

# City of North Myrtle Beach South Carolina



## CAFR

**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2017

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2017

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, 2017

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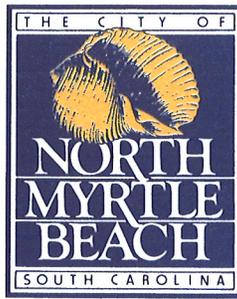
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## INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



December 27, 2017

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, 2017. 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, 2017, 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 the proposed budget and makes any adjustments prior to presentation to the City Council at the annual budget retreat held the end of February. 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 total appropriation for the budget adopted by City Council is the legal appropriation for the fiscal year. Budget detail provides for the budgetary control necessary to assure that the total appropriation for the City does not exceeded the legal appropriation level for the fiscal year. The Finance Department maintains budget-to-actual comparisons on an ongoing-basis and provides this information for each individual governmental fund for which an appropriated annual budget has been adopted within this report. For the general fund, this comparison is presented on pages 62 through 64 as part of the basic financial statements for the governmental funds.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Condition and Outlook**

As of this writing the City of North Myrtle Beach is experiencing steady growth in excess of 4%. The tourism industry that is the main provider of economic activity for the City is functioning very well. Year round activities such as sports tourism as well as seasonal events like the Christmas Light Show have expanded the opportunities for local businesses to serve tourists year round. The City is committed to the expansion of various activities and programs that offer new opportunities to a wider range of tourists.

The construction industry that draws from the tourist industry as well as the retirement community that is ever increasing in North Myrtle Beach due to its excellent weather continues to build at a very good pace. During the first part of FY2018 the value of new permits was \$59,893,000 Which is good for the overall economy.

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

The City recently annexed another large tract of land along Route 31 and east to the Intracoastal Waterway. Even though no development is currently underway within this annexation, the City borrowed \$15,000,000 in 2011 to

develop a sports tourism park off the Main Street connector. The park was opened March 1, 2014 and held over 60 various events during the year. It has contributed to the 6.2% growth that the city is experiencing in Local Accommodations Tax Fees and Hospitality Fees for this fiscal year. Over 60 events have already been booked for 2018 which will continue to positively impact the City of North Myrtle Beach.

General Fund Revenues are projected to grow at a faster pace through 2018 especially with new commercial development going on at the current time. No additional general obligation bond issues are projected for FY 2018. The City continues to maintain the beach and preserve this important asset with another beach renourishment project completed in September and October of 2017 by the Army Corps of Engineers in the amount of \$10,600,000. This will ensure continued use of a viable 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 four 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, 2016. 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 2017.

### **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, 2016**

Executive Director/CEO

City of North Myrtle Beach, South Carolina

**PRINCIPAL OFFICIALS**

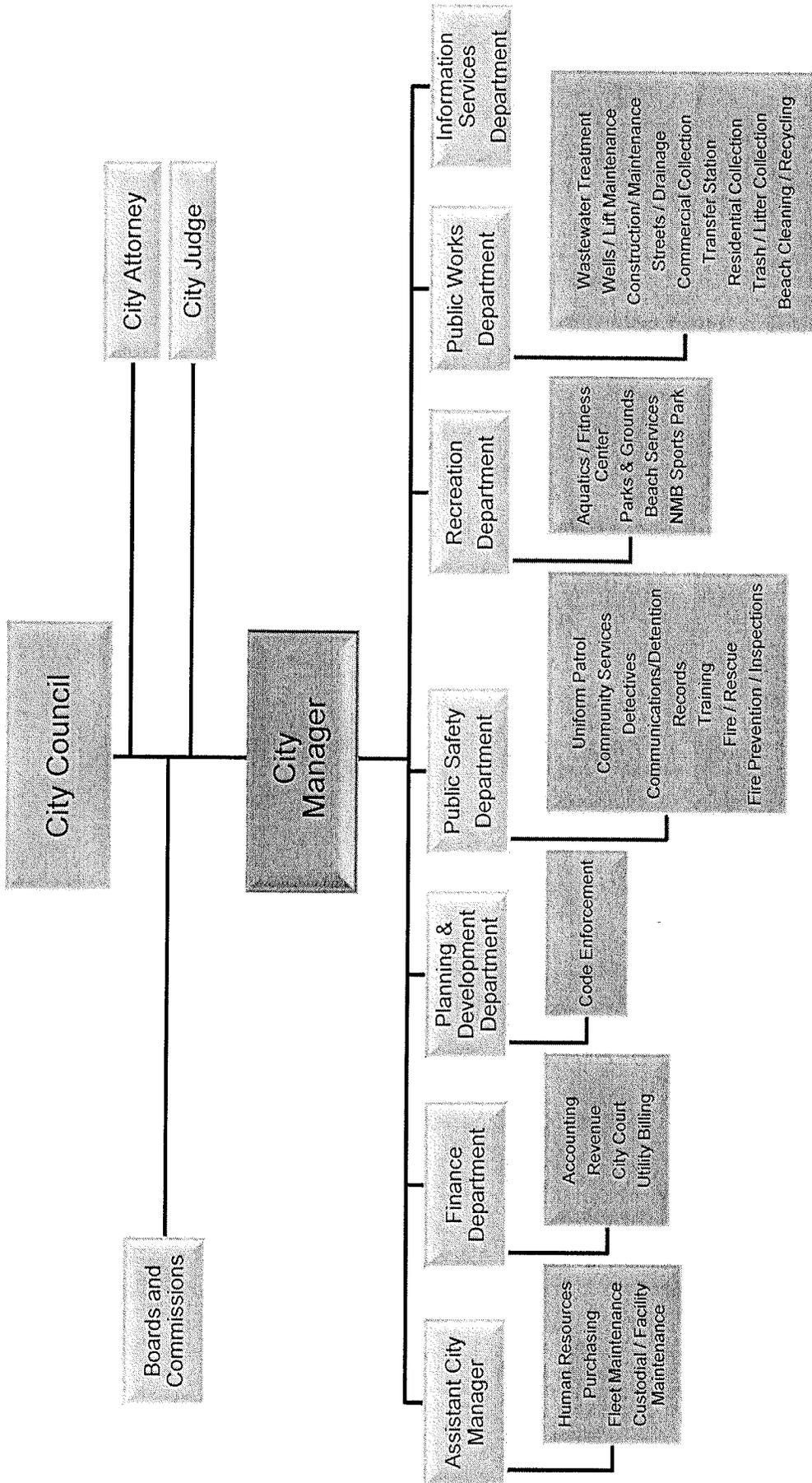
June 30, 2017

**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

**INSERT Pages 1**  
**REPORT OF INDEPENDENT AUDITOR**

**INSERT Pages 2**  
**REPORT OF INDEPENDENT AUDITOR**

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

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, 2017. 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, 2017 were \$246.1 million and exceeded total liabilities and deferred inflows of resources by \$195.1 million. Of the total net position at June 30, 2017, \$13.6 million were unrestricted and available to support short-term operations of the City.

Per the Government-Wide Statement of Activities, the City’s total net position increased by \$5.9 million for the year ended June 30, 2017. The Governmental Activities contributed \$4.3 million and the Business-type Activities contributed \$1.6 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, its Beach Service, and its Sports and Tourism Park 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 and casualty 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, 2017 (with comparative amounts of June 30, 2016) 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	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 10,423	\$ 6,965	\$ 14,108	\$ 14,655	\$ 24,531	\$ 21,620
Restricted	4,188	378	1,944	3,758	6,132	4,136
Other current assets	7,769	7,707	2,733	1,065	10,502	8,772
Capital assets, net of accumulated depreciation	109,881	110,250	81,925	79,328	191,806	189,578
Other assets, net of accumulated amortization	—	—	8,898	7,935	8,898	9,735
<b>Total assets</b>	<b>132,261</b>	<b>125,300</b>	<b>109,608</b>	<b>108,541</b>	<b>241,869</b>	<b>233,841</b>
Deferred Outflows of Resources	4,257	2,323	—	—	4,257	2,323
<b>Liabilities:</b>						
Current liabilities	7,552	6,060	5,452	4,642	13,004	10,702
Long term liabilities	29,934	26,602	7,405	8,721	37,339	35,323
<b>Total liabilities</b>	<b>37,486</b>	<b>32,662</b>	<b>12,857</b>	<b>13,363</b>	<b>50,343</b>	<b>46,025</b>
Deferred Inflows of Resources	703	960	—	—	703	960
<b>Net Position:</b>						
Net investment in capital assets	99,221	99,049	75,588	75,141	174,809	174,190
Restricted	4,858	1,120	2,015	1,889	6,873	3,009
Unrestricted (deficit)	(5,750)	(6,168)	19,148	18,148	13,398	11,980
<b>Total net position</b>	<b>\$ 98,329</b>	<b>\$ 94,001</b>	<b>\$ 96,751</b>	<b>\$ 95,178</b>	<b>\$195,080</b>	<b>\$189,179</b>

*Governmental Activities* – For 2017, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$22.4 million, or 16.9% of total assets. Non-current assets (consisting of \$109.9 million or 83.1% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$7.5 million, or 20.1% of total liabilities. Long-term (non-current) liabilities totaled \$29.9 million, or 79.8% of the respective total.

*Business-type Activities* – For 2017, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$18.8 million, or 17.1% of total assets. Non-current assets (consisting of \$90.8 million, or 82.9% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.5 million, or 42.4% of the respective total liabilities. Long-term (non-current) liabilities totaled \$7.4 million, or 57.6% of the respective total.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, 2017 total assets and deferred outflows by resources exceeded total liabilities and deferred inflows of resources by \$195.1 million at the end of June 30, 2017 (or \$98.3 million for Governmental Activities and \$96.7 million for Business-type Activities.)

By far the largest portion (\$174.8 million, or 89.6%) of the City's 2017 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 2017 restricted net position (totaling \$6.9 million or 3.5% of total net position) consist of \$4.9 million in Governmental Activities and \$2.0 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* \$(5.8) million deficit Governmental Activities and \$19.1 million Business-type Activities, for a total of \$13.4 million, or 6.9% 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 2017 and FY 2016 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 4,648	\$ 3,655	\$ 22,336	\$ 21,275	\$ 26,984	\$ 24,930
Operating grants and contributions	85	244	690	219	775	463
Capital grants and contributions	11,598	3,046	4,067	2,410	15,665	5,456
General revenue:						
Property taxes	15,568	14,784	—	—	15,568	14,784
State shared and other taxes	20,050	18,713	—	—	20,050	18,713
Investment earnings	60	16	36	48	96	64
Other	(48)	—	27	139	(21)	139
<b>Total revenue</b>	<b>51,961</b>	<b>40,458</b>	<b>27,156</b>	<b>24,091</b>	<b>79,117</b>	<b>64,549</b>
<b>Expenses:</b>						
General government	3,004	3,047	—	—	3,004	3,047
Finance	906	775	—	—	906	775
Information services	596	340	—	—	596	340
Public safety	15,256	14,374	—	—	15,256	14,374
Planning and development	2,494	1,197	—	—	2,494	1,197
Public works	13,843	9,454	—	—	13,843	9,454
Parks and recreation	7,706	7,033	—	—	7,706	7,033
Support services	1,282	970	—	—	1,282	970
Interest on general long-term debt	459	247	—	—	459	247
Water and Sewer Utility	—	—	16,486	14,876	16,486	14,876
Solid Waste	—	—	5,665	4,321	5,665	4,321
Aquatic Center	—	—	2,640	2,300	2,640	2,300
Beach Service	—	—	2,327	2,332	2,327	2,332
Sports Park	—	—	553	—	553	—
<b>Total expenses</b>	<b>45,546</b>	<b>37,437</b>	<b>27,671</b>	<b>23,829</b>	<b>73,217</b>	<b>61,266</b>
Changes in net position before transfers	6,415	3,021	(515)	262	5,900	3,283
Transfers	(2,087)	(1,098)	2,087	1,098	—	—
<b>Change in net position</b>	<b>4,328</b>	<b>1,923</b>	<b>1,572</b>	<b>1,360</b>	<b>5,900</b>	<b>3,283</b>
Net position – beginning of year	94,001	92,078	95,179	93,819	189,180	185,897
Net position – end of year	\$ 98,329	\$ 94,001	\$ 96,751	\$ 95,179	\$ 195,080	\$ 189,180

Of total net position at June 30, 2017, \$98.3 million (and \$94.0 million at June 30, 2016) represents net position of the City's Governmental Activities, and \$96.8 million (and \$95.1 million in 2016) represents total net position of the City's Business-type Activities. At the end of fiscal year 2017, the City is able to report 'positive' changes in net position even with the implementation of GASB Statement #68. 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.	\$ (3,004)	\$ 352	\$ (2,652)	11.7%	88.3%
Finance	(906)	—	(906)	—	100.0%
Information services	(596)	—	(596)	—	100.0%
Public safety	(15,256)	683	(14,573)	4.5%	95.5%
Planning and development	(2,494)	18	(2,476)	0.7%	99.3%
Public works	(13,843)	14,061	218	102.0%	—
Parks and recreation	(7,706)	1,218	(6,488)	15.8%	84.2%
Support services	(1,282)	—	(1,282)	—	100.0%
Debt service interest	(459)	—	(459)	—	100.0%
Totals	\$ (45,546)	\$ 16,332	\$ (29,214)	35.9%	67.1%

The City allocates its depreciation of capital assets to the City’s functions (see *Note 6*), and absorbed 79% of the net 64.1%) were required to fund 2017 Governmental Activities (as compared to 81.5% in 2016) and were as follows:

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

Property taxes	\$ 15,568
Accommodations/hospitality taxes	10,193
State shared taxes – unrestricted	954
Licenses and franchise taxes	8,903
Investment earnings	60
Other revenues	(49)
Total general revenue before transfers	<u>\$ 35,629</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$25.7 million, and achieved actual revenues of \$25.8 million or within \$.1 million of budget. Final expenditures budgeted for the General Fund were \$28.3 million with actual expenditures of \$29.1 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.5 million, with the actual deficiency equaling \$3.4 million. However, after considering Other Financing Sources and Uses, and transfers, the General Fund had an actual increase of \$9,923 in fund balance.

As noted above, the City’s General Fund fund balance increased due to additional general and program revenue 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. The General Fund fund balance is above the 35% threshold that the City policy requires 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% per annum.

The General Fund's budget also included net transfers to/from other funds, netting to \$3.4 million more transferred in than out, primarily due to increases in both Accommodations and Hospitality taxes.

### **Expenses and Program Revenues – Business-type Activities**

The City operates five enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center, Beach Service and Sports and Tourism funds. Business-type Activities absorbed 21% of the net position deficit in the City's Insurance Reserves Internal Services Fund in 2017.

The Water and Sewer Utility has been in operation for a number of years and resulted in an operating loss of \$2.9 million for the year ended June 30, 2017. Due to the economic increase in construction and related developer fees and other capital contributions, the Utility Fund realized a slight decrease in net position.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved a net operating income of \$37,892 for the year ended June 30, 2017. After transfers from the Accommodations (2%) Tax Fund of \$231,819, the change in net position increased by \$269,711.

The City's Aquatic Center Enterprise Fund, in its 12<sup>th</sup> year of operations, incurred a net operating loss of \$(608,288). After recognizing a \$493,748 in transfers from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled a decrease of \$114,539.

The City's Beach Service Enterprise Fund, in its 9<sup>th</sup> year of operations, incurred a net operating loss of \$197,352. After recognizing \$869,758 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 \$1.1 million.

The City's Sports and Tourism Enterprise Fund, in its 2<sup>nd</sup> year of operation, incurred a net operating loss of \$187,663. After recognizing \$317,054 in non-operating revenue, \$323,634 capital contributions, plus transfers from the General Fund and Park Development, a change in net position totaled \$944,640.

### **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, 2017, amounts to \$191.8 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 2017 with the City's multi-million dollar sports park and tourism 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 \$12.3 million. Of this amount, \$5.3 million comprises debt backed by the full faith and credit of the City government, \$4.8 million backed by Special Assessment revenue, and \$225,000 of installment note for land. Enterprise Fund revenue-backed long-term debt consists of Water and Sewer Fund contract payables totaling \$3.2 million and Aquatic Center Fund bond totaling \$3.7 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

During FY 2017, the City issued \$6.3 million in Special Assessment Revenue Bonds for the Cherry Grove dredge project.

### **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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets and Deferred Outflows</b>			
Current assets:			
Cash and cash equivalents	\$ 1,018,474	\$ 10,492,192	\$ 11,510,666
Equity in pooled cash and cash equivalents	9,404,395	3,616,189	13,020,584
Receivables, net	2,866,744	2,685,075	5,551,819
Due from other governments	2,956,926	266,849	3,223,775
Internal balances, net	933,806	(933,806)	—
Inventories and prepaids	1,003,655	431,534	1,435,189
Restricted assets:			
Cash and cash equivalents	4,188,378	1,944,456	6,132,834
Equity in pooled cash and cash equivalents	—	—	—
Deposits held by others	7,727	281,364	289,091
Total current assets	<u>22,380,105</u>	<u>18,783,853</u>	<u>41,163,958</u>
Non-currents assets:			
Capital assets not subject to depreciation	20,004,833	3,154,741	23,159,574
Capital assets, net of depreciation	89,876,211	78,770,655	168,646,866
Other assets, net	—	8,898,515	8,898,515
Total non-current assets	<u>109,881,044</u>	<u>90,823,911</u>	<u>200,704,955</u>
Deferred outflows of resources:			
Pension plan related, net	4,257,294	—	4,257,294
Total deferred outflows of resources	<u>4,257,294</u>	<u>—</u>	<u>4,257,294</u>
Total Assets and Deferred Outflows	<u>\$ 136,518,443</u>	<u>\$ 109,607,764</u>	<u>\$ 246,126,207</u>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
Current liabilities:			
Accounts payable	\$ 2,241,705	\$ 559,010	\$ 2,800,715
Accrued payroll and related taxes	314,240	177,867	492,107
Accrued interest payable	79,416	55,140	134,556
Due to other governments	3,298	—	3,298
Bonds, contracts and notes payable – current portion	3,945,686	2,107,299	6,052,985
Unearned revenue and deposits	350,625	289,320	639,945
Insurance reserves and claims payable	83,010	22,093	105,103
Liabilities payable from restricted assets	533,827	2,241,111	2,774,938
Total current liabilities	<u>7,551,807</u>	<u>5,451,840</u>	<u>13,003,647</u>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,525,899	463,747	1,989,646
General Obligation bonds payable	3,087,563	—	3,087,563
Special Assessment bonds payable	3,514,000	—	3,514,000
Contracts payable	—	2,068,334	2,068,334
Note payable	112,500	3,256,374	3,368,874
Net pension liabilities	15,620,091	—	15,620,091
Other post-employment benefits (OPEB)	6,074,308	1,616,636	7,690,944
Total long-term liabilities	<u>29,934,361</u>	<u>7,405,091</u>	<u>37,339,452</u>
Total liabilities	<u>37,486,168</u>	<u>12,856,931</u>	<u>50,343,099</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	702,907	—	702,907
Total deferred inflows of resources	<u>702,907</u>	<u>—</u>	<u>702,907</u>
Net position:			
Net investment in capital assets	99,221,295	75,588,374	174,809,669
Restricted for:			
Debt retirement	2,976	—	2,976
Public safety pensions	1,098,777	—	1,098,777
Cherry Grove District improvements	3,732,429	—	3,732,429
Public safety assistance	22,869	—	22,869
Tourism related	293	—	293
Future capacity of utility	—	2,014,870	2,014,870
Unrestricted (deficit)	<u>(5,749,271)</u>	<u>19,147,589</u>	<u>13,398,318</u>
Total net position	<u>98,329,368</u>	<u>96,750,833</u>	<u>195,080,201</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 136,518,443</u>	<u>\$ 109,607,764</u>	<u>\$ 246,126,207</u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government				Net (Expense) Revenue and Changes in Net Position	
	Program Revenue		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Fees for Services	Operating Grants and Contributions				
<b>Functions and Programs</b>						
<b>Governmental Activities:</b>						
General government admin.	\$ (3,004,185)	\$ 85,177	\$ —	\$ (2,652,532)	\$ —	\$ (2,652,532)
Finance	(906,155)	—	—	(906,155)	—	(906,155)
Information Services	(596,059)	—	—	(596,059)	—	(596,059)
Public safety	(15,255,789)	549,980	133,506	(14,572,303)	—	(14,572,303)
Planning and development	(2,493,554)	17,520	—	(2,476,034)	—	(2,476,034)
Public works	(13,843,442)	2,861,702	11,199,601	217,861	—	217,861
Parks and recreation	(7,706,417)	952,589	265,000	(6,488,828)	—	(6,488,828)
Support services	(1,282,379)	—	—	(1,282,379)	—	(1,282,379)
Debt service – interest	(457,819)	—	—	(457,819)	—	(457,819)
Total governmental activities	<b>(45,545,799)</b>	<b>4,648,267</b>	<b>11,598,107</b>	<b>(29,214,248)</b>	<b>—</b>	<b>(29,214,248)</b>
<b>Business-type Activities:</b>						
Water and Sewer Utility	(16,485,510)	13,143,657	2,560,396	—	(428,017)	(428,017)
Solid Waste	(5,665,168)	4,377,979	1,182,817	—	(98,797)	(98,797)
Aquatic Center	(2,639,909)	1,981,005	13,532	—	(645,372)	(645,372)
Beach Service	(2,327,243)	2,501,015	—	—	176,020	176,020
Sports Park	(552,813)	332,437	323,634	—	418,368	418,368
Total business-type activities	<b>(27,670,643)</b>	<b>22,336,093</b>	<b>4,066,847</b>	<b>—</b>	<b>(577,798)</b>	<b>(577,798)</b>
Total functions and programs	\$ (73,216,442)	\$ 26,984,360	\$ 15,664,954	(29,214,248)	(577,798)	(29,792,046)

**General Revenue and Transfers**

General Revenue:						
Property taxes	15,568,216					15,568,216
Accommodations and hospitality taxes	10,193,438					10,193,438
State shared taxes – unrestricted	953,621					953,621
Business licenses and franchise taxes	8,903,459					8,903,459
Unrestricted investment earnings	59,871			36,493		96,364
Miscellaneous	(49,406)			26,532		(22,874)
Transfers:						
Transfers in/(out)	(2,086,941)			2,086,941		—
Total general revenue and transfers	33,542,258			2,149,966		35,692,224
<b>Changes in net position</b>	<b>4,328,010</b>			<b>1,572,168</b>		<b>5,900,178</b>
Net position, beginning of year	94,001,358			95,178,665		189,180,023
Net position, end of year	\$ 98,329,368			\$ 96,750,833		\$ 195,080,201

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

	JUNE 30, 2017				
	General Fund	Street Improvement Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,018,474	\$ —	\$ —	\$ —	\$ 1,018,474
Equity in pooled cash and cash equivalents	4,845,191	3,046,182	—	1,436,119	9,327,492
Deposits held by others	2,601	—	—	—	2,601
Receivables, net	1,720,102	193,558	—	950,825	2,864,485
Due from other funds	4,391,813	—	—	233,817	4,625,630
Due from other governments	487,826	1,216,140	1,252,960	—	2,956,926
Inventories and prepaids	268,532	—	—	455,000	723,532
Restricted assets:					
Cash and cash equivalents	333,043	—	—	3,855,335	4,188,378
<b>Total assets</b>	<b>\$ 13,067,582</b>	<b>\$ 4,455,880</b>	<b>\$ 1,252,960</b>	<b>\$ 6,931,096</b>	<b>\$ 25,707,518</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts and retainage payable	\$ 661,283	\$ 799,837	\$ 533,446	\$ 142,111	\$ 2,136,677
Accrued payroll and withholdings payable	314,240	—	—	—	314,240
Deposits and performance bonds	120,825	—	—	—	120,825
Due to other funds	467,191	—	719,221	2,280,232	3,466,644
Due to other governments	3,298	—	—	—	3,298
Unearned revenue	—	—	—	229,800	229,800
Payable from restricted assets	310,174	—	—	—	310,174
<b>Total liabilities</b>	<b>1,877,011</b>	<b>799,837</b>	<b>1,252,667</b>	<b>2,652,143</b>	<b>6,581,658</b>
Fund balances:					
Non-spendable	268,532	—	—	455,000	723,532
Restricted by others	22,869	—	293	—	23,162
Committed by ordinance	392,500	—	—	3,735,405	4,127,905
Assigned by management	—	3,656,043	—	1,417,420	5,073,463
Unassigned reported in:					
General Fund	10,506,670	—	—	—	10,506,670
Capital Projects Fund	—	—	—	(1,328,872)	(1,328,872)
<b>Total fund balances</b>	<b>11,190,571</b>	<b>3,656,043</b>	<b>293</b>	<b>4,278,953</b>	<b>19,125,860</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,067,582</b>	<b>\$ 4,455,880</b>	<b>\$ 1,252,960</b>	<b>\$ 6,931,096</b>	
<b>Reconciliation to amounts reported for governmental activities in the Statement of Net Position (see Note 15):</b>					
Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.					109,881,044
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.					(6,346,768)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.					(27,885,155)
Deferral outflows and inflows of resources are not financial uses or resources, respectively, and therefore are not reported in these funds.					3,554,387
<b>Net position, end of year – Governmental Activities</b>					<b>\$ 98,329,368</b>

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, 2017

	General Fund	Street Improvement Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 13,159,715	\$ —	\$ —	\$ 2,408,501	\$ 15,568,216
Special assessments	—	—	—	2,501,605	2,501,605
Licenses and permits	8,903,459	—	—	—	8,903,459
Fines and forfeitures	401,856	—	—	—	401,856
Use of money and property Unrestricted	210,051	—	—	59,871	269,922
intergovernmental	1,189,690	—	—	—	1,189,690
Restricted intergovernmental	661,171	6,346,384	4,010,315	6,647,054	17,664,924
Sales and service charges	1,157,588	—	—	2,878,772	4,036,360
Miscellaneous	85,177	1,123,947	—	265,000	1,474,124
<b>Total revenue</b>	<b>25,768,707</b>	<b>7,470,331</b>	<b>4,010,315</b>	<b>14,760,803</b>	<b>52,010,156</b>
<b>Expenditures</b>					
Current:					
General government administration	2,600,326	—	—	—	2,600,326
Finance	795,843	—	—	52,750	848,593
Information services	332,319	—	—	—	332,319
Public safety	14,070,132	—	—	—	14,070,132
Planning/development	1,707,321	—	—	—	1,707,321
Public works	1,991,605	6,615,294	—	171,517	8,778,416
Parks and recreation	4,338,784	—	1,799,115	—	6,137,899
Support services	1,094,763	—	—	—	1,094,763
Debt service	935,003	—	—	6,427,603	7,362,606
Capital outlay	1,269,998	—	—	5,502,676	6,772,674
<b>Total expenditures</b>	<b>29,136,094</b>	<b>6,615,294</b>	<b>1,799,115</b>	<b>12,154,546</b>	<b>49,705,049</b>
Excess (deficiency) of revenue over (under) expenditures	(3,367,387)	855,037	2,211,200	2,606,257	2,305,107
<b>Other Financing Sources (Uses)</b>					
Bond issue	—	—	—	6,342,000	6,342,000
Transfers in	6,601,716	888,000	—	2,342,770	9,832,486
Transfers (out)	(3,224,406)	—	(2,211,258)	(6,533,169)	(11,968,833)
<b>Total other financing sources (uses)</b>	<b>3,377,310</b>	<b>888,000</b>	<b>(2,211,258)</b>	<b>2,151,601</b>	<b>4,205,653</b>
<b>Net change in fund balances</b>	<b>9,923</b>	<b>1,743,037</b>	<b>(58)</b>	<b>4,757,858</b>	<b>6,510,760</b>
Fund balances, beginning of year	11,180,648	1,913,006	351	(478,905)	12,615,100
Fund balances, end of year	\$ 11,190,571	\$ 3,656,043	\$ 293	\$ 4,278,953	\$ 19,125,860

— 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	\$ 6,510,760
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.	(369,575)
Internal service funds are used by management to charge the costs of insurance programs to individual funds. This is the amount allocated to Governmental Activities.	(1,615,455)
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.	(551,737)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>354,017</u>
Change in Net Position – Governmental Activities	<u><u>\$ 4,328,010</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2017

	Business-type Activities – Enterprise Funds						Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports Park	Totals	
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 9,612,529	\$ 872,763	\$ 400	\$ 6,500	\$ —	\$ 10,492,192	\$ —
Equity in pooled cash and cash equivalents	3,595,722	—	—	—	—	3,595,722	97,370
Receivables, net	1,505,974	1,152,006	11,759	14,735	—	2,684,474	2,860
Due from other funds	—	—	—	193,735	467,191	660,926	—
Due from other governments	266,849	—	—	—	—	266,849	—
Inventories and prepaid items	356,981	—	—	—	—	356,981	354,676
Restricted assets:							
Cash and cash equivalents	—	—	—	—	—	—	—
Equity in pooled cash and cash equivalents	1,944,456	—	—	—	—	1,944,456	—
Deposits with others	280,000	—	—	—	—	280,000	6,490
Total current assets	17,562,511	2,024,769	12,159	214,970	467,191	20,281,600	461,396
Non-current assets:							
Capital assets, not subject to depreciation	3,100,498	6,343	—	—	—	3,106,841	—
Capital assets, subject to depreciation, net	68,193,690	1,965,658	7,133,896	634,784	890,527	78,818,555	—
Total capital assets, net	71,294,188	1,972,001	7,133,896	634,784	890,527	81,925,396	—
Other assets, net	8,898,515	—	—	—	—	8,898,515	—
Total non-current assets	80,192,703	1,972,001	7,133,896	634,784	890,527	90,823,911	—
Total assets	\$ 97,755,214	\$ 3,996,770	\$ 7,146,055	\$ 849,754	\$ 1,357,718	\$ 111,105,511	\$ 461,396

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

— CONTINUED —

	Water and Sewer Utility	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
		Solid Waste	Aquatic Center	Beach Service	Sports Park			
<b>Liabilities and Net Position</b>								
Current liabilities:								
Accounts payable	193,074	237,156	23,786	72,157	4,885	531,058	\$ 132,980	
Accrued payroll and related taxes	50,608	30,917	17,678	78,664	—	177,867	—	
Due to other funds	—	—	379,423	757,186	398,193	1,534,802	285,110	
Accrued interest payable	—	—	55,140	—	—	55,140	—	
Contracts and note payable – current portion	1,633,436	—	473,863	—	—	2,107,299	—	
Unearned revenue	—	—	279,320	—	10,000	289,320	—	
Insurance reserves and claims payable	2,181,587	—	—	—	—	2,181,587	105,103	
Liabilities payable from restricted assets	4,058,705	268,073	1,229,210	908,007	413,078	6,877,073	283,177	
Total current liabilities							806,370	
Long-term (non-current) liabilities:								
Accrued compensated absences	295,796	126,601	41,350	—	—	463,747	—	
Contracts payable	2,068,334	—	—	—	—	2,068,334	—	
Note payable	—	—	3,256,374	—	—	3,256,374	—	
Other post-employment benefits (OPEB)	—	—	—	—	—	—	7,690,944	
Total long-term liabilities	2,364,130	126,601	3,297,724	—	—	5,788,455	7,690,944	
Total liabilities	6,422,835	394,674	4,526,934	908,007	413,078	12,665,528	8,497,314	
Net position:								
Net investment in capital assets	71,294,188	—	3,403,659	—	890,527	75,588,374	—	
Restricted for:								
Future capacity and deposits	42,869	1,972,001	—	—	—	2,014,870	—	
Health insurance claims	—	—	—	—	—	—	—	
Unrestricted (deficit)	19,995,322	1,630,095	(784,538)	(58,253)	54,113	20,836,739	(8,035,918)	
Total net position	91,332,379	3,602,096	2,619,121	(58,253)	944,640	98,439,983	(8,035,918)	
Total liabilities and net position	\$ 97,755,214	\$ 3,996,770	\$ 7,146,055	\$ 849,754	\$ 1,357,718	\$ 126,665,528	\$ 461,396	

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

See accompanying notes to financial statements.

(1,689,150)  
\$ 96,750,833

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2017

	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports Park		
<b>Operating Revenue</b>							
Sales and service charges	\$ 13,143,657	\$ 4,377,979	\$ 1,981,005	\$ 2,501,015	\$ 332,437	\$ 22,336,093	\$ 5,916,099
<b>Total operating revenue</b>	<b>13,143,657</b>	<b>4,377,979</b>	<b>1,981,005</b>	<b>2,501,015</b>	<b>332,437</b>	<b>22,336,093</b>	<b>5,916,099</b>
<b>Operating Expenses</b>							
General government administration	1,322,051	263,413	99,689	207,088	9,764	1,902,005	3,541,299
Finance	860,991	120,773	30,548	114,553	15,274	1,142,139	202,196
Information services	330,192	66,038	22,013	33,019	11,006	462,268	293,051
Public safety	67,627	—	—	762,030	—	829,657	1,601,426
Planning/development	39,378	—	—	—	—	39,378	222,767
Public works	9,635,616	4,391,467	—	—	—	14,027,083	1,466,487
Parks and recreation	—	—	1,944,880	974,953	306,326	3,226,159	422,098
Support services	559,530	155,634	55,920	46,491	—	817,575	258,961
Depreciation and amortization	3,219,429	550,330	292,463	169,204	177,730	4,409,156	—
<b>Total operating expenses</b>	<b>16,034,814</b>	<b>5,547,655</b>	<b>2,445,513</b>	<b>2,307,338</b>	<b>520,100</b>	<b>26,855,420</b>	<b>8,008,285</b>
Operating income (loss)	(2,891,157)	(1,169,676)	(464,508)	193,677	(187,663)	(4,519,327)	(2,092,186)
<b>Non-Operating Revenue (Expenses)</b>							
Interest earned on investments	36,493	—	—	—	—	36,493	—
Interest expense	(227,969)	—	(157,312)	—	—	(385,281)	—
Non-operating program fees and other	353,440	5,575	13,532	2,248	315,110	689,905	46,789
Restricted intergovernmental	—	1,182,817	—	—	—	1,182,817	—
Miscellaneous and other	3,986	19,176	—	1,427	1,944	26,533	—
<b>Total non-operating revenue (expenses)</b>	<b>165,950</b>	<b>1,207,568</b>	<b>(143,780)</b>	<b>3,675</b>	<b>317,054</b>	<b>1,550,467</b>	<b>46,789</b>
Income (loss) before contributions and transfers	(2,725,207)	37,892	(608,288)	197,352	129,391	(2,968,860)	(2,045,397)
<b>Capital Contributions</b>							
Transfers – in (out)	2,560,396	—	—	—	323,634	2,884,030	—
<b>Change in net position</b>	<b>(164,811)</b>	<b>269,711</b>	<b>(114,539)</b>	<b>1,067,110</b>	<b>944,640</b>	<b>2,002,111</b>	<b>(2,045,397)</b>
Net position, beginning of year	91,497,190	3,332,385	2,733,660	(1,125,363)	—	96,437,872	(5,990,521)
<b>Net position, end of year</b>	<b>\$ 91,332,379</b>	<b>\$ 3,602,096</b>	<b>\$ 2,619,121</b>	<b>\$ (58,253)</b>	<b>\$ 944,640</b>	<b>\$ 98,439,983</b>	<b>\$ (8,035,918)</b>

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

Change in Net Position of Business-type Activities

See accompanying notes to financial statements.

(429,943)

\$ 1,572,168

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	Water and Sewer Utility	Business-type Activities – Enterprise Fund				Totals	Internal Service Fund
		Solid Waste	Aquatic Center	Beach Service	Sports Park		
<b>Cash flows from operating activities</b>							
Cash received from:							
User fees	\$ 12,718,901	\$ 3,332,730	\$ 1,936,450	\$ 2,377,957	\$ 20,654,595	\$ 5,937,674	
Tap fees	120,461	—	—	—	120,461	—	
Service and miscellaneous charges	135,105	7,426	41,505	126,885	344,801	—	
Cash paid to (for):							
Employee salaries and related costs	(3,790,219)	(1,907,092)	(1,125,134)	(1,216,549)	(8,039,234)	—	
Water and sewer system costs	(6,358,737)	—	—	—	(6,358,737)	—	
Garbage collection services	—	(2,245,814)	—	—	(2,245,814)	—	
Aquatic Center operations	—	—	(807,532)	—	(807,532)	—	
Beach Service operations	—	—	—	(291,885)	(291,885)	—	
Sports Park operations	—	—	—	—	(254,587)	—	
Insurance claims costs	—	—	—	—	—	(6,212,355)	
Overhead and miscellaneous costs	(2,172,085)	(744,410)	(234,784)	(601,414)	(3,815,351)	(30,728)	
Net cash provided by (used in) operating activities	653,426	(1,557,160)	(189,495)	394,994	(693,283)	(305,409)	
<b>Cash flows from non-capital and related financing activities</b>							
Inter-fund borrowing/payments, net	—	—	317,797	(1,177,068)	(436,654)	285,110	
Tower rental and other	351,780	—	—	—	351,780	—	
Intergovernmental grants	—	1,182,817	—	—	1,182,817	—	
Local accommodation/hospitality taxes	—	231,819	493,749	869,758	1,595,326	—	
Non-operating fees, donations/fundraisers	1,660	5,575	13,532	2,248	338,125	46,789	
Net cash provided by (used in) non-capital and related financing activities	353,440	1,420,211	825,078	(305,062)	3,031,394	331,899	
<b>Cash flows from capital and related financing activities</b>							
Acquisition and construction of capital assets	(3,782,387)	(617,519)	(27,503)	(92,441)	(5,264,473)	—	
Proceeds from sale of assets	3,985	19,177	—	1,427	26,533	—	
Principal paid on bonds, notes, and contracts	(644,897)	—	(456,120)	—	(1,101,017)	—	
Interest and bond agent fees on long-term debt	(227,969)	—	(151,960)	—	(379,929)	—	
Capital contributions – impact fees, grants and other cash contributions	1,978,342	—	—	—	1,978,342	—	
Net cash provided by (used in) capital and related financing activities	(2,672,926)	(598,342)	(635,583)	(91,014)	(4,740,544)	—	

— 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	Sports Park		
<b>Cash flows from investing activities</b>							
Interest received on investments	36,493	—	—	—	—	36,493	—
Net cash provided by (used in) investing activities	36,493	—	—	—	—	36,493	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,629,567)</b>	<b>(735,291)</b>	<b>—</b>	<b>(1,082)</b>	<b>—</b>	<b>(2,365,940)</b>	<b>26,490</b>
Cash and cash equivalents, beginning of year (of which \$3,743,517 is restricted)	16,782,274	1,608,054	400	7,582	—	18,398,310	70,880
Cash and cash equivalents, end of year (of which \$1,944,456 is restricted)	\$ 15,152,707	\$ 872,763	\$ 400	\$ 6,500	\$ —	\$ 16,032,370	\$ 97,370
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>							
Operating income (loss)	\$ (2,891,157)	\$ (1,169,676)	\$ (464,508)	\$ 193,677	\$ (187,663)	\$ (4,519,327)	\$ (2,092,186)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	3,219,429	550,330	292,463	169,204	177,730	4,409,156	—
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	169,190	(1,037,823)	(3,050)	3,827	—	(867,856)	21,575
(Increase) decrease in inventories and prepaid items	72,329	—	—	8,267	—	80,596	(6,826)
Increase (decrease) in accounts and other payables	67,629	107,920	(27,890)	10,656	4,885	163,200	242,848
Increase (decrease) in payroll and accrued liabilities	29,157	(7,911)	(5,445)	9,363	—	25,164	0
Increase (decrease) in unearned revenue	(13,151)	—	18,935	—	10,000	15,784	0
Increase (decrease) in other post-employment benefits (OPEB)	—	—	—	—	—	—	1,529,190
Net cash provided by (used in) operating activities	\$ 653,426	\$ (1,557,160)	\$ (189,495)	\$ 394,994	\$ 4,952	\$ (693,283)	\$ (305,409)
<b>Supplemental disclosure of non-cash capital and related financing activities</b>							
System contributions by developers	\$ 582,054	\$ —	\$ —	\$ —	\$ —	\$ 582,054	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FUDUCIARY FUNDS

JUNE 30, 2017

	<u>Pension Trust Funds</u>		<u>Agency Fund</u>
	<u>Terminated Pension Plan</u>	<u>Money Purchase Pension Plans</u>	<u>Firemen's Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ —	\$ —	\$ 339,148
Cash and temporary investments – mutual funds	—	21,695,855	—
Receivables – Participant loans	—	1,340,827	—
Total assets	<u>\$ —</u>	<u>\$ 23,036,682</u>	<u>\$ 339,148</u>
<b>Liabilities</b>			
Due to Firemen's Association	\$ —	\$ —	\$ 339,148
Total liabilities	<u>—</u>	<u>—</u>	<u>\$ 339,148</u>
<b>Net Position</b>			
Held in trust for employee's pension benefits	<u>\$ —</u>	<u>\$ 23,036,682</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, 2017

	<b>Pension Trust Funds</b>	
	<b>Terminated Pension Plan</b>	<b>Money Purchase Pension Plan</b>
<b>Additions</b>		
Employer contributions	\$ —	\$ 984,998
Employee (member) contributions	—	248,724
Investment income (loss)	—	2,227,320
Non-vested rollover	—	25,394
Total additions	<u>—</u>	<u>3,486,436</u>
<b>Deductions</b>		
Benefit payments and loan issuance costs	49,406	506,853
Trustee fees	—	18,877
Forfeitures	—	451,818
Total deductions	<u>49,406</u>	<u>977,548</u>
Increase (decrease) before transfers	<u>(49,406)</u>	<u>2,508,888</u>
<b>Transfers</b>		
Transfer in – General Fund	<u>49,406</u>	<u>—</u>
<b>Change in net position</b>	<b>—</b>	<b>2,508,888</b>
Net position, beginning of year	<u>—</u>	<u>20,527,794</u>
Net position, end of year	<u><u>\$ —</u></u>	<u><u>\$ 23,036,682</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**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, 2017, 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, Street Improvement 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, Beach Service Fund, and Sports and Tourism Park 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 Special Assessment (Cherry Grove Municipal Improvement District) 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, Stormwater Drainage Fund, and Cherry Grove Dredge 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; the Beach Service Fund to account for all revenues and expenses related to the City's beach service activities; and the Sports and Tourism Park Fund to account for related 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, the workers compensation program, and its property and casualty liability 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, workers compensation program, and property and casualty liability 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, 2017, ‘final budgeted’ expenditures/expenses and other financing sources and uses exceeded estimated revenues as follows: Accommodations (2%) Tax Special Revenue Fund by \$2,420; Cherry Grove Municipal Improvement District Bonds Debt Service Fund by \$175,746; Capital Improvements Capital Projects Fund by \$450,000; Beach Renourishment Capital Project Fund by \$47,100; Park Development Capital Projects Fund by \$83,712; Street Improvement Capital Project Fund by \$691,000. 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, Beach Service Fund, and Sports and Tourism Park Fund operated under total operating expense budgets equaling \$14.9 million, \$4.5 million, \$2.2 million, \$2.2 million, and \$.5 million, respectively. At June 30, 2017, deficit fund balances/net position resulted in the following: Cherry Grove District Bonds Debt Service Fund by \$173,865; Stormwater Drainage Capital Projects Fund by \$560,254; Beach Renourishment Capital Projects Fund by \$139,753, Beach Service Enterprise Fund by \$58,253, and Insurance Reserves Internal Service Fund by \$8,035,918. 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 acquisition 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, 2017, 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, 2017, 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, 2017. 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, 2017:

<b>General Fund:</b>	
Inventories and prepaid items	\$ 268,532
<b>Capital Projects Fund:</b>	
Beach renourishment prepayment	455,000
Total Non-spendable	<u>\$ 723,532</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	\$ 14,730
Public Safety Scholarship	8,139
	<u>22,869</u>
<b>Special Revenue Fund:</b>	
State (2%) Accommodations Tax	293
Total restricted by others	<u>\$ 23,162</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	142,500
	<u>392,500</u>
<b>Debt Service Funds:</b>	
Debt retirement ordinance	<u>2,976</u>
<b>Capital Projects Funds:</b>	
Cherry Grove dredge project	<u>3,732,429</u>
Total committed by ordinance	<u>\$ 4,127,905</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 projects	\$ 1,417,420
Street improvement repairs and underground utilities project	3,656,043
Total assigned by management	<u>\$ 5,073,463</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 2016 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, 2017, the carrying amount of the City’s cash deposits with financial institutions was \$4,731,733 and the financial institution’s balances totaled \$4,365,689. Of this balance, \$1,286,570 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, 2017, 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	\$ 7,794,478		n/a
Certificates of deposit	17,111,979		n/a
Money Market funds	1,351,916	n/a	Aa1
Mutual funds	21,695,856	n/a	AAA
Total carrying value	<u>\$ 47,954,229</u>		

At June 30, 2017, 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 fair 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, 2017 are as follows:

Cash on hand	\$ 13,125
Carrying amount of cash deposits	4,731,733
Carrying amount of investments	47,954,229
Total	<u>\$ 52,699,087</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 11,510,666
Equity in pooled cash and cash equivalents	13,020,584
Cash and cash equivalents-restricted	4,188,378
Equity in pooled cash and cash equivalents-restricted	1,944,456
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	339,148
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	20,872,448
Money Purchase Retirement Plan #2	823,407
Total	<u>\$ 52,699,087</u>

**3. Receivables**

Receivables at June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,065,790	\$ —
Franchise fees	779,146	—
Grants	157,028	—
Street improvement fees	193,558	—
Stormwater fees	58,856	—
Local accommodation and hospitality fees	950,825	—
Water and sewer accounts	—	1,505,974
Solid waste user fees	—	1,152,006
Aquatic Center	—	11,759
Beach Service	—	14,735
Other	610,844	7,601
Gross receivables	<u>3,816,047</u>	<u>2,692,075</u>
Less: allowance for uncollectibles	<u>(949,303)</u>	<u>(7,000)</u>
Net total receivables	<u>\$ 2,866,744</u>	<u>\$ 2,685,075</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, 2017, 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	\$ 4,391,813	\$ (467,191)	\$ 6,601,716	\$ (3,224,406)
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	(719,221)	—	(2,211,258)
Local Accommodations (1.5%) Tax Fund	—	(581,396)	—	(3,358,035)
Hospitality Fees (1%) Fund	—	(307,734)	—	(2,589,019)
Debt Service:				
Park Bonds	—	—	—	(244,500)
Cherry Grove Bonds	—	(233,817)	—	—
Capital Projects Funds:				
Capital Improvement Fund	—	—	2,225,000	—
Street Improvement Fund	—	—	888,000	—
Beach Renourishment Fund	—	(576,235)	27,900	—
Stormwater Drainage Fund	—	(581,060)	89,870	—
Park Development Fund	—	—	—	(341,615)
Cherry Grove Dredge Fund	233,817	—	—	—
Internal Service Fund	—	(225,180)	—	—
<b><u>Business-type Activities</u></b>				
Enterprise Funds:				
Solid Waste Fund	—	—	231,819	—
Aquatic Center Fund	—	(379,423)	493,749	—
Beach Services Fund	193,735	(757,186)	869,758	—
Sports and Tourism Park Fund	467,191	(398,193)	491,615	—
Internal Service Fund	—	(59,930)	—	—
<b><u>Fiduciary Funds</u></b>				
Pension Trust Fund	—	—	49,406	—
	<u>\$ 5,286,556</u>	<u>\$ (5,286,556)</u>	<u>\$ 11,968,833</u>	<u>\$ (11,968,833)</u>

The General Fund contributed \$49,406 to the Terminated Pension Plan Trust Fund during the year ended June 30, 2017. Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$933,806 and resulted from short-term loans between individual funds. Net transfers of monies equaled \$2,086,941 and Capital Asset transfers to Enterprise Fund – Sports and Tourism Park equaled \$323,634.

**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	\$ 487,826	\$ —
Abandoned property	—	3,298
Special Revenue Fund:		
Accommodations (2%) Tax Fund	1,252,960	—
Capital Projects Fund:		
Street Improvement Grant	1,216,140	—
	<u>\$ 2,956,926</u>	<u>\$ 3,298</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, 2017, are as follows:

**Governmental Activities:**

	<b>Balance June 30, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2017</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 18,484,880	\$ 326,219	\$ —	\$ —	\$ 18,811,099
Construction in progress	1,098,926	1,422,130	—	(1,327,322)	1,193,734
Total capital assets not being depreciated	<u>19,583,806</u>	<u>1,748,349</u>	<u>—</u>	<u>(1,327,322)</u>	<u>20,004,833</u>
<b>Capital assets being depreciated:</b>					
Buildings	26,512,240	90,504	—	—	26,602,744
Improvements	24,767,432	8,543	—	73,024	24,848,999
Machinery and equipment	19,628,376	1,999,154	(265,394)	1,240,208	22,602,344
Infrastructure	76,633,942	1,566,675	—	14,090	78,214,707
Total capital assets being depreciated	<u>147,541,990</u>	<u>3,664,876</u>	<u>(265,394)</u>	<u>1,327,322</u>	<u>152,268,794</u>
<b>Less, accumulated depreciation for:</b>					
Buildings	(10,214,197)	(764,773)	—	—	(10,978,970)
Improvements	(6,206,223)	(989,919)	—	—	(7,196,142)
Machinery and equipment	(15,444,930)	(1,362,169)	260,826	—	(16,546,273)
Infrastructure	(25,009,827)	(2,661,371)	—	—	(27,671,198)
Total accumulated depreciation	<u>(56,875,177)</u>	<u>(5,778,232)</u>	<u>260,826</u>	<u>—</u>	<u>(62,392,583)</u>
Total capital assets being depreciated, net	<u>90,666,813</u>	<u>(2,113,356)</u>	<u>(4,568)</u>	<u>1,327,322</u>	<u>89,876,211</u>
Net capital assets – Governmental Activities	<u>\$ 110,250,619</u>	<u>\$ (365,007)</u>	<u>\$ (4,568)</u>	<u>\$ —</u>	<u>\$ 109,881,044</u>

For the year ended June 30, 2017, depreciation expenses charged to Governmental Activities totaled \$5,778,232, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 205,972
Finance	37,577
Information services	106,305
Public safety	858,505
Planning and development	48,873
Public works	3,028,523
Parks and recreation	1,425,030
Support services	67,447
	<u>\$ 5,778,232</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, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>June 30, 2017</b>
<u>Capital assets not being depreciated:</u>					
Land	\$ 706,954	\$ 875	\$ —	\$ —	\$ 707,829
Construction in progress	36,500	2,410,412	—	—	2,446,912
Total capital assets not being depreciated	743,454	2,411,287	—	—	3,154,741
<u>Capital assets being depreciated:</u>					
Buildings	11,174,659	303,418	—	—	11,478,077
Water and sewer systems	107,438,888	1,337,202	—	—	108,776,090
Improvements	121,465	1	—	—	121,466
Machinery and equipment	15,087,530	1,967,495	(108,306)	—	16,946,719
Total capital assets being depreciated	133,822,542	3,608,116	(108,306)	—	137,322,352
<u>Less, accumulated depreciation:</u>					
Buildings	(3,428,968)	(305,307)	—	—	(3,734,275)
Water and sewer systems	(40,231,982)	(2,103,903)	—	—	(42,335,885)
Improvements	(38,310)	(3,236)	—	—	(41,546)
Machinery and equipment	(11,538,882)	(1,162,915)	261,806	—	(12,439,991)
Total accumulated depreciation	(55,238,142)	(3,575,361)	261,806	—	(58,551,697)
Total capital assets being depreciated, net	78,584,400	32,755	153,500	—	78,770,655
Net capital assets – Business-type Activities	<u>\$ 79,327,854</u>	<u>\$ 2,444,042</u>	<u>\$ 153,500</u>	<u>\$ —</u>	<u>\$ 81,925,396</u>

A summary of Proprietary Fund Type capital assets at June 30, 2017, is as follows:

	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Aquatic Center</b>	<b>Beach Service</b>	<b>Sports Park</b>	<b>Total</b>
Land	\$ 707,829	\$ —	\$ —	\$ —	\$ —	\$ 707,829
Buildings	1,029,594	313,200	9,700,878	434,405	—	11,478,077
Water and sewer systems	108,776,090	—	—	—	—	108,776,090
Other improvements	—	32,262	89,204	—	—	121,466
Machinery and equipment	6,314,491	7,163,548	862,350	1,539,740	1,066,590	16,946,719
Construction in progress	2,392,669	6,343	—	—	47,900	2,446,912
Totals	119,220,673	7,515,353	10,652,432	1,974,145	1,114,490	140,477,093
Less, accumulated depreciation	(47,926,485)	(5,543,352)	(3,518,536)	(1,339,361)	(223,963)	(58,551,697)
Net capital assets – Proprietary Funds	<u>\$ 71,294,188</u>	<u>\$ 1,972,001</u>	<u>\$ 7,133,896</u>	<u>\$ 634,784</u>	<u>\$ 890,527</u>	<u>\$ 81,925,396</u>

For the year ended June 30, 2017, depreciation expenses were charged to Business-type activities totaling \$3,575,361 (Water and Sewer Utility \$2,382,892; Solid Waste – \$550,330; Aquatic Center – \$292,463; and Beach Service – \$169,204 and City Enterprise Fund – \$180,472, 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, 2017, 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%	\$ 1,154,895	April 22, 2019
Parks	9/15/11	3.00%-4.00%	4,100,000	March 1, 2019
Total general obligation bonds			5,254,895	
Less, current portions (payable within one year)			(2,588,186)	
Add, bond premium \$1,496,381 less accumulated amortization of \$1,075,527			420,854	
			<u>\$ 3,087,563</u>	
<u>Special Assessment Revenue Bond</u>				
Cherry Grove (Dredge) Municipal Improvement District Bonds	7/29/16	1.39%	\$ 4,759,000	April 1, 2021
			(1,245,000)	
Total special assessment revenue bond			<u>\$ 3,514,000</u>	
<u>Installment notes (lease purchase)</u>				
Property Purchase	8/8/16	0.00%	\$ 225,000	August 30, 2018
Less, current portion			(112,500)	
Total installment notes			<u>\$ 112,500</u>	
<u>Accrued Compensated Absences</u>			<u>\$ 1,525,889</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 8,239,953</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%	\$ 3,236,667	March 1, 2020
Less, current portions (payable within one year)			(1,168,333)	
			<u>\$ 2,068,334</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 3,730,237	November 13, 2023
Less, current portions (payable within one year)			(473,863)	
			<u>\$ 3,256,374</u>	
<u>Accrued Compensated Absences</u>			<u>\$ 463,747</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 5,788,465</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, 2017, were as follows:

	Date of Issue	Outstanding 6/30/16	Additions	Retirements	Outstanding 6/30/17
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
Municipal Roads	4/22/09	\$ 1,705,143	\$ —	\$ (550,518)	\$ 1,154,895
Parks	9/15/11	6,055,000	—	(1,955,000)	4,100,000
Total general obligation bonds		<u>\$ 7,130,143</u>	<u>\$ —</u>	<u>\$ (2,505,518)</u>	<u>\$ 5,254,895</u>
<u>Revenue Bond</u>					
Stormwater	7/23/15	\$ 2,494,895	\$ —	\$ (2,494,895)	\$ —
<u>Special Assessment Revenue Bond</u>					
Cherry Grove dredge	7/29/16	\$ —	\$ 6,342,000	\$ (1,583,000)	\$ 4,759,000
<u>Installment Note (Lease Purchase)</u>					
Public Safety (Radios)	12/1/13	\$ 191,031	\$ —	\$ (191,031)	\$ —
Public Safety (Fire Equipment)	5/5/14	128,636	—	(128,636)	—
Property purchase (Intersection improvement)	8/8/16	—	225,000	—	225,000
Total installment notes		<u>\$ 319,667</u>	<u>\$ 225,000</u>	<u>\$ (319,667)</u>	<u>\$ 225,000</u>
<u>Accrued Compensated Absences</u>					
		<u>\$ 1,438,106</u>	<u>\$ 1,139,529</u>	<u>\$ (1,051,736)</u>	<u>\$ 1,525,899</u>
<b>Business-type Activities</b>					
<u>Contract Payable</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	\$ 4,346,667	\$ —	\$ (1,110,000)	\$ 3,236,667
<u>Note Payable</u>					
Aquatic and fitness center note obligation	11/13/03	\$ 4,186,357	\$ —	\$ (456,120)	\$ 3,730,237
<u>Accrued Compensated Absences</u>					
		<u>\$ 459,213</u>	<u>\$ 352,218</u>	<u>\$ (347,684)</u>	<u>\$ 463,747</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:						
2018 (Due within one year)	\$ 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>\$ 247,200</u>	<u>\$ 56,777</u>	<u>\$ 4,100,000</u>	<u>\$ 1,154,895</u>	<u>\$ 4,347,200</u>	<u>\$ 1,211,672</u>
		<u>Interest Requirements</u>		<u>Principal Requirements</u>		<u>Total Requirements</u>
Special Assessment Revenue Bonds:						
2018 (Due within one year)		\$ 70,695		\$ 1,245,000		\$ 1,315,695
2019		53,390		1,263,000		1,316,390
2020		35,834		1,280,000		1,315,834
2021		18,042		971,000		989,042
		<u>\$ 177,961</u>		<u>\$ 4,759,000</u>		<u>\$ 4,936,961</u>
Installment Note:						
2018 (Due within one year)		\$ —		\$ 112,500		\$ 112,500
2019		—		112,500		112,500
		<u>\$ —</u>		<u>\$ 225,000</u>		<u>\$ 225,000</u>
		<u>Interest Requirements</u>		<u>Principal Requirements</u>		<u>Total Requirements</u>
<u>Business-type Activities</u>						
Water and Sewer Utility Contract Payable:						
2018 (Due within one year)		\$ 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>\$ 322,788</u>		<u>\$ 3,236,667</u>		<u>\$ 3,559,455</u>
Aquatic Center Note Payable:						
2018 (Due within one year)		\$ 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>\$ 602,544</u>		<u>\$ 3,730,237</u>		<u>\$ 4,332,781</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**7. Long-Term Debt (Continued)**

**E. Bond and Other Debt Requirements**

Through its ordinances, or indenture of trust, the City pledge as security certain pledged revenues and/or the City's full faith, credit and taxing powers. The City has pledged all of its operating revenues in the Water and Sewer Utility Fund for its contract payable. For the Aquatic Fitness Center Fund all capital improvements are named collateral for the note payable obligation. For the Capital Projects Fund Cherry Grove Municipal Improvement District bonds, the City has instituted a special assessment on certain real property owners which is deemed to be pledged revenues. As additional security, the City has pledged its full faith, credit and taxing power of the City toward the payment of those bonds.

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, 2017, no amounts have been required to be transferred.

There are a number of limitations and restrictions contained in the respective indenture of trust/debt ordinances, all of which the City complied at June 30, 2017.

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, 2017, the City maintained the contractual rights (other assets) equaled \$18,930,804 with accumulated amortization expense equaling \$15,997,478, for a net carrying value of \$2,933,326. For 2017, 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, 2017, (\$280,000) have been reported in the Water and Sewer Utility Fund as part of restricted assets.

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

Wastewater Treatment Service Agreement

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

During FY 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, 2017, maintained the contractual rights (other assets) equal to \$9,004,057 with accumulated amortization expense equaling \$3,038,869, for a net carrying value of \$5,965,188. For 2017, 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, 2017, were as follows:

Utility system impact fees	\$ 1,910,870
Extension fees	67,472
System contributions by developers	582,054
Total capital contributions	<u>\$ 2,560,396</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	\$ 109,881,044	\$ 81,925,396
Less, G.O., revenue bonds, and note payable	(10,659,749)	(6,337,022)
Total net investment in capital assets	<u>\$ 99,221,295</u>	<u>\$ 75,588,374</u>
<b><u>Restricted:</u></b>		
Restricted net position:		
General government administration:		
Debt retirement	\$ 2,976	\$ —
Public safety:		
Pensions – employer contribution	1,098,777	—
Drug enforcement programs	22,869	—
Public Works:		
Cherry Grove Dredge project	3,732,429	—
Parks and recreation:		
Tourism related	293	
Future capacity of utility	—	2,014,870
Total restricted net position	<u>\$ 4,857,344</u>	<u>\$ 2,014,870</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, 2017. Investments of the Trust at June 20, 2017, 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, 2017, 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, 2017, the plans' participants equaled 206 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2017, approximated \$12,484,331. The City's total payroll, without adjustment for accruals, was approximately \$22,573,729. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2017, equaled \$971,629 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, 2017, equaled \$235,355 and \$13,369 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position  
June 30, 2017**

	<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	\$ 20,872,448	\$ 823,407	\$ 21,695,855
Receivables – Participant loans	1,332,628	8,199	1,340,827
Total assets	<u>\$ 22,205,076</u>	<u>\$ 831,606</u>	<u>\$ 23,036,682</u>
<b>Net Position</b>			
Held in trust for employee's pension benefits	<u>\$ 22,205,076</u>	<u>\$ 831,606</u>	<u>\$ 23,036,682</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**Money Purchase Retirement Plans (Continued)**

**Combining Statement of Changes of Plan Net Position  
Year Ended June 30, 2017**

	<b>Pension Trust Funds</b>		
	<b>Money Purchase Retirement Plan #1</b>	<b>Money Purchase Retirement Plan #2</b>	<b>Combined Total</b>
<b>Additions</b>			
Employer contributions	\$ 971,629	\$ 13,369	\$ 984,998
Employee (member) contributions	235,355	13,369	248,724
Investment income (loss)	2,100,137	127,183	2,227,320
Non-vested rollover	25,394	—	25,394
Total additions	<u>3,332,515</u>	<u>153,921</u>	<u>3,486,436</u>
<b>Deductions</b>			
Benefit payments/loan issuance costs	499,653	7,200	506,853
Trustee fees	18,827	50	18,877
Forfeitures	451,818	—	451,818
Total deductions	<u>970,298</u>	<u>7,250</u>	<u>977,548</u>
<b>Change in net position</b>	<b>2,362,217</b>	<b>146,671</b>	<b>2,508,888</b>
Net position, beginning of year	<u>19,842,859</u>	<u>684,935</u>	<u>20,527,794</u>
Net position, end of year	<u><u>\$ 22,205,076</u></u>	<u><u>\$ 831,606</u></u>	<u><u>\$ 23,036,682</u></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 9.24% of their earnable compensation to the Plan. For the year ended June 30, 2017, covered employee (gross) wages equaled \$7,927,146, with pensionable wages ("covered payroll") equaling \$7,743,113. Employee contributions totaled \$712,444 for the year ended June 30, 2017. For the year ended June 30, 2016, covered employee (gross) wages equaled \$7,743,113, with pensionable wages 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.

Employers are required to contribute to the Plan at an actuarially determined rate, which for the year ended June 30, 2017 was 14.2%. 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, 2017, 2016 and 2015 were \$1,098,777, \$1,040,642, and \$933,571, respectively, and equal to the required contributions for each year.

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

Payables to PORS

At June 30, 2017, the City had employee deductions and employer contributions payable to PEBA totaling \$90,799 and \$140,046, 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, 2016 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, 2016, PEBA reported the City's proportionate share of the net pension PORS liability to equal 0.059561%, which totaled \$15,107,522.

For the year ended June 30, 2017, the City recognized pension expense of \$1,778,732 for its Governmental Activities.

Components of pension expense and changes in the net pension liability for the measurement period (June 30, 2016) follows:

Pension expense:	
Service cost	\$ 932,532
Interest on total pension liability	2,702,257
Changes in plan benefits	—
Plan administrative costs	12,239
Plan member contributions	(686,072)
Expected return on plan assets	(1,758,352)
Recognition of deferred outflows	102,108
Recognition of deferred inflows	480,848
Other	(6,828)
Total pension expense	<u>(1,778,732)</u>
PEBA reported contributions	(1,043,370)
Changes in deferred items (net of amortization):	
Outflows – Plan performance	(18,504)
Outflows – Investment experience	1,305,483
Outflows – Allocated proportion change	561,436
Inflows – Investment experience	273,643
Inflows – Allocated proportion change	6,407
Total change in net pension liability	<u>\$ 2,863,827</u>

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, 2017, 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	\$ 224,167	\$ —
Assumption changes	—	—
Investment experience	2,372,739	659,679
Proportion changes	561,436	17,916
Employer differences	175	25,312
	<hr/> 3,158,517	<hr/> 702,907
Subsequent employer contributions	1,098,777	—
	<hr/> \$ 4,257,294	<hr/> \$ 702,907
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Year ended June 30,</u></b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2018	\$ 912,980	\$ 334,335
2019	902,234	334,254
2020	836,764	20,574
2021	506,539	13,744
	<hr/> \$ 3,158,517	<hr/> \$ 702,907
	<hr/> <hr/>	<hr/> <hr/>

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

The total pension liabilities in the July 31, 2015 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PORS</u>
Actuarial cost method	Entry-age normal
Asset Valuation Method	20% difference recognition method
Amortization Method	Level percent of pay
Amortization Period	30 years, open
Investment Return	7.5 percent
Inflation	2.75 percent
Salary Increases	4.0 percent plus step-rate increases for members with less than 12 years of service including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Benefit increases	Lesser of 1% or \$500 annually
Mortality	RP-2000 Mortality Table Blue Collar Adjustment, projected at Scale AA from year 2000. Male and female rates at 115%.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study on data through June 30, 2015.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2016. 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 funds' assets. As co-fiduciary of the PORS System, 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 below. 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)

A summary allocation of the long-term expected rate of return follows:

<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>
<b>Global Public Equity</b>	<b>43.0%</b>		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
<b>Real Estate</b>	<b>8.0%</b>		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.0%</b>		
GTAA/Rik Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.0%</b>		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total expected real return	<u>100.0%</u>		<u>5.10%</u>
Inflation for actuarial purposes			<u>2.75%</u>
Total expected nominal return			<u>7.85%</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

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

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2016, 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.

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>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(6.5%)</b>	<b>(7.5%)</b>	<b>(8.5%)</b>
Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate	<u>\$19,799,702</u>	<u>\$ 15,107,522</u>	<u>\$10,890,719</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, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**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, 2017, 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.

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

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

At June 30, 2017, 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	\$ 502,901
Expected benefit payments	(49,406)
Expected contribution made from the trust	49,406
Interest and mortality changes	—
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 2016 Blue Collar Mortality

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**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.

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 \$147,308 for the year ended June 30, 2017.

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 \$441,275 for the year ended June 30, 2017.

Changes in the aggregate liability are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unpaid claims at beginning of year	\$ (191,415)	\$ (167,079)	\$ (186,231)
Incurred claims for current and prior year events where the City has retained risk of loss	6,686,813	5,767,509	5,262,703
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(6,390,295)</u>	<u>(5,791,845)</u>	<u>(5,243,551)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (105,103)</u>	<u>\$ (191,415)</u>	<u>\$ (167,079)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Risk Management (Continued)**

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.

**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 \$9,156 for the retiree and \$4,919 for the spouse for the year ended June 30, 2017. 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, 2017, the City had 69 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, 2017 were \$335,646 or approximately 32% of the annual other post-employment benefit cost of \$1,041,078. For the prior years 2016 and 2015, expenses incurred equaled \$335,646 and \$233,126, respectively, or 32% and 20%, respectively of the annual other post-employment benefit costs, respectively.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. Post-Employment Benefits Other Than Pension (continued)**

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 2016 and 2015, annual other post-employment benefit (OPEB) costs totaled \$1,041,078 and \$949,488, respectively. The City’s OPEB costs for the current year 2017 totaled \$1,041,078 with net obligation (liability) equaling \$7,690,944 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>823,758</u>
Increase in net other post-employment benefit (OPEB) obligation	1,529,190
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>6,161,754</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 7,690,944</u></u>

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 \$19,980,032 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 61 percent. For prior-years 2016 and 2015 actuarial accrued liability for benefits totaled \$12,262,581 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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. Post-Employment Benefits Other Than Pension (Continued)**

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, 2016 (for the fiscal year June 30, 2017), 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 2017, 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, 2016, with retiree policy costs equaling \$7,812. Implied subsidy is calculated at 77.72%.

**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	\$ 172,273,627
Less, accumulated depreciation	(62,392,583)
Net amount reported	<u>\$ 109,881,044</u>
<i>Internal service funds are used by management to charge the costs of insurance programs 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	\$ 76,903
Claim deposits	5,126
Prepaid items	2,259
Receivables	280,123
Claim liabilities and payables	(636,871)
Other post-employment benefits payable (OPEB)	(6,074,308)
Net amount reported	<u>\$ (6,346,768)</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>\$ 4,257,294</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	\$ (79,416)
General obligation bonds, revenue bond, and notes payable	(10,659,749)
Accrued compensated absences	(1,525,899)
Net pension liabilities	(15,620,091)
Net amount reported	<u>\$ (27,885,155)</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>\$ (702,907)</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	\$ 5,408,657
Depreciation expense	(5,778,232)
Net amount reported	<u>\$ (369,575)</u>

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

Premiums charged and contributions	\$ 4,709,489
Insurance claims paid and reserves	(6,324,944)
Net amount reported	<u>\$ (1,615,455)</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	\$ 208,768
Accrued compensated absences expense	(87,793)
Pension expense, net	(672,712)
Net amount reported	<u>\$ (551,737)</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	\$ 6,696,017
Proceeds of long-term debt	(6,342,000)
Net amount reported	<u>\$ 354,017</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 insurance programs 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	\$ 20,467
Receivables	601
Claim deposits and prepaid items	75,917
Claim liabilities and payables	(169,499)
Other post-employment benefits payable (OPEB)	(1,616,636)
Net amount reported	<u>\$ (1,689,150)</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 insurance programs. The following represents the Business-type Activities prorata portion (21%) of the Internal Service Fund:*

Premiums charged and contributions	\$ 1,253,399
Insurance claims paid and reserves	(1,683,342)
Net amount reported	<u>\$ (429,943)</u>

**16. Subsequent Events**

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Actual	Variance Positive (Neg.)	2016
	Budget Original	Budget Final			Actual
<b>Revenue</b>					
Current property taxes	\$ 13,150,000	\$ 13,150,000	\$ 12,854,768	\$ (295,232)	\$ 12,050,998
Delinquent property taxes and penalties	240,000	240,000	304,947	64,947	475,833
Licenses and permits	9,286,500	9,286,500	8,903,459	(383,041)	8,547,147
Fines and forfeitures	356,000	356,000	401,856	45,856	373,506
Use of money and property	418,000	418,000	210,051	(207,949)	205,379
Unrestricted intergovernmental	1,106,600	1,106,600	1,189,690	83,090	1,029,271
Restricted intergovernmental	51,960	51,960	661,171	609,211	256,013
Sales and service charges	1,085,500	1,085,500	1,157,588	72,088	1,140,289
Miscellaneous	40,000	40,000	85,177	45,177	89,556
<b>Total revenue</b>	<b>25,734,560</b>	<b>25,734,560</b>	<b>25,768,707</b>	<b>34,147</b>	<b>24,167,992</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	857,587	857,587	947,487	(89,900)	874,214
Legislative	196,723	196,723	197,761	(1,038)	170,695
Administrative	221,607	221,607	172,140	49,467	166,102
City Court	499,731	499,731	498,938	793	486,986
Legal	221,160	221,160	286,744	(65,584)	238,018
Human resources	477,657	477,657	507,704	(30,047)	479,933
Total	2,474,465	2,474,465	2,610,774	(136,309)	2,415,948
Less, capital outlay	(5,000)	(5,000)	(10,448)	(5,448)	(6,197)
Net general government administration	2,469,465	2,469,465	2,600,326	(130,861)	2,409,751
<b>Finance</b>					
Accounting	313,265	313,265	282,385	30,880	285,363
Revenue	520,444	520,444	535,610	(15,166)	487,530
Total	833,709	833,709	817,995	15,714	772,893
Less, capital outlay	(40,000)	(40,000)	(22,152)	(17,848)	—
Net finance	793,709	793,709	795,843	(2,134)	772,893
<b>Information Services</b>					
Total	463,321	463,321	487,859	(24,538)	373,730
Less, capital outlay	(143,975)	(143,975)	(155,540)	(11,565)	(166,222)
Net information services	319,346	319,346	332,319	(12,973)	207,508
<b>Public Safety</b>					
Administrative	644,791	644,791	734,561	(89,770)	649,265
Uniform patrol	5,299,341	5,299,341	5,485,414	(186,073)	5,342,327
Community services	856,670	856,670	1,005,046	(148,376)	826,956
Detectives	1,044,279	1,044,279	1,039,271	5,008	1,020,858
Communications/Detention	1,206,838	1,206,838	1,244,336	(37,498)	1,177,705
Records	294,488	294,488	317,460	(22,972)	332,207
Victim's assistance	83,753	83,753	77,004	6,749	76,471
Police training	303,050	303,050	369,750	(66,700)	258,393
Fire suppression	3,735,018	3,735,018	4,123,790	(388,772)	3,789,137
Fire prevention	340,716	340,716	355,773	(15,057)	297,036
Total	13,808,944	13,808,944	14,752,405	(943,461)	13,770,355
Less, capital outlay	(421,616)	(421,616)	(682,273)	(260,657)	(168,228)
Net public safety	13,387,328	13,387,328	14,070,132	(682,804)	13,602,127

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2017			Variance Positive (Neg.)	2016
	Budget		Actual		Actual
	Original	Final			
<b>Expenditures (Continued)</b>					
<b>Planning/Development</b>					
Planning/zoning administration	943,935	943,935	959,131	(15,196)	954,638
Code enforcement-building	786,945	786,945	748,190	38,755	797,283
Total	1,730,880	1,730,880	1,707,321	23,559	1,751,921
Less, capital outlay	—	—	—	—	(48,870)
Net planning/development	1,730,880	1,730,880	1,707,321	23,559	1,703,051
<b>Public Works</b>					
Streets/drainage	2,155,694	2,155,694	2,059,380	96,314	2,373,028
Less, capital outlay	(70,000)	(70,000)	(67,775)	(2,225)	(48,955)
Net public works	2,085,694	2,085,694	1,991,605	94,089	2,324,073
<b>Parks and Recreation</b>					
Recreation administration	321,323	321,323	319,373	1,950	339,559
Athletics	912,202	912,202	857,303	54,899	901,331
Programs	942,237	942,237	1,025,776	(83,539)	854,211
Parks and grounds	2,151,900	2,151,900	2,066,318	85,582	2,117,193
Sports park	237,459	237,459	276,392	(38,933)	222,958
Christmas Village	—	—	—	—	741,954
Total	4,565,121	4,565,121	4,545,162	19,959	5,177,206
Less, capital outlay	(280,700)	(280,700)	(206,378)	(74,322)	(619,449)
Net parks and recreation	4,284,421	4,284,421	4,338,784	(54,363)	4,557,757
<b>Support Services</b>					
Purchasing	143,705	143,705	148,262	(4,557)	145,227
Fleet maintenance	274,010	274,010	277,961	(3,951)	265,882
Custodial services	669,850	669,850	793,972	(124,122)	587,570
Total	1,087,565	1,087,565	1,220,195	(132,630)	998,679
Less, capital outlay	(125,000)	(125,000)	(125,432)	(432)	—
Net support services	962,565	962,565	1,094,763	(132,198)	998,679
<b>Debt Service</b>					
Principal retirement	869,915	869,915	869,915	—	843,370
Interest and fiscal charges	55,588	55,588	65,032	(9,444)	91,577
Agent fees	209,358	209,358	56	209,302	56
Total debt service	1,134,861	1,134,861	935,003	199,858	935,003
<b>Capital Outlay</b>	1,086,291	1,086,291	1,269,998	(183,707)	1,057,921
<b>Total expenditures</b>	<b>28,254,560</b>	<b>28,254,560</b>	<b>29,136,094</b>	<b>(881,534)</b>	<b>28,568,763</b>
Excess (deficiency) of revenue over (under) expenditures	(2,520,000)	(2,520,000)	(3,367,387)	(847,387)	(4,400,771)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2017		2017	Variance Positive (Neg.)	2016
	Budget Original	Budget Final			Actual
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	1,175,000	1,175,000	1,528,826	353,826	1,285,483
From Local (1.5%) Accommodations Tax Fund	2,174,300	2,174,300	2,239,371	65,071	2,258,149
From Local (1%) Hospitality Fee Fund	2,595,700	2,595,700	2,589,019	(6,681)	2,485,783
From Debt Service Fund	—	—	244,500	244,500	125,000
Total transfers in	5,945,000	5,945,000	6,601,716	656,716	6,154,415
Transfers (out):					
To Capital Improvement Fund	(2,225,000)	(2,225,000)	(2,225,000)	—	(1,800,000)
To Street Improvement Fund	(1,000,000)	(1,000,000)	(800,000)	200,000	(375,000)
To Sports and Tourism Park	(150,000)	(150,000)	(150,000)	—	—
To Pension Trust Fund	(50,000)	(50,000)	(49,406)	594	(34,070)
Total Transfers (out)	(3,425,000)	(3,425,000)	(3,224,406)	200,594	(2,209,070)
Total other financing sources (uses)	2,520,000	2,520,000	3,377,310	857,310	3,945,345
<b>Net change in fund balance</b>	—	—	<b>9,923</b>	<b>9,923</b>	<b>(455,426)</b>
Fund balance, beginning of year	11,180,648	11,180,648	11,180,648	—	11,636,074
Fund balance, end of year	\$ 11,180,648	\$ 11,180,648	\$ 11,190,571	\$ 9,923	\$ 11,180,648

**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, 2017

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%
7/01/16	—	\$12,262,581	\$12,262,581	0%	\$19,980,032	61.4%

Note: The City obtains bi-annual valuations for use in the next fiscal year's budget. The next scheduled valuation date is July 1, 2017, for fiscal year 2017-18.

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City' s proportion of the net pension liability	N/A	.059561%	.056177%	.056315%	N/A	N/A	N/A	N/A	N/A	N/A
City' s proportion share of the net pension liability	N/A	\$ 15,107,522	\$ 12,243,757	\$ 10,781,098	\$ 11,673,945	N/A	N/A	N/A	N/A	N/A
City' s covered-payroll (pensionable wages)	\$ 7,743,113	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,642,671	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	198.9%	175.9%	159.2%	175.7%	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%	62.8%	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>

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contributions	\$ 1,098,777	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	\$ 1,098,777	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	N/A	N/A	N/A	N/A	N/A
City's covered payroll (pensionable wages)	\$ 7,743,113	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,513,521	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	14.2%	13.7%	13.4%	12.8%	12.3%	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> 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, 2017

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ —	\$ 7,925	\$ 1,428,194	\$ 1,436,119
Restricted cash and cash equivalent	—	52,230	3,803,105	3,855,335
Receivables, net	889,120	2,773	58,932	950,825
Due from other funds	—	—	233,817	233,817
Prepaid items	—	—	455,000	455,000
<b>Total assets</b>	<b>\$ 889,120</b>	<b>\$ 62,928</b>	<b>\$ 5,979,048</b>	<b>\$ 6,931,096</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts and retainage payable	\$ —	\$ —	\$ 142,111	\$ 142,111
Unearned revenue	—	—	229,800	229,800
Due to other funds	889,120	233,817	1,157,295	2,280,232
<b>Total liabilities</b>	<b>889,120</b>	<b>233,817</b>	<b>1,529,206</b>	<b>2,652,143</b>
Fund balances:				
Non-spendable	—	—	455,000	455,000
Restricted by others	—	—	—	—
Committed by ordinance	—	2,976	3,732,429	3,735,405
Assigned by management	—	—	1,417,420	1,417,420
Unassigned (deficit)	—	(173,865)	(1,155,007)	(1,328,872)
<b>Total fund balances</b>	<b>—</b>	<b>(170,889)</b>	<b>4,449,842</b>	<b>4,278,953</b>
<b>Total liabilities and fund balances</b>	<b>\$ 889,120</b>	<b>\$ 62,928</b>	<b>\$ 5,979,048</b>	<b>\$ 6,931,096</b>

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, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
<b>Revenue</b>				
Property taxes	\$ —	\$ 2,408,501	\$ —	\$ 2,408,501
Special assessments	—	1,472,095	1,029,510	2,501,605
Use of money and property	—	18,667	41,204	59,871
Restricted intergovernmental	5,947,054	—	700,000	6,647,054
Sales and service charges	—	—	2,878,772	2,878,772
Miscellaneous	—	—	265,000	265,000
<b>Total revenue</b>	<b>5,947,054</b>	<b>3,899,263</b>	<b>4,914,486</b>	<b>14,760,803</b>
<b>Expenditures</b>				
Current:				
Finance	—	—	52,750	52,750
Public works	—	—	171,517	171,517
Debt Service	—	3,844,032	2,583,571	6,427,603
Capital outlay	—	—	5,502,676	5,502,676
<b>Total expenditures</b>	<b>—</b>	<b>3,844,032</b>	<b>8,310,514</b>	<b>12,154,546</b>
Excess (deficiency) of revenue over (under) expenditures	5,947,054	55,231	(3,396,028)	2,606,257
<b>Other Financing Sources (Uses)</b>				
Bond issue	—	—	6,342,000	6,342,000
Transfers in	—	—	2,342,770	2,342,770
Transfers (out)	(5,947,054)	(244,500)	(341,615)	(6,533,169)
<b>Total other financing sources (uses)</b>	<b>(5,947,054)</b>	<b>(244,500)</b>	<b>8,343,155</b>	<b>2,151,601</b>
<b>Net change in fund balances</b>	<b>—</b>	<b>(189,269)</b>	<b>4,947,127</b>	<b>4,757,858</b>
Fund balances, beginning of year	—	18,380	(497,285)	(478,905)
Fund balances, end of year	\$ —	\$ (170,889)	\$ 4,449,842	\$ 4,278,953

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, 2017  
(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,018,474	\$ 1,013,064
Equity in pooled cash and cash equivalents	4,845,191	4,453,440
Deposits held by others	2,601	2,601
Receivables:		
Property taxes	1,065,790	1,092,766
Less, allowance for doubtful accounts	(949,303)	(926,515)
Franchise fees	779,146	842,542
Grants	157,028	28,325
Other receivables	667,441	600,780
Due from other governments:		
State of South Carolina	487,826	291,736
Due from other funds:		
Accommodations (2%) Tax Fund	719,221	601,461
Stormwater Fund	581,060	992,212
Local Accommodations (1.5%) Tax Fund	387,651	375,204
Hospitality (1.0%) Fees Fund	307,734	294,567
Beach Renourishment Fund	576,235	—
Aquatic Center Fund	379,423	61,626
Beach Service Fund	757,186	1,927,995
Sports and Tourism Park Fund	398,193	—
Insurance Reserves Fund	285,110	—
Inventories and prepaid items	268,532	433,674
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	229,622	210,847
Drug enforcement account	14,730	25,876
Police seizures held	80,552	64,671
Public safety scholarship fund	8,139	19,980
Total assets	<u>\$ 13,067,582</u>	<u>\$ 12,406,852</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2017</u>	<u>2016</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 661,283	\$ 503,849
Accrued payroll and withholdings payable	314,240	325,639
Due to Sports and Tourism Park Fund	467,191	—
Due to other governments:		
State of SC – abandoned property	3,298	9,195
Deposits and Performance bonds	120,825	113,025
Payable from restricted assets:		
Bail bonds	229,622	209,825
Police seizures held	80,552	64,671
Total liabilities	<u>1,877,011</u>	<u>1,226,204</u>
Fund Balance:		
Non-spendable	268,532	433,674
Restricted by others	22,869	46,878
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	<u>10,506,670</u>	<u>10,307,596</u>
Total fund balance	<u>11,190,571</u>	<u>11,180,648</u>
Total liabilities and fund balance	<u>\$ 13,067,582</u>	<u>\$ 12,406,852</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, 2017  
(With comparative actual amounts for June 30, 2016)

Revenue	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
Current property taxes	\$ 13,150,000	\$ 12,854,768	\$ (295,232)	\$ 12,050,998
Delinquent property taxes:				
Real and personal property	150,000	206,425	56,425	288,482
Penalties	90,000	98,522	8,522	187,351
	240,000	304,947	64,947	475,833
Licenses and permits:				
Business licenses	6,425,000	5,905,979	(519,021)	5,612,612
Business license penalties	40,000	32,450	(7,550)	37,262
Building permits	600,000	596,314	(3,686)	624,571
Inspection fees	4,000	5,480	1,480	6,395
Other permits	15,000	10,770	(4,230)	14,615
Tree bank	—	4,000	4,000	12,700
Franchise fee – electricity	1,570,000	1,613,658	43,658	1,500,548
Franchise fee – cable TV	510,000	568,171	58,171	567,174
Franchise fee – telephone	52,500	83,586	31,086	88,344
Franchise fee – gas	70,000	83,051	13,051	82,926
	9,286,500	8,903,459	(383,041)	8,547,147
Fines and forfeitures:				
Fines	700,000	688,306	(11,694)	746,022
Seizures	5,000	43,989	38,989	4,875
Improper parking	5,000	17,254	12,254	5,164
Victim's assistance	60,000	48,033	(11,967)	51,423
Bail Bondsman Fee	1,000	—	(1,000)	1,844
Less, remittances to State Treasurer	(415,000)	(395,726)	19,274	(435,822)
	356,000	401,856	45,856	373,506
Use of money and property:				
Interest on investments	10,000	—	(10,000)	—
Property rental	200,000	199,010	(990)	195,231
Verizon sites	200,000	—	(200,000)	—
Purchasing card rebate	8,000	11,041	3,041	10,148
	418,000	210,051	(207,949)	205,379
Unrestricted intergovernmental:				
Local government	350,000	314,943	(35,057)	301,025
Homestead exemption tax	175,000	201,112	26,112	179,423
Business inventory tax	36,600	36,650	50	36,648
Accommodations tax	220,000	236,069	16,069	211,799
Admissions tax	92,000	89,173	(2,827)	87,107
Motor carrier tax	18,000	70,662	52,662	44,096
TNC local assessment fee	—	9,431	9,431	1,072
Alcoholic beverage permit fees	215,000	231,650	16,650	168,101
	1,106,600	1,189,690	83,090	1,029,271

— 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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
Federal FEMA	—	377,285	377,285	158,372
State SCEMD	—	52,790	52,790	—
Federal BJA – BVP	—	21,517	21,517	27,356
Federal USDOJ	—	111,989	111,989	—
State misc. funds	10,000	55,630	45,630	28,325
Horry County recreation	41,960	41,960	—	41,960
	<u>51,960</u>	<u>661,171</u>	<u>609,211</u>	<u>256,013</u>
Sales and service charges:				
City codes and ordinances	10,000	9,426	(574)	12,975
Fire protection – contracts	110,000	148,124	38,124	93,576
Street work	6,000	450	(5,550)	10,932
Beach services franchise	95,000	105,250	10,250	121,000
Parking lot	10,000	25,951	15,951	12,699
Recreation fees	150,500	151,942	1,442	158,005
GIS Data	1,500	—	(1,500)	—
NMB Park sponsorships, rentals and concessions, net	655,500	669,446	13,946	582,036
Christmas Village fees	—	—	—	74,763
Credit Card service charge	7,000	8,097	1,097	9,427
Memorial	—	—	—	—
Miscellaneous	40,000	38,902	(1,098)	64,876
	<u>1,085,500</u>	<u>1,157,588</u>	<u>72,088</u>	<u>1,140,289</u>
Miscellaneous:				
Insurance reimbursements	25,000	38,384	13,384	38,794
Forfeitures – 401	—	28,571	28,571	—
Grants from private entities	15,000	16,213	1,213	50,745
Canine program donations	—	2,000	2,000	—
PS Scholarship Fund donation	—	9	9	17
	<u>40,000</u>	<u>85,177</u>	<u>45,177</u>	<u>89,556</u>
<b>Total revenue</b>	<b><u>25,734,560</u></b>	<b><u>25,768,707</u></b>	<b><u>34,147</u></b>	<b><u>24,167,992</u></b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General Services:				
Personal services	281,000	354,751	(73,751)	398,060
Operating expenditures	1,278,250	1,366,047	(87,797)	1,191,420
Less, overhead allocation – utility	(701,663)	(773,311)	71,648	(715,266)
	<u>857,587</u>	<u>947,487</u>	<u>(89,900)</u>	<u>874,214</u>
Legislative:				
Personal services	337,846	346,685	(8,839)	288,716
Operating expenditures	55,600	48,837	6,763	52,674
Less, overhead allocation – utility	(196,723)	(197,761)	1,038	(170,695)
	<u>196,723</u>	<u>197,761</u>	<u>(1,038)</u>	<u>170,695</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)	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	276,463	271,094	5,369	275,224
Operating expenditures	166,750	73,186	93,564	56,980
Less, overhead allocation – utility	(221,606)	(172,140)	(49,466)	(166,102)
	<u>221,607</u>	<u>172,140</u>	<u>49,467</u>	<u>166,102</u>
City Court:				
Personal services	443,306	449,773	(6,467)	442,880
Operating expenditures	51,425	49,165	2,260	44,106
Capital expenditures	5,000	—	5,000	—
	<u>499,731</u>	<u>498,938</u>	<u>793</u>	<u>486,986</u>
Legal:				
Personal services	238,094	264,057	(25,963)	247,972
Operating expenditures	204,225	298,983	(94,758)	228,064
Capital expenditures	—	10,448	(10,448)	—
Less, overhead allocation – utility	(221,159)	(286,744)	65,585	(238,018)
	<u>221,160</u>	<u>286,744</u>	<u>(65,584)</u>	<u>238,018</u>
Human Resources:				
Personal services	827,073	886,970	(59,897)	832,749
Operating expenditures	91,500	89,384	2,116	84,002
Capital expenditures	—	—	—	6,197
Less, overhead allocation – utility	(440,916)	(468,650)	27,734	(443,015)
	<u>477,657</u>	<u>507,704</u>	<u>(30,047)</u>	<u>479,933</u>
Total general government administration	2,474,465	2,610,774	(136,309)	2,415,948
Less, total capital outlay	(5,000)	(10,448)	(5,448)	(6,197)
<b>Net general government administration</b>	<u>2,469,465</u>	<u>2,600,326</u>	<u>(130,861)</u>	<u>2,409,751</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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Finance</b>				
Accounting:				
Personal services	637,513	562,956	74,557	604,194
Operating expenditures	169,150	178,581	(9,431)	167,058
Capital expenditures	40,000	22,152	17,848	—
Less, overhead allocation – utility	(533,398)	(481,304)	(52,094)	(485,889)
	<u>313,265</u>	<u>282,385</u>	<u>30,880</u>	<u>285,363</u>
Revenue:				
Personal services	472,179	476,999	(4,820)	446,684
Operating expenditures	48,265	58,611	(10,346)	40,846
Capital expenditures	—	—	—	—
	<u>520,444</u>	<u>535,610</u>	<u>(15,166)</u>	<u>487,530</u>
Total finance	833,709	817,995	15,714	772,893
Less, total capital outlay	(40,000)	(22,152)	(17,848)	—
<b>Net finance</b>	<u>793,709</u>	<u>795,843</u>	<u>(2,134)</u>	<u>772,893</u>
<b>Information Services</b>				
Personal services	719,367	660,712	58,655	646,087
Operating services	280,317	284,387	(4,070)	281,203
Capital expenditures	143,975	155,540	(11,565)	166,222
Less, overhead allocation – utility	(680,338)	(612,780)	(67,558)	(719,782)
	<u>463,321</u>	<u>487,859</u>	<u>(24,538)</u>	<u>373,730</u>
Total information services	463,321	487,859	(24,538)	373,730
Less, total capital outlay	(143,975)	(155,540)	(11,565)	(166,222)
<b>Net information services</b>	<u>319,346</u>	<u>332,319</u>	<u>(12,973)</u>	<u>207,508</u>
<b>Public Safety</b>				
Administrative:				
Personal services	626,191	640,548	(14,357)	542,593
Operating expenditures	18,600	72,897	(54,297)	74,754
Capital expenditures	—	21,116	(21,116)	31,918
	<u>644,791</u>	<u>734,561</u>	<u>(89,770)</u>	<u>649,265</u>
Uniform patrol:				
Personal services	4,383,409	4,328,735	54,674	4,326,892
Operating expenditures	611,147	705,027	(93,880)	1,000,919
Capital expenditures	304,785	462,576	(157,791)	14,516
Less, total capital outlay	—	(10,924)	10,924	—
	<u>5,299,341</u>	<u>5,485,414</u>	<u>(186,073)</u>	<u>5,342,327</u>
Community services:				
Personal services	653,650	748,226	(94,576)	634,050
Operating expenditures	178,020	189,809	(11,789)	192,906
Capital expenditures	25,000	67,011	(42,011)	—
	<u>856,670</u>	<u>1,005,046</u>	<u>(148,376)</u>	<u>826,956</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>Public Safety (Cont.)</b>				
Detectives:				
Personal services	926,783	926,175	608	926,914
Operating expenditures	92,496	82,871	9,625	85,416
Capital expenditures	25,000	30,225	(5,225)	8,528
	<u>1,044,279</u>	<u>1,039,271</u>	<u>5,008</u>	<u>1,020,858</u>
Communications/Detention:				
Personal services	1,153,021	1,215,651	(62,630)	1,136,820
Operating expenditures	111,423	111,809	(386)	127,407
Capital expenditures	47,336	25,079	22,257	15,887
Less, overhead allocation – utility	(104,942)	(108,203)	3,261	(102,409)
	<u>1,206,838</u>	<u>1,244,336</u>	<u>(37,498)</u>	<u>1,177,705</u>
Records:				
Personal services	259,128	279,160	(20,032)	243,039
Operating expenditures	35,360	27,322	8,038	32,309
Capital expenditures	—	10,978	(10,978)	56,859
	<u>294,488</u>	<u>317,460</u>	<u>(22,972)</u>	<u>332,207</u>
Victim’s Assistance:				
Personal services	75,773	74,280	1,493	74,098
Operating expenditures	7,980	2,724	5,256	2,373
	<u>83,753</u>	<u>77,004</u>	<u>6,749</u>	<u>76,471</u>
Police Training:				
Personal services	285,825	331,292	(45,467)	226,701
Operating expenditures	17,225	38,458	(21,233)	31,692
Capital expenditures	—	—	—	—
	<u>303,050</u>	<u>369,750</u>	<u>(66,700)</u>	<u>258,393</u>
Fire Suppression/Rescue:				
Personal services	3,439,246	3,591,548	(152,302)	3,400,897
Operating expenditures	295,772	490,458	(194,686)	347,720
Capital expenditures	—	45,440	(45,440)	40,520
Less, overhead allocation – utility	—	(3,656)	3,656	—
	<u>3,735,018</u>	<u>4,123,790</u>	<u>(388,772)</u>	<u>3,789,137</u>
Fire Prevention/Inspection:				
Personal services	294,227	302,434	(8,207)	267,693
Operating expenditures	26,994	33,491	(6,497)	29,343
Capital expenditures	19,495	19,848	(353)	—
	<u>340,716</u>	<u>355,773</u>	<u>(15,057)</u>	<u>297,036</u>
Total Public Safety	13,808,944	14,752,405	(943,461)	13,770,355
Less, total capital outlay	(421,616)	(682,273)	(260,657)	(168,228)
<b>Net public safety</b>	<u>13,387,328</u>	<u>14,070,132</u>	<u>(682,804)</u>	<u>13,602,127</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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/Zoning Administration:				
Personal services	873,035	845,394	27,641	844,327
Operating expenditures	70,900	113,737	(42,837)	110,311
Capital expenditures	—	—	—	—
	<u>943,935</u>	<u>959,131</u>	<u>(15,196)</u>	<u>954,638</u>
Code Enforcement – Building:				
Personal services	740,113	737,780	2,333	736,710
Operating expenditures	88,250	49,788	38,462	53,665
Capital expenditures	—	—	—	48,870
Less, overhead allocation – utility	(41,418)	(39,378)	(2,040)	(41,962)
	<u>786,945</u>	<u>748,190</u>	<u>38,755</u>	<u>797,283</u>
Total Planning/Development	1,730,880	1,707,321	23,559	1,751,921
Less, total capital outlay	—	—	—	(48,870)
<b>Net planning/development</b>	<u>1,730,880</u>	<u>1,707,321</u>	<u>23,559</u>	<u>1,703,051</u>
<b>Public Works</b>				
Streets/Drainage:				
Personal services	1,388,048	1,345,453	42,595	1,371,232
Operating expenditures	1,270,500	1,070,778	199,722	1,268,621
Capital expenditures	70,000	67,775	2,225	48,955
Less, overhead allocation – utility	(572,854)	(424,626)	(148,228)	(315,780)
	<u>2,155,694</u>	<u>2,059,380</u>	<u>96,314</u>	<u>2,373,028</u>
Total Public Works	2,155,694	2,059,380	96,314	2,373,028
Less, total capital outlay	(70,000)	(67,775)	(2,225)	(48,955)
<b>Net public works</b>	<u>2,085,694</u>	<u>1,991,605</u>	<u>94,089</u>	<u>2,324,073</u>
<b>Parks and Recreation</b>				
Recreation Administration:				
Personal services	447,033	456,670	(9,637)	390,838
Operating expenditures	88,506	75,619	12,887	94,246
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(214,216)	(212,916)	(1,300)	(145,525)
	<u>321,323</u>	<u>319,373</u>	<u>1,950</u>	<u>339,559</u>
Athletics:				
Personal services	514,352	433,555	80,797	477,838
Operating expenditures	335,350	348,008	(12,658)	348,404
Capital expenditures	62,500	75,740	(13,240)	75,089
	<u>912,202</u>	<u>857,303</u>	<u>54,899</u>	<u>901,331</u>
Programs:				
Personal services	345,352	367,985	(22,633)	296,362
Operating expenditures	596,885	657,791	(60,906)	557,849
	<u>942,237</u>	<u>1,025,776</u>	<u>(83,539)</u>	<u>854,211</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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Parks and Recreation (continued)</b>				
Parks and Grounds:				
Personal services	1,254,185	1,303,210	(49,025)	1,256,144
Operating expenditures	737,015	706,316	30,699	716,945
Capital expenditures	210,700	130,638	80,062	174,493
Less, overhead allocation – utility	(50,000)	(73,846)	23,846	(30,389)
	<u>2,151,900</u>	<u>2,066,318</u>	<u>85,582</u>	<u>2,117,193</u>
Sports Park:				
Personal services	107,259	110,133	(2,874)	72,191
Operating expenditures	122,700	166,259	(43,559)	150,767
Capital outlay	7,500	—	7,500	—
	<u>237,459</u>	<u>276,392</u>	<u>(38,933)</u>	<u>222,958</u>
Christmas Village:				
Personal services	—	—	—	144
Operating expenditures	—	—	—	371,943
Capital outlay	—	—	—	369,867
	<u>—</u>	<u>—</u>	<u>—</u>	<u>741,954</u>
Total Parks and Recreation	4,565,121	4,545,162	19,959	5,177,206
Less, total capital outlay	(280,700)	(206,378)	(74,322)	(619,449)
<b>Net parks and recreation</b>	<u>4,284,421</u>	<u>4,338,784</u>	<u>(54,363)</u>	<u>4,557,757</u>
<b>Support Services</b>				
Purchasing:				
Personal services	315,105	314,541	564	314,529
Operating expenditures	27,050	38,464	(11,414)	31,251
Less, overhead allocation – utility	(198,450)	(204,743)	6,293	(200,553)
	<u>143,705</u>	<u>148,262</u>	<u>(4,557)</u>	<u>145,227</u>
Fleet management:				
Personal services	387,633	383,726	3,907	385,301
Operating expenditures	69,050	72,058	(3,008)	57,835
Capital outlay	—	7,485	(7,485)	—
Less, overhead allocation – utility	(182,673)	(185,308)	2,635	(177,254)
	<u>274,010</u>	<u>277,961</u>	<u>(3,951)</u>	<u>265,882</u>
Custodial Services:				
Personnel services	477,040	481,111	(4,071)	423,790
Operating expenses	428,500	614,953	(186,453)	480,164
Capital outlay	125,000	125,432	(432)	—
Less, overhead allocation – utility	(360,690)	(427,524)	66,834	(316,384)
	<u>669,850</u>	<u>793,972</u>	<u>(124,122)</u>	<u>587,570</u>
Total Support Services	1,087,565	1,220,195	(132,630)	998,679
Less, total capital outlay	(125,000)	(125,432)	(432)	—
<b>Net support services</b>	<u>962,565</u>	<u>1,094,763</u>	<u>(132,198)</u>	<u>998,679</u>
<b>Total Departmental Expenditures (net)</b>	<u>26,033,408</u>	<u>26,931,093</u>	<u>(897,685)</u>	<u>26,575,839</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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Debt Service</b>				
Principal retirement	869,915	869,915	—	843,370
Interest and fiscal charges	55,588	65,032	(9,444)	91,577
Agent fees	209,358	56	209,302	56
<b>Total debt service</b>	<b>1,134,861</b>	<b>935,003</b>	<b>199,858</b>	<b>935,003</b>
Capital Outlay	1,086,291	1,269,998	(183,707)	1,057,921
<b>Total expenditures</b>	<b>28,254,560</b>	<b>29,136,094</b>	<b>(881,534)</b>	<b>28,568,763</b>
Excess (deficiency) of revenue over (under) expenditures	(2,520,000)	(3,367,387)	(847,387)	(4,400,771)
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	1,175,000	1,528,826	353,826	1,285,483
From Local (1.5%) Accommodations Tax Fund	2,174,300	2,239,371	65,071	2,258,149
From Local (1%) Hospitality Fee Fund	2,595,700	2,589,019	(6,681)	2,485,783
From Debt Service Fund	—	244,500	244,500	125,000
<b>Total transfers in:</b>	<b>5,945,000</b>	<b>6,601,716</b>	<b>656,716</b>	<b>6,154,415</b>
Transfers (out):				
To Capital Improvement Fund	(2,225,000)	(2,225,000)	—	(1,800,000)
To Street Improvement Fund	(1,000,000)	(800,000)	200,000	(375,000)
To Sports and Tourism Park	(150,000)	(150,000)	—	—
To Pension Trust Fund	(50,000)	(49,406)	594	(34,070)
<b>Total transfers (out)</b>	<b>(3,425,000)</b>	<b>(3,224,406)</b>	<b>200,594</b>	<b>(2,209,070)</b>
<b>Total other financing sources (uses)</b>	<b>2,520,000</b>	<b>3,377,310</b>	<b>857,310</b>	<b>3,945,345</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>9,923</b>	<b>9,923</b>	<b>(455,426)</b>
Fund balance, beginning of year	11,180,648	11,180,648	—	11,636,074
Fund balance, end of year	<u>\$ 11,180,648</u>	<u>\$ 11,190,571</u>	<u>\$ 9,923</u>	<u>\$ 11,180,648</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, 2017

	Major Fund	Non-Major Funds		
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	Totals
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables, net	—	581,386	307,734	889,120
Due from other governments	1,252,960	—	—	—
Total assets	<u>\$ 1,252,960</u>	<u>\$ 581,386</u>	<u>\$ 307,734</u>	<u>\$ 889,120</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 533,446	\$ —	\$ —	\$ —
Due to other funds	719,221	581,386	307,734	889,120
Total liabilities	<u>1,252,667</u>	<u>581,386</u>	<u>307,734</u>	<u>889,120</u>
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	293	—	—	—
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	<u>293</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,252,960</u>	<u>\$ 581,386</u>	<u>\$ 307,734</u>	<u>\$ 889,120</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, 2017

	Major Fund	Non-Major Funds		
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	Totals
<b>Revenue</b>				
Use of money and property	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental	4,010,315	3,358,035	2,589,019	5,947,054
<b>Total revenue</b>	<b>4,010,315</b>	<b>3,358,035</b>	<b>2,589,019</b>	<b>5,947,054</b>
<b>Expenditures</b>				
Current:				
Parks and recreation – tourism related	1,799,115	—	—	—
<b>Total expenditures</b>	<b>1,799,115</b>	<b>—</b>	<b>—</b>	<b>—</b>
Excess (deficiency) of revenue over (under) expenditures	2,211,200	3,358,035	2,589,019	5,947,054
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(2,211,258)	(3,358,035)	(2,589,019)	(5,947,054)
Total other financing sources (uses)	(2,211,258)	(3,358,035)	(2,589,019)	(5,947,054)
<b>Net change in fund balances</b>	<b>(58)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Fund balances, beginning of year	351	—	—	—
Fund balances, end of year	\$ 293	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Due from other governments	\$ 1,252,960	\$ 1,090,346
Total assets	<u>\$ 1,252,960</u>	<u>\$ 1,090,346</u>
 <b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 533,446	\$ 488,534
Due to General Fund	719,221	601,461
Total liabilities	<u>1,252,667</u>	<u>1,089,995</u>
 Fund balance:		
Restricted by others	<u>293</u>	<u>351</u>
Total liabilities and fund balance	<u>\$ 1,252,960</u>	<u>\$ 1,090,346</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, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental:				
State A-tax revenue	3,723,250	4,010,315	287,065	3,549,183
<b>Total revenue</b>	<b>3,723,250</b>	<b>4,010,315</b>	<b>287,065</b>	<b>3,549,183</b>
<b>Expenditures</b>				
Parks and recreation:				
30% advertising allocation	1,174,500	1,266,415	(91,915)	1,120,795
North Myrtle Beach Chamber	521,255	521,255	—	519,187
Services to other agencies	14,657	11,445	3,212	13,166
<b>Total expenditures</b>	<b>1,710,412</b>	<b>1,799,115</b>	<b>(88,703)</b>	<b>1,653,148</b>
Excess of revenue over expenditures	2,012,838	2,211,200	(198,362)	1,896,035
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(1,175,000)	(1,528,826)	(353,826)	(1,285,483)
Street Improvement Fund	(88,000)	(88,000)	—	(63,340)
Beach Renourishment Fund	(27,900)	(27,900)	—	(17,035)
Stormwater Drainage Fund	(89,870)	(89,870)	—	(58,357)
Solid Waste Fund	(298,357)	(231,819)	66,538	(290,833)
Park Improvement Fund	(91,288)	—	91,288	(97,252)
Beach Services Fund	(244,843)	(244,843)	—	(112,847)
Total other financing sources (uses)	(2,015,258)	(2,211,258)	(196,000)	(1,925,147)
<b>Net change in fund balance</b>	<b>(2,420)</b>	<b>(58)</b>	<b>2,362</b>	<b>(29,112)</b>
Fund balance, beginning of year	351	351	—	29,463
Fund balance, end of year	\$ (2,069)	\$ 293	\$ 2,362	\$ 351

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	581,386	562,680
Total assets	<u>\$ 581,386</u>	<u>\$ 562,680</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ —
Due to General Fund	387,651	375,204
Due to Beach Services Fund	193,735	187,476
Total liabilities	<u>581,386</u>	<u>562,680</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 581,386</u>	<u>\$ 562,680</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, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Local A-tax revenue	3,255,200	3,355,992	100,792	\$ 3,098,791
Penalties	6,000	2,043	(3,957)	4,289
<b>Total revenue</b>	<b>3,261,200</b>	<b>3,358,035</b>	<b>96,835</b>	<b>3,103,080</b>
Excess of revenue over expenditures	3,261,200	3,358,035	96,835	3,103,080
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(2,174,300)	(2,239,371)	(65,071)	(2,258,150)
Beach Services Fund	(593,151)	(624,915)	(31,764)	(399,013)
Aquatic Center Fund	(493,749)	(493,749)	—	(445,917)
<b>Total other financing sources (uses)</b>	<b>(3,261,200)</b>	<b>(3,358,035)</b>	<b>(96,835)</b>	<b>(3,103,080)</b>
<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, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	307,734	294,567
Total assets	<u>\$ 307,734</u>	<u>\$ 294,567</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ —
Due to General Fund	307,734	294,567
Total liabilities	<u>307,734</u>	<u>294,567</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 307,734</u>	<u>\$ 294,567</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, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitality fees	2,592,700	2,586,447	(6,253)	\$ 2,482,949
Penalties	3,000	2,572	(428)	2,834
<b>Total revenue</b>	<b>2,595,700</b>	<b>2,589,019</b>	<b>(6,681)</b>	<b>2,485,783</b>
Excess of revenue over expenditures	2,595,700	2,589,019	(6,681)	2,485,783
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	(2,595,700)	(2,589,019)	6,681	(2,485,783)
<b>Total other financing sources (uses)</b>	<b>(2,595,700)</b>	<b>(2,589,019)</b>	<b>6,681</b>	<b>(2,485,783)</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH

## DEBT SERVICE FUNDS

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

**Park Bonds:**

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

**Cherry Grove Municipal  
Improvement District Bonds:**

To account for financial resources to be used for payment of special assessment bonds of Cherry Grove Municipal Improvement District Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 203	\$ 8,815
Receivables, net	2,773	9,565
Total assets	<u>\$ 2,976</u>	<u>\$ 18,380</u>
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Committed by ordinance	<u>\$ 2,976</u>	<u>\$ 18,380</u>
Total liabilities and fund balance	<u>\$ 2,976</u>	<u>\$ 18,380</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, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Property taxes:				
Current	\$ 2,220,000	\$ 2,408,501	\$ 188,501	\$ 2,256,886
Delinquent and penalties	—	—	—	—
Use of money and property:				
Interest on investments	—	18,345	18,345	—
<b>Total revenue</b>	<b>2,220,000</b>	<b>2,426,846</b>	<b>206,846</b>	<b>2,256,886</b>
<b>Expenditures</b>				
Debt Service:				
Principal	1,955,000	1,955,000	—	1,900,000
Interest	242,000	242,200	(200)	318,200
Fiscal agent fees	—	550	(550)	550
<b>Total expenditures</b>	<b>2,197,000</b>	<b>2,197,750</b>	<b>(750)</b>	<b>2,218,750</b>
Excess of revenue over expenditures	23,000	229,096	206,095	38,136
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	—	(244,500)	(244,500)	(125,000)
	—	(244,500)	(244,500)	(125,000)
<b>Net change in fund balance</b>	<b>23,000</b>	<b>(15,404)</b>	<b>(38,404)</b>	<b>(86,864)</b>
Fund balance, beginning of year	18,380	18,380	—	105,244
Fund balance, end of year	\$ 41,380	\$ 2,976	\$ (38,404)	\$ 18,380

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT BONDS  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 7,722	\$ —
Restricted cash and cash equivalents:		
Revenue funds	3,064	—
Prepayment accounts	49,166	—
Receivables – special assessments	21,600	—
Less, allowance for doubtful accounts	(21,600)	—
Total assets	<u>\$ 59,952</u>	<u>\$ —</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Due to Cherry Grove Capital Projects Fund	\$ 233,817	—
Fund Balance:		
Committed by ordinance	—	—
Unassigned (deficit)	(173,865)	—
Total liabilities and fund balance	<u>\$ 59,952</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT BONDS  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Special assessments:				
Current	\$ —	\$ 1,321,248	\$ 1,321,248	\$ —
Delinquent and penalties	—	4,608	4,608	—
Pre-issuance assessments	—	146,239	146,239	—
Use of money and property:				
Interest on investments	—	322	322	—
<b>Total revenue</b>	<b>—</b>	<b>1,472,417</b>	<b>1,472,417</b>	<b>—</b>
<b>Expenditures</b>				
Debt Service:				
Principal	—	1,583,000	(1,583,000)	—
Interest	135,746	59,259	76,487	—
Fiscal agent fees	40,000	4,023	(35,977)	—
<b>Total expenditures</b>	<b>175,746</b>	<b>1,646,282</b>	<b>(1,470,536)</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>(175,746)</b>	<b>(173,865)</b>	<b>1,881</b>	<b>—</b>
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ (175,746)	\$ (173,865)	\$ 1,881	—

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.
<b>Cherry Grove Dredge Fund:</b>	To account for revenues and expenditures associated with the City's Cherry Grove canal dredging project.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	Major Fund	Non-Major Funds						Totals
	Street Improvement	Capital Improvement	Beach Renourishment	Park Development	Stormwater Drainage	Cherry Grove Dredge		
<b>Assets</b>								
Equity in pooled cash and cash equivalents	\$ 3,046,182	\$ 1,429,072	\$ —	\$ 82	\$ —	\$ (960)	\$ 1,428,194	
Restricted – cash and cash equivalents	—	—	—	—	—	3,803,105	3,803,105	
Receivables, net	193,558	76	—	—	58,856	—	58,932	
Due from other governments	1,216,140	—	—	—	—	—	—	
Due from other funds	—	—	—	—	—	233,817	233,817	
Prepaid items	—	—	455,000	—	—	—	455,000	
<b>Total assets</b>	<b>\$ 4,455,880</b>	<b>\$ 1,429,148</b>	<b>\$ 455,000</b>	<b>\$ 82</b>	<b>\$ 58,856</b>	<b>\$ 4,035,962</b>	<b>\$ 5,979,048</b>	
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 207,244	\$ 11,728	\$ 18,518	\$ 82	\$ 38,050	\$ 1	\$ 68,379	
Retainage payable	592,593	—	—	—	—	73,732	73,732	
Unearned revenue	—	—	—	—	—	229,800	229,800	
Due to other funds	—	—	576,235	—	581,060	—	1,157,295	
<b>Total liabilities</b>	<b>799,837</b>	<b>11,728</b>	<b>594,753</b>	<b>82</b>	<b>619,110</b>	<b>303,533</b>	<b>1,529,206</b>	
<b>Fund balances:</b>								
Non-spendable	—	—	455,000	—	—	—	455,000	
Restricted by others	—	—	—	—	—	—	—	
Committed by ordinance	3,656,043	—	—	—	—	3,732,429	3,732,429	
Assigned by management	—	1,417,420	—	—	—	—	1,417,420	
Unassigned (deficit)	—	—	(594,753)	—	(560,254)	—	(1,155,007)	
<b>Total fund balances</b>	<b>3,656,043</b>	<b>1,417,420</b>	<b>(139,753)</b>	<b>—</b>	<b>(560,254)</b>	<b>3,732,429</b>	<b>4,449,842</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 4,455,880</b>	<b>\$ 1,429,148</b>	<b>\$ 455,000</b>	<b>\$ 82</b>	<b>\$ 58,856</b>	<b>\$ 4,035,962</b>	<b>\$ 5,979,048</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, 2017

	Major Street Improvement	Non-Major				Totals
		Capital Improvement	Beach Renourishment	Park Development	Stormwater Drainage	
<b>Revenue</b>						
Use of money and property	\$ —	\$ 17,820	\$ —	\$ —	\$ 23,384	\$ 41,204
Restricted intergovernmental	6,346,384	—	—	700,000	—	700,000
Sales and service charges	—	17,520	—	2,861,252	—	2,878,772
Special assessment	—	—	—	—	1,029,510	1,029,510
Miscellaneous	1,123,947	—	—	265,000	—	265,000
<b>Total revenue</b>	<b>7,470,331</b>	<b>35,340</b>	<b>—</b>	<b>265,000</b>	<b>1,052,894</b>	<b>4,914,486</b>
<b>Expenditures</b>						
Current:						
Finance	—	—	—	—	—	52,750
Public works	—	—	—	—	—	171,517
Capital outlay:						
General government administration	—	220,511	—	—	—	220,511
Public safety	—	736,580	—	—	—	736,580
Public works	6,615,294	—	425,762	—	484,399	4,500,645
Parks and recreation	—	44,940	—	—	—	44,940
Debt service	—	—	—	—	2,511,590	71,981
<b>Total expenditures</b>	<b>6,615,294</b>	<b>1,002,031</b>	<b>425,762</b>	<b>—</b>	<b>3,220,256</b>	<b>2,583,571</b>
Excess (deficiency) of revenue over (under) expenditures	855,037	(966,691)	(425,762)	265,000	340,996	(2,609,571)
<b>Other Financing Sources (Uses)</b>						
Bond issue	—	—	—	—	—	6,342,000
Transfers in	888,000	2,225,000	27,900	—	89,870	2,342,770
Transfers (out)	—	—	—	(341,615)	—	(341,615)
Total other financing sources (uses)	888,000	2,225,000	27,900	(341,615)	89,870	8,343,155
<b>Net change in fund balances</b>	<b>1,743,037</b>	<b>1,258,309</b>	<b>(397,862)</b>	<b>(76,615)</b>	<b>430,866</b>	<b>3,732,429</b>
Fund balances, beginning of year	1,913,006	159,111	258,109	76,615	(991,120)	(497,285)
Fund balances, end of year	\$ 3,656,043	\$ 1,417,420	\$ (139,753)	\$ —	\$ (560,254)	\$ 4,449,842

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 1,429,072	\$ 196,137
Receivables, net	76	1,717
Total assets	<u>\$ 1,429,148</u>	<u>\$ 197,854</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 11,728	\$ 38,743
Total liabilities	<u>11,728</u>	<u>38,743</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,417,420	159,111
Unassigned	—	—
Total fund balance	<u>1,417,420</u>	<u>159,111</u>
Total liabilities and fund balance	<u>\$ 1,429,148</u>	<u>\$ 197,854</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, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 178	\$ 178	\$ —
Surplus sales	25,000	17,642	(7,358)	15,853
Sales and services:				
Development fees	—	17,520	17,520	20,610
<b>Total revenue</b>	<b>25,000</b>	<b>35,340</b>	<b>10,340</b>	<b>36,463</b>
<b>Expenditures</b>				
Capital outlay –				
General government administration:				
Professional services	—	70,000	(70,000)	—
IT projects	250,000	150,511	99,489	260,506
Public safety:				
Fire truck	575,000	688,493	(113,493)	608,926
Fire rescue equipment	—	48,087	(48,087)	28,455
Vehicles	—	—	—	242,509
Public works:				
Cherry Grove dredging	—	—	—	406,708
Parks and recreation:				
Park renovations/improvements	375,000	—	375,000	—
Main St bathrooms/stage	—	8,544	(8,544)	377,927
53 <sup>rd</sup> Ave N kayak ramp	—	33,971	(33,971)	39,053
Sports park buildings	—	2,425	(2,425)	—
Contingency	700,000	—	700,000	—
<b>Total expenditures</b>	<b>1,900,000</b>	<b>1,002,031</b>	<b>897,969</b>	<b>1,964,084</b>
Excess (deficiency) of revenue over (under) expenditures	(1,875,000)	(966,691)	908,309	(1,927,621)
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	2,225,000	2,225,000	—	1,800,000
Transfers (out) – Cherry Grove Municipal Improvement District Fund	(800,000)	—	800,000	—
<b>Total other financing sources</b>	<b>1,425,000</b>	<b>2,225,000</b>	<b>800,000</b>	<b>1,800,000</b>
<b>Net change in fund balance</b>	<b>(450,000)</b>	<b>1,258,309</b>	<b>1,708,309</b>	<b>(127,621)</b>
Fund balance, beginning of year	159,111	159,111	—	286,732
Fund balance, end of year	\$ (290,889)	\$ 1,417,420	\$ 1,708,309	\$ 159,111

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 3,046,182	\$ 952,848
Receivables, net	193,558	172,576
Due from other governments	<u>1,216,140</u>	<u>1,041,883</u>
Total assets	<u>\$ 4,455,880</u>	<u>\$ 2,167,307</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 207,244	\$ 254,301
Retainage payable	<u>592,593</u>	<u>—</u>
Total liabilities	<u>799,837</u>	<u>254,301</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	3,656,043	1,913,006
Unassigned	<u>—</u>	<u>—</u>
Total fund balance	<u>3,656,043</u>	<u>1,913,006</u>
Total liabilities and fund balance	<u>\$ 4,455,880</u>	<u>\$ 2,167,307</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, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental:				
Federal Grants – NOAA OCRM	125,000	—	(125,000)	—
State Grants – SCDOT/C Fund	1,775,000	868,504	(906,496)	292,315
Local Grant – Horry Cty Road Fee	916,000	769,217	(146,783)	714,452
Other Grants – Santee Cooper/HTC	2,700,000	4,708,663	2,008,663	914,729
Misc – underground utilities:				
Grants from developers	2,570,000	1,123,947	(1,446,053)	111,058
<b>Total revenue</b>	<b>8,086,000</b>	<b>7,470,331</b>	<b>(615,669)</b>	<b>2,032,554</b>
<b>Expenditures</b>				
Capital outlay –				
Public works:				
Beach access H/C – OCRM grant	300,000	—	300,000	77,341
Sidewalks	150,000	104,672	45,328	60,712
Land	—	101,219	(101,219)	—
Road intersection improvements	250,000	2,000	248,000	—
Paving/road resurfacing	1,800,000	939,608	860,392	602,417
11 <sup>th</sup> Ave N widening	2,520,000	14,456	2,505,544	95,787
Underground utilities	3,000,000	3,007,742	(7,742)	1,370,775
Barefoot Bridge painting	80,000	77,500	2,500	72,500
Coastal Town intersection	215,000	215,000	—	215,000
Street sweeper	—	—	—	233,824
Edith Lane Land (sign)	—	—	—	30,000
Main Street street end	—	—	—	464,592
Crescent Beach road widening	750,000	115,982	634,018	304,687
East Coast Greenway – Water Tower Rd	500,000	261,923	238,077	13,685
Ocean Blvd – Sea Mountain Hwy	—	1,775,192	(1,775,192)	134,438
Contingencies	300,000	—	300,000	—
<b>Total expenditures</b>	<b>9,865,000</b>	<b>6,615,294</b>	<b>3,249,706</b>	<b>3,675,758</b>
Excess (deficiency) of revenue over (under) expenditures	(1,779,000)	855,037	2,634,037	(1,643,204)
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,000,000	800,000	(200,000)	375,000
Transfers in – Accommodation (2%) Tax Fund	88,000	88,000	—	63,340
Transfers in – Water and Sewer Utility Fund	—	—	—	150,208
<b>Total other financing sources (uses)</b>	<b>1,088,000</b>	<b>888,000</b>	<b>(200,000)</b>	<b>588,548</b>
<b>Net change in fund balance</b>	<b>(691,000)</b>	<b>1,743,037</b>	<b>2,434,037</b>	<b>(1,054,656)</b>
Fund balance, beginning of year	1,913,006	1,913,006	—	2,967,662
Fund balance, end of year	\$ 1,222,006	\$ 3,656,043	\$ 2,434,037	\$ 1,913,006

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 265,417
Prepaid items	455,000	—
Total assets	<u>\$ 455,000</u>	<u>\$ 265,417</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 18,518	\$ 7,308
Due to General Fund	576,235	—
Total liabilities	<u>594,753</u>	<u>7,308</u>
Fund Balance:		
Non-spendable	455,000	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	258,109
Unassigned (deficit)	(594,753)	—
Total fund balance (deficit)	<u>(139,753)</u>	<u>258,109</u>
Total liabilities and fund balance	<u>\$ 455,000</u>	<u>\$ 265,417</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, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	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	35,000	243,926	(208,926)	—
Professional services	40,000	181,836	(141,836)	70,743
<b>Total expenditures</b>	<u>75,000</u>	<u>425,762</u>	<u>(350,762)</u>	<u>70,743</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(75,000)</u>	<u>(425,762)</u>	<u>(350,762)</u>	<u>(70,743)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – Accommodations (2% )Tax Fund	27,900	27,900	—	17,035
<b>Total other financing sources</b>	<u>27,900</u>	<u>27,900</u>	<u>—</u>	<u>17,035</u>
<b>Net change in fund balance</b>	<b>(47,100)</b>	<b>(397,862)</b>	<b>(350,762)</b>	<b>(53,708)</b>
Fund balance, beginning of year	258,109	258,109	—	311,817
Fund balance, end of year	<u>\$ 211,009</u>	<u>\$ (139,753)</u>	<u>\$ (350,762)</u>	<u>\$ 258,109</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 82	\$ 75,586
Receivables, net	—	15,534
Total assets	<u>\$ 82</u>	<u>\$ 91,120</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 82	\$ 4,505
Security deposit	—	10,000
Total liabilities	<u>82</u>	<u>14,505</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	76,615
Unassigned	—	—
Total fund balance	<u>—</u>	<u>76,615</u>
Total liabilities and fund balance	<u>\$ 82</u>	<u>\$ 91,120</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, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental				
State Grants – SCPRT Fund	—	—	—	15,533
Miscellaneous:				
Contributions from private entities	50,000	265,000	215,000	190,711
<b>Total revenue</b>	<b>50,000</b>	<b>265,000</b>	<b>215,000</b>	<b>206,244</b>
<b>Expenditures</b>				
Capital Outlay –				
Parks and recreation:				
Park development	—	—	—	479,965
Contingency	225,000	—	225,000	—
<b>Total expenditures</b>	<b>225,000</b>	<b>—</b>	<b>225,000</b>	<b>479,965</b>
Excess (deficiency) of revenue over (under) expenditures	(175,000)	265,000	440,000	(273,721)
<b>Other Financing Sources (Uses)</b>				
Transfers out – NMB Sports and Tourism Park	—	(341,615)	(341,615)	—
Transfers in – Accommodation (2%) Tax Fund	91,288	—	91,288	97,252
Total other financing sources (uses)	91,288	(341,615)	(432,903)	97,252
<b>Net change in fund balance</b>	<b>(83,712)</b>	<b>(76,615)</b>	<b>(7,097)</b>	<b>(176,469)</b>
Fund balance, beginning of year	76,615	76,615	—	253,084
Fund balance, end of year	\$ (7,097)	\$ —	\$ (7,097)	\$ 76,615

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE  
BALANCE SHEET

YEAR ENDED JUNE 30, 2017  
(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables, net	58,856	50,822
Total assets	<u>\$ 58,856</u>	<u>\$ 50,822</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 38,050	\$ 49,730
Due to General Fund	581,060	992,212
Total liabilities	<u>619,110</u>	<u>1,041,942</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	—
Unassigned (deficit)	(560,254)	(991,120)
Total fund balance (deficit)	<u>(560,254)</u>	<u>(991,120)</u>
Total liabilities and fund balance	<u>\$ 58,856</u>	<u>\$ 50,822</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, 2017

(With comparative actual amounts for June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental:				
SCDHEC grant	—	700,000	700,000	500,000
Sales and service charges:				
Stormwater/drainage fees	2,834,000	2,854,369	20,369	2,111,131
Penalties	11,000	9,377	(1,623)	10,110
Less, adjustments/bad debts	—	(2,494)	(2,494)	(916)
<b>Total revenue</b>	<b>2,845,000</b>	<b>3,561,252</b>	<b>716,252</b>	<b>2,620,325</b>
<b>Expenditures</b>				
Finance:				
Overhead allocation-				
Accounting	16,933	15,274	1,659	15,245
Utility billing	36,726	37,476	(750)	35,844
Public works:				
Overhead allocation -				
Administration	49,060	47,317	1,743	44,395
Streets/drainage	136,427	124,200	12,227	134,440
Beach water quality monitoring	—	—	—	215,375
Capital outlay:				
Lobbying contractual services	—	70,000	(70,000)	—
Professional services	165,000	254,442	(89,442)	—
Drainage construction	700,000	36,130	663,870	—
Main Street drainage out – fall	—	—	—	26,716
18 <sup>th</sup> Ave. drainage	—	—	—	150
Hillside Street drainage basin	—	—	—	295,605
Drainage in – house	—	123,139	(123,139)	—
Other drainage	—	688	(688)	131,896
Debt service:				
Principal	—	2,494,895	(2,494,895)	2,486,900
Interest	18,750	16,695	2,055	61,431
<b>Total expenditures</b>	<b>1,122,896</b>	<b>3,220,256</b>	<b>(2,097,360)</b>	<b>3,447,997</b>
Excess (deficiency) of revenue over (under) expenditures	1,722,104	340,996	(1,381,108)	(827,672)
<b>Other Financing Sources (Uses)</b>				
Proceeds of note payable	—	—	—	5,000,000
Transfers in – Accommodations Tax Fund	89,870	89,870	—	58,357
<b>Total other financing sources (uses)</b>	<b>89,870</b>	<b>89,870</b>	<b>—</b>	<b>5,058,357</b>
<b>Net change in fund balance</b>	<b>1,811,974</b>	<b>430,866</b>	<b>(1,381,108)</b>	<b>4,230,685</b>
Fund balance, beginning of year	(991,120)	(991,120)	—	(5,221,805)
Fund balance, end of year	<u>8 20,854</u>	<u>\$ (560,254)</u>	<u>\$ (1,381,108)</u>	<u>\$ (991,120)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CHERRY GROVE DREDGE FUND  
BALANCE SHEET

YEAR ENDED JUNE 30, 2017  
(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ (960)	\$ —
Restricted cash and cash equivalents:		
Bond project funds	2,744,030	—
Pre-issuance payment funds	1,033,458	—
Cost of issuance fund	25,617	—
Due from Cherry Grove Debt Service Fund	233,817	—
Total assets	<u>\$ 4,035,962</u>	<u>\$ —</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 1	\$ —
Retainages payable	73,732	—
Unearned prepaid assessments	229,800	—
Total liabilities	<u>303,533</u>	<u>—</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	3,732,429	—
Assigned by management	—	—
Unassigned	—	—
Total fund balance	<u>3,732,429</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 4,035,962</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CHERRY GROVE DREDGE FUND

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

YEAR ENDED JUNE 30, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 23,384	\$ 23,384	\$ —
Special assessments:				
Pre-issuance assessments	—	1,029,510	1,029,510	—
<b>Total revenue</b>	<b>—</b>	<b>1,052,894</b>	<b>1,052,894</b>	<b>—</b>
<b>Expenditures</b>				
Capital outlay:				
Cherry Grove dredge project	4,439,000	3,590,484	848,516	—
Contingency	500,000	—	500,000	—
Debt service:				
Costs of issuance	—	71,981	(71,981)	—
<b>Total expenditures</b>	<b>4,939,000</b>	<b>3,662,465</b>	<b>1,276,535</b>	<b>—</b>
Excess (deficiency) of revenue over (under) expenditures	(4,939,000)	(2,609,571)	2,329,429	—
<b>Other Financing Sources (Uses)</b>				
Bond issuance – (special assessment debt with government commitment)	8,390,000	6,342,000	(2,048,000)	—
Transfers in – Capital Improvement Fund	800,000	—	(800,000)	—
Total other financing sources (uses)	9,190,000	6,342,000	(2,848,000)	—
<b>Net change in fund balance</b>	<b>4,251,000</b>	<b>3,732,429</b>	<b>(518,571)</b>	<b>—</b>
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ 4,251,000	\$ 3,732,429	\$ (518,571)	\$ —

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.

- |                                 |  |
|---------------------------------|--|
| <b>Water and Sewer Utility:</b> | 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. |
| <b>Solid Waste:</b>             | To account for all revenues and expenses related to the City's solid waste activities.   |
| <b>Aquatic/Fitness Center:</b>  | To account for all revenues and expenses related to the operating of the City's aquatic and fitness center.  |
| <b>Beach Services:</b>          | To account for all revenues and expenses related to the operating of the City's beach service activities.  |
| <b>Sports and Tourism Park:</b> | To account for all revenues and expenses related to the operating of the City's sports park and tourism activities.  |

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
BALANCE SHEET

JUNE 30, 2017  
(With comparative amounts for June 30, 2016)

	2017	2016		2017	2016
<b>Assets</b>			<b>Liabilities and Net Position</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	9,612,529	\$ 8,585,651	Accounts payable — trade and contract vendors	\$ 193,074	\$ 169,867
Equity in pooled cash and cash equivalents	3,595,722	4,453,106	Accrued payroll and related taxes	50,608	39,800
Accounts receivable, net	1,505,974	1,675,164	Contracts payable — current portion	1,633,436	1,110,000
Inventories	356,981	429,310		1,877,118	1,319,667
Due from other governments	266,849	266,849			
	<u>15,338,055</u>	<u>15,410,080</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	2,181,587	2,137,165
Impact fees	—	963,278	Total current liabilities payable from restricted assets	2,181,587	2,137,165
Equity in pooled cash and cash equivalents:			Total current liabilities	4,058,705	3,456,832
Customer meter deposits	1,944,456	1,944,456			
Impact fees	—	835,783			
Deposits with the GSWSA	280,000	266,849			
Total restricted assets	<u>2,224,456</u>	<u>4,010,366</u>			
Total current assets	<u>17,562,511</u>	<u>19,420,446</u>			
Capital assets:			Long-term liabilities:		
Land	707,829	706,954	Accrued compensated absences	295,796	277,447
Buildings	1,029,594	747,433	Contracts payable	2,068,334	3,236,667
Water and sewer systems	108,776,090	107,438,888	Total long-term liabilities	2,364,130	3,514,114
Automotive equipment	1,550,702	1,307,040	Total liabilities	6,422,835	6,970,946
Maintenance equipment	2,816,331	2,795,244			
Office equipment	1,947,458	1,860,908			
Construction in progress	2,392,669	36,500			
	<u>119,220,673</u>	<u>114,892,967</u>			
Less, accumulated depreciation	<u>(47,926,485)</u>	<u>(45,580,329)</u>			
Net capital assets	<u>71,294,188</u>	<u>69,312,638</u>			
Other assets:			Net Position:		
Cost of purchased water/sewer rights	27,934,862	27,934,862	Net investment in capital assets	71,294,188	69,312,638
Less, accumulated amortizations	<u>(19,036,347)</u>	<u>(18,199,810)</u>	Restricted for debt service, capacity and deposits	42,869	1,873,201
Net other assets	<u>8,898,515</u>	<u>9,735,052</u>	Unrestricted	19,995,322	20,311,351
Total assets	<u>\$ 97,755,214</u>	<u>\$ 98,468,136</u>	Total net position	91,332,379	91,497,190
			Total liabilities and net position	\$ 97,755,214	\$ 98,468,136

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, 2017  
 (With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 7,475,000	\$ 7,756,877	\$ 281,877	\$ 7,389,590
Sewer usage fees	5,050,000	5,131,214	81,214	4,947,124
Water taps	50,000	88,335	38,335	80,800
Sewer taps	20,000	32,126	12,126	27,230
Late payment penalties and service charges	155,000	116,047	(38,953)	140,869
Miscellaneous	2,500	19,058	16,558	1,782
<b>Total operating revenue</b>	<b>12,752,500</b>	<b>13,143,657</b>	<b>391,157</b>	<b>12,587,395</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation –				
General services	545,738	601,464	(55,726)	556,318
Legislative	157,378	158,209	(831)	136,556
Administrative	177,285	137,712	39,573	132,882
Legal	176,928	229,395	(52,467)	190,414
Personnel	183,715	195,271	(11,556)	184,590
Total general government administration	1,241,044	1,322,051	(81,007)	1,200,760
<b>Finance</b>				
Overhead allocation –				
Accounting	253,999	229,107	24,892	231,376
Utility billing:				
Personal services	552,397	543,593	8,804	531,048
Operating expenses	182,125	206,151	(24,026)	185,829
Less, overhead allocation	(135,178)	(117,860)	17,318	(146,005)
Total finance	853,343	860,991	(7,648)	802,248
<b>Information Services</b>				
Overhead allocation	343,098	330,192	12,906	328,054
<b>Public Safety</b>				
Overhead allocation –				
Communications	65,589	67,627	(2,038)	64,006

— 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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Planning/Development</b>				
Overhead allocation –				
Code enforcement	41,418	39,378	2,040	41,962
<b>Public Works</b>				
Administrative:				
Personal services	872,394	868,755	3,639	805,986
Operating expenses	108,800	75,658	33,142	81,917
Less, overhead allocation	(296,239)	(342,412)	(46,173)	(279,461)
	684,955	602,001	82,954	608,442
Wastewater treatment:				
Personal services	560,355	516,271	44,084	503,593
Operating expenses	1,347,900	2,297,440	(949,540)	1,464,416
	1,908,255	2,813,711	(905,456)	1,968,009
Wells/lifts maintenance:				
Personal services	665,776	652,228	13,548	684,194
Operating expenses	1,212,750	1,110,573	102,177	1,048,369
	1,878,526	1,762,801	115,725	1,732,563
Construction/maintenance:				
Personal services	1,291,614	1,238,529	53,085	1,271,700
Operating expenses	3,022,500	3,182,883	(160,383)	2,804,224
Less, overhead allocation	(300,000)	(88,509)	211,491	—
	4,014,114	4,332,903	(318,789)	4,075,924
Streets/drainage:				
Overhead allocation	136,427	124,200	12,227	134,440
<b>Total public works</b>	<b>8,622,277</b>	<b>9,635,616</b>	<b>(1,013,339)</b>	<b>8,519,378</b>
<b>Support Services</b>				
Overhead allocation –				
Purchasing	174,499	180,033	(5,534)	176,348
Fleet management	73,069	74,123	(1,054)	70,902
Custodial	257,635	305,374	(47,739)	225,989
<b>Total support services</b>	<b>505,203</b>	<b>559,530</b>	<b>(54,327)</b>	<b>473,239</b>
Depreciation and amortization expense	3,186,537	3,219,429	(32,892)	3,170,223
<b>Total operating expenses</b>	<b>14,858,509</b>	<b>16,034,814</b>	<b>(1,176,305)</b>	<b>14,599,870</b>
Operating income (loss)	(2,106,009)	(2,891,157)	(785,148)	(2,012,475)

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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	125,000	36,493	(88,507)	48,312
Interest expense	(228,200)	(227,969)	231	(237,759)
Bond agent fees	(2,000)	—	2,000	—
Insurance reimbursement	—	1,660	1,660	2,157
Tower rental and other	185,000	351,780	166,780	209,400
Gain on sale/disposal of capital assets	—	3,986	3,986	97,841
Total non-operating revenue (expenses)	79,800	165,950	86,150	119,951
Income (loss) before contributions and transfers	(2,026,209)	(2,725,207)	(698,998)	(1,892,524)
<b>Capital Contributions</b>				
Impact fees:				
Water	900,000	1,049,523	149,523	1,186,222
Sewer	800,000	861,347	61,347	990,996
Developer contributions	—	582,054	582,054	152,535
Extension fees and construction for public use	50,000	67,472	17,472	76,429
Total capital contributions	1,750,000	2,560,396	810,396	2,406,182
<b>Transfers</b>				
Transfers (out) to Street Improvement Fund	—	—	—	(150,208)
<b>Change in net position</b>	<b>(276,290)</b>	<b>(164,811)</b>	<b>111,398</b>	<b>363,450</b>
Net position, beginning of year	91,497,190	91,497,190	—	91,133,740
Net position, end of year	<u>\$ 91,220,981</u>	<u>\$ 91,332,379</u>	<u>\$ 111,398</u>	<u>\$ 91,497,190</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 872,763	\$ 1,608,054
Accounts receivable, net:		
Accounts	95,987	114,183
Grants	1,056,019	—
Total current assets	<u>2,024,769</u>	<u>1,722,237</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Machinery, equipment and vehicles	7,163,548	6,637,369
Construction-in-progress	6,343	165,566
	<u>7,515,353</u>	<u>7,148,397</u>
Less, accumulated depreciation	<u>(5,543,352)</u>	<u>(5,243,584)</u>
Net capital assets	<u>1,972,001</u>	<u>1,904,813</u>
Total assets	<u>\$ 3,996,770</u>	<u>\$ 3,627,050</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 237,156	\$ 129,236
Accrued payroll and related taxes	30,917	23,294
Total current liabilities	<u>268,073</u>	<u>152,530</u>
Long-term liabilities:		
Accrued compensated absences	126,601	142,135
Total long-term liabilities	<u>126,601</u>	<u>142,135</u>
Total liabilities	<u>394,674</u>	<u>294,665</u>
Net position:		
Net investment in capital assets	1,972,001	1,904,813
Unrestricted	1,630,095	1,427,572
Total net position	<u>3,602,096</u>	<u>3,332,385</u>
Total liabilities and net position	<u>\$ 3,996,770</u>	<u>\$ 3,627,050</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, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,377,500	\$ 4,370,553	\$ (6,947)	\$ 4,325,878
Trash bags and miscellaneous	8,000	7,426	(574)	7,857
<b>Total operating revenue</b>	<b>4,385,500</b>	<b>4,377,979</b>	<b>(7,521)</b>	<b>4,333,735</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	93,555	106,508	(12,953)	95,369
Legislative	23,607	23,731	(124)	20,483
Administration	26,593	20,657	5,936	19,932
Legal	26,539	34,409	(7,870)	28,562
Personnel	73,486	78,108	(4,622)	73,836
Total general government administration	243,780	263,413	(19,663)	238,182
<b>Finance</b>				
Overhead allocation –				
Accounting	50,800	45,821	4,979	46,275
Utility billings	73,452	74,952	(1,500)	71,688
Total finance	124,252	120,773	3,479	117,963
<b>Information Services</b>				
Overhead allocation	68,620	66,038	2,582	65,611
<b>Public works</b>				
Administration – overhead allocation	147,179	138,552	8,627	133,185
Commercial collection:				
Personal services	312,192	312,091	101	304,081
Operating	156,000	143,474	12,526	148,171
	468,192	455,565	12,627	452,252
Transfer station:				
Personal services	211,514	208,463	3,051	207,953
Operating	623,000	681,468	(58,468)	593,547
	834,514	889,931	(55,417)	801,500
Residential collection:				
Personal services	818,082	751,108	66,974	727,477
Operating	175,000	1,277,467	(1,102,467)	310,515
	993,082	2,028,575	(1,035,493)	1,037,992

— 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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	232,606	219,556	13,050	220,707
Operating	101,100	114,599	(13,499)	72,286
	<u>333,706</u>	<u>334,155</u>	<u>(449)</u>	<u>292,993</u>
Beach cleaning:				
Personal services	174,005	150,492	23,513	98,707
Operating	86,000	42,975	43,025	48,506
	<u>260,005</u>	<u>193,467</u>	<u>66,538</u>	<u>147,213</u>
Recycling:				
Personal services	256,203	257,471	(1,268)	275,232
Operating	135,560	93,751	41,809	105,078
	<u>391,763</u>	<u>351,222</u>	<u>40,541</u>	<u>380,310</u>
Total public works	<u>3,428,441</u>	<u>4,391,467</u>	<u>(963,026)</u>	<u>3,245,445</u>
<b>Support services</b>				
Overhead allocation –				
Purchasing	13,686	14,120	(434)	13,831
Fleet management	91,337	92,654	(1,317)	88,627
Custodial	41,222	48,860	(7,638)	36,158
Total support services	<u>146,245</u>	<u>155,634</u>	<u>(9,389)</u>	<u>138,616</u>
Depreciation and amortization	450,000	550,330	(100,330)	493,776
<b>Total operating expenses</b>	<b>4,461,338</b>	<b>5,547,655</b>	<b>(1,086,317)</b>	<b>4,299,593</b>
Operating income (loss)	<u>(75,838)</u>	<u>(1,169,676)</u>	<u>(1,093,838)</u>	<u>34,142</u>
<b>Non-operating Revenue (Expenses)</b>				
Insurance reimbursements	—	5,575	5,575	—
Gain on sale/disposal of capital assets	—	19,176	19,176	34,490
Restricted intergovernmental:				
Grant – FEMA	—	1,126,311	1,126,311	—
Grant – SCDHEC	—	56,506	56,506	—
Total non-operating revenue (expenses)	<u>—</u>	<u>1,207,568</u>	<u>1,207,568</u>	<u>34,490</u>
<b>Transfers</b>				
Transfer in – Accommodations (2%) Tax Fund	298,357	231,819	(66,538)	290,833
<b>Change in net position</b>	<b>222,519</b>	<b>269,711</b>	<b>47,192</b>	<b>359,465</b>
Net position, beginning of year	3,332,385	3,332,385	—	2,972,920
Net position, end of year	<u>\$ 3,554,904</u>	<u>\$ 3,602,096</u>	<u>\$ 47,192</u>	<u>\$ 3,332,385</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Equity in pooled cash	—	—
Accounts receivables, net	11,759	8,709
Total current assets	<u>12,159</u>	<u>9,109</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,204	89,203
Furniture and equipment	862,350	834,847
	<u>10,652,432</u>	<u>10,624,928</u>
Less, accumulated depreciation	(3,518,536)	(3,226,072)
Net capital assets	<u>7,133,896</u>	<u>7,398,856</u>
Total assets	<u>\$ 7,146,055</u>	<u>\$ 7,407,965</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 23,786	\$ 51,676
Accrued payroll and related taxes	17,678	13,952
Due to General Fund	379,423	61,626
Accrued interest payable	55,140	60,678
Current portion of note obligation	473,863	456,120
Unearned revenue	279,320	260,385
Total current liabilities	<u>1,229,210</u>	<u>904,437</u>
Long-term liabilities:		
Accrued compensated absences	41,350	39,631
Note payable	3,256,374	3,730,237
Total long-term liabilities	<u>3,297,724</u>	<u>3,769,868</u>
Total liabilities	<u>4,526,934</u>	<u>4,674,305</u>
Net position:		
Net investment in capital assets	3,403,659	3,212,499
Unrestricted (deficit)	(784,538)	(478,839)
Total net position	<u>2,619,121</u>	<u>2,733,660</u>
Total liabilities and net position	<u>\$ 7,146,055</u>	<u>\$ 7,407,965</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017  
(With comparative actual amounts for June 30, 2016)

	<b>2017</b>		<b>Variance</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Neg.)</b>	<b>Actual</b>
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,600,000	\$ 1,410,066	\$ (189,934)	\$ 1,410,413
Day membership fees	59,000	49,465	(9,535)	49,820
Employee membership fees	—	132,086	132,086	127,838
Enrollment fees	55,000	58,233	3,233	52,011
Program fees	350,000	289,650	(60,350)	348,803
Merchandise sales	33,000	5,243	(27,757)	4,114
Food sales	—	37,244	37,244	48,520
Less, sales and hospitality taxes	—	(3,632)	(3,632)	(4,499)
Miscellaneous	1,000	2,650	1,650	2,651
<b>Total operating revenue</b>	<b>2,098,000</b>	<b>1,981,005</b>	<b>(116,995)</b>	<b>2,039,671</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	31,185	34,369	(3,184)	31,790
Legislative	7,869	7,910	(41)	6,828
Administration	8,864	6,886	1,978	6,644
Legal	8,846	11,470	(2,624)	9,521
Personnel	36,743	39,054	(2,311)	36,918
Total general government administration	93,507	99,689	(6,182)	91,701
<b>Finance</b>				
Overhead allocation	33,867	30,548	3,319	30,850
<b>Information Services</b>				
Overhead allocation	22,873	22,013	860	21,870
<b>Parks and Recreation</b>				
Overhead allocation –				
Recreation administration	26,777	26,614	163	24,255
Aquatic administration:				
Personnel services	440,838	436,808	4,030	413,516
Operations and maintenance	385,443	621,942	(236,499)	356,038
	826,281	1,058,750	(232,469)	769,554
Aquatic programs:				
Personnel services	194,145	196,780	(2,635)	159,613
Operations and maintenance	71,555	52,972	18,583	53,631
	265,700	249,752	15,948	213,244
Activity specialist:				
Personnel services	174,502	181,977	(7,475)	200,314
Operations and maintenance	13,100	10,113	2,987	12,506
	187,602	192,090	(4,488)	212,820

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER  
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
 BUDGET AND ACTUAL

— CONTINUED —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (continued)</b>				
<b>Parks and Recreation (continued)</b>				
Fitness:				
Personnel services	204,702	207,738	(3,036)	191,067
Operations and maintenance	76,280	65,841	10,439	147,100
	<u>280,982</u>	<u>273,579</u>	<u>7,403</u>	<u>338,167</u>
Custodians:				
Personnel services	109,513	107,276	2,237	101,962
Operations and maintenance	32,620	36,819	(4,199)	33,455
	<u>142,133</u>	<u>144,095</u>	<u>(1,962)</u>	<u>135,417</u>
Total parks and recreation	<u>1,729,475</u>	<u>1,944,880</u>	<u>(215,405)</u>	<u>1,693,467</u>
<b>Support Services</b>				
Overhead allocation –				
Purchasing	6,843	7,060	(217)	6,916
Custodial	41,222	48,860	(7,638)	36,158
Total support services	<u>48,065</u>	<u>55,920</u>	<u>(7,855)</u>	<u>43,074</u>
Depreciation and amortization	<u>272,245</u>	<u>292,463</u>	<u>(20,218)</u>	<u>287,824</u>
<b>Total operating expenses</b>	<b><u>2,200,032</u></b>	<b><u>2,445,513</u></b>	<b><u>(245,481)</u></b>	<b><u>2,168,786</u></b>
Operating income (loss)	<u>(102,032)</u>	<u>(464,508)</u>	<u>(362,476)</u>	<u>(129,115)</u>
<b>Non-operating Revenue (Expenses)</b>				
Gain on sale/disposal of capital assets	—	—	—	6,270
Non-operating program fees and other	10,000	13,532	3,532	4,647
Interest expense	(151,717)	(157,312)	(5,595)	(127,719)
Total non-operating revenue (expenses)	<u>(141,717)</u>	<u>(143,780)</u>	<u>(2,063)</u>	<u>(116,802)</u>
<b>Transfers</b>				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	493,749	493,749	—	445,917
Total transfers	<u>493,749</u>	<u>493,749</u>	<u>—</u>	<u>445,917</u>
<b>Change in net position</b>	<b>250,000</b>	<b>(114,539)</b>	<b>(364,539)</b>	<b>200,000</b>
Net position, beginning of the year	<u>2,733,660</u>	<u>2,733,660</u>	<u>—</u>	<u>2,533,660</u>
Net position, end of year	<u>\$ 2,983,660</u>	<u>\$ 2,619,121</u>	<u>\$ (364,539)</u>	<u>\$ 2,733,660</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,500	\$ 7,582
Receivables, net	14,735	18,562
Due from Local Accommodations (1.5%) Fund	193,735	187,476
Inventories	—	8,267
Total current assets	<u>214,970</u>	<u>221,887</u>
Capital assets:		
Buildings	434,405	413,148
Furniture, equipment and vehicles	1,539,740	1,486,556
	<u>1,974,145</u>	<u>1,899,704</u>
Less, accumulated depreciation	(1,339,361)	(1,188,157)
Net capital assets	<u>634,784</u>	<u>711,547</u>
Total assets	<u>\$ 849,754</u>	<u>\$ 933,434</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 72,157	\$ 61,501
Accrued payroll and related taxes	78,664	69,301
Due to General Fund	757,186	1,927,995
Total current liabilities	<u>908,007</u>	<u>2,058,797</u>
Net position:		
Net investment in capital assets	634,784	711,547
Unrestricted (deficit)	(693,037)	(1,836,910)
Total net position	<u>(58,253)</u>	<u>(1,125,363)</u>
Total liabilities and net position	<u>\$ 849,754</u>	<u>\$ 933,434</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES

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

YEAR ENDED JUNE 30, 2017

(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rentals	1,860,000	2,301,843	441,843	\$ 1,997,030
Water slide fees	125,000	72,287	(52,713)	106,935
Food, beverage, and other sales	320,000	307,960	(12,040)	369,114
Less, sales tax/hospitality fees	(155,000)	(184,695)	(29,695)	(167,009)
Miscellaneous	10,000	3,620	(6,380)	8,072
<b>Total operating revenue</b>	<b>2,160,000</b>	<b>2,501,015</b>	<b>341,015</b>	<b>2,314,142</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	31,185	34,369	(3,184)	31,790
Legislative	7,869	7,910	(41)	6,828
Administration	8,864	6,886	1,978	6,644
Legal	8,846	11,470	(2,624)	9,521
Personnel	137,786	146,453	(8,667)	138,442
Total general government administration	194,550	207,088	(12,538)	193,225
<b>Finance</b>				
Overhead allocation	126,999	114,553	12,446	115,688
<b>Information Services</b>				
Overhead allocation	34,310	33,019	1,291	32,805
<b>Public safety</b>				
Overhead allocation –				
Communication	39,353	40,576	(1,223)	38,403
Lifeguard services:				
Personnel services	623,126	646,618	(23,492)	723,911
Operations and maintenance	35,850	74,836	(38,986)	83,935
Total public safety	698,329	762,030	(63,701)	846,249
<b>Parks and recreation</b>				
Overhead allocation –				
Recreation administration	160,662	159,687	975	97,017
Concessions:				
Personnel services	572,267	579,294	(7,027)	636,234
Operations and maintenance	251,052	235,972	15,080	221,872
Total parks and recreation	983,981	974,953	9,028	955,123

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES

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

— CONTINUED —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation —				
Purchasing	3,422	3,530	(108)	3,458
Fleet	18,267	18,531	(264)	17,725
Custodian	20,611	24,430	(3,819)	18,079
Total support services	42,300	46,491	(4,191)	39,262
Depreciation and amortization	150,000	169,204	(19,204)	144,144
<b>Total operating expenses</b>	<b>2,230,469</b>	<b>2,307,338</b>	<b>(76,869)</b>	<b>2,326,496</b>
Operating income (loss)	(70,469)	193,677	264,146	(12,354)
<b>Non-operating Revenue (Expenses)</b>				
Sponsorships and donations	—	2,248	2,248	2,360
Gain (loss) on sale/disposal capital assets	—	1,427	1,427	—
Total non-operating revenue (expenses)	—	3,675	3,675	2,360
<b>Capital Contributions</b>				
General capital assets	—	—	—	3,835
	—	—	—	3,835
<b>Transfers</b>				
Transfers in (out):				
Accommodations (2%) Tax Fund	244,843	244,843	—	112,848
Local accommodations (1.5%) Tax Fund	593,151	624,915	31,764	399,013
Total transfers	837,994	869,758	31,764	511,861
<b>Change in net position</b>	<b>767,525</b>	<b>1,067,110</b>	<b>299,585</b>	<b>505,702</b>
Net position, beginning of year	(1,125,363)	(1,125,363)	—	(1,631,065)
Net position, end of year	\$ (357,838)	\$ (58,253)	\$ 299,585	\$ (1,125,363)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SPORTS AND TOURISM PARK  
BALANCE SHEET

JUNE 30, 2017

(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ —	\$ —
Due from General Fund	467,191	—
Total current assets	<u>467,191</u>	<u>—</u>
Capital assets:		
Machinery, fixtures, and equipment	1,066,590	—
Construction-in-progress	47,900	—
	<u>1,114,490</u>	<u>—</u>
Less, accumulated depreciation	(223,963)	—
Net capital assets	<u>890,527</u>	<u>—</u>
Total assets	<u>\$ 1,357,718</u>	<u>\$ —</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 4,885	\$ —
Due to General Fund	398,193	—
Security deposit	10,000	—
Total current liabilities	<u>413,078</u>	<u>—</u>
Net position:		
Net investment in capital assets	890,527	—
Unrestricted	54,113	—
Total net position	<u>944,640</u>	<u>—</u>
Total liabilities and net position	<u>\$ 1,357,718</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

YEAR ENDED JUNE 30, 2017  
(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Christmas Village admissions	\$ —	\$ 246,895	\$ 246,895	\$ —
Rides and ice skating fees	—	37,757	37,757	—
Merchandise sales	—	7,670	7,670	—
Races – registration fees and sales	—	13,905	13,905	—
Food, beverage, and other sales	—	53,529	53,529	—
Less, sales tax/hospitality fees	—	(25,555)	(25,555)	—
Miscellaneous	—	(1,764)	(1,764)	—
<b>Total operating revenue</b>	<b>—</b>	<b>332,437</b>	<b>332,437</b>	<b>—</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	—	—	—	—
Legislative	—	—	—	—
Administration	—	—	—	—
Legal	—	—	—	—
Personnel	9,186	9,764	(578)	—
<b>Total general government administration</b>	<b>9,186</b>	<b>9,764</b>	<b>(578)</b>	<b>—</b>
<b>Finance</b>				
Overhead allocation	16,933	15,274	1,659	—
<b>Information Services</b>				
Overhead allocation	11,437	11,006	431	—
<b>Public safety</b>				
Overhead allocation –				
Administration	—	—	—	—
Uniform patrol	—	—	—	—
Community services	—	—	—	—
Fire/rescue	—	—	—	—
Fire prevention/inspection	—	—	—	—
<b>Total public safety</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Parks and recreation</b>				
Overhead allocation –				
Recreation administration	26,777	26,614	163	—
Christmas Village:				
Personnel services	21,770	240	21,530	—
Operations and maintenance	121,500	279,472	(157,972)	—
<b>Total parks and recreation</b>	<b>170,047</b>	<b>306,326</b>	<b>(136,279)</b>	<b>—</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

— CONTINUED —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation —				
Purchasing	—	—	—	—
Fleet	—	—	—	—
Custodian	—	—	—	—
Total support services	—	—	—	—
Depreciation and amortization	246,389	177,730	68,659	—
<b>Total operating expenses</b>	<b>453,992</b>	<b>520,100</b>	<b>66,108</b>	—
Operating income (loss)	(453,992)	(187,663)	266,331	—
<b>Non-operating Revenue (Expenses)</b>				
Insurance reimbursement	—	—	—	—
Sponsorships and donations	—	315,110	315,110	—
Gain (loss) on sale/disposal capital assets	—	1,944	1,944	—
Total non-operating revenue (expenses)	—	317,054	317,054	—
<b>Capital Contributions</b>				
General capital assets	—	323,634	323,634	—
	—	323,634	323,634	—
<b>Transfers</b>				
Transfers in (out):				
General Fund	150,000	150,000	—	—
Park development	—	341,615	341,615	—
Total transfers	150,000	491,615	341,615	—
<b>Change in net position</b>	<b>(303,992)</b>	<b>944,640</b>	<b>1,248,632</b>	—
Net position, beginning of year	—	—	—	—
Net position, end of year	<b>\$ (303,992)</b>	<b>\$ 944,640</b>	<b>\$ 1,248,632</b>	<b>\$ —</b>

CITY OF NORTH MYRTLE BEACH

## 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, 2017  
(With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 97,370	\$ —
Restricted cash and cash equivalents:		
HRA custodial account	—	70,880
Deposits	6,490	6,490
Accounts receivable	2,860	24,435
Prepaid items	354,676	347,840
Total assets	<u>\$ 461,396</u>	<u>\$ 449,645</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 132,980	\$ 1,436
Claims payable	105,103	191,414
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	283,177	85,562
Due to General Fund	285,110	—
Total current liabilities	<u>806,370</u>	<u>278,412</u>
Long-term liabilities:		
Accrued post-employment benefits (OPEB) expenses	7,690,944	6,161,754
Total liabilities	<u>8,497,314</u>	<u>6,440,166</u>
Net position:		
Restricted for health insurance claims	—	—
Unrestricted (deficit)	(8,035,918)	(5,990,521)
Total net position	<u>(8,035,918)</u>	<u>(5,990,521)</u>
Total liabilities and net position	<u>\$ 461,396</u>	<u>\$ 449,645</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, 2017  
(With comparative actual amounts for June 30, 2016)

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Property Liability and Workers				
Compensation premiums	\$ 500,000	\$ 515,500	\$ 15,500	\$ —
Health premiums –				
Employer/Employee charges	4,502,540	4,128,707	(373,833)	3,805,955
Dependent withholdings	659,187	632,883	(26,304)	629,877
Retiree/non-employee contributions	73,023	71,980	(1,043)	63,926
Cobra/non-employee contributions	234,766	317,009	82,243	338,025
Reinsurance reimbursements	—	123,242	123,242	606,000
Forfeitures, rebates and miscellaneous	—	126,778	126,778	1,979
<b>Total operating revenue</b>	<b>5,969,516</b>	<b>5,916,099</b>	<b>(53,417)</b>	<b>5,445,762</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Non-employee health expenses –				
Misc. and aggregate premium cost	833,959	631,896	202,063	626,179
Dependents	601,173	1,067,312	(466,139)	1,169,125
Cobra	437,543	435,495	2,048	404,429
Retirees and dependents	66,596	171,512	(104,916)	208,544
	1,939,271	2,306,215	(366,944)	2,408,277
Employee health expenses –				
Legislative	73,543	268,513	(194,970)	176,120
Administration	9,193	7,983	1,210	1,211
City court	45,964	55,488	(9,524)	117,833
Legal	18,386	16,162	2,224	4,429
Personnel	73,543	228,091	(154,548)	98,544
	220,629	576,237	(355,608)	397,989
<b>Total general government administration</b>	<b>2,159,900</b>	<b>2,882,452</b>	<b>(722,552)</b>	<b>2,806,266</b>
<b>Finance</b>				
Employee health expenses	183,857	171,468	12,389	163,095
Overhead allocation	33,867	30,728	3,139	30,850
	217,724	202,196	15,528	193,945
<b>Information Services</b>				
Employee health expenses	73,543	293,051	(219,508)	92,330

— 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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public Safety</b>				
Employee health expenses –				
Administration	55,157	51,039	4,118	39,428
Uniform patrol	542,373	357,466	184,907	283,637
Community service	82,736	157,316	(74,580)	110,609
Detectives	101,122	103,807	(2,685)	24,849
Communications/detention	174,665	307,082	(132,417)	176,811
Records	36,772	71,961	(35,189)	18,883
Victim’s assistance	9,193	3,701	5,492	1,056
Police training	36,772	19,370	17,402	2,491
Fire/rescue	450,451	230,926	219,525	157,041
Fire prevention/inspection	36,772	24,299	12,473	12,849
Total public safety	1,526,013	1,326,967	199,046	827,654
<b>Public Works</b>				
Employee health expenses –				
Streets/drainage	174,665	195,510	(20,845)	114,726
Water and sewer	395,294	542,787	(147,493)	659,755
Solid waste	248,210	573,719	(325,509)	81,066
Total public works	818,169	1,312,016	(493,847)	855,547
<b>Planning/Development</b>				
Employee health expenses –				
Administration	82,736	138,537	(55,801)	35,714
Building	82,736	84,157	(1,421)	55,892
Total planning/development	165,472	222,694	(57,222)	91,606
<b>Parks and Recreation</b>				
Employee health expenses –				
Recreation administration	45,964	34,975	10,989	17,424
Athletics	55,157	57,591	(2,434)	14,176
Programs and concessions	45,965	33,642	12,323	22,288
Parks and grounds	147,086	122,913	24,173	52,215
Aquatic center	91,929	142,453	(50,524)	46,317
Total parks and recreation	386,101	391,574	(5,473)	152,420

— 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 —

	2017		Variance Positive (Neg.)	2016
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support Services</b>				
Employee health expenses –				
Purchasing	36,772	60,146	(23,374)	18,354
Fleet	45,964	41,829	4,135	13,796
Custodian	73,543	156,986	(83,443)	29,111
Total support services	156,279	258,961	(102,682)	61,261
Total employee and non-employee health expenses	5,503,201	6,889,911	(1,386,710)	5,081,029
Workers compensation expenses –				
General government administration	189,653	214,024	(24,371)	103,559
Finance	10,487	—	10,487	—
Information services	2,479	—	2,479	—
Public safety	135,435	274,459	(139,024)	339,738
Public works	87,352	154,471	(67,119)	37,804
Planning/development	6,526	73	6,453	1,361
Parks and recreation	45,247	30,524	14,723	32,761
Support services	12,197	—	12,197	98
Total workers compensation	489,376	673,551	(184,175)	515,321
Property liability expenses —				
General government administration	468,047	444,823	23,224	225,844
Public works	15,350	—	15,350	500
Total property liability insurance	483,397	444,823	38,574	226,344
<b>Total operating expenses</b>	<b>6,475,974</b>	<b>8,008,285</b>	<b>(1,532,311)</b>	<b>5,822,694</b>
Operating income (loss)	(506,458)	(2,092,186)	(1,585,728)	(376,932)
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	1,000	—	(1,000)	—
Sponsorships and donations – Wellness programs	43,990	46,789	2,799	48,307
Total non-operating revenue (expenses)	44,990	46,789	1,799	48,307
<b>Change in net position</b>	<b>(461,468)</b>	<b>(2,045,397)</b>	<b>(1,583,929)</b>	<b>(328,625)</b>
Net position (deficit), beginning of year	(5,990,521)	(5,990,521)	—	(5,661,896)
Net position, end of year	\$ (6,451,989)	\$ (8,035,918)	\$ (1,583,929)	\$ (5,990,521)

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, 2017  
(With comparative amounts for June 30, 2016)

	2017	2016
<b>Assets</b>		
Cash and temporary investments	\$ 20,872,448	\$ 18,599,774
Participant loans	1,332,628	1,243,085
Total assets	\$ 22,205,076	\$ 19,842,859
 <b>Net Position</b>		
Held in trust for employee’s pension benefits	\$ 22,205,076	\$ 19,842,859

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, 2017  
(With comparative amounts for June 30, 2016)

	2017	2016
<b>Additions</b>		
Employer contributions	\$ 971,629	\$ 961,710
Employee (member) contributions	235,355	232,732
Investment income gain/(loss)	2,100,137	45,176
Non-vested rollover	25,394	—
Total additions	3,332,515	1,239,618
<b>Deductions</b>		
Benefit payments	499,653	558,332
Trustee fees	18,827	17,681
Forfeitures	451,818	15,314
Total deductions	970,298	591,327
<b>Change in net position</b>	<b>2,362,217</b>	<b>648,291</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	19,842,859	19,194,568
End of year	<b>\$ 22,205,076</b>	<b>\$ 19,842,859</b>

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

JUNE 30, 2017  
(With comparative amounts for June 30, 2016)

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and temporary investments	\$ 823,407	\$ 684,935
Receivable – participant loan	8,199	—
	\$ 831,606	\$ 684,935
<b>Net Position</b>		
Held in trust for employee’s pension benefits	\$ 831,606	\$ 684,935

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, 2017  
(With comparative amounts for June 30, 2016)

	2017	2016
<b>Additions</b>		
Employer contributions	\$ 13,369	\$ 13,915
Employee (member) contributions	13,369	13,915
Investment income gain/(loss)	127,183	(16,662)
Total additions	153,921	11,168
<b>Deductions</b>		
Benefit payments	7,200	7,200
Trustee fees	50	—
Total deductions	7,250	7,200
<b>Change in net position</b>	<b>146,671</b>	<b>3,968</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	684,935	680,967
End of year	\$ 831,606	\$ 684,935

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2017

	<b>Ending Balance 6/30/16</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance 6/30/17</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>				
Cash and cash equivalents	\$ 48,626	\$ 333,458	\$ (42,936)	\$ 339,148
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
Due to Firemen's Association	\$ 48,626	\$ 333,458	\$ (42,936)	\$ 339,148
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

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

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

JUNE 30, 2017  
 (With comparative amounts for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Governmental Funds Capital Assets</b>		
Land	\$ 18,811,099	\$ 18,484,880
Land improvements	24,848,999	24,767,432
Buildings	26,602,744	26,512,240
Machinery and equipment	22,602,344	19,628,376
	<u>92,865,186</u>	<u>89,392,928</u>
Infrastructure:		
Roads	26,192,249	25,698,674
Drainage systems	35,850,978	35,716,236
Developer contributions – roads	13,336,055	12,488,279
Sidewalks	2,087,870	1,983,198
Street lighting and other	747,555	747,555
	<u>78,214,707</u>	<u>76,633,942</u>
Construction in progress	1,193,734	1,098,926
Total governmental funds capital assets	<u>\$ 172,273,627</u>	<u>\$ 167,125,796</u>
<b>Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds Notes and Lease – Purchase financing	\$ 30,109,071	\$ 29,782,852
General Fund and Capital Projects Revenue	111,610,202	106,455,801
Special Revenue Funds	17,218,299	17,218,299
Gifts and contributions from developers	13,336,055	13,668,844
Total governmental funds capital assets	<u>\$ 172,273,627</u>	<u>\$ 167,125,796</u>

## VICTIM'S RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2017

	<b>2017</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 705,560
Court fines and assessments remitted to State Treasurer	(395,726)
Total court fines and assessments retained	\$ 309,834
 <b>Surcharges and Assessments Retained for Victim's Service</b>	
Total surcharges collected	\$ 12,926
Total assessments	35,107
Total surcharges and assessments	\$ 48,033
 <b>Funds Allocated to Victim's Service</b>	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	48,033
Expenditures for victim's service	(48,033)
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)..... 133-139

**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)..... 140-144

**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)..... 145-148

**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)..... 149-151

**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) ..... 152-153

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>2017</u>	<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>
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$99,221,295	\$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
Restricted	4,857,344	1,120,128	1,252,242	1,528,723	6,563,965	4,570,958	4,364,806	981,627	370,247	280,938
Unrestricted	<u>-5,749,271</u>	<u>-6,168,576</u>	<u>-8,109,246</u>	<u>5,971,836</u>	<u>9,828,502</u>	<u>25,412,361</u>	<u>8,467,618</u>	<u>13,385,175</u>	<u>16,926,046</u>	<u>11,782,163</u>
Total governmental activities net assets	<u>\$98,329,368</u>	<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>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$75,588,374	\$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
Restricted	2,014,870	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
Unrestricted	<u>19,147,589</u>	<u>18,148,009</u>	<u>16,413,083</u>	<u>15,502,679</u>	<u>15,396,364</u>	<u>13,868,758</u>	<u>10,303,150</u>	<u>8,805,767</u>	<u>6,347,822</u>	<u>7,806,643</u>
Total business-type activities net assets	<u>\$96,750,833</u>	<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>
<b>Primary Government</b>										
Net investments in capital assets	\$174,809,669	\$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
Restricted	6,872,214	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
Unrestricted	<u>13,398,318</u>	<u>11,979,433</u>	<u>8,303,837</u>	<u>21,474,515</u>	<u>25,224,866</u>	<u>39,281,119</u>	<u>18,770,768</u>	<u>22,190,942</u>	<u>23,273,868</u>	<u>19,588,806</u>
Total primary government net assets	<u>\$195,080,201</u>	<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>

TABLE II

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## CHANGES IN NET POSITION

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities:										
General Government	\$3,004,185	\$3,047,599	\$2,572,264	\$3,784,688	\$2,514,035	\$2,207,219	\$2,441,345	\$2,130,225	\$2,271,467	\$2,088,723
Information Services	906,155	339,912	632,013	538,150	843,764	794,118	552,729	464,356	430,655	349,883
Finance	596,059	774,629	904,344	765,254	626,799	630,853	853,129	890,656	752,495	657,347
Public Safety	15,255,789	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
Planning and Development	2,493,554	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
Public Works	13,843,442	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
Parks and Recreation	7,706,417	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
Support Services	1,282,379	969,515	1,005,675	989,966	1,040,604	2,143,354	883,701	796,998	748,813	791,744
Debt service - interest	457,819	247,289	293,753	503,633	342,328	494,544	176,685	421,619	451,621	439,195
Depreciation (unallocated)	-	-	-	-	-	-	-	-	756,800	723,410
Total governmental activities	\$45,545,799	\$37,437,089	\$33,477,773	\$30,949,441	\$28,437,937	\$29,707,119	\$28,896,374	\$28,618,162	\$26,911,288	\$24,706,220
Business-type activities:										
Water and sewer utility	\$16,485,510	\$14,875,662	\$15,231,344	\$15,004,253	\$14,038,718	\$13,449,246	\$13,599,320	\$13,264,136	\$13,913,062	\$13,482,505
Solid waste	5,665,168	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
Aquatic Center	2,639,909	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
Beach Services	2,327,243	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
Sports Park	552,813	-	-	-	-	-	-	-	-	-
Total business type-activities	\$27,670,643	\$23,829,301	\$24,230,828	\$23,380,136	\$22,142,717	\$21,327,987	\$21,325,316	\$20,982,750	\$21,848,855	\$21,788,692
Total primary government expenses	\$73,216,442	\$61,266,390	\$57,708,601	\$54,329,577	\$50,580,654	\$51,035,106	\$50,221,690	\$49,600,912	\$48,760,143	\$46,494,912
<b>Program Revenue</b>										
Governmental activities:										
Fees for services										
Storm Water	\$2,861,702	\$2,131,258	\$2,101,767	\$2,072,644	\$2,033,213	\$2,009,761	\$1,997,341	\$2,037,098	\$1,994,499	\$1,944,616
Fines	549,980	467,082	447,273	489,978	319,623	409,166	425,582	698,759	698,384	640,696
Building Permits	17,520	20,610	16,490	706,512	413,191	377,340	367,195	328,986	346,808	434,028
Other	1,219,065	1,035,781	1,109,744	727,194	544,301	483,759	398,874	155,462	139,472	331,341
Operating grants and contributions	85,177	244,173	24,203	16,678	284,415	1,133,814	2,919,065	1,806,030	456,982	445,707
Capital grants and contributions	11,598,107	3,045,556	3,870,478	2,344,400	623,186	2,456,082	644,989	573,294	6,303,509	1,582,531
Total primary government net assets	\$16,331,551	\$6,944,460	\$7,569,955	\$6,337,406	\$4,217,929	\$6,869,922	\$6,753,046	\$5,599,629	\$9,939,654	\$5,378,919

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Revenues and Transfers</b>										
Business-type activities										
Fees for services										
Water & Sewer	\$13,143,657	\$12,587,396	\$12,229,279	\$12,048,522	\$11,768,081	\$11,958,083	\$11,607,077	\$11,818,089	\$10,584,989	\$11,253,700
Solid Waste	4,377,979	4,333,736	4,292,163	4,264,940	4,057,715	3,988,980	3,996,766	3,731,954	3,787,700	3,158,258
Other	4,814,457	4,353,813	4,148,770	3,844,421	3,421,130	3,451,870	3,343,444	3,088,793	2,933,188	2,731,291
Operating grants and contributions	689,905	218,564	-	-	-	-	-	325,133	125,432	124,687
Capital grants and contributions	4,066,847	2,410,017	4,018,655	2,240,057	1,441,531	1,151,020	1,312,519	-	3,064,214	4,063,757
Total business-type activities	\$27,092,845	\$23,903,526	\$24,688,867	\$22,397,940	\$20,688,457	\$20,549,953	\$20,259,806	\$18,963,969	\$20,495,523	\$21,331,693
Total primary government program revenue	\$43,424,396	\$30,847,986	\$32,258,822	\$28,755,346	\$24,906,386	\$27,419,875	\$27,012,852	\$24,563,598	\$30,435,177	\$26,710,612
Governmental activities:										
Property taxes	\$15,568,216	\$14,783,718	\$14,423,943	\$14,192,390	\$14,362,908	\$13,953,240	\$11,773,505	\$11,168,009	\$11,070,906	\$9,663,938
Accommodations and hospitality taxes	10,193,438	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
State shared taxes - unrestricted	953,621	817,472	924,763	805,341	943,614	920,270	745,289	789,170	1,134,677	883,306
Business licenses and franchise taxes	8,903,459	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
Unrestricted investment earnings	59,871	15,853	-	175,616	23,601	37,589	13,260	239,601	352,529	398,535
Miscellaneous	(49,406)	16	325,716	128,296	55,253	(260,745)	476,406	26,744	88,097	55,774
Transfers in/(out)	(2,086,941)	(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)
Total governmental activities	\$33,542,258	\$32,415,648	\$31,518,439	\$29,711,713	\$29,049,634	\$27,159,423	\$25,227,264	\$23,775,440	\$24,595,303	\$23,632,617
Business-type activities:										
Unrestricted investment earnings	\$36,493	\$48,313	\$64,689	\$75,692	\$58,506	\$86,779	\$140,633	\$144,444	\$265,690	\$819,223
Miscellaneous	26,532	138,602	112,516	246,852	216,330	302,658	218,127	-	192,552	-
Transfers in/(out)	2,086,941	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
Total business-type-activities	\$2,149,966	\$1,285,318	\$1,581,174	\$1,544,774	\$1,456,078	\$1,553,679	\$1,441,918	\$1,097,658	\$1,499,460	\$2,030,401
Total primary government general revenue and other changes	\$35,692,224	\$33,700,966	\$33,099,613	\$31,256,487	\$30,505,712	\$28,713,102	\$26,669,182	\$24,873,098	\$26,094,763	\$25,663,018
<b>Changes in Net Assets</b>										
Governmental activities:										
Business-type activities	\$4,328,010	\$1,923,019	\$5,610,621	\$5,119,678	\$4,829,626	\$4,322,226	\$3,083,936	\$756,907	\$7,623,669	\$4,305,316
Total primary government changes in net assets	\$1,572,168	\$1,359,543	\$2,039,213	\$62,578	\$1,818	\$775,645	\$376,408	\$(921,123)	\$146,128	\$1,573,402
Total primary government changes in net assets	\$5,900,178	\$3,282,562	\$7,649,834	\$5,682,256	\$4,831,444	\$5,097,871	\$3,460,344	\$(164,216)	\$7,769,797	\$5,878,718

TABLE III

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
General Government	\$ 351,653	\$ 683,965	\$ 628,728	\$ 193,430	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	683,486	625,454	447,273	489,978	599,540	955,610	1,030,879	1,222,163	698,384	878,357
Planning and Development	17,520	20,610	16,490	706,512	413,191	377,340	367,195	328,986	346,808	434,028
Public Works	14,061,303	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
Parks and Recreation	1,217,589	1,005,996	871,749	605,038	287,579	293,909	310,358	196,053	3,177,544	311,825
Support Services	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 16,331,551</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>Business-type activities</b>										
Water and sewer utility	\$ 16,057,493	\$ 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
Solid waste	5,566,371	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
Aquatic Center	1,994,537	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
Beach Services	2,503,263	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
Sports Park	971,181	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>\$ 27,092,845</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>Total program revenues by function and program</b>	<b>\$ 43,424,396</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>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund</b>										
Non-spendable	\$ 268,532	\$ 433,674	\$ 259,296	\$ 278,806	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024		
Restricted by Others	22,869	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	392,500		
Assigned by Management	-	-	-	-	-	-	-	-		
Unassigned	10,506,670	10,307,596	10,695,070	10,853,581	10,860,908	10,117,180	8,756,419	7,733,570		
Total General Fund	\$ 11,190,571	\$ 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
<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	(560,254)	(991,120)	(5,221,805)	(2,077,205)	-	-	-	-		
Total Stormwater Fund	\$ (560,254)	\$ (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	\$ 3,656,043	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Street Improvement Fund	\$ 3,656,043	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>All Other Governmental Funds</b>										
Non-spendable	\$ 455,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Restricted by Others	293	351	29,463	431,459	696,452	964,070	863,690	779,094		
Committed by Ordinance	3,561,540	18,380	105,244	65,960	534,332	236,402	-	347,933		
Assigned by Management	1,417,420	417,220	851,633	3,119,824	2,082,001	3,080,256	2,219,111	656,816		
Unassigned	(594,753)	-	-	-	-	-	-	-		
Total All Other Gov't Funds	\$ 4,839,500	\$ 435,951	\$ 986,340	\$ 3,617,243	\$ 3,312,785	\$ 4,280,728	\$ 3,082,801	\$ 1,783,843	\$ 8,882,846	\$ 2,895,137
Total Governmental Funds	\$ 19,125,860	\$ 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
<b>Primary Government</b>										
Net investment in Capital Assets	\$ 174,809,669	\$ 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
Restricted	6,698,349	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
Unrestricted	13,572,183	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
Total primary government net position	\$ 195,080,201	\$ 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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenue</b>										
Property taxes:										
Current property taxes	\$ 15,263,269	\$ 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
Delinquent property taxes	304,947	420,800	451,993	451,681	815,052	292,495	201,185	504,785	167,342	166,898
Special Assessments	2,501,605	-	-	-	-	-	-	-	-	-
Licenses and permits	8,903,459	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
Fines and forfeitures	401,856	373,506	338,717	377,226	319,623	409,166	425,582	591,575	594,020	498,923
Use of money and property	269,922	221,232	242,666	175,616	218,102	199,597	264,265	239,601	352,529	573,178
Unrestricted intergovernmental	1,189,690	1,029,271	1,127,271	991,176	943,614	920,270	889,898	925,511	1,134,667	1,040,789
Restricted intergovernmental	17,664,924	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
Sales and service charges	4,036,360	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
Miscellaneous	1,474,124	391,323	431,823	152,316	284,415	1,123,814	312,904	30,346	1,405,218	220,687
Total revenue	\$ 52,010,156	\$ 40,458,510	\$ 40,492,363	\$ 37,298,691	\$ 34,454,861	\$ 35,497,224	\$ 33,175,718	\$ 30,490,955	\$ 35,585,873	\$ 29,235,636
<b>Expenditures</b>										
Current:										
General Government/Admin.	\$ 2,600,326	\$ 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
Finance	848,593	823,982	837,556	775,994	786,086	783,125	777,367	717,716	649,999	541,807
Information Services	332,319	207,508	540,103	517,469	478,024	496,118	443,719	328,899	348,220	349,883
Public Safety	14,070,132	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
Planning and Development	1,707,321	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
Public Works	8,778,416	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
Parks and Recreation	6,137,899	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
Support Services	1,094,763	998,679	969,600	1,040,662	1,001,090	829,777	871,037	667,499	656,093	765,972
Debt service:										
Principal	6,847,810	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
Interest	514,796	471,814	551,079	638,513	656,142	506,985	262,740	366,663	291,231	380,323
NMB Capital outlay	5,408,657	4,898,854								
Other Non-Capital Infrastructure	1,364,017	2,733,241	11,303,683	21,854,891	14,080,854	3,775,940	253,521	907,831	1,540,672	3,262,100
Total expenditures	\$ 49,705,049	\$ 42,079,208	\$ 41,782,102	\$ 49,694,117	\$ 41,012,276	\$ 32,911,057	\$ 33,151,571	\$ 30,885,293	\$ 33,668,392	\$ 29,115,727

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	<u>2017</u>	<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>
<b>Other Financing Sources (Uses)</b>										
Bond Issuance/Installment Note Transfers in	\$ 6,342,000	\$ 5,000,000	\$ -	\$ 383,167	\$ -	\$ 16,496,381	\$ -	\$ -	\$ 5,100,000	\$ -
Transfers (out)	9,832,486	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
	(11,968,833)	(9,848,080)	(10,908,173)	(11,268,976)	(10,404,520)	(9,734,663)	(9,020,118)	(8,319,744)	(9,095,998)	(9,184,206)
Total other financing sources (uses)	\$ 4,205,653	\$ 3,867,527	\$ (1,403,969)	\$ (839,063)	\$ (1,181,242)	\$ 15,332,139	\$ (1,083,158)	\$ (953,214)	\$ 4,058,683	\$ (1,211,178)
Net change in fund balances	\$ 6,510,760	\$ 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)
Fund balances, beginning of year	\$ 12,615,100	\$ 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
Fund balances, end of year	\$ 19,125,860	\$ 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

Ratio of Debt Service to General Government Expenditures including Capital Outlay

14.81%	13.55%	7.57%	5.74%	11.88%	13.57%	7.28%	10.07%	7.54%	9.29%
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TABLE VI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>				<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>	
	<u>Real Estate</u>	<u>Personal</u>	<u>Less: Tax-Exempt</u>				<u>Estimated Actual Value</u>	<u>Actual Value</u>
2008	283,695,735	25,394,013	2,927,453	306,162,295	0.0305	5,198,001,614	6.0	
2009	329,532,557	28,473,021	3,183,502	354,822,076	0.0322	5,913,000,000	6.0	
2010	327,848,164	27,883,552	3,175,101	352,556,615	0.0322	5,875,944,000	6.0	
2011	351,371,679	30,443,376	3,317,086	378,497,969	0.0320	6,308,000,000	6.0	
2012	352,718,128	30,544,440	3,322,000	379,940,568	0.0380	6,337,624,000	6.0	
2013	343,042,000	43,177,328	3,325,000	382,894,328	0.0380	6,435,200,000	6.0	
2014	331,177,842	42,866,000	3,320,000	370,723,842 <sup>(1)</sup>	0.0380	6,234,064,000	6.0	
2015	325,236,513	43,200,000	3,310,000	365,126,513	0.0393	6,085,400,000	6.0	
2016	333,290,173	36,867,947	4,213,130	365,944,990	0.0393	6,099,083,167	6.0	
2017	343,684,218	38,373,811	4,410,770	377,647,259	0.0413	6,294,120,000	6.0	

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

Note: 1 mil is equal to \$377,647 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>
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
2017	41.3	52.4	133.1	0.7	227.5

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 2017 AND 2008

		2017			2008		
TAXPAYER	TYPE OF BUSINESS	ASSESSMENTS	Assessed Value	RANK	ASSESSMENTS	RANK	Percentage of Total Assessed Value
Frontier Communications	Commercial	3,177,670	0.84%	1	2,226,492	4	0.73%
Lawyers Title Insurance Corp	Commercial - Retail	2,764,560	0.73%	2			
SC NMB 11th Ave LP	Commercial - Retail	2,167,330	0.57%	3			
Barefoot Landing Commercial	Commercial - Timeshare	1,947,970	0.52%	4	3,066,732	1	1.00%
Fairfield Resorts, Inc.	Commercial - Timeshare	1,782,890	0.47%	5			
Bluegreen Vacations Unlimited Inc.	Commercial - Timeshare	1,507,890	0.40%	6	1,341,930	9	0.44%
Wyndham Vacation Resorts Inc.	Condos	1,320,451	0.35%	7			
Towers on the Grove South LLC	Commercial - Timeshare	1,189,230	0.31%	8			
BRGC, LLC	Condos	959,640	0.25%	9			
NGD Property II LLC	Commercial	860,420	0.23%	10			
Rosen Surfwood, LLC	Hotel	859,420	0.23%	11			
Worley Harold G TR ETAL	Commercial	840,610	0.22%	12	1,791,570	5	0.59%
THF Gator Hole Dev., LLC	Condos - Timeshare	684,240	0.18%	13			
Peppertree Resorts, LTD	Commercial	670,690	0.18%	14			
Frontier Communications	Condos - Timeshare	670,500	0.18%	15			
SUSO 4 Barefoot LP	Commercial/Retail	581,610	0.15%	16			
Boulineau Holdings LLC	Commercial/Retail	576,150	0.15%	17			
HD Development of MD., Inc.	Commercial	531,150	0.14%	18			
Briarcliff RV Resort Inc.	Residential Development	506,600	0.13%	19			
Hillside Development, LLC	Residential Development	452,640	0.12%	20			
ETW Development Co. LLC	Multi-Family Residential				2,378,472	2	0.78%
Strand Investment Group of NMB	Condos				2,370,228	3	0.77%
Patten Resorts	Residential Development				1,613,346	6	0.53%
Centex Homes	Commercial - Retail				1,566,852	7	0.51%
Barefoot Properties Limited Part.	Land/Residential Dev.				1,561,866	8	0.51%
Legacy Development SC Group LLC	Golf				1,128,096	10	0.37%
Barefoot Resort Golf Club					\$19,045,584		6.22%
		\$24,051,661	6.37%				

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
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%	224,622	14,532,506	99.3%
2017	15,596,832 <sup>5</sup>	15,256,835	97.8%	-	15,256,835	97.8%

(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.

(5) Millage rate increased to 41.3 from 39.3.

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						
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	
2017	5,675,749	-	-	3,236,667	3,730,237			12,642,653	1.79%	786	

<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>
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
2017	5,675,749	1.39%	337.74

<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, 2017

<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	10,659,749	100.00%	10,659,749
Sub-Total Direct Debt		\$ 10,659,749		\$ 10,659,749
Horry County	1,992,307,000	208,682,288	18.37%	38,334,936
Horry County School District	1,992,307,000	444,560,000	18.37%	81,665,672
Sub-Total Overlapping Debt		\$ 653,242,288		\$ 120,000,608
Grand Total Direct & Overlapping Debt		\$ 663,902,037		\$ 130,660,357

<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>2017</u>	<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>
<b>Total Assessed Valuation</b>	\$377,647	\$365,945	\$365,127	\$370,724	\$382,894	\$379,941	\$378,498	\$352,557	\$354,822	\$306,162
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	30,212	29,276	29,210	29,658	30,632	30,395	30,280	28,205	28,386	24,493
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	<u>5,679</u>	<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>
Legal debt margin	<u>\$ 24,533</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>18.8%</u>	<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>

<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 (1)	Operating and Maintenance Expenses (2)	Net Revenue Available for Debt Service	Total Debt Service Requirements (3)		Debt Service Coverage
				Principal	Interest	
2007	12,335,826	9,205,793	2,930,431	893,333	708,977	183%
	1,647,144	-	1,647,144	919,737	220,263	144%
2008	12,335,826	9,298,912	3,036,914	933,333	556,518	204%
	1,958,240	24,160	1,934,080	951,723	188,277	170%
2009	12,337,086	9,578,845	2,758,241	993,333	618,037	171%
	5,207,821	853,538	4,354,283	988,544	151,456	382%
2010	13,310,978	9,736,224	3,574,754	775,000	568,787	266%
	2,005,549	431,716	1,573,833	1,026,073	113,927	138%
2011	13,304,028	10,100,338	3,203,690	810,000	526,450	240%
	2,006,694	302,150	1,704,544	1,065,836	74,164	150%
2012	13,309,589	9,933,637	3,375,952	856,667	481,900	252%
	2,015,999	285,584	1,730,415	1,106,720	33,280	152%
2013	13,134,727	10,600,585	2,534,142	905,000	434,783	189%
	2,033,213	287,046	1,746,167	279,741	1,689	620%
2014	14,755,173	11,484,665	3,270,508	950,000	385,788	245%
2015	14,168,542	11,253,062	2,915,480	998,333	331,625	219%
2016	14,841,042	11,429,647	3,411,395	1,071,994	237,759	318%
2017	15,515,918	12,815,384	2,700,534	1,110,000	227,969	202%

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

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

(3) Stormwater Bonds paid off in 2013.

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROPERTY VALUES AND CONSTRUCTION

## LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Estimated Actual Value Amounts in 000's <sup>(1)</sup></u>	<u>Single Family Units <sup>(2)</sup></u>		<u>Multi- Family Construction</u>		<u>Units</u>	<u>Commercial Construction</u>	<u>Total Construction</u>
		<u>Construction</u>	<u>Units</u>	<u>Construction</u>	<u>Units</u>			
2008	5,198,002	36,424,451	12	2,105,249	18	12,943,211	51,472,911	
2009	5,913,701	29,849,672	11	9,828,033	4	4,069,068	43,746,773	
2010	5,875,944	59,769,116	12	11,280,593	8	4,910,767	45,960,476	
2011	6,308,000	33,999,105	59	7,740,133	5	1,764,856	43,504,094	
2012	6,337,624	36,051,450	14	9,496,162	10	4,364,688	49,912,300	
2013	6,435,200	47,217,835	18	12,818,173	3	1,049,445	61,085,453	
2014	6,234,064 <sup>(3)</sup>	52,374,133	24	18,663,691	11	25,916,588	96,954,412	
2015	6,085,400	52,571,167	9	4,404,589	10	5,856,243	62,831,999	
2016	6,099,083	61,549,300	12	10,090,916	9	6,658,244	78,298,460	
2017	6,294,120	61,935,727	11	1,244,243	16	17,605,427	80,785,397	

<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 (1)</u>	<u>Horry County Unemployment Rate (2)</u>
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%
2017	15,559	681,699	43,814	4.3%

	<u>2009</u>	
	<u>Horry County</u>	<u>North Myrtle Beach</u>
<u>INCOME</u>	<u>Number</u>	<u>Percentage</u>
\$0 - \$10,000	8,000	7.5%
10,000 - 14,999	6,989	6.5%
15,000 - 24,999	14,009	13.1%
25,000 - 34,999	14,155	13.3%
35,000 - 49,999	18,692	17.5%
50,000 - 74,999	20,613	19.3%
75,000 - 99,999	11,511	10.8%
100,000 - 149,999	8,173	7.7%
150,000 - 199,999	2,230	2.1%
200,000 and over	2,361	2.2%
Totals	106,733	100.0%
Median Household Income:	\$42,642	\$50,264
Per Capita Income:	\$24,790	\$34,896
Average Household Size	2.31	1.95

NOTE: North Myrtle Beach population figures for 2008 through 2017 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

(1) Based on 2010 Census.

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

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS

Largest Employers in NMB - 2017 and 2008

<u>Rank</u>	<u>Employer</u>	<u>2017 # of Employees</u>	<u>2008 # of Employees</u>
1	Wyndam Sales & Marketing	751	360
2	City of North Myrtle Beach	632	354
3	Wal-Mart	492	419
4	Boulineau's Inc.	270	200
5	House of Blues	215	275
6	Avista	185	190
7	Lowes	175	147
8	Baywatch Resort	172	165
9	Bi-Lo (2 Stores)	161	240
10	Home Depot	155	100
11	Publix	150	
12	Beach Cove	136	90
13	Olive Garden	125	
14	Barefoot Resort Golf	124	100
15	Cracker Barrel	120	106
16	Dick's Last Resort	120	
17	Alabama Theatre	106	100
18	Buffalo Wild Wing Bar & Grill	100	
19	Greg Norman's Australian Grill	79	
20	Carrabba's	60	85

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>2017</u>	<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>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	11.5	11	11	11	11	12	14	14	14	14
City Court	5	5	5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Information Services	8	7.5	7.5	7	6	6	6	6	6	6
Finance										
Accounting/Revenue	13.75	12.75	12	12	12	12	12	12	12	12
Public Safety										
Administration	16.5	16.25	13	12	12	12	10	10	12	12
Detectives	10.5	10.5	11	11	10	10	9.5	9.5	9.5	10.5
Public Safety & Fire Officials	130.5	138	131	138	141	141	144	144	141	132
Planning & Community Development										
Administration	9	9	9	10	10	10	10	10	10	10
Inspection Services	9	9	9	9	9	9	9	9	11	11
Public Works										
Streets / Drainage	20.75	20	20	19	19	19	19	19	19	19
Parks and Recreation										
Parks & Grounds	27.5	31.25	27	22.5	16.75	15.25	13	13	13	13
Other Recreation Activities	23	24.5	22	15	9.75	9	8.8	7	7	7
Support Services										
Purchasing	4	4.75	4	4	4	6	7	7	7	7
Fleet Maintenance	5	5	5	5	6	6	6	6	6	6
Custodial & Facility Maintenance	8	8	8	8	9	8	8	5	5	5
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	28.5	27.75	26	9	24.6	25	24	26.6	27.6	25.5
Beach Services	51.25	59	54	0	49	49	41.1	44.5	48	57.8
Water & Sewer Utility										
Administration	12.5	13	12	12	12	12	12.75	12.75	12.75	12.75
Wastewater Treatment	6.5	7	6	6	6	6	6	6	6	6
Wells/Lifts Maintenance	9	9	9	9	9	9	9	9	9	9
Construction Maintenance	19	17	18	19	19	19	19	19	21	19
Solid Waste Utility										
Administration	4	4	4	4	4	4	4.25	4.25	4.25	4.25
Sanitation Services	27.5	<u>26</u>	<u>28</u>	<u>27.6</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>
GRAND TOTALS	<u>468.3</u>	<u>483.3</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>

Source: City of North Myrtle Beach Finance Department

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## MISCELLANEOUS STATISTICAL DATA

June 30, 2017

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