

# **City of North Myrtle Beach**

## **South Carolina**



# **CAFR**

**Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2016**



CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2016

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

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2016

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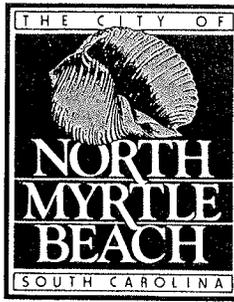
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## INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



December 28, 2016

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, 2016. 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, 2016, 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 61 through 63 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 FY2016 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 \$61,712,829 of permitted construction for residential and commercial has occurred over the first five months of FY 2017. This represents an increase of 39% over the previous fiscal year. This is attributed to a significant commercial development permitted in the current 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 an 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 which is significant.

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 2017 which will continue to positively impact the City of North Myrtle Beach.

General Fund Revenues are projected to grow at a faster pace through 2017 especially with new commercial development going on at the current time. No additional general obligation bond issues are projected for FY 2017. 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 5<sup>th</sup> 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 1,600 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.

The City has been able to maintain consistent growth over the last three years and the future looks very bright with the overall economy beginning to show signs of good growth. The General Fund fund balance has been able to remain above the 35% fund balance policy which gives the City a lot of flexibility in taking on major projects and improvements throughout the City. Current projections are favorable and management is looking forward to a very bright future over the next several fiscal years.

### **GFOA CERTIFICATE OF ACHIEVEMENT**

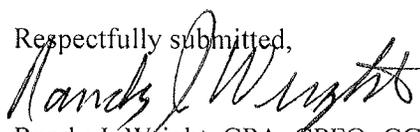
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2015. 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 2016.

### **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, 2015**

Executive Director/CEO

City of North Myrtle Beach, South Carolina

**PRINCIPAL OFFICIALS**

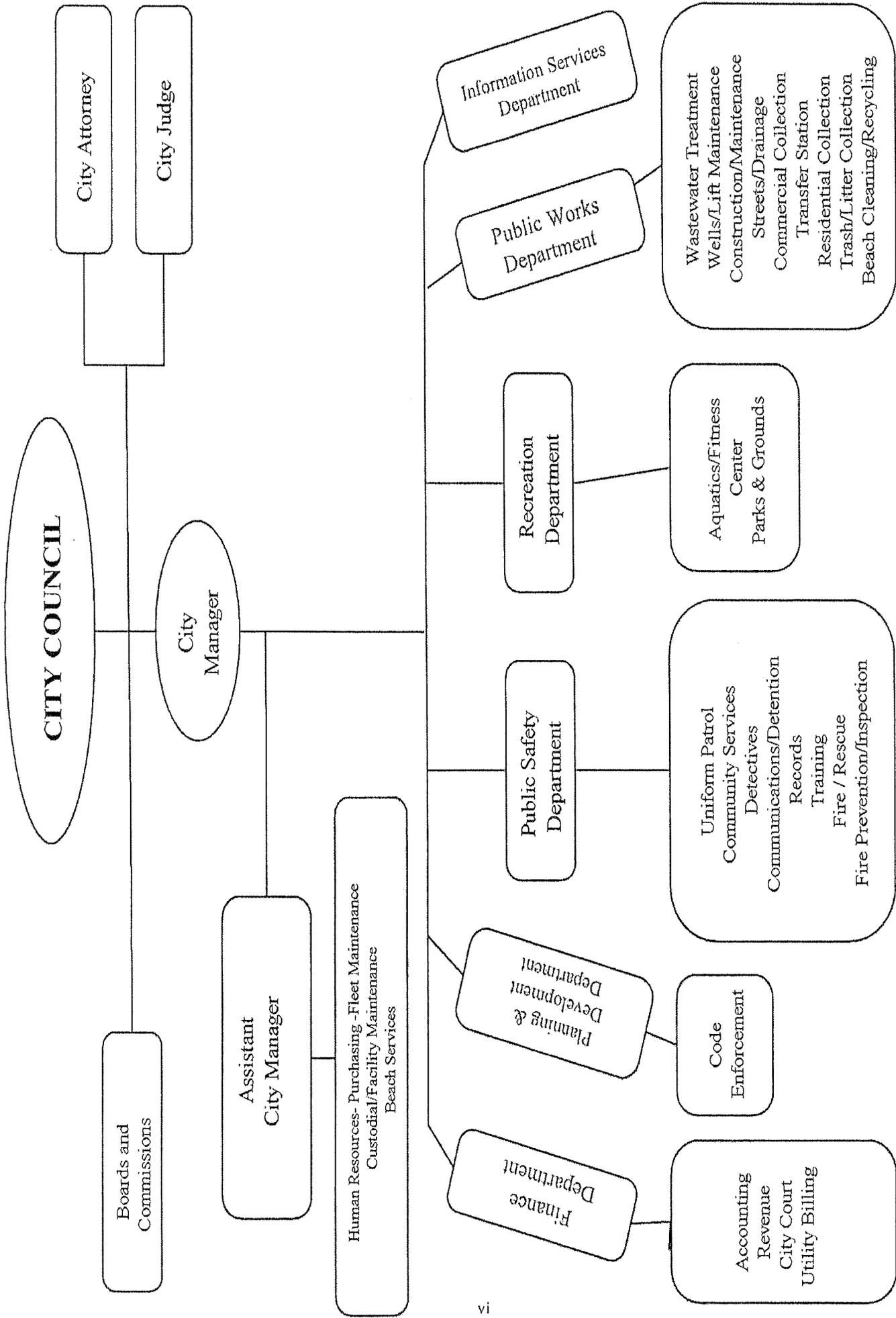
**June 30, 2016**

**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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*Myrtle Beach/Conway*  
Phone: (843) 488-5301

## 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, 2016, 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, 2016, 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

### *Required Supplementary Information*

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

### *Other Information*

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

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

The prior year summarized comparative information presented in the 2015 individual fund financial statements and schedules has been derived from the City's 2015 audited financial statements, and in my report dated December 9, 2015, 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 16, 2016  
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

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, 2016. 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, 2016 were \$236.2 million and exceeded total liabilities and deferred inflows of resources by \$189.2 million. Of the total net position at June 30, 2016, \$11.8 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 \$3.3 million for the year ended June 30, 2016. The Governmental Activities contributed \$1.9 million and the Business-type Activities contributed \$1.4 million for the year.

**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, workers compensation liability program, and property liability.

**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, 2016 (with comparative amounts of June 30, 2015) 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	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 6,965	\$ 6,265	\$ 14,655	\$ 14,441	\$ 21,620	\$ 20,706
Restricted	378	742	3,758	3,806	4,136	4,548
Other current assets	7,707	7,049	1,065	945	8,772	7,994
Capital assets, net of accumulated depreciation	110,250	110,554	79,328	79,799	189,578	190,353
Other assets, net of accumulated amortization	—	—	7,935	10,572	9,735	10,572
<b>Total assets</b>	<b>125,300</b>	<b>124,610</b>	<b>108,541</b>	<b>109,563</b>	<b>233,841</b>	<b>234,173</b>
Deferred Outflows of Resources	2,323	1,290	—	—	2,323	1,290
<b>Liabilities:</b>						
Current liabilities	6,060	5,983	4,642	5,418	10,702	11,401
Long term liabilities	26,602	26,590	8,721	10,326	35,323	36,916
<b>Total liabilities</b>	<b>32,662</b>	<b>32,573</b>	<b>13,363</b>	<b>15,744</b>	<b>46,025</b>	<b>48,317</b>
Deferred Inflows of Resources	960	1,249	—	—	960	1,249
<b>Net Position:</b>						
Net investment in capital assets	99,049	98,935	75,141	75,173	174,190	174,108
Restricted	1,120	1,252	1,889	2,233	3,009	3,485
Unrestricted (deficit)	(6,168)	(8,109)	18,148	16,413	11,980	8,304
<b>Total net position</b>	<b>\$ 94,001</b>	<b>\$ 92,078</b>	<b>\$ 95,178</b>	<b>\$ 93,819</b>	<b>\$189,179</b>	<b>\$185,897</b>

*Governmental Activities* – For 2016, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$15.0 million, or 12.0% of total assets. Non-current assets (consisting of capital assets and other assets, net of accumulated depreciation and amortization, respectively) totaled \$110.2 million or 88.0% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$6.0 million, or 18.5% of total liabilities. Long-term (non-current) liabilities totaled 26.6 million, or 81.5% of the respective total.

*Business-type Activities* – For 2016, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$19.5 million, or 17.9% of total assets. Non-current assets (consisting of capital assets and other assets, net of accumulated depreciation and amortization, respectively) totaled \$89.0 million, or 82.1% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$4.6 million, or 34.7% of the respective total liabilities. Long-term (non-current) liabilities totaled \$8.7 million, or 65.3% 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, 2016 total assets and deferred outflows by resources exceeded total liabilities and deferred inflows of resources by \$189.2 million at the end of June 30, 2016 (or \$94.0 million for Governmental Activities and \$95.2 million for Business-type Activities.)

By far the largest portion (\$174.1 million, or 92.0%) of the City’s 2016 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 2016 restricted net position (totaling \$3.0 million or 1.6% of total net position) consist of \$1.1 million in Governmental Activities and \$1.9 million in Business-type Activities, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$(6.2) million deficit Governmental Activities and \$18.1 million Business-type Activities, for a total of \$11.9 million, or 6.2% 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 2016 and FY 2015 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 3,655	\$ 3,675	\$ 21,275	\$ 20,670	\$ 24,930	24,345
Operating grants and contributions	244	24	219	—	463	24
Capital grants and contributions	3,046	3,870	2,410	4,019	5,456	7,889
General revenue:						
Property taxes	14,784	14,424	—	—	14,784	14,424
State shared and other taxes	18,713	18,173	—	—	18,713	18,173
Investment earnings	16	—	48	65	64	65
Other	—	326	139	112	139	438
<b>Total revenue</b>	<b>40,458</b>	<b>40,492</b>	<b>24,091</b>	<b>24,866</b>	<b>64,549</b>	<b>65,358</b>
<b>Expenses:</b>						
General government	3,047	2,572	—	—	3,047	2,572
Finance	775	904	—	—	775	904
Information services	340	632	—	—	340	632
Public safety	14,374	13,674	—	—	14,374	13,674
Planning and development	1,197	1,677	—	—	1,197	1,677
Public works	9,454	6,031	—	—	9,454	6,031
Parks and recreation	7,033	6,688	—	—	7,033	6,688
Support services	970	1,006	—	—	970	1,006
Interest on general long-term debt	247	294	—	—	247	294
Water and Sewer Utility	—	—	14,876	15,231	14,876	15,231
Solid Waste	—	—	4,321	4,186	4,321	4,186
Aquatic Center	—	—	2,300	2,438	2,300	2,438
Beach Service	—	—	2,332	2,376	2,332	2,376
<b>Total expenses</b>	<b>37,437</b>	<b>33,478</b>	<b>23,829</b>	<b>24,231</b>	<b>61,266</b>	<b>57,709</b>
Changes in net position before transfers	3,021	7,014	262	635	3,283	7,649
Transfers	(1,098)	(1,404)	1,098	1,404	—	—
<b>Change in net position</b>	<b>1,923</b>	<b>5,610</b>	<b>1,360</b>	<b>2,039</b>	<b>3,283</b>	<b>7,649</b>
Net position – beginning of year	92,078	86,468	93,819	91,780	185,897	178,248
Net position – end of year	\$ 94,001	\$ 92,078	\$ 95,179	\$ 93,819	\$ 189,180	\$ 185,897

Of total net position at June 30, 2016, \$94.0 million (and \$92.1 million at June 30, 2015) represents net position of the City's Governmental Activities, and \$95.1 million (and \$93.8 million in 2015) represents total net position of the City's Business-type Activities. At the end of fiscal year 2016, 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.	\$ (3,048)	\$ 684	\$ (2,364)	22.4%	77.4%
Finance	(774)	—	(774)	—	—
Information services	(340)	—	(340)	—	—
Public safety	(14,374)	626	(13,748)	4.4%	95.6%
Planning and development	(1,197)	20	(1,177)	1.7%	98.3%
Public works	(9,454)	4,608	(4,846)	48.7%	51.3%
Parks and recreation	(7,033)	1,006	(6,027)	14.3%	85.7%
Support services	(970)	—	(970)	—	—
Debt service interest	(247)	—	(247)	—	—
Totals	\$ (37,437)	\$ 6,944	\$ (30,493)	18.5%	81.5%

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 2016. General Revenues (81.5%) were required to fund 2016 Governmental Activities (as compared to 77% in 2015) and were as follows:

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

Property taxes	\$ 14,784
Accommodations/hospitality taxes	9,350
State shared taxes – unrestricted	817
Licenses and franchise taxes	8,547
Investment earnings	16
Other revenues	—
Total general revenue before transfers	<u>\$ 33,514</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$24.3 million, and achieved actual revenues of \$24.2 million or within .1 million of budget. Final expenditures budgeted for the General Fund were \$27.1 million with actual expenditures of \$28.6 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.9 million, with the actual deficiency equaling \$4.4 million. However, after considering Other Financing Sources and Uses, and transfers, the General Fund had an actual decrease of \$455,426 in fund balance.

As noted above, the City's General Fund fund balance decreased 3.9% due to additional expenditures in General Government Administration, Public Safety and Public Works. The additional expenditures in these areas were needed in order to provide for the necessary services for tourism-related and growth-related costs, including expanded police coverage for services and 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 \$3.1 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 2016.

The Water and Sewer Utility has been in operation for a number of years and resulted in an operating loss of \$2,012,475 for the year ended June 30, 2016. 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 \$363,450 in 2016.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved a net operating income of \$34,142 for the year ended June 30, 2016. After transfers from the Accommodations (2%) Tax Fund of \$290,833, the change in net position increased by \$359,465.

The City's Aquatic Center Enterprise Fund, in its 11<sup>th</sup> year of operations, incurred a net operating loss of \$129,115. After recognizing a \$445,917 transfer from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled a positive \$200,000.

The City's Beach Service Enterprise Fund, in its 8<sup>th</sup> year of operations, incurred a net operating loss of \$12,354. After recognizing \$511,861 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 \$505,702.

### **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, 2016, amounts to \$189.6 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 emphasis continued in 2016 with the City's multi-million dollar 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 \$18.5 million. Of this amount, \$7.1 million comprises debt backed by the full faith and credit of the City government, \$2.5 million backed by Stormwater revenue, and \$319,667 of lease/purchase installment notes for equipment. Enterprise Fund revenue-backed long-term debt consists of contract and note payables totaled \$8.5 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

During FY 2016, the City issued \$5 million in Stormwater Revenue Bonds.

### **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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets and Deferred Outflows</b>			
Current assets:			
Cash and cash equivalents	\$ 1,013,064	\$ 10,201,687	\$ 11,214,751
Equity in pooled cash and cash equivalents	5,952,243	4,453,106	10,405,349
Receivables, net	2,764,658	1,821,754	4,586,412
Due from other governments	2,423,965	266,849	2,690,814
Internal balances, net	1,802,145	(1,802,145)	—
Inventories and prepaids	708,398	510,693	1,219,091
Restricted assets:			
Cash and cash equivalents	377,355	978,177	1,355,532
Equity in pooled cash and cash equivalents	—	2,780,239	2,780,239
Deposits held by others	7,727	268,213	275,940
Total current assets	<u>15,049,555</u>	<u>19,478,573</u>	<u>34,528,128</u>
Non-currents assets:			
Capital assets not subject to depreciation	19,583,806	743,454	20,327,260
Capital assets, net of depreciation	90,666,813	78,584,400	169,251,213
Other assets, net	—	9,735,052	9,735,052
Total non-current assets	<u>110,250,619</u>	<u>89,062,906</u>	<u>199,313,525</u>
Deferred outflows of resources:			
Pension plan related, net	2,323,104	—	2,323,104
Total deferred outflows of resources	<u>2,323,104</u>	<u>—</u>	<u>2,323,104</u>
Total Assets and Deferred Outflows	<u>\$ 127,623,278</u>	<u>\$ 108,541,479</u>	<u>\$ 236,164,757</u>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
Current liabilities:			
Accounts payable	\$ 1,348,105	\$ 412,581	\$ 1,760,686
Accrued payroll and related taxes	325,639	146,347	471,986
Accrued interest payable	101,135	60,678	161,813
Due to other governments	9,195	—	9,195
Bonds, contracts and notes payable – current portion	3,659,751	1,566,120	5,225,871
Unearned revenue and deposits	123,025	260,385	383,410
Insurance reserves and claims payable	151,179	40,235	191,414
Liabilities payable from restricted assets	342,073	2,155,150	2,497,223
Total current liabilities	<u>6,060,102</u>	<u>4,641,496</u>	<u>10,701,598</u>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,438,106	459,213	1,897,319
General obligation bonds payable	5,862,798	—	5,862,798
Revenue bond payable	1,678,264	—	1,678,264
Contracts payable	—	3,236,667	3,236,667
Note payable	—	3,730,237	3,730,237
Net pension liabilities	12,756,327	—	12,756,327
Other post-employment benefits (OPEB)	4,866,553	1,295,201	6,161,754
Total long-term liabilities	<u>26,602,048</u>	<u>8,721,318</u>	<u>35,323,366</u>
Total liabilities	<u>32,662,150</u>	<u>13,362,814</u>	<u>46,024,964</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities, Deferred Inflows, and Net Position (continued)</b>			
Deferred inflows of resources:			
Pension plan related, net	959,770	—	959,770
Total deferred inflows of resources	<u>959,770</u>	<u>—</u>	<u>959,770</u>
Net position:			
Net investment in capital assets	99,049,806	75,141,497	174,191,303
Restricted for:			
Health insurance	59,960	15,958	75,918
Public safety pensions	1,012,939	—	1,012,939
Public safety assistance	46,878	—	46,878
Tourism related and parks	351	—	351
Future capacity of utility	—	1,873,201	1,873,201
Unrestricted (deficit)	<u>(6,168,576)</u>	<u>18,148,009</u>	<u>11,979,433</u>
Total net position	<u>94,001,358</u>	<u>95,178,665</u>	<u>189,180,023</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 127,623,278</u>	<u>\$ 108,541,479</u>	<u>\$ 236,164,757</u>
<i>See accompanying notes to financial statements.</i>			

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Primary Government				Net (Expense) Revenue and Changes in	
	Program Revenue			Net Position		Total
	Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Functions and Programs</b>						
<b>Governmental Activities:</b>						
General government admin.	\$ (3,047,598)	\$ 87,278	\$ 244,173	\$ 352,514	\$ (2,363,633)	\$ (2,363,633)
Finance	(774,629)	—	—	—	(774,629)	(774,629)
Information Services	(339,912)	—	—	—	(339,912)	(339,912)
Public safety	(14,373,749)	467,082	—	158,372	(13,748,295)	(13,748,295)
Planning and development	(1,197,451)	20,610	—	—	(1,176,841)	(1,176,841)
Public works	(9,454,346)	2,131,257	—	2,477,177	(4,845,912)	(4,845,912)
Parks and recreation	(7,032,599)	948,503	—	57,493	(6,026,603)	(6,026,603)
Support services	(969,515)	—	—	—	(969,515)	(969,515)
Debt service – interest	(247,289)	—	—	—	(247,289)	(247,289)
Total governmental activities	<u>(37,437,088)</u>	<u>3,654,730</u>	<u>244,173</u>	<u>3,045,556</u>	<u>(30,492,629)</u>	<u>(30,492,629)</u>
<b>Business-type Activities:</b>						
Water and Sewer Utility	(14,875,661)	12,587,395	218,564	2,406,182	—	336,480
Solid Waste	(4,320,924)	4,333,735	—	—	—	12,811
Aquatic Center	(2,300,222)	2,039,671	—	—	—	(260,551)
Beach Service	(2,332,493)	2,314,142	—	3,835	—	(14,516)
Total business-type activities	<u>(23,829,300)</u>	<u>21,274,943</u>	<u>218,564</u>	<u>2,410,017</u>	<u>—</u>	<u>74,224</u>
Total functions and programs	<u>\$ (61,266,388)</u>	<u>\$ 24,929,673</u>	<u>\$ 462,737</u>	<u>\$ 5,455,573</u>	<u>(30,492,629)</u>	<u>(30,418,405)</u>

**General Revenue and Transfers**

General Revenue:						
Property taxes	14,783,717					14,783,717
Accommodations and hospitality taxes	9,349,845					9,349,845
State shared taxes – unrestricted	817,472					817,472
Business licenses and franchise taxes	8,547,147					8,547,147
Unrestricted investment earnings	15,853				48,312	64,165
Miscellaneous	16				138,602	138,618
Transfers:						
Transfers in/(out)	(1,098,403)				1,098,403	—
Total general revenue and transfers	<u>32,415,647</u>				<u>1,285,317</u>	<u>33,700,964</u>
<b>Changes in net position</b>						
Net position, beginning of year	1,923,018				1,359,541	3,282,559
Net position, end of year	<u>\$ 94,001,358</u>				<u>\$ 95,178,665</u>	<u>\$ 189,180,023</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	General Fund	Stormwater Drainage Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,013,064	\$ —	\$ —	\$ —	\$ 1,013,064
Equity in pooled cash and cash equivalents	4,453,440	—	—	1,498,803	5,952,243
Deposits held by others	2,601	—	—	—	2,601
Receivables, net	1,637,898	50,822	—	1,056,639	2,745,359
Due from other funds	4,253,065	—	—	—	4,253,065
Due from other governments	291,736	—	1,090,346	1,041,883	2,423,965
Inventories and prepaids	433,674	—	—	—	433,674
Restricted assets:					
Cash and cash equivalents	321,374	—	—	—	321,374
Equity in pooled cash and cash equivalents	—	—	—	—	—
<b>Total assets</b>	<b>\$ 12,406,852</b>	<b>\$ 50,822</b>	<b>\$ 1,090,346</b>	<b>\$ 3,597,325</b>	<b>\$ 17,145,345</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 503,849	\$ 49,730	\$ 488,534	\$ 304,857	\$ 1,346,970
Accrued payroll and withholdings payable	325,639	—	—	—	325,639
Deposits and performance bonds	113,025	—	—	10,000	123,025
Due to other funds	—	992,212	601,461	857,247	2,450,920
Due to other governments	9,195	—	—	—	9,195
Payable from restricted assets	274,496	—	—	—	274,496
<b>Total liabilities</b>	<b>1,226,204</b>	<b>1,041,942</b>	<b>1,089,995</b>	<b>1,172,104</b>	<b>4,530,245</b>
Fund balances:					
Non-spendable	433,674	—	—	—	433,674
Restricted by others	46,878	—	351	—	47,229
Committed by ordinance	392,500	—	—	18,380	410,880
Assigned by management	—	—	—	2,406,841	2,406,841
Unassigned reported in:					
General Fund	10,307,596	—	—	—	10,307,596
Capital Projects Fund	—	(991,120)	—	—	(991,120)
<b>Total fund balances</b>	<b>11,180,648</b>	<b>(991,120)</b>	<b>351</b>	<b>2,425,221</b>	<b>12,615,100</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,406,852</b>	<b>\$ 50,822</b>	<b>\$ 1,090,346</b>	<b>\$ 3,597,325</b>	

**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.	110,250,619
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.	(4,731,314)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(25,496,381)
Deferral outflows and inflows of resources are not financial uses or resources, respectively, and therefore are not reported in these funds.	1,363,334

Net position, end of year – Governmental Activities \$ 94,001,358

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, 2016

	General Fund	Stormwater Drainage Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 12,526,831	\$ —	\$ —	\$ 2,256,886	\$ 14,783,717
Licenses and permits	8,547,147	—	—	—	8,547,147
Fines and forfeitures	373,506	—	—	—	373,506
Use of money and property	205,379	—	—	15,853	221,232
Unrestricted intergovernmental	1,029,271	—	—	—	1,029,271
Restricted intergovernmental	256,013	500,000	3,549,183	7,525,892	11,831,088
Sales and service charges	1,140,291	2,120,325	—	20,610	3,281,226
Miscellaneous	89,554	—	—	301,769	391,323
<b>Total revenue</b>	<b>24,167,992</b>	<b>2,620,325</b>	<b>3,549,183</b>	<b>10,121,010</b>	<b>40,458,510</b>
<b>Expenditures</b>					
Current:					
General government administration	2,409,751	—	—	—	2,409,751
Finance	772,893	51,089	—	—	823,982
Information services	207,508	—	—	—	207,508
Public safety	13,602,127	—	—	—	13,602,127
Planning/development	1,703,051	—	—	—	1,703,051
Public works	2,324,073	394,210	—	70,743	2,789,026
Parks and recreation	4,557,757	—	1,653,148	—	6,210,905
Support services	998,679	—	—	—	998,679
Debt service	935,003	2,548,331	—	2,218,750	5,702,084
Capital outlay	1,057,921	454,367	—	6,119,807	7,632,095
<b>Total expenditures</b>	<b>28,568,763</b>	<b>3,447,997</b>	<b>1,653,148</b>	<b>8,409,300</b>	<b>42,079,208</b>
Excess (deficiency) of revenue over (under) expenditures	(4,400,771)	(827,672)	1,896,035	1,711,710	(1,620,698)
<b>Other Financing Sources (Uses)</b>					
Proceeds of Note Payable	—	5,000,000	—	—	5,000,000
Transfers in	6,154,415	58,357	—	2,502,835	8,715,607
Transfers (out)	(2,209,070)	—	(1,925,147)	(5,713,863)	(9,848,080)
Total other financing sources (uses)	3,945,345	5,058,357	(1,925,147)	(3,211,028)	3,867,527
<b>Net change in fund balances</b>	<b>(455,426)</b>	<b>4,230,685</b>	<b>(29,112)</b>	<b>(1,499,318)</b>	<b>2,246,829</b>
Fund balances, beginning of year	11,636,074	(5,221,805)	29,463	3,924,539	10,368,271
Fund balances, end of year	\$ 11,180,648	\$ (991,120)	\$ 351	\$ 2,425,221	\$ 12,615,100

— 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	\$	2,246,829
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.		(302,856)
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.		(259,549)
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.		8,323
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.		230,271
Change in Net Position – Governmental Activities	\$	1,923,018

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2016

	Water and Sewer Utility	Business-type Activities – Enterprise Funds				Totals	Internal Service Fund
		Solid Waste	Aquatic Center	Beach Service			
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 8,585,651	\$ 1,608,054	\$ 400	\$ 7,582	\$ 10,201,687	\$ —	
Equity in pooled cash and cash equivalents	4,453,106	—	—	—	4,453,106	—	
Receivables, net	1,675,164	114,183	8,709	18,562	1,816,618	24,435	
Due from other funds	—	—	—	187,476	187,476	—	
Due from other governments	266,849	—	—	—	266,849	—	
Inventories and prepaid items	429,310	—	—	8,267	437,577	347,840	
Restricted assets:							
Cash and cash equivalents	963,278	—	—	—	963,278	70,880	
Equity in pooled cash and cash equivalents	2,780,239	—	—	—	2,780,239	—	
Deposits with others	266,849	—	—	—	266,849	6,490	
Total current assets	19,420,446	1,722,237	9,109	221,887	21,373,679	449,645	
Non-current assets:							
Capital assets, not subject to depreciation	743,454	—	—	—	743,454	—	
Capital assets, subject to depreciation, net	68,569,184	1,904,813	7,398,856	711,547	78,584,400	—	
Total capital assets, net	69,312,638	1,904,813	7,398,856	711,547	79,327,854	—	
Other assets, net	9,735,052	—	—	—	9,735,052	—	
Total non-current assets	79,047,690	1,904,813	7,398,856	711,547	89,062,906	—	
Total assets	\$ 98,468,136	\$ 3,627,050	\$ 7,407,965	\$ 933,434	\$ 110,436,585	\$ 449,645	

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities — Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Liabilities and Net Position</b>						
Current liabilities:						
Accounts payable	\$ 169,867	\$ 129,236	\$ 51,676	\$ 61,501	\$ 412,280	\$ 1,436
Accrued payroll and related taxes	39,800	23,294	13,952	69,301	146,347	—
Due to other funds	—	—	61,626	1,927,995	1,989,621	—
Accrued interest payable	—	—	60,678	—	60,678	—
Contracts and note payable — current portion	1,110,000	—	456,120	—	1,566,120	—
Unearned revenue	—	—	260,385	—	260,385	—
Insurance reserves and claims payable	—	—	—	—	—	191,414
Liabilities payable from restricted assets	2,137,165	—	—	—	2,137,165	85,562
Total current liabilities	3,456,832	152,530	904,437	2,058,797	6,572,596	278,412
Long-term (non-current) liabilities:						
Accrued compensated absences	277,447	142,135	39,631	—	459,213	—
Contracts payable	3,236,667	—	—	—	3,236,667	—
Note payable	—	—	3,730,237	—	3,730,237	—
Other post-employment benefits (OPEB)	—	—	—	—	—	6,161,754
Total long-term liabilities	3,514,114	142,135	3,769,868	—	7,426,117	6,161,754
Total liabilities	6,970,946	294,665	4,674,305	2,058,797	13,998,713	6,440,166
Net position:						
Net investment in capital assets	69,312,638	1,904,813	3,212,499	711,547	75,141,497	—
Restricted for:						
Future capacity and deposits	1,873,201	—	—	—	1,873,201	—
Health insurance claims	—	—	—	—	—	75,918
Unrestricted (deficit)	20,311,351	1,427,572	(478,839)	(1,836,910)	19,423,174	(6,066,439)
Total net position	91,497,190	3,332,385	2,733,660	(1,125,363)	96,437,872	(5,990,521)
Total liabilities and net position	\$ 98,468,136	\$ 3,627,050	\$ 7,407,965	\$ 933,434	\$ 109,436,585	\$ 449,645

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):

Net Position of Business-type Activities (1,259,207)

See accompanying notes to financial statements. \$ 95,178,665

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	Business-type Activities – Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Operating Revenue</b>						
Sales and service charges	\$ 12,587,395	\$ 4,333,735	\$ 2,039,671	\$ 2,314,142	\$ 21,274,943	\$ 5,445,762
<b>Total operating revenue</b>	<b>12,587,395</b>	<b>4,333,735</b>	<b>2,039,671</b>	<b>2,314,142</b>	<b>21,274,943</b>	<b>5,445,762</b>
<b>Operating Expenses</b>						
General government administration	1,200,760	238,182	91,701	193,225	1,723,868	3,135,669
Finance	802,248	117,963	30,850	115,688	1,066,749	193,945
Information services	328,054	65,611	21,870	32,805	448,340	92,330
Public safety	64,006	—	—	846,249	910,255	1,167,892
Planning/development	41,962	—	—	—	41,962	92,967
Public works	8,519,378	3,245,445	—	—	11,764,823	893,351
Parks and recreation	—	—	1,693,467	955,123	2,648,590	185,181
Support services	473,239	138,616	43,074	39,262	694,191	61,359
Depreciation and amortization	3,170,223	493,776	287,824	144,144	4,095,967	—
<b>Total operating expenses</b>	<b>14,599,870</b>	<b>4,299,593</b>	<b>2,168,786</b>	<b>2,326,496</b>	<b>23,394,745</b>	<b>5,822,694</b>
Operating income (loss)	(2,012,475)	34,142	(129,115)	(12,354)	(2,119,802)	(376,932)
<b>Non-Operating Revenue (Expenses)</b>						
Interest earned on investments	48,312	—	—	—	48,312	—
Interest expense	(237,759)	—	(127,719)	—	(365,478)	—
Non-operating program fees and other	211,557	—	4,647	2,360	218,564	48,307
Restricted intergovernmental	—	—	—	—	—	—
Miscellaneous and other	97,841	34,490	6,270	—	138,601	—
<b>Total non-operating revenue (expenses)</b>	<b>119,951</b>	<b>34,490</b>	<b>(116,802)</b>	<b>2,360</b>	<b>39,999</b>	<b>48,307</b>
Income (loss) before contributions and transfers	(1,892,524)	68,632	(245,917)	(9,994)	(2,079,803)	(328,625)
<b>Capital Contributions</b>						
2,406,182	—	—	—	3,835	2,410,017	—
<b>Transfers – in (out)</b>	<b>(150,208)</b>	<b>290,833</b>	<b>445,917</b>	<b>511,861</b>	<b>1,098,403</b>	<b>—</b>
<b>Change in net position</b>	<b>363,450</b>	<b>359,465</b>	<b>200,000</b>	<b>505,702</b>	<b>1,428,617</b>	<b>(328,625)</b>
Net position, beginning of year	91,133,740	2,972,920	2,533,660	(1,631,065)	(5,661,896)	(5,661,896)
<b>Net position, end of year</b>	<b>\$ 91,497,190</b>	<b>\$ 3,332,385</b>	<b>\$ 2,733,660</b>	<b>\$ (1,125,363)</b>	<b>\$ (5,990,521)</b>	<b>\$ (5,990,521)</b>
<i>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):</i>						
Change in Net Position of Business-type Activities						(69,076)
<i>See accompanying notes to financial statements.</i>						\$ 1,359,541

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2016

	Business-type Activities – Enterprise Fund					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Cash flows from operating activities</b>						
Cash received from:						
User fees	\$ 12,403,756	\$ 4,037,402	\$ 2,037,280	\$ 2,317,217	\$ 20,795,655	\$ 5,412,327
Tap fees	36,030	—	—	—	36,030	—
Service and miscellaneous charges	142,651	—	—	—	142,651	—
Cash paid to (for):						
Employee salaries and related costs	(3,875,215)	(1,591,032)	(1,094,208)	(1,496,932)	(8,057,387)	—
Water and sewer system costs	(6,065,996)	—	—	—	(6,065,996)	—
Garbage collection services	—	(1,078,898)	—	—	(1,078,898)	—
Aquatic Center operations	—	—	(591,581)	—	(591,581)	—
Beach Service operations	—	—	—	(315,126)	(315,126)	—
Health and Workers Compensation insurance and claims costs	—	—	—	—	—	(6,526,811)
Overhead and miscellaneous costs	(2,048,371)	(693,557)	(211,749)	(519,939)	(3,473,616)	(30,850)
Net cash provided by (used in) operating activities	592,855	673,915	139,742	(14,780)	1,391,732	(1,145,334)
<b>Cash flows from non-capital and related financing activities</b>						
Inter-fund borrowing/payments, net	—	—	61,626	(272,307)	(210,681)	—
Tower rental and other	211,557	—	—	—	211,557	—
Intergovernmental grants	(150,208)	—	—	—	(150,208)	—
Local accommodation/hospitality taxes	—	290,833	445,917	511,861	1,248,611	—
Non-operating fees, donations/fundraisers	—	—	4,647	2,360	7,007	48,307
Net cash provided by (used in) non-capital and related financing activities	61,349	290,833	512,190	241,914	1,106,286	48,307
<b>Cash flows from capital and related financing activities</b>						
Acquisition and construction of capital assets	(1,459,760)	(830,236)	(115,300)	(230,889)	(2,636,185)	—
Proceeds from sale of assets	97,841	34,490	6,270	—	138,601	—
Principal paid on bonds, notes, and contracts	(1,053,335)	—	(439,039)	—	(1,492,372)	—
Interest and bond agent fees on long-term debt	(237,759)	—	(179,931)	—	(417,690)	—
Capital contributions – impact fees, grants and other cash contributions	2,253,647	—	—	3,835	2,257,482	—
Net cash provided by (used in) capital and related financing activities	(399,364)	(795,746)	(728,000)	(227,054)	(2,150,164)	—

— 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	48,312	—	—	—	48,312	—
Interest received on investments	48,312	—	—	—	48,312	—
Net cash provided by (used in) investing activities	303,152	169,002	(76,068)	80	396,166	(1,097,027)
Cash and cash equivalents, beginning 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
Cash and cash equivalents, end of year (of which \$3,743,517 is restricted)	\$ 16,782,274	\$ 1,608,054	\$ 400	\$ 7,582	\$ 18,398,310	\$ 70,880
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>						
Operating income (loss)	\$ (2,012,475)	\$ 34,142	\$ (129,115)	\$ (12,354)	\$ (2,119,802)	\$ (376,932)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	3,170,223	493,776	287,824	144,144	4,095,967	—
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	67,042	67,967	9,076	3,075	147,160	(24,435)
(Increase) decrease in inventories and prepaid items	24,218	—	—	(3,539)	20,679	(345,340)
Increase (decrease) in accounts and other payables	(577,459)	126,057	11,159	(9,319)	(449,562)	(154,571)
Increase (decrease) in payroll and accrued liabilities	(78,694)	(48,027)	(27,735)	(136,787)	(291,243)	—
Increase (decrease) in unearned revenue	—	—	(11,467)	—	(11,467)	—
Increase (decrease) in other post-employment benefits (OPEB)	—	—	—	—	—	(244,056)
Net cash provided by (used in) operating activities	\$ 592,855	\$ 673,915	\$ 139,742	\$ (14,780)	\$ 1,391,732	\$ (1,145,334)
<b>Supplemental disclosure of non-cash capital and related financing activities</b>						
System contributions by developers	\$ 152,535	\$ —	\$ —	\$ —	\$ 152,535	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FUDUCIARY FUNDS

JUNE 30, 2016

	Pension Trust Funds		Agency Fund
	Terminated Pension Plan	Money Purchase Pension Plans	Firemen's Fund
<b>Assets</b>			
Cash and cash equivalents	\$ —	\$ —	\$ 48,626
Cash and temporary investments – mutual funds	—	19,284,709	—
Receivables – Participant loans	—	1,243,085	—
Total assets	<u>\$ —</u>	<u>\$ 20,527,794</u>	<u>\$ 48,626</u>
<b>Liabilities</b>			
Due to Firemen's Association	\$ —	\$ —	\$ 48,626
Total liabilities	<u>—</u>	<u>—</u>	<u>\$ 48,626</u>
<b>Net Position</b>			
Held in trust for employee's pension benefits	<u>\$ —</u>	<u>\$ 20,527,794</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, 2016

	<b>Pension Trust Funds</b>	
	<b>Terminated Pension Plan</b>	<b>Money Purchase Pension Plan</b>
<b>Additions</b>		
Employer contributions	\$ —	\$ 975,625
Employee (member) contributions	—	246,647
Investment income (loss)	—	28,514
Non-vested rollover	—	—
Total additions	<u>—</u>	<u>1,250,786</u>
<b>Deductions</b>		
Benefit payments and loan issuance costs	49,406	565,532
Trustee fees	—	17,681
Forfeitures	—	15,314
Total deductions	<u>49,406</u>	<u>598,527</u>
Increase (decrease) before transfers	<u>(49,406)</u>	<u>652,259</u>
<b>Transfers</b>		
Transfer in – General Fund	<u>34,070</u>	<u>—</u>
<b>Change in net position</b>	<b>(15,286)</b>	<b>652,259</b>
Net position, beginning of year	<u>15,286</u>	<u>19,875,535</u>
Net position, end of year	<u><u>\$ —</u></u>	<u><u>\$ 20,527,794</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

**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, 2016, 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 State (2%) A-Tax. 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. Informal budgetary controls are maintained for other funds (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. Accordingly, the City provides Required Supplementary Information of budgeting comparisons only for the General Fund.
- 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, 2016, ‘final budgeted’ expenditures/expenses and other financing sources and uses exceeded estimated revenues as follows: Capital Improvements Capital Projects Fund by \$348,061; Beach Renourishment Capital Project Fund by \$82,965; Park Development Capital Projects Fund by \$752,747; Street Improvement Capital Project Fund by \$586,659. 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 \$14.4 million, \$4.3 million, \$2.1 million and \$2.1 million, respectively.

At June 30, 2016, deficit fund balances/net position resulted in the following: Stormwater Drainage Capital Projects Fund by \$991,120; Beach Service Enterprise Fund by \$1,125,363, and Insurance Reserves Internal Service Fund by \$5,990,521. 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, 2016, 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, 2016, 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, 2016. 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, 2016:

<b>General Fund:</b>	
Inventories and prepaid items	\$ 433,674
Total Non-spendable	<u>\$ 433,674</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:

<b>General Fund:</b>	
Drug enforcement	\$ 26,898
Public Safety Scholarship	<u>19,980</u>
	<u>46,878</u>
<b>Special Revenue Fund:</b>	
State (2%) Accommodations Tax	<u>351</u>
Total restricted by others	<u><u>\$ 47,229</u></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:

<b>General Fund:</b>	
Contingency ordinance	\$ 250,000
Emergency recovery ordinance	<u>142,500</u>
	<u>392,500</u>
<b>Debt Service Funds:</b>	
Debt retirement ordinance	<u>18,380</u>
Total committed by ordinance	<u><u>\$ 410,880</u></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:

<b>Capital Projects Funds:</b>	
Capital improvement oceanfront parking project	\$ 159,111
Street improvement repairs and underground utilities project	1,913,006
Beach renourishment project	258,109
Park development	<u>76,615</u>
Total assigned by management	<u><u>\$ 2,406,841</u></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

Unassigned Fund Balance

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

Program and General Revenues

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

Property Taxes

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

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. The prior year summarized comparative information has been derived from the City's 2015 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.

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, 2016, the carrying amount of the City’s cash deposits with financial institutions was \$123,135 and the financial institution’s balances totaled \$1,009,958. Of this balance, \$673,407 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, 2016, 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, 2016, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 7,606,437	0.002	n/a
Certificates of deposit	17,048,378	0.05	n/a
Money Market funds	1,012,667	n/a	Aa1
Mutual funds	19,284,709	n/a	AAA
Total carrying value	<u>\$ 44,952,191</u>		

At June 30, 2016, 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 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, and mutual funds. The concentrations of these investments are 16.9%, 37.9%, 2.3%, and 42.9% 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, 2016 are as follows:

Cash on hand	\$ 13,880
Carrying amount of cash deposits	123,135
Carrying amount of investments	44,952,191
Total	<u>\$ 45,089,206</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 11,214,751
Equity in pooled cash and cash equivalents	10,405,349
Cash and cash equivalents-restricted	1,355,532
Equity in pooled cash and cash equivalents-restricted	2,780,239
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	48,626
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	18,599,774
Money Purchase Retirement Plan #2	684,935
Total	<u>\$ 45,089,206</u>

**3. Receivables**

Receivables at June 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,092,766	\$ —
Franchise fees	842,542	—
Street improvement fees	28,325	—
Stormwater fees	53,322	—
Local accommodation and hospitality fees	857,247	—
Water and sewer accounts	—	1,680,164
Solid waste user fees	—	115,683
Aquatic Center	—	8,709
Beach Service	—	18,562
Other	816,971	5,636
Gross receivables	3,691,173	1,828,754
Less: allowance for uncollectibles	(926,515)	(7,000)
Net total receivables	<u>\$ 2,764,658</u>	<u>\$ 1,821,754</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, 2016, 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>
<b><u>Governmental Activities</u></b>				
General Fund	\$ 4,253,065	\$ —	\$ 6,154,415	\$ (2,175,000)
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	(601,461)	—	(1,925,147)
Local Accommodations (1.5%) Tax Fund	—	(562,680)	—	(3,103,080)
Hospitality Fees (1%) Fund	—	(294,567)	—	(2,485,783)
Debt Service:				
Park Bonds	—	—	—	(125,000)
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,800,000	—
Street Improvement Fund	—	—	588,548	—
Beach Renourishment Fund	—	—	17,035	—
Stormwater Drainage Fund	—	(992,212)	58,357	—
Park Development Fund	—	—	97,252	—
<b><u>Business-type Activities</u></b>				
Enterprise Funds:				
Water and Sewer Utility Fund	—	—	—	(150,208)
Solid Waste Fund	—	—	290,833	—
Aquatic Center Fund	—	(61,626)	445,917	—
Beach Services Fund	187,476	(1,927,995)	511,861	—
	<u>\$ 4,440,541</u>	<u>\$ (4,440,541)</u>	<u>\$ 9,964,218</u>	<u>\$ (9,964,218)</u>

In addition, the General Fund contributed \$34,070 to the Terminated Pension Plan Trust Fund during the year ended June 30, 2016. Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$1,802,145 and resulted from short-term loans between individual funds. Net transfers of monies equaled \$1,098,403.

**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>
<b><u>Governmental Activities</u></b>		
General Fund:		
Alcohol permits – SC State	\$ 291,736	\$ —
Abandoned property	—	9,195
Special Revenue Fund:		
Accommodations (2%) Tax Fund	1,090,346	—
Capital Projects Fund:		
Street Improvement Grant	1,041,883	—
	<u>\$ 2,423,965</u>	<u>\$ 9,195</u>
<b><u>Business-type Activities</u></b>		
Water and Sewer Utility Enterprise Fund grants	<u>\$ 266,849</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, 2016, are as follows:

**Governmental Activities:**

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2016</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 15,450,348	\$ 30,000	\$ —	\$ 3,004,532	\$ 18,484,880
Construction in progress	21,011,894	1,356,421	(1,303,354)	(19,966,035)	1,098,926
Total capital assets not being depreciated	<u>36,462,242</u>	<u>1,386,421</u>	<u>(1,303,354)</u>	<u>(16,961,503)</u>	<u>19,583,806</u>
<u>Capital assets being depreciated:</u>					
Buildings	26,312,981	25,560	—	173,699	26,512,240
Improvements	22,714,196	1,299,250	—	753,986	24,767,432
Machinery and equipment	18,249,694	1,482,825	(184,869)	80,726	19,628,376
Infrastructure	58,672,698	2,008,152	—	15,953,092	76,633,942
Total capital assets being depreciated	<u>125,949,569</u>	<u>4,815,787</u>	<u>(184,869)</u>	<u>16,961,503</u>	<u>147,541,990</u>
<u>Less, accumulated depreciation for:</u>					
Buildings	(9,454,259)	(759,938)	—	—	(10,214,197)
Improvements	(5,235,839)	(970,384)	—	—	(6,206,223)
Machinery and equipment	(14,490,084)	(1,139,715)	184,869	—	(15,444,930)
Infrastructure	(22,678,154)	(2,331,673)	—	—	(25,009,827)
Total accumulated depreciation	<u>(51,858,336)</u>	<u>(5,201,710)</u>	<u>184,869</u>	<u>—</u>	<u>(56,875,177)</u>
Total capital assets being depreciated, net	<u>74,091,233</u>	<u>(385,923)</u>	<u>—</u>	<u>16,961,503</u>	<u>90,666,813</u>
Net capital assets – Governmental Activities	<u>\$110,553,475</u>	<u>\$ 1,000,498</u>	<u>\$ (1,303,354)</u>	<u>\$ —</u>	<u>\$ 110,250,619</u>

For the year ended June 30, 2016, depreciation expenses charged to Governmental Activities totaled \$5,201,710, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 122,240
Finance	45,775
Information services	93,631
Public safety	738,643
Planning and development	6,242
Public works	2,932,204
Parks and recreation	1,238,007
Support services	24,968
	<u>\$ 5,201,710</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

**Business-type Activities:**

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>June 30, 2016</b>
<u>Capital assets not being depreciated:</u>					
Land	\$ 706,954	\$ —	\$ —	\$ —	\$ 706,954
Construction in progress	590,513	436,121	—	(990,134)	36,500
Total capital assets not being depreciated	<u>1,297,467</u>	<u>436,121</u>	<u>—</u>	<u>(990,134)</u>	<u>743,454</u>
<u>Capital assets being depreciated:</u>					
Buildings	11,174,659	—	—	—	11,174,659
Water and sewer systems	105,628,144	820,610	—	990,134	107,438,888
Improvements	121,465	—	—	—	121,465
Machinery and equipment	14,454,936	1,531,988	(899,394)	—	15,087,530
Total capital assets being depreciated	<u>131,379,204</u>	<u>2,352,598</u>	<u>(899,394)</u>	<u>990,134</u>	<u>133,822,542</u>
<u>Less, accumulated depreciation:</u>					
Buildings	(3,131,246)	(297,722)	—	—	(3,428,968)
Water and sewer systems	(38,181,965)	(2,050,017)	—	—	(40,231,982)
Improvements	(35,002)	(3,308)	—	—	(38,310)
Machinery and equipment	(11,529,894)	(908,382)	899,394	—	(11,538,882)
Total accumulated depreciation	<u>(52,878,107)</u>	<u>(3,259,429)</u>	<u>899,394</u>	<u>—</u>	<u>(55,238,142)</u>
Total capital assets being depreciated, net	<u>78,501,097</u>	<u>(906,831)</u>	<u>—</u>	<u>990,134</u>	<u>78,584,400</u>
Net capital assets – Business-type Activities	<u>\$ 79,798,564</u>	<u>\$ (470,710)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 79,327,854</u>

A summary of Proprietary Fund Type capital assets at June 30, 2016, is as follows:

	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Aquatic Center</b>	<b>Beach Service</b>	<b>Total</b>
Land	\$ 706,954	\$ —	\$ —	\$ —	\$ 706,954
Buildings	747,433	313,200	9,700,878	413,148	11,174,659
Water and sewer systems	107,438,888	—	—	—	107,438,888
Other improvements	—	32,262	89,203	—	121,465
Machinery and equipment	5,963,192	6,802,935	834,847	1,486,556	15,087,530
Construction in progress	36,500	—	—	—	36,500
Totals	<u>114,892,967</u>	<u>7,148,397</u>	<u>10,624,928</u>	<u>1,899,704</u>	<u>134,565,996</u>
Less, accumulated depreciation	<u>(45,580,329)</u>	<u>(5,243,584)</u>	<u>(3,226,072)</u>	<u>(1,188,157)</u>	<u>(55,238,142)</u>
Net capital assets – Proprietary Funds	<u>\$ 69,312,638</u>	<u>\$ 1,904,813</u>	<u>\$ 7,398,856</u>	<u>\$ 711,547</u>	<u>\$ 79,327,854</u>

For the year ended June 30, 2016, depreciation expenses were charged to Business-type activities totaling \$3,259,429 (Water and Sewer Utility \$2,333,685; Solid Waste – \$493,776; Aquatic Center – \$287,824; and Beach Service – \$144,144 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, 2016, 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%	\$ 1,705,143	April 22, 2019
Parks	9/15/11	3.00%-4.00%	6,055,000	March 1, 2019
Total general obligation bonds			7,760,143	
Less, current portions (payable within one year)			(2,505,248)	
Add, bond premium \$1,496,381 less accumulated amortization of \$888,478			607,903	
			<u>\$ 5,862,798</u>	
<u>Revenue Bond:</u>				
Stormwater	7/23/15	1.39%	\$ 2,513,100	January 23, 2017
<u>Installment notes (lease purchase)</u>				
2013 Motorola Radios	12/1/13	2.89%	\$ 191,031	August 1, 2016
2014 Fire Equipment	5/5/14	3.05%	128,636	August 1, 2016
			319,667	
Less, current portion			(319,667)	
Total installment notes			<u>\$ —</u>	
<u>Accrued Compensated Absences</u>				
Less, current portions (payable within one year)			1,438,106	
			<u>\$ 1,438,106</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 9,814,004</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%	\$ 4,346,667	March 1, 2020
Less, current portions (payable within one year)			(1,110,000)	
			<u>\$ 3,236,667</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 4,186,357	November 13, 2023
Less, current portions (payable within one year)			(456,120)	
			<u>\$ 3,730,237</u>	
<u>Accrued Compensated Absences</u>				
Less, current portions (payable within one year)			459,213	
			<u>\$ 459,213</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 7,426,117</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, 2016, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/16</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
Municipal Roads	4/22/09	\$ 2,238,019	\$ —	\$ (532,876)	\$ 1,705,143
Parks	9/15/11	7,955,000	—	(1,900,000)	6,055,000
Total general obligation bonds		<u>\$ 10,193,019</u>	<u>\$ —</u>	<u>\$ (2,432,876)</u>	<u>\$ 7,130,143</u>
<u>Revenue Bond:</u>					
Stormwater	7/23/15	<u>\$ —</u>	<u>\$ 5,000,000</u>	<u>\$ (2,486,900)</u>	<u>\$ 2,513,100</u>
<u>Installment Note (Lease Purchase):</u>					
Public Safety (Radios)	12/1/13	\$ 376,696	\$ —	\$ (185,665)	\$ 191,031
Public Safety (Fire Equipment)	5/5/14	253,464	—	(124,828)	128,636
Total installment notes		<u>\$ 630,160</u>	<u>\$ —</u>	<u>\$ (310,492)</u>	<u>\$ 319,667</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 1,362,291</u>	<u>\$ 75,815</u>	<u>\$ —</u>	<u>\$ 1,438,106</u>
<b>Business-type Activities</b>					
<u>Contract Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement ( <i>see Note 8</i> )	09/18/91	<u>\$ 5,400,000</u>	<u>\$ —</u>	<u>\$ (1,053,333)</u>	<u>\$ 4,346,667</u>
<u>Note Payable:</u>					
Aquatic and fitness center note obligation	11/13/03	<u>\$ 4,625,396</u>	<u>\$ —</u>	<u>\$ (439,039)</u>	<u>\$ 4,186,357</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 465,021</u>	<u>\$ —</u>	<u>\$ (5,808)</u>	<u>\$ 459,213</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:

<u>Government Activities</u>	<u>Interest Requirements</u>		<u>Principal Requirements</u>		<u>Total Requirements</u>	
	Parks	Roads	Parks	Roads	Parks	Roads
General Obligation Bonds:						
2017 (Due within one year)	\$ 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>\$ 489,200</u>	<u>\$ 112,365</u>	<u>\$ 6,055,000</u>	<u>\$ 1,705,143</u>	<u>\$ 6,544,200</u>	<u>\$ 1,817,508</u>
		<u>Interest Requirements</u>		<u>Principal Requirements</u>		<u>Total Requirements</u>
Stormwater Revenue Bonds:						
2017 (Due within one year)		\$ 20,434		\$ 2,513,100		\$ 2,533,534
		<u>\$ 20,434</u>		<u>\$ 2,513,100</u>		<u>\$ 2,533,534</u>
Lease Purchase:						
2017 (Due within one year)		\$ 9,444		\$ 319,667		\$ 329,111
		<u>\$ 9,444</u>		<u>\$ 319,667</u>		<u>\$ 329,111</u>
<u>Business-type Activities</u>		<u>Interest Requirements</u>		<u>Principal Requirements</u>		<u>Total Requirements</u>
Water and Sewer Utility						
Contract Payable:						
2017 (Due within one year)		\$ 228,200		\$ 1,110,000		\$ 1,338,200
2018		169,925		1,168,333		1,338,258
2019		108,588		1,243,334		1,351,922
2020		44,275		825,000		869,275
		<u>\$ 550,988</u>		<u>\$ 4,346,667</u>		<u>\$ 4,897,655</u>
Aquatic Center Note Payable:						
2017 (Due within one year)		\$ 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		595,794		618,967
		<u>\$ 765,393</u>		<u>\$ 4,186,357</u>		<u>\$ 4,951,750</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, 2016, 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, 2016.

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, 2016, the City maintained the contractual rights (other assets) equaled \$18,930,804 with accumulated amortization expense equaling \$15,386,042, for a net carrying value of \$3,544,762. For 2016, amortization expense equaled \$611,436. 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, 2016, (\$266,849) 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, 2016, maintained the contractual rights (other assets) equal to \$9,004,057 with accumulated amortization expense equaling \$2,813,768, for a net carrying value of \$6,190,289. For 2016, 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, 2016, were as follows:

Utility system impact fees	\$ 2,177,218
Deeded infrastructure	152,535
System contributions by developers	76,429
Total capital contributions	<u>\$ 2,406,182</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>
<b><u>Net Investment in Capital Assets:</u></b>		
Net capital assets	\$ 110,250,619	\$ 79,327,854
Less, G.O., revenue bonds, and note payable	(11,200,813)	(4,186,357)
Total net investment in capital assets	<u>\$ 99,049,806</u>	<u>\$ 75,141,497</u>
<b><u>Restricted:</u></b>		
Cash, cash equivalents and equity in pooled cash	\$ 603,825	\$ 4,084,846
Other	858,376	(40,537)
Less, liabilities payable from restricted assets	(342,073)	(2,155,150)
	<u>\$ 1,120,128</u>	<u>\$ 1,889,159</u>
Restricted net position:		
General government administration:		
Health insurance claims	\$ 59,960	\$ 15,958
Public safety:		
Pensions – employer contribution	1,012,939	—
Drug enforcement programs	26,898	—
Scholarships and memorials	19,980	—
Parks and recreation:		
Tourism related	351	—
Future capacity of utility	—	1,873,201
Total restricted net position	<u>\$ 1,120,128</u>	<u>\$ 1,889,159</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, 2016. Investments of the Trust at June 20, 2016, 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, 2016, 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, 2016, the plans' participants equaled 206 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2016, 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, 2016, equaled \$961,710 and \$13,915, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2016, equaled \$232,732 and \$13,915 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position  
June 30, 2016**

	<b>Pension Trust Funds</b>		
	<b>Money Purchase Retirement Plan #1</b>	<b>Money Purchase Retirement Plan #2</b>	<b>Combined Total</b>
<b>Assets</b>			
Cash and temporary investments	\$ 18,599,774	\$ 684,935	\$ 19,284,709
Receivables – Participant loans	1,243,085	—	1,243,085
<b>Total assets</b>	<b>\$ 19,842,859</b>	<b>\$ 684,935</b>	<b>\$ 20,527,794</b>
<b>Net Position</b>			
Held in trust for employee's pension benefits	\$ 19,842,859	\$ 684,935	\$ 20,527,794

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, 2016

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
<b>Additions</b>			
Employer contributions	\$ 961,710	\$ 13,915	\$ 975,625
Employee (member) contributions	232,732	13,915	246,647
Investment income (loss)	45,176	(16,662)	28,514
Non-vested rollover	—	—	—
Total additions	<u>1,239,618</u>	<u>11,168</u>	<u>1,250,786</u>
<b>Deductions</b>			
Benefit payments/loan issuance costs	558,332	7,200	565,532
Trustee fees	17,681	—	17,681
Forfeitures	15,314	—	15,314
Total deductions	<u>591,327</u>	<u>7,200</u>	<u>598,527</u>
<b>Change in net position</b>	<b>648,291</b>	<b>3,968</b>	<b>652,259</b>
Net position, beginning of year	<u>19,194,568</u>	<u>680,967</u>	<u>19,875,535</u>
Net position, end of year	<u>\$ 19,842,859</u>	<u>\$ 684,935</u>	<u>\$ 20,527,794</u>

South Carolina Police Officers Retirement System

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)**

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.

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 8.74% of their earnable compensation to the Plan. For the year ended June 30, 2016, covered employee (gross) wages equaled \$7,743,113, with pensionable wages ("covered payroll") equaling \$7,593,753. Employee contributions totaled \$662,753 for the year ended June 30, 2016. 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 payroll (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.

Employers are required to contribute to the Plan at an actuarially determined rate, which for the year ended June 30, 2016 was 13.74%. 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, 2016, 2015 and 2014 were \$1,040,642, \$933,571, and \$866,965, respectively, and equal to the required contributions for each year.

The City's (employer) contribution for the year ended June 30, 2016 is being reported as part of deferred outflows of resources due to the pension plan's measurement date of June 30, 2015. This amount will be recognized by the City as part of its pension expense in fiscal year 2017.

Payables to PORS

At June 30, 2016, the City had employee deductions and employer contributions payable to PEBA totaling \$81,607 and \$128,292, respectively.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**South Carolina Police Officers Retirement System (continued)**

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

The net pension liability was measured as of June 30, 2015 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, 2015, PEBA reported the City's proportionate share of the net pension PORS liability to equal 0.0561770%, which totaled \$12,243,757.

For the year ended June 30, 2016, the City recognized pension expense of \$1,083,697 for its Governmental Activities.

Components of pension expense and changes in the net pension liability for the measurement period (June 30, 2015) follows:

Pension expense:		
Service cost	\$	865,700
Interest on total pension liability		2,445,543
Changes in plan benefits		—
Plan administrative costs		10,887
Plan member contributions		(600,273)
Expected return on plan assets		(1,663,869)
Recognition of deferred outflows – current year amortization		82,359
Recognition of deferred inflows – current year amortization		(50,691)
Other		(5,959)
Total pension expense		1,083,697
PEBA reported contributions		(933,079)
Changes in deferred items (net of amortization):		
Outflows – Plan performance		(45,031)
Outflows – Investment experience		1,067,256
Inflows – Investment experience		314,139
Inflows – Allocated proportion change		(24,323)
Total change in net pension liability	\$	1,462,659

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

**South Carolina Police Officers Retirement System (continued)**

Net Pension Liability, Pension Expense, Deferred Outflows/Inflows of Resources (continued)

At June 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Plan performance	\$ 242,671	\$ —
Assumption changes	—	—
Investment experience	1,067,256	933,290
Proportion changes	—	24,323
Employer differences	238	2,157
	<hr/> 1,310,165	<hr/> 959,770
Subsequent employer contributions	1,012,939	—
	<hr/> <b>\$ 2,323,104</b>	<hr/> <b>\$ 959,770</b>
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b><u>Year ended June 30,</u></b>		
2017	\$ 349,282	\$ 318,411
2018	349,282	318,411
2019	338,536	318,330
2020	273,065	4,618
	<hr/> <b>\$ 1,310,165</b>	<hr/> <b>\$ 959,770</b>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>PORS</b>
Actuarial cost method	Entry age normal
Inflation	2.75%
Projected salary increases	3.5% to 12.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**South Carolina Police Officers Retirement System (continued)**

Actuarial Assumptions (continued)

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, 2015 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, 2016 annual valuation is completed.

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)

Long-term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Short Term:			
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income:			
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income:			
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives:			
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total expected real return	100.0%		6.00%
Inflation for actuarial purposes			2.75%
Total expected nominal return			8.75%

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2015, 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%, 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%) or 1 percentage point higher (8.5%) than the current rate.

	<b>PORS</b>		
	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate	<u>\$ 16,678,736</u>	<u>\$ 12,243,757</u>	<u>\$ 8,278,960</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](http://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, 2016, net position held for pension benefits equaled \$0.00. Five (5) remaining retirees/beneficiaries are covered under this plan and the City plans to fund future annual benefit payments in a year-to-year basis as may be applicable.

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 2016, 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, 2016, the City reported in the Governmental Activities an actuarially determined net pension liability of \$502,901 for the terminated plan. Changes in the terminated plan liability follows:

Net pension liability, beginning of year	\$	512,570
Expected benefit payments		(49,406)
Expected contribution made from the trust		49,406
Interest and mortality changes		(9,669)
Net pension liability, end of year	\$	<u>502,901</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 2015 Blue Collar Mortality

**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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Risk Management (Continued)**

Effective July 1, 2011, 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 \$157,687 for the year ended June 30, 2016.

Effective January 1, 2016, the City began participating in a self-funded property and general liability program. The City funds the costs by charging premiums to General Government, and then allocating the costs to various funds. Claims in excess of \$200,000 (\$25,000 for vehicles) are covered by a private insurer, through underwriters at Lloyd's of London. 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 \$223,344 for the year ended June 30, 2016.

Changes in the aggregate liability are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Unpaid claims at beginning of year	\$ (167,079)	\$ (186,231)	\$ (86,350)
Incurred claims for current and prior year events where the City has retained risk of loss	5,767,509	5,262,703	5,013,401
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(5,791,845)</u>	<u>(5,243,551)</u>	<u>(5,113,282)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (191,415)</u>	<u>\$ (167,079)</u>	<u>\$ (186,231)</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 incurred but not reported 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 \$7,824 for the retiree and \$4,919 for the spouse for the year ended June 30, 2016. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$4,919, 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 annually and therefore, no trust fund has been established which would maintain plan net position held for the benefit of others. At June 30, 2016, the City had 64 retired employees who are covered under this plan, with an average age of 62 years, and monthly premium costs averaging \$440 per participant. Total expenses incurred for this program and paid by the City for the year ended June 30, 2016 were \$335,646 or approximately 32% of the annual other post-employment benefit cost of \$1,041,078. For the prior years 2015 and 2014, expenses incurred equaled \$233,126 and \$211,377, respectively, or 20% and 19%, respectively of the annual other post-employment benefit costs, respectively.

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 2015 and 2014, annual other post-employment benefit (OPEB) costs totaled \$949,488 and \$949,488, respectively. The City’s OPEB costs for the current year 2016 totaled \$705,432 with net obligation (liability) equaling \$6,161,754 as follows:

Employer normal costs	\$ 645,198
Amortization of UAL	486,745
Annual required contribution (ARC)	<u>1,131,943</u>
Interest on net other post-employment benefit (OPEB) obligation	216,028
Adjustment to required annual contribution	<u>(306,893)</u>
Annual other post-employment benefit (OPEB) cost	1,041,078
Contributions made by City	(335,646)
Actuarial adjustments	<u>(461,376)</u>
Increase in net other post-employment benefit (OPEB) obligation	(244,056)
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>6,405,810</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 6,161,754</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 \$12,262,581, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$18,298,367 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 67 percent. For prior-years 2015 and 2014 actuarial accrued liability for benefits totaled \$11,180,322 and \$11,180,322, respectively.

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, 2015 (for the fiscal year June 30, 2016), 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 2016, the amortization period has been graded to 15 years and is currently 23 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 \$4,396 at July 1, 2015, with retiree policy costs equaling \$7,812. Implied subsidy is calculated at 77.72%.

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	\$ 167,125,796
Less, accumulated depreciation	(56,875,177)
Net amount reported	<u>\$ 110,250,619</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	\$ 55,981
Restricted cash and cash equivalents	274,724
Claim deposits	5,126
Receivables	19,299
Claim liabilities and payables	(219,891)
Other post-employment benefits payable (OPEB)	(4,866,553)
Net amount reported	<u>\$ (4,731,314)</u>
<i>Deferred outflows 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>\$ 2,323,104</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	\$ (101,135)
General obligation bonds, revenue bond, and notes payable	(11,200,813)
Accrued compensated absences	(1,438,106)
Net pension liabilities	(12,756,327)
Net amount reported	<u>\$ (25,496,381)</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>\$ (959,770)</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	\$ 4,898,854
Depreciation expense	(5,201,710)
Net amount reported	<u>\$ (302,856)</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	\$ 4,339,216
Insurance claims paid and reserves	(4,598,765)
Net amount reported	<u>\$ (259,549)</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	\$ 224,524
Accrued compensated absences expense	(75,815)
Pension expense, net	(140,386)
Net amount reported	<u>\$ 8,323</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	\$ 5,230,271
Proceeds of note payable	(5,000,000)
Net amount reported	<u>\$ 230,271</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	\$ 14,899
Restricted cash and cash equivalents	73,116
Claim deposits	1,364
Receivables	5,136
Claim liabilities and payables	(58,521)
Other post-employment benefits payable (OPEB)	(1,295,201)
Net amount reported	<u>\$ (1,259,207)</u>

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

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

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

Premiums charged and contributions	\$ 1,154,853
Insurance claims paid and reserves	(1,223,929)
Net amount reported	<u>\$ (69,076)</u>

**16. Subsequent Events**

Management has evaluated subsequent events which may require disclosure through the date of this report.

CITY OF NORTH MYRTLE BEACH

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2016

(With comparative actual amounts for June 30, 2015)

	2016		Actual	Variance Positive (Neg.)	2015
	Budget Original	Final			Actual
<b>Revenue</b>					
Current property taxes	\$ 12,250,000	\$ 12,250,000	\$ 12,050,998	\$ (199,002)	\$ 11,995,655
Delinquent property taxes and penalties	395,000	395,000	475,833	80,833	157,204
Licenses and permits	8,761,500	8,761,500	8,547,147	(214,353)	8,333,737
Fines and forfeitures	360,000	360,000	373,506	13,506	338,717
Use of money and property	185,000	185,000	205,379	20,379	203,198
Unrestricted intergovernmental	941,300	941,300	1,029,271	87,971	1,127,271
Restricted intergovernmental	116,000	116,000	256,013	140,013	41,960
Sales and service charges	1,207,500	1,207,500	1,140,289	(67,211)	1,222,773
Miscellaneous	40,000	40,000	89,556	49,556	45,395
<b>Total revenue</b>	<b>24,256,300</b>	<b>24,256,300</b>	<b>24,167,992</b>	<b>(88,308)</b>	<b>23,465,910</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	766,837	766,837	874,214	(107,377)	785,912
Legislative	176,778	176,778	170,695	6,083	163,359
Administrative	178,088	178,088	166,102	11,986	142,743
City Court	480,511	480,511	486,986	(6,475)	477,296
Legal	216,663	216,663	238,018	(21,355)	301,039
Human resources	459,957	459,957	479,933	(19,976)	454,614
Total	2,278,834	2,278,834	2,415,948	(137,114)	2,324,963
Less, capital outlay	(6,000)	(6,000)	(6,197)	197	(25,642)
Net general government administration	2,272,834	2,272,834	2,409,751	(136,917)	2,299,321
<b>Finance</b>					
Accounting	308,035	308,035	285,363	22,672	302,378
Revenue	504,289	504,289	487,530	16,759	515,281
Total	812,324	812,324	772,893	39,431	817,659
Less, capital outlay	—	—	—	—	(29,975)
Net finance	812,324	812,324	772,893	39,431	787,684
<b>Information Services</b>					
Total	455,161	455,161	373,730	81,431	571,526
Less, capital outlay	(208,900)	(208,900)	(166,222)	(42,678)	(31,423)
Net information services	246,261	246,261	207,508	38,753	540,103
<b>Public Safety</b>					
Administrative	489,364	489,364	649,265	(159,901)	502,749
Uniform patrol	4,879,482	4,879,482	5,342,327	(462,845)	5,065,452
Community services	809,328	809,328	826,956	(17,628)	826,343
Detectives	1,000,684	1,000,684	1,020,858	(20,174)	1,004,954
Communications/Detention	1,176,468	1,176,468	1,177,705	(1,237)	1,237,447
Records	281,841	281,841	332,207	(50,366)	271,830
Victim's assistance	81,837	81,837	76,471	5,366	77,103
Police training	256,483	256,483	258,393	(1,910)	323,998
Fire suppression	3,746,572	3,746,572	3,789,137	(42,565)	3,746,899
Fire prevention	331,680	331,680	297,036	34,644	279,892
Total	13,053,739	13,053,739	13,770,355	(716,616)	13,336,667
Less, capital outlay	(180,856)	(180,856)	(168,228)	(12,628)	(391,454)
Net public safety	12,872,883	12,872,883	13,602,127	(729,244)	12,945,213

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

Expenditures (Continued)	2016		Actual	Variance Positive (Neg.)	2015	
	Budget				Actual	Actual
	Original	Final				
<b>Planning/Development</b>						
Planning/zoning administration	1,022,519	1,022,519	954,638	67,881	917,736	
Code enforcement-building	822,462	822,462	797,283	25,179	741,537	
Total	1,844,981	1,844,981	1,751,921	93,060	1,659,273	
Less, capital outlay	(50,000)	(50,000)	(48,870)	(1,130)	(37,311)	
Net planning/development	1,794,981	1,794,981	1,703,051	91,930	1,621,962	
<b>Public Works</b>						
Streets/drainage	2,082,786	2,082,786	2,373,028	(290,242)	2,266,089	
Less, capital outlay	(49,000)	(49,000)	(48,955)	(45)	(61,772)	
Net public works	2,033,786	2,033,786	2,324,073	(290,287)	2,204,317	
<b>Parks and Recreation</b>						
Recreation administration	328,020	328,020	339,559	(11,539)	358,114	
Athletics	824,774	824,774	901,331	(76,557)	808,437	
Programs	853,986	853,986	854,211	(225)	748,189	
Parks and grounds	2,026,508	2,026,508	2,117,193	(90,685)	1,983,200	
Sports park	228,985	228,985	222,958	6,027	226,732	
Christmas Village	280,353	280,353	741,954	(461,601)	—	
Total	4,542,626	4,542,626	5,177,206	(634,580)	4,124,672	
Less, capital outlay	(154,775)	(154,775)	(619,449)	464,674	(122,467)	
Net parks and recreation	4,387,851	4,387,851	4,557,757	(169,906)	4,002,205	
<b>Support Services</b>						
Purchasing	130,919	130,919	145,227	(14,308)	128,872	
Fleet maintenance	261,512	261,512	265,882	(4,370)	302,361	
Custodial services	544,066	544,066	587,570	(43,504)	616,132	
Total	936,497	936,497	998,679	(62,182)	1,047,365	
Less, capital outlay	—	—	—	—	(77,765)	
Net support services	936,497	936,497	998,679	(62,182)	969,600	
<b>Debt Service</b>						
Principal retirement	843,370	843,370	843,370	—	827,790	
Interest and fiscal charges	91,577	91,577	91,577	—	103,673	
Agent fees	241,338	241,338	56	241,282	606	
Total debt service	1,176,285	1,176,285	935,003	241,282	932,069	
<b>Capital Outlay</b>	649,531	649,531	1,057,921	(408,390)	770,809	
<b>Total expenditures</b>	<b>27,183,233</b>	<b>27,183,233</b>	<b>28,568,763</b>	<b>(1,385,530)</b>	<b>27,080,283</b>	
Excess (deficiency) of revenue over (under) expenditures	(2,926,933)	(2,926,933)	(4,400,771)	(1,473,838)	(3,614,373)	

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2016			Variance Positive (Neg.)	2015
	Budget		Actual		Actual
	Original	Final			
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	1,135,480	1,135,480	1,285,483	149,703	1,218,636
From Local (1.5%) Accommodations Tax Fund	2,045,300	2,045,300	2,258,149	212,849	1,991,574
From Local (1%) Hospitality Fee Fund	2,365,800	2,365,800	2,485,783	119,983	2,353,404
From Debt Service Fund	—	—	125,000	125,000	—
Total transfers in	5,546,580	5,546,580	6,154,415	607,535	5,563,614
Transfers (out):					
To Capital Improvement Fund	(1,800,000)	(1,800,000)	(1,800,000)	—	(1,500,000)
To Street Improvement Fund	(650,000)	(650,000)	(375,000)	275,000	(650,000)
To Pension Trust Fund	—	—	(34,070)	—	—
Total Transfers (out)	(2,450,000)	(2,450,000)	(2,209,070)	240,930	(2,150,000)
Total other financing sources (uses)	3,096,580	3,096,580	3,945,345	848,765	3,413,614
<b>Net change in fund balance</b>	<b>169,647</b>	<b>169,647</b>	<b>(455,426)</b>	<b>(625,073)</b>	<b>(200,759)</b>
Fund balance, beginning of year	11,636,074	11,636,074	11,636,074	—	11,836,833
Fund balance, end of year	<u>\$ 11,805,721</u>	<u>\$ 11,805,721</u>	<u>\$ 11,180,648</u>	<u>\$ (625,073)</u>	<u>\$ 11,636,074</u>

**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 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. Informal budgetary controls are maintained for other funds (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. Accordingly, the City provides Required Supplementary Information of budgetary comparison only for the General Fund.
- 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, 2016

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/01/08	—	\$8,108,305	\$8,108,305	0%	\$18,018,737	45.0%
1/01/10	—	\$8,040,499	\$8,040,499	0%	\$18,899,302	42.5%
7/01/12	—	\$9,856,605	\$9,856,605	0%	\$19,063,929	51.7%
7/01/13	—	\$11,180,322	\$11,180,322	0%	\$20,119,780	55.6%
7/01/14	—	\$11,180,322	\$11,180,322	0%	\$17,759,572	62.9%
7/01/15	—	\$12,262,581	\$12,262,581	0%	\$18,298,367	67.0%

Note: The City obtains annual valuations for use in the next fiscal year's budget. The next scheduled valuation date is July 1, 2016, for fiscal year 2016-17.

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City's proportion of the net pension liability	N/A	.056177%	.056315%	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	\$ 12,243,757	\$ 10,781,098	\$ 11,673,945	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-payroll (pensionable wages)	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,642,671	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability as a percentage of its covered-payroll	N/A	175.9%	159.2%	175.7%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	62.8%	62.8%	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<sup>(1)</sup>

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A
City's covered payroll (pensionable wages)	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,513,521	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	13.7%	13.4%	12.8%	12.3%	N/A	N/A	N/A	N/A	N/A	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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ —	\$ 8,815	\$ 1,489,988	\$ 1,498,803
Receivables, net	857,247	9,565	189,827	1,056,639
Due from other governments	—	—	1,041,883	1,041,883
Total assets	<u>\$ 857,247</u>	<u>\$ 18,380</u>	<u>\$ 2,721,698</u>	<u>\$ 3,597,325</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ —	\$ —	\$ 304,857	\$ 304,857
Security deposit	—	—	10,000	10,000
Due to other funds	857,247	—	—	857,247
Total liabilities	<u>857,247</u>	<u>—</u>	<u>314,857</u>	<u>1,172,104</u>
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	—	—	—	—
Committed by ordinance	—	18,380	—	18,380
Assigned by management	—	—	2,406,841	2,406,841
Unassigned	—	—	—	—
Total fund balances	<u>—</u>	<u>18,380</u>	<u>2,406,841</u>	<u>2,425,221</u>
Total liabilities and fund balances	<u>\$ 857,247</u>	<u>\$ 18,380</u>	<u>\$ 2,721,698</u>	<u>\$ 3,597,325</u>

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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
<b>Revenue</b>				
Property taxes	\$ —	\$ 2,256,886	\$ —	\$ 2,256,886
Use of money and property	—	—	15,853	15,853
Restricted intergovernmental	5,588,863	—	1,937,029	7,525,892
Sales and service charges	—	—	20,610	20,610
Miscellaneous	—	—	301,769	301,769
<b>Total revenue</b>	<b>5,588,863</b>	<b>2,256,886</b>	<b>2,275,261</b>	<b>10,121,010</b>
<b>Expenditures</b>				
Current:				
Public works	—	—	70,743	70,743
Parks and recreation	—	—	—	—
Debt Service	—	2,218,750	—	2,218,750
Capital outlay	—	—	6,119,807	6,119,807
<b>Total expenditures</b>	<b>—</b>	<b>2,218,750</b>	<b>6,190,550</b>	<b>8,409,300</b>
Excess (deficiency) of revenue over (under) expenditures	5,588,863	38,136	(3,915,289)	1,711,710
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	—	2,502,835	2,502,835
Transfers (out)	(5,588,863)	(125,000)	—	(5,713,863)
<b>Total other financing sources (uses)</b>	<b>(5,588,863)</b>	<b>(125,000)</b>	<b>2,502,835</b>	<b>(3,211,028)</b>
<b>Net change in fund balances</b>	<b>—</b>	<b>(86,864)</b>	<b>(1,412,454)</b>	<b>(1,499,318)</b>
Fund balances, beginning of year	—	105,244	3,819,295	3,924,539
Fund balances, end of year	<u>\$ —</u>	<u>\$ 18,380</u>	<u>\$ 2,406,841</u>	<u>\$ 2,425,221</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, 2016  
(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,013,064	\$ 1,068,673
Equity in pooled cash and cash equivalents	4,453,440	1,238,446
Deposits held by others	2,601	2,601
Receivables:		
Property taxes	1,092,766	1,009,886
Less, allowance for doubtful accounts	(926,515)	(851,533)
Franchise fees	842,542	740,930
Grants – Municipal Association	28,325	634,844
Other receivables	600,780	60,753
Due from other governments:		
State of South Carolina	291,736	329,591
Due from other funds:		
Accommodations (2%) Tax Fund	601,461	544,060
Stormwater Fund	992,212	4,949,378
Local Accommodations (1.5%) Tax Fund	375,204	371,563
Hospitality (1.0%) Fees Fund	294,567	287,487
Aquatic Center Fund	61,626	—
Beach Service Fund	1,927,995	2,198,332
Inventories and prepaid items	433,674	259,296
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	210,847	190,396
Drug enforcement account	25,876	260,451
Police seizures held	64,671	51,679
Public safety scholarship fund	19,980	26,463
Total assets	<u>\$ 12,406,852</u>	<u>\$ 13,373,296</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2016</u>	<u>2015</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 503,849	\$ 598,349
Accrued payroll and withholdings payable	325,639	757,670
Due to other governments:		
State of SC – abandoned property	9,195	4,770
Deposits and Performance bonds	113,025	134,263
Payable from restricted assets:		
Bail bonds	209,825	190,491
Police seizures held	64,671	51,679
Total liabilities	<u>1,226,204</u>	<u>1,737,222</u>
Fund Balance:		
Non-spendable	433,674	259,296
Restricted by others	46,878	289,208
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	10,307,596	10,695,070
Total fund balance	<u>11,180,648</u>	<u>11,636,074</u>
Total liabilities and fund balance	<u>\$ 12,406,852</u>	<u>\$ 13,373,296</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, 2016  
 (With comparative actual amounts for June 30, 2015)

Revenue	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
Current property taxes	\$ 12,250,000	\$ 12,050,998	\$ (199,002)	\$ 11,995,655
Delinquent property taxes:				
Real and personal property	275,000	288,482	13,482	69,129
Penalties	120,000	187,351	67,351	88,075
	<u>395,000</u>	<u>475,833</u>	<u>80,833</u>	<u>157,204</u>
Licenses and permits:				
Business licenses	5,900,000	5,612,612	(287,388)	5,598,767
Business license penalties	40,000	37,262	(2,738)	31,460
Building permits	600,000	624,571	24,571	503,844
Inspection fees	4,000	6,395	2,395	4,545
Other permits	15,000	14,615	(385)	25,648
Tree bank	—	12,700	12,700	2,000
Franchise fee – electricity	1,570,000	1,500,548	(69,452)	1,521,903
Franchise fee – cable TV	510,000	567,174	57,174	511,639
Franchise fee – telephone	52,500	88,344	35,844	40,844
Franchise fee – gas	70,000	82,926	12,926	93,087
	<u>8,761,500</u>	<u>8,547,147</u>	<u>(214,353)</u>	<u>8,333,737</u>
Fines and forfeitures:				
Fines	700,000	746,022	46,022	659,114
Seizures	5,000	4,875	(125)	—
Improper parking	10,000	5,164	(4,836)	4,828
Victim's assistance	60,000	51,423	(8,577)	47,428
Bail Bondsman Fee	—	1,844	1,844	2,144
Less, remittances to State Treasurer	(415,000)	(435,822)	(20,822)	(374,797)
	<u>360,000</u>	<u>373,506</u>	<u>13,506</u>	<u>338,717</u>
Use of money and property:				
Interest on investments	10,000	—	(10,000)	—
Property rental	175,000	195,231	20,231	198,037
Purchasing card rebate	—	10,148	10,148	5,161
	<u>185,000</u>	<u>205,379</u>	<u>20,379</u>	<u>203,198</u>
Unrestricted intergovernmental:				
Local government	257,200	301,025	43,825	399,349
Homestead exemption tax	150,000	179,423	29,423	165,433
Business inventory tax	36,600	36,648	48	36,644
Accommodations tax	202,500	211,799	9,299	202,508
Admissions tax	92,000	87,107	(4,893)	91,801
Motor carrier tax	18,000	44,096	26,096	21,286
Alcoholic beverage permit fees	185,000	168,101	(16,899)	210,250
TNC local assessment fee	—	1,072	1,072	—
	<u>941,300</u>	<u>1,029,271</u>	<u>87,971</u>	<u>1,127,271</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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
Federal FEMA	—	158,372	158,372	—
Federal BJA - BVP	—	27,356	27,356	—
State "C" funds	75,000	28,325	(46,675)	—
Horry County recreation	41,000	41,960	960	41,960
	<u>116,000</u>	<u>256,013</u>	<u>140,013</u>	<u>41,960</u>
Sales and service charges:				
City codes and ordinances	10,000	12,975	2,975	8,678
Fire protection – contracts	110,000	93,576	(16,424)	108,556
Street work	4,000	10,932	6,932	4,473
Beach services franchise	95,000	121,000	26,000	101,250
Parking lot	—	12,699	12,699	—
Recreation fees	95,000	158,005	63,005	161,154
GIS Data	1,500	—	(1,500)	—
NMB Park sponsorships, rentals and concessions, net	565,000	582,036	17,036	567,385
Christmas Village fees	270,000	74,763	(195,237)	—
Credit Card service charge	7,000	9,427	2,427	6,666
Memorial	10,000	—	(10,000)	—
Miscellaneous	40,000	64,876	24,876	264,611
	<u>1,207,500</u>	<u>1,140,289</u>	<u>(67,211)</u>	<u>1,222,773</u>
Miscellaneous:				
Insurance reimbursements	25,000	38,794	13,794	21,164
Grants from private entities	15,000	50,745	35,745	24,203
PS Scholarship Fund donation	—	17	17	28
	<u>40,000</u>	<u>89,556</u>	<u>49,556</u>	<u>45,395</u>
<b>Total revenue</b>	<b>24,256,300</b>	<b>24,167,992</b>	<b>(88,308)</b>	<b>23,465,910</b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General Services:				
Personal services	266,000	398,060	(132,060)	259,353
Operating expenditures	1,128,250	1,191,420	(63,170)	1,169,578
Less, overhead allocation – utility	(627,413)	(715,266)	87,853	(643,019)
	<u>766,837</u>	<u>874,214</u>	<u>(107,377)</u>	<u>785,912</u>
Legislative:				
Personal services	309,655	288,716	20,939	261,119
Operating expenditures	43,900	52,674	(8,774)	65,599
Less, overhead allocation – utility	(176,777)	(170,695)	(6,082)	(163,359)
	<u>176,778</u>	<u>170,695</u>	<u>6,083</u>	<u>163,359</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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	264,428	275,224	(10,796)	251,352
Operating expenditures	91,750	56,980	34,770	34,134
Less, overhead allocation – utility	(178,090)	(166,102)	(11,988)	(142,743)
	<u>178,088</u>	<u>166,102</u>	<u>11,986</u>	<u>142,743</u>
City Court:				
Personal services	429,086	442,880	(13,794)	417,624
Operating expenditures	51,425	44,106	7,319	34,030
Capital expenditures	—	—	—	25,642
	<u>480,511</u>	<u>486,986</u>	<u>(6,475)</u>	<u>477,296</u>
Legal:				
Personal services	229,098	247,972	(18,874)	230,474
Operating expenditures	204,225	228,064	(23,839)	371,603
Less, overhead allocation – utility	(216,660)	(238,018)	21,358	(301,038)
	<u>216,663</u>	<u>238,018</u>	<u>(21,355)</u>	<u>301,039</u>
Human resources:				
Personal services	781,845	832,749	(50,904)	750,760
Operating expenditures	80,000	84,002	(4,002)	107,002
Capital expenditures	6,000	6,197	(197)	—
Less, overhead allocation – utility	(407,888)	(443,015)	35,127	(403,148)
	<u>459,957</u>	<u>479,933</u>	<u>(19,976)</u>	<u>454,614</u>
Total general government administration	2,278,834	2,415,948	(137,114)	2,324,963
Less, total capital outlay	(6,000)	(6,197)	197	(25,642)
<b>Net general government administration</b>	<u>2,272,834</u>	<u>2,409,751</u>	<u>(136,917)</u>	<u>2,299,321</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

Expenditures (Continued)	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Finance</b>				
Accounting:				
Personal services	663,379	604,194	59,185	626,734
Operating expenditures	169,150	167,058	2,092	148,595
Less, overhead allocation – utility	(524,494)	(485,889)	(38,605)	(472,951)
	<u>308,035</u>	<u>285,363</u>	<u>22,672</u>	<u>302,378</u>
Revenue:				
Personal services	459,224	446,684	12,540	432,925
Operating expenditures	45,065	40,846	4,219	52,381
Capital expenditures	—	—	—	29,975
	<u>504,289</u>	<u>487,530</u>	<u>16,759</u>	<u>515,281</u>
Total finance	812,324	772,893	39,431	817,659
Less, total capital outlay	—	—	—	(29,975)
<b>Net finance</b>	<u>812,324</u>	<u>772,893</u>	<u>39,431</u>	<u>787,684</u>
<b>Information Services</b>				
Personal services	670,474	646,087	24,387	669,930
Operating services	280,050	281,203	(1,153)	378,216
Capital expenditures	208,900	166,222	42,678	31,423
Less, overhead allocation – utility	(704,263)	(719,782)	15,519	(508,043)
	<u>455,161</u>	<u>373,730</u>	<u>81,431</u>	<u>571,526</u>
Total information services	455,161	373,730	81,431	571,526
Less, total capital outlay	(208,900)	(166,222)	(42,678)	(31,423)
<b>Net information services</b>	<u>246,261</u>	<u>207,508</u>	<u>38,753</u>	<u>540,103</u>
<b>Public Safety</b>				
Administrative:				
Personal services	468,514	542,593	(74,079)	457,543
Operating expenditures	20,850	74,754	(53,904)	45,206
Capital expenditures	—	31,918	(31,918)	—
	<u>489,364</u>	<u>649,265</u>	<u>(159,901)</u>	<u>502,749</u>
Uniform patrol:				
Personal services	4,191,011	4,326,892	(135,881)	4,069,196
Operating expenditures	625,934	1,000,919	(374,985)	764,261
Capital expenditures	62,537	14,516	48,021	231,995
	<u>4,879,482</u>	<u>5,342,327</u>	<u>(462,845)</u>	<u>5,065,452</u>
Community services:				
Personal services	625,758	634,050	(8,292)	612,007
Operating expenditures	173,570	192,906	(19,336)	197,644
Capital expenditures	10,000	—	10,000	16,692
	<u>809,328</u>	<u>826,956</u>	<u>(17,628)</u>	<u>826,343</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
<b>Expenditures (Continued)</b>				
<b>Public Safety (Cont.)</b>				
Detectives:				
Personal services	906,388	926,914	(20,526)	876,155
Operating expenditures	94,296	85,416	8,880	112,500
Capital expenditures	—	8,528	(8,528)	16,299
	<u>1,000,684</u>	<u>1,020,858</u>	<u>(20,174)</u>	<u>1,004,954</u>
Communications/Detention:				
Personal services	1,129,569	1,136,820	(7,251)	1,100,134
Operating expenditures	110,955	127,407	(16,452)	244,917
Capital expenditures	38,245	15,887	22,358	—
Less, overhead allocation – utility	(102,301)	(102,409)	108	(107,604)
	<u>1,176,468</u>	<u>1,177,705</u>	<u>(1,237)</u>	<u>1,237,447</u>
Records:				
Personal services	246,313	243,039	3,274	233,226
Operating expenditures	35,528	32,309	3,219	38,604
Capital expenditures	—	56,859	(56,859)	—
	<u>281,841</u>	<u>332,207</u>	<u>(50,366)</u>	<u>271,830</u>
Victim's Assistance:				
Personal services	73,687	74,098	(411)	73,452
Operating expenditures	8,150	2,373	5,777	3,651
	<u>81,837</u>	<u>76,471</u>	<u>5,366</u>	<u>77,103</u>
Police Training:				
Personal services	239,658	226,701	12,957	256,775
Operating expenditures	16,825	31,692	(14,867)	19,538
Capital expenditures	—	—	—	47,685
	<u>256,483</u>	<u>258,393</u>	<u>(1,910)</u>	<u>323,998</u>
Fire Suppression/Rescue:				
Personal services	3,383,318	3,400,897	(17,579)	3,222,650
Operating expenditures	293,180	347,720	(54,540)	445,466
Capital expenditures	70,074	40,520	29,554	78,783
	<u>3,746,572</u>	<u>3,789,137</u>	<u>(42,565)</u>	<u>3,746,899</u>
Fire Prevention/Inspection:				
Personal services	307,835	267,693	40,142	263,754
Operating expenditures	23,845	29,343	(5,498)	16,138
	<u>331,680</u>	<u>297,036</u>	<u>34,644</u>	<u>279,892</u>
Total Public Safety	13,053,739	13,770,355	(716,616)	13,336,667
Less, total capital outlay	(180,856)	(168,228)	12,628	(391,454)
<b>Net public safety</b>	<u>12,872,883</u>	<u>13,602,127</u>	<u>(729,244)</u>	<u>12,945,213</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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/Zoning Administration:				
Personal services	847,119	844,327	2,792	803,530
Operating expenditures	175,400	110,311	65,089	76,895
Capital expenditures	—	—	—	37,311
	<u>1,022,519</u>	<u>954,638</u>	<u>67,881</u>	<u>917,736</u>
Code Enforcement – Building:				
Personal services	728,999	736,710	(7,711)	698,485
Operating expenditures	86,750	53,665	33,085	82,080
Capital expenditures	50,000	48,870	1,130	—
Less, overhead allocation – utility	(43,287)	(41,962)	(1,325)	(39,028)
	<u>822,462</u>	<u>797,283</u>	<u>25,179</u>	<u>741,537</u>
Total Planning/Development	1,844,981	1,751,921	93,060	1,659,273
Less, total capital outlay	(50,000)	(48,870)	(1,130)	(37,311)
<b>Net planning/development</b>	<u>1,794,981</u>	<u>1,703,051</u>	<u>91,930</u>	<u>1,621,962</u>
<b>Public Works</b>				
Streets/Drainage:				
Personal services	1,355,930	1,371,232	(15,302)	1,283,749
Operating expenditures	1,131,500	1,268,621	(137,121)	1,245,620
Capital expenditures	49,000	48,955	45	61,771
Less, overhead allocation – utility	(453,644)	(315,780)	(137,864)	(325,051)
	<u>2,082,786</u>	<u>2,373,028</u>	<u>(290,242)</u>	<u>2,266,089</u>
Total Public Works	2,082,786	2,373,028	(290,242)	2,266,089
Less, total capital outlay	(49,000)	(48,955)	(45)	(61,772)
<b>Net public works</b>	<u>2,033,786</u>	<u>2,324,073</u>	<u>(290,287)</u>	<u>2,204,317</u>
<b>Parks and Recreation</b>				
Recreation Administration:				
Personal services	383,557	390,838	(7,281)	364,191
Operating expenditures	85,043	94,246	(9,203)	105,127
Capital expenditures	—	—	—	7,441
Less, overhead allocation – utility	(140,580)	(145,525)	4,945	(118,645)
	<u>328,020</u>	<u>339,559</u>	<u>(11,539)</u>	<u>358,114</u>
Athletics:				
Personal services	466,374	477,838	(11,464)	423,423
Operating expenditures	338,400	348,404	(10,004)	360,744
Capital expenditures	20,000	75,089	(55,089)	24,270
	<u>824,774</u>	<u>901,331</u>	<u>(76,557)</u>	<u>808,437</u>
Programs:				
Personal services	271,888	296,362	(24,474)	230,613
Operating expenditures	582,098	557,849	24,249	517,576
	<u>853,986</u>	<u>854,211</u>	<u>(25)</u>	<u>748,189</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
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Expenditures (Continued)</b>				
<b>Parks and Recreation (continued)</b>				
Parks and Grounds:				
Personal services	1,199,303	1,256,144	(56,841)	1,212,650
Operating expenditures	707,430	716,945	(9,515)	679,794
Capital expenditures	119,775	174,493	(54,718)	90,756
Less, overhead allocation – utility	—	(30,389)	30,389	—
	<u>2,026,508</u>	<u>2,117,193</u>	<u>(90,685)</u>	<u>1,983,200</u>
Sports Park:				
Personal services	98,685	72,191	26,494	86,952
Operating expenditures	115,300	150,767	(35,467)	139,780
Capital outlay	15,000	—	15,000	—
	<u>228,985</u>	<u>222,958</u>	<u>6,027</u>	<u>226,732</u>
Christmas Village:				
Personal services	23,947	144	23,803	—
Operating expenditures	256,406	371,943	(115,537)	—
Capital outlay	—	369,867	(369,867)	—
	<u>280,353</u>	<u>741,954</u>	<u>(461,601)</u>	<u>—</u>
Total Parks and Recreation	4,542,626	5,177,206	(634,580)	4,124,672
Less, total capital outlay	(154,775)	(619,449)	464,674	(122,467)
<b>Net parks and recreation</b>	<u>4,387,851</u>	<u>4,557,757</u>	<u>(169,906)</u>	<u>4,002,205</u>
<b>Support Services</b>				
Purchasing:				
Personal services	286,960	314,529	(27,569)	276,767
Operating expenditures	24,750	31,251	(6,501)	30,070
Less, overhead allocation – utility	(180,791)	(200,553)	19,762	(177,965)
	<u>130,919</u>	<u>145,227</u>	<u>(14,308)</u>	<u>128,872</u>
Fleet management:				
Personal services	385,802	385,301	501	359,735
Operating expenditures	50,050	57,835	(7,785)	89,547
Capital outlay	—	—	—	54,653
Less, overhead allocation – utility	(174,340)	(177,254)	2,914	(201,574)
	<u>261,512</u>	<u>265,882</u>	<u>(4,370)</u>	<u>302,361</u>
Custodial Services:				
Personnel services	454,725	423,790	30,935	439,991
Operating expenses	382,300	480,164	(97,864)	484,793
Capital outlay	—	—	—	23,112
Less, overhead allocation – utility	(292,959)	(316,384)	23,425	(331,764)
	<u>544,066</u>	<u>587,570</u>	<u>(43,504)</u>	<u>616,132</u>
Total Support Services	936,497	998,679	(62,182)	1,047,365
Less, total capital outlay	—	—	—	(77,765)
<b>Net support services</b>	<u>936,497</u>	<u>998,679</u>	<u>(62,182)</u>	<u>969,600</u>
<b>Total Departmental Expenditures (net)</b>	<u>25,357,417</u>	<u>26,575,839</u>	<u>(1,218,422)</u>	<u>25,370,405</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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Debt Service</b>				
Principal retirement	843,370	843,370	—	827,790
Interest and fiscal charges	91,577	91,577	—	103,673
Agent fees	241,338	56	241,282	606
<b>Total debt service</b>	<b>1,176,285</b>	<b>935,003</b>	<b>241,282</b>	<b>932,069</b>
Capital Outlay	649,531	1,057,921	(408,390)	770,809
<b>Total expenditures</b>	<b>27,183,233</b>	<b>28,568,763</b>	<b>(1,385,530)</b>	<b>27,080,283</b>
Excess (deficiency) of revenue over (under) expenditures	(2,926,933)	(4,400,771)	(1,473,838)	(3,614,373)
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	1,135,480	1,285,483	(150,003)	1,218,636
From Local (1.5%) Accommodations Tax Fund	2,045,300	2,258,149	(212,849)	1,991,574
From Local (1%) Hospitality Fee Fund	2,365,800	2,485,783	(119,983)	2,353,404
From Debt Service Fund	—	125,000	(125,000)	—
Total transfers in:	5,546,580	6,154,415	(607,835)	5,563,614
Transfers (out):				
To Capital Improvement Fund	(1,800,000)	(1,800,000)	—	(1,500,000)
To Street Improvement Fund	(650,000)	(375,000)	275,000	(650,000)
To Pension Trust Fund	—	(34,070)	(34,070)	—
Total transfers (out)	(2,450,000)	(2,209,070)	240,930	(2,150,000)
Total other financing sources (uses)	3,096,580	3,945,345	848,765	3,413,614
<b>Net change in fund balance</b>	<b>169,647</b>	<b>(455,426)</b>	<b>(625,073)</b>	<b>(200,759)</b>
Fund balance, beginning of year	11,636,074	11,636,074	—	11,836,833
Fund balance, end of year	<u>\$ 11,805,721</u>	<u>\$ 11,180,648</u>	<u>\$ (625,073)</u>	<u>\$ 11,636,074</u>

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, 2016

	<u>Major Fund</u>	<u>Non-Major Funds</u>		
	<u>State</u> <u>(2%) A-Tax</u>	<u>Local</u> <u>(1.5%) A-Tax</u>	<u>Hospitality</u> <u>(1%) Fee</u>	<u>Totals</u>
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables, net	—	562,680	294,567	857,247
Due from other governments	1,090,346	—	—	—
Total assets	<u>\$ 1,090,346</u>	<u>\$ 562,680</u>	<u>\$ 294,567</u>	<u>\$ 857,247</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 488,534	\$ —	\$ —	\$ —
Due to other funds	601,461	562,680	294,567	857,247
Total liabilities	<u>1,089,995</u>	<u>562,680</u>	<u>294,567</u>	<u>857,247</u>
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	351	—	—	—
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	<u>351</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,090,346</u>	<u>\$ 562,680</u>	<u>\$ 294,567</u>	<u>\$ 857,247</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2016

	<b>Major Fund</b>	<b>Non-Major Funds</b>		<b>Totals</b>
	<b>State (2%) A-Tax</b>	<b>Local (1.5%) A-Tax</b>	<b>Hospitality (1%) Fee</b>	
<b>Revenue</b>				
Use of money and property	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental	3,549,183	3,103,080	2,485,783	5,588,863
<b>Total revenue</b>	<b>3,549,183</b>	<b>3,103,080</b>	<b>2,485,783</b>	<b>5,588,863</b>
<b>Expenditures</b>				
Current:				
Parks and recreation – tourism related	1,653,148	—	—	—
<b>Total expenditures</b>	<b>1,653,148</b>	<b>—</b>	<b>—</b>	<b>—</b>
Excess (deficiency) of revenue over (under) expenditures	1,896,035	3,103,080	2,485,783	5,588,863
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(1,925,147)	(3,103,080)	(2,485,783)	(5,588,863)
<b>Total other financing sources (uses)</b>	<b>(1,925,147)</b>	<b>(3,103,080)</b>	<b>(2,485,783)</b>	<b>(5,588,863)</b>
<b>Net change in fund balances</b>	<b>(29,112)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Fund balances, beginning of year	29,463	—	—	—
Fund balances, end of year	<u>\$ 351</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX  
BALANCE SHEET

JUNE 30, 2016  
(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Due from other governments	\$ 1,090,346	\$ 1,029,237
Total assets	<u>\$ 1,090,346</u>	<u>\$ 1,029,237</u>
 <b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 488,534	\$ 455,714
Due to General Fund	601,461	544,060
Total liabilities	<u>1,089,995</u>	<u>999,774</u>
 Fund balance:		
Restricted by others	<u>351</u>	<u>29,463</u>
Total liabilities and fund balance	<u>\$ 1,090,346</u>	<u>\$ 1,029,237</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, 2016  
 (With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ 16
Restricted intergovernmental:				
State A-tax revenue	3,372,500	3,549,183	176,683	3,372,661
<b>Total revenue</b>	<b>3,372,500</b>	<b>3,549,183</b>	<b>176,683</b>	<b>3,372,677</b>
<b>Expenditures</b>				
Parks and recreation:				
30% advertising allocation	1,065,000	1,120,795	55,795	1,065,051
North Myrtle Beach Chamber	519,187	519,187	—	426,519
Services to other agencies	13,166	13,166	—	29,500
<b>Total expenditures</b>	<b>1,597,353</b>	<b>1,653,148</b>	<b>55,795</b>	<b>1,521,070</b>
Excess of revenue over expenditures	1,775,147	1,896,035	120,888	1,851,607
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(1,135,483)	(1,285,483)	(150,000)	(1,218,636)
Street Improvement Fund	(63,340)	(63,340)	—	(75,600)
Beach Renourishment Fund	(17,035)	(17,035)	—	(26,000)
Stormwater Drainage Fund	(58,357)	(58,357)	—	(54,000)
Solid Waste Fund	(290,833)	(290,833)	—	(158,400)
Park Improvement Fund	(97,252)	(97,252)	—	(524,500)
Beach Service Fund	(112,847)	(112,847)	—	(196,467)
Total other financing sources (uses)	(1,775,147)	(1,925,147)	(150,000)	(2,253,603)
<b>Net change in fund balance</b>	<b>—</b>	<b>(29,112)</b>	<b>(29,112)</b>	<b>(401,996)</b>
Fund balance, beginning of year	29,463	29,463	—	431,459
Fund balance, end of year	\$ 29,463	\$ 351	\$ (29,112)	\$ 29,463

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX  
BALANCE SHEET

JUNE 30, 2016  
(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 15
Receivables	562,680	557,069
Total assets	<u>\$ 562,680</u>	<u>\$ 557,084</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ 15
Due to General Fund	375,204	371,563
Due to Beach Services Fund	187,476	185,506
Total liabilities	<u>562,680</u>	<u>557,084</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 562,680</u>	<u>\$ 557,084</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, 2016  
 (With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Local A-tax revenue	\$ 3,061,800	\$ 3,098,791	\$ 36,991	\$ 2,982,440
Penalties	6,000	4,289	(1,711)	3,236
<b>Total revenue</b>	<b>3,067,800</b>	<b>3,103,080</b>	<b>35,280</b>	<b>2,985,676</b>
Excess of revenue over expenditures	3,067,800	3,103,080	35,280	2,985,676
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(2,045,300)	(2,258,150)	(212,850)	(1,991,574)
Beach Services Fund	(589,001)	(399,013)	189,988	(371,939)
Aquatic Center Fund	(433,499)	(445,917)	(12,418)	(622,163)
Total other financing sources (uses)	(3,067,800)	(3,103,080)	(35,280)	(2,985,676)
<b>Net change in fund balance</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 53
Receivables	<u>294,567</u>	<u>287,487</u>
Total assets	<u><u>\$ 294,567</u></u>	<u><u>\$ 287,540</u></u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ 53
Due to General Fund	<u>294,567</u>	<u>287,487</u>
Total liabilities	<u>294,567</u>	<u>287,540</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u><u>\$ 294,567</u></u>	<u><u>\$ 287,540</u></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, 2016  
 (With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitals fees	\$2,360,800	\$ 2,482,949	\$ 122,149	\$ 2,351,878
Penalties	5,000	2,834	(2,166)	1,526
<b>Total revenue</b>	<b>2,365,800</b>	<b>2,485,783</b>	<b>119,983</b>	<b>2,353,404</b>
Excess of revenue over expenditures	2,365,800	2,485,783	119,983	2,353,404
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	(2,365,800)	(2,485,783)	(119,983)	(2,353,404)
Total other financing sources (uses)	(2,365,800)	(2,485,783)	(119,983)	(2,353,404)
<b>Net change in fund balance</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

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, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 8,815	\$ 105,244
Receivables, net	9,565	—
Total assets	<u>\$ 18,380</u>	<u>\$ 105,244</u>
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Committed by ordinance	\$ 18,380	\$ 105,244
Total liabilities and fund balance	<u>\$ 18,380</u>	<u>\$ 105,244</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, 2016

(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Property taxes:				
Current	\$ 2,220,000	\$ 2,256,886	\$ 36,886	\$ 2,249,274
Delinquent and penalties	—	—	—	21,810
Use of money and property:				
Interest on investments	—	—	—	—
<b>Total revenue</b>	<b>2,220,000</b>	<b>2,256,886</b>	<b>36,886</b>	<b>2,271,084</b>
<b>Expenditures</b>				
Debt Service:				
Principal	1,900,000	1,900,000	—	1,840,000
Interest	318,200	318,200	—	391,800
Bond agent fees	—	550	(550)	—
<b>Total expenditures</b>	<b>2,218,200</b>	<b>2,218,750</b>	<b>(550)</b>	<b>2,231,800</b>
Excess of revenue over expenditures	1,800	38,136	36,336	39,284
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	—	(125,000)	(125,000)	—
	—	(125,000)	(125,000)	—
<b>Net change in fund balance</b>	<b>1,800</b>	<b>(86,864)</b>	<b>(88,664)</b>	<b>39,284</b>
Fund balance, beginning of year	105,244	105,244	—	65,960
Fund balance, end of year	\$ 107,044	\$ 18,380	\$ (88,664)	\$ 105,244

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.

<b>Capital Improvement:</b>	To account for financial resources to be used for general capital asset acquisitions and replacements.
<b>Street Improvement:</b>	To account for financial resources to be used for paving streets and relocating utilities in the City.
<b>Beach Renourishment:</b>	To account for financial resources to be used for renourishing the beach.
<b>Park Development:</b>	To account for financial resources to be used for land acquisition and development of parks.
<b>Stormwater Drainage:</b>	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, 2016

	Non-Major Funds				Totals	Major Funds Stormwater Drainage
	Capital Improvement	Beach Renourishment	Park Development	Street Improvement		
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 196,137	\$ 265,417	\$ 75,586	\$ 952,848	\$ 1,489,988	\$ —
Receivables, net	1,717	—	15,534	172,576	189,827	50,822
Due from other governments	—	—	—	1,041,883	1,041,883	—
Restricted – cash and cash equivalents	—	—	—	—	—	—
Funds held in escrow	—	—	—	—	—	—
<b>Total assets</b>	<b>\$ 197,854</b>	<b>\$ 265,417</b>	<b>\$ 91,120</b>	<b>\$ 2,167,307</b>	<b>\$ 2,721,698</b>	<b>\$ 50,822</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 38,743	\$ 7,308	\$ 4,505	\$ 254,301	\$ 304,857	\$ 49,730
Security deposit	—	—	10,000	—	10,000	—
Due to other funds	—	—	—	—	—	992,212
<b>Total liabilities</b>	<b>38,743</b>	<b>7,308</b>	<b>14,505</b>	<b>254,301</b>	<b>314,857</b>	<b>1,041,942</b>
<b>Fund balances:</b>						
Non-spendable	—	—	—	—	—	—
Restricted by others	—	—	—	—	—	—
Committed by ordinance	—	—	—	—	—	—
Assigned by management	159,111	258,109	76,615	1,913,006	2,406,841	—
Unassigned (deficit)	—	—	—	—	—	(991,120)
<b>Total fund balances</b>	<b>159,111</b>	<b>258,109</b>	<b>76,615</b>	<b>1,913,006</b>	<b>2,406,841</b>	<b>(991,120)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 197,854</b>	<b>\$ 265,417</b>	<b>\$ 91,120</b>	<b>\$ 2,167,307</b>	<b>\$ 2,721,698</b>	<b>\$ 50,822</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2016

	Non-Major Funds				Totals	Major Fund Stormwater Drainage
	Capital Improvement	Beach Renourishment	Park Development	Street Improvement		
<b>Revenue</b>						
Use of money and property	\$ 15,853	\$ —	\$ —	\$ —	\$ 15,853	\$ —
Restricted						
intergovernmental	—	—	15,533	1,921,496	1,937,029	500,000
Sales and service charges	20,610	—	—	—	20,610	2,120,325
Miscellaneous	—	—	190,711	111,058	301,769	—
<b>Total revenue</b>	<b>36,463</b>	<b>—</b>	<b>206,244</b>	<b>2,032,554</b>	<b>2,275,261</b>	<b>2,620,325</b>
<b>Expenditures</b>						
Current:						
Finance	—	—	—	—	—	51,089
Public works	—	70,743	—	—	70,743	394,210
Capital outlay:						
General government administration	260,506	—	—	—	260,506	—
Public safety	879,890	—	—	—	879,890	454,367
Public works	406,708	—	—	3,675,758	4,082,466	—
Parks and recreation	416,980	—	479,965	—	896,945	—
Debt service	—	—	—	—	—	2,548,331
<b>Total expenditures</b>	<b>1,964,084</b>	<b>70,743</b>	<b>479,965</b>	<b>3,675,758</b>	<b>6,190,550</b>	<b>3,447,997</b>
Excess (deficiency) of revenue over (under) expenditures	(1,927,621)	(70,743)	(273,721)	(1,643,204)	(3,915,289)	(827,672)
<b>Other Financing Sources (Uses)</b>						
Proceeds of note payable	—	—	—	—	—	5,000,000
Transfers in	1,800,000	17,035	97,252	588,548	2,502,835	58,357
Transfers (out)	—	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>1,800,000</b>	<b>17,035</b>	<b>97,252</b>	<b>588,548</b>	<b>2,502,835</b>	<b>5,058,357</b>
<b>Net change in fund balances</b>	<b>(127,621)</b>	<b>(53,708)</b>	<b>(176,469)</b>	<b>(1,054,656)</b>	<b>(1,412,454)</b>	<b>4,230,685</b>
Fund balances, beginning of year	286,732	311,817	253,084	2,967,662	3,819,295	(5,221,805)
Fund balances, end of year	\$ 159,111	\$ 258,109	\$ 76,615	\$ 1,913,006	\$ 2,406,841	\$ (991,120)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 196,137	\$ 337,265
Receivables, net	1,717	1,131
Total assets	<u>\$ 197,854</u>	<u>\$ 338,396</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 38,743	\$ 51,664
Total liabilities	<u>38,743</u>	<u>51,664</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	159,111	286,732
Unassigned	—	—
Total fund balance	<u>159,111</u>	<u>286,732</u>
Total liabilities and fund balance	<u>\$ 197,854</u>	<u>\$ 338,396</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, 2016  
(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Surplus sales	25,000	15,853	(9,147)	39,452
Sales and services:				
Development fees	—	20,610	20,610	16,490
<b>Total revenue</b>	<b>25,000</b>	<b>36,463</b>	<b>11,463</b>	<b>55,942</b>
<b>Expenditures</b>				
Capital outlay –				
General government administration:				
IT projects	228,900	260,506	(31,606)	65,420
Public safety:				
Fire truck	600,000	608,926	(8,926)	—
Equipment	—	28,455	(28,455)	—
Vehicles	244,161	242,509	1,652	—
Public works:				
Cherry Grove dredging	800,000	406,708	393,292	264,109
Parks and recreation:				
Park renovations/improvements	—	—	—	57,676
Main St bathrooms/stage	—	377,927	(377,927)	—
53 <sup>rd</sup> Ave N kayak ramp	—	39,053	(39,053)	—
Contingency	300,000	—	300,000	—
<b>Total expenditures</b>	<b>2,173,061</b>	<b>1,964,084</b>	<b>208,977</b>	<b>387,205</b>
Excess (deficiency) of revenue over (under) expenditures	(2,148,061)	(1,927,621)	220,440	(331,263)
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,800,000	1,800,000	—	1,500,000
Transfers (out) – Park Improvement Fund	—	—	—	(1,110,490)
Transfers (out) – Beach Services Fund	—	—	—	(55,000)
<b>Total other financing sources (uses)</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>—</b>	<b>334,510</b>
<b>Net change in fund balance</b>	<b>(348,061)</b>	<b>(127,621)</b>	<b>220,440</b>	<b>3,247</b>
Fund balance, beginning of year	286,732	286,732	—	283,485
Fund balance, end of year	\$ (61,329)	\$ 159,111	\$ 220,440	\$ 286,732

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 952,848	\$ 2,146,373
Receivables, net	172,576	110,415
Due from other governments	1,041,883	794,189
Total assets	<u>\$ 2,167,307</u>	<u>\$ 3,050,977</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 254,301	\$ 83,315
Total liabilities	<u>254,301</u>	<u>83,315</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,913,006	2,967,662
Unassigned	—	—
Total fund balance	<u>1,913,006</u>	<u>2,967,662</u>
Total liabilities and fund balance	<u>\$ 2,167,307</u>	<u>\$ 3,050,977</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, 2016  
(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental:				
Federal Grants – NOAA OCRM	125,000	—	(125,000)	39,420
State Grants – SCDOT/C Fund	150,000	292,315	142,315	37,094
Local Grant - Horry Cty Road Fee	430,000	714,452	284,452	527,901
Other Grants - Santee Cooper/HTC	2,700,000	914,729	(1,785,271)	2,399,533
Misc – underground utilities	35,000	111,058	76,058	61,858
<b>Total revenue</b>	<b>3,440,000</b>	<b>2,032,554</b>	<b>(1,407,446)</b>	<b>3,065,806</b>
<b>Expenditures</b>				
Capital outlay –				
Public works:				
Beach access H/C – OCRM grant	250,000	77,341	172,659	162,699
Sidewalks	250,000	60,712	189,288	56,240
Park and play	—	—	—	45,933
Road intersection improvements	250,000	—	250,000	312,900
Paving/road resurfacing	550,000	602,417	(52,417)	65,938
11 <sup>th</sup> Ave N widening	—	95,787	(95,787)	—
Barefoot Bridge painting	75,000	72,500	2,500	71,500
Coastal Town intersection	215,000	215,000	—	—
Street sweeper	—	233,824	(233,824)	—
Edith Lane Land (sign)	—	30,000	(30,000)	—
Main Street street end	—	464,592	(464,592)	—
48 <sup>th</sup> Ave underground utilities	500,000	1,370,775	(870,775)	2,547,177
Crescent Beach underground utilities	2,500,000	—	2,500,000	31,945
Crescent Beach road widening	150,000	304,687	(154,687)	—
East Coast Greenway – Water Tower Rd	—	13,685	(13,685)	—
Ocean Blvd – Sea Mountain Hwy	—	134,438	(134,438)	11,238
<b>Total expenditures</b>	<b>4,740,000</b>	<b>3,675,758</b>	<b>1,064,242</b>	<b>3,305,570</b>
Excess (deficiency) of revenue over (under) expenditures	(1,300,000)	(1,643,204)	(343,204)	(239,764)
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	650,000	375,000	(275,000)	650,000
Transfers in – Accommodation (2%) Tax Fund	63,341	63,340	(1)	75,600
Transfers in – Water and Sewer Utility Fund	—	150,208	150,208	—
Total other financing sources (uses)	713,341	588,548	(124,793)	725,600
<b>Net change in fund balance</b>	<b>(586,659)</b>	<b>(1,054,656)</b>	<b>(467,997)</b>	<b>485,836</b>
Fund balance, beginning of year	2,967,662	2,967,662	—	2,481,826
Fund balance, end of year	\$ 2,381,003	\$ 1,913,006	\$ (467,997)	\$ 2,967,662

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 265,417	\$ 311,817
Total assets	<u>\$ 265,417</u>	<u>\$ 311,817</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 7,308	\$ —
Total liabilities	<u>7,308</u>	<u>—</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	258,109	311,817
Unassigned	—	—
Total fund balance	<u>258,109</u>	<u>311,817</u>
Total liabilities and fund balance	<u>\$ 265,417</u>	<u>\$ 311,817</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, 2016  
 (With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
<b>Total revenue</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Expenditures</b>				
Public works:				
Materials and supplies	50,000	—	50,000	31,992
Professional services	50,000	70,743	(20,743)	36,704
<b>Total expenditures</b>	<u>100,000</u>	<u>70,743</u>	<u>29,257</u>	<u>68,696</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(100,000)</u>	<u>(70,743)</u>	<u>29,257</u>	<u>(68,696)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – Accommodations (2% )Tax Fund	17,035	17,035	—	26,000
Total other financing sources	<u>17,035</u>	<u>17,035</u>	<u>—</u>	<u>26,000</u>
<b>Net change in fund balance</b>	<b>(82,965)</b>	<b>(53,708)</b>	<b>29,257</b>	<b>(42,696)</b>
Fund balance, beginning of year	<u>311,817</u>	<u>311,817</u>	<u>—</u>	<u>354,513</u>
Fund balance, end of year	<u>\$ 228,852</u>	<u>\$ 258,109</u>	<u>\$ 29,257</u>	<u>\$ 311,817</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 75,586	\$ 338,465
Receivables, net	15,534	—
Total assets	<u>\$ 91,120</u>	<u>\$ 338,465</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 4,505	\$ 62,281
Retainage payable	—	13,100
Due to General Fund	—	—
Security deposit	10,000	10,000
Total liabilities	<u>14,505</u>	<u>85,381</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	76,615	253,084
Unassigned (deficit)	—	—
Total fund balance	<u>76,615</u>	<u>253,084</u>
Total liabilities and fund balance	<u>\$ 91,120</u>	<u>\$ 338,465</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, 2016

(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental				
State Grants – SCPRT Fund		15,533	15,533	
Miscellaneous:				
Contributions	—	190,711	190,711	324,570
<b>Total revenue</b>	<b>—</b>	<b>206,244</b>	<b>206,244</b>	<b>324,570</b>
<b>Expenditures</b>				
Capital Outlay –				
Parks and recreation:				
Park development	850,000	479,965	370,035	1,391,584
<b>Total expenditures</b>	<b>850,000</b>	<b>479,965</b>	<b>370,035</b>	<b>1,391,584</b>
Excess (deficiency) of revenue over (under) expenditures	(850,000)	(273,721)	576,279	(1,067,014)
<b>Other Financing Sources (Uses)</b>				
Transfers in – Capital Improvement Fund	—	—	—	1,110,490
Transfers in – Accommodation (2%) Tax Fund	97,253	97,252	(1)	524,500
Total other financing sources (uses)	97,253	97,252	(1)	1,634,990
<b>Net change in fund balance</b>	<b>(752,747)</b>	<b>(176,469)</b>	<b>576,278</b>	<b>567,976</b>
Fund balance, beginning of year	253,084	253,084	—	(314,892)
Fund balance, end of year	\$ (499,663)	\$ 76,615	\$ 576,278	\$ 253,084

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE  
BALANCE SHEET

YEAR ENDED JUNE 30, 2016  
(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables, net	50,822	73,271
Total assets	<u>\$ 50,822</u>	<u>\$ 73,271</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 49,730	\$ 282,006
Retainages payable	—	63,692
Due to General Fund	992,212	4,949,378
Total liabilities	<u>1,041,942</u>	<u>5,295,076</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	—
Unassigned (deficit)	<u>(991,120)</u>	<u>(5,221,805)</u>
Total fund balance	<u>(991,120)</u>	<u>(5,221,805)</u>
Total liabilities and fund balance	<u>\$ 50,822</u>	<u>\$ 73,271</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, 2016

(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental:				
SCDHEC grant	—	500,000	500,000	500,000
Sales and service charges:				
Stormwater/drainage fees	2,149,600	2,111,131	(38,469)	2,088,981
Penalties	9,500	10,110	610	9,305
Less, adjustments/bad debts	—	(916)	(916)	(992)
<b>Total revenue</b>	<b>2,159,100</b>	<b>2,620,325</b>	<b>461,225</b>	<b>2,597,294</b>
<b>Expenditures</b>				
Finance:				
Overhead allocation –				
Accounting	16,651	15,245	1,406	15,506
Utility billing	35,540	35,844	(304)	34,366
Public works:				
Overhead allocation –				
Administration	48,621	44,395	4,226	42,151
Streets/drainage	126,822	134,440	(7,618)	129,557
Beach water quality monitoring	165,000	215,375	(50,375)	125,358
Capital outlay:				
Main Street drainage out-fall	—	26,716	(26,716)	3,322,448
18 <sup>th</sup> Ave. drainage	—	150	(150)	100
Hillside Street drainage basin	—	295,605	(295,605)	2,126,408
Other drainage	40,000	131,896	(91,896)	—
Debt service:				
Principal	—	2,486,900	(2,486,900)	—
Interest	—	61,431	(61,431)	—
<b>Total expenditures</b>	<b>432,634</b>	<b>3,447,997</b>	<b>(3,015,363)</b>	<b>5,795,894</b>
Excess (deficiency) of revenue over (under) expenditures	1,726,466	(827,672)	(2,554,138)	(3,198,600)
<b>Other Financing Sources (Uses)</b>				
Proceeds of note payable	—	5,000,000	5,000,000	—
Transfers in – Accommodations Tax Fund	58,357	58,357	—	54,000
<b>Total other financing sources (uses)</b>	<b>58,357</b>	<b>5,058,357</b>	<b>5,000,000</b>	<b>54,000</b>
<b>Net change in fund balance</b>	<b>1,784,823</b>	<b>4,230,685</b>	<b>2,445,862</b>	<b>(3,144,600)</b>
Fund balance, beginning of year	(5,221,805)	(5,221,805)	—	(2,077,205)
Fund balance, end of year	\$ (3,436,982)	\$ (991,120)	\$ 2,445,862	\$ (5,221,805)

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

YEAR ENDED JUNE 30, 2016  
 (With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 7,475,000	\$ 7,389,590	\$ (85,410)	\$ 7,148,416
Sewer usage fees	5,050,000	4,947,124	(102,876)	4,849,767
Water taps	50,000	80,800	30,800	70,146
Sewer taps	20,000	27,230	7,230	20,400
Late payment penalties and service charges	155,000	140,869	(14,131)	136,635
Miscellaneous	2,500	1,782	(718)	3,915
<b>Total operating revenue</b>	<b>12,752,500</b>	<b>12,587,395</b>	<b>(165,105)</b>	<b>12,229,279</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation –				
General services	487,988	556,318	(68,330)	500,125
Legislative	141,422	136,556	4,866	130,687
Administrative	142,471	132,882	9,589	114,195
Legal	173,329	190,414	(17,085)	240,831
Personnel	173,569	184,590	(11,021)	171,552
Total general government administration	1,118,779	1,200,760	(81,981)	1,157,390
<b>Finance</b>				
Overhead allocation –				
Accounting	249,759	231,376	18,383	232,599
Utility billing:				
Personal services	531,674	531,048	626	534,507
Operating expenses	179,125	185,829	(6,704)	175,510
Less, overhead allocation	(106,620)	(146,005)	39,385	(103,097)
Total finance	853,938	802,248	51,690	839,519
<b>Information Services</b>				
Overhead allocation	347,827	328,054	19,773	323,871
<b>Public Safety</b>				
Overhead allocation –				
Communications	63,938	64,006	(68)	67,253

— 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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Planning/Development</b>				
Overhead allocation –				
Code enforcement	43,287	41,962	1,325	39,028
<b>Public Works</b>				
Administrative:				
Personal services	864,818	805,986	58,832	795,460
Operating expenses	107,600	81,917	25,683	73,110
Less, overhead allocation	(294,484)	(279,461)	(15,023)	(193,515)
	677,934	608,442	69,492	675,055
Wastewater treatment:				
Personal services	578,837	503,593	75,244	525,906
Operating expenses	1,317,000	1,464,416	(147,416)	1,330,918
	1,895,837	1,968,009	(72,172)	1,856,824
Wells/lifts maintenance:				
Personal services	649,934	684,194	(34,260)	639,898
Operating expenses	1,326,450	1,048,369	278,081	915,147
	1,976,384	1,732,563	243,821	1,555,045
Construction/maintenance:				
Personal services	1,236,452	1,271,700	(35,248)	1,231,053
Operating expenses	3,004,500	2,804,224	200,276	2,904,376
	4,240,952	4,075,924	165,028	4,135,429
Streets/drainage:				
Overhead allocation	126,822	134,440	(7,618)	129,557
Total public works	8,917,929	8,519,378	398,551	8,351,910
<b>Support Services</b>				
Overhead allocation –				
Purchasing	158,972	176,348	(17,376)	156,487
Fleet management	69,736	70,902	(1,166)	80,630
Custodial	209,256	225,989	(16,733)	236,974
Total support services	437,964	473,239	(35,275)	474,091
Depreciation and amortization expense	2,600,000	3,170,223	(570,223)	3,097,862
<b>Total operating expenses</b>	<b>14,383,662</b>	<b>14,599,870</b>	<b>(216,208)</b>	<b>14,350,924</b>
Operating income (loss)	(1,631,162)	(2,012,475)	(381,313)	(2,121,645)

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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	125,000	48,312	(76,688)	64,689
Interest expense	(283,500)	(237,759)	45,741	(331,625)
Bond agent fees	(2,000)	—	2,000	—
Insurance reimbursement	—	2,157	2,157	7,642
Tower rental and other	185,000	209,400	24,400	70,696
Gain on sale/disposal of capital assets	—	97,841	97,841	1,257
Total non-operating revenue (expenses)	24,500	119,951	95,451	(187,341)
Income (loss) before contributions and transfers	(1,606,662)	(1,892,524)	(285,862)	(2,308,986)
<b>Capital Contributions</b>				
Impact fees:				
Water	900,000	1,186,222	286,222	933,041
Sewer	800,000	990,996	190,996	779,868
Developer contributions	—	152,535	152,535	2,223,676
Extension fees and construction for public use	50,000	76,429	26,429	82,070
Total capital contributions	1,750,000	2,406,182	656,182	4,018,655
<b>Transfers</b>				
Transfers (out) to Street Improvement Fund	—	(150,208)	(150,208)	—
<b>Change in net position</b>	<b>143,338</b>	<b>363,450</b>	<b>220,112</b>	<b>1,709,669</b>
Net position, beginning of year	91,133,740	91,133,740	—	89,424,071
Net position, end of year	<u>\$ 91,277,078</u>	<u>\$ 91,497,190</u>	<u>\$ 220,112</u>	<u>\$ 91,133,740</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,608,054	\$ 1,439,052
Accounts receivable, net:		
Accounts	114,183	143,150
Grants	—	39,000
Total current assets	<u>1,722,237</u>	<u>1,621,202</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	6,802,935	6,379,954
	<u>7,148,397</u>	<u>6,725,416</u>
Less, accumulated depreciation	<u>(5,243,584)</u>	<u>(5,157,063)</u>
Net capital assets	<u>1,904,813</u>	<u>1,568,353</u>
Total assets	<u>\$ 3,627,050</u>	<u>\$ 3,189,555</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 129,236	\$ 3,179
Accrued payroll and related taxes	23,294	67,880
Total current liabilities	<u>152,530</u>	<u>71,059</u>
Long-term liabilities:		
Accrued compensated absences	142,135	145,576
Total long-term liabilities	<u>142,135</u>	<u>145,576</u>
Total liabilities	<u>294,665</u>	<u>216,635</u>
Net position:		
Net investment in capital assets	1,904,813	1,568,353
Unrestricted	1,427,572	1,404,567
Total net position	<u>3,332,385</u>	<u>2,972,920</u>
Total liabilities and net position	<u>\$ 3,627,050</u>	<u>\$ 3,189,555</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, 2016

(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,327,500	\$ 4,325,878	\$ (1,622)	\$ 4,285,293
Trash bags and miscellaneous	8,000	7,857	(143)	6,870
<b>Total operating revenue</b>	<b>4,335,500</b>	<b>4,333,735</b>	<b>(1,765)</b>	<b>4,292,163</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	83,655	95,369	(11,714)	85,736
Legislative	21,213	20,483	730	19,603
Administration	21,371	19,932	1,439	17,129
Legal	25,999	28,562	(2,563)	36,125
Personnel	69,428	73,836	(4,408)	68,621
Total general government administration	221,666	238,182	(16,516)	227,214
<b>Finance</b>				
Overhead allocation –				
Accounting	49,952	46,275	3,677	46,520
Utility billings	71,080	71,688	(608)	68,731
Total finance	121,032	117,963	3,069	115,251
<b>Information Services</b>				
Overhead allocation	69,565	65,611	3,954	64,774
<b>Public works</b>				
Administration – overhead allocation	145,863	133,185	12,678	126,454
Commercial collection:				
Personal services	300,557	304,081	(3,524)	291,087
Operating	153,000	148,171	4,829	135,100
	453,557	452,252	1,305	426,187
Transfer station:				
Personal services	204,250	207,953	(3,703)	200,235
Operating	619,500	593,547	25,953	522,202
	823,750	801,500	22,250	722,437
Residential collection:				
Personal services	795,503	727,477	68,026	691,563
Operating	179,500	310,515	(131,015)	192,168
	975,003	1,037,992	(62,989)	883,731

— 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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	225,883	220,707	5,176	209,133
Operating	71,100	72,286	(1,186)	77,520
	<u>296,983</u>	<u>292,993</u>	<u>3,990</u>	<u>286,653</u>
Beach cleaning:				
Personal services	174,587	98,707	75,880	103,078
Operating	87,000	48,506	38,494	67,650
	<u>261,587</u>	<u>147,213</u>	<u>114,374</u>	<u>170,728</u>
Recycling:				
Personal services	243,430	275,232	(31,802)	261,311
Operating	126,560	105,078	21,482	123,459
	<u>369,990</u>	<u>380,310</u>	<u>(10,320)</u>	<u>384,770</u>
Total public works	<u>3,326,733</u>	<u>3,245,445</u>	<u>81,288</u>	<u>3,000,960</u>
<b>Support services</b>				
Overhead allocation –				
Purchasing	12,468	13,831	(1,363)	12,273
Fleet management	87,170	88,627	(1,457)	100,787
Custodial	33,481	36,158	(2,677)	37,916
Total support services	<u>133,119</u>	<u>138,616</u>	<u>(5,497)</u>	<u>150,976</u>
Depreciation and amortization	<u>400,000</u>	<u>493,776</u>	<u>(93,776)</u>	<u>472,688</u>
<b>Total operating expenses</b>	<b><u>4,272,115</u></b>	<b><u>4,299,593</u></b>	<b><u>(27,478)</u></b>	<b><u>4,031,863</u></b>
Operating income (loss)	<u>63,385</u>	<u>34,142</u>	<u>(29,243)</u>	<u>260,300</u>
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	—	—	—
Gain on sale/disposal of capital assets	—	34,490	34,490	—
Restricted intergovernmental:				
Grant – SCDHEC	—	—	—	39,000
Total non-operating revenue (expenses)	<u>—</u>	<u>34,490</u>	<u>34,490</u>	<u>39,000</u>
<b>Transfers</b>				
Transfer in – Accommodations (2%) Tax Fund	<u>290,833</u>	<u>290,833</u>	<u>—</u>	<u>158,400</u>
<b>Change in net position</b>	<b><u>354,218</u></b>	<b><u>359,465</u></b>	<b><u>5,247</u></b>	<b><u>457,700</u></b>
Net position, beginning of year	<u>2,972,920</u>	<u>2,972,920</u>	<u>—</u>	<u>2,515,220</u>
Net position, end of year	<u>\$ 3,327,138</u>	<u>\$ 3,332,385</u>	<u>\$ 5,247</u>	<u>\$ 2,972,920</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Equity in pooled cash	—	76,068
Accounts receivables, net	8,709	17,785
Total current assets	<u>9,109</u>	<u>94,253</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,203	89,203
Furniture and equipment	834,847	810,867
	<u>10,624,928</u>	<u>10,600,948</u>
Less, accumulated depreciation	(3,226,072)	(3,029,568)
Net capital assets	<u>7,398,856</u>	<u>7,571,380</u>
Total assets	<u>\$ 7,407,965</u>	<u>\$ 7,665,633</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 51,676	\$ 40,517
Accrued payroll and related taxes	13,952	39,871
Due to General Fund	61,626	—
Accrued interest payable	60,678	112,890
Current portion of note obligation	456,120	439,041
Unearned revenue	260,385	271,852
Total current liabilities	<u>904,437</u>	<u>904,171</u>
Long-term liabilities:		
Accrued compensated absences	39,631	41,447
Note payable	3,730,237	4,186,355
Total long-term liabilities	<u>3,769,868</u>	<u>4,227,802</u>
Total liabilities	<u>4,674,305</u>	<u>5,131,973</u>
Net position:		
Net investment in capital assets	3,212,499	2,945,984
Unrestricted (deficit)	(478,839)	(412,324)
Total net position	<u>2,733,660</u>	<u>2,533,660</u>
Total liabilities and net position	<u>\$ 7,407,965</u>	<u>\$ 7,665,633</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, 2016

(With comparative actual amounts for June 30, 2015)

	2016		2015	
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,580,000	\$ 1,410,413	\$ (169,587)	\$ 1,425,046
Day membership fees	59,000	49,820	(9,180)	51,320
Employee membership fees	—	127,838	127,838	116,262
Enrollment fees	55,000	52,011	(2,989)	58,838
Program fees	350,000	348,803	(1,197)	330,064
Merchandise sales	33,000	4,114	(28,886)	4,973
Food sales	—	48,520	48,520	34,068
Less, sales and hospitality taxes	—	(4,499)	(4,499)	—
Miscellaneous	1,000	2,651	1,651	2,045
<b>Total operating revenue</b>	<b>2,078,000</b>	<b>2,039,671</b>	<b>(38,329)</b>	<b>2,022,616</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	27,885	31,790	(3,905)	28,579
Legislative	7,071	6,828	243	6,535
Administration	7,124	6,644	480	5,710
Legal	8,666	9,521	(855)	12,042
Personnel	34,714	36,918	(2,204)	34,311
Total general government administration	85,460	91,701	(6,241)	87,177
<b>Finance</b>				
Overhead allocation	33,301	30,850	2,451	31,013
<b>Information Services</b>				
Overhead allocation	23,188	21,870	1,318	21,591
<b>Parks and Recreation</b>				
Overhead allocation –				
Recreation administration	23,430	24,254	(824)	23,729
Aquatic:				
Personnel services	1,056,284	1,066,473	(10,189)	1,020,935
Operations and maintenance	618,663	602,740	15,923	647,944
Total parks and recreation	1,698,377	1,693,467	4,910	1,692,608
<b>Support Services</b>				
Overhead allocation –				
Purchasing	6,234	6,916	(682)	6,137
Custodial	33,481	36,158	(2,677)	37,916
Total support services	39,715	43,074	(3,359)	44,053
Depreciation and amortization	272,245	287,824	(15,579)	292,458
<b>Total operating expenses</b>	<b>2,152,286</b>	<b>2,168,786</b>	<b>(16,500)</b>	<b>2,168,900</b>

— 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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
Operating income (loss)	(74,286)	(129,115)	(54,829)	(146,284)
<b>Non-operating Revenue (Expenses)</b>				
Gain on sale/disposal of capital assets	—	6,270	6,270	—
Non-operating program fees and other	10,000	4,647	(5,353)	6,144
Other expenses	(50,000)	—	50,000	—
Interest expense	(169,213)	(127,719)	41,494	(186,053)
Total non-operating revenue (expenses)	(209,213)	(116,802)	92,411	(179,909)
<b>Transfers</b>				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	433,499	445,917	12,418	574,177
Total transfers	433,499	445,917	12,418	574,177
<b>Change in net position</b>	<b>150,000</b>	<b>200,000</b>	<b>50,000</b>	<b>247,984</b>
Net position, beginning of the year	2,533,660	2,533,660	—	2,285,676
Net position, end of year	\$ 2,683,660	\$ 2,733,660	\$ 50,000	\$ 2,533,660

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
BALANCE SHEET

JUNE 30, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,582	\$ 7,502
Receivables, net	18,562	21,637
Due from Local Accommodations (1.5%) Fund	187,476	185,506
Inventories	8,267	4,728
Total current assets	<u>221,887</u>	<u>219,373</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,486,556	1,529,936
	<u>1,899,704</u>	<u>1,943,084</u>
Less, accumulated depreciation	(1,188,157)	(1,318,282)
Net capital assets	<u>711,547</u>	<u>624,802</u>
Total assets	<u>\$ 933,434</u>	<u>\$ 844,175</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 61,501	\$ 70,820
Accrued payroll and related taxes	69,301	206,088
Due to General Fund	1,927,995	2,198,332
Total current liabilities	<u>2,058,797</u>	<u>2,475,240</u>
Net position:		
Net investment in capital assets	711,547	624,802
Unrestricted (deficit)	(1,836,910)	(2,255,867)
Total net position	<u>(1,125,363)</u>	<u>(1,631,065)</u>
Total liabilities and net position	<u>\$ 933,434</u>	<u>\$ 844,175</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, 2016  
 (With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rentals	\$ 1,610,000	\$ 1,997,030	\$ 387,030	\$ 1,842,930
Water slide fees	125,000	106,935	(18,065)	111,027
Food, beverage, and other sales	360,000	369,114	9,114	312,422
Less, sales tax/hospitality fees	(145,000)	(167,009)	(22,009)	(152,310)
Miscellaneous	10,000	8,072	(1,928)	12,085
<b>Total operating revenue</b>	<b>1,960,000</b>	<b>2,314,142</b>	<b>354,142</b>	<b>2,126,154</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	27,885	31,790	(3,905)	28,579
Legislative	7,071	6,828	243	6,534
Administration	7,124	6,644	480	5,710
Legal	8,666	9,521	(855)	12,042
Personnel	130,177	138,442	(8,265)	128,664
Total general government administration	180,923	193,225	(12,302)	181,529
<b>Finance</b>				
Overhead allocation	124,879	115,688	9,191	116,299
<b>Information Services</b>				
Overhead allocation	34,783	32,805	1,978	32,387
<b>Public safety</b>				
Overhead allocation –				
Communication	38,363	38,403	(40)	40,352
Lifeguard services:				
Personnel services	624,126	723,911	(99,785)	776,717
Operations and maintenance	36,070	83,935	(47,865)	69,592
Total public safety	698,559	846,249	(147,690)	886,661
<b>Parks and recreation</b>				
Overhead allocation –				
Recreation administration	93,720	97,017	(3,297)	94,916
Concessions:				
Personnel services	566,802	636,234	(69,432)	587,395
Operations and maintenance	232,350	221,872	10,478	207,738
Banana boats:				
Personnel services	—	—	—	—
Operations and maintenance	—	—	—	727
Total parks and recreation	892,872	955,123	(62,251)	890,776

— 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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation -				
Purchasing	3,117	3,458	(341)	3,068
Fleet	17,434	17,725	(291)	20,157
Custodian	16,741	18,079	(1,338)	18,958
Total support services	<u>37,292</u>	<u>39,262</u>	<u>(1,970)</u>	<u>42,183</u>
Depreciation and amortization	100,000	144,144	(44,144)	138,211
<b>Total operating expenses</b>	<b><u>2,069,308</u></b>	<b><u>2,326,496</u></b>	<b><u>257,188</u></b>	<b><u>2,288,046</u></b>
Operating income (loss)	<u>(109,308)</u>	<u>(12,354)</u>	<u>96,954</u>	<u>(161,892)</u>
<b>Non-operating Revenue (Expenses)</b>				
Insurance reimbursement	—	—	—	2,347
Sponsorships and donations	—	2,360	2,360	2,568
Gain (loss) on sale/disposal capital assets	<u>(264,736)</u>	<u>—</u>	<u>264,736</u>	<u>(17,139)</u>
Total non-operating revenue (expenses)	<u>(264,736)</u>	<u>2,360</u>	<u>267,096</u>	<u>(12,224)</u>
<b>Capital Contributions</b>				
General capital assets	<u>—</u>	<u>3,835</u>	<u>3,835</u>	<u>—</u>
	<u>—</u>	<u>3,835</u>	<u>3,835</u>	<u>—</u>
<b>Transfers</b>				
Transfers in (out):				
Capital Improvement Fund	—	—	—	55,000
Accommodations (2%) Tax Fund	112,848	112,848	—	196,467
Local accommodations (1.5%) Tax Fund	<u>589,001</u>	<u>399,013</u>	<u>(189,988)</u>	<u>419,925</u>
Total transfers	<u>701,849</u>	<u>511,861</u>	<u>(189,988)</u>	<u>671,392</u>
<b>Change in net position</b>	<b><u>327,805</u></b>	<b><u>505,702</u></b>	<b><u>177,897</u></b>	<b><u>497,276</u></b>
Net position, beginning of year	<u>(1,631,065)</u>	<u>(1,631,065)</u>	<u>—</u>	<u>(2,128,341)</u>
Net position, end of year	<u>\$ (1,303,260)</u>	<u>\$ (1,125,363)</u>	<u>\$ 177,897</u>	<u>\$ (1,631,065)</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, 2016

(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ —	\$ 910,711
Restricted cash and cash equivalents:		
HRA custodial account	70,880	257,196
Deposits	6,490	8,990
Accounts receivable	24,435	—
Prepaid items	347,840	—
Total assets	<u>\$ 449,645</u>	<u>\$ 1,176,897</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 1,436	\$ 18,090
Claims payable	191,414	167,079
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	85,562	247,814
Total current liabilities	<u>278,412</u>	<u>432,983</u>
Long-term liabilities:		
Accrued post-employment benefits (OPEB) expenses	6,161,754	6,405,810
Total liabilities	<u>6,440,166</u>	<u>6,838,793</u>
Net position:		
Restricted for health insurance claims	75,918	166,797
Unrestricted (deficit)	(6,066,439)	(5,828,693)
Total net position	<u>(5,990,521)</u>	<u>(5,661,896)</u>
Total liabilities and net position	<u>\$ 449,645</u>	<u>\$ 1,176,897</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, 2016  
(With comparative actual amounts for June 30, 2015)

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Health premiums –				
Employer/Employee charges	\$ 4,193,535	\$ 3,805,955	\$ (387,580)	\$ 3,703,237
Dependent withholdings	627,797	629,877	2,080	594,718
Retiree/non-employee contributions	69,546	63,926	(5,620)	67,643
Cobra/non-employee contributions	223,587	338,025	114,438	246,890
Reinsurance reimbursements	—	606,000	606,000	48,761
Miscellaneous	—	1,979	1,979	—
<b>Total operating revenue</b>	<b>5,114,465</b>	<b>5,445,762</b>	<b>331,297</b>	<b>4,661,249</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Non-employee health expenses –				
Misc. aggregate premium	822,984	626,179	196,805	636,297
Dependents	836,930	1,169,125	(332,195)	1,049,642
Cobra	488,605	404,429	84,176	138,906
Retirees	63,368	208,544	(145,176)	430,752
	2,211,887	2,408,277	(196,390)	2,255,597
Employee health expenses –				
Legislative	71,513	176,120	(104,607)	83,375
Administration	5,478	1,211	4,267	6,387
City court	33,869	117,833	(83,964)	39,487
Legal	10,275	4,429	5,997	11,980
Personnel	155,793	98,544	57,246	181,635
	276,928	397,989	(121,061)	322,864
<b>Total general government administration</b>	<b>2,488,815</b>	<b>2,806,266</b>	<b>(317,451)</b>	<b>2,578,461</b>
<b>Finance</b>				
Employee health expenses	262,413	163,095	99,318	305,943
Overhead allocation	33,301	30,850	2,451	31,013
	295,714	193,945	101,769	336,956
<b>Information Services</b>				
Employee health expenses	45,054	92,330	(47,276)	52,527

— 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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public safety</b>				
Employee health expenses –				
Administration	20,044	39,428	(19,384)	23,369
Uniform patrol	432,052	283,637	148,415	503,722
Community service	88,219	110,609	(22,390)	102,853
Detectives	67,734	24,849	42,885	78,970
Communications/detention	148,166	176,811	(28,645)	172,743
Records	34,121	18,883	15,238	39,781
Victim’s assistance	3,942	1,056	2,886	4,598
Police training	9,865	2,491	7,374	11,501
Fire/rescue	259,464	157,041	102,423	302,505
Fire prevention/inspection	22,110	12,849	9,261	25,778
Total public safety	1,085,717	827,654	258,063	1,265,820
<b>Public Works</b>				
Employee health expenses –				
Streets/drainage	106,345	114,726	(8,381)	123,986
Water and sewer	399,330	659,755	(260,425)	465,572
Solid waste	120,867	81,066	39,801	140,917
Total public works	626,542	855,547	(229,005)	730,475
<b>Planning/Development</b>				
Employee health expenses –				
Administration	60,413	35,714	24,699	70,434
Building	55,155	55,892	(737)	64,304
Total planning/development	115,568	91,606	23,962	134,738
<b>Parks and recreation</b>				
Employee health expenses –				
Recreation administration	20,414	17,424	2,990	23,801
Athletics	23,620	14,176	9,444	27,538
Programs	34,261	22,288	11,973	39,944
Parks and grounds	84,486	52,215	32,271	98,501
Aquatic center	58,588	46,317	12,271	68,307
Total parks and recreation	221,369	152,420	68,949	258,091

— 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 —

	2016		Variance Positive (Neg.)	2015
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Employee health expenses –				
Purchasing	26,983	18,354	8,629	31,458
Fleet	26,856	13,796	13,060	31,311
Custodian	69,025	29,111	39,914	80,475
Total support services	122,864	61,261	61,603	143,244
Total employee and non-employee health expenses	5,001,643	5,081,029	(79,386)	5,500,312
Workers compensation expenses –				
General government administration	176,511	103,559	72,952	163,963
Finance	—	—	—	—
Information services	—	—	—	—
Public safety	144,945	339,738	(194,793)	181,650
Public works	41,775	37,804	3,971	52,353
Planning/development	270	1,361	(1,091)	339
Parks and recreation	9,750	32,761	(23,011)	12,219
Support services	19	98	(79)	24
Total workers compensation	373,270	515,321	(142,051)	410,548
Property liability insurance -				
General government administration	—	225,844	(225,844)	—
Public safety	—	500	(500)	—
Total property liability insurance	—	226,344	(226,344)	—
<b>Total operating expenses</b>	<b>5,374,913</b>	<b>5,822,694</b>	<b>(447,781)</b>	<b>5,910,860</b>
Operating income (loss)	(260,448)	(376,932)	(116,484)	(1,249,611)
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	—	—	—
Sponsorships and donations – Wellness programs	—	48,307	48,307	49,712
SCLGAG deposits/runoffs	—	—	—	—
Total non-operating revenue (expenses)	—	48,307	48,307	49,712
<b>Change in net position</b>	<b>(260,448)</b>	<b>(328,625)</b>	<b>(68,177)</b>	<b>(1,199,899)</b>
Net position (deficit), beginning of year	(5,661,896)	(5,661,896)	—	(4,461,997)
Net position, end of year	<u>\$ (5,922,344)</u>	<u>\$ (5,990,521)</u>	<u>\$ (68,177)</u>	<u>\$ (5,661,896)</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, 2016  
(With comparative amounts for June 30, 2015)

	2016	2015
<b>Assets</b>		
Cash and temporary investments	\$ 18,599,774	\$ 18,074,577
Participant loans	1,243,085	1,119,991
Total assets	\$ 19,842,859	\$ 19,194,568
 <b>Net Position</b>		
Held in trust for employee’s pension benefits	\$ 19,842,859	\$ 19,194,568

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, 2016  
(With comparative amounts for June 30, 2015)

	<b>2016</b>	<b>2015</b>
<b>Additions</b>		
Employer contributions	\$ 961,710	\$ 899,889
Employee (member) contributions	232,732	218,173
Investment income gain/(loss)	45,176	593,936
Non-vested rollover	—	—
Total additions	1,239,618	1,711,998
<b>Deductions</b>		
Benefit payments	558,332	1,114,038
Trustee fees	17,681	16,754
Forfeitures	15,314	—
Total deductions	591,327	1,130,792
<b>Change in net position</b>	<b>648,291</b>	<b>581,206</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	19,194,568	18,613,362
End of year	<b>\$ 19,842,859</b>	<b>\$ 19,194,568</b>

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

JUNE 30, 2016  
(With comparative amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and temporary investments	<u>\$ 684,935</u>	<u>\$ 680,967</u>
<b>Net Position</b>		
Held in trust for employee's pension benefits	<u>\$ 684,935</u>	<u>\$ 680,967</u>

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

YEAR ENDED JUNE 30, 2016  
(With comparative amounts for June 30, 2015)

	<b>2016</b>	<b>2015</b>
<b>Additions</b>		
Employer contributions	\$ 13,915	\$ 13,160
Employee (member) contributions	13,915	13,160
Investment income gain/(loss)	(16,662)	32,564
<b>Total additions</b>	<b>11,168</b>	<b>58,884</b>
<b>Deductions</b>		
Benefit payments	7,200	7,200
<b>Total deductions</b>	<b>7,200</b>	<b>7,200</b>
<b>Change in net position</b>	<b>3,968</b>	<b>51,684</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	680,967	629,283
End of year	<b>\$ 684,935</b>	<b>\$ 680,967</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2016

	<u>Ending Balance 6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/16</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 28,459	\$ 327,396	\$ (307,229)	\$ 48,626
<b>Liabilities</b>				
Due to Firemen's Association	\$ 28,459	\$ 327,396	\$ (307,229)	\$ 48,626

## 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, 2016  
 (With comparative amounts for June 30, 2015)

	2016	2015
<b>Governmental Funds Capital Assets</b>		
Land	\$ 18,484,880	\$ 15,450,348
Land improvements	24,767,432	22,714,196
Buildings	26,512,240	26,312,981
Machinery and equipment	19,628,376	18,249,694
	89,392,928	82,727,219
Infrastructure:		
Roads	25,698,674	25,101,671
Drainage systems	35,716,236	19,310,048
Developer contributions – roads	12,488,279	11,590,938
Sidewalks	1,983,198	1,922,486
Street lighting and other	747,555	747,555
	76,633,942	58,672,698
Construction in progress	1,098,926	21,011,894
Total governmental funds capital assets	\$ 167,125,796	\$ 162,411,811
<b>Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds and Lease-Purchase financing	\$ 29,782,852	\$ 30,728,445
General Fund Revenue	106,455,801	113,387,757
Special Revenue Funds	17,218,299	6,704,671
Gifts and contributions from developers	13,668,844	11,590,938
Total governmental funds capital assets	\$ 167,125,796	\$ 162,411,811

## VICTIM'S RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2016

	<b>2016</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 751,186
Court fines and assessments remitted to State Treasurer	(435,822)
Total court fines and assessments retained	\$ 315,364
 <b>Surcharges and Assessments Retained for Victim's Service</b>	
Total surcharges collected	\$ 13,961
Total assessments	37,462
Total surcharges and assessments	\$ 51,423
 <b>Funds Allocated to Victim's Service</b>	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	51,423
Expenditures for victim's service	(51,423)
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)..... 125-131

**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)..... 132-136

**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)..... 137-140

**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)..... 141-143

**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) ..... 144-145

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>2016</u>	<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>
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$99,049,806	\$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
Restricted	1,120,128	1,252,242	1,528,723	6,563,965	4,570,958	4,364,806	981,627	370,247	280,938	295,569
Unrestricted	-6,168,576	-8,109,246	5,971,836	9,828,502	25,412,361	8,467,618	13,385,175	16,926,046	11,782,163	12,810,362
Total governmental activities net assets	<u>\$94,001,358</u>	<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>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$75,141,497	\$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
Restricted	1,889,159	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
Unrestricted	18,148,009	16,413,083	15,502,679	15,396,364	13,868,758	10,303,150	8,805,767	6,347,822	7,806,643	6,774,378
Total business-type activities net assets	<u>\$95,178,665</u>	<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>
<b>Primary Government</b>										
Net investments in capital assets	\$174,191,303	\$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
Restricted	3,009,287	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
Unrestricted	11,979,433	8,303,837	21,474,515	25,224,866	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740
Total primary government net assets	<u>\$189,180,023</u>	<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>

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental activities:										
General Government	\$3,047,598	\$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)
Information Services	339,912	632,013	538,150	843,764	794,118	552,729	464,356	430,655	349,883	-
Finance	774,629	904,344	765,254	626,799	630,853	853,129	890,656	752,495	657,347	901,788
Public Safety	14,373,749	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
Planning and Development	1,197,451	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
Public Works	9,454,346	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
Parks and Recreation	7,032,599	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
Support Services	969,515	1,005,675	989,966	1,040,604	2,143,354	883,701	796,998	748,813	791,744	624,342
Debt service - interest	247,289	293,753	503,633	342,328	494,544	176,685	421,619	451,621	439,195	445,674
Depreciation (unallocated)	-	-	-	-	-	-	-	756,800	723,410	3,226,639
Total governmental activities	\$37,437,088	\$33,477,773	\$30,949,441	\$28,437,937	\$29,707,119	\$28,896,374	\$28,618,162	\$26,911,288	\$24,706,220	\$23,530,641
Business-type activities:										
Water and sewer utility	\$14,875,661	\$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
Solid waste	4,320,924	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
Aquatic Center	2,300,222	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
Beach Services	2,332,493	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	\$23,829,300	\$24,230,828	\$23,380,136	\$22,142,717	\$21,327,987	\$21,325,316	\$20,982,750	\$21,848,855	\$21,788,692	\$19,846,104
Total primary government expenses	\$61,266,388	\$57,708,601	\$54,329,577	\$50,580,654	\$51,035,106	\$50,221,690	\$49,600,912	\$48,760,143	\$46,494,912	\$43,376,745
<b>Program Revenue</b>										
Governmental activities:										
Fees for services										
Storm Water	\$2,131,257	\$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
Fines	467,082	447,273	489,978	319,623	409,166	425,582	698,759	698,384	640,696	1,075,873
Building Permits	20,610	16,490	706,512	413,191	377,340	367,195	328,986	346,808	434,028	1,001,339
Other	1,035,781	1,109,744	727,194	544,301	483,759	398,874	155,462	139,472	331,341	204,577
Operating grants and contributions	244,173	24,203	16,678	284,415	1,133,814	2,919,065	1,806,030	456,982	445,707	2,099,130
Capital grants and contributions	3,045,556	3,870,478	2,344,400	623,186	2,456,082	644,989	573,294	6,303,509	1,582,531	1,125,000
Total primary government net assets	\$6,944,459	\$7,569,955	\$6,357,406	\$4,217,929	\$6,869,922	\$6,753,046	\$5,599,629	\$9,939,654	\$5,378,919	\$7,133,046

\*\*\*CONTINUED\*\*\*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Revenues and Transfers</b>										
Business-type activities										
Fees for services										
Water & Sewer	\$12,587,395	\$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
Solid Waste	4,333,735	4,292,163	4,264,940	4,057,715	3,988,980	3,996,766	3,731,954	3,787,700	3,158,238	3,152,034
Other	4,553,813	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
Operating grants and contributions	218,564	-	-	-	-	-	325,133	125,432	124,687	107,383
Capital grants and contributions	2,410,017	4,018,655	2,240,057	1,441,531	1,151,020	1,312,519	-	3,064,214	4,063,757	9,066,557
Total business-type activities	\$23,903,524	\$24,688,867	\$22,397,940	\$20,688,457	\$20,549,953	\$20,259,806	\$18,963,969	\$20,495,523	\$21,331,693	\$24,946,458
Total primary government program revenue	\$30,847,983	\$32,258,822	\$28,755,346	\$24,906,386	\$27,419,875	\$27,012,852	\$24,563,598	\$30,435,177	\$26,710,612	\$32,079,504
Governmental activities:										
Property taxes	\$14,783,717	\$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
Accommodations and hospitality taxes	9,349,845	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
State shared taxes - unrestricted	817,472	924,763	805,341	943,614	920,270	745,289	789,170	1,134,677	883,306	820,197
Business licenses and franchise taxes	8,547,147	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
Unrestricted investment earnings	15,853	-	175,616	23,601	37,589	13,260	239,601	352,529	398,535	893,930
Miscellaneous	16	325,716	128,296	55,253	(260,745)	476,406	26,744	88,097	55,774	95,149
Transfers in/(out)	(1,098,403)	(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)
Total governmental activities	\$32,415,647	\$31,518,439	\$29,711,713	\$29,049,634	\$27,159,423	\$25,227,264	\$23,775,440	\$24,595,303	\$23,632,617	\$24,268,952
Business-type activities:										
Unrestricted investment earnings	\$48,312	\$64,689	\$75,692	\$58,506	\$86,779	\$140,633	\$144,444	\$265,690	\$819,223	\$1,124,033
Miscellaneous	138,602	112,516	246,852	216,330	302,658	218,127	-	192,552	-	-
Transfers in/(out)	1,098,403	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
Total business type-activities	\$1,285,317	\$1,581,174	\$1,544,774	\$1,456,078	\$1,553,679	\$1,441,918	\$1,097,658	\$1,499,460	\$2,030,401	\$2,094,747
Total primary government general revenue and other changes	\$33,700,964	\$33,099,613	\$31,256,487	\$30,505,712	\$28,713,102	\$26,669,182	\$24,873,098	\$26,094,763	\$25,663,018	\$26,363,699
<b>Changes in Net Assets</b>										
Governmental activities:										
Business-type activities	\$1,923,018	\$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
Total primary government changes in net assets	\$3,282,559	\$7,649,834	\$5,682,256	\$4,831,444	\$5,097,871	\$3,460,344	(\$164,216)	\$7,769,797	\$5,878,718	\$15,066,458

TABLE III

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Function/Program</b>										
<b>Governmental Activities:</b>										
General Government	\$ 683,965	\$ 628,728	\$ 193,430	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	625,454	447,273	489,978	599,540	955,610	1,030,879	1,222,163	698,384	878,357	1,075,873
Planning and Development	20,610	16,490	706,512	413,191	377,340	367,195	328,986	346,808	434,028	-
Public Works	4,608,434	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
Parks and Recreation	1,005,996	871,749	605,038	287,579	293,909	310,358	196,053	3,177,544	311,825	68,009
Support Services	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 6,944,459</b>	<b>\$ 7,569,955</b>	<b>\$ 6,357,406</b>	<b>\$ 4,217,929</b>	<b>\$ 6,869,922</b>	<b>\$ 6,753,046</b>	<b>\$ 5,599,629</b>	<b>\$ 9,939,654</b>	<b>\$ 5,378,919</b>	<b>\$ 7,133,046</b>
<b>Business-type activities</b>										
Water and sewer utility	\$ 15,212,141	\$ 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
Solid waste	4,333,735	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
Aquatic Center	2,039,671	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
Beach Services	2,317,977	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
<b>Total business-type activities</b>	<b>\$ 23,903,524</b>	<b>\$ 24,688,867</b>	<b>\$ 22,397,940</b>	<b>\$ 20,688,457</b>	<b>\$ 20,549,953</b>	<b>\$ 20,259,806</b>	<b>\$ 18,963,969</b>	<b>\$ 20,495,523</b>	<b>\$ 21,331,693</b>	<b>\$ 24,946,458</b>
<b>Total program revenues by function and program</b>	<b>\$ 30,847,983</b>	<b>\$ 32,258,822</b>	<b>\$ 28,755,346</b>	<b>\$ 24,906,386</b>	<b>\$ 27,419,875</b>	<b>\$ 27,012,852</b>	<b>\$ 24,563,598</b>	<b>\$ 30,435,177</b>	<b>\$ 26,710,612</b>	<b>\$ 32,079,504</b>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund</b>										
Non-spendable	\$ 433,674	\$ 259,296	\$ 278,806	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024			
Restricted by Others	46,878	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	392,500			
Assigned by Management	-	-	-	-	-	-	-			
Unassigned	10,307,596	10,695,070	10,853,581	10,860,908	10,117,180	8,756,419	7,733,570			
Total General Fund	\$ 11,180,648	\$ 11,636,074	\$ 11,836,833	\$ 11,967,882	\$ 11,292,778	\$ 10,082,589	\$ 9,284,924	\$ 9,752,787	\$ 9,690,476	\$ 11,510,840
<b>Stormwater Fund</b>										
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	(991,120)	(5,221,805)	(2,077,205)	-	-	-	-			
Total Stormwater Fund	\$ (991,120)	\$ (5,221,805)	\$ (2,077,205)	\$ 6,324,617	\$ 5,323,528	\$ 5,237,295	\$ 4,672,751			
<b>Park Improvement Fund</b>										
Assigned by Management	\$ 76,615	\$ -	\$ -	\$ 2,094,163	\$ 13,138,091	\$ -	\$ -			
Unassigned	-	-	(314,892)	2,597,021	-	(2,285,866)	1,434,312			
Total Park Development Fund	\$ 76,615	\$ -	\$ (314,892)	\$ 4,691,184	\$ 13,138,091	\$ (2,285,866)	\$ 1,434,312			
<b>Street Improvement Fund</b>										
Assigned by Management	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Street Improvement Fund	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -			
<b>All Other Governmental Funds</b>										
Restricted by Others	\$ 351	\$ 29,463	\$ 431,459	\$ 696,452	\$ 964,070	\$ 863,690	\$ 779,094			
Committed by Ordinance	18,380	105,244	65,960	534,332	236,402	-	347,933			
Assigned by Management	417,220	851,633	3,119,824	2,082,001	3,080,256	2,219,111	656,816			
Unassigned	-	-	-	-	-	-	-			
Total All Other Gov't Funds	\$ 435,951	\$ 986,340	\$ 3,617,243	\$ 3,312,785	\$ 4,280,728	\$ 3,082,801	\$ 1,783,843	\$ 88,882,846	\$ 2,895,137	\$ 2,166,042
Total Governmental Funds	\$ 12,615,100	\$ 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
<b>Primary Government</b>										
Net investment in Capital Assets	\$ 174,191,303	\$ 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
Restricted	3,009,287	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
Unrestricted	11,979,433	8,303,837	21,474,515	25,224,866	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740
Total primary government net position	\$ 189,180,023	\$ 185,897,464	\$ 189,575,849	\$ 184,299,483	\$ 179,468,039	\$ 174,370,168	\$ 170,909,824	\$ 171,074,040	\$ 163,304,243	\$ 157,425,525

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenue</b>										
Property taxes:										
Current property taxes	\$ 14,362,917	\$ 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
Delinquent property taxes	420,800	451,993	451,681	815,052	292,495	201,185	504,785	167,342	166,898	173,607
Licenses and permits	8,547,147	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
Fines and forfeitures	373,506	338,717	377,226	319,623	409,166	425,582	591,575	594,020	498,923	946,703
Use of money and property	221,232	242,666	175,616	218,102	199,597	264,265	239,601	352,529	573,178	893,930
Unrestricted intergovernmental	1,029,271	1,127,271	991,176	943,614	920,270	889,898	925,511	1,134,667	1,040,789	970,104
Restricted intergovernmental	11,831,088	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
Sales and service charges	3,281,226	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
Miscellaneous	391,323	431,823	152,316	284,415	1,123,814	312,904	30,346	1,405,218	220,687	1,177,052
<b>Total revenue</b>	<b>\$ 40,458,510</b>	<b>\$ 40,492,363</b>	<b>\$ 37,298,691</b>	<b>\$ 34,454,861</b>	<b>\$ 35,497,224</b>	<b>\$ 33,175,718</b>	<b>\$ 30,490,955</b>	<b>\$ 35,585,873</b>	<b>\$ 29,235,636</b>	<b>\$ 32,289,237</b>
<b>Expenditures</b>										
Current:										
General Government/Admin.	\$ 2,409,751	\$ 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)
Finance	823,982	837,556	775,994	786,086	783,125	777,367	717,716	649,999	541,807	901,788
Information Services	207,508	540,103	517,469	478,024	496,118	443,719	328,899	348,220	349,883	
Public Safety	13,602,127	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
Planning and Development	1,703,051	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
Public Works	2,789,026	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
Parks and Recreation	6,210,905	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
Support Services	998,679	969,600	1,040,662	1,001,090	829,777	871,037	667,499	656,093	765,972	624,342
Debt service:										
Principal	5,230,270	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
Interest	471,814	551,079	638,513	656,142	506,985	262,740	366,663	291,231	380,323	463,741
Capital outlay	7,632,095	11,303,683	21,854,891	14,080,854	3,775,940	253,521	907,831	1,540,672	3,262,100	7,879,003
<b>Total expenditures</b>	<b>\$ 42,079,208</b>	<b>\$ 41,782,102</b>	<b>\$ 49,694,117</b>	<b>\$ 41,012,276</b>	<b>\$ 32,911,057</b>	<b>\$ 33,151,571</b>	<b>\$ 30,885,293</b>	<b>\$ 33,668,392</b>	<b>\$ 29,115,727</b>	<b>\$ 33,023,489</b>

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES  
(Modified accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Other Financing Sources (Uses)</b>										
Bond Issuance/Installment Note Transfers in	\$ 5,000,000	\$ -	\$ 383,167	\$ -	\$ 16,496,381	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -
Transfers (out)	8,715,607	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
Total other financing sources (uses)	<u>\$ 3,867,527</u>	<u>\$ (1,403,969)</u>	<u>\$ (839,063)</u>	<u>\$ (1,181,242)</u>	<u>\$ 15,332,139</u>	<u>\$ (1,083,158)</u>	<u>\$ (953,214)</u>	<u>\$ 4,058,683</u>	<u>\$ (1,211,178)</u>	<u>\$ (970,714)</u>
Net change in fund balances	\$ 2,246,829	\$ (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)
Fund balances, beginning of year	\$ 10,368,271	\$ 13,061,979	\$ 26,296,468	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830	\$ 18,523,382	\$ 12,659,469	\$ 13,676,882	\$ 15,381,828
Fund balances, end of year	<u>\$ 12,615,100</u>	<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>

Ratio of Debt Service to General Government Expenditures including Capital Outlay

27.67%      15.58%      10.11%      11.88%      13.57%      7.28%      10.07%      7.54%      9.29%      9.59%

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>Less: Tax-Exempt</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>Estimated Actual Value</u>	<u>Actual Value</u>	
2007	247,958,690	34,691,790		3,652,346	278,998,134	0.0305	4,699,320,592	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	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	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	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	6,308,000,000	6.0
2012	352,718,128	30,544,440		3,322,000	379,940,568	0.0380	6,337,624,000	6,337,624,000	6.0
2013	343,042,000	43,177,328		3,325,000	382,894,328	0.0380	6,435,200,000	6,435,200,000	6.0
2014	331,177,842	42,866,000		3,320,000	370,723,842 <sup>(1)</sup>	0.0380	6,234,064,000	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	6,085,400,000	6.0
2016	333,290,173	36,867,947		4,213,130	365,944,990	0.0393	6,099,083,167	6,099,083,167	6.0

<sup>(1)</sup> Reassessment performed by Horry County.

Note: 1 mil is equal to \$365,127 in property tax billings.

TABLE VII

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>
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
2016	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 2016 AND 2007

		2016			2007		
		Percentage of Total			Percentage of Total		
TAXPAYER	TYPE OF BUSINESS	ASSESSMENTS	Assessed Value	RANK	ASSESSMENTS	RANK	Assessed Value
Frontier Communications	Commercial	3,172,510	0.87%	1	2,116,632	2	0.76%
Lawyers Title Insurance Corp	Commercial - Retail	2,468,580	0.67%	2			
Lakeside Festival Shopping LLC	Commercial - Retail	2,143,070	0.59%	3	1,553,220	6	0.56%
Barefoot Landing Commercial	Commercial - Retail	2,042,670	0.56%	4			
SC NMB 11th Ave	Commercial - Retail	2,011,630	0.55%	5	1,791,606	3	0.64%
The Gator Hole Development, LLC	Commercial - Timeshare	1,947,970	0.53%	6			
Fairfield Resorts, Inc.	Commercial - Timeshare	1,779,350	0.49%	7	1,618,746	4	0.58%
Bluegreen Vacations Unlimited Inc.	Commercial - Timeshare	1,501,030	0.41%	8			
Wyndham Vacation Resorts Inc.	Condos	1,305,810	0.36%	9			
Towers on the Grove	Golf Courses	1,172,520	0.32%	10			
BRGC, LLC	Commercial	860,420	0.24%	11			
Rosen Surfwood, LLC	Hotel	857,260	0.23%	12			
Worley Harold G TR ETAL	Commercial	753,250	0.21%	13	829,518	10	0.30%
Frontier Communications	Commercial	698,458	0.19%	14			
100 N. Beach Blvd, LLC	Commercial	684,240	0.19%	15			
Peppertree Resorts, LTD	Condos - Timeshare	581,610	0.16%	16			
Boulineau Holdings LLC	Commercial/Retail	576,150	0.16%	17			
HD Development of MD., Inc.	Commercial/Retail	550,817	0.15%	18			
McGonigal Investment Group, LLC	Commercial	526,090	0.14%	19			
Barefoot Commons, LLC	Retail	519,370	0.14%	20			
Hillside Development, LLC	Residential Development						
Patten Resorts	Condos				2,472,288	1	0.89%
Centex Homes	Residential Development				1,613,100	5	0.58%
Centex Homes	Condos				1,481,184	7	0.53%
Barefoot Private Golf Club II, LLC	Golf Course				1,001,148	8	0.36%
Coastal Resort Holdings	Residential Development				920,028	9	0.33%
		\$26,152,805	7.15%		\$15,397,470		5.52%

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
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 <sup>2</sup>	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 <sup>3</sup>	11,684,571	96.5%	69,641	11,754,212	97.0%
2012	14,311,506 <sup>4</sup>	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 <sup>1</sup>	13,971,950	97.4%	288,482	14,260,432	99.4%
2016	14,639,240	14,307,884	97.7%	0	14,307,884	97.7%

(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.

TABLE X

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 <sup>(1)</sup>
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Water and Sewer System Revenue Bonds	Sewer Contracts Payable	Aquatic Center Enterprise Fund						
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	
2016	7,760,143	319,667	-	4,346,667	4,186,357			16,612,834	2.56%	1,090	

<sup>(1)</sup> 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>
2007	2,588,000	0.93%	204.62
2008	1,895,000	0.62%	146.76
2009	6,248,000 <sup>(1)</sup>	1.76%	473.98
2010	5,031,424	1.43%	373.86
2011	4,392,518	1.16%	319.69
2012	17,052,815 <sup>(2)</sup>	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
2016	7,760,143	2.12%	509.20

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

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

TABLE XII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2016

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>General Obligation &amp; Revenue Bond Principal Outstanding</u> <sup>(1)</sup>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount Applicable to the City of Outstanding</u> <sup>(2)</sup>
City of North Myrtle Beach	\$ 365,944,990	7,760,143	100.00%	7,760,143
Sub-Total Direct Debt		\$ 7,760,143		\$ 7,760,143
Horry County	1,992,307,000	255,122,000	18.37%	46,865,911
Horry County School District	1,992,307,000	467,505,000	18.37%	85,880,669
Sub-Total Overlapping Debt		\$ 722,627,000		\$ 132,746,580
Grand Total Direct & Overlapping Debt		\$ 730,387,143		\$ 140,506,723

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

<sup>(2)</sup> 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>2016</u>	<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>
<b>Total Assessed Valuation</b>	\$ 365,945	\$ 365,127	\$ 370,724	\$ 382,894	\$ 379,941	\$ 378,498	\$ 352,557	\$ 354,822	\$ 306,162	\$ 278,998
Maximum General Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	29,276	29,210	29,658	30,632	30,395	30,280	28,205	28,386	24,493	22,320
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	<u>7,130</u>	<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>
Legal debt margin	\$ <u>22,146</u>	\$ <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>
Total net debt applicable to the limit as a percentage of debt limit	<u>24.4%</u>	<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>

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

<sup>(2)</sup> 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 <sup>(1)</sup>	Operating and Maintenance Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Total Debt Service Requirements <sup>(3)</sup>		Debt Service Coverage	
				Principal	Interest		
2007	Water and Sewer 12,335,826	9,205,793	2,930,431	893,333	708,977	1,602,310	183%
2008	Stormwater 1,647,144	-	1,647,144	919,737	220,263	1,140,000	144%
	Water and Sewer 12,335,826	9,298,912	3,036,914	933,333	556,518	1,489,851	204%
2009	Stormwater 1,958,240	24,160	1,934,080	951,723	188,277	1,140,000	170%
	Water and Sewer 12,337,086	9,578,845	2,758,241	993,333	618,037	1,611,370	171%
2010	Stormwater 5,207,821	853,538	4,354,283	988,544	151,456	1,140,000	382%
	Water and Sewer 13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
2011	Stormwater 2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%
	Water and Sewer 13,304,028	10,100,338	3,203,690	810,000	526,450	1,336,450	240%
2012	Stormwater 2,006,694	302,150	1,704,544	1,065,836	74,164	1,140,000	150%
	Water and Sewer 13,309,589	9,933,637	3,375,952	856,667	481,900	1,338,567	252%
2013	Stormwater 2,015,999	285,584	1,730,415	1,106,720	33,280	1,140,000	152%
	Water and Sewer 13,134,727	10,600,585	2,534,142	905,000	434,783	1,339,783	189%
2014	Stormwater 2,033,213	287,046	1,746,167	279,741	1,689	281,430	620%
	Water and Sewer 14,755,173	11,484,665	3,270,508	950,000	385,788	1,335,788	245%
2015	Stormwater -	-	-	-	-	-	0%
	Water and Sewer 14,168,542	11,253,062	2,915,480	998,333	331,625	1,329,958	219%
2016	Stormwater -	-	-	-	-	-	0%
	Water and Sewer 14,841,042	11,429,647	3,411,395	1,071,994	237,759	1,309,753	318%
	Stormwater -	-	-	-	-	-	0%

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

<sup>(2)</sup> Operating and Maintenance expenses exclude Depreciation and Interest.

<sup>(3)</sup> Stormwater Bonds paid off in 2013.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PROPERTY VALUES AND CONSTRUCTION  
 LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30</u>	Total Estimated Actual Value Amounts in 000's <sup>(1)</sup>	Single Family Units <sup>(2)</sup>		Multi- Family Construction		Units	Commercial Construction		Total Construction
		Units	Construction	Units	Construction		Units	Construction	
2006	4,248,137 <sup>(3)</sup>	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 <sup>(3)</sup>	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	
2016	6,099,083	225	61,549,300	12	10,090,916	9	6,658,244	78,298,460	

<sup>(1)</sup> Estimated actual value - Horry County Assessment Office.

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

<sup>(3)</sup> 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 <sup>(1)</sup></u>	<u>Horry County Unemployment Rate <sup>(2)</sup></u>
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%
2016	15,240	648,991	42,585	5.6%

<b>2009</b>			
<u>Horry County</u>		<u>North Myrtle Beach</u>	
<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
8,000	7.5%	425	5.4%
6,989	6.5%	286	3.6%
14,009	13.1%	993	12.6%
14,155	13.3%	860	10.9%
18,692	17.5%	1,359	17.2%
20,613	19.3%	1,640	20.8%
11,511	10.8%	878	11.1%
8,173	7.7%	923	11.7%
2,230	2.1%	352	4.5%
2,361	2.2%	172	2.2%
<b>Totals</b>	<b>100.0%</b>	<b>7,888</b>	<b>100.0%</b>

Median Household Income: \$42,642  
 Per Capita Income: \$24,790  
 Average Household Size: 2.31

NOTE: North Myrtle Beach population figures for 2007 through 2016 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

<sup>(1)</sup> Based on 2010 Census.

<sup>(2)</sup> County information per S.C. Employment Security Commission.

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS

<u>Largest Employers in NMB - 2016 and 2007</u>			
<u>Rank</u>	<u>Employer</u>	<u>2016 # of Employees</u>	<u>2007 # of Employees</u>
1	Wyndam Sales & Marketing	737	365
2	City of North Myrtle Beach	699	332
3	Wal-Mart	480	397
4	Boulineau's Inc.	255	200
5	House of Blues	205	225
6	Avista	200	200
7	Lowes	175	158
8	Publix	170	
9	Bi-Lo (2 Stores)	160	165
10	Home Depot	155	
11	Baywatch Resort	150	189
12	Cracker Barrel	136	
13	Olive Garden	130	
14	Beach Cove	125	
15	Barefoot Resort Golf	120	
16	Dick's Last Resort	120	
17	T-Bonz	100	
18	Alabama Theatre	97	
19	Greg Norman's Australian Grill	79	
20	Carrabba's	75	

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>2016</u>	<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>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	11	11	11	11	12	14	14	14	14	14
City Court	5	5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Information Services	7.5	7.5	7	6	6	6	6	6	6	6
Finance										
Accounting/Revenue	12.75	12	12	12	12	12	12	12	12	10
Public Safety										
Administration	16.25	13	12	12	12	10	10	12	12	11
Detectives	10.5	11	11	10	10	9.5	9.5	9.5	10.5	10.5
Public Safety & Fire Officials	138	131	138	141	141	144	144	141	132	129
Planning & Community Development										
Administration	9	9	10	10	10	10	10	10	10	10
Inspection Services	9	9	9	9	9	9	9	11	11	11
Public Works										
Streets / Drainage		20	19	19	19	19	19	19	19	18
Parks and Recreation										
Parks & Grounds	31.25	27	22.5	16.75	15.25	13	13	13	13	12
Other Recreation Activities	24.5	22	15	9.75	9	8.8	7	7	7	6.5
Support Services										
Purchasing	4.75	4	4	4	6	7	7	7	7	7
Fleet Maintenance	5	5	5	6	6	6	6	6	6	5
Custodial & Facility Maintenance	8	8	8	9	8	8	5	5	5	4
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	27.75	26	9	24.6	25	24	26.6	27.6	25.5	27
Beach Services	59	54	0	49	49	41.1	44.5	48	57.8	14
Water & Sewer Utility										
Administration	13	12	12	12	12	12.75	12.75	12.75	12.75	12
Wastewater Treatment	7	6	6	6	6	6	6	6	6	6
Wells/Lifts Maintenance	9	9	9	9	9	9	9	9	9	9
Construction Maintenance	17	18	19	19	19	19	19	21	19	19
Solid Waste Utility										
Administration	4	4	4	4	4	4.25	4.25	4.25	4.25	4
Sanitation Services	<u>26</u>	<u>28</u>	<u>27.6</u>	<u>29</u>						
GRAND TOTALS	<u>463.3</u>	<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>

Source: City of North Myrtle Beach Finance Department

## TABLE XIX

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## MISCELLANEOUS STATISTICAL DATA

June 30, 2016

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 2016	160,812
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	34,039
Annual Fire Calls	4,747
Traffic Stops	6,161
Arrests	1,693

BUILDING

Permits Issued	3,892
Estimated Cost of Construction	\$122,315,055
Inspections	10,354

SOLID WASTE

Garbage - Tons	12,540
Construction Debris - Tons	967
Yard Waste - Tons	4,474
Recycling - Tons	2,056

AQUATIC & FITNESS CENTER

Member Packages	2,467
Members	4,290

BEACH SERVICES

Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	12

CITY OF NORTH MYRTLE BEACH