949,488 with net obligation (liability) equaling \$6,405,810 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>(58,734)</u>
Annual other post-employment benefit (OPEB) cost	1,182,614
Contributions made by City	<u>(233,126)</u>
Increase in net other post-employment benefit (OPEB) obligation	949,488
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>5,456,322</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 6,405,810</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 \$17,759,572 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 63 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, 2014 (for the fiscal year June 30, 2015), 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 2015, 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, 2014, 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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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	\$ 162,411,811
Less, accumulated depreciation	(51,858,336)
Net amount reported	<u>\$ 110,553,475</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	\$ 719,280
Restricted cash and cash equivalents	203,133
Claim deposits	7,100
Claim liabilities and payables	(341,969)
Other post-employment benefits payable (OPEB)	(5,059,309)
Net amount reported	<u>\$ (4,471,765)</u>
<i>Deferred out flows related to pensions are not due and payable in the current period, nor included in the net pension liability, therefore are not reported in the fund financial statements:</i>	
Net amount reported	<u>\$ 1,290,381</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	\$ (138,612)
General obligation bonds and notes payable	(11,618,131)
Accrued compensated absences	(1,362,291)
Net pension liabilities	(11,293,668)
Net amount reported	<u>\$ (24,412,702)</u>
<i>Deferred inflows related to pensions are not financial resources and therefore are not reported in the fund financial statements.</i>	
Net amount reported	<u>\$ (1,249,320)</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	\$ 10,544,336
Depreciation expense	<u>(4,762,905)</u>
Net amount reported	<u>\$ 5,781,431</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	\$ 3,720,717
Insurance claims paid and reserves	<u>(4,668,397)</u>
Additional allocations	<u>621,197</u>
Net amount reported	<u>\$ (326,483)</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 and amortization of bond premium	\$ 198,631
Accrued compensated absences expense	<u>(96,347)</u>
Pension expense, net	<u>75,612</u>
Net amount reported	<u>\$ 177,896</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	\$ 2,671,486
Net amount reported	<u>\$ 2,671,486</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	\$ 191,431
Restricted cash and cash equivalents	54,063
Claim deposits	1,890
Claim liabilities and payables	(91,014)
Other post-employment benefits payable (OPEB)	(1,190,131)
Net amount reported	<u>\$ (1,190,131)</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	\$ 990,244
Insurance claims paid and reserves	(1,242,463)
Additional allocations	(621,197)
Net amount reported	<u>\$ (873,416)</u>

16. Subsequent Events

Management has evaluated subsequent events which may require disclosure through December 9, 2015.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

17. Restatement for Accounting Principle Change

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement required the reporting of actuarial determined liabilities for its defined benefit pension plans and resulted in the following retroactive restatement:

	Governmental Activities
Net position previously reported at June 30, 2014	\$ 97,795,938
Recorded net pension liabilities and related deferred outflows and inflows of resources	<u>(11,328,219)</u>
Net position, as restated, June 30, 2014	<u>\$ 86,467,719</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2015

(With comparative actual amounts for June 30, 2014)

	2015		Actual	Variance Positive (Neg.)	2014
	Budget				Actual
	Original	Final			Actual
Revenue					
Current property taxes	\$ 12,000,000	\$ 12,000,000	\$ 11,995,655	\$ (4,345)	\$ 11,570,788
Delinquent property taxes and penalties	395,000	395,000	157,204	(237,796)	387,118
Licenses and permits	8,197,000	8,197,000	8,333,737	136,737	8,111,216
Fines and forfeitures	365,000	365,000	338,717	(26,283)	377,226
Use of money and property	185,000	185,000	203,198	18,198	150,358
Unrestricted intergovernmental	923,800	923,800	1,127,271	203,471	991,176
Restricted intergovernmental	141,000	141,000	41,960	(99,040)	54,596
Sales and service charges	872,500	872,500	1,222,773	350,273	846,780
Miscellaneous	40,000	40,000	45,395	5,395	42,190
Total revenue	23,119,300	23,119,300	23,465,910	346,610	22,531,448
Expenditures					
General Government Administration					
General services	741,420	741,420	785,912	(44,492)	714,905
Legislative	156,564	156,564	163,359	(6,795)	158,962
Administrative	178,635	178,635	142,743	35,892	146,173
City Court	487,599	487,599	477,296	10,303	424,947
Legal	208,579	208,579	301,039	(92,460)	251,493
Human resources	415,512	415,512	454,614	(39,102)	468,416
Total	2,188,309	2,188,309	2,324,963	(136,654)	2,164,896
Less, capital outlay	(23,000)	(23,000)	(25,642)	(2,642)	(52,621)
Net general government administration	2,165,309	2,165,309	2,299,321	134,012	2,112,275
Finance					
Accounting	303,507	303,507	302,378	1,129	319,231
Revenue	491,278	491,278	515,281	(24,003)	456,763
Total	794,785	794,785	817,659	(22,874)	775,994
Less, capital outlay	(25,000)	(25,000)	(29,975)	(4,975)	—
Net finance	769,785	769,785	787,684	(17,899)	775,994
Information Services					
Total	585,790	585,790	571,526	14,264	554,327
Less, capital outlay	(104,100)	(104,100)	(31,423)	72,677	(36,858)
Net information services	481,690	481,690	540,103	(58,413)	517,469
Public Safety					
Administrative	450,880	450,880	502,749	(51,869)	443,077
Uniform patrol	4,894,671	4,894,671	5,065,452	(170,781)	4,909,694
Community services	846,227	846,227	826,343	19,884	801,308
Detectives	1,028,218	1,028,218	1,004,954	23,264	939,683
Communications/Detention	1,135,124	1,135,124	1,237,447	(102,323)	1,099,940
Records	282,225	282,225	271,830	10,395	262,718
Victim's assistance	83,552	83,552	77,103	6,449	73,467
Police training	284,826	284,826	323,998	(39,172)	260,136
Fire suppression	3,811,051	3,811,051	3,746,899	64,152	4,011,398
Fire prevention	329,817	329,817	279,892	49,925	324,291
Total	13,146,591	13,146,591	13,336,667	(190,076)	13,125,712
Less, capital outlay	(692,245)	(692,245)	(391,454)	300,791	(714,082)
Net public safety	12,454,346	12,454,346	12,945,213	(490,867)	12,411,630

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2015			Variance Positive (Neg.)	2014
	Budget		Actual		Actual
	Original	Final			
Expenditures (Continued)					
Planning/Development					
Planning/zoning administration	963,660	963,660	917,736	45,924	823,932
Code enforcement-building	727,050	727,050	741,537	(14,487)	664,239
Total	1,690,710	1,690,710	1,659,273	31,437	1,488,171
Less, capital outlay	(25,000)	(25,000)	(37,311)	(9,311)	—
Net planning/development	1,665,710	1,665,710	1,621,962	(40,748)	1,488,171
Public Works					
Streets/drainage	2,280,323	2,280,323	2,266,089	14,234	2,000,597
Less, capital outlay	(140,000)	(140,000)	(61,772)	78,228	(23,038)
Net public works	2,140,323	2,140,323	2,204,317	(63,994)	1,977,559
Parks and Recreation					
Recreation administration	310,853	310,853	358,114	(47,261)	345,863
Athletics	689,217	689,217	808,437	(119,220)	566,137
Programs	909,688	909,688	748,189	161,499	745,003
Parks and grounds	1,855,067	1,855,067	1,983,200	(128,133)	1,535,873
Sports park	169,496	169,496	226,732	(57,236)	152,205
Total	3,934,321	3,934,321	4,124,672	(190,651)	3,345,081
Less, capital outlay	(54,000)	(54,000)	(115,026)	(610,026)	(58,283)
Net parks and recreation	3,880,321	3,880,321	4,009,646	(129,325)	3,286,798
Support Services					
Purchasing	124,085	124,085	128,872	(4,787)	129,307
Fleet maintenance	284,042	284,042	302,361	(18,319)	268,204
Custodial services	525,476	525,476	616,132	(90,656)	649,972
Total	933,603	933,603	1,047,365	(113,762)	1,047,483
Less, capital outlay	(64,000)	(64,000)	(77,765)	(13,765)	(6,821)
Net support services	869,603	869,603	969,600	(99,997)	1,040,662
Debt Service					
Principal retirement	516,053	516,053	827,790	(311,737)	499,980
Interest and fiscal charges	89,783	89,783	103,673	(13,890)	105,856
Agent fees	277,578	277,578	606	276,972	57
Total debt service	883,414	883,414	932,069	(48,655)	605,893
Capital Outlay	1,130,345	1,130,345	770,368	359,977	891,703
Total expenditures	26,437,846	26,437,846	27,080,283	(642,437)	25,108,154
Excess (deficiency) of revenue over (under) expenditures	(3,318,546)	(3,318,546)	(3,614,373)	(295,827)	(2,576,706)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2015			Variance Positive (Neg.)	2014
	Budget		Actual		Actual
	Original	Final			
Other Financing Sources (Uses)					
Installment Note Obligation	—	—	—	—	383,167
Transfers in:					
From Accommodations (2%) Tax Fund	1,218,636	1,218,636	1,218,636	—	920,503
From Local (1.5%) Accommodations Tax Fund	1,975,000	1,975,000	1,991,574	16,574	1,869,347
From Local (1%) Hospitality Fee Fund	2,275,000	2,275,000	2,353,404	78,404	2,172,640
Total transfers in	5,468,636	5,468,636	5,563,614	94,978	4,962,490
Transfers (out):					
To Park Improvement Fund	—	—	—	—	(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)	(2,150,000)	—	(2,900,000)
Total other financing sources (uses)	3,318,636	3,318,636	3,413,614	94,978	2,445,657
Net change in fund balance	90	90	(200,759)	(200,849)	(131,049)
Fund balance, beginning of year	11,836,833	11,836,833	11,836,833	—	11,967,882
Fund balance, end of year	\$ 11,836,923	\$ 11,836,923	\$ 11,636,074	\$ (200,849)	\$ 11,836,833

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, 2015

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage
		Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)			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%
7/01/14	—	\$11,180,322	\$11,180,322	0%	\$17,759,572	62.9%

Note: The City obtains annual valuations for use in the next fiscal year's budget. The next scheduled valuation date is July 1, 2015, for fiscal year 2015-16.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 POLICE OFFICERS RETIREMENT SYSTEM (PORS)
 LAST TEN FISCAL YEARS^{*(1)}

	<u>2015</u>	<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>
City' s proportion of the net pension liability	N/A	.056315%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City' s proportion share of the net pension liability	N/A	\$ 10,781,098	\$ 11,673,945	N/A						
City' s covered-employee payroll \$	7,112,833	\$ 6,915,745	\$ 6,642,671	N/A						
City' s proportion share of the net pension liability as a percentage of its covered-employee payroll	N/A	155.9%	175.7%	N/A						
Plan fiduciary net position as a percentage of the total pension liability	N/A	67.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*The amounts presented for each fiscal year determined as of the measurement year that occurred within the fiscal year.

⁽¹⁾ Because prior year data is unavailable, the City has elected to present information prospectively.

N/A - Not available

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S CONTRIBUTIONS
 POLICE OFFICERS RETIREMENT SYSTEM (PORS)
 LAST TEN FISCAL YEARS⁽¹⁾

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contributions	\$ 933,571	\$ 866,965	\$ 798,388	N/A						
Contributions in relation to the contractually required contributions	\$ 933,571	\$ 866,965	\$ 798,388	N/A						
Contribution deficiency (excess)	\$ —	\$ —	\$ —	N/A						
City's pensionable wages	\$ 6,961,752	\$ 6,773,304	\$ 6,513,521	N/A						
Contributions as a percentage of pensionable wages	13.4%	12.8%	12.3%	N/A						

⁽¹⁾ Because prior year data is unavailable, the City has elected to present information prospectively.
 N/A – Not available

Notes to pension required supplementary information

Changes in benefit terms: None.
 Changes in assumption: None.

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, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 68	\$ 105,244	\$ 987,547	\$ 1,092,859
Receivables, net	844,556	—	1,131	845,687
Due from other governments	1,029,237	—	—	1,029,237
Total assets	\$ 1,873,861	\$ 105,244	\$ 988,678	\$ 2,967,783
Liabilities and Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 455,782	\$ —	\$ 127,045	\$ 582,827
Security deposit	—	—	10,000	10,000
Due to other funds	1,388,616	—	—	1,388,616
Total liabilities	1,844,398	—	137,045	1,981,443
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	29,463	—	—	29,463
Committed by ordinance	—	105,244	—	105,244
Assigned by management	—	—	851,633	851,633
Unassigned	—	—	—	—
Total fund balances	29,463	105,244	851,633	986,340
Total liabilities and fund balances	\$ 1,873,861	\$ 105,244	\$ 988,678	\$ 2,967,783

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, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Revenue				
Property taxes	\$ —	\$ 2,271,084	\$ —	\$ 2,271,084
Use of money and property	16	—	39,452	39,468
Restricted intergovernmental	8,711,741	—	—	8,711,741
Sales and service charges	—	—	16,490	16,490
Miscellaneous	—	—	324,570	324,570
Total revenue	<u>8,711,757</u>	<u>2,271,084</u>	<u>380,512</u>	<u>11,363,353</u>
Expenditures				
Current:				
Public works	—	—	68,696	68,696
Parks and recreation	1,521,070	—	—	1,521,070
Debt Service	—	2,231,800	—	2,231,800
Capital outlay	—	—	1,778,789	1,778,789
Total expenditures	<u>1,521,070</u>	<u>2,231,800</u>	<u>1,847,485</u>	<u>5,600,355</u>
Excess (deficiency) of revenue over (under) expenditures	<u>7,190,687</u>	<u>39,284</u>	<u>(1,466,973)</u>	<u>5,762,998</u>
Other Financing Sources (Uses)				
Transfers in	—	—	3,160,990	3,160,990
Transfers (out)	(7,592,683)	—	(1,165,490)	(8,758,173)
Total other financing sources (uses)	<u>(7,592,683)</u>	<u>—</u>	<u>1,995,500</u>	<u>(5,597,183)</u>
Net change in fund balances	(401,996)	39,284	528,527	165,815
Fund balances, beginning of year	431,459	65,960	323,106	820,525
Fund balances, end of year	<u>\$ 29,463</u>	<u>\$ 105,244</u>	<u>\$ 851,633</u>	<u>\$ 986,340</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, 2015

(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 1,068,673	\$ 2,067,459
Equity in pooled cash and cash equivalents	1,238,446	4,148,786
Deposits held by others	2,601	2,378
Receivables:		
Property taxes	1,009,886	953,337
Less, allowance for doubtful accounts	(851,533)	(845,137)
Franchise fees	740,930	766,683
Grants – Municipal Association	634,844	596,935
Other receivables	60,753	34,600
Due from other governments:		
State of South Carolina	329,591	191,758
Due from other funds:		
Accommodations (2%) Tax Fund	544,060	135,013
Stormwater Fund	4,949,378	1,372,348
Local Accommodations (1.5%) Tax Fund	371,563	350,101
Hospitality (1.0%) Fees Fund	287,487	265,945
Park Improvement Fund	—	315,692
Aquatic Center Fund	—	23,299
Beach Service Fund	2,198,332	2,670,018
Inventories and prepaid items	259,296	278,806
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	190,396	259,796
Drug enforcement account	260,451	265,178
Police seizures held	51,679	50,846
Public safety scholarship fund	26,463	34,432
Total assets	<u>\$ 13,373,296</u>	<u>\$ 13,890,850</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

— CONTINUED —

	<u>2015</u>	<u>2014</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 598,349	\$ 713,348
Accrued payroll and withholdings payable	757,670	624,148
Due to other governments:		
State of SC – abandoned property	4,770	10,672
Deposits and Performance bonds	134,263	397,038
Payable from restricted assets:		
Bail bonds	190,491	257,965
Police seizures held	51,679	50,846
Total liabilities	<u>1,737,222</u>	<u>2,054,017</u>
Fund Balance:		
Non-spendable	259,296	278,806
Restricted by others	289,208	311,946
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	<u>10,695,070</u>	<u>10,853,581</u>
Total fund balance	<u>11,636,074</u>	<u>11,836,833</u>
Total liabilities and fund balance	<u>\$ 13,373,296</u>	<u>\$ 13,890,850</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, 2015
(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Current property taxes	\$ 12,000,000	\$ 11,995,655	\$ (4,345)	\$ 11,570,788
Delinquent property taxes:				
Real and personal property	275,000	69,129	(205,871)	270,410
Penalties	120,000	88,075	(31,925)	116,708
	<u>395,000</u>	<u>157,204</u>	<u>(237,796)</u>	<u>387,118</u>
Licenses and permits:				
Business licenses	5,425,000	5,598,767	173,767	5,282,078
Business license penalties	50,000	31,460	(18,540)	36,768
Building permits	600,000	503,844	(96,156)	675,112
Inspection fees	4,000	4,545	545	4,220
Other permits	10,000	25,648	15,648	14,280
Tree bank	—	2,000	2,000	1,200
Franchise fee – electricity	1,490,000	1,521,903	31,903	1,479,391
Franchise fee – cable TV	500,000	511,639	11,639	486,800
Franchise fee – telephone	48,000	40,844	(7,156)	50,417
Franchise fee – gas	70,000	93,087	23,087	80,950
	<u>8,197,000</u>	<u>8,333,737</u>	<u>136,737</u>	<u>8,111,216</u>
Fines and forfeitures:				
Fines	650,000	659,114	9,114	705,623
Seizures	5,000	—	(5,000)	32,331
Improper parking	10,000	4,828	(5,172)	3,535
Victim's assistance	60,000	47,428	(12,572)	52,720
Bail Bondsman Fee	—	2,144	2,144	—
Less, remittances to State Treasurer	(360,000)	(374,797)	(14,797)	(416,983)
	<u>365,000</u>	<u>338,717</u>	<u>(26,283)</u>	<u>377,226</u>
Use of money and property:				
Interest on investments	10,000	—	(10,000)	1,332
Property rental	175,000	198,037	23,037	144,655
Purchasing card rebate	—	5,161	5,161	4,371
	<u>185,000</u>	<u>203,198</u>	<u>18,198</u>	<u>150,358</u>
Unrestricted intergovernmental:				
Local government	257,200	399,349	142,149	296,664
Homestead exemption tax	150,000	165,433	15,433	152,488
Business inventory tax	36,600	36,644	44	36,641
Accommodations tax	210,000	202,508	(7,492)	185,835
Admissions tax	92,000	91,801	(199)	109,663
Motor carrier tax	18,000	21,286	3,286	21,285
Alcoholic beverage permit fees	160,000	210,250	50,250	188,600
	<u>923,800</u>	<u>1,127,271</u>	<u>203,471</u>	<u>991,176</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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue (Continued)				
Restricted intergovernmental:				
Federal FEMA	100,000	—	(100,000)	—
Federal BJA - BVP	—	—	—	12,636
Federal Homeland security/DOJ grants	—	—	—	—
State PRT/misc. grants	—	—	—	—
Horry County recreation	41,000	41,960	960	41,960
	<u>141,000</u>	<u>41,960</u>	<u>(99,040)</u>	<u>54,596</u>
Sales and service charges:				
City codes and ordinances	10,000	8,678	(1,322)	10,883
Fire protection – contracts	110,000	108,556	(1,444)	112,752
Street work	4,000	4,473	473	6,834
Beach services franchise	95,000	101,250	6,250	90,000
Recreation fees	85,000	161,154	76,154	125,063
GIS Data	1,500	—	(1,500)	—
NMB Park sponsorships, rentals and concessions, net	510,000	567,385	57,385	335,379
Credit Card service charge	7,000	6,666	(334)	7,042
Memorial	10,000	—	(10,000)	10,000
Miscellaneous	40,000	264,611	224,611	148,827
	<u>872,500</u>	<u>1,222,773</u>	<u>350,273</u>	<u>846,780</u>
Miscellaneous:				
Insurance reimbursements	40,000	21,164	(18,836)	21,019
Grants from private entities	—	24,203	24,203	15,843
Mayfest sponsorship	—	—	—	750
PS Scholarship Fund donation	—	28	28	85
Other	—	—	—	4,493
	<u>40,000</u>	<u>45,395</u>	<u>5,395</u>	<u>42,190</u>
Total revenue	<u>23,119,300</u>	<u>23,465,910</u>	<u>346,610</u>	<u>22,531,448</u>
Expenditures				
General Government Administration				
General Services:				
Personal services	256,000	259,353	(3,353)	225,106
Operating expenditures	1,117,000	1,169,578	(52,578)	1,022,100
Capital expenditures	—	—	—	52,621
Less, overhead allocation – utility	(631,580)	(643,019)	(11,439)	(584,922)
	<u>741,420</u>	<u>785,912</u>	<u>(44,492)</u>	<u>714,905</u>
Legislative:				
Personal services	270,908	261,119	9,789	269,073
Operating expenditures	42,400	65,599	(23,199)	48,852
Less, overhead allocation – utility	(156,654)	(163,359)	(6,705)	(158,963)
	<u>156,564</u>	<u>163,359</u>	<u>(6,705)</u>	<u>158,962</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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Expenditures (Continued)				
General Government Administration (Cont.)				
Administrative:				
Personal services	265,519	251,352	14,167	239,523
Operating expenditures	91,750	34,134	57,616	52,823
Less, overhead allocation – utility	(178,634)	(142,743)	(35,891)	(146,173)
	<u>178,635</u>	<u>142,743</u>	<u>35,892</u>	<u>146,173</u>
City Court:				
Personal services	410,124	417,624	(7,500)	394,994
Operating expenditures	54,475	34,030	20,445	29,953
Capital expenditures	23,000	25,642	(2,642)	—
	<u>487,599</u>	<u>477,296</u>	<u>10,303</u>	<u>424,947</u>
Legal:				
Personal services	212,934	230,474	(17,540)	222,190
Operating expenditures	204,225	371,603	(167,378)	280,856
Less, overhead allocation – utility	(208,580)	(301,038)	92,458	(251,553)
	<u>208,579</u>	<u>301,039</u>	<u>(92,460)</u>	<u>251,493</u>
Human resources:				
Personal services	730,062	750,760	(20,698)	724,882
Operating expenditures	69,000	107,002	(38,002)	82,732
Less, overhead allocation – utility	(383,550)	(403,148)	19,598	(339,198)
	<u>415,512</u>	<u>454,614</u>	<u>39,102</u>	<u>468,416</u>
Total general government administration	2,188,309	2,324,963	(136,654)	2,164,896
Less, total capital outlay	(23,000)	(25,642)	(2,642)	(52,621)
Net general government administration	<u>2,165,309</u>	<u>2,299,321</u>	<u>134,012</u>	<u>2,112,275</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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Expenditures (Continued)				
Finance				
Accounting:				
Personal services	651,139	626,734	24,405	602,171
Operating expenditures	169,150	148,595	20,555	123,354
Less, overhead allocation – utility	(516,782)	(472,951)	(43,831)	(406,294)
	<u>303,507</u>	<u>302,378</u>	<u>1,129</u>	<u>319,231</u>
Revenue:				
Personal services	429,813	432,925	(3,112)	408,775
Operating expenditures	36,465	52,381	(15,916)	47,988
Capital expenditures	25,000	29,975	(4,975)	—
	<u>491,278</u>	<u>515,281</u>	<u>(24,003)</u>	<u>456,763</u>
Total finance	794,785	817,659	(22,874)	775,994
Less, total capital outlay	(25,000)	(29,975)	(4,975)	—
Net finance	<u>769,785</u>	<u>787,684</u>	<u>(17,899)</u>	<u>775,994</u>
Information Services				
Personal services	650,545	669,930	(19,386)	636,627
Operating services	255,337	378,216	(122,879)	266,052
Capital expenditures	104,100	31,423	72,677	36,858
Less, overhead allocation – utility	(424,192)	(508,043)	83,851	(385,210)
	<u>585,790</u>	<u>571,526</u>	<u>14,264</u>	<u>554,327</u>
Total information services	585,790	571,526	14,264	554,327
Less, total capital outlay	(104,100)	(31,423)	72,677	(36,858)
Net information services	<u>481,690</u>	<u>540,103</u>	<u>(58,413)</u>	<u>517,469</u>
Public Safety				
Administrative:				
Personal services	433,105	457,543	(24,438)	373,188
Operating expenditures	17,775	45,206	(27,431)	36,174
Capital expenditures	—	—	—	33,715
	<u>450,880</u>	<u>502,749</u>	<u>(51,869)</u>	<u>443,077</u>
Uniform patrol:				
Personal services	3,986,521	4,069,196	(82,675)	3,875,337
Operating expenditures	453,150	764,261	(311,111)	765,645
Capital expenditures	455,000	231,995	223,005	268,712
	<u>4,894,671</u>	<u>5,065,452</u>	<u>(170,781)</u>	<u>4,909,694</u>
Community services:				
Personal services	617,302	612,007	5,295	593,052
Operating expenditures	196,425	197,644	(1,219)	208,256
Capital expenditures	32,500	16,692	15,808	—
	<u>846,227</u>	<u>826,343</u>	<u>19,884</u>	<u>801,308</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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Expenditures (Continued)				
Public Safety (Cont.)				
Detectives:				
Personal services	930,262	876,155	54,107	815,529
Operating expenditures	92,956	112,500	(19,544)	113,280
Capital expenditures	5,000	16,299	(11,299)	10,874
	<u>1,028,218</u>	<u>1,004,954</u>	<u>23,264</u>	<u>939,683</u>
Communications/Detention:				
Personal services	1,099,027	1,100,134	(1,107)	1,043,142
Operating expenditures	134,803	244,917	(110,114)	152,445
Less, overhead allocation – utility	(98,706)	(107,604)	8,898	(95,647)
	<u>1,135,124</u>	<u>1,237,447</u>	<u>(102,323)</u>	<u>1,099,940</u>
Records:				
Personal services	231,561	233,226	(1,665)	221,850
Operating expenditures	50,664	38,604	12,060	40,868
	<u>282,225</u>	<u>271,830</u>	<u>10,395</u>	<u>262,718</u>
Victim's Assistance:				
Personal services	75,402	73,452	1,950	69,404
Operating expenditures	8,150	3,651	4,499	4,063
	<u>83,552</u>	<u>77,103</u>	<u>6,449</u>	<u>73,467</u>
Police Training:				
Personal services	225,866	256,775	(30,909)	234,912
Operating expenditures	16,680	19,538	(2,858)	25,224
Capital expenditures	42,280	47,685	(5,405)	—
	<u>284,826</u>	<u>323,998</u>	<u>(39,172)</u>	<u>260,136</u>
Fire Suppression/Rescue:				
Personal services	3,283,771	3,222,650	61,121	3,228,328
Operating expenditures	369,815	445,466	(75,651)	382,289
Capital expenditures	157,465	78,783	78,682	400,781
	<u>3,811,051</u>	<u>3,746,899</u>	<u>64,152</u>	<u>4,011,398</u>
Fire Prevention/Inspection:				
Personal services	308,247	263,754	44,493	305,934
Operating expenditures	21,570	16,138	5,432	18,357
	<u>329,817</u>	<u>279,892</u>	<u>49,925</u>	<u>324,291</u>
Total Public Safety	13,146,591	13,336,667	(190,076)	13,125,712
Less, total capital outlay	(692,245)	(391,454)	300,791	(714,082)
Net public safety	<u>12,454,346</u>	<u>12,945,213</u>	<u>(490,867)</u>	<u>12,411,630</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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Expenditures (Continued)				
Planning/Development				
Planning/Zoning Administration:				
Personal services	818,860	803,530	15,330	793,561
Operating expenditures	116,800	76,895	39,905	30,371
Capital expenditures	28,000	37,311	(9,311)	—
	<u>963,660</u>	<u>917,736</u>	<u>45,924</u>	<u>823,932</u>
Building:				
Personal services	686,066	698,485	(12,419)	654,980
Operating expenditures	79,250	82,080	(2,830)	44,219
Less, overhead allocation – utility	(38,266)	(39,028)	762	(34,960)
	<u>727,050</u>	<u>741,537</u>	<u>(14,487)</u>	<u>664,239</u>
Total Planning/Development	1,690,710	1,659,273	31,437	1,488,171
Less, total capital outlay	(28,000)	(37,311)	(9,311)	—
Net planning/development	<u>1,662,710</u>	<u>1,621,962</u>	<u>(40,748)</u>	<u>1,488,171</u>
Public Works				
Streets/Drainage:				
Personal services	1,292,192	1,283,749	8,443	1,228,956
Operating expenditures	1,101,500	1,245,620	(144,120)	970,891
Capital expenditures	140,000	61,771	78,229	23,038
Less, overhead allocation – utility	(253,369)	(325,051)	71,682	(222,288)
	<u>2,280,323</u>	<u>2,266,089</u>	<u>14,234</u>	<u>2,000,597</u>
Total Public Works	2,280,323	2,266,089	14,234	2,000,597
Less, total capital outlay	(140,000)	(61,772)	78,228	(23,038)
Net public works	<u>2,140,323</u>	<u>2,204,317</u>	<u>(63,994)</u>	<u>1,977,559</u>
Parks and Recreation				
Recreation Administration:				
Personal services	359,910	364,191	(4,281)	369,167
Operating expenditures	84,166	105,127	(20,961)	91,984
Capital expenditures	—	7,441	(7,441)	—
Less, overhead allocation – utility	(133,223)	(118,645)	14,578	(115,288)
	<u>310,853</u>	<u>358,114</u>	<u>(47,261)</u>	<u>345,863</u>
Athletics:				
Personal services	318,367	423,423	(105,056)	260,440
Operating expenditures	350,850	360,744	(9,894)	253,280
Capital expenditures	20,000	24,270	(4,270)	52,417
	<u>689,217</u>	<u>808,437</u>	<u>(119,220)</u>	<u>566,137</u>
Programs:				
Personal services	292,290	230,613	61,677	251,300
Operating expenditures	617,398	517,576	99,822	493,703
	<u>909,688</u>	<u>748,189</u>	<u>161,499</u>	<u>745,003</u>
Parks and Grounds:				
Personal services	1,073,509	1,212,650	(139,141)	991,443
Operating expenditures	747,558	679,794	67,764	538,564
Capital expenditures	34,000	90,756	(56,756)	5,866
	<u>1,855,067</u>	<u>1,983,200</u>	<u>(128,133)</u>	<u>1,535,873</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	
	Budget	Actual	Variance Positive (Neg.)	Actual
Expenditures (Continued)				
Parks and Recreation (continued)				
Sports Park:				
Personal services	78,593	86,952	(8,359)	49,058
Operating expenditures	90,903	139,780	(48,877)	103,147
	<u>169,496</u>	<u>226,732</u>	<u>(57,236)</u>	<u>152,205</u>
Total Parks and Recreation	3,934,321	4,124,672	(190,351)	3,345,081
Less, total capital outlay	(54,000)	(115,026)	(610,026)	(58,283)
Net parks and recreation	<u>3,880,321</u>	<u>4,009,646</u>	<u>(129,325)</u>	<u>3,286,798</u>
Support Services				
Purchasing:				
Personal services	271,692	276,767	(5,075)	260,514
Operating expenditures	23,750	30,070	(6,320)	47,359
Less, overhead allocation – utility	(171,357)	(177,965)	6,608	(178,566)
	<u>124,085</u>	<u>128,872</u>	<u>(4,787)</u>	<u>129,307</u>
Fleet management:				
Personal services	385,854	359,735	26,119	368,326
Operating expenditures	47,550	89,547	(41,997)	71,860
Capital outlay	40,000	54,653	(14,653)	6,821
Less, overhead allocation – utility	(189,362)	(201,574)	12,212	(178,803)
	<u>284,042</u>	<u>302,361</u>	<u>(18,319)</u>	<u>268,204</u>
Custodial Services:				
Personnel services	429,125	439,991	(10,866)	450,822
Operating expenses	355,300	484,793	(129,493)	549,134
Capital expenditures	24,000	23,112	888	—
Less, overhead allocation – utility	(282,949)	(331,764)	48,815	(349,984)
	<u>525,476</u>	<u>616,132</u>	<u>(90,656)</u>	<u>649,972</u>
Total Support Services	933,603	1,047,365	(113,762)	1,047,483
Less, total capital outlay	(64,000)	(77,765)	(13,765)	(6,821)
Net support services	<u>869,603</u>	<u>969,600</u>	<u>(99,997)</u>	<u>1,040,662</u>
Total Departmental Expenditures (net)	<u>24,424,087</u>	<u>25,377,846</u>	<u>(953,759)</u>	<u>23,610,558</u>
Debt Service				
Principal retirement	516,053	827,790	(311,737)	499,980
Interest and fiscal charges	89,783	103,673	(13,890)	105,856
Agent fees	277,578	606	276,972	57
Total debt service	<u>883,414</u>	<u>932,069</u>	<u>(48,655)</u>	<u>605,893</u>
Capital Outlay	<u>1,130,345</u>	<u>770,368</u>	<u>359,977</u>	<u>891,703</u>
Total expenditures	<u>26,437,846</u>	<u>27,080,283</u>	<u>(642,437)</u>	<u>25,108,154</u>
Excess (deficiency) of revenue over (under) expenditures	(3,318,546)	(3,614,373)	(295,827)	(2,576,706)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Other Financing Sources (Uses)				
Installment note obligation	—	—	—	383,167
Transfers in:				
From Accommodations (2%) Tax Fund	1,218,636	1,218,636	—	920,503
From Local (1.5%) Accommodations Tax Fund	1,975,000	1,991,574	16,574	1,869,347
From Local (1%) Hospitality Fee Fund	2,275,000	2,353,404	78,404	2,172,640
Total transfers in:	5,468,636	5,563,614	94,978	4,962,490
Transfers (out):				
To Park Improvement Fund	—	—	—	(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)	(2,150,000)	—	(2,900,000)
Total other financing sources (uses)	3,318,636	3,413,614	94,978	2,445,657
Net change in fund balance	90	(200,759)	(200,849)	(131,049)
Fund balance, beginning of year	11,836,833	11,836,833	—	11,967,882
Fund balance, end of year	\$ 11,836,923	\$ 11,636,074	\$ (200,849)	\$ 11,836,833

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, 2015

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
Assets				
Equity in pooled cash and cash equivalents	\$ —	\$ 15	\$ 53	\$ 68
Receivables, net	—	557,069	287,487	844,556
Due from other governments	1,029,237	—	—	1,029,237
Total assets	\$ 1,029,237	\$ 557,084	\$ 287,540	\$ 1,873,861
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 455,714	\$ 15	\$ 53	\$ 455,782
Due to other funds	544,060	557,069	287,487	1,388,616
Total liabilities	999,774	557,084	287,540	1,844,398
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	29,463	—	—	29,463
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	29,463	—	—	29,463
Total liabilities and fund balances	\$ 1,029,237	\$ 557,084	\$ 287,540	\$ 1,873,861

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2015

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
Revenue				
Use of money and property	\$ 16	\$ —	\$ —	\$ 16
Restricted intergovernmental	3,372,661	2,985,676	2,353,404	8,711,741
Total revenue	<u>3,372,677</u>	<u>2,985,676</u>	<u>2,353,404</u>	<u>8,711,757</u>
Expenditures				
Current:				
Parks and recreation – tourism related	1,521,070	—	—	1,521,070
Total expenditures	<u>1,521,070</u>	<u>—</u>	<u>—</u>	<u>1,521,070</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,851,607</u>	<u>2,985,676</u>	<u>2,353,404</u>	<u>7,190,687</u>
Other Financing Sources (Uses)				
Transfers (out)	(2,253,603)	(2,985,676)	(2,353,404)	(7,592,683)
Total other financing sources (uses)	<u>(2,253,603)</u>	<u>(2,985,676)</u>	<u>(2,353,404)</u>	<u>(7,592,683)</u>
Net change in fund balances	(401,996)	—	—	(401,996)
Fund balances, beginning of year	431,459	—	—	431,459
Fund balances, end of year	<u>\$ 29,463</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 29,463</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX
BALANCE SHEET

JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Due from other governments	\$ 1,029,237	\$ 939,706
Total assets	<u>\$ 1,029,237</u>	<u>\$ 939,706</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 455,714	\$ 373,234
Due to General Fund	<u>544,060</u>	<u>135,013</u>
Total liabilities	<u>999,774</u>	<u>508,247</u>
 Fund balance:		
Restricted by others	<u>29,463</u>	<u>431,459</u>
Total liabilities and fund balance	<u>\$ 1,029,237</u>	<u>\$ 939,706</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, 2015
 (With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 400	\$ 16	\$ (384)	\$ —
Restricted intergovernmental:				
State A-tax revenue	3,196,750	3,372,661	175,911	3,055,869
Total revenue	<u>3,197,150</u>	<u>3,372,677</u>	<u>175,527</u>	<u>3,055,869</u>
Expenditures				
Parks and recreation:				
30% advertising allocation	1,009,500	1,065,051	(55,551)	965,011
North Myrtle Beach Chamber	426,519	426,519	—	400,000
Services to other agencies	29,500	29,500	—	9,014
Total expenditures	<u>1,465,519</u>	<u>1,521,070</u>	<u>(55,551)</u>	<u>1,374,025</u>
Excess of revenue over expenditures	<u>1,731,631</u>	<u>1,851,607</u>	<u>119,976</u>	<u>1,681,844</u>
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(1,218,636)	(1,218,636)	—	(920,503)
Street Improvement Fund	(75,600)	(75,600)	—	(70,614)
Beach Renourishment Fund	(26,000)	(26,000)	—	(18,429)
Stormwater Drainage Fund	(54,000)	(54,000)	—	(25,714)
Solid Waste Fund	(158,400)	(158,400)	—	(127,071)
Park Improvement Fund	(87,510)	(524,500)	(436,990)	(424,999)
Beach Service Fund	(196,467)	(196,467)	—	(112,954)
Total other financing sources (uses)	<u>(1,816,613)</u>	<u>(2,253,603)</u>	<u>(436,990)</u>	<u>(1,700,284)</u>
Net change in fund balance	(84,982)	(401,996)	(317,014)	(18,440)
Fund balance, beginning of year	<u>431,459</u>	<u>431,459</u>	<u>—</u>	<u>449,899</u>
Fund balance, end of year	<u>\$ 346,477</u>	<u>\$ 29,463</u>	<u>\$ (317,014)</u>	<u>\$ 431,459</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX
BALANCE SHEET

JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 15	\$ —
Receivables	<u>557,069</u>	<u>524,894</u>
Total assets	<u>\$ 557,084</u>	<u>\$ 524,894</u>
Liabilities and Fund Balance		
Accounts payable	\$ 15	\$ —
Due to General Fund	371,563	350,101
Due to Beach Services Fund	<u>185,506</u>	<u>174,793</u>
Total liabilities	<u>557,084</u>	<u>524,894</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 557,084</u>	<u>\$ 524,894</u>

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, 2015
 (With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Local A-tax revenue	\$ 2,935,000	\$ 2,982,440	\$ 47,440	\$ 2,796,620
Penalties	6,436	3,236	(3,200)	4,933
Total revenue	<u>2,941,436</u>	<u>2,985,676</u>	<u>44,240</u>	<u>2,801,552</u>
Excess of revenue over expenditures	<u>2,941,436</u>	<u>2,985,676</u>	<u>44,240</u>	<u>2,801,552</u>
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(1,975,000)	(1,991,574)	(16,574)	(1,869,347)
Beach Services Fund	(503,063)	(371,939)	131,124	(384,231)
Aquatic Center Fund	(463,373)	(622,163)	(158,790)	(547,974)
Total other financing sources (uses)	<u>(2,941,436)</u>	<u>(2,985,676)</u>	<u>(44,240)</u>	<u>(2,801,552)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
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, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 53	\$ —
Receivables	<u>287,487</u>	<u>268,269</u>
Total assets	<u>\$ 287,540</u>	<u>\$ 268,269</u>
Liabilities and Fund Balance		
Accounts payable	\$ 53	\$ —
Due to General Fund	<u>287,487</u>	<u>268,269</u>
Total liabilities	<u>287,540</u>	<u>268,269</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 287,540</u>	<u>\$ 268,269</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, 2015
 (With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Hospitality fees	\$2,270,000	\$ 2,351,878	\$ 81,878	\$ 2,168,629
Penalties	5,000	1,526	(3,474)	4,011
Total revenue	<u>2,275,000</u>	<u>2,353,404</u>	<u>78,404</u>	<u>2,172,640</u>
Excess of revenue over expenditures	<u>2,275,000</u>	<u>2,353,404</u>	<u>78,404</u>	<u>2,172,640</u>
Other Financing Sources (Uses)				
Transfers (out) – General Fund	<u>(2,275,000)</u>	<u>(2,353,404)</u>	<u>(78,404)</u>	<u>(2,172,640)</u>
Total other financing sources (uses)	<u>(2,275,000)</u>	<u>(2,353,404)</u>	<u>(78,404)</u>	<u>(2,172,640)</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.

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

PARK BONDS
BALANCE SHEET

JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 105,244	\$ 65,960
Receivables, net	<u>—</u>	<u>—</u>
Total assets	<u>\$ 105,244</u>	<u>\$ 65,960</u>
Liabilities and Fund Balance		
Fund Balance:		
Committed by ordinance	\$ 105,244	\$ 65,960
Total liabilities and fund balance	<u>\$ 105,244</u>	<u>\$ 65,960</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, 2015

(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Property taxes:				
Current	\$ 2,220,000	\$ 2,249,274	\$ 29,274	\$ 2,169,609
Delinquent and penalties	—	21,810	21,810	64,875
Use of money and property:				
Interest on investments	—	—	—	—
Total revenue	<u>2,220,000</u>	<u>2,271,084</u>	<u>51,084</u>	<u>2,234,484</u>
Expenditures				
Debt Service:				
Principal	1,840,000	1,840,000	—	1,785,000
Interest	391,800	391,800	—	463,200
Bond agent fees	—	—	—	550
Total expenditures	<u>2,231,800</u>	<u>2,231,800</u>	<u>—</u>	<u>2,248,750</u>
Net change in fund balance	(11,800)	39,284	51,084	(14,266)
Fund balance, beginning of year	<u>65,960</u>	<u>65,960</u>	<u>—</u>	<u>80,226</u>
Fund balance, end of year	<u>\$ 54,160</u>	<u>\$ 105,244</u>	<u>\$ 51,084</u>	<u>\$ 65,960</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, 2015

	Non-Major Funds				Major Funds	
	Capital Improvement	Beach Renourishment	Park Development	Totals	Street Improvement	Stormwater Drainage
Assets						
Equity in pooled cash and cash equivalents	\$ 337,265	\$ 311,817	\$ 338,465	\$ 987,547	\$ 2,146,373	\$ —
Receivables, net	1,131	—	—	1,131	110,415	73,271
Due from other governments	—	—	—	—	794,189	—
Restricted – cash and cash equivalents	—	—	—	—	—	—
Funds held in escrow	—	—	—	—	—	—
Total assets	\$ 338,396	\$ 311,817	\$ 338,465	\$ 988,678	\$ 3,050,977	\$ 73,271
Liabilities and Fund Balances						
Liabilities:						
Accounts and retainages payable	\$ 51,664	\$ —	\$ 75,381	\$ 127,045	\$ 83,315	\$ 345,698
Payable from restricted assets	—	—	—	—	—	—
Security deposit	—	—	10,000	10,000	—	—
Due to other funds	—	—	—	—	—	4,949,378
Total liabilities	51,664	—	85,381	137,045	83,315	5,295,076
Fund balances:						
Non-spendable	—	—	—	—	—	—
Restricted by others	—	—	—	—	—	—
Committed by ordinance	—	—	—	—	—	—
Assigned by management	286,732	311,817	253,084	851,633	2,967,662	—
Unassigned (deficit)	—	—	—	—	—	(5,221,805)
Total fund balances	286,732	311,817	253,084	851,633	2,967,662	(5,221,805)
Total liabilities and fund balances	\$ 338,396	\$ 311,817	\$ 338,465	\$ 988,678	\$ 3,050,977	\$ 73,271

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2015

	Non-Major Funds				Major Funds	
	Capital Improvement	Beach Renourishment	Park Development	Totals	Street Improvement	Stormwater Drainage
Revenue						
Use of money and property	\$ 39,452	\$ —	\$ —	\$ 39,452	\$ —	\$ —
Restricted intergovernmental	—	—	—	—	3,003,948	500,000
Sales and service charges	16,490	—	—	16,490	—	2,097,294
Miscellaneous	—	—	324,570	324,570	61,858	—
Total revenue	55,942	—	324,570	380,512	3,065,806	2,597,294
Expenditures						
Current:						
Finance	—	—	—	—	—	49,872
Public works	—	68,696	—	68,696	—	297,066
Capital outlay:						
General government administration	65,420	—	—	65,420	—	—
Public works	264,109	—	—	264,109	3,305,570	5,448,956
Parks and recreation	57,676	—	1,391,584	1,449,260	—	—
Total expenditures	387,205	68,696	1,391,584	1,847,485	3,305,570	5,795,894
Excess (deficiency) of revenue over (under) expenditures	(331,263)	(68,696)	(1,067,014)	(1,466,973)	(239,764)	(3,198,600)
Other Financing Sources (Uses)						
Transfers in	1,500,000	26,000	1,634,990	3,160,990	725,600	54,000
Transfers (out)	(1,165,490)	—	—	(1,165,490)	—	—
Total other financing sources (uses)	334,510	26,000	1,634,990	1,995,500	725,600	54,000
Net change in fund balances	3,247	(42,696)	567,976	528,527	485,836	(3,144,600)
Fund balances, beginning of year	283,485	354,513	(314,892)	323,106	2,481,826	(2,077,205)
Fund balances, end of year	\$ 286,732	\$ 311,817	\$ 253,084	\$ 851,633	\$ 2,967,662	\$(5,221,805)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT
BALANCE SHEET

JUNE 30, 2015

(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 337,265	\$ 285,289
Receivables, net	1,131	1,131
Total assets	<u>\$ 338,396</u>	<u>\$ 286,420</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 51,664	\$ 2,935
Total liabilities	<u>51,664</u>	<u>2,935</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	286,732	283,485
Unassigned	—	—
Total fund balance	<u>286,732</u>	<u>283,485</u>
Total liabilities and fund balance	<u>\$ 338,396</u>	<u>\$ 286,420</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, 2015

(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 1,000	\$ —	\$ (1,000)	\$ —
Surplus sales	20,000	39,452	19,452	23,726
Sales and services:				
Development fees	—	16,490	16,490	11,700
Other:				
Contributions	—	—	—	—
Total revenue	<u>21,000</u>	<u>55,942</u>	<u>34,942</u>	<u>35,426</u>
Expenditures				
Capital outlay –				
General government administration:				
Equipment	—	—	—	80,418
Phone system	—	—	—	6,476
IT projects	—	65,420	65,420	—
Public works:				
Highway 17 median	—	—	—	107,030
Cherry Grove dredging	200,000	264,109	(64,109)	185,620
Parks and recreation:				
Park renovations/improvements	80,000	57,676	22,354	—
Water tower parks	—	—	—	200,911
Contingency	435,510	—	435,510	—
Total expenditures	<u>715,510</u>	<u>387,205</u>	<u>328,305</u>	<u>580,455</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(694,510)</u>	<u>(331,263)</u>	<u>363,247</u>	<u>(545,029)</u>
Other Financing Sources (Uses)				
Transfers in – General Fund	1,500,000	1,500,000	—	1,500,000
Transfers in – Beach Services Fund	200,000	—	(200,000)	—
Transfers (out) – Park Improvement Fund	(1,110,490)	(1,110,490)	—	(1,592,000)
Transfers (out) – Beach Services Fund	(55,000)	(55,000)	—	(50,000)
Total other financing sources (uses)	<u>534,510</u>	<u>334,510</u>	<u>(200,000)</u>	<u>(142,000)</u>
Net change in fund balance	(160,000)	3,247	163,247	(687,029)
Fund balance, beginning of year	<u>283,485</u>	<u>283,485</u>	<u>—</u>	<u>970,514</u>
Fund balance, end of year	<u>\$ 123,485</u>	<u>\$ 286,732</u>	<u>\$ 163,247</u>	<u>\$ 283,485</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT
BALANCE SHEET

JUNE 30, 2015

(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 2,146,373	\$ 2,487,864
Receivables, net	110,415	—
Due from other governments	794,189	—
Total assets	<u>\$ 3,050,977</u>	<u>\$ 2,487,864</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 83,315	\$ 6,038
Total liabilities	<u>83,315</u>	<u>6,038</u>
Fund balance:		
Non-spendable		
Restricted by others		
Committed by ordinance	—	—
Assigned by management	2,967,662	2,481,826
Unassigned	—	—
Total fund balance	<u>2,967,662</u>	<u>2,481,826</u>
Total liabilities and fund balance	<u>\$ 3,050,977</u>	<u>\$ 2,487,864</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, 2015

(With comparative actual amounts for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 1,200	\$ —	\$ (1,200)	\$ —
Restricted intergovernmental:				
Federal Grants – NOAA OCRM	—	39,420	39,420	99,656
State Grants – SCDOT/C Fund	1,206,800	37,094	(1,169,706)	439,882
Local Grant - Horry Cty Road Fee	420,000	527,901	107,901	405,868
Other Grants - Santee Cooper/HTC	2,700,000	2,399,533	(300,467)	94,398
Misc – underground utilities	50,000	61,858	11,858	107,500
Total revenue	<u>4,378,000</u>	<u>3,065,806</u>	<u>(1,312,194)</u>	<u>1,147,3047</u>
Expenditures				
Capital outlay –				
Public works:				
New park entry road	130,000	—	130,000	20,398
Park and Pay	—	45,933	(45,933)	—
Road intersection improvements	250,000	312,900	(62,900)	—
Barefoot Bridge painting	75,000	71,500	3,500	72,500
Parking lot – road improvements	200,000	—	200,000	—
48 th Ave underground utilities	55,000	2,547,177	(2,492,177)	—
Resurfacing – roads	200,000	65,938	134,062	449,014
Beach access improvements	—	162,699	(162,699)	256,370
Sidewalks	250,000	56,240	193,760	—
Crescent Beach underground utilities	3,000,000	31,945	2,968,055	36,108
Crescent Beach road widening	1,000,000	—	1,000,000	—
East Coast Greenway – Water Tower Rd	295,000	—	295,000	—
Ocean Blvd – Sea Mountain Hwy	—	11,238	(11,238)	—
Contingency	500,000	—	500,000	—
Total expenditures	<u>5,955,000</u>	<u>3,305,570</u>	<u>2,649,430</u>	<u>834,390</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,577,000)</u>	<u>(239,764)</u>	<u>(1,333,378)</u>	<u>312,914</u>
Other Financing Sources (Uses)				
Transfers in – General Fund	650,000	650,000	—	650,000
Transfers in – Accommodation (2%) Tax Fund	75,600	75,600	—	70,614
Transfers in – Beach Renour. Fund	—	—	—	52,500
Total other financing sources (uses)	<u>725,600</u>	<u>725,600</u>	<u>—</u>	<u>773,114</u>
Net change in fund balance	(851,400)	485,836	(1,333,38)	1,086,028
Fund balance, beginning of year	2,481,826	2,481,826	1,351,528	1,395,798
Fund balance, end of year	<u>\$ 1,630,426</u>	<u>\$ 2,967,662</u>	<u>\$ (2,684,906)</u>	<u>\$ 2,481,826</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT
BALANCE SHEET

JUNE 30, 2015

(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 311,817	\$ 354,513
Total assets	<u>\$ 311,817</u>	<u>\$ 354,513</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ —	\$ —
Total liabilities	<u>—</u>	<u>—</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	311,817	354,513
Unassigned	—	—
Total fund balance	<u>311,817</u>	<u>354,513</u>
Total liabilities and fund balance	<u>\$ 311,817</u>	<u>\$ 354,513</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, 2015
 (With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 100	\$ —	\$ (100)	\$ —
Total revenue	100	—	(100)	—
Expenditures				
Public works:				
Materials and supplies	50,000	31,992	18,008	15,576
Professional services	25,000	36,704	(11,704)	12,188
Total expenditures	75,000	68,696	6,304	27,764
Excess (deficiency) of revenue over (under) expenditures	(74,900)	(68,696)	6,204	(27,764)
Other Financing Sources (Uses)				
Transfers in – Accommodations (2%)Tax Fund	26,000	26,000	—	18,429
Transfers out – Street Improvement Fund	—	—	—	(52,500)
Total other financing sources	26,000	26,000	—	(34,071)
Net change in fund balance	(48,900)	(42,696)	6,204	(61,835)
Fund balance, beginning of year	354,513	354,513	—	416,348
Fund balance, end of year	\$ 305,613	\$ 311,817	\$ 6,204	\$ 354,513

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT
BALANCE SHEET

JUNE 30, 2015

(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 338,465	\$ —
Receivables, net	—	800
Total assets	<u>\$ 338,465</u>	<u>\$ 800</u>
Liabilities and Fund Balance		
Liabilities:		
Construction payable	\$ 62,281	\$ 49,747
Retainage payable	13,100	—
Due to General Fund	—	265,945
Security deposit	10,000	—
Total liabilities	<u>85,381</u>	<u>315,692</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	253,084	—
Unassigned (deficit)	—	(314,892)
Total fund balance	<u>253,084</u>	<u>(314,892)</u>
Total liabilities and fund balance	<u>\$ 338,465</u>	<u>\$ 800</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, 2015
 (With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ 2,950
Miscellaneous:				
Contributions	—	324,570	324,570	2,626
Total revenue	—	324,570	324,570	5,576
Expenditures				
Capital Outlay –				
Parks and recreation:				
Park development	—	1,391,584	(1,391,584)	7,778,651
Total expenditures	—	1,391,584	(1,391,584)	7,778,651
Excess (deficiency) of revenue over (under) expenditures	—	(1,067,014)	(1,067,014)	(7,773,075)
Other Financing Sources (Uses)				
Transfers in – General Fund	—	—	—	750,000
Transfers in – Capital Improvement Fund	1,110,490	1,110,490	—	1,592,000
Transfers in – Accommodation (2%) Tax Fund	87,510	524,500	436,990	424,999
Transfers (out) – Street Improvement Fund	—	—	—	—
Total other financing sources (uses)	1,198,000	1,634,990	436,990	2,766,999
Net change in fund balance	1,198,000	567,976	630,024	(5,006,076)
Fund balance, beginning of year	(314,892)	(314,892)	—	4,691,184
Fund balance, end of year	\$ 883,108	\$ 253,084	\$ 630,024	\$ (314,892)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE
BALANCE SHEET

YEAR ENDED JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables, net	73,271	116,452
Total assets	<u>\$ 73,271</u>	<u>\$ 116,452</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 282,006	\$ 238,485
Retainages payable	63,692	582,824
Due to General Fund	4,949,378	1,372,348
Total liabilities	<u>5,295,076</u>	<u>2,193,657</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	—
Unassigned (deficit)	(5,221,805)	(2,077,205)
Total fund balance	<u>(5,221,805)</u>	<u>(2,077,205)</u>
Total liabilities and fund balance	<u>\$ 73,271</u>	<u>\$ 116,452</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, 2015

(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ (1,418)
Restricted intergovernmental:				
SCDHEC grant	—	500,000	500,000	1,250,000
Sales and service charges:				
Stormwater/drainage fees	2,141,092	2,088,981	(52,111)	2,058,103
Penalties	9,500	9,305	(195)	9,342
Less, adjustments/bad debts	—	(992)	(992)	(1,635)
Total revenue	<u>2,150,592</u>	<u>2,597,294</u>	<u>446,702</u>	<u>3,314,392</u>
Expenditures				
Finance:				
Overhead allocation –				
Accounting	16,405	15,506	898	14,510
Utility billing	33,251	34,366	(1,115)	31,593
Public works:				
Overhead allocation –				
Administration	46,287	42,151	4,136	41,049
Streets/drainage	126,685	129,557	(2,872)	111,144
Beach water quality monitoring	165,000	125,358	39,642	48,246
Capital outlay:				
Main Street drainage	4,000,000	3,322,448	677,552	8,627,967
18 th Ave. drainage	—	100	(100)	—
Drainage/Ocean out-fall	—	—	—	1,347
Hillside Street drainage basin	2,000,000	2,126,408	(126,408)	2,866,072
Total expenditures	<u>6,387,628</u>	<u>5,795,894</u>	<u>591,734</u>	<u>11,741,928</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,237,036)</u>	<u>(3,198,600)</u>	<u>1,038,436</u>	<u>(8,427,536)</u>
Other Financing Sources (Uses)				
Transfers in – Accommodations Tax Fund	54,000	54,000	—	25,714
Total other financing sources (uses)	<u>54,000</u>	<u>54,000</u>	<u>—</u>	<u>25,714</u>
Net change in fund balance	(4,183,036)	(3,144,600)	1,038,436	(8,401,822)
Fund balance, beginning of year	<u>(2,077,205)</u>	<u>(2,077,205)</u>	<u>—</u>	<u>6,324,617</u>
Fund balance, end of year	<u><u>\$ (6,260,241)</u></u>	<u><u>\$ (5,221,805)</u></u>	<u><u>\$ 1,038,436</u></u>	<u><u>\$ (2,077,205)</u></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, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Assets			Liabilities and Net Position		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 9,453,863	\$ 9,359,510	Accounts payable-trade and contract vendors	\$ 798,370	\$ 731,665
Equity in pooled cash and cash equivalents	3,273,114	3,195,820	Accrued payroll and related taxes	117,943	103,708
Accounts receivable, net	1,728,996	2,005,375	Contracts payable-current portion	1,071,667	998,333
Inventories	453,528	442,354		<u>1,987,980</u>	<u>1,833,706</u>
Due from other governments	280,059	267,157			
	<u>15,189,560</u>	<u>15,270,216</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	2,086,121	2,039,667
Impact fees	1,617,843	1,616,328	Total current liabilities payable from restricted assets	<u>2,086,121</u>	<u>2,039,667</u>
Equity in pooled cash and cash equivalents:			Total current liabilities	<u>4,074,101</u>	<u>3,873,373</u>
Customer meter deposits	1,944,456	1,944,456			
Impact fees	189,846	123,031			
Deposits with the GSWSA	266,849	280,000			
Total restricted assets	<u>4,318,994</u>	<u>3,963,815</u>			
Total current assets	<u>19,208,554</u>	<u>19,234,031</u>			
Capital assets:			Long-term liabilities:		
Land	706,954	706,954	Accrued compensated absences	277,998	247,071
Buildings	747,433	695,071	Contracts payable	4,328,333	5,400,000
Water and sewer systems	105,628,144	102,640,260	Total long-term liabilities	<u>4,606,331</u>	<u>5,647,071</u>
Automotive equipment	1,161,933	1,131,704	Total liabilities	<u>8,680,432</u>	<u>9,520,444</u>
Maintenance equipment	2,718,113	2,621,507			
Office equipment	1,854,133	1,659,240			
Construction in progress	590,513	464,631			
	<u>113,407,223</u>	<u>109,919,367</u>			
Less, accumulated depreciation	<u>(43,373,194)</u>	<u>(41,129,428)</u>			
Net capital assets	<u>70,034,029</u>	<u>68,789,939</u>			
Other assets:			Net Position:		
Cost of purchased water/sewer rights	27,934,861	27,447,281	Net investment in capital assets	70,034,029	68,789,939
Less, accumulated amortizations	<u>(17,363,272)</u>	<u>(16,526,736)</u>	Restricted for debt service, capacity and deposits	2,232,873	1,924,148
Net other assets	<u>10,571,589</u>	<u>10,920,545</u>	Unrestricted	18,866,838	18,709,984
Total assets	<u>\$ 99,814,172</u>	<u>\$ 98,944,515</u>	Total net position	<u>91,133,740</u>	<u>89,424,071</u>
			Total liabilities and net position	<u>\$ 99,814,172</u>	<u>\$ 98,944,515</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, 2015
(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Water usage fees	\$ 7,475,000	\$ 7,148,416	\$ (326,584)	\$ 7,065,823
Sewer usage fees	5,050,000	4,849,767	(200,233)	4,745,269
Water taps	50,000	70,146	20,146	81,843
Sewer taps	20,000	20,400	400	22,454
Late payment penalties and service charges	155,000	136,635	(18,365)	130,634
Miscellaneous	2,500	3,915	1,415	2,499
Total operating revenue	12,752,500	12,229,279	(523,221)	12,048,522
Operating Expenses				
General Government Administration				
Overhead allocation –				
General services	480,550	500,125	(19,575)	454,940
Legislative	125,324	130,687	(5,363)	127,170
Administrative	142,908	114,195	28,713	116,938
Legal	166,864	240,831	(73,967)	201,242
Personnel	159,813	171,552	(11,739)	161,523
Total general government administration	1,075,459	1,157,390	(81,931)	1,061,813
Finance				
Overhead allocation –				
Accounting	246,085	232,599	13,486	217,658
Utility billing:				
Personal services	505,801	534,507	(28,706)	473,753
Operating expenses	159,225	175,510	(16,285)	165,603
Less, overhead allocation	(99,754)	(103,097)	3,343	(94,778)
Total finance	811,357	839,519	(28,162)	762,236
Information Services				
Overhead allocation	302,994	323,871	(20,877)	281,861
Public Safety				
Overhead allocation –				
Communications	61,691	67,253	(5,562)	59,779

— 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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Expenses (Continued)				
Planning/Development				
Overhead allocation –				
Code enforcement	38,266	39,028	(762)	34,960
Public Works				
Administrative:				
Personal services	822,133	795,460	26,673	756,112
Operating expenses	103,600	73,110	30,490	79,402
Less, overhead allocation	(185,147)	(193,515)	8,368	(164,196)
	740,586	675,055	65,531	671,318
Wastewater treatment:				
Personal services	498,200	525,906	(27,706)	488,572
Operating expenses	1,305,700	1,330,918	(25,218)	1,795,181
	1,803,900	1,856,824	(52,924)	2,283,753
Wells/lifts maintenance:				
Personal services	658,067	639,898	18,169	599,887
Operating expenses	942,200	915,147	27,053	1,005,855
	1,600,267	1,555,045	45,222	1,605,742
Construction/maintenance:				
Personal services	1,216,593	1,231,053	(14,460)	1,163,795
Operating expenses	2,784,500	2,904,376	(119,676)	2,969,739
	4,001,093	4,135,429	(134,336)	4,133,534
Streets/drainage:				
Overhead allocation	126,684	129,557	(2,873)	111,144
Total public works	8,272,530	8,351,910	(79,380)	8,805,491
Support Services				
Overhead allocation –				
Purchasing	150,676	156,487	(5,811)	157,015
Fleet management	75,745	80,630	(4,885)	71,521
Custodial	202,106	236,974	(34,868)	249,989
Total support services	428,527	474,091	(45,564)	478,525
Depreciation and amortization expense	3,079,171	3,097,862	(18,691)	2,999,063
Total operating expenses	14,069,995	14,350,924	(280,929)	14,483,728
Operating income (loss)	(1,317,495)	(2,121,645)	(804,150)	(2,435,206)

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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Non-operating Revenue (Expenses)				
Interest earned on investments	125,000	64,689	(60,311)	75,832
Interest expense	(385,788)	(331,625)	54,163	(385,788)
Bond agent fees	(2,000)	—	2,000	(288)
Insurance reimbursement	—	7,642	7,642	24,000
Tower rental and other	185,000	70,696	(114,304)	183,709
Gain (loss) over sale of capital assets	—	1,257	1,257	(4,279)
Total non-operating revenue (expenses)	<u>(77,788)</u>	<u>(187,341)</u>	<u>(109,553)</u>	<u>106,814</u>
Capital Contributions				
Impact fees:				
Water	900,000	933,041	33,041	1,119,914
Sewer	800,000	779,868	(20,132)	915,759
Developer contributions	—	2,223,676	2,223,676	17,575
Extension fees and construction for public use	50,000	82,070	32,070	186,809
Total capital contributions	<u>1,750,000</u>	<u>4,018,655</u>	<u>2,268,655</u>	<u>2,240,057</u>
Change in net position	354,717	1,709,669	1,354,952	(301,963)
Net position, beginning of year	<u>89,424,071</u>	<u>89,424,071</u>	<u>—</u>	<u>89,726,034</u>
Net position, end of year	<u>\$ 89,778,788</u>	<u>\$ 91,133,740</u>	<u>\$ 1,354,952</u>	<u>\$ 89,424,071</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
BALANCE SHEET

JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,439,052	\$ 469,744
Accounts receivable, net:		
Accounts	143,150	256,094
Grants	39,000	—
Total current assets	<u>1,621,202</u>	<u>725,838</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	6,379,954	6,336,054
	<u>6,725,416</u>	<u>6,681,516</u>
Less, accumulated depreciation	<u>(5,157,063)</u>	<u>(4,684,375)</u>
Net capital assets	<u>1,568,353</u>	<u>1,997,141</u>
Total assets	<u>\$ 3,189,555</u>	<u>\$ 2,722,979</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 3,179	\$ 4,369
Accrued payroll and related taxes	67,880	61,609
Total current liabilities	<u>71,059</u>	<u>65,978</u>
Long-term liabilities:		
Accrued compensated absences	145,576	141,781
Total long-term liabilities	<u>145,576</u>	<u>141,781</u>
Total liabilities	<u>216,635</u>	<u>207,759</u>
Net position:		
Net investment in capital assets	1,568,353	1,997,141
Unrestricted	1,404,567	518,079
Total net position	<u>2,972,920</u>	<u>2,515,220</u>
Total liabilities and net position	<u>\$ 3,189,555</u>	<u>\$ 2,722,979</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, 2015

(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,253,000	\$ 4,285,293	\$ 32,293	\$ 4,257,579
Trash bags	10,500	6,870	(3,630)	7,361
Total operating revenue	4,263,500	4,292,163	28,663	4,264,940
Operating Expenses				
General government administration				
Overhead allocation –				
General services	82,380	85,736	(3,356)	77,990
Legislative	18,798	19,603	(805)	17,075
Administration	21,436	17,129	4,307	17,541
Legal	25,030	36,125	(11,095)	30,186
Personnel	63,925	68,621	(4,696)	64,609
Total general government administration	211,569	227,214	(15,645)	209,401
Finance				
Overhead allocation –				
Accounting	49,217	46,520	2,697	43,532
Utility billings	66,503	68,731	(2,228)	63,185
Total finance	115,720	115,251	469	106,717
Information Services				
Overhead allocation	60,599	64,774	(4,175)	56,372
Public works				
Administration – overhead allocation	138,860	126,454	12,406	123,147
Commercial collection:				
Personal services	287,426	291,087	(3,661)	287,563
Operating	144,000	135,100	8,900	136,674
Total	431,426	426,187	5,239	424,237
Transfer station:				
Personal services	207,533	200,235	7,298	194,295
Operating	593,500	522,202	71,298	519,706
Total	801,033	722,437	78,596	714,001
Residential collection:				
Personal services	762,766	691,563	71,203	663,489
Operating	169,000	192,168	(23,168)	166,482
Total	931,766	883,731	48,035	829,971

— 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 —

	2015		Variance	2014
	Budget	Actual	Positive (Neg.)	Actual
Operating Expenses (Continued)				
Public works (Continued)				
Trash/litter collections:				
Personal services	215,012	209,133	5,879	199,892
Operating	66,000	77,520	(11,520)	82,570
	<u>281,012</u>	<u>286,653</u>	<u>(5,641)</u>	<u>282,462</u>
Beach cleaning:				
Personal services	169,342	103,078	66,264	132,163
Operating	81,000	67,650	13,350	97,906
	<u>250,342</u>	<u>170,728</u>	<u>79,614</u>	<u>230,069</u>
Recycling:				
Personal services	233,644	261,310	(27,666)	226,358
Operating	114,000	123,459	(9,459)	94,746
	<u>347,644</u>	<u>384,770</u>	<u>(37,125)</u>	<u>321,104</u>
Total public works	<u>2,952,083</u>	<u>3,000,960</u>	<u>(18,877)</u>	<u>2,924,991</u>
Support services				
Overhead allocation –				
Purchasing	11,818	12,273	(455)	12,314
Fleet management	94,681	100,787	(6,106)	89,402
Custodial	32,337	37,916	(5,579)	39,998
Total support services	<u>138,836</u>	<u>150,976</u>	<u>(12,140)</u>	<u>141,714</u>
Depreciation and amortization	<u>400,000</u>	<u>472,688</u>	<u>(72,688)</u>	<u>435,410</u>
Total operating expenses	<u>3,908,807</u>	<u>4,031,863</u>	<u>(123,056)</u>	<u>3,874,605</u>
Operating income (loss)	<u>354,693</u>	<u>260,300</u>	<u>(94,393)</u>	<u>390,335</u>
Non-operating Revenue (Expenses)				
Interest earned on investments	—	—	—	(140)
Gain on sale/disposal of capital assets	—	—	—	20,333
Restricted intergovernmental:				
Grant – SCDHEC	—	39,000	39,000	5,000
Total non-operating revenue (expenses)	<u>—</u>	<u>39,000</u>	<u>39,000</u>	<u>25,193</u>
Transfers				
Transfer in – Accommodations (2%) Tax Fund	<u>158,400</u>	<u>158,400</u>	<u>—</u>	<u>127,071</u>
Change in net position	<u>513,093</u>	<u>457,700</u>	<u>(55,393)</u>	<u>542,599</u>
Net position, beginning of year	<u>2,515,220</u>	<u>2,515,220</u>	<u>—</u>	<u>1,972,621</u>
Net position, end of year	<u>\$ 3,028,313</u>	<u>\$ 2,972,920</u>	<u>\$ (55,393)</u>	<u>\$ 2,515,220</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER
BALANCE SHEET

JUNE 30, 2015

(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Equity in pooled cash	76,068	—
Accounts receivables, net	17,785	11,888
Total current assets	<u>94,253</u>	<u>12,288</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,203	89,203
Furniture and equipment	810,867	790,622
	<u>10,600,948</u>	<u>10,580,703</u>
Less, accumulated depreciation	(3,029,568)	(2,737,110)
Net capital assets	<u>7,571,380</u>	<u>7,843,593</u>
Total assets	<u>\$ 7,665,633</u>	<u>\$ 7,855,881</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 40,517	\$ 38,919
Accrued payroll and related taxes	39,871	35,885
Due to General Fund	—	23,299
Accrued interest payable	112,890	123,200
Current portion of note obligation	439,041	422,602
Unearned revenue	271,852	261,696
Total current liabilities	<u>904,171</u>	<u>905,601</u>
Long-term liabilities:		
Accrued compensated absences	41,447	39,206
Note payable	4,186,355	4,625,398
Total long-term liabilities	<u>4,227,802</u>	<u>4,664,604</u>
Total liabilities	<u>5,131,973</u>	<u>5,570,205</u>
Net position:		
Net investment in capital assets	2,945,984	2,795,593
Unrestricted (deficit)	(412,324)	(509,917)
Total net position	<u>2,533,660</u>	<u>2,285,676</u>
Total liabilities and net position	<u>\$ 7,665,633</u>	<u>\$ 7,855,881</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, 2015

(With comparative actual amounts for June 30, 2014)

	Budget	2015 Actual	Variance Positive (Neg.)	2014 Actual
Operating Revenue				
Sales and service charges:				
Membership fees	\$ 1,415,000	\$ 1,425,046	\$ 10,046	\$ 1,361,649
Day membership fees	59,000	51,320	(7,680)	52,065
Employee membership fees	120,000	116,262	(3,738)	112,920
Enrollment fees	55,000	58,838	3,838	55,216
Program fees	300,000	330,064	30,064	336,260
Merchandise sales	5,000	4,973	(27)	3,672
Food sales	28,000	34,068	6,068	26,151
Miscellaneous	1,000	2,045	1,045	1,966
Total operating revenue	1,983,000	2,022,616	39,616	1,949,899
Operating Expenses				
General government administration				
Overhead allocation –				
General services	27,460	28,579	(1,119)	25,997
Legislative	6,266	6,535	(269)	6,358
Administration	7,145	5,710	1,435	5,847
Legal	8,343	12,042	(3,699)	10,062
Personnel	31,962	34,311	(2,349)	32,305
Total general government administration	81,176	87,177	(6,001)	80,569
Finance				
Overhead allocation	32,812	31,013	1,799	29,021
Information Services				
Overhead allocation	20,200	21,591	(1,391)	18,791
Parks and Recreation				
Overhead allocation –				
Recreation administration	22,204	23,729	(1,525)	23,058
Aquatic:				
Personnel services	1,004,235	1,020,935	(16,700)	999,856
Operations and maintenance	585,153	647,944	(62,791)	609,553
Total parks and recreation	1,611,592	1,692,608	(81,016)	1,632,467
Support Services				
Overhead allocation –				
Purchasing	5,909	6,137	(228)	6,157
Custodial	32,337	37,916	(5,579)	39,998
Total support services	38,246	44,053	(5,807)	46,155
Depreciation and amortization	286,294	292,458	(6,164)	300,134
Total operating expenses	2,070,320	2,168,900	(98,580)	2,107,137

— 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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating income (loss)	(87,320)	(146,284)	(58,964)	(157,238)
Non-operating Revenue (Expenses)				
Interest earned on investments	—	—	—	—
Non-operating program fees and other	10,000	6,144	(3,856)	6,464
Insurance reimbursement	—	—	—	8,500
Interest expense	(186,053)	(186,053)	—	(202,263)
Total non-operating revenue (expenses)	(176,053)	(179,909)	(3,856)	(187,299)
Transfers				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	463,373	574,177	110,806	547,974
Total transfers	463,373	574,177	110,806	547,974
Change in net position	200,000	247,984	47,984	203,437
Net position, beginning of the year	2,285,676	2,285,676	—	2,082,239
Net position, end of year	\$ 2,485,676	\$ 2,533,660	\$ 47,984	\$ 2,285,676

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE
BALANCE SHEET

JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,502	\$ 6,526
Receivables, net	21,637	29,915
Due from Local Accommodations (1.5%) Fund	185,506	174,793
Inventories	4,728	5,368
Total current assets	<u>219,373</u>	<u>216,602</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,529,936	1,371,077
	<u>1,943,084</u>	<u>1,784,225</u>
Less, accumulated depreciation	(1,318,282)	(1,222,821)
Net capital assets	<u>624,802</u>	<u>561,404</u>
Total assets	<u>\$ 844,175</u>	<u>\$ 778,006</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 70,820	\$ 57,978
Accrued payroll and related taxes	206,088	178,351
Due to General Fund	2,198,332	2,670,018
Total current liabilities	<u>2,475,240</u>	<u>2,906,347</u>
Net position:		
Net investment in capital assets	624,802	561,404
Unrestricted (deficit)	(2,255,867)	(2,689,745)
Total net position	<u>(1,631,065)</u>	<u>(2,128,341)</u>
Total liabilities and net position	<u>\$ 844,175</u>	<u>\$ 778,006</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, 2015
(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Beach service rentals	\$ 1,227,100	\$ 1,842,930	\$ 615,830	\$ 1,535,219
Water slide fees	125,000	111,027	(13,973)	131,758
Food, beverage, and other sales	435,000	312,422	(122,578)	360,944
Less, sales tax/hospitality fees	(145,000)	(152,310)	(7,310)	(146,527)
Banana boat rides	450,000	-	(450,000)	-
Miscellaneous	8,000	12,085	4,085	13,128
Total operating revenue	2,100,100	2,126,154	26,054	1,894,522
Operating Expenses				
General government administration				
Overhead allocation –				
General services	27,460	28,579	(1,119)	25,996
Legislative	6,266	6,534	(268)	6,358
Administration	7,145	5,710	1,435	5,847
Legal	8,343	12,042	(3,699)	10,062
Personnel	119,859	128,664	(8,805)	80,761
Total general government administration	169,073	181,529	(12,456)	129,024
Finance				
Overhead allocation	123,045	116,299	6,746	72,552
Information Services				
Overhead allocation	30,299	32,387	(2,088)	—
Public safety				
Overhead allocation –				
Communication	37,015	40,352	3,337	35,868
Lifeguard services:				
Personnel services	610,968	776,717	(165,749)	714,175
Operations and maintenance	31,550	69,592	(38,043)	82,187
Total public safety	679,533	886,661	(207,128)	832,230

— 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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Expenses (Continued)				
Parks and recreation				
Overhead allocation –				
Recreation administration	88,815	94,916	(6,101)	92,230
Concessions:				
Personnel services	558,972	587,395	(28,423)	535,652
Operations and maintenance	217,150	207,738	9,412	231,284
Banana boats:				
Personnel services	82,213	—	82,213	1,350
Operations and maintenance	58,187	727	57,460	7,766
Total parks and recreation	<u>1,005,337</u>	<u>890,776</u>	<u>114,561</u>	<u>868,282</u>
Support services				
Overhead allocation -				
Purchasing	2,954	3,068	(114)	3,079
Fleet	18,936	20,157	(1,221)	17,880
Custodian	16,169	18,958	(2,789)	19,999
Total support services	<u>38,059</u>	<u>42,183</u>	<u>(4,124)</u>	<u>40,958</u>
Depreciation and amortization	<u>125,000</u>	<u>138,211</u>	<u>(13,211)</u>	<u>145,311</u>
Total operating expenses	<u>2,170,346</u>	<u>2,288,046</u>	<u>(117,700)</u>	<u>2,116,543</u>
Operating income (loss)	<u>(70,246)</u>	<u>(161,892)</u>	<u>(91,646)</u>	<u>(222,021)</u>
Non-operating Revenue (Expenses)				
Insurance reimbursement	—	2,347	2,347	—
Sponsorships and donations	—	2,568	2,568	4,917
Gain (loss) on sale/disposal capital assets	—	(17,139)	(17,139)	(1,504)
Total non-operating revenue (expenses)	<u>—</u>	<u>(12,224)</u>	<u>(12,224)</u>	<u>3,413</u>
Transfers				
Transfers in (out):				
Capital Improvement Fund	55,000	55,000	—	50,000
Accommodations (2%) Tax Fund	196,467	196,467	—	112,954
Local accommodations (1.5%) Tax Fund	503,063	419,925	(83,138)	384,231
Total transfers	<u>754,530</u>	<u>671,392</u>	<u>(83,138)</u>	<u>547,185</u>
Change in net position	<u>684,284</u>	<u>497,276</u>	<u>(187,008)</u>	<u>328,577</u>
Net position, beginning of year	<u>(2,128,341)</u>	<u>(2,128,341)</u>	<u>—</u>	<u>(2,456,918)</u>
Net position, end of year	<u>\$ (1,444,057)</u>	<u>\$ (1,631,065)</u>	<u>\$ (187,008)</u>	<u>\$ (2,128,341)</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, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 910,711	\$ 1,194,204
Restricted cash and cash equivalents:		
HRA custodial account	257,196	221,264
Deposits and prepaid items	8,990	5,819
Total assets	<u>\$ 1,176,897</u>	<u>\$ 1,421,287</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 18,090	\$ 13,287
Claims payable	167,079	186,231
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	247,814	227,444
Total current liabilities	<u>432,983</u>	<u>426,962</u>
Long-term liabilities:		
Accrued post-employment benefits (OPEB) expenses	6,405,810	5,456,322
Total liabilities	<u>6,838,793</u>	<u>5,883,284</u>
Net position:		
Restricted for health insurance claims	9,382	—
Unrestricted (deficit)	<u>(5,671,278)</u>	<u>(4,461,997)</u>
Total net position	<u>(5,661,896)</u>	<u>(4,461,997)</u>
Total liabilities and net position	<u>\$ 1,176,897</u>	<u>\$ 1,421,287</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, 2015
(With comparative actual amounts for June 30, 2014)

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Health premiums –				
Employer/Employee charges	\$ —	\$ 3,703,237	\$ 3,703,237	\$ 3,192,077
Dependent withholdings	—	594,718	594,718	535,740
Retiree/non-employee contributions	—	67,643	67,643	66,501
Cobra/non-employee contributions	—	246,890	246,890	228,350
Reinsurance reimbursements	—	48,761	48,761	72,558
Total operating revenue	—	4,661,249	4,661,249	4,095,226
Operating Expenses				
General government administration				
Non-employee health expenses –				
Misc. aggregate premium	—	636,297	(636,297)	32,645
Dependents	—	1,049,642	(1,049,642)	1,555,656
Cobra	—	138,906	(138,906)	124,715
Retirees	—	430,752	(430,752)	230,219
	—	2,255,597	(2,255,597)	1,943,235
Employee health expenses –				
Legislative	—	83,375	(83,375)	93,084
Administration	—	6,387	(6,387)	5,875
City court	—	39,487	(39,487)	34,364
Legal	—	11,980	(11,980)	15,137
Personnel	—	181,635	(181,635)	119,075
	—	322,864	(322,864)	267,535
Total general government administration	—	2,578,461	(2,578,461)	2,210,770
Finance				
Employee health expenses	—	305,943	(305,943)	202,307
Overhead allocation	—	31,013	(31,013)	29,021
	—	336,956	(336,956)	231,328
Information Services				
Employee health expenses	—	52,527	(52,527)	42,039

— 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 —

	2015		Variance Positive (Neg.)	2014
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public safety				
Employee health expenses –				
Administration	—	23,369	(23,369)	26,537
Uniform patrol	—	503,722	(503,722)	372,817
Community service	—	102,853	(102,853)	57,522
Detectives	—	78,970	(78,970)	62,365
Communications/detention	—	172,743	(172,743)	149,909
Records	—	39,781	(39,781)	42,166
Victim’s assistance	—	4,598	(4,598)	4,655
Police training	—	11,501	(11,501)	34,338
Fire/rescue	—	302,505	(302,505)	345,188
Fire prevention/inspection	—	25,778	(25,778)	36,552
Total public safety	—	1,265,820	(1,265,820)	1,132,049
Public Works				
Employee health expenses –				
Streets/drainage	—	123,986	(123,986)	132,658
Water and sewer	—	465,572	(465,572)	277,592
Solid waste	—	140,917	(140,917)	225,929
Total public works	—	730,475	(730,475)	636,179
Planning/Development				
Employee health expenses –				
Administration	—	70,434	(70,434)	104,730
Building	—	64,304	(64,304)	62,255
Total planning/development	—	134,738	(134,738)	166,985
Parks and recreation				
Employee health expenses –				
Recreation administration	—	23,801	(23,801)	85,826
Athletics	—	27,538	(27,538)	16,465
Programs	—	39,944	(39,944)	17,396
Parks and grounds	—	98,501	(98,501)	118,533
Aquatic center	—	68,307	(68,307)	135,796
Total parks and recreation	—	258,091	(258,091)	374,016

— 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 —

	2015		Variance	2014
	Budget	Actual	Positive (Neg.)	Actual
Operating Expenses (Continued)				
Support services				
Employee health expenses –				
Purchasing	—	31,458	(31,458)	28,397
Fleet	—	31,311	(31,311)	82,269
Custodian	—	80,475	(80,475)	56,779
Total support services	—	143,244	(143,244)	167,445
Total employee and non-employee health expenses	—	5,500,312	(5,500,312)	4,960,811
Workers compensation expenses –				
General government administration	—	163,963	(163,963)	141,351
Finance	—	—	—	—
Information services	—	—	—	—
Public safety	—	181,650	(181,650)	6,489
Public works	—	52,353	(52,353)	30,764
Planning/development	—	339	(339)	—
Parks and recreation	—	12,219	(12,219)	2,315
Support services	—	24	(24)	572
Total workers compensation	—	410,548	(410,548)	181,491
Total operating expenses	—	5,910,860	(5,910,860)	5,142,302
Operating income (loss)	—	(1,249,611)	(1,249,611)	(1,047,076)
Non-operating Revenue (Expenses)				
Interest earned on investments	—	—	—	—
Sponsorships and donations – Wellness programs	—	49,712	49,712	44,585
SCLGAG deposits/runoffs	—	—	—	3,102
Total non-operating revenue (expenses)	—	49,712	49,712	47,687
Change in net position	—	(1,199,899)	(1,199,899)	(999,389)
Net position (deficit), beginning of year	(4,461,997)	(4,461,997)	—	(3,462,608)
Net position, end of year	<u>\$ (4,461,997)</u>	<u>\$ (5,661,896)</u>	<u>\$ (1,199,899)</u>	<u>\$ (4,461,997)</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 (Exclusive of Terminated Pension Plan)

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, 2015
(With comparative amounts for June 30, 2014)

	2015	2014
Assets		
Cash and temporary investments	\$ 18,074,577	\$ 17,619,257
Participant loans	1,119,991	994,105
Total assets	\$ 19,194,568	\$ 18,613,362
Net Position		
Held in trust for employee’s pension benefits	\$ 19,194,568	\$ 18,613,362

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, 2015
(With comparative amounts for June 30, 2014)

	2015	2014
Additions		
Employer contributions	\$ 899,889	\$ 870,148
Employee (member) contributions	218,173	211,065
Investment income gain/(loss)	593,936	2,114,010
Non-vested rollover	—	—
Total additions	1,711,998	3,195,223
Deductions		
Benefit payments	1,114,038	953,687
Trustee fees	16,754	15,956
Forfeitures	—	3,993
Total deductions	1,130,792	973,636
Change in net position	581,206	2,221,587
Net position held in trust for employee's pension benefits:		
Beginning of year	18,613,362	16,391,775
End of year	\$ 19,194,568	\$ 18,613,362

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

JUNE 30, 2015
(With comparative amounts for June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ 680,967	\$ 629,283
Net Position		
Held in trust for employee's pension benefits	\$ 680,967	\$ 629,283

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, 2015
(With comparative amounts for June 30, 2014)

	2015	2014
Additions		
Employer contributions	\$ 13,160	\$ 12,624
Employee (member) contributions	13,160	12,624
Investment income gain/(loss)	32,564	98,018
Total additions	58,884	123,266
Deductions		
Benefit payments	7,200	7,200
Total deductions	7,200	7,200
Change in net position	51,684	116,066
Net position held in trust for employee's pension benefits:		
Beginning of year	629,283	513,217
End of year	\$ 680,967	\$ 629,283

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 AGENCY FUND
 FIREMEN'S FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2015

	Beginning Balance 6/30/14	Additions	Deductions	Ending Balance 6/30/15
Assets				
Cash and cash equivalents	<u>\$ 28,516</u>	<u>\$ 321,392</u>	<u>\$ 321,449</u>	<u>\$ 28,459</u>
Liabilities				
Due to Firemen's Association	<u>\$ 28,516</u>	<u>\$ 321,392</u>	<u>\$ 321,449</u>	<u>\$ 28,459</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, 2015
 (With comparative amounts for June 30, 2014)

	2015	2014
Governmental Funds Capital Assets		
Land	\$ 15,450,348	\$ 15,450,348
Land improvements	22,714,196	22,429,682
Buildings	26,312,981	25,652,728
Machinery and equipment	18,249,694	17,617,366
	82,727,219	81,150,124
Infrastructure:		
Roads	25,101,671	24,767,950
Drainage systems	19,310,048	19,310,048
Developer contributions – roads	11,590,938	10,245,930
Sidewalks	1,922,486	1,866,247
Street lighting and other	747,555	747,555
	58,672,698	56,937,730
Construction in progress	21,011,894	13,891,608
Total governmental funds capital assets	\$ 162,411,811	\$ 151,979,462
Governmental Funds Capital Assets by Source		
General Obligation Bonds and Lease-Purchase financing	\$ 30,728,445	\$ 30,728,445
General Fund Revenue	113,387,757	104,300,416
Special Revenue Funds	6,704,671	6,704,671
Gifts and contributions from developers	11,590,938	10,245,930
Total governmental funds capital assets	\$ 162,411,811	\$ 151,979,462

VICTIM'S RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED JUNE 30, 2015

	2015
Court Fines and Assessments	
Court fines and assessments collected	\$ 663,942
Court fines and assessments remitted to State Treasurer	(374,798)
Total court fines and assessments retained	\$ 289,144
Surcharges and Assessments Retained for Victim's Service	
Total surcharges collected	\$ 14,125
Total assessments	33,303
Total surcharges and assessments	\$ 47,428
Funds Allocated to Victim's Service	
Carryover funds from prior year	\$ 10,041
Surcharges and assessments retained	47,428
Expenditures for victim's service	(57,469)
Total unexpended victim's rights assistance funds	\$ —

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).... 126-132

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)..... 133-137

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)..... 138-141

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)..... 142-144

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) 145-146

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET POSITION BY COMPONENT

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2015</u>	<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>
Governmental Activities										
Invested in capital assets, net of related debt	\$98,935,344	\$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
Restricted	1,252,242	1,528,723	6,563,965	4,570,958	4,364,806	981,627	370,247	280,938	295,569	1,063,240
Unrestricted	<u>-8,109,246</u>	<u>5,971,836</u>	<u>9,828,502</u>	<u>25,412,361</u>	<u>8,467,618</u>	<u>13,385,175</u>	<u>16,926,046</u>	<u>11,782,163</u>	<u>12,810,362</u>	<u>11,666,720</u>
Total governmental activities net assets	<u>\$92,078,340</u>	<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>
Business-type Activities										
Invested in capital assets, net of related debt	\$75,173,168	\$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
Restricted	2,232,873	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
Unrestricted	<u>16,413,083</u>	<u>15,502,679</u>	<u>15,396,364</u>	<u>13,868,758</u>	<u>10,303,150</u>	<u>8,805,767</u>	<u>6,347,822</u>	<u>7,806,643</u>	<u>6,774,378</u>	<u>6,972,508</u>
Total business-type activities net assets	<u>\$93,819,124</u>	<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>
Primary Government										
Net investments in capital assets	\$174,108,512	\$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
Restricted	3,485,115	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
Unrestricted	<u>8,303,837</u>	<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>
Total primary government net assets	<u>\$185,897,464</u>	<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>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2015</u>	<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>
Expenses										
Governmental activities:										
General Government	\$2,572,264	\$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
Information Services	632,013	538,150	843,764	794,118	552,729	464,356	430,655	349,883	-	-
Finance	904,344	765,254	626,799	630,853	853,129	890,656	752,495	657,347	901,788	780,200
Public Safety	13,673,961	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
Planning and Development	1,676,601	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
Public Works	6,030,984	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
Parks and Recreation	6,688,178	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
Support Services	1,005,675	989,966	1,040,604	2,143,354	883,701	796,998	748,813	791,744	624,342	571,110
Debt service - interest	293,753	503,633	342,328	494,544	176,685	421,619	451,621	439,195	445,674	375,076
Depreciation (unallocated)	-	-	-	-	-	-	756,800	723,410	3,226,639	2,685,978
Total governmental activities	<u>\$33,477,773</u>	<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>
Business-type activities:										
Water and sewer utility	\$15,231,344	\$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
Solid waste	4,186,046	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
Aquatic Center	2,437,895	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
Beach Services	2,375,543	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>\$24,230,828</u>	<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>
Total primary government expenses	<u>\$57,708,601</u>	<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>
Program Revenue										
Governmental activities:										
Fees for services										
Storm Water	\$2,101,767	\$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
Fines	447,273	489,978	319,623	409,166	425,582	698,759	698,384	640,696	1,075,873	765,829
Building Permits	16,490	706,512	413,191	377,340	367,195	328,986	346,808	434,028	1,001,339	1,643,855
Other	1,109,744	727,194	544,301	483,759	398,874	155,462	139,472	331,341	204,577	476,595
Operating grants and contributions	24,203	16,678	284,415	1,133,814	2,919,065	1,806,030	456,982	445,707	2,099,130	61,404
Capital grants and contributions	3,870,478	2,344,400	623,186	2,456,082	644,989	573,294	6,303,509	1,582,531	1,125,000	587,704
Total primary government net assets	<u>\$7,569,955</u>	<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>

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2015</u>	<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>
General Revenues and Transfers										
Business-type activities										
Fees for services										
Water & Sewer	\$12,229,279	\$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
Solid Waste	4,292,163	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
Other	4,148,770	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
Operating grants and contributions	-	-	-	-	-	325,133	125,432	124,687	107,383	194,025
Capital grants and contributions	4,018,655	2,240,057	1,441,531	1,151,020	1,312,519	-	3,064,214	4,063,757	9,066,557	8,644,138
Total business-type activities	<u>\$24,688,867</u>	<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>
Total primary government program revenue	<u>\$32,258,822</u>	<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>
Governmental activities:										
Property taxes	\$14,423,943	\$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
Accommodations and hospitality taxes	8,914,249	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
State shared taxes - unrestricted	924,763	805,341	943,614	920,270	745,289	789,170	1,134,677	883,306	820,197	955,045
Business licenses and franchise taxes	8,333,737	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
Unrestricted investment earnings	-	175,616	23,601	37,589	13,260	239,601	352,529	398,535	893,930	676,842
Miscellaneous	325,716	128,296	55,253	(260,745)	476,406	26,744	88,097	55,774	95,149	(65,101)
Transfers in/(out)	(1,403,969)	(1,222,230)	(1,181,242)	(1,164,242)	(1,083,158)	(953,214)	(1,041,218)	(1,211,178)	(970,714)	(959,390)
Total governmental activities	<u>\$31,518,439</u>	<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>
Business-type activities:										
Unrestricted investment earnings	\$64,689	\$75,692	\$58,506	\$86,779	\$140,633	\$144,444	\$265,690	\$819,223	\$1,124,033	\$928,723
Miscellaneous	112,516	246,852	216,330	302,658	218,127	-	192,552	-	-	-
Transfers in/(out)	1,403,969	1,222,230	1,181,242	1,164,242	1,083,158	953,214	1,041,218	1,211,178	970,714	959,390
Total business type-activities	<u>\$1,581,174</u>	<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>
Total primary government general revenue and other changes	<u>\$33,099,613</u>	<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>
Changes in Net Assets										
Governmental activities:	\$5,610,621	\$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
Business-type activities	2,039,213	562,578	1,818	775,645	376,408	(921,123)	146,128	1,573,402	7,195,101	6,895,888
Total primary government changes in net assets	<u>\$7,649,834</u>	<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>

TABLE III

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2015</u>	<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>
Function/Program										
Governmental Activities:										
General Government	\$ 628,728	\$ 193,430	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588	\$ 31,045
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	447,273	489,978	599,540	955,610	1,030,879	1,222,163	698,384	878,357	1,075,873	765,829
Planning and Development	16,490	706,512	413,191	377,340	367,195	328,986	346,808	434,028	-	-
Public Works	5,605,715	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
Parks and Recreation	871,749	605,038	287,579	293,909	310,358	196,053	3,177,544	311,825	68,009	217,697
Support Services	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 7,569,955</u>	<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>
Business-type activities										
Water and sewer utility	\$ 16,247,934	\$ 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
Solid waste	4,292,163	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
Aquatic Center	2,022,616	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
Beach Services	2,126,154	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>\$ 24,688,867</u>	<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>
Total program revenues by function and program	<u>\$ 32,258,822</u>	<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>

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

	<u>2015</u>	<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>
General Fund										
Non-spendable	\$ 259,296	\$ 278,806	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024				
Restricted by Others	289,208	311,946	464,401	508,682	501,116	968,830				
Committed by Ordinance	392,500	392,500	392,500	392,500	392,500	392,500				
Assigned by Management	-	-	-	-	-	-				
Unassigned	<u>10,695,070</u>	<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>\$ 11,636,074</u>	<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>
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>(5,221,805)</u>	<u>(2,077,205)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>				
Total Stormwater Fund	<u>\$ (5,221,805)</u>	<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 Improvement Fund										
Assigned by Management	\$ -	\$ -	\$ 2,094,163	\$ 13,138,091	\$ -	\$ -				
Unassigned	-	(314,892)	2,597,021	-	(2,285,866)	1,434,312				
Total Park Development Fund	<u>\$ -</u>	<u>\$ (314,892)</u>	<u>\$ 4,691,184</u>	<u>\$ 13,138,091</u>	<u>\$ (2,285,866)</u>	<u>\$ 1,434,312</u>				
Street Improvement Fund										
Assigned by Management	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -				
Total Street Improvement Fund	<u>\$ 2,967,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
All Other Governmental Funds										
Restricted by Others	\$ 29,463	\$ 431,459	\$ 696,452	\$ 964,070	\$ 863,690	\$ 779,094				
Committed by Ordinance	105,244	65,960	534,332	236,402	-	347,933				
Assigned by Management	851,633	3,119,824	2,082,001	3,080,256	2,219,111	656,816				
Unassigned	-	-	-	-	-	-				
Total All Other Governmental Funds	<u>\$ 986,340</u>	<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>
Total Governmental Funds	<u>\$ 10,368,271</u>	<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>
Primary Government										
Net investment in Capital Assets	\$174,108,512	\$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
Restricted	3,485,115	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
Unrestricted	<u>8,303,837</u>	<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>
Total primary government net position	<u>\$185,897,464</u>	<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>

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>2015</u>	<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>
Revenue										
Property taxes:										
Current property taxes	\$ 13,971,950	\$ 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
Delinquent property taxes	451,993	451,681	815,052	292,495	201,185	504,785	167,342	166,898	173,607	145,756
Licenses and permits	8,333,737	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
Fines and forfeitures	338,717	377,226	319,623	409,166	425,582	591,575	594,020	498,923	946,703	667,589
Use of money and property	242,666	175,616	218,102	199,597	264,265	239,601	352,529	573,178	893,930	745,955
Unrestricted intergovernmental	1,127,271	991,176	943,614	920,270	889,898	925,511	1,134,667	1,040,789	970,104	955,045
Restricted intergovernmental	12,257,649	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
Sales and service charges	3,336,557	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
Miscellaneous	431,823	152,316	284,415	1,123,814	312,904	30,346	1,405,218	220,687	1,177,052	13,474
Total revenue	<u>\$ 40,492,363</u>	<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>
Expenditures										
Current:										
General Government/Admin.	\$ 2,299,321	\$ 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
Finance	837,556	775,994	786,086	783,125	777,367	717,716	649,999	541,807	901,788	780,200
Information Services	540,103	517,469	478,024	496,118	443,719	328,899	348,220	349,883		
Public Safety	12,945,213	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
Planning and Development	1,621,962	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
Public Works	2,570,079	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
Parks and Recreation	5,530,716	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
Support Services	969,600	1,040,662	1,001,090	829,777	871,037	667,499	656,093	765,972	624,342	571,110
Debt service:										
Principal	2,612,790	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
Interest	551,079	638,513	656,142	506,985	262,740	366,663	291,231	380,323	463,741	438,980
Capital outlay	<u>11,303,683</u>	<u>21,854,891</u>	<u>14,080,854</u>	<u>3,775,940</u>	<u>253,521</u>	<u>907,831</u>	<u>1,540,672</u>	<u>3,262,100</u>	<u>7,879,003</u>	<u>3,849,922</u>
Total expenditures	<u>\$ 41,782,102</u>	<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>

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES

(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2015</u>	<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>
Other Financing Sources (Uses)										
Bond Issuance/Installment Note	\$ -	\$ 383,167	\$ -	\$ 16,496,381	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 1,975,000
Transfers in	9,504,204	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
Transfers (out)	(10,908,173)	(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)
Total other financing sources (uses)	\$ (1,403,969)	\$ (839,063)	\$ (1,181,242)	\$ 15,332,139	\$ (1,083,158)	\$ (953,214)	\$ 4,058,683	\$ (1,211,178)	\$ (970,714)	\$ 1,015,610
Net change in fund balances	\$ (2,693,708)	\$ (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
Fund balances, beginning of year	#####	\$26,296,468	34,035,125	16,116,819	17,175,830	18,523,382	12,659,469	13,676,882	15,381,828	14,386,472
Fund balances, end of year	\$ 10,368,271	\$ 13,061,979	\$ 26,296,468	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830	\$ 18,635,633	\$ 12,585,613	\$ 13,676,882	\$ 15,381,828
Ratio of Debt Service to General Government Expenditures including Capital Outlay	<u>15.58%</u>	<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>

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>				
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
2015	325,236,513	43,200,000	3,310,000	365,126,513	0.0393	6,085,400,000	6.0

⁽¹⁾ Reassessment performed by Horry County.

Note: 1 mil is equal to \$365,127 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>
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
2015	39.3	51.7	133.1	0.7	224.8

Note 1: Each mil for North Myrtle Beach is equal to \$365,127 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 2015 AND 2006

Frontier Communications		<u>2015</u>			<u>2006</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	0.84%	1			
Lawyers Title Insurance Corp	Commercial	2,405,460	0.66%	2	2,079,906	2	0.80%
Fairfield Resorts, Inc.	Multi-Family Residential	2,161,746	0.59%	3	1,767,828	3	0.68%
The Gator Hole Development	Commercial - Retail	2,043,558	0.56%	4	1,498,842	5	0.58%
Lakeside Festival Shopping LLC	Commercial - Retail	2,033,658	0.56%	5			
Bluegreen Vacations Unlimited Inc.	Commercial - Timeshare	1,777,826	0.49%	6			
Wyndham Vacation Resorts Inc.	Commercial - Timeshare	1,609,728	0.44%	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	0.25%	11			
Rosen Surfwood, LLC	Commercial	832,500	0.23%	12			
Worley Harold G TR ETAL	Hotel	772,200	0.21%	13	867,624	11	0.33%
Barefoot Retail Partners I LLC	Commercial - Retail	729,050	0.20%	14			
Peppertree Resorts, LTD	Condos - Timeshare	686,760	0.19%	15			
ETW Development Co. LLC	Commercial/Retail	640,140	0.18%	16			
Ocean Keys Development LLC	Condos	557,269	0.15%	17	647,574	17	0.25%
Boulineau Holdings LLC	Commercial/Retail	511,776	0.14%	18	845,700	12	0.33%
Oprock Myrtle Fee LLC	Residential	510,000	0.14%	19			
Barefoot Commons, LLC	Retail	503,982	0.14%	20	744,870	13	0.29%
Patten Resorts	Condos				2,357,178	1	0.91%
Barefoot Properties II LTD	Commercial				1,553,220	4	0.60%
NFPS Inc	Residential Development				1,179,832	6	0.45%
Centex Homes	Residential				1,089,053	7	0.42%
Barefoot Private Golf Club, LLC	Golf Course				1,031,592	8	0.40%
Coastal Resort Holdings	Residential Development				1,000,392	9	0.39%
		<u>\$25,224,542</u>	<u>6.91%</u>		<u>\$16,663,611</u>		<u>6.42%</u>

TABLE IX

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
2006	7,921,913	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%	244,875	13,985,272	99.3%
2015	14,349,472 ¹	13,971,950	97.4%	0	13,971,950	97.4%

- (1) Millage rate increased to 39.3 from 38.0.
- (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			Total Primary Government	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			
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
2015	10,987,970	630,160	-	5,400,000	4,625,396	21,643,526	3.50%	1,450

⁽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>
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
2015	10,987,970	3.01%	736.06

⁽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, 2015

<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	\$ 365,126,513	10,987,970	100.00%	10,987,970
Sub-Total Direct Debt		\$ 10,987,970		\$ 10,987,970
Horry County	1,987,851,000	292,200,197	18.36%	53,647,956
Horry County School District	1,987,851,000	330,620,000	18.36%	60,701,832
Sub-Total Overlapping Debt		\$ 622,820,197		\$ 114,349,788
Grand Total Direct & Overlapping Debt		\$ 633,808,167		\$ 125,337,758

⁽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>2015</u>	<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>
Total Assessed Valuation	\$365,127	\$370,724	\$382,894	\$379,941	\$378,498	\$352,557	\$354,822	\$306,162	\$278,998	\$359,735
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation ⁽¹⁾	29,210	29,658	30,632	30,395	30,280	28,205	28,386	24,493	22,320	20,779
Outstanding bonds chargeable to bond limit ⁽²⁾	<u>10,193</u>	<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>
Legal debt margin	<u>\$ 19,017</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>34.9%</u>	<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>

⁽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	
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%
2015	Water and Sewer	14,168,542	11,253,062	2,915,480	998,333	331,625	1,329,958	219%
	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

<u>Fiscal Year Ended June 30</u>	<u>Total Estimated Actual Value Amounts in 000's ⁽¹⁾</u>	<u>Single Family Units ⁽²⁾</u>	<u>Construction</u>	<u>Units</u>	<u>Multi- Family Construction</u>	<u>Units</u>	<u>Commercial Construction</u>	<u>Total Construction</u>
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
2015	6,085,400	195	52,571,167	9	4,404,589	10	5,856,243	62,831,999

⁽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⁾
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%
2015	14,928	617,852	41,389	6.7%

2009

<u>INCOME</u>	<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 2006 through 2015 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.

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS

Largest Employers in NMB - 2015 and 2006

<u>Rank</u>	<u>Employer</u>	<u>2015 # of Employees</u>	<u>2006 # of Employees</u>
1	City of North Myrtle Beach	845	300
2	Wyndam Sales & Marketing	666	
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)	160	115
9	Publix	160	
10	Cracker Barrel	150	
11	Beach Cove	133	100
12	Barefoot Resort Golf	122	
13	Baywatch Resort	120	
14	Dick's Last Resort	110	100
15	Alabama Theatre	98	
16	Olive Garden	95	
17	Home Depot	95	109
18	Carrabba's	95	
19	T-Bonz	78	
20	Greg Norman's Australian 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>2015</u>	<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>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	11	11	11	12	14	14	14	14	14	11
City Court	5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5
Information Services	7.5	7	6	6	6	6	6	6	6	5
Finance										
Accounting/Revenue	12	12	12	12	12	12	12	12	10	9.5
Public Safety										
Administration	13	12	12	12	10	10	12	12	11	11
Detectives	11	11	10	10	9.5	9.5	9.5	10.5	10.5	10.5
Public Safety & Fire Officials	131	138	141	141	144	144	141	132	129	125.5
Planning & Community Development										
Administration	9	10	10	10	10	10	10	10	10	10
Inspection Services	9	9	9	9	9	9	11	11	11	9
Public Works										
Streets / Drainage	20	19	19	19	19	19	19	19	18	18
Parks and Recreation										
Parks & Grounds	27	22.5	16.75	15.25	13	13	13	13	12	11
Other Recreation Activities	22	15	9.75	9	8.8	7	7	7	6.5	6.5
Support Services										
Purchasing	4	4	4	6	7	7	7	7	7	7
Fleet Maintenance	5	5	6	6	6	6	6	6	5	5
Custodial & Facility Maintenance	8	8	9	8	8	5	5	5	4	4
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	26	9	24.6	25	24	26.6	27.6	25.5	27	22
Beach Services	54	0	49	49	41.1	44.5	48	57.8	14	-
Water & Sewer Utility										
Administration	12	12	12	12	12.75	12.75	12.75	12.75	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	18	19	19	19	19	19	21	19	19	17
Solid Waste Utility										
Administration	4	4	4	4	4.25	4.25	4.25	4.25	4	4
Sanitation Services	<u>28</u>	<u>27.6</u>	<u>29</u>	<u>26</u>						
GRAND TOTALS	<u>459.5</u>	<u>383.6</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>

TABLE XIX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

MISCELLANEOUS STATISTICAL DATA

June 30, 2015

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 2015	159,840
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	29,150
Annual Fire Calls	4,346
Traffic Stops	4,513
Arrests	1,671

BUILDING

Permits Issued	3,364
Estimated Cost of Construction	\$106,823,494
Inspections	10,653

SOLID WASTE

Garbage - Tons	12,124
Construction Debris - Tons	702
Yard Waste - Tons	4,925
Recycling - Tons	1,891

AQUATIC & FITNESS CENTER

Member Packages	2,486
Members	4,307

BEACH SERVICES

Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	16

CITY OF NORTH MYRTLE BEACH