

# **City of North Myrtle Beach**

## **South Carolina**



# **CAFR**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2018**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2018

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, 2018

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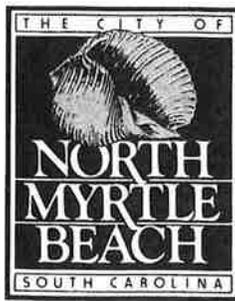
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## INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



January 23, 2019

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, 2018. 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, 2018, 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 2021. 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 2021. 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 68 through 70 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 3%. 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 FY2019 the value of new permits was \$107,164,000 which is good for the overall economy and 32% ahead of last year's pace.

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 2019 which will continue to positively impact the City of North Myrtle Beach.

General Fund Revenues are projected to grow at a faster pace through 2019 especially with new commercial development going on at the current time. No additional general obligation bond issues are projected for FY 2019. The City continues to maintain the beach and preserve this important asset with another beach renourishment project that will be completed in the Spring of 2019 by the Army Corps of Engineers in the amount of \$7,000,000. 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 five years and the future looks very bright with the overall economy continuing 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, 2017. 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 2018.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the dedicated endeavors of the Accounting Division. I would like to express my appreciation to all staff members, especially Assistant Finance Director, Jamie Baker who has managed the independent audit as well as the preparation of this report. 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, 2017**

*Christopher P. Morill*

Executive Director/CEO

**City of North Myrtle Beach, South Carolina**

**PRINCIPAL OFFICIALS**

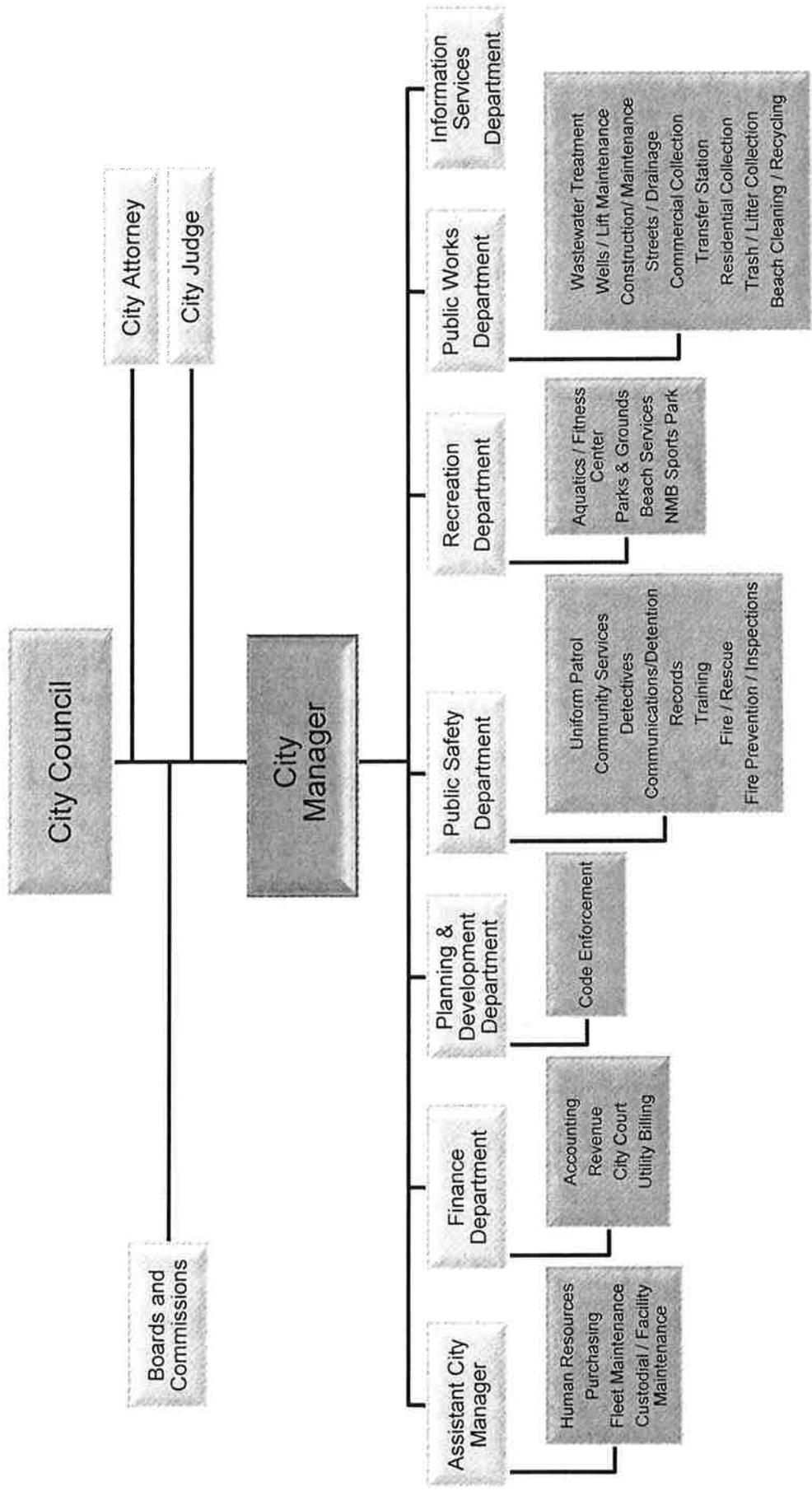
**June 30, 2018**

**Elected**

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

**Appointed**

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



FINANCIAL SECTION

CITY OF NORTH MYRTLE BEACH

REPORT OF INDEPENDENT AUDITOR

CITY OF NORTH MYRTLE BEACH

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

*A Professional Association Of*

**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

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*Myrtle Beach/Conway*  
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## REPORT OF INDEPENDENT AUDITOR

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

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### Opinions

#### *Unmodified Opinion*

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

— CONTINUED —



## Other Matters

### *Emphasis of Matter*

As discussed in *Note 17* to the financial statements, the Governmental Activities, the Business-type activities and the Proprietary Fund financial statements have been restated as a result of the City implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB) which replaced the requirement of GASB Statement No. 45 as amended and GASB Statement No. 57 for OPEB. My opinion is not modified with respect to this matter.

### *Required Supplementary Information*

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

### *Other Information*

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

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

The prior year summarized comparative information presented in the 2017 individual fund financial statements and schedules has been derived from the City's 2017 audited financial statements, and in my report dated December 15, 2017, expressed an unmodified opinion on those individual fund financial statements. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or any other form of assurance on this information.

  
January 10, 2019  
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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, 2018. 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, 2018 were \$251.9 million and exceeded total liabilities and deferred inflows of resources by \$190.5 million. At June 30, 2018, total unrestricted net position resulted in a deficit of \$9.2 million and not available to support short-term operations of the City.

Per the Government-Wide Statement of Activities, the City's total net position increased by \$7.1 million for the year ended June 30, 2018. The Governmental Activities contributed \$5.8 million and the Business-type Activities contributed \$1.3 million for the year.

The City implemented GASB Statement No. 75 (*see Note 17*) for its other post-employment benefit liabilities in 2018. This caused a large deficit in Governmental Activities unrestricted net position at year ended June 30, 2018.

**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, 2018 (with comparative amounts of June 30, 2017 as restated) 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	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 6,217	\$ 10,423	\$ 9,395	\$ 14,108	\$ 15,612	\$ 24,531
Restricted	2,399	4,188	1,971	1,944	4,370	6,132
Other current assets	12,061	7,769	3,256	2,733	15,317	10,502
Capital assets, net of accumulated depreciation	116,244	109,881	87,333	81,925	203,577	191,806
Other assets, net of accumulated amortization	—	—	8,062	8,898	8,062	8,898
<b>Total assets</b>	<b>136,921</b>	<b>132,261</b>	<b>110,017</b>	<b>109,608</b>	<b>246,938</b>	<b>241,869</b>
Deferred Outflows of Resources	5,016	4,257	—	—	5,016	4,257
<b>Liabilities:</b>						
Current liabilities	9,043	7,552	5,961	5,452	15,004	13,004
Long term liabilities	36,470	29,934	8,409	7,405	44,879	37,339
<b>Total liabilities</b>	<b>45,513</b>	<b>37,486</b>	<b>14,370</b>	<b>12,857</b>	<b>59,883</b>	<b>50,343</b>
Deferred Inflows of Resources	1,515	703	—	—	1,515	703
<b>Net Position:</b>						
Net investment in capital assets	112,202	99,221	84,077	75,588	196,279	174,809
Restricted	3,492	4,858	3	2,015	3,495	6,873
Unrestricted (deficit)	(20,785)	(5,750)	11,567	19,148	(9,218)	13,398
<b>Total net position</b>	<b>\$ 94,909</b>	<b>\$ 98,329</b>	<b>\$ 95,647</b>	<b>\$ 96,751</b>	<b>\$ 190,556</b>	<b>\$ 195,080</b>

*Governmental Activities* – For 2018, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$20.7 million, or 15.1% of total assets. Non-current assets (consisting of \$116.2 million or 84.9% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$9.0 million, or 19.9% of total liabilities. Long-term (non-current) liabilities totaled \$36.5 million, or 80.1% of the respective total.

*Business-type Activities* – For 2018, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$14.6 million, or 13.3% of total assets. Non-current assets (consisting of \$95.4 million, or 85.4% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.9 million, or 41.5% of the respective total liabilities. Long-term (non-current) liabilities totaled \$8.4 million, or 58.5% 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, 2018 total assets and deferred outflows by resources exceeded total liabilities and deferred inflows of resources by \$190.6 million at the end of June 30, 2018 (or \$94.9 million for Governmental Activities and \$95.6 million for Business-type Activities.)

By far the largest portion (\$196.3 million) of the City's 2018 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 2018 restricted net position (totaling \$3.5 million) consist of \$3.5 million in Governmental Activities and \$.03 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* \$(20.8) million deficit Governmental Activities and \$11.5 million Business-type Activities, for a total deficit of \$9.2 million, of total net position) which if positive, 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 2018 and FY 2017 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 4,044	\$ 4,648	\$ 23,456	\$ 22,336	\$ 27,500	\$ 26,984
Operating grants and contributions	152	85	591	690	743	775
Capital grants and contributions	11,243	11,598	3,330	4,067	14,573	15,665
General revenue:						
Property taxes	15,738	15,568	—	—	15,738	15,568
State shared and other taxes	21,091	20,050	—	—	21,091	20,050
Investment earnings	50	60	69	36	119	96
Other	70	(48)	(1)	27	69	(21)
<b>Total revenue</b>	<b>52,388</b>	<b>51,961</b>	<b>27,445</b>	<b>27,156</b>	<b>79,833</b>	<b>79,117</b>
<b>Expenses:</b>						
General government	3,517	3,004	—	—	3,517	3,004
Finance	873	906	—	—	873	906
Information services	181	596	—	—	181	596
Public safety	15,803	15,256	—	—	15,803	15,256
Planning and development	2,701	2,494	—	—	2,701	2,494
Public works	13,094	13,843	—	—	13,094	13,843
Parks and recreation	6,773	7,706	—	—	6,773	7,706
Support services	1,750	1,282	—	—	1,750	1,282
Interest on general long-term debt	44	459	—	—	44	459
Water and Sewer Utility	—	—	16,754	16,486	16,754	16,486
Solid Waste	—	—	4,689	5,665	4,689	5,665
Aquatic Center	—	—	2,617	2,640	2,617	2,640
Beach Service	—	—	2,419	2,327	2,419	2,327
Sports and Tourism Park	—	—	1,480	553	1,480	553
<b>Total expenses</b>	<b>44,736</b>	<b>45,546</b>	<b>27,959</b>	<b>27,671</b>	<b>72,695</b>	<b>73,217</b>
Changes in net position before transfers	7,652	6,415	(514)	(515)	7,138	5,900
Transfers	(1,862)	(2,087)	1,862	2,087	—	—
<b>Change in net position</b>	<b>5,790</b>	<b>4,328</b>	<b>1,348</b>	<b>1,572</b>	<b>7,138</b>	<b>5,900</b>
Net position – beginning of year	89,119	94,001	94,299	95,179	183,418	189,180
Cumulative effect of restatement ( <i>see Note 17</i> )	—	(9,210)	—	(2,452)	—	(11,662)
Net position – end of year	<b>\$ 94,909</b>	<b>\$ 89,119</b>	<b>\$ 95,647</b>	<b>\$ 94,299</b>	<b>\$ 190,556</b>	<b>\$ 183,418</b>

Of total net position at June 30, 2018, \$94.9 million (and \$89.1 million at June 30, 2017) represents net position of the City's Governmental Activities, and \$95.6 million (and \$94.3 million in 2017) represents total net position of the City's Business-type Activities. At the end of fiscal year 2018, 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.	\$ (3,517)	\$ 432	\$ (3,085)	12.3%	87.7%
Finance	(873)	—	(873)	—	100.0%
Information services	(181)	—	(181)	—	100.0%
Public safety	(15,803)	656	(15,147)	4.2%	95.8%
Planning and development	(2,701)	38	(2,663)	1.4%	98.6%
Public works	(13,094)	13,928	834	106.4%	—
Parks and recreation	(6,773)	385	(6,388)	5.7%	94.3%
Support services	(1,750)	—	(1,750)	—	100.0%
Debt service interest	(44)	—	(44)	—	100.0%
Totals	\$ (44,736)	\$ 15,439	\$ (29,297)	34.5%	65.5%

The City allocates its depreciation of capital assets to the City's functions (see *Note 6*), with Program Revenues absorbing 34.5% of expenses to fund 2018 Governmental Activities (as compared to 35.9% in 2017). General Revenues of 65.5% in 2018 (as compared to 67.1% in 2017) were required to fund the balance, which as shown below:

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

Property taxes	\$ 15,738
Accommodations/hospitality taxes	9,960
State shared taxes – unrestricted	1,161
Licenses and franchise taxes	9,970
Investment earnings	50
Other revenues	70
Total general revenue before transfers	<u>\$ 36,949</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$25.3 million, and achieved actual revenues of \$26.4 million or within \$1.1 million of budget. Final expenditures budgeted for the General Fund were \$28.2 million with actual expenditures of \$28.6 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.9 million. However, after considering Other Financing Sources and Uses, and transfers, the General Fund had an actual increase of \$706,327 in fund balance.

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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 \$2.8 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 Park funds. Business-type Activities absorbed 21% of the net position deficit in the City's Insurance Reserves Internal Services Fund in 2018.

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, 2018. Due to the economic increase in construction and related developer fees and other capital contributions, the Utility Fund realized an increase of \$498,504 in net position.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved an operating loss of \$242,705 for the year ended June 30, 2018. After transfers from the Accommodations (2%) Tax Fund of \$237,251, the change in net position increased by \$272,747.

The City's Aquatic Center Enterprise Fund, in its 13<sup>th</sup> year of operations, incurred a net operating loss of \$332,602. After recognizing a \$823,205 in transfers from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled an increase of \$340,093.

The City's Beach Service Enterprise Fund, in its 10<sup>th</sup> year of operations, incurred a net operating income of \$111,315. After recognizing \$412,706 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 \$525,192.

The City's Sports and Tourism Enterprise Fund, in its 3<sup>rd</sup> year of operation, incurred a net operating loss of \$399,873. After recognizing \$388,558 in non-operating revenue, capital contributions, plus transfers from the General Fund and Park Development, a change in net position totaled an increase of \$87,323.

### **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, 2018, amounts to \$203.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads. A major emphasis continued in 2018 with the City's multi-million dollar sports and tourism park 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 \$6.1 million. Of this amount, \$2.9 million comprises debt backed by the full faith and credit of the City government, \$3.2 million backed by Special Assessment revenue, and \$112,500 of installment note for land. Enterprise Fund revenue-backed long-term debt consists of Water and Sewer Fund contract payables totaling \$2.1 million and Aquatic Center Fund bond totaling \$3.3 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

During FY 2018, the City continues its Cherry Grove dredging project, principally paid for by the Special Assessment Revenue Bonds.

### **Request for Information**

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

AUDITED BASIC FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets and Deferred Outflows</b>			
Current assets:			
Cash and cash equivalents	\$ 3,150,272	\$ 7,642,619	\$ 10,792,891
Equity in pooled cash and cash equivalents	3,067,066	1,752,130	4,819,196
Receivables, net	3,401,415	2,832,742	6,234,157
Due from other governments	7,873,734	—	7,873,734
Internal balances, net	291,645	(291,645)	—
Inventories and prepaids	469,092	434,448	903,540
Restricted assets:			
Cash and cash equivalents	2,399,175	26,339	2,425,514
Equity in pooled cash and cash equivalents	—	1,944,456	1,944,456
Deposits held by others	25,226	281,364	306,590
<b>Total current assets</b>	<b>20,677,625</b>	<b>14,622,453</b>	<b>35,300,078</b>
Non-currents assets:			
Capital assets not subject to depreciation	26,543,742	7,971,561	34,515,303
Capital assets, net of depreciation	89,700,448	79,361,864	169,062,312
Other assets, net	—	8,061,978	8,061,978
<b>Total non-current assets</b>	<b>116,244,190</b>	<b>95,395,403</b>	<b>211,639,593</b>
Deferred outflows of resources:			
Pension plan and OPEB related, net	5,015,714	—	5,015,714
<b>Total deferred outflows of resources</b>	<b>5,015,714</b>	<b>—</b>	<b>5,015,714</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 141,937,529</b>	<b>\$ 110,017,856</b>	<b>\$ 251,955,385</b>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
Current liabilities:			
Accounts payable	\$ 3,635,020	\$ 984,495	\$ 4,619,515
Accrued payroll and related taxes	321,694	186,968	508,662
Accrued interest payable	73,503	79,473	152,976
Due to other governments	6,867	—	6,867
Bonds, contracts and notes payable – current portion	4,042,209	2,050,357	6,092,566
Unearned revenue and deposits	342,422	337,679	680,101
Insurance reserves and claims payable	114,689	30,524	145,213
Liabilities payable from restricted assets	506,673	2,291,720	2,798,393
<b>Total current liabilities</b>	<b>9,043,077</b>	<b>5,961,216</b>	<b>15,004,293</b>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,584,102	489,134	2,073,236
General Obligation bonds payable	—	—	—
Special Assessment bonds payable	2,484,808	—	2,484,808
Contracts payable	—	843,333	843,333
Note payable	—	2,764,078	2,764,078
Net pension liabilities	16,198,035	—	16,198,035
Total other post-employment benefits (OPEB) liability	16,203,464	4,312,444	20,515,908
<b>Total long-term liabilities</b>	<b>36,470,409</b>	<b>8,408,989</b>	<b>44,879,398</b>
<b>Total liabilities</b>	<b>45,513,486</b>	<b>14,370,205</b>	<b>59,883,691</b>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Liabilities, Deferred Inflows, and Net Position (continued)</b>			
Deferred inflows of resources:			
Pension plan related, net	1,515,362	—	1,515,362
Total deferred inflows of resources	1,515,362	—	1,515,362
Net position:			
Net investment in capital assets	112,201,981	84,077,050	196,279,031
Restricted for:			
Debt retirement	185,510	—	185,510
Public safety pensions	1,273,331	—	1,273,331
Cherry Grove District improvements	1,959,089	—	1,959,089
Public safety assistance	74,248	—	74,248
Future capacity of utility	—	3,437	3,437
Unrestricted (deficit)	(20,785,478)	11,567,164	(9,218,314)
Total net position	94,908,681	95,647,651	190,556,332
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 141,937,529</b>	<b>\$ 110,017,856</b>	<b>\$ 251,955,385</b>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions and Programs	Primary Government						
	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government admin.	\$ (3,517,347)	\$ 279,585	\$ 152,203	\$ —	\$ (3,085,559)	\$ —	\$ (3,085,559)
Finance	(873,339)	—	—	—	(873,339)	—	(873,339)
Information Services	(180,605)	—	—	—	(180,605)	—	(180,605)
Public safety	(15,803,114)	484,998	—	170,754	(15,147,362)	—	(15,147,362)
Planning and development	(2,700,880)	38,295	—	—	(2,662,585)	—	(2,662,585)
Public works	(13,093,698)	2,913,740	—	11,014,572	834,614	—	834,614
Parks and recreation	(6,772,705)	327,214	—	57,898	(6,387,593)	—	(6,387,593)
Support services	(1,750,626)	—	—	—	(1,750,626)	—	(1,750,626)
Debt service – interest	(43,756)	—	—	—	(43,756)	—	(43,756)
Total governmental activities	<u>(44,736,070)</u>	<u>4,043,832</u>	<u>152,203</u>	<u>11,243,224</u>	<u>(29,296,811)</u>	<u>—</u>	<u>(29,296,811)</u>
<b>Business-type Activities:</b>							
Water and Sewer Utility	(16,754,026)	13,428,986	193,755	3,329,879	—	198,594	198,594
Solid Waste	(4,689,235)	4,440,464	278,201	—	—	29,430	29,430
Aquatic Center	(2,616,721)	2,085,217	18,930	—	—	(512,574)	(512,574)
Beach Service	(2,418,998)	2,494,766	1,171	—	—	76,939	76,939
Sports and Tourism Park	(1,480,029)	1,006,278	98,638	—	—	(375,113)	(375,113)
Total business-type activities	<u>(27,959,009)</u>	<u>23,455,711</u>	<u>590,695</u>	<u>3,329,879</u>	<u>—</u>	<u>(582,724)</u>	<u>(582,724)</u>
Total functions and programs	<u>\$ (72,695,079)</u>	<u>\$ 27,499,543</u>	<u>\$ 742,898</u>	<u>\$ 14,573,103</u>	<u>(29,296,811)</u>	<u>(582,724)</u>	<u>(29,879,535)</u>
<b>General Revenue and Transfers</b>							
General Revenue:							
Property taxes					15,737,831	—	15,737,831
Accommodations and hospitality taxes					9,960,378	—	9,960,378
State shared taxes – unrestricted					1,160,581	—	1,160,581
Business licenses and franchise taxes					9,969,892	—	9,969,892
Unrestricted investment earnings					50,420	69,200	119,620
Miscellaneous					69,478	(2)	69,476
Transfers:							
Transfers in/(out)					(1,861,720)	1,861,720	—
Total general revenue and transfers					<u>35,086,860</u>	<u>1,930,918</u>	<u>37,017,778</u>
<b>Changes in net position</b>							
Net position, beginning of year					<u>98,329,368</u>	<u>96,750,833</u>	<u>195,080,201</u>
Cumulative effect of restatement (see Note 17)					<u>(9,210,736)</u>	<u>(2,451,376)</u>	<u>(11,662,112)</u>
Net position, end of year					<u>\$ 94,908,681</u>	<u>\$ 95,647,651</u>	<u>\$ 190,556,332</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Street Improvement Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,064,752	\$ —	\$ —	\$ 85,520	\$ 3,150,272
Equity in pooled cash and cash equivalents	655,524	—	—	2,411,541	3,067,065
Deposits held by others	20,101	—	—	—	20,101
Receivables, net	1,856,435	212,598	—	219,572	2,288,605
Due from other funds	7,281,667	—	—	152,713	7,434,380
Due from other governments	456,321	6,197,713	1,219,700	962,965	8,836,699
Inventories and prepaids	214,952	—	—	—	214,952
Restricted assets:					
Cash and cash equivalents	313,371	—	—	1,986,840	2,300,211
<b>Total assets</b>	<b>\$ 13,863,123</b>	<b>\$ 6,410,311</b>	<b>\$ 1,219,700</b>	<b>\$ 5,819,151</b>	<b>\$ 27,312,285</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts and retainage payable	\$ 799,596	\$ 1,615,595	\$ 406,814	\$ 752,458	\$ 3,574,463
Accrued payroll and withholdings payable	321,694	—	—	—	321,694
Deposits and performance bonds	104,025	—	—	—	104,025
Due to other funds	467,191	3,585,006	814,172	1,355,662	6,222,031
Due to other governments	6,867	—	—	—	6,867
Unearned revenue	—	—	—	238,397	238,397
Payable from restricted assets	266,852	—	—	—	266,852
<b>Total liabilities</b>	<b>1,966,225</b>	<b>5,200,601</b>	<b>1,220,986</b>	<b>2,346,517</b>	<b>10,734,329</b>
<b>Fund balances:</b>					
Non-spendable	214,952	—	—	—	214,952
Restricted by others	74,248	—	—	—	74,248
Committed by ordinance	392,500	—	—	2,144,599	2,537,099
Assigned by management	—	1,209,710	—	1,678,409	2,888,119
Unassigned reported in:					
General Fund	11,215,198	—	—	—	11,215,198
Special Revenue Fund	—	—	(1,286)	—	(1,286)
Capital Projects Fund	—	—	—	(350,374)	(350,374)
<b>Total fund balances</b>	<b>11,896,898</b>	<b>1,209,710</b>	<b>(1,286)</b>	<b>3,472,634</b>	<b>16,577,956</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,863,123</b>	<b>\$ 6,410,311</b>	<b>\$ 1,219,700</b>	<b>\$ 5,819,151</b>	

**Reconciliation to amounts reported for governmental activities in the**

**Statement of Net Position (see Note 15):**

Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.	116,244,190
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.	(17,031,160)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(24,382,657)
Deferral outflows and inflows of resources are not financial uses or resources, respectively, and therefore are not reported in these funds.	3,500,352

Net position, end of year – Governmental Activities

**\$ 94,908,681**

*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, 2018

	General Fund	Street Improvement Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 13,369,780	\$ —	\$ —	\$ 2,368,051	\$ 15,737,831
Special assessments	340,950	—	—	1,333,572	1,674,522
Licenses and permits	9,969,892	—	—	—	9,969,892
Fines and forfeitures	366,246	—	—	—	366,246
Use of money and property	229,996	1,482	163	95,771	327,412
Unrestricted					
intergovernmental	1,160,581	—	—	—	1,160,581
Restricted intergovernmental	334,932	8,843,261	3,844,368	6,458,464	19,481,025
Sales and service charges	526,708	—	—	2,943,364	3,470,072
Miscellaneous	152,203	5,255	—	42,800	200,258
<b>Total revenue</b>	<b>26,451,288</b>	<b>8,849,998</b>	<b>3,844,531</b>	<b>13,242,022</b>	<b>52,387,839</b>
<b>Expenditures</b>					
Current:					
General government administration	2,596,471	—	—	—	2,596,471
Finance	837,850	—	—	—	837,850
Information services	199,183	—	—	53,489	252,672
Public safety	14,465,016	—	—	—	14,465,016
Planning/development	1,659,680	—	—	—	1,659,680
Public works	2,353,781	12,287,365	—	199,209	14,840,355
Parks and recreation	3,737,188	—	1,560,505	—	5,297,693
Support services	1,188,679	—	—	—	1,188,679
Debt service	611,308	112,500	—	3,458,594	4,182,402
Capital outlay	981,759	—	—	6,722,040	7,703,799
<b>Total expenditures</b>	<b>28,630,915</b>	<b>12,399,865</b>	<b>1,560,505</b>	<b>10,433,332</b>	<b>53,024,617</b>
Excess (deficiency) of revenue over (under) expenditures	(2,179,627)	(3,549,867)	2,284,026	2,808,690	(636,778)
<b>Other Financing Sources (Uses)</b>					
Transfers in	5,835,360	1,103,534	—	2,601,001	9,539,895
Transfers (out)	(2,949,406)	—	(2,285,605)	(6,216,010)	(11,451,021)
Total other financing sources (uses)	2,885,954	1,103,534	(2,285,605)	(3,615,009)	(1,911,126)
<b>Net change in fund balances</b>	<b>706,327</b>	<b>(2,446,333)</b>	<b>(1,579)</b>	<b>(806,319)</b>	<b>(2,547,904)</b>
Fund balances, beginning of year	11,190,571	3,656,043	293	4,278,953	19,125,860
Fund balances, end of year	\$ 11,896,898	\$ 1,209,710	\$ (1,286)	\$ 3,472,634	\$ 16,577,956

— CONTINUED —

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

— CONTINUED —

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

Net change in fund balances – total governmental funds	\$ (2,547,904)
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.	6,363,146
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.	(1,411,510)
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.	(559,369)
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>3,945,686</u>
Change in Net Position – Governmental Activities	<u><u>\$ 5,790,049</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2018

	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park		
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 7,632,019	\$ —	\$ 400	\$ 7,500	\$ 2,700	\$ 7,642,619	\$ —
Equity in pooled cash and cash equivalents	—	1,752,130	—	—	—	1,752,130	2
Receivables, net	2,372,908	326,207	10,017	51,659	32,071	2,792,862	189,726
Due from other funds	—	—	—	218,487	467,191	685,678	—
Due from other governments	—	—	—	—	—	—	—
Inventories and prepaid items	350,270	—	—	—	—	350,270	400,464
Restricted assets:							
Cash and cash equivalents	—	—	—	—	—	—	—
Equity in pooled cash and cash equivalents	1,944,456	—	—	—	—	1,944,456	125,303
Deposits with others	280,000	—	—	—	—	280,000	6,489
Total current assets	<u>12,579,653</u>	<u>2,078,337</u>	<u>10,417</u>	<u>277,646</u>	<u>501,962</u>	<u>15,448,015</u>	<u>721,984</u>
Non-current assets:							
Capital assets, not subject to depreciation	7,965,218	6,343	—	—	—	7,971,561	—
Capital assets, subject to depreciation, net	68,962,606	2,050,785	6,892,050	611,376	845,047	79,361,864	—
Total capital assets, net	76,927,824	2,057,128	6,892,050	611,376	845,047	87,333,425	—
Other assets, net	8,061,978	—	—	—	—	8,061,978	—
Total non-current assets	<u>84,989,802</u>	<u>2,057,128</u>	<u>6,892,050</u>	<u>611,376</u>	<u>845,047</u>	<u>95,395,403</u>	<u>—</u>
Total assets	<u>\$ 97,569,455</u>	<u>\$ 4,135,465</u>	<u>\$ 6,902,467</u>	<u>\$ 889,022</u>	<u>\$ 1,347,009</u>	<u>\$110,843,418</u>	<u>\$ 721,984</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park		
<b>Liabilities and Net Position</b>							
Current liabilities:							
Accounts payable	\$ 753,296	\$ 84,740	\$ 39,324	\$ 77,471	\$ 13,547	\$ 968,378	\$ 76,674
Accrued payroll and related taxes	52,533	31,149	17,720	82,695	2,871	186,968	—
Due to other funds	—	—	194,391	261,917	275,974	732,282	1,165,744
Accrued interest payable	—	—	79,474	—	—	79,474	—
Contracts and note payable – current portion	1,558,060	—	492,297	—	—	2,050,357	—
Unearned revenue and deposits	—	—	315,979	—	21,700	337,679	—
Insurance reserves and claims payable	—	—	—	—	—	—	145,212
Liabilities payable from restricted assets	2,227,893	—	—	—	—	2,227,893	303,648
Total current liabilities	4,591,782	115,889	1,139,185	422,083	314,092	6,583,031	1,691,278
Long-term (non-current) liabilities:							
Accrued compensated absences	303,457	144,733	39,990	—	954	489,134	—
Contracts payable	843,333	—	—	—	—	843,333	—
Note payable	—	—	2,764,078	—	—	2,764,078	—
Other post-employment benefits (OPEB)	—	—	—	—	—	—	20,515,908
Total long-term liabilities	1,146,790	144,733	2,804,068	—	954	4,096,545	20,515,908
Total liabilities	5,738,572	260,622	3,943,253	422,083	315,046	10,679,576	22,207,186
Net position:							
Net investment in capital assets	76,927,824	2,057,128	3,635,675	611,376	845,047	84,077,050	—
Restricted for:							
Future capacity and deposits	3,437	—	—	—	—	3,437	—
Health insurance claims	—	—	—	—	—	—	—
Unrestricted (deficit)	14,899,622	1,817,715	(676,461)	(144,437)	186,916	16,086,335	(21,485,202)
Total net position	91,830,883	3,874,843	2,959,214	466,939	1,031,963	100,163,842	(21,485,202)
Total liabilities and net position	\$ 97,569,455	\$ 4,135,465	\$ 6,902,467	\$ 889,022	\$ 1,347,009	\$ 110,843,418	\$ 721,984

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	(4,516,191)
	<u>\$ 95,647,651</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park		
<b>Operating Revenue</b>							
Sales and service charges	\$ 13,428,986	\$ 4,440,464	\$ 2,085,217	\$ 2,494,766	\$ 1,006,278	\$ 23,455,711	\$ 6,884,544
<b>Total operating revenue</b>	<b>13,428,986</b>	<b>4,440,464</b>	<b>2,085,217</b>	<b>2,494,766</b>	<b>1,006,278</b>	<b>23,455,711</b>	<b>6,884,544</b>
<b>Operating Expenses</b>							
General government administration	1,318,843	258,919	98,915	202,933	9,456	1,889,066	4,043,166
Finance	872,831	122,339	30,719	115,195	15,359	1,156,443	158,753
Information services	353,099	70,620	23,540	35,310	11,770	494,339	57,899
Public safety	64,094	—	—	805,019	—	869,113	1,115,378
Planning/development	39,197	—	—	—	—	39,197	1,362,592
Public works	9,752,954	3,515,848	—	—	—	13,268,802	755,642
Parks and recreation	—	—	1,915,431	999,337	1,071,511	3,986,279	435,194
Support services	584,678	160,333	54,890	46,829	—	846,730	830,490
Depreciation and amortization	3,362,664	555,110	294,324	178,828	298,055	4,688,981	—
<b>Total operating expenses</b>	<b>16,348,360</b>	<b>4,683,169</b>	<b>2,417,819</b>	<b>2,383,451</b>	<b>1,406,151</b>	<b>27,238,950</b>	<b>8,759,114</b>
Operating income (loss)	(2,919,374)	(242,705)	(332,602)	111,315	(399,873)	(3,783,239)	(1,874,570)
<b>Non-Operating Revenue (Expenses)</b>							
Interest earned on investments	69,200	—	—	—	—	69,200	—
Interest expense	(174,956)	—	(169,440)	—	—	(344,396)	—
Non-operating program fees and other	193,755	2,320	18,930	1,171	98,638	314,814	87,398
Restricted intergovernmental	—	275,881	—	—	—	275,881	—
<b>Total non-operating revenue (expenses)</b>	<b>87,999</b>	<b>278,201</b>	<b>(150,510)</b>	<b>1,171</b>	<b>98,638</b>	<b>315,499</b>	<b>87,398</b>
Income (loss) before contributions and transfers	(2,831,375)	35,496	(483,112)	112,486	(301,235)	(3,467,740)	(1,787,172)
<b>Capital Contributions</b>	<b>3,329,879</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,329,879</b>	<b>—</b>
<b>Transfers – in (out)</b>	<b>—</b>	<b>237,251</b>	<b>823,205</b>	<b>412,706</b>	<b>388,558</b>	<b>1,861,720</b>	<b>—</b>
<b>Change in net position</b>	<b>498,504</b>	<b>272,747</b>	<b>340,093</b>	<b>525,192</b>	<b>87,323</b>	<b>1,723,859</b>	<b>(1,787,172)</b>
Net position, beginning of year	91,332,379	3,602,096	2,619,121	(58,253)	944,640	98,439,983	(8,035,918)
Cumulative effect of restatement (see Note 17)	—	—	—	—	—	—	(11,662,112)
<b>Net position, end of year</b>	<b>\$ 91,830,883</b>	<b>\$ 3,874,843</b>	<b>\$ 2,959,214</b>	<b>\$ 466,939</b>	<b>\$ 1,031,963</b>	<b>\$ 100,163,842</b>	<b>\$ (21,485,202)</b>
<i>Some amounts reported for Business-type Activities in the Statement of Activities are different because certain Internal Service Fund Revenue and Expenses are reported with Business-type Activities (see Note 15):</i>						(375,665)	
Change in Net Position of Business-type Activities						\$ 1,348,194	

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	Business-type Activities – Enterprise Fund					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park		
<b>Cash flows from operating activities</b>							
Cash received from:							
User fees	\$ 12,305,319	\$ 5,266,263	\$ 2,123,618	\$ 2,457,842	\$ 985,907	\$ 23,138,949	\$ 6,838,757
Tap fees	125,782	—	—	—	—	125,782	—
Service and miscellaneous charges	130,951	—	—	—	—	130,951	—
Cash paid to (for):							
Employee salaries and related costs	(4,045,187)	(1,950,694)	(1,141,856)	(1,276,462)	(132,760)	(8,546,959)	—
Water and sewer system costs	(5,641,052)	—	—	—	—	(5,641,052)	—
Garbage collection services	—	(1,557,445)	—	—	—	(1,557,445)	—
Aquatic Center operations	—	—	(731,888)	—	—	(731,888)	—
Beach Service operations	—	—	—	(315,290)	—	(315,290)	—
Sports and Tourism Park operations	—	—	—	—	(898,797)	(898,797)	—
Insurance claims costs	—	—	—	—	—	—	(7,748,105)
Overhead and miscellaneous costs	(2,409,783)	(753,972)	(235,531)	(603,526)	(64,052)	(4,066,864)	(30,719)
Net cash provided by (used in) operating activities	466,030	1,004,152	14,343	262,564	(109,702)	1,637,387	(940,067)
<b>Cash flows from non-capital and related financing activities</b>							
Inter-fund borrowing/payments, net	—	—	(185,032)	(520,021)	(122,218)	(827,271)	880,634
Tower rental and other	178,654	—	—	—	—	178,654	—
Intergovernmental grants	—	275,881	—	—	—	275,881	—
Local accommodation/hospitality taxes and other transfers	—	237,251	823,205	412,706	388,558	1,861,720	—
Non-operating fees, donations/fundraisers	—	—	18,930	1,171	98,638	118,739	87,368
Net cash provided by (used in) non-capital and related financing activities	178,654	513,132	657,103	(106,144)	364,978	1,607,723	968,002
<b>Cash flows from capital and related financing activities</b>							
Acquisition and construction of capital assets	(7,623,494)	(640,237)	(52,478)	(155,420)	(252,576)	(8,724,205)	—
Proceeds from sale of assets	15,101	2,320	—	—	—	17,421	—
Principal paid on bonds, notes, and contracts	(1,300,377)	—	(473,862)	—	—	(1,774,239)	—
Interest and bond agent fees on long-term debt	(174,654)	—	(145,106)	—	—	(319,760)	—
Capital contributions – impact fees, grants and other cash contributions	2,793,308	—	—	—	—	2,793,308	—
Net cash provided by (used in) capital and related financing activities	(6,290,116)	(637,917)	(671,446)	(155,420)	(252,576)	(8,007,475)	—

— 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 and Tourism Park		
<b>Cash flows from investing activities</b>							
Interest received on investments	69,200	—	—	—	—	69,200	—
Net cash provided by (used in) investing activities	69,200	—	—	—	—	69,200	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,576,232)</b>	<b>879,367</b>	<b>—</b>	<b>1,000</b>	<b>2,700</b>	<b>(4,693,165)</b>	<b>27,935</b>
Cash and cash equivalents, beginning of year (of which \$1,944,456 is restricted)	15,152,707	872,763	400	6,500	—	16,032,370	97,370
Cash and cash equivalents, end of year (of which \$1,944,456 is restricted)	\$ 9,576,475	\$ 1,752,130	\$ 400	\$ 7,500	\$ 2,700	\$ 11,339,205	\$ 125,305
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>	(2,919,374)	(242,705)	(332,602)	111,315	(399,873)	(3,783,239)	(1,874,540)
Operating income (loss)							
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	3,362,664	555,110	294,324	178,828	298,055	4,688,981	—
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(600,085)	825,799	1,742	(36,924)	(32,071)	158,461	(186,866)
(Increase) decrease in inventories and prepaid items	6,711	—	—	—	—	6,711	(45,787)
Increase (decrease) in accounts and other payables	606,528	(152,416)	15,538	5,314	8,662	483,626	4,274
Increase (decrease) in payroll and accrued liabilities	9,586	18,364	(1,318)	4,031	3,825	34,488	—
Increase (decrease) in unearned revenue	—	—	36,659	—	11,700	48,359	—
Increase (decrease) in other post-employment benefits (OPEB)	—	—	—	—	—	—	1,162,852
Net cash provided by (used in) operating activities	\$ 466,030	\$ 1,004,152	\$ 14,343	\$ 262,564	\$ (109,702)	\$ 1,637,387	\$ (940,067)
<b>Supplemental disclosure of non-cash capital and related financing activities</b>							
System contributions by developers	\$ 536,571	\$ —	\$ —	\$ —	\$ —	\$ 536,571	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FUDUCIARY FUNDS

JUNE 30, 2018

	<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	\$ —	\$ —	\$ 92,949
Cash and temporary investments – mutual funds	—	24,475,669	—
Receivables – Participant loans	—	1,264,307	—
Total assets	<u>\$ —</u>	<u>\$ 25,739,976</u>	<u>\$ 92,949</u>
<b>Liabilities</b>			
Due to Firemen's Association	\$ —	\$ —	\$ 92,949
Total liabilities	<u>—</u>	<u>—</u>	<u>\$ 92,949</u>
<b>Net Position</b>			
Held in trust for employee's pension benefits	<u>\$ —</u>	<u>\$ 25,739,976</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, 2018

	<b>Pension Trust Funds</b>	
	<b>Terminated Pension Plan</b>	<b>Money Purchase Pension Plan</b>
<b>Additions</b>		
Employer contributions	\$ —	\$ 1,028,639
Employee (member) contributions	—	259,510
Investment income (loss)	—	1,970,537
Non-vested rollover	—	—
Total additions	<u>—</u>	<u>3,258,686</u>
<b>Deductions</b>		
Benefit payments and loan issuance costs	49,406	497,729
Trustee fees	—	19,319
Forfeitures	—	38,344
Total deductions	<u>49,406</u>	<u>555,392</u>
Increase (decrease) before transfers	<u>(49,406)</u>	<u>2,703,294</u>
<b>Transfers</b>		
Transfer in – General Fund	<u>49,406</u>	<u>—</u>
<b>Change in net position</b>	<u>—</u>	<u>2,703,294</u>
Net position, beginning of year	<u>—</u>	<u>23,036,682</u>
Net position, end of year	<u>\$ —</u>	<u>\$ 25,739,976</u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

**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, 2018, 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, 2018, ‘final budgeted’ expenditures/expenses and other financing sources and uses exceeded estimated revenues as follows: State Accommodations (2%) Tax Special Revenue Fund by \$1,945; Cherry Grove Dredge Capital Projects Fund by \$850,000; Beach Renourishment Capital Project Fund by \$7,677,795; Sports and Tourism Park Enterprise Fund by \$515,315; Sports and Tourism Park Enterprise Fund by \$515,315. 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 \$15.8 million, \$4.7 million, \$2.2 million, \$2.3 million, and \$1.9 million, respectively. At June 30, 2018, deficit fund balances/net position resulted in the following: Cherry Grove District Bonds Debt Service Fund by \$110,389; State Accommodations (2%) Tax Special Revenue Fund by \$1,286; Beach Renourishment Capital Projects Fund by \$239,985; and Insurance Reserves Internal Service Fund by \$21,485,202. 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, 2018, 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, 2018, 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, 2018. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

Total OPEB Liability

For the purposes of measuring the Total OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the *City of North Myrtle Beach Postretirement Health Plan* and additions to/deductions from the plan's fiduciary net position have been determined on the basis of an actuarial report for the plan. The City does not have a separate Trust for the plan and the plan has no plan assets. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Total OPEB Liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. Changes in the Total OPEB Liability that have not been included in OPEB expense are reported as deferred outflows or deferred inflows of resources related to OPEB. The City's valuation method is the Entry Age Actuarial Cost Method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).

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.

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)

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, 2018:

<b>General Fund:</b>	
Inventories and prepaid items	\$ 214,952
Total Non-spendable	<u>\$ 214,952</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	\$ 71,953
Public Safety Scholarship	2,295
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Total restricted by others	\$ 74,248
	<hr/> <hr/>

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
	<hr/>
	392,500
<b>Debt Service Funds:</b>	
Debt retirement ordinance	185,510
	<hr/>
<b>Capital Projects Funds:</b>	
Cherry Grove dredge project	1,959,089
	<hr/>
Total committed by ordinance	\$ 2,537,099
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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	\$ 1,440,100
Street improvement repairs and underground utilities project	1,209,710
Stormwater drainage project	238,309
	<hr/>
Total assigned by management	\$ 2,888,119
	<hr/> <hr/>

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 2017 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, 2018, the carrying amount of the City's cash deposits with financial institutions was \$2,521,263 and the financial institution's balances totaled \$3,657,554. Of this balance, \$1,312,847 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, 2018, 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, 2018, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 4,963,655		n/a
Certificates of deposit	11,470,247		n/a
Money Market funds	1,105,816	n/a	Aa1
Mutual funds	24,475,669	n/a	AAA
Total carrying value	<u>\$ 42,015,387</u>		

At June 30, 2018, 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 17%, 38%, 2 %, and 43% 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, 2018 are as follows:

Cash on hand	\$ 14,025
Carrying amount of cash deposits	2,521,263
Carrying amount of investments	42,015,387
Total	<u>\$ 44,550,675</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 10,792,891
Equity in pooled cash and cash equivalents	4,819,196
Cash and cash equivalents-restricted	2,425,514
Equity in pooled cash and cash equivalents-restricted	1,944,456
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	92,949
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	23,542,688
Money Purchase Retirement Plan #2	932,981
Total	<u>\$ 44,550,675</u>

**3. Receivables**

Receivables at June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,979,151	\$ —
Franchise fees	949,577	—
Grants	43,605	25,000
Street improvement fees	212,598	—
Stormwater fees	208,320	—
Local accommodation and hospitality fees	962,965	—
Water and sewer accounts	—	2,417,788
Solid waste user fees	—	302,707
Aquatic Center	—	10,017
Beach Service	—	51,659
Sports tourism fees	—	32,071
Other	7,139	—
Gross receivables	4,363,355	2,839,242
Less: allowance for uncollectibles	(961,940)	(6,500)
Net total receivables	<u>\$ 3,401,415</u>	<u>\$ 2,832,742</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, 2018, along with interfund transfers which occurred during the fiscal year were as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
<b>Governmental Activities</b>				
General Fund	\$ 7,281,667	\$ (467,191)	\$ 5,835,360	\$ (2,949,406)
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	(814,172)	—	(2,285,605)
Local Accommodations (1.5%) Tax Fund	—	(655,952)	—	(3,455,470)
Hospitality Fees (1%) Fund	—	(307,013)	—	(2,660,540)
Debt Service:				
Cherry Grove Bonds	—	(152,712)	—	—
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,850,000	(100,000)
Street Improvement Fund	—	(3,585,006)	1,103,534	—
Beach Renourishment Fund	—	(239,985)	648,978	—
Stormwater Drainage Fund	—	—	102,023	—
Cherry Grove Dredge Fund	152,712	—	—	—
<b>Business-type Activities</b>				
Enterprise Funds:				
Solid Waste Fund	—	—	237,251	—
Aquatic Center Fund	—	(194,391)	823,205	—
Beach Services Fund	218,487	(261,917)	512,706	(100,000)
Sports and Tourism Park Fund	467,191	(275,974)	388,558	—
Internal Service Fund	—	(1,165,744)	—	—
<b>Fiduciary Funds</b>				
Pension Trust Fund	—	—	49,406	—
	<u>\$ 8,120,057</u>	<u>\$ (8,120,057)</u>	<u>\$ 11,551,021</u>	<u>\$ (11,551,021)</u>

The General Fund contributed \$49,406 to the Terminated Pension Plan Trust Fund during the year ended June 30, 2018. Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$1,861,720 and resulted from short-term loans between individual funds.

5. Due To/From Other Governments

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

	Due From	Due To
<b>Governmental Activities</b>		
General Fund:		
State of South Carolina	\$ 348,896	\$ —
Horry County	107,425	—
Abandoned property	—	6,867
Special Revenue Fund:		
Accommodations (2%) Tax Fund	1,219,700	—
Capital Projects Fund:		
Street Improvement Grant	6,197,713	—
	<u>\$ 7,873,734</u>	<u>\$ 6,867</u>
<b>Business-type Activities</b>		
Water and Sewer Utility Enterprise Fund grants	<u>\$ —</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, 2018, are as follows:

**Governmental Activities:**

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2018</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 18,811,099	\$ —	\$ —	\$ —	\$ 18,811,099
Construction in progress	1,193,734	6,918,035	(1,719)	(377,407)	7,732,643
Total capital assets not being depreciated	<u>20,004,833</u>	<u>6,918,035</u>	<u>(1,719)</u>	<u>(377,407)</u>	<u>26,543,742</u>
<b>Capital assets being depreciated:</b>					
Buildings	26,602,744	316,687	—	38,958	26,958,389
Improvements	24,848,999	216,072	—	—	25,065,071
Machinery and equipment	22,602,344	3,329,717	(395,855)	33,514	25,569,720
Infrastructure	78,214,707	1,542,076	—	304,935	80,061,718
Total capital assets being depreciated	<u>152,268,794</u>	<u>5,404,552</u>	<u>(395,855)</u>	<u>377,407</u>	<u>157,654,898</u>
<b>Less, accumulated depreciation for:</b>					
Buildings	(10,978,970)	(768,565)	—	—	(11,747,535)
Improvements	(7,196,142)	(964,476)	—	—	(8,160,618)
Machinery and equipment	(16,546,273)	(1,513,928)	395,855	—	(17,664,346)
Infrastructure	(27,671,198)	(2,710,753)	—	—	(30,381,951)
Total accumulated depreciation	<u>(62,392,583)</u>	<u>(5,957,722)</u>	<u>395,855</u>	<u>—</u>	<u>(67,954,450)</u>
Total capital assets being depreciated, net	<u>89,876,211</u>	<u>(553,170)</u>	<u>—</u>	<u>377,407</u>	<u>89,700,448</u>
Net capital assets – Governmental Activities	<u>\$ 109,881,044</u>	<u>\$ 6,364,865</u>	<u>\$ (1,719)</u>	<u>\$ —</u>	<u>\$ 116,244,190</u>

For the year ended June 30, 2018, depreciation expenses charged to Governmental Activities totaled \$5,957,722, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 7,927
Finance	25,843
Information services	142,125
Public safety	943,219
Planning and development	23,587
Public works	4,535,708
Parks and recreation	203,689
Support services	75,624
	<u>\$ 5,957,722</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

**Business-type Activities:**

	Balance				Balance
	June 30, 2017	Additions	Retirements	Transfers	June 30, 2018
<u>Capital assets not being depreciated:</u>					
Land	\$ 707,829	\$ 10,000	\$ —	\$ —	\$ 717,829
Construction in progress	2,446,912	4,854,720	—	(47,900)	7,253,732
Total capital assets not being depreciated	3,154,741	4,864,720	—	(47,900)	7,971,561
<u>Capital assets being depreciated:</u>					
Buildings	11,478,077	58,000	—	—	11,536,077
Water and sewer systems	108,776,090	2,338,408	—	—	111,114,498
Improvements	121,466	5,885	—	—	127,351
Machinery and equipment	16,946,719	1,993,461	(673,595)	47,900	18,314,485
Total capital assets being depreciated	137,322,352	4,395,754	(673,595)	47,900	141,092,411
<u>Less, accumulated depreciation:</u>					
Buildings	(3,734,275)	(314,343)	—	—	(4,048,618)
Water and sewer systems	(42,335,885)	(2,180,487)	—	—	(44,516,372)
Improvements	(41,546)	(3,530)	—	—	(45,076)
Machinery and equipment	(12,439,991)	(1,354,084)	673,594	—	(13,120,481)
Total accumulated depreciation	(58,551,697)	(3,852,444)	673,594	—	(61,730,547)
Total capital assets being depreciated, net	78,770,655	543,310	(1)	47,900	79,361,864
Net capital assets – Business-type Activities	\$ 81,925,396	\$ 5,408,030	\$ (1)	\$ —	\$ 87,333,425

A summary of Proprietary Fund Type capital assets at June 30, 2018, is as follows:

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park	Total
Land	\$ 717,829	\$ —	\$ —	\$ —	\$ —	\$ 717,829
Buildings	1,029,594	313,200	9,700,878	434,405	58,000	11,536,077
Water and sewer systems	111,114,498	—	—	—	—	111,114,498
Other improvements	5,885	32,262	89,204	—	—	127,351
Machinery and equipment	7,065,126	7,330,305	914,828	1,695,160	1,309,066	18,314,485
Construction in progress	7,247,389	6,343	—	—	—	7,253,732
Totals	127,180,321	7,682,110	10,704,910	2,129,565	1,367,066	149,063,972
Less, accumulated depreciation	(50,252,497)	(5,624,982)	(3,812,860)	(1,518,189)	(522,019)	(61,730,547)
Net capital assets – Proprietary Funds	\$ 76,924,824	\$ 2,057,128	\$ 6,892,050	\$ 611,376	\$ 845,047	\$ 87,333,425

For the year ended June 30, 2018, depreciation expenses were charged to Business-type activities totaling \$3,852,444 (Water and Sewer Utility \$2,526,127; Solid Waste \$555,110; Aquatic Center \$294,324; Beach Service \$178,828; and Sports and Tourism Park \$298,055, 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, 2018, 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%	\$ 586,709	April 22, 2019
Parks	9/15/11	3.00%-4.00%	2,080,000	March 1, 2019
Total general obligation bonds			2,666,709	
Less, current portions (payable within one year)			(2,666,709)	
Add, bond premium \$1,496,381 less accumulated amortization of \$1,262,573			233,808	
			<u>\$ 233,808</u>	
<u>Special Assessment Revenue Bond</u>				
Cherry Grove (Dredge) Municipal Improvement District Bonds	7/29/16	1.39%	\$ 3,514,000	April 1, 2021
			(1,263,000)	
Total special assessment revenue bond			<u>\$ 2,251,000</u>	
<u>Installment notes (lease purchase)</u>				
Property Purchase	8/8/16	0.00%	\$ 112,500	August 30, 2018
Less, current portion			(112,500)	
Total installment notes			<u>\$ —</u>	
<u>Accrued Compensated Absences</u>				
			<u>\$ 1,584,102</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 4,068,910</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%	\$ 2,068,334	March 1, 2020
Less, current portions (payable within one year)			(1,243,334)	
			<u>\$ 825,000</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 3,256,374	November 13, 2023
Less, current portions (payable within one year)			(442,296)	
			<u>\$ 2,764,078</u>	
<u>Accrued Compensated Absences</u>				
			<u>\$ 489,134</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 4,078,212</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, 2018, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/18</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
Municipal Roads	4/22/09	\$ 1,154,895	\$ —	\$ (568,186)	\$ 586,709
Parks	9/15/11	4,100,000	—	(2,020,000)	2,080,000
Total general obligation bonds		<u>\$ 5,254,895</u>	<u>\$ —</u>	<u>\$ (2,588,186)</u>	<u>\$ 2,666,709</u>
<u>Special Assessment Revenue Bond</u>					
Cherry Grove dredge	7/29/16	\$ 4,759,000	\$ —	\$ (1,245,000)	\$ 3,514,000
<u>Installment Note (Lease Purchase)</u>					
Property purchase (Intersection improvement)	8/8/16	\$ 225,000	\$ —	\$ (112,500)	\$ 112,500
Total installment notes		<u>\$ 225,000</u>	<u>\$ —</u>	<u>\$ (112,500)</u>	<u>\$ 112,500</u>
<u>Accrued Compensated Absences</u>					
		<u>\$ 1,525,899</u>	<u>\$ 921,357</u>	<u>\$ (863,154)</u>	<u>\$ 1,584,102</u>
<b>Business-type Activities</b>					
<u>Contract Payable</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement ( <i>see Note 8</i> )	09/18/91	\$ 3,236,667	\$ —	\$ (1,168,333)	\$ 2,068,334
<u>Note Payable</u>					
Aquatic and fitness center note obligation	11/13/03	\$ 3,730,237	\$ —	\$ (473,863)	\$ 3,256,374
<u>Accrued Compensated Absences</u>					
		<u>\$ 463,747</u>	<u>\$ 289,802</u>	<u>\$ (264,415)</u>	<u>\$ 489,134</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><b>Government Activities</b></u>	<u><b>Interest Requirements</b></u>		<u><b>Principal Requirements</b></u>		<u><b>Total Requirements</b></u>	
	Parks	Roads	Parks	Roads	Parks	Roads
General Obligation Bonds:						
2019 (Due within one year)	\$ 83,200	\$ 19,127	\$ 2,080,000	\$ 586,709	\$ 2,163,200	\$ 605,836
		<u><b>Interest Requirements</b></u>		<u><b>Principal Requirements</b></u>		<u><b>Total Requirements</b></u>
Special Assessment Revenue Bonds:						
2019 (Due within one year)		\$ 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>\$ 107,266</u>		<u>\$ 3,514,000</u>		<u>\$ 3,621,266</u>
Installment Note:						
2019 (Due within one year)		<u>\$ —</u>		<u>\$ 112,500</u>		<u>\$ 112,500</u>
		<u><b>Interest Requirements</b></u>		<u><b>Principal Requirements</b></u>		<u><b>Total Requirements</b></u>
<u><b>Business-type Activities</b></u>						
Water and Sewer Utility Contract Payable:						
2019 (Due within one year)		\$ 108,588		\$ 1,243,334		\$ 1,351,922
2020		44,275		825,000		869,275
		<u>\$ 152,863</u>		<u>\$ 2,068,334</u>		<u>\$ 2,221,197</u>
Aquatic Center Note Payable:						
2019 (Due within one year)		\$ 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>\$ 457,438</u>		<u>\$ 3,256,374</u>		<u>\$ 3,713,812</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, 2018, 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, 2018.

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, 2018, the City maintained the contractual rights (other assets) equaled \$18,930,804 with accumulated amortization expense equaling \$16,608,913, for a net carrying value of \$2,321,891. For 2018, amortization expense equaled \$611,435. The City's obligation to make payments to GSWSA to retire a pro rata portion of the principal of bonds issued by GSWSA to finance the water treatment plant has been recorded as contracts payable in the Water and Sewer Utility Fund (*see Note 7*). Additionally, the City is obligated to make a monthly payment attributable to its pro rata share of the cost of operating and maintaining the water treatment plant and related booster pumps. Currently estimated annual costs, which will be charged to expense as incurred, are approximately \$1,554,000 plus twenty (20) percent of the annual debt service component. A portion of the annual operating cost paid is deposited into a Renewal and Replacement Fund held by GSWSA to provide for depreciation, contingencies, improvements and extensions of the plant. If at the end of any fiscal year, there shall be on deposit in the Renewal and Replacement Fund an amount in excess of \$1,000,000, the City will be entitled to a reimbursement from GSWSA. Deposits on hand with GSWSA as of June 30, 2018, (\$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, 2018, maintained the contractual rights (other assets) equal to \$9,004,057 with accumulated amortization expense equaling \$3,263,970, for a net carrying value of \$5,740,087. For 2018, amortization expense equaled \$225,101.

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, 2018, were as follows:

Utility system impact fees	\$ 2,660,596
Extension fees	132,712
System contributions by developers	<u>536,571</u>
Total capital contributions	<u>\$ 3,329,879</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	\$ 116,244,190	\$ 87,333,425
Less, G.O., revenue bonds, and note payable	<u>(4,042,209)</u>	<u>(3,256,375)</u>
Total net investment in capital assets	<u>\$ 112,201,981</u>	<u>\$ 84,077,050</u>
<b><u>Restricted:</u></b>		
Restricted net position:		
General government administration:		
Debt retirement	\$ 185,510	\$ —
Public safety:		
Pensions – employer contribution	1,273,331	—
Drug enforcement programs	74,248	—
Public Works:		
Cherry Grove Dredge project	1,959,089	—
Parks and recreation:		
Tourism related	—	—
Future capacity of utility	—	3,437
Total restricted net position	<u>\$ 3,492,178</u>	<u>\$ 3,437</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, 2018. Investments of the Trust at June 30, 2018, 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, 2018, 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, 2018, the plans' participants equaled 206 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2018, approximated \$13,050,297. The City's total payroll, without adjustment for accruals, was approximately \$23,439,853. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2018, equaled \$1,014,964 and \$13,675, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2018, equaled \$245,835 and \$13,675 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position  
June 30, 2018**

	<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	\$ 23,542,688	\$ 932,981	\$ 24,475,669
Receivables – Participant loans	1,258,534	5,773	1,264,307
<b>Total assets</b>	<b>\$ 24,801,222</b>	<b>\$ 938,754</b>	<b>\$ 25,739,976</b>
<b>Net Position</b>			
Held in trust for employee's pension benefits	<b>\$ 24,801,222</b>	<b>\$ 938,754</b>	<b>\$ 25,739,976</b>

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, 2018

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
<b>Additions</b>			
Employer contributions	\$ 1,014,964	\$ 13,675	\$ 1,028,639
Employee (member) contributions	245,835	13,675	259,510
Investment income (loss)	1,830,557	139,980	1,970,537
Non-vested rollover	—	—	—
Total additions	<u>3,091,356</u>	<u>167,330</u>	<u>3,258,686</u>
<b>Deductions</b>			
Benefit payments/loan issuance costs	437,597	60,132	497,729
Trustee fees	19,269	50	19,319
Forfeitures	38,344	—	38,344
Total deductions	<u>495,210</u>	<u>60,182</u>	<u>555,392</u>
<b>Change in net position</b>	<b>2,596,146</b>	<b>107,148</b>	<b>2,703,294</b>
Net position, beginning of year	22,205,076	831,606	23,036,682
Net position, end of year	<u>\$ 24,801,222</u>	<u>\$ 938,754</u>	<u>\$ 25,739,976</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 9.75% of their earnable compensation to the Plan. For the year ended June 30, 2018, covered employee (gross) wages equaled \$8,042,995, with pensionable wages ("covered payroll") equaling \$7,861,627. Employee contributions totaled \$764,470 for the year ended June 30, 2018. For the year ended June 30, 2018, covered employee (gross) wages equaled \$8,042,995, with pensionable wages equaling \$7,861,627. Employee contributions totaled \$662,753 for the year ended June 30, 2017 and \$583,984 for the year ended June 30, 2016.

Employers are required to contribute to the Plan at an actuarially determined rate, which for the year ended June 30, 2018 was 15.84%. 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, 2018, 2017 and 2016 were \$1,273,331, \$1,098,777, and \$1,040,642, respectively, and equal to the required contributions for each year.

The City's (employer) contribution for the year ended June 30, 2018 is being reported as part of deferred outflows of resources due to the pension plan's measurement date of June 30, 2017. This amount will be recognized by the City as part of its pension expense in fiscal year 2018-2019.

Payables to PORS

At June 30, 2018, the City had employee deductions and employer contributions payable to PEBA totaling \$61,721 and \$102,805, 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

At June 30, 2018, the City reported a liability of \$15,685,465 for the measurement period June 30, 2017 for its proportionate share of the net pension liabilities, all of which was for PORS. The net pension liabilities were measured by PEBA as of June 30, 2017 and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation of data as of July 1, 2016 and rolled forward to June 30, 2017. The City's proportion share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, PEBA reported the City's proportion of the collective net pension liability was 0.572550% for PORS.

For the year ended June 30, 2018, the City recognized pension expense of \$1,964,456 for PORS Governmental Activities.

Components of pension expense and changes in the net pension liability for the measurement period (June 30, 2017) follows:

Pension expense:	
Service cost	\$ 954,339
Interest on total pension liability	2,708,498
Changes in plan benefits	
Plan administrative costs	12,318
Plan member contributions	(731,950)
Expected return on plan assets	(1,652,022)
Recognition of net amortization:	
Plan performance, net	104,497
Assumption changes, net	418,994
Investment experience, net	129,466
Allocated proportion change, net	34,501
Other	(14,205)
Total pension expense	<u>1,964,456</u>
PEBA reported contributions	(1,097,967)
Changes in deferred items (net of amortization):	
Outflows – Plan performance	(84,297)
Outflows – Assumption changes	1,488,695
Outflows – Investment experience	(730,058)
Outflows – Allocated proportion change	(153,189)
Inflows – Investment experience	(242,065)
Inflows – Allocated proportion change	(385,632)
Total change in net pension liability	<u>\$ 577,943</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, 2018, 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	\$ 139,870	\$ —
Assumption changes	1,488,695	—
Investment experience	1,642,681	1,086,743
Proportion changes	408,247	410,439
Employer differences	743	18,180
	<hr/>	<hr/>
	3,680,236	1,515,362
Subsequent employer contributions	1,273,331	—
	<hr/>	<hr/>
	\$ 4,953,567	\$ 1,515,362
	<hr/>	<hr/>
<b><u>Year ended June 30,</u></b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2018	\$ 1,308,241	\$ 635,753
2019	1,242,771	319,071
2020	912,547	312,242
2021	216,677	248,296
	<hr/>	<hr/>
	\$ 3,680,236	\$ 1,515,362
	<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
Inflation	2.75 percent
Salary Increases	4.0 to 10.0 percent (varies by service)
Investment rate of return	7.25 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, 2017 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, as used in the June 30, 2017, actuarial valuations, was based upon the 30 year capital market outlook at the end of the beginning of 2017, as developed by the Retirement Systems Investment Commission (RSIC) in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the RSIC as of January 1, 2017. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

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

Long-term Expected Rate of Return (continued)

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the SCRS and PORS Systems, 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. Due to the Act effective July 1, 2017, the rates in this table were actuarially adjusted to 7.25 percent assumed annual investment rate of return comprised of a 5.00 percent real rate of return and a 2.25 percent inflation component.

<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>45.0%</b>		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Estate</b>	<b>8.0%</b>		
Real Estate (private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Rik Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total expected real return	<u>100.0%</u>		<u>5.32%</u>
Inflation for actuarial purposes			<u>2.25%</u>
Total expected nominal return			<u>7.57%</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

Discount Rate

The discount rate used to measure the total pension liabilities at June 30, 2017, was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and 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 System'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 7.25%, 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<b>PORS</b>		
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Sensitivity of the City's proportionate share of the net pensions liability to changes in the discount rate	\$ 27,178,362	\$ 15,685,465	\$ 11,358,784

Pension Plans 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 PEBA, which is issued and publicly available on the website [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting in writing a request to the PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered to be a division of the primary government of South Carolina. The retirement trust fund financial information is included in the comprehensive annual financial statement of the state.

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, 2018, 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, 2018, 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 2017 Blue Collar Mortality

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Post-Employment Benefits Other Than Pension**

GASB Statement No. 75

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, replaced the requirements of GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”, as amended, and GASB Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”. Reporting under GASB Statement No. 75 is effective for fiscal years commencing after June 15, 2017. The City has implemented GASB No. 75 effective July 1, 2017.

Plan Description

In addition to the pension benefits described in *Note 11*, the City’s *North Myrtle Beach Retiree Medical Coverage Plan*, (herein after referred to as “OPEB plan” or “Program”), provides, if elected, other post-employment benefits (OPEB) for any employee who has at least 10 years of continuous service with the City. The Program is a single employer defined benefit OPEB plan administered by the City (by the Mayor and City Council) through its approved personnel policies. The City participates in the South Carolina Local Government Assurance Group, which is a self-funded major health insurance plan.

At the time of separation from the City, the City Council may, at its discretion, subsidize the monthly cost of medical coverage for retirees at a rate not to exceed the total cost of coverage. The rate of such subsidy is set by Council each year during annual budget deliberations. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The program does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

Benefits Provided

The program offers retired employees premium payments for the employee group health insurance plan (including dental) at little to no cost. The City’s annual OPEB plan premium rates are \$9,636 for the retiree and \$4,919 for the spouse of the retired employee for the year ended June 30, 2018. Retirees with at least 20 years of continuous service pay nothing for the retiree portion and pays the full premium rate for spouse coverage. Other retirees pay 100% of the premium. 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’s contributions are financed on a pay-as-you-go basis and, therefore, no trust fund has been established which would maintain plan assets. At June 30, 2018, the City had 68 retired employees with an average age of 62 years covered by the program with monthly premium costs averaging \$589 per participant. Total expenses incurred for this program and paid by the City for the year ended June 30, 2018 were \$596,833 (or 35%) of the annual OPEB cost of \$1,690,740. For prior fiscal years 2017 and 2016, total funding expenses were \$600,401 (or 58% of the annual OPEB cost of \$1,041,078), and \$335,646 (or 35% of the annual OPEB costs of \$949,488), respectively.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Employees Covered By Benefit Terms

At the valuation date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	372
	440

Total OPEB Liability

The City's total OPEB liability of \$20,515,908 (of which \$16,203,464 was for the Governmental Activities and \$4,312,444 was for the Business-type activities) was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry Age Normal
Inflation	2.50%
Projected salary increases	4.50%
Discount rate	4.00%
Retiree contribution	Retirees with 10- 20 years of service, 100%. Retirees with 20 years or more of service, 0%
Investment rate of return	Not applicable
Mortality, disability, retirement, and withdrawal rates	1983 GAM without projection
Morbidity rates	Under age 65 – 3.75% per age
Election at retirement	100%
Marital status	5% of retirees electing coverage will cover a spouse

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Actuarial Assumptions and Other Inputs (continued)

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of May 23, 2018.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2015.

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. Other assumptions may be made about participant data or other factors. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in total other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit assets.

Changes since the last actuarial valuation: In the actuarial valuation dated July 1, 2015, the Level Dollar Amount Open amortization method was used. The amortization was changed to a discount rate of 3.40% to comply with GASB Statement No.75. Starting per capita costs were updated using the most recent premiums (as of July 1, 2017). The health care trend rates were reset based on recent experience (as of May 2018).

Changes in the Total OPEB Liability

The changes in the City's Total OPEB Liability for the current year and the related information for the program is as follows:

Total other post-employment benefit (OPEB) obligation – beginning of year, as restated <sup>(1)</sup>	\$ 19,353,056
Changes in total OPEB Liability:	
Service cost	857,523
Interest	797,447
Changes of benefit terms	—
Differences between expected and actual experience	62,147
Changes in assumptions or other inputs	—
Contributions – employer	—
Contributions – active and inactive employees	—
Net investment income	—
Benefit payments <sup>(2)</sup>	(554,265)
Other changes	—
Net changes	<u>1,162,852</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u>\$ 20,515,908</u>

<sup>(1)</sup> Fiscal year 2015 results calculated two years later in accordance with GASB 75.

<sup>(2)</sup> Includes the Implicit Rate Subsidy.

There were no changes of benefit terms during the period.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Related	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ 62,147	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on OPEB Investments	—	—
<b>Total</b>	<b>\$ 62,147</b>	<b>\$ —</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30, :	OPEB Related Future Deferred	
	Outflows of Resources	Inflows of Resources
2019	\$ 4,348	\$ —
2020	4,348	—
2021	4,348	—
2022	4,348	—
2023	4,348	—
Thereafter	40,407	—
<b>Total</b>	<b>\$ 62,147</b>	<b>\$ —</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. 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; sickness and injuries to employees; and natural disasters. The City carries commercial property insurance coverage and general liability coverage for these risks, except as noted below. With the creation of its Internal Service Fund for accounting and reporting insurance activities, premiums are charged to the City's departments and any excess reserves are maintained in the Insurance Reserve Internal Service Fund. 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 (as a participant of the South Carolina Local Government Assurance Group) 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.

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. Benefit Source Inc. is the claims handler for the City. Premiums paid to Arthur J. Gallagher Risk Management Services, Inc. for administration and excess coverage were \$171,489 for the year ended June 30, 2018.

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. Benefit Source Inc. is the claims handler for the City. Premiums paid to Arthur J. Gallagher Risk Management Services, Inc., for administration and excess coverage were \$478,494 for the year ended June 30, 2018.

Change in the aggregate liability are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unpaid claims at beginning of year	\$ 105,103	\$ 191,415	\$ 167,079
Incurred claims for current and prior year events where the City has retained risk of loss	7,403,789	6,303,983	5,816,181
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(7,363,680)</u>	<u>(6,390,295)</u>	<u>(5,791,845)</u>
Unpaid claims at end of year	<u>\$ 145,212</u>	<u>\$ (105,103)</u>	<u>\$ (191,415)</u>

Claims of the City's self-insured unemployment benefits are administered by the South Carolina Department of Employment and Workforce and are then reimbursed by the City. No liability has been accrued at year end for incurred, but not reported claims, as they are expected to be minimal.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Actuarial Assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation, measured as of May 2018, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry Age Normal
Inflation	2.50%
Projected salary increases	4.50%
Discount rate	4.00%
Retiree contribution	Retirees with 10- 20 years of service 100%. Retirees with 20 years or more of service, 0%
Investment rate of return	Not applicable
Mortality, disability, retirement, and withdrawal rates	1983 GAM without projection
Morbidity rates	S Under age 65 – 3.75% per age
Election at retirement	100%
Marital status	5% of retirees electing coverage will cover a spouse

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of May 23, 2018.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2015.

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. Assumptions may be made about participant data or other factors. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in total other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Actuarial Assumptions and other inputs (continued)

Changes since the last actuarial valuation: In the actuarial valuation dated July 1, 2015, the Level Dollar Amount Open amortization method was used. The amortization was changed to a discount rate of 3.40% to comply with GASB Statement No.75. Starting per capita costs were updated using the most recent premiums (as of July 1, 2017). The health care trend rates were reset based on recent experience (as of May 2018). Decrements were changed to those in the most recent South Carolina Retirement System and Police Officers Retirement System Pension valuation reports (as of May 2018).

Changes in the Total OPEB Liability

The changes in the City's Total OPEB Liability for the current year and the related information for the program is as follows:

Total other post-employment benefit (OPEB) obligation – beginning of year, as restated <sup>(1)</sup>	\$ 19,353,056
Changes in total OPEB Liability:	
Service cost	857,523
Interest	797,447
Changes of benefit terms	—
Differences between expected and actual experience	62,147
Changes in assumptions or other inputs	—
Contributions – employer	—
Contributions – active and inactive employees	—
Net investment income	—
Benefit payments <sup>(2)</sup>	(554,265)
Other changes	—
Net changes	<u>1,162,852</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u>\$ 20,515,908</u>

<sup>(1)</sup> Fiscal year 2015 results calculated two years later in accordance with GASB 75.

<sup>(2)</sup> Includes the Implicit Rate Subsidy.

There were no changes of benefit terms during the period.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**14. Contingencies**

Litigation

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

Federal and State Assisted Programs

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**15. Reconciliation of Government-Wide and Fund Financial Statements**

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

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

<i>Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:</i>	
Capital assets	\$ 184,198,640
Less, accumulated depreciation	(67,954,450)
Net amount reported	<u>\$ 116,244,190</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 prorate portion (79%) of the Internal Service Fund:</i>	
Equity in pooled cash	\$ 2
Claim deposits	104,089
Prepaid items	254,139
Receivables	149,846
Claim liabilities and payables	(1,335,772)
Total other post-employment benefits payable (OPEB) liability	(16,203,464)
Net amount reported	<u>\$ (17,031,160)</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>\$ 5,015,714</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	\$ (73,503)
General obligation bonds, revenue bond, and notes payable	(6,527,017)
Accrued compensated absences	(1,584,102)
Net pension liabilities	(16,198,035)
Net amount reported	<u>\$ (24,382,657)</u>
 <i>Deferred inflows related to pensions are not financial resources and therefore are not reported in the fund financial statements.</i>	
Net amount reported	<u>\$ (1,515,362)</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	\$ 12,320,868
Depreciation expense	<u>(5,957,722)</u>
Net amount reported	<u>\$ 6,363,146</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	\$ 5,506,438
Insurance claims paid and reserves	<u>(6,917,948)</u>
Net amount reported	<u>\$ (1,411,510)</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	\$ 192,960
Accrued compensated absences expense	<u>(58,204)</u>
Pension expense, net	<u>(694,125)</u>
Net amount reported	<u>\$ (559,369)</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	\$ 3,945,686
Net amount reported	<u>\$ 3,945,686</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	\$	—
Receivables		39,880
Claim deposits and prepaid items		111,881
Claim liabilities and payables		(355,508)
Total other post-employment benefits payable (OPEB) liability		(4,312,444)
Net amount reported	\$	<u>(4,516,191)</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	\$	1,465,501
Insurance claims paid and reserves		(1,841,166)
Net amount reported	\$	<u>(375,665)</u>

**16. Subsequent Events**

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**17. Restatement for Accounting Principle Change**

The City implemented GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, replaced the requirements of GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*”, as amended, and GASB Statement No. 57, “*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*”, for OPEB. Reporting under GASB Statement No. 75 is effective for fiscal years commencing after June 15, 2017. The City has implemented GASB No. 75 effective July 1, 2017.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net position previously reported at June 30, 2017	\$ 98,329,368	\$ 96,750,833	\$ 195,080,201
Accounting principle change for post-employment benefits other than pension	<u>(9,210,736)</u>	<u>(2,451,376)</u>	<u>(11,662,112)</u>
Net position, as restated, June 30, 2017	<u>\$ 89,118,632</u>	<u>\$ 94,299,457</u>	<u>\$ 183,418,089</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2018

(With comparative actual amounts for June 30, 2017)

	2018			Variance Positive (Neg.)	2017
	Budget		Actual		Actual
	Original	Final			
<b>Revenue</b>					
Current property taxes	\$13,200,000	\$13,200,000	\$13,369,780	\$ 169,780	\$ 12,854,768
Delinquent property taxes and penalties	400,000	400,000	340,950	(59,050)	304,947
Licenses and permits	9,134,000	9,134,000	9,969,892	835,892	8,903,459
Fines and forfeitures	351,000	351,000	366,246	15,246	401,856
Use of money and property	422,000	422,000	229,996	(192,004)	210,051
Unrestricted intergovernmental	1,066,600	1,066,600	1,160,581	93,981	1,189,690
Restricted intergovernmental	216,960	216,960	334,932	117,972	661,171
Sales and service charges	460,000	460,000	526,708	66,708	1,157,588
Miscellaneous	40,000	40,000	152,203	112,203	85,177
<b>Total revenue</b>	<b>25,290,560</b>	<b>25,290,560</b>	<b>26,451,288</b>	<b>1,160,728</b>	<b>25,768,707</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	931,837	931,837	1,012,911	(81,074)	947,487
Legislative	201,095	201,095	198,071	3,024	197,761
Administrative	227,497	227,497	195,023	32,474	172,140
City Court	508,396	508,396	506,298	2,098	498,938
Legal	219,704	219,704	213,327	6,377	286,744
Human resources	511,359	511,359	491,831	19,528	507,704
Total	2,599,888	2,599,888	2,617,461	(17,573)	2,610,774
Less, capital outlay			(20,990)	20,990	(10,448)
Net general government administration	2,599,888	2,599,888	2,596,471	3,417	2,600,326
<b>Finance</b>					
Accounting	301,187	301,187	284,149	17,038	282,385
Revenue	576,885	576,885	596,135	(19,250)	535,610
Total	878,072	878,072	880,284	(2,212)	817,995
Less, capital outlay	(30,000)	(30,000)	(42,434)	12,434	(22,152)
Net finance	848,072	848,072	837,850	10,222	795,843
<b>Information Services</b>					
Total	461,990	461,990	303,464	158,526	487,859
Less, capital outlay	(148,000)	(148,000)	(104,281)	(43,719)	(155,540)
Net information services	313,990	313,990	199,183	114,807	332,319
<b>Public Safety</b>					
Administrative	728,179	728,179	696,517	31,662	734,561
Uniform patrol	5,416,708	5,416,708	5,771,506	(354,798)	5,485,414
Community services	924,604	924,604	944,326	(19,722)	1,005,046
Detectives	1,069,090	1,069,090	1,088,888	(19,798)	1,039,271
Communications/Detention	1,159,126	1,159,126	1,179,331	(20,205)	1,244,336
Records	353,149	353,149	386,086	(32,937)	317,460
Victim's assistance	83,706	83,706	80,965	2,741	77,004
Police training	330,125	330,125	379,284	(49,159)	369,750
Fire suppression	4,054,610	4,054,610	4,119,242	(64,632)	4,123,790
Fire prevention	339,309	339,309	334,728	4,581	355,773
Total	14,458,606	14,458,606	14,980,873	(522,267)	14,752,405
Less, capital outlay	(575,500)	(575,500)	(515,857)	(59,643)	(682,273)
Net public safety	13,883,106	13,883,106	14,465,016	(581,910)	14,070,132

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

Expenditures (Continued)	2018		Actual	Variance Positive (Neg.)	2017 Actual
	Budget				
	Original	Final			
<b>Planning/Development</b>					
Planning/zoning administration	991,074	991,074	962,053	29,021	959,131
Code enforcement-building	809,200	809,200	744,734	64,466	748,190
Total	1,800,274	1,800,274	1,706,787	93,487	1,707,321
Less, capital outlay	(52,000)	(52,000)	(47,107)	(4,893)	—
Net planning/development	1,748,274	1,748,274	1,659,680	88,594	1,707,321
<b>Public Works</b>					
Streets/drainage	2,178,796	2,178,796	2,452,754	(273,958)	2,059,380
Less, capital outlay	(70,000)	(70,000)	(98,973)	28,973	(67,775)
Net public works	2,108,796	2,108,796	2,353,781	(244,985)	1,991,605
<b>Parks and Recreation</b>					
Recreation administration	328,494	328,494	329,606	(1,112)	319,373
Athletics	761,729	761,729	713,170	48,559	857,303
Programs	1,040,336	1,040,336	956,524	83,812	1,025,776
Parks and grounds	—	—	—	—	2,066,318
Row Maintenance	379,030	379,030	392,493	(13,463)	276,392
Sports park	410,368	410,368	411,014	(646)	—
Landscaping	292,051	292,051	268,024	24,027	—
Park and Beach	501,947	501,947	457,008	44,939	—
Administration	265,408	265,408	326,948	(61,540)	—
Total	3,979,363	3,979,363	3,854,787	124,576	4,545,162
Less, capital outlay	(166,700)	(166,700)	(117,599)	(49,101)	(206,378)
Net parks and recreation	3,812,663	3,812,663	3,737,188	75,475	4,338,784
<b>Support Services</b>					
Purchasing	182,358	182,358	179,000	3,358	148,262
Fleet maintenance	309,300	309,300	290,757	18,543	277,961
Custodial services	617,683	617,683	753,440	(135,757)	793,972
Total	1,109,341	1,109,341	1,223,197	(113,856)	1,220,195
Less, capital outlay	(138,000)	(138,000)	(34,518)	(103,482)	(125,432)
Net support services	971,341	971,341	1,188,679	(217,338)	1,094,763
<b>Debt Service</b>					
Principal retirement	568,186	568,186	568,186	—	869,915
Interest and fiscal charges	37,650	37,650	37,650	—	65,032
Agent fees	152,388	152,388	5,472	146,916	56
Total debt service	758,224	758,224	611,308	146,916	935,003
<b>Capital Outlay</b>	1,180,200	1,180,200	981,759	198,441	1,269,998
<b>Total expenditures</b>	<b>28,224,554</b>	<b>28,224,554</b>	<b>28,630,915</b>	<b>(406,361)</b>	<b>29,136,094</b>
Excess (deficiency) of revenue over (under) expenditures	(2,933,994)	(2,933,994)	(2,179,627)	754,367	(3,367,387)



CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2018				2017
	Budget		Actual	Variance Positive (Neg.)	Actual
	Original	Final			
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	901,592	901,592	869,676	(31,916)	1,528,826
From Local (1.5%) Accommodations Tax Fund	2,283,000	2,283,000	2,305,144	22,144	2,239,371
From Local (1%) Hospitality Fee Fund	2,699,400	2,699,400	2,660,540	(38,860)	2,589,019
From Debt Service Fund	—	—	—	—	244,500
Total transfers in	<u>5,883,992</u>	<u>5,883,992</u>	<u>5,835,360</u>	<u>(48,632)</u>	<u>6,601,716</u>
Transfers (out):					
To Capital Improvement Fund	(1,850,000)	(1,850,000)	(1,850,000)	—	(2,225,000)
To Street Improvement Fund	(1,000,000)	(1,000,000)	(1,000,000)	—	(800,000)
To Sports and Tourism Park	(50,000)	(50,000)	(50,000)	—	(150,000)
To Pension Trust Fund	(50,000)	(50,000)	(49,406)	594	(49,406)
Total Transfers (out)	<u>(2,950,000)</u>	<u>(2,950,000)</u>	<u>(2,949,406)</u>	<u>594</u>	<u>(3,224,406)</u>
Total other financing sources (uses)	<u>2,933,992</u>	<u>2,933,992</u>	<u>2,885,954</u>	<u>(48,038)</u>	<u>3,377,310</u>
<b>Net change in fund balance</b>	<b>(2)</b>	<b>(2)</b>	<b>706,327</b>	<b>706,329</b>	<b>9,923</b>
Fund balance, beginning of year	<u>11,190,571</u>	<u>11,190,571</u>	<u>11,190,571</u>	<u>—</u>	<u>11,180,648</u>
Fund balance, end of year	<u>\$ 11,190,569</u>	<u>\$ 11,190,569</u>	<u>\$ 11,896,898</u>	<u>\$ 706,329</u>	<u>\$ 11,190,571</u>

**Notes to Schedule:**

Budget to Actual Deficits

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

Budgets and Budgetary Accounting

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

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City' s proportion of the net pension liability	N/A	.57255%	.59561%	.56177%	.56315%	N/A	N/A	N/A	N/A	N/A
City' s proportion share of the net pension liability	N/A	\$ 15,685,465	\$ 15,107,522	\$ 12,243,757	\$ 10,781,098	\$ 11,673,945	N/A	N/A	N/A	N/A
City' s covered-payroll (pensionable wages)	\$ 7,861,627	\$ 7,743,113	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,642,671	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	202.6%	198.9%	175.9%	159.2%	175.7%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	60.9%	60.4%	64.6%	67.5%	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>

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 1,273,331	\$ 1,098,777	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	\$ 1,273,331	\$ 1,098,777	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	N/A	N/A	N/A	N/A
City's covered payroll (pensionable wages)	\$ 7,861,627	\$ 7,743,113	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,513,521	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.2%	14.2%	13.7%	13.4%	12.8%	12.3%	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, SOUTH CAROLINA  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS <sup>(1)</sup>

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Service Cost	\$ 857,523	N/A								
Interest	797,447	N/A								
Changes in benefit terms	—	N/A								
Differences between expected and actual experience	62,147	N/A								
Changes in assumptions or other inputs	—	N/A								
Contributions – employer	—	N/A								
Contributions – active and inactive employees	—	N/A								
Net investment income	—	N/A								
Benefit payments <sup>(2)</sup>	(554,265)	N/A								
Other changes	—	N/A								
Net changes in total OPEB liability	1,162,852	N/A								
Total OPEB liability – beginning	19,353,056	N/A								
Total OPEB liability – ending	\$ 20,515,908	N/A								
Covered – employee payroll	\$ 8,042,995	N/A								
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	N/A								
Total OPEB liability as a percentage of covered – employee payroll	255%	N/A								

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

<sup>(2)</sup> Includes the Implicit Rate Subsidy.

N/A – Not available

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

**Other Post-Employment Benefits**

1. Changes in benefit terms – None
2. Changes of assumptions – None.
3. Discount rate – Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	4.00%
2017	4.00%
2016	N/A
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A
2010	N/A
2009	N/A
2008	N/A

## OTHER FINANCIAL INFORMATION

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	<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>				
Cash and cash equivalent	\$ —	\$ —	\$ 85,521	\$ 85,521
Equity in pooled cash and cash equivalents	—	214,022	2,197,519	2,411,541
Restricted cash and cash equivalent	—	2,559	1,984,281	1,986,840
Receivables, net	962,965	11,252	208,320	1,182,537
Due from other governments	—	—	—	—
Due from other funds	—	—	152,712	152,712
Prepaid items	—	—	—	—
<b>Total assets</b>	<b>\$ 962,965</b>	<b>\$ 227,833</b>	<b>\$ 4,628,353</b>	<b>\$ 5,819,151</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts and retainage payable	\$ —	\$ —	\$ 752,458	\$ 752,458
Unearned revenue	—	—	238,397	238,397
Due to other funds	962,965	152,712	239,985	1,355,662
<b>Total liabilities</b>	<b>962,965</b>	<b>152,712</b>	<b>1,230,840</b>	<b>2,346,517</b>
<b>Fund balances:</b>				
Non-spendable	—	—	—	—
Restricted by others	—	—	—	—
Committed by ordinance	—	185,510	1,959,089	2,144,599
Assigned by management	—	—	1,678,409	1,678,409
Unassigned (deficit)	—	(110,389)	(239,985)	(350,374)
<b>Total fund balances</b>	<b>—</b>	<b>75,121</b>	<b>3,397,513</b>	<b>3,472,634</b>
<b>Total liabilities and fund balances</b>	<b>\$ 962,965</b>	<b>\$ 227,833</b>	<b>\$ 4,628,353</b>	<b>\$ 5,819,151</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, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
<b>Revenue</b>				
Property taxes	\$ —	\$ 2,368,051	\$ —	\$ 2,368,051
Special assessments	—	1,333,572	—	1,333,572
Use of money and property	—	2,981	92,790	95,771
Restricted intergovernmental	6,116,010	—	342,454	6,458,464
Sales and service charges	—	—	2,943,364	2,943,364
Miscellaneous	—	—	42,800	42,800
<b>Total revenue</b>	<b>6,116,010</b>	<b>3,704,604</b>	<b>3,421,408</b>	<b>13,242,022</b>
<b>Expenditures</b>				
Current:				
Finance	—	—	53,489	53,489
Public works	—	—	199,209	199,209
Debt Service	—	3,458,594	—	3,458,594
Capital outlay	—	—	6,722,040	6,722,040
<b>Total expenditures</b>	<b>—</b>	<b>3,458,594</b>	<b>6,974,738</b>	<b>10,433,332</b>
Excess (deficiency) of revenue over (under) expenditures	6,116,010	246,010	(3,553,330)	2,808,690
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	—	2,601,001	2,601,001
Transfers (out)	(6,116,010)	—	(100,000)	(6,216,010)
<b>Total other financing sources (uses)</b>	<b>(6,116,010)</b>	<b>—</b>	<b>2,501,001</b>	<b>(3,615,009)</b>
<b>Net change in fund balances</b>	<b>—</b>	<b>246,010</b>	<b>(1,052,329)</b>	<b>(806,319)</b>
Fund balances, beginning of year	—	(170,889)	4,449,842	4,278,953
Fund balances, end of year	\$ —	\$ 75,121	\$ 3,397,513	\$ 3,472,634

COMBINING 'NON-MAJOR' GOVERNMENTAL  
FINANCIAL STATEMENTS

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, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,064,752	\$ 1,018,474
Equity in pooled cash and cash equivalents	655,524	4,845,191
Collateral deposits held by others	20,101	2,601
Receivables:		
Property taxes	1,025,143	1,065,790
Less, allowance for doubtful accounts	(961,440)	(949,303)
Franchise fees	949,577	779,146
Grants	43,605	157,028
Other receivables	799,550	667,441
Due from other governments:		
State of South Carolina	348,896	487,826
Horry County	107,425	—
Due from other funds:		
Accommodations (2%) Tax Fund	814,172	719,221
Stormwater Fund	—	581,060
Local Accommodations (1.5%) Tax Fund	437,465	387,651
Hospitality (1.0%) Fees Fund	307,013	307,734
Beach Renourishment Fund	239,985	576,235
Aquatic Center Fund	194,391	379,423
Beach Service Fund	261,917	757,186
Sports and Tourism Park Fund	275,974	398,193
Insurance Reserves Fund	1,165,744	285,110
Street Improvement Fund	3,585,006	—
Inventories and prepaid items	214,952	268,532
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	184,525	229,622
Drug enforcement account	21,311	14,730
Police seizures held	82,327	80,552
Public safety scholarship fund	25,208	8,139
Total assets	<u>\$ 13,863,123</u>	<u>\$ 13,067,582</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2018</u>	<u>2017</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 799,596	\$ 661,283
Accrued payroll and withholdings payable	321,694	314,240
Due to Sports and Tourism Park Fund	467,191	467,191
Due to other governments:		
State of SC – abandoned property	6,867	3,298
Deposits and Performance bonds	104,025	120,825
Payable from restricted assets:		
Bail bonds	184,525	229,622
Police seizures held	82,327	80,552
Total liabilities	<u>1,966,225</u>	<u>1,877,011</u>
Fund Balance:		
Non-spendable	214,952	268,532
Restricted by others	74,248	22,869
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	<u>11,215,198</u>	<u>10,506,670</u>
Total fund balance	<u>11,896,898</u>	<u>11,190,571</u>
Total liabilities and fund balance	<u>\$ 13,863,123</u>	<u>\$ 13,067,582</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, 2018  
(With comparative actual amounts for June 30, 2017)

Revenue	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
Current property taxes	\$ 13,200,000	\$ 13,369,780	\$ 169,780	\$ 12,854,768
Delinquent property taxes:				
Real and personal property	275,000	235,808	(39,192)	206,425
Penalties	125,000	105,142	(19,858)	98,522
	400,000	340,950	(59,050)	304,947
	13,600,000	13,710,730	110,730	13,159,715
Licenses and permits:				
Business licenses	6,100,000	6,716,490	616,490	5,905,979
Business license penalties	40,000	75,517	35,517	32,450
Building permits	625,000	710,309	85,309	596,314
Inspection fees	4,000	7,300	3,300	5,480
Other permits	15,000	18,525	3,525	10,770
Tree bank	—	3,550	3,550	4,000
Franchise fee – electricity	1,590,000	1,651,795	61,795	1,613,658
Franchise fee – cable TV	590,000	594,572	4,572	568,171
Franchise fee – telephone	80,000	95,159	15,159	83,586
Franchise fee – gas	90,000	96,675	6,675	83,051
	9,134,000	9,969,892	835,892	8,903,459
Fines and forfeitures:				
Fines	700,000	677,754	(22,246)	688,306
Seizures	5,000	25,449	20,449	43,989
Improper parking	5,000	11,544	6,544	17,254
Victim's assistance	60,000	43,929	(16,071)	48,033
Bail Bondsman Fee	1,000	—	(1,000)	—
Less, remittances to State Treasurer	(420,000)	(392,430)	27,570	(395,726)
	351,000	366,246	15,246	401,856
Use of money and property:				
Interest on investments	10,000	10,603	603	—
Property rental	200,000	207,514	7,514	199,010
Verizon sites	200,000	—	(200,000)	—
Purchasing card rebate	12,000	11,879	(121)	11,041
	422,000	229,996	(192,004)	210,051
Unrestricted intergovernmental:				
Local government	350,000	310,617	(39,383)	314,943
Homestead exemption tax	185,000	214,872	29,872	201,112
Business inventory tax	36,600	36,653	53	36,650
Accommodations tax	235,000	227,335	(7,665)	236,069
Admissions tax	—	91,900	91,900	89,173
Motor carrier tax	45,000	83,081	38,081	70,662
Heavy equipment tax	—	3,592	3,592	—
TNC local assessment fee	—	19,971	19,971	9,431
Alcoholic beverage permit fees	215,000	172,560	(42,440)	231,650
	1,066,600	1,160,581	93,981	1,189,690

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
Federal FEMA	—	28,317	28,317	377,285
State SCEMD	—	76,150	76,150	52,790
Federal BJA – BVP	—	6,871	6,871	21,517
Federal USDOJ	175,000	163,883	(11,117)	111,989
State misc. funds	—	7,751	7,751	55,630
Horry County recreation	41,960	51,960	10,000	41,960
	<u>216,960</u>	<u>334,932</u>	<u>117,972</u>	<u>661,171</u>
Sales and service charges:				
City codes and ordinances	10,000	8,600	(1,400)	9,426
Fire protection – contracts	110,000	118,752	8,752	148,124
Street work	6,000	8,671	2,671	450
Beach services franchise	95,000	119,888	24,888	105,250
Parking lot	30,000	22,279	(7,721)	25,951
Recreation fees	160,500	176,724	16,224	151,942
Merchandise sales	—	8,323	8,323	—
GIS Data	1,500	—	(1,500)	—
NMB Park sponsorships, rentals and concessions, net	—	—	—	669,446
Credit Card service charge	7,000	8,188	1,188	8,097
Miscellaneous	40,000	55,283	15,283	38,902
	<u>460,000</u>	<u>526,708</u>	<u>66,708</u>	<u>1,157,588</u>
Miscellaneous:				
Insurance reimbursements	25,000	69,650	44,650	38,384
Forfeitures – 401	—	38,344	38,344	28,571
Grants from private entities	15,000	14,826	(174)	16,213
Canine program donations	—	—	—	2,000
PS Scholarship Fund donation	—	29,383	29,383	9
	<u>40,000</u>	<u>152,203</u>	<u>112,203</u>	<u>85,177</u>
<b>Total revenue</b>	<b><u>25,290,560</u></b>	<b><u>26,451,288</u></b>	<b><u>1,160,728</u></b>	<b><u>25,768,707</u></b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General Services:				
Personal services	396,000	420,254	(24,254)	354,751
Operating expenditures	1,298,250	1,421,406	(123,156)	1,366,047
Less, overhead allocation	(762,413)	(828,749)	66,336	(773,311)
	<u>931,837</u>	<u>1,012,911</u>	<u>(81,074)</u>	<u>947,487</u>
Legislative:				
Personal services	341,590	339,962	1,628	346,685
Operating expenditures	60,600	56,181	4,419	48,837
Less, overhead allocation	(201,095)	(198,072)	(3,023)	(197,761)
	<u>201,095</u>	<u>198,071</u>	<u>3,024</u>	<u>197,761</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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	286,245	324,904	(38,659)	271,094
Operating expenditures	168,750	65,142	103,608	73,186
Less, overhead allocation	(227,498)	(195,023)	(32,475)	(172,140)
	<u>227,497</u>	<u>195,023</u>	<u>32,474</u>	<u>172,140</u>
City Court:				
Personal services	461,971	464,846	(2,875)	449,773
Operating expenditures	46,425	41,452	4,973	49,165
Capital expenditures	—	—	—	—
	<u>508,396</u>	<u>506,298</u>	<u>2,098</u>	<u>498,938</u>
Legal:				
Personal services	259,184	265,538	(6,354)	264,057
Operating expenditures	180,225	140,126	40,099	298,983
Capital expenditures	—	20,990	(20,990)	10,448
Less, overhead allocation	(219,705)	(213,327)	(6,378)	(286,744)
	<u>219,704</u>	<u>213,327</u>	<u>6,377</u>	<u>286,744</u>
Human Resources:				
Personal services	891,881	849,654	42,227	886,970
Operating expenditures	91,500	96,074	(4,574)	89,384
Capital expenditures	—	—	—	—
Less, overhead allocation	(472,022)	(453,897)	(18,125)	(468,650)
	<u>511,359</u>	<u>491,831</u>	<u>19,528</u>	<u>507,704</u>
Total general government administration	2,599,888	2,617,461	(17,573)	2,610,774
Less, total capital outlay	—	(20,990)	20,990	(10,448)
<b>Net general government administration</b>	<u>2,599,888</u>	<u>2,596,471</u>	<u>3,417</u>	<u>2,600,326</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)	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Finance</b>				
Accounting:				
Personal services	642,875	623,014	19,861	562,956
Operating expenditures	171,150	144,955	26,195	178,581
Capital expenditures	—	—	—	22,152
Less, overhead allocation	(512,838)	(483,820)	(29,018)	(481,304)
	<u>301,187</u>	<u>284,149</u>	<u>17,038</u>	<u>282,385</u>
Revenue:				
Personal services	498,620	505,089	(6,469)	476,999
Operating expenditures	48,265	48,612	(347)	58,611
Capital expenditures	30,000	42,434	12,434	—
	<u>576,885</u>	<u>596,135</u>	<u>(19,250)</u>	<u>535,610</u>
Total finance	878,072	880,284	(2,212)	817,995
Less, total capital outlay	(30,000)	(42,434)	(12,434)	(22,152)
<b>Net finance</b>	<u>848,072</u>	<u>837,850</u>	<u>10,222</u>	<u>795,843</u>
<b>Information Services</b>				
Personal services	728,763	731,596	(2,833)	660,712
Operating services	264,600	341,119	(76,519)	284,387
Capital expenditures	148,000	104,281	43,719	155,540
Less, overhead allocation	(679,373)	(873,532)	194,159	(612,780)
	<u>461,990</u>	<u>303,464</u>	<u>158,526</u>	<u>487,859</u>
Total information services	461,990	303,464	158,526	487,859
Less, total capital outlay	(148,000)	(104,281)	(43,719)	(155,540)
<b>Net information services</b>	<u>313,990</u>	<u>199,183</u>	<u>114,807</u>	<u>332,319</u>
<b>Public Safety</b>				
Administrative:				
Personal services	652,179	565,072	87,107	640,548
Operating expenditures	50,500	83,688	(33,188)	72,897
Capital expenditures	25,500	47,757	(22,257)	21,116
	<u>728,179</u>	<u>696,517</u>	<u>31,662</u>	<u>734,561</u>
Uniform patrol:				
Personal services	4,546,313	4,593,473	(47,160)	4,328,735
Operating expenditures	585,395	864,292	(278,897)	705,027
Capital expenditures	285,000	324,113	(39,113)	462,576
Less, total overhead allocation	—	(10,372)	10,372	(10,924)
	<u>5,416,708</u>	<u>5,771,506</u>	<u>(354,798)</u>	<u>5,485,414</u>
Community services:				
Personal services	722,909	739,478	(16,569)	748,226
Operating expenditures	193,695	206,884	(13,189)	189,809
Capital expenditures	8,000	—	8,000	67,011
Less, overhead allocation	—	(2,036)	2,036	—
	<u>924,604</u>	<u>944,326</u>	<u>(19,722)</u>	<u>1,005,046</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)	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Public Safety (Cont.)</b>				
Detectives:				
Personal services	949,095	952,957	(3,862)	926,175
Operating expenditures	93,495	81,296	12,199	82,871
Capital expenditures	26,500	62,886	(36,386)	30,225
Less, overhead allocation	—	(8,251)	8,251	—
	<u>1,069,090</u>	<u>1,088,888</u>	<u>(19,798)</u>	<u>1,039,271</u>
Communications/Detention:				
Personal services	1,166,165	1,181,160	(14,995)	1,215,651
Operating expenditures	93,755	100,721	(6,966)	111,809
Capital expenditures	—	—	—	25,079
Less, overhead allocation	(100,794)	(102,550)	1,756	(108,203)
	<u>1,159,126</u>	<u>1,179,331</u>	<u>(20,205)</u>	<u>1,244,336</u>
Records:				
Personal services	317,349	329,998	(12,649)	279,160
Operating expenditures	35,800	50,715	(14,915)	27,322
Capital expenditures	—	5,373	(5,373)	10,978
	<u>353,149</u>	<u>386,086</u>	<u>(32,937)</u>	<u>317,460</u>
Victim's Assistance:				
Personal services	77,566	77,925	(359)	74,280
Operating expenditures	6,140	3,040	3,100	2,724
	<u>83,706</u>	<u>80,965</u>	<u>2,741</u>	<u>77,004</u>
Police Training:				
Personal services	304,625	337,944	(33,319)	331,292
Operating expenditures	25,500	41,340	(15,840)	38,458
Capital expenditures	—	—	—	—
	<u>330,125</u>	<u>379,284</u>	<u>(49,159)</u>	<u>369,750</u>
Fire Suppression/Rescue:				
Personal services	3,527,930	3,645,839	(117,909)	3,591,548
Operating expenditures	296,180	398,493	(102,313)	490,458
Capital expenditures	230,500	75,728	154,772	45,440
Less, overhead allocation	—	(818)	818	(3,656)
	<u>4,054,610</u>	<u>4,119,242</u>	<u>(64,632)</u>	<u>4,123,790</u>
Fire Prevention/Inspection:				
Personal services	309,814	310,624	(810)	302,434
Operating expenditures	29,495	24,104	5,391	33,491
Capital expenditures	—	—	—	19,848
	<u>339,309</u>	<u>334,728</u>	<u>4,581</u>	<u>355,773</u>
<b>Total Public Safety</b>	<b>14,458,606</b>	<b>14,980,873</b>	<b>(522,267)</b>	<b>14,752,405</b>
Less, total capital outlay	<b>(575,500)</b>	<b>(515,857)</b>	<b>(59,643)</b>	<b>(682,273)</b>
<b>Net public safety</b>	<b><u>13,883,106</u></b>	<b><u>14,465,016</u></b>	<b><u>(581,910)</u></b>	<b><u>14,070,132</u></b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/Zoning Administration:				
Personal services	905,074	896,919	8,155	845,394
Operating expenditures	61,000	43,045	17,955	113,737
Capital expenditures	25,000	22,089	2,911	—
	<u>991,074</u>	<u>962,053</u>	<u>29,021</u>	<u>959,131</u>
Code Enforcement – Building:				
Personal services	756,540	716,373	40,167	737,780
Operating expenditures	68,250	42,539	25,711	49,788
Capital expenditures	27,000	25,018	1,982	—
Less, overhead allocation	(42,590)	(39,196)	(3,394)	(39,378)
	<u>809,200</u>	<u>744,734</u>	<u>64,466</u>	<u>748,190</u>
Total Planning/Development	1,800,274	1,706,787	93,487	1,707,321
Less, total capital outlay	(52,000)	(47,107)	(4,893)	—
<b>Net planning/development</b>	<u>1,748,274</u>	<u>1,659,680</u>	<u>88,594</u>	<u>1,707,321</u>
<b>Public Works</b>				
Streets/Drainage:				
Personal services	1,537,330	1,492,799	44,531	1,345,453
Operating expenditures	1,258,000	1,447,319	(189,319)	1,070,778
Capital expenditures	70,000	98,973	(28,973)	67,775
Less, overhead allocation	(686,534)	(586,337)	(100,197)	(424,626)
	<u>2,178,796</u>	<u>2,452,754</u>	<u>(273,958)</u>	<u>2,059,380</u>
Total Public Works	2,178,796	2,452,754	(273,958)	2,059,380
Less, total capital outlay	(70,000)	(98,973)	28,973	(67,775)
<b>Net public works</b>	<u>2,108,796</u>	<u>2,353,781</u>	<u>(244,985)</u>	<u>1,991,605</u>
<b>Parks and Recreation</b>				
Recreation Administration:				
Personal services	470,573	483,347	(12,774)	456,670
Operating expenditures	76,918	65,996	10,922	75,619
Capital expenditures	—	—	—	—
Less, overhead allocation	(218,997)	(219,737)	740	(212,916)
	<u>328,494</u>	<u>329,606</u>	<u>(1,112)</u>	<u>319,373</u>
Athletics:				
Personal services	481,679	420,250	61,429	433,555
Operating expenditures	280,050	282,824	(2,774)	348,008
Capital expenditures	—	10,096	(10,096)	75,740
	<u>761,729</u>	<u>713,170</u>	<u>48,559</u>	<u>857,303</u>
Programs:				
Personal services	381,582	365,915	15,667	367,985
Operating expenditures	632,754	563,592	69,162	657,791
Capital expenditures	26,000	27,017	(1,017)	—
	<u>1,040,336</u>	<u>956,524</u>	<u>83,812</u>	<u>1,025,776</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)	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Parks and Recreation (continued)</b>				
Parks and Grounds:				
Personal services	—	—	—	1,303,210
Operating expenditures	—	—	—	706,316
Capital expenditures	—	—	—	130,638
Less, overhead allocation	—	—	—	(73,846)
	—	—	—	2,066,318
Row Maintenance:				
Personal services	238,236	225,307	12,929	—
Operating expenditures	121,064	139,998	(18,934)	—
Capital expenditures	67,200	74,658	(7,458)	—
Less, overhead allocation	(47,470)	(47,470)	—	—
	379,030	392,493	(13,463)	—
Sports Park:				
Personal services	402,914	397,436	5,478	110,133
Operating expenditures	244,805	250,621	(5,816)	166,259
Capital outlay	—	5,828	(5,828)	—
Less, overhead allocation	(237,351)	(242,871)	5,520	—
	410,368	411,014	(646)	276,392
Landscaping:				
Personal services	220,139	195,143	24,996	—
Operating expenditures	119,382	116,513	2,869	—
Capital outlay	—	—	—	—
Less, overhead allocation	(47,470)	(43,632)	(3,838)	—
	292,051	268,024	24,027	—
Parks and Beach:				
Personal services	309,775	309,199	576	—
Operating expenditures	166,142	193,007	(26,865)	—
Capital outlay	73,500	—	73,500	—
Less, overhead allocation	(47,470)	(45,198)	(2,272)	—
	501,947	457,008	44,939	—
Administration:				
Personal services	251,128	312,965	(61,837)	—
Operating expenditures	159,220	111,637	47,583	—
Capital outlay	—	—	—	—
Less, overhead allocation	(144,940)	(97,654)	(47,286)	—
	265,408	326,948	(61,540)	—
Total Parks and Recreation	3,979,363	3,854,787	124,576	4,545,162
Less, total capital outlay	(166,700)	(117,599)	(49,101)	(206,378)
<b>Net parks and recreation</b>	<b>3,812,663</b>	<b>3,737,188</b>	<b>75,475</b>	<b>4,338,784</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Support Services</b>				
Purchasing:				
Personal services	336,638	330,446	6,192	314,541
Operating expenditures	27,550	95,746	(68,196)	38,464
Capital outlay	70,000	—	70,000	—
Less, overhead allocation	(251,830)	(247,192)	(4,638)	(204,743)
	<u>182,358</u>	<u>179,000</u>	<u>3,358</u>	<u>148,262</u>
Fleet management:				
Personal services	402,700	398,179	4,521	383,726
Operating expenditures	70,800	76,422	(5,622)	72,058
Capital outlay	42,000	9,994	32,006	7,485
Less, overhead allocation	(206,200)	(193,838)	(12,362)	(185,308)
	<u>309,300</u>	<u>290,757</u>	<u>18,543</u>	<u>277,961</u>
Custodial Services:				
Personnel services	495,782	493,695	2,087	481,111
Operating expenses	428,500	640,919	(212,419)	614,953
Capital outlay	26,000	24,524	1,476	125,432
Less, overhead allocation	(332,599)	(405,698)	73,099	(427,524)
	<u>617,683</u>	<u>753,440</u>	<u>(135,757)</u>	<u>793,972</u>
Total Support Services	1,109,341	1,223,197	(113,856)	1,220,195
Less, total capital outlay	(138,000)	(34,518)	(103,482)	(125,432)
<b>Net support services</b>	<u>971,341</u>	<u>1,188,679</u>	<u>(217,338)</u>	<u>1,094,763</u>
<b>Total Departmental Expenditures (net)</b>	<u>26,286,130</u>	<u>27,037,848</u>	<u>(751,718)</u>	<u>26,931,093</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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Debt Service</b>				
Principal retirement	568,186	568,186	—	869,915
Interest and fiscal charges	37,650	37,650	—	65,032
Agent fees	152,388	5,472	146,916	56
<b>Total debt service</b>	<b>758,224</b>	<b>611,308</b>	<b>146,916</b>	<b>935,003</b>
Capital Outlay	1,180,200	981,759	198,441	1,269,998
<b>Total expenditures</b>	<b>28,224,554</b>	<b>28,630,915</b>	<b>(406,361)</b>	<b>29,136,094</b>
Excess (deficiency) of revenue over (under) expenditures	(2,933,994)	(2,179,627)	754,367	(3,367,387)
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	901,592	869,676	(31,916)	1,528,826
From Local (1.0%) Accommodations Tax Fund	2,283,000	2,305,144	22,144	2,239,371
From Local (1%) Hospitality Fee Fund	2,699,400	2,660,540	(38,860)	2,589,019
From Debt Service Fund	—	—	—	244,500
Total transfers in:	<b>5,883,992</b>	<b>5,835,360</b>	<b>(48,632)</b>	<b>6,601,716</b>
Transfers (out):				
To Capital Improvement Fund	(1,850,000)	(1,850,000)	—	(2,225,000)
To Street Improvement Fund	(1,000,000)	(1,000,000)	—	(800,000)
To Sports and Tourism Park Fund	(50,000)	(50,000)	—	(150,000)
To Pension Trust Fund	(50,000)	(49,406)	594	(49,406)
Total transfers (out)	<b>(2,950,000)</b>	<b>(2,949,406)</b>	<b>594</b>	<b>(3,224,406)</b>
Total other financing sources (uses)	<b>2,933,992</b>	<b>2,885,954</b>	<b>(48,038)</b>	<b>3,377,310</b>
<b>Net change in fund balance</b>	<b>(2)</b>	<b>706,327</b>	<b>706,329</b>	<b>9,923</b>
Fund balance, beginning of year	11,190,571	11,190,571	—	11,180,648
Fund balance, end of year	<b>\$ 11,190,569</b>	<b>\$ 11,896,898</b>	<b>\$ 706,329</b>	<b>\$ 11,190,571</b>

## 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.

**State 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

BALANCE SHEETS

JUNE 30, 2018

	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	—	655,952	307,013	962,965
Due from other governments	1,219,700	—	—	—
<b>Total assets</b>	<b>\$ 1,219,700</b>	<b>\$ 655,952</b>	<b>\$ 307,013</b>	<b>\$ 962,965</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 406,814	\$ —	\$ —	\$ —
Due to other funds	814,172	655,952	307,013	962,965
<b>Total liabilities</b>	<b>1,220,986</b>	<b>655,952</b>	<b>307,013</b>	<b>962,965</b>
<b>Fund balances:</b>				
Non-spendable	—	—	—	—
Restricted by others	—	—	—	—
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned (deficit)	(1,286)	—	—	—
<b>Total fund balances</b>	<b>(1,286)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,219,700</b>	<b>\$ 655,952</b>	<b>\$ 307,013</b>	<b>\$ 962,965</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

	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	\$ 163	\$ —	\$ —	\$ —
Restricted intergovernmental	3,844,368	3,455,470	2,660,540	6,116,010
<b>Total revenue</b>	<b>3,844,531</b>	<b>3,455,470</b>	<b>2,660,540</b>	<b>6,116,010</b>
<b>Expenditures</b>				
Current:				
Parks and recreation – tourism related	1,560,505	—	—	—
<b>Total expenditures</b>	<b>1,560,505</b>	<b>—</b>	<b>—</b>	<b>—</b>
Excess (deficiency) of revenue over (under) expenditures	2,284,026	3,455,470	2,660,540	6,116,010
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(2,285,605)	(3,455,470)	(2,660,540)	(6,116,010)
Total other financing sources (uses)	(2,285,605)	(3,455,470)	(2,660,540)	(6,116,010)
<b>Net change in fund balances</b>	<b>(1,579)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Fund balances, beginning of year	293	—	—	—
Fund balances, end of year	\$ (1,286)	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STATE ACCOMMODATIONS (2%) TAX  
BALANCE SHEET

JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Due from other governments	\$ 1,219,700	\$ 1,252,960
Total assets	<u>\$ 1,219,700</u>	<u>\$ 1,252,960</u>
 <b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 406,814	\$ 533,446
Due to General Fund	814,172	719,221
Total liabilities	<u>1,220,986</u>	<u>1,252,667</u>
 Fund balance:		
Restricted by others	—	293
Unassigned (deficit)	<u>(1,286)</u>	—
Total liabilities and fund balance	<u>\$ 1,219,700</u>	<u>\$ 1,252,960</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2018  
(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 163	\$ 163	\$ —
Restricted intergovernmental:				
State A-tax revenue	3,985,250	3,844,368	(140,882)	4,010,315
<b>Total revenue</b>	<b>3,985,250</b>	<b>3,844,531</b>	<b>(140,719)</b>	<b>4,010,315</b>
<b>Expenditures</b>				
Parks and recreation:				
30% advertising allocation	1,258,500	1,214,011	44,489	1,266,415
North Myrtle Beach Chamber	350,043	337,651	12,392	521,255
Services to other agencies	9,167	8,843	324	11,445
<b>Total expenditures</b>	<b>1,617,710</b>	<b>1,560,505</b>	<b>57,205</b>	<b>1,799,115</b>
Excess of revenue over expenditures	2,367,540	2,284,026	(83,514)	2,211,200
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(901,592)	(869,676)	31,916	(1,528,826)
Street Improvement Fund	(107,334)	(103,534)	3,800	(88,000)
Beach Renourishment Fund	(672,795)	(648,978)	23,817	(27,900)
Stormwater Drainage Fund	(105,767)	(102,023)	3,744	(89,870)
Solid Waste Fund	(245,958)	(237,251)	8,707	(231,819)
Sports and Tourism Park Fund	(143,643)	(138,558)	5,085	—
Beach Services Fund	(192,396)	(185,585)	6,811	(244,843)
Total other financing sources (uses)	(2,369,485)	(2,285,605)	83,880	(2,211,258)
<b>Net change in fund balance</b>	<b>(1,945)</b>	<b>(1,579)</b>	<b>366</b>	<b>(58)</b>
Fund balance, beginning of year	293	293	—	351
Fund balance, end of year	\$ (1,652)	\$ (1,286)	\$ 366	\$ 293

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	655,952	581,386
Total assets	<u>\$ 655,952</u>	<u>\$ 581,386</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ —
Due to General Fund	437,465	387,651
Due to Beach Services Fund	218,487	193,735
Total liabilities	<u>655,952</u>	<u>581,386</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 655,952</u>	<u>\$ 581,386</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, 2018  
 (With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Local A-tax revenue	\$ 3,418,500	\$ 3,450,979	\$ 32,479	\$ 3,355,992
Penalties	6,000	4,491	(1,509)	2,043
<b>Total revenue</b>	<b>3,424,500</b>	<b>3,455,470</b>	<b>30,970</b>	<b>3,358,035</b>
Excess of revenue over expenditures	3,424,500	3,455,470	30,970	3,358,035
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(2,283,000)	(2,305,144)	(22,144)	(2,239,371)
Beach Services Fund	(318,295)	(327,121)	(8,826)	(624,915)
Aquatic Center Fund	(823,205)	(823,205)	—	(493,749)
<b>Total other financing sources (uses)</b>	<b>(3,424,500)</b>	<b>(3,455,470)</b>	<b>(30,970)</b>	<b>(3,358,035)</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	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	307,013	307,734
Total assets	<u>\$ 307,013</u>	<u>\$ 307,734</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ —
Due to General Fund	307,013	307,734
Total liabilities	<u>307,013</u>	<u>307,734</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 307,013</u>	<u>\$ 307,734</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, 2018  
 (With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitality fees	\$ 2,696,400	\$ 2,656,887	\$ (39,513)	\$ 2,586,447
Penalties	3,000	3,653	653	2,572
<b>Total revenue</b>	<b>2,699,400</b>	<b>2,660,540</b>	<b>(38,860)</b>	<b>2,589,019</b>
Excess of revenue over expenditures	2,699,400	2,660,540	(38,860)	2,589,019
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	(2,699,400)	(2,660,540)	38,860	2,589,019
<b>Total other financing sources (uses)</b>	<b>(2,699,400)</b>	<b>(2,660,540)</b>	<b>38,860</b>	<b>2,589,019</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 FUNDS

BALANCE SHEETS

JUNE 30, 2018

	<b>Non-Major Funds</b>		<b>Totals</b>
	<b>Park Bonds</b>	<b>Cherry Grove Bonds</b>	
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 174,258	\$ 39,764	\$ 214,022
Restricted cash and cash equivalents	—	2,559	2,559
Receivables, net	11,252	—	11,252
<b>Total assets</b>	<b>\$ 185,510</b>	<b>\$ 42,323</b>	<b>\$ 227,833</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Due other funds	\$ —	\$ 152,712	\$ 152,712
<b>Fund Balance:</b>			
Committed by ordinance	185,510	—	185,510
Unassigned (deficit)	—	(110,389)	(110,389)
<b>Total fund balance</b>	<b>185,510</b>	<b>(110,389)</b>	<b>75,121</b>
<b>Total liabilities and fund balance</b>	<b>\$ 185,510</b>	<b>\$ 42,323</b>	<b>\$ 227,833</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUNDS

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

	Non-Major Funds		
	Park Bonds	Cherry Grove Bonds	Totals
<b>Revenue</b>			
Property taxes	\$ 2,368,051	\$ —	\$ 2,368,051
Special assessments	—	1,333,572	1,333,572
Use of money and property:			
Interest on investments	—	2,981	2,981
<b>Total revenue</b>	<b>2,368,051</b>	<b>1,336,553</b>	<b>3,704,604</b>
<b>Expenditures</b>			
Debt Service:			
Principal	2,020,000	1,180,000	3,200,000
Interest	164,967	66,150	231,117
Fiscal agent fees	550	26,927	27,477
<b>Total expenditures</b>	<b>2,185,517</b>	<b>1,273,077</b>	<b>3,458,594</b>
<b>Net change in fund balance</b>	<b>182,534</b>	<b>63,476</b>	<b>246,010</b>
Fund balance (deficit), beginning of year	2,976	(173,865)	(170,889)
Fund balance (deficit), end of year	\$ 185,510	\$ (110,389)	\$ 75,121

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 174,258	\$ 203
Receivables, net	11,252	2,773
Total assets	<u>\$ 185,510</u>	<u>\$ 2,976</u>
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Committed by ordinance	\$ 185,510	\$ 2,976
Total liabilities and fund balance	<u>\$ 185,510</u>	<u>\$ 2,976</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, 2018

(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Property taxes:				
Current	\$ 2,270,000	\$ 2,355,377	\$ 85,377	\$ 2,408,501
Delinquent and penalties	—	12,674	12,674	—
Use of money and property:				
Interest on investments	—	—	—	18,345
<b>Total revenue</b>	<b>2,270,000</b>	<b>2,368,051</b>	<b>98,051</b>	<b>2,426,846</b>
<b>Expenditures</b>				
Debt Service:				
Principal	2,020,000	2,020,000	—	1,955,000
Interest	164,000	164,967	(967)	242,200
Fiscal agent fees	550	550	—	550
<b>Total expenditures</b>	<b>2,184,550</b>	<b>2,185,517</b>	<b>(967)</b>	<b>2,197,750</b>
Excess of revenue over expenditures	85,450	182,534	97,084	229,096
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	—	—	—	(244,500)
	—	—	—	(244,500)
<b>Net change in fund balance</b>	<b>85,450</b>	<b>182,534</b>	<b>97,084</b>	<b>(15,404)</b>
Fund balance, beginning of year	2,976	2,976	—	18,380
Fund balance, end of year	\$ 88,426	\$ 185,510	\$ 97,084	\$ 2,976

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT BONDS  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 39,764	\$ 7,722
Restricted cash and cash equivalents:		
Revenue funds	1,818	3,064
Prepayment accounts	741	49,166
Receivables – special assessments	7,200	21,600
Less, allowance for doubtful accounts	(7,200)	(21,600)
Total assets	<u>\$ 42,323</u>	<u>\$ 59,952</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Due to Cherry Grove Capital Projects Fund	\$ 152,712	\$ 233,817
Fund Balance:		
Committed by ordinance	—	—
Unassigned (deficit)	(110,389)	(173,865)
Total liabilities and fund balance	<u>\$ 42,323</u>	<u>\$ 59,952</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, 2018  
 (With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Special assessments:				
Current	\$ —	\$ 1,297,248	\$ 1,297,248	\$ 1,321,248
Delinquent and penalties	—	29,712	29,712	4,608
Pre-issuance assessments	—	6,612	6,612	146,239
Use of money and property:				
Interest on investments	—	2,981	2,981	322
<b>Total revenue</b>	<b>—</b>	<b>1,336,553</b>	<b>1,336,553</b>	<b>1,472,417</b>
<b>Expenditures</b>				
Debt Service:				
Principal	—	1,180,000	(1,180,000)	1,583,000
Interest	—	66,150	(66,150)	59,259
Fiscal agent fees	—	26,927	(26,927)	4,023
<b>Total expenditures</b>	<b>—</b>	<b>1,273,077</b>	<b>(1,273,077)</b>	<b>1,646,282</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>63,476</b>	<b>63,476</b>	<b>(173,865)</b>
Fund balance, beginning of year	(173,865)	(173,865)	—	—
Fund balance, end of year	\$ (173,865)	\$ (110,389)	\$ 63,476	\$ (173,865)

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

BALANCE SHEETS

JUNE 30, 2018

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	Major Fund	Non-Major Funds					Totals
	Street Improvement	Capital Improvement	Beach Renourishment	Park Development	Stormwater Drainage	Cherry Grove Dredge	
<b>Assets</b>							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 85,521	\$ 85,521
Equity in pooled cash and cash equivalents	—	1,638,214	—	—	538,406	20,899	2,197,519
Restricted – cash and cash equivalents	—	—	—	—	—	1,984,281	1,984,281
Receivables, net	212,598	—	—	—	208,320	—	208,320
Due from other governments	6,197,713	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	152,712	152,712
Prepaid items	—	—	—	—	—	—	—
<b>Total assets</b>	<b>\$ 6,410,311</b>	<b>\$ 1,638,214</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 746,726</b>	<b>\$ 2,243,413</b>	<b>\$ 4,628,353</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 747,315	\$ 192,114	\$ —	\$ —	\$ 422,803	\$ 45,927	\$ 660,844
Retainage payable	868,280	6,000	—	—	85,614	—	91,614
Unearned revenue	—	—	—	—	—	238,397	238,397
Due to other funds	3,585,006	—	239,985	—	—	—	239,985
<b>Total liabilities</b>	<b>5,200,601</b>	<b>198,114</b>	<b>239,985</b>	<b>—</b>	<b>508,417</b>	<b>284,324</b>	<b>1,230,840</b>
<b>Fund balances:</b>							
Non-spendable	—	—	—	—	—	—	—
Restricted by others	—	—	—	—	—	—	—
Committed by ordinance	—	—	—	—	—	1,959,089	1,959,089
Assigned by management	1,209,710	1,440,100	—	—	238,309	—	1,678,409
Unassigned (deficit)	—	—	(239,985)	—	—	—	(239,985)
<b>Total fund balances</b>	<b>1,209,710</b>	<b>1,440,100</b>	<b>(239,985)</b>	<b>—</b>	<b>238,309</b>	<b>1,959,089</b>	<b>3,397,513</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,410,311</b>	<b>\$ 1,638,214</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 746,726</b>	<b>\$ 2,243,413</b>	<b>\$ 4,628,353</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

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	Major Fund	Non-Major Funds					Totals
	Street Improvement	Capital Improvement	Beach Renourishment	Park Development	Stormwater Drainage	Cherry Grove Dredge	
<b>Revenue</b>							
Use of money and property	\$ 1,482	\$ 59,114	\$ —	\$ —	\$ 499	\$ 33,177	\$ 92,790
Restricted intergovernmental	8,843,261	5,938	336,516	—	—	—	342,454
Sales and service charges	—	38,295	—	—	2,905,069	—	2,943,364
Miscellaneous	5,255	42,800	—	—	—	—	42,800
<b>Total revenue</b>	<b>8,849,998</b>	<b>146,147</b>	<b>336,516</b>	<b>—</b>	<b>2,905,568</b>	<b>33,177</b>	<b>3,421,408</b>
<b>Expenditures</b>							
Current:							
Finance	—	—	—	—	53,489	—	53,489
Public works	—	—	—	—	199,209	—	199,209
Capital outlay:							
General government administration	—	416,002	—	—	—	—	416,002
Public safety	—	651,162	—	—	—	—	651,162
Public works	12,287,365	122,628	1,085,726	—	1,956,330	1,806,517	4,971,201
Parks and recreation	—	683,675	—	—	—	—	683,675
Debt service	112,500	—	—	—	—	—	—
<b>Total expenditures</b>	<b>12,399,865</b>	<b>1,873,467</b>	<b>1,085,726</b>	<b>—</b>	<b>2,209,028</b>	<b>1,806,517</b>	<b>6,974,738</b>
Excess (deficiency) of revenue over (under) expenditures	(3,549,867)	(1,727,320)	(749,210)	—	696,540	(1,773,340)	(3,553,330)
<b>Other Financing Sources (Uses)</b>							
Transfers in	1,103,534	1,850,000	648,978	—	102,023	—	2,601,001
Transfers (out)	—	(100,000)	—	—	—	—	(100,000)
<b>Total other financing sources (uses)</b>	<b>1,103,534</b>	<b>1,750,000</b>	<b>648,978</b>	<b>—</b>	<b>102,023</b>	<b>—</b>	<b>2,501,001</b>
<b>Net change in fund balances</b>	<b>(2,446,333)</b>	<b>22,680</b>	<b>(100,232)</b>	<b>—</b>	<b>798,563</b>	<b>(1,773,340)</b>	<b>(1,052,329)</b>
Fund balances, beginning of year	3,656,043	1,417,420	(139,753)	—	(560,254)	3,732,429	4,449,842
<b>Fund balances, end of year</b>	<b>\$ 1,209,710</b>	<b>\$ 1,440,100</b>	<b>\$ (239,985)</b>	<b>\$ —</b>	<b>\$ 238,309</b>	<b>\$ 1,959,089</b>	<b>\$ 3,397,513</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 1,638,214	\$ 1,429,072
Receivables, net	—	76
Total assets	<u>\$ 1,638,214</u>	<u>\$ 1,429,148</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 192,114	\$ 11,728
Retainage payable	6,000	—
Total liabilities	<u>198,114</u>	<u>11,728</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,440,100	1,417,420
Unassigned	—	—
Total fund balance	<u>1,440,100</u>	<u>1,417,420</u>
Total liabilities and fund balance	<u>\$ 1,638,214</u>	<u>\$ 1,429,148</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, 2018

(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 1,515	\$ 1,515	\$ 178
Surplus sales	25,000	57,599	32,599	17,642
Restricted Intergovernmental:				
SCPRT grant	—	5,938	5,938	—
Sales and services:				
Development fees	5,000	38,295	33,295	—
Miscellaneous:				
Contributions – private entities	—	42,800	42,800	17,520
<b>Total revenue</b>	<b>30,000</b>	<b>146,147</b>	<b>116,147</b>	<b>35,340</b>
<b>Expenditures</b>				
Capital outlay –				
General government administration:				
Professional/contractual services	90,000	50,000	40,000	70,000
IT projects	200,000	366,002	(166,002)	150,511
Public safety:				
Fire truck	—	—	—	688,493
Fire rescue equipment	201,000	152,654	48,346	48,087
Vehicles	—	181,821	(181,821)	—
Jail improvements	114,500	316,687	(202,187)	—
Public works:				
UG tank disposal	—	87,843	(87,843)	—
Building improvements	—	34,785	(34,785)	—
Parks and recreation:				
Park renovations/improvements	70,000	49,911	20,089	—
Wetlands foot bridge	—	228,720	(228,720)	8,544
53 <sup>rd</sup> Ave N kayak ramp	—	—	—	33,971
Sports park buildings	350,000	—	350,000	2,425
Contingency	800,000	405,044	394,956	—
<b>Total expenditures</b>	<b>1,825,500</b>	<b>1,873,467</b>	<b>(47,967)</b>	<b>1,002,031</b>
Excess (deficiency) of revenue over (under) expenditures	(1,795,500)	(1,727,320)	68,180	(966,691)
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,850,000	1,850,000	—	2,225,000
Transfers (out) – Sports and Tourism Park Fund	—	(100,000)	(100,000)	—
<b>Total other financing sources</b>	<b>1,850,000</b>	<b>1,750,000</b>	<b>(100,000)</b>	<b>2,225,000</b>
<b>Net change in fund balance</b>	<b>54,500</b>	<b>22,680</b>	<b>31,820</b>	<b>1,258,309</b>
Fund balance, beginning of year	1,417,420	1,417,420	—	159,111
Fund balance, end of year	\$ 1,471,920	\$ 1,440,100	\$ 31,820	\$ 1,417,420

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 3,046,182
Receivables, net	212,598	193,558
Due from other governments	<u>6,197,713</u>	<u>1,216,140</u>
Total assets	<u>\$ 6,410,311</u>	<u>\$ 4,455,880</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 747,315	\$ 207,244
Retainage payable	868,280	592,593
Due to General Fund	<u>3,585,006</u>	<u>—</u>
Total liabilities	<u>5,200,601</u>	<u>799,837</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,209,710	3,656,043
Unassigned	<u>—</u>	<u>—</u>
Total fund balance	<u>1,209,710</u>	<u>3,656,043</u>
Total liabilities and fund balance	<u>\$ 6,410,311</u>	<u>\$ 4,455,880</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, 2018  
(With comparative actual amounts for June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 1,482	\$ 1,482	\$ —
Restricted intergovernmental:				
Federal grants	70,000	—	(70,000)	—
State Grants – SCDNR	—	11,892	11,892	—
State Grants – SCDOT/C Fund	3,300,000	3,099,891	(200,109)	868,504
Local Grant – Horry Cty Road Fee	725,000	829,026	104,026	769,217
Other Grants – Santee Cooper/HTC	2,925,000	4,410,001	1,485,001	4,708,663
Misc. – Horry Cty. Ride III Reimbs.	—	492,451	492,451	—
Misc. grants from developers and others	50,000	5,255	(44,745)	1,123,947
<b>Total revenue</b>	<b>7,070,000</b>	<b>8,849,998</b>	<b>1,779,998</b>	<b>7,470,331</b>
<b>Expenditures</b>				
Capital outlay –				
Public works:				
Beach access H/C – OCRM grant	100,000	123,627	(23,627)	—
Sidewalks	150,000	182,667	(32,667)	104,672
Land	—	—	—	326,219
Road intersection improvements	250,000	177,173	72,827	2,000
Paving/road resurfacing	1,500,000	2,520,129	(1,020,129)	939,608
11 <sup>th</sup> Ave N widening	1,500,000	2,164,331	(664,331)	14,456
Underground utilities	3,250,000	4,214,214	(964,214)	3,007,742
Barefoot Bridge painting	80,000	77,500	2,500	77,500
Coastal Town intersection	215,000	215,000	—	215,000
Crescent Beach road widening	1,500,000	1,590,659	(90,659)	115,982
East Coast Greenway – Water Tower Rd	—	2,126	(2,126)	261,923
Ocean Blvd – Sea Mountain Hwy	—	138,223	(138,223)	1,775,192
Paving/Resurfacing in-house	400,000	282,428	117,572	—
Water Tower Rd resurface	—	597,652	(597,652)	—
Miscellaneous	—	1,636	(1,636)	—
Debt Service - Installment note	—	112,500	(112,500)	—
<b>Total expenditures</b>	<b>8,945,000</b>	<b>12,399,865</b>	<b>(3,679,865)</b>	<b>6,840,394</b>
Excess (deficiency) of revenue over (under) expenditures	(1,875,000)	(3,549,867)	(1,899,867)	630,037
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,000,000	1,000,000	—	800,000
Transfers in – Accommodation (2%) Tax Fund	107,334	103,534	104,026	88,000
Installment note	—	—	—	225,000
Total other financing sources (uses)	1,107,334	1,103,534	221,200	1,113,000
<b>Net change in fund balance</b>	<b>(767,666)</b>	<b>(2,446,333)</b>	<b>(1,678,667)</b>	<b>1,743,037</b>
Fund balance, beginning of year	3,656,043	3,656,043	—	1,913,006
Fund balance, end of year	\$ 2,888,377	\$ 1,209,710	\$ (1,678,667)	\$ 3,656,043

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT  
BALANCE SHEET

JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Prepaid items	—	455,000
Total assets	<u>\$ —</u>	<u>\$ 455,000</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ —	\$ 18,518
Due to General Fund	239,985	576,235
Total liabilities	<u>239,985</u>	<u>594,753</u>
Fund Balance:		
Non-spendable	—	455,000
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	—
Unassigned (deficit)	(239,985)	(594,753)
Total fund balance (deficit)	<u>(239,985)</u>	<u>(139,753)</u>
Total liabilities and fund balance	<u>\$ 239,985</u>	<u>\$ 455,000</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, 2018  
(With comparative actual amounts for June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental:				
Grants	—	109,016	109,016	—
SC Renourishment reimbursement	3,750,000	227,500	(3,522,500)	—
<b>Total revenue</b>	<b>3,750,000</b>	<b>336,516</b>	<b>(3,413,484)</b>	<b>—</b>
<b>Expenditures</b>				
Public works:				
Materials and supplies	35,000	89,423	(54,423)	243,926
Contractual services	—	504,581	(504,581)	—
Professional services	40,000	491,722	(451,722)	181,836
<b>Total expenditures</b>	<b>75,000</b>	<b>1,085,726</b>	<b>(1,010,726)</b>	<b>425,762</b>
Excess (deficiency) of revenue over (under) expenditures	3,675,000	(749,210)	(4,424,210)	(425,762)
<b>Other Financing Sources (Uses)</b>				
Transfers in – Accommodations (2% )Tax Fund	672,795	648,978	(23,817)	27,900
Bond issue	3,330,000	—	(3,330,000)	—
<b>Total other financing sources</b>	<b>4,002,795</b>	<b>648,978</b>	<b>(3,353,817)</b>	<b>27,900</b>
<b>Net change in fund balance</b>	<b>(7,677,795)</b>	<b>(100,232)</b>	<b>7,778,027</b>	<b>(397,862)</b>
Fund balance (deficit), beginning of year	(139,753)	(139,753)	—	258,109
Fund balance (deficit), end of year	\$ 7,538,042	\$ (239,985)	\$ 7,778,027	\$ (139,753)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 82
Receivables, net	—	—
Total assets	<u>\$ —</u>	<u>\$ 82</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ —	\$ 82
Security deposit	—	—
Total liabilities	<u>—</u>	<u>82</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	—
Unassigned	—	—
Total fund balance	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ —</u>	<u>\$ 82</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, 2018

(With comparative actual amounts for June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental				
State Grants – SCPRT Fund	—	—	—	—
Miscellaneous:				
Contributions from private entities	—	—	—	265,000
<b>Total revenue</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>265,000</u>
<b>Expenditures</b>				
Capital Outlay –				
Parks and recreation:				
Park development	—	—	—	—
Contingency	—	—	—	—
<b>Total expenditures</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenue over (under) expenditures	—	—	—	265,000
<b>Other Financing Sources (Uses)</b>				
Transfers out –Sports and Tourism Park Fund	—	—	—	(341,615)
Transfers in – Accommodation (2%) Tax Fund	—	—	—	—
<b>Total other financing sources (uses)</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(341,615)</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(76,615)</u>
Fund balance, beginning of year	—	—	—	76,615
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE  
BALANCE SHEET

YEAR ENDED JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 538,406	\$ —
Receivables, net	208,320	58,856
Total assets	<u>\$ 746,726</u>	<u>\$ 58,856</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 422,803	\$ 38,050
Retainage payable	85,614	—
Due to General Fund	—	581,060
Total liabilities	<u>508,417</u>	<u>619,110</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	238,309	—
Unassigned (deficit)	—	(560,254)
Total fund balance (deficit)	<u>238,309</u>	<u>(560,254)</u>
Total liabilities and fund balance	<u>\$ 746,726</u>	<u>\$ 58,856</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, 2018

(With comparative actual amounts for June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 499	\$ 499	\$ —
Restricted intergovernmental:				
SCDHEC grant	700,000	—	700,000	700,000
Sales and service charges:				
Stormwater/drainage fees	2,834,000	2,894,711	60,711	2,854,369
Penalties	11,000	11,291	291	9,377
Less, adjustments/bad debts	—	(933)	(933)	(2,494)
<b>Total revenue</b>	<b>2,845,000</b>	<b>2,905,568</b>	<b>760,568</b>	<b>3,561,252</b>
<b>Expenditures</b>				
Finance:				
Overhead allocation-				
Accounting	16,281	15,359	922	15,274
Utility billing	38,089	38,130	(41)	37,476
Public works:				
Overhead allocation -				
Administration	49,763	47,254	2,509	47,317
Streets/drainage	143,267	151,955	(8,688)	124,200
Capital outlay:				
Lobbying contractual services	90,000	50,000	40,000	70,000
Professional services	165,000	85,744	79,256	254,442
Drainage construction	700,000	1,817,836	(1,117,836)	36,130
18 <sup>th</sup> Ave. drainage	—	2,750	(2,750)	—
Drainage in – house	—	—	—	123,139
Other drainage	—	—	—	688
Debt service:				
Principal	—	—	—	2,494,895
Interest	—	—	—	16,695
<b>Total expenditures</b>	<b>1,2002,400</b>	<b>2,209,028</b>	<b>(1,006,628)</b>	<b>3,220,256</b>
Excess (deficiency) of revenue over (under) expenditures	1,642,600	696,540	946,060	340,996
<b>Other Financing Sources (Uses)</b>				
Transfers in – Accommodations (2%)				
Tax Fund	105,767	102,023	3,744	89,870
Total other financing sources (uses)	105,767	102,023	3,744	89,870
<b>Net change in fund balance</b>	<b>1,748,367</b>	<b>798,563</b>	<b>949,804</b>	<b>430,866</b>
Fund balance, beginning of year	(560,254)	(560,254)	—	(991,120)
Fund balance, end of year	\$ 1,188,113	\$ 238,309	\$ 949,804	\$ (560,254)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CHERRY GROVE DREDGE FUND  
BALANCE SHEET

YEAR ENDED JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 85,521	\$ —
Equity in pooled cash and cash equivalents	20,899	(960)
Restricted cash and cash equivalents:		
Bond project funds	915,066	2,744,030
Pre-issuance payment funds	1,043,353	1,033,458
Cost of issuance fund	25,862	25,617
Due from Cherry Grove Debt Service Fund	152,712	233,817
Total assets	<u>\$ 2,243,413</u>	<u>\$ 4,035,962</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 45,927	\$ 1
Retainages payable	—	73,732
Unearned prepaid assessments	238,397	229,800
Total liabilities	<u>284,324</u>	<u>303,533</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	1,959,089	3,732,429
Assigned by management	—	—
Unassigned	—	—
Total fund balance	<u>1,959,089</u>	<u>3,732,429</u>
Total liabilities and fund balance	<u>\$ 2,243,413</u>	<u>\$ 4,035,962</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, 2018  
(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 33,177	\$ 33,177	\$ 23,384
Special assessments:				
Pre-issuance assessments	1,550,000	—	(1,550,000)	1,029,510
<b>Total revenue</b>	<b>1,550,000</b>	<b>33,177</b>	<b>(1,516,823)</b>	<b>1,052,894</b>
<b>Expenditures</b>				
Capital outlay:				
Cherry Grove dredge project	2,300,000	1,781,617	518,383	3,590,484
Contingency	100,000	24,900	75,100	—
Debt service:				
Costs of issuance	—	—	—	71,981
<b>Total expenditures</b>	<b>2,400,000</b>	<b>1,806,517</b>	<b>593,483</b>	<b>3,662,465</b>
Excess (deficiency) of revenue over (under) expenditures	(850,000)	(1,773,340)	(923,340)	(2,609,571)
<b>Other Financing Sources (Uses)</b>				
Bond issuance – (special assessment debt with government commitment)	—	—	—	6,342,000
Total other financing sources (uses)	—	—	—	6,342,000
<b>Net change in fund balance</b>	<b>(850,000)</b>	<b>1,773,340</b>	<b>(923,340)</b>	<b>3,732,429</b>
Fund balance, beginning of year	3,732,429	3,732,429	—	—
Fund balance, end of year	\$ 2,882,429	\$ 1,959,089	\$ (923,340)	\$ 3,732,429

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 and tourism park activities.  |

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
BALANCE SHEET

JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
<b>Assets</b>			<b>Liabilities and Net Position</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 7,632,019	\$ 9,612,529	Accounts payable – trade and contract vendors	\$ 753,296	\$ 193,074
Equity in pooled cash and cash equivalents	—	3,595,722	Accrued payroll and related taxes	52,533	50,608
Accounts receivable, net	2,372,908	1,505,974	Contracts payable – current portion	1,558,060	1,633,436
Inventories	350,270	356,981		<u>2,363,889</u>	<u>1,877,118</u>
Due from other governments	—	266,849			
	<u>10,355,197</u>	<u>15,338,055</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	2,227,893	2,181,587
Impact fees	—	—	Total current liabilities payable from restricted assets	<u>2,227,893</u>	<u>2,181,587</u>
Equity in pooled cash and cash equivalents:			Total current liabilities	<u>4,591,782</u>	<u>4,058,705</u>
Customer meter deposits	1,944,456	1,944,456			
Impact fees	—	—			
Deposits with the GSWSA	280,000	280,000	Long-term liabilities:		
Total restricted assets	<u>2,224,456</u>	<u>2,224,456</u>	Accrued compensated absences	303,457	295,796
Total current assets	<u>12,579,653</u>	<u>17,562,511</u>	Contracts payable	843,333	2,068,334
Capital assets:			Total long-term liabilities	<u>1,146,790</u>	<u>2,364,130</u>
Land and improvements	723,714	707,829	Total liabilities	<u>5,728,572</u>	<u>6,422,835</u>
Buildings	1,029,594	1,029,594			
Water and sewer systems	111,114,498	108,776,090	Net Position:		
Automotive equipment	1,774,780	1,550,702	Net investment in capital assets	76,927,824	71,294,188
Maintenance equipment	3,342,888	2,816,331	Restricted for debt service, capacity and deposits	3,437	42,869
Office equipment	1,947,458	1,947,458	Unrestricted	14,899,622	19,995,322
Construction in progress	7,247,389	2,392,669	Total net position	<u>91,830,883</u>	<u>91,332,379</u>
	<u>127,180,321</u>	<u>119,220,673</u>	Total liabilities and net position	<u>\$ 97,569,455</u>	<u>\$ 97,755,214</u>
Less, accumulated depreciation	<u>(50,252,497)</u>	<u>(47,926,485)</u>			
Net capital assets	<u>76,927,824</u>	<u>71,294,188</u>			
Other assets:					
Cost of purchased water/sewer rights	27,934,861	27,934,862			
Less, accumulated amortizations	<u>(19,872,883)</u>	<u>(19,036,347)</u>			
Net other assets	<u>8,061,978</u>	<u>8,898,515</u>			
Total assets	<u>\$ 97,569,455</u>	<u>\$ 97,755,214</u>			

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

YEAR ENDED JUNE 30, 2018  
 (With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 7,878,500	\$ 7,854,803	\$ (23,697)	\$ 7,756,877
Sewer usage fees	5,321,400	5,317,450	(3,950)	5,131,214
Water taps	50,000	94,650	44,650	88,335
Sewer taps	20,000	31,132	11,132	32,126
Late payment penalties and service charges	155,000	124,914	(30,086)	116,047
Miscellaneous	2,500	6,037	3,537	19,058
<b>Total operating revenue</b>	<b>13,427,400</b>	<b>13,428,986</b>	<b>1,586</b>	<b>13,143,657</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation –				
General services	592,988	644,582	(51,594)	601,464
Legislative	160,876	158,457	2,419	158,209
Administrative	181,998	156,019	25,979	137,712
Legal	175,764	170,661	5,103	229,395
Personnel	196,676	189,124	7,552	195,271
Total general government administration	1,308,302	1,318,843	(10,541)	1,322,051
<b>Finance</b>				
Overhead allocation –				
Accounting	244,208	230,391	13,817	229,107
Utility billing:				
Personal services	564,161	556,840	7,321	543,593
Operating expenses	197,625	205,766	(8,141)	206,151
Less, overhead allocation	(139,268)	(120,166)	(19,102)	(117,860)
Total finance	866,726	872,831	(6,105)	860,991
<b>Information Services</b>				
Overhead allocation	342,409	353,099	(10,690)	330,192
<b>Public Safety</b>				
Overhead allocation –				
Communications	62,996	64,094	(1,098)	67,627

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Planning/Development</b>				
Overhead allocation –				
Code enforcement	42,590	39,197	3,393	39,378
<b>Public Works</b>				
Administrative:				
Personal services	878,263	871,676	6,587	868,755
Operating expenses	117,000	73,400	43,600	75,658
Less, overhead allocation	(299,052)	(189,015)	(110,037)	(342,412)
	696,211	756,061	(59,850)	602,001
Wastewater treatment:				
Personal services	573,711	503,704	70,007	516,271
Operating expenses	1,991,700	2,095,936	(104,236)	2,297,440
	2,565,411	2,599,640	(34,229)	2,813,711
Wells/lifts maintenance:				
Personal services	681,969	594,710	87,259	652,228
Operating expenses	1,191,450	1,054,815	136,635	1,110,573
	1,873,419	1,649,525	223,894	1,762,801
Construction/maintenance:				
Personal services	1,492,059	1,527,843	(35,784)	1,238,529
Operating expenses	3,064,700	3,091,223	(26,523)	3,182,883
Less, overhead allocation	(400,000)	(23,293)	(376,707)	(88,509)
	4,156,759	4,595,773	(439,014)	4,332,903
Streets/drainage:				
Overhead allocation	143,267	151,955	(8,688)	124,200
Total public works	9,435,067	9,752,954	(317,887)	9,635,616
<b>Support Services</b>				
Overhead allocation –				
Purchasing	221,436	217,358	4,078	180,033
Fleet management	82,480	77,535	4,945	74,123
Custodial	237,571	289,785	(52,214)	305,374
Total support services	541,487	584,678	(43,191)	559,530
Depreciation and amortization expense	3,236,537	3,362,664	(126,127)	3,219,429
<b>Total operating expenses</b>	<b>15,836,114</b>	<b>16,348,360</b>	<b>(512,246)</b>	<b>16,034,814</b>
Operating income (loss)	(2,408,714)	(2,919,374)	(510,660)	(2,891,157)

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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	125,000	69,200	(55,800)	36,493
Interest expense	(169,925)	(174,956)	(5,031)	(227,969)
Bond agent fees	(2,000)	—	2,000	—
Insurance reimbursement	—	—	—	1,660
Tower rental and other	185,000	178,654	(6,346)	351,780
Gain on sale/disposal of capital assets	—	15,101	15,101	3,986
Total non-operating revenue (expenses)	138,075	87,999	(50,076)	165,950
Income (loss) before contributions and transfers	(2,270,639)	(2,831,375)	(560,736)	(2,725,207)
<b>Capital Contributions</b>				
Impact fees:				
Water	900,000	1,383,024	483,024	1,049,523
Sewer	800,000	1,277,572	477,572	861,347
Developer contributions	—	536,571	536,571	582,054
Extension fees and construction for public use	50,000	132,712	82,712	67,472
Total capital contributions	1,750,000	3,329,879	1,579,879	2,560,396
<b>Transfers</b>				
Transfers (out) to Street Improvement Fund	1,378,160	—	1,378,160	—
<b>Change in net position</b>	<b>857,521</b>	<b>498,504</b>	<b>(359,017)</b>	<b>(164,811)</b>
Net position, beginning of year	91,332,379	91,232,379	—	91,497,190
Net position, end of year	\$ 92,189,900	\$ 91,830,883	\$ (359,017)	\$ 91,332,379

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,752,130	\$ 872,763
Accounts receivable, net:		
Accounts	301,207	95,987
Grants	25,000	1,056,019
Total current assets	<u>2,078,337</u>	<u>2,024,769</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Machinery, equipment and vehicles	7,330,305	7,163,548
Construction-in-progress	6,343	6,343
	<u>7,682,110</u>	<u>7,515,353</u>
Less, accumulated depreciation	(5,624,982)	(5,543,352)
Net capital assets	<u>2,057,128</u>	<u>1,972,001</u>
Total assets	<u>\$ 4,135,465</u>	<u>\$ 3,996,770</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 84,740	\$ 237,156
Accrued payroll and related taxes	31,149	30,917
Total current liabilities	<u>115,889</u>	<u>268,073</u>
Long-term liabilities:		
Accrued compensated absences	144,733	126,601
Total long-term liabilities	<u>144,733</u>	<u>126,601</u>
Total liabilities	<u>260,622</u>	<u>394,674</u>
Net position:		
Net investment in capital assets	2,057,128	1,972,001
Unrestricted	1,817,715	1,630,095
Total net position	<u>3,874,843</u>	<u>3,602,096</u>
Total liabilities and net position	<u>\$ 4,135,465</u>	<u>\$ 3,996,770</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, 2018  
(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,402,500	\$ 4,438,928	\$ (36,428)	\$ 4,370,553
Trash bags and miscellaneous	8,000	1,536	6,464	7,426
<b>Total operating revenue</b>	<b>4,410,500</b>	<b>4,440,464</b>	<b>29,964</b>	<b>4,377,979</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	101,655	110,500	(8,845)	106,508
Legislative	24,131	23,768	363	23,731
Administration	27,300	23,403	3,897	20,657
Legal	26,365	25,599	766	34,409
Personnel	78,670	75,649	3,021	78,108
Total general government administration	258,121	258,919	(798)	263,413
<b>Finance</b>				
Overhead allocation –				
Accounting	48,842	46,078	2,764	45,821
Utility billings	76,179	76,261	(82)	74,952
Total finance	125,021	122,339	2,682	120,773
<b>Information Services</b>				
Overhead allocation	68,482	70,620	(2,138)	66,038
<b>Public works</b>				
Administration – overhead allocation	149,289	141,761	7,528	138,552
Commercial collection:				
Personal services	320,277	304,716	15,560	312,091
Operating	143,000	176,131	(33,131)	143,474
	463,277	480,847	(17,570)	455,565
Transfer station:				
Personal services	220,339	218,563	1,776	208,463
Operating	773,000	710,862	68,138	681,468
	993,339	929,425	69,914	889,931
Residential collection:				
Personal services	834,166	824,391	9,775	751,108
Operating	183,500	210,866	(27,366)	1,277,467
	1,017,666	1,035,257	(17,591)	2,028,575

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	243,005	224,000	19,005	219,556
Operating	97,000	124,856	(27,856)	114,599
	<u>340,005</u>	<u>348,856</u>	<u>(8,851)</u>	<u>334,155</u>
Beach cleaning:				
Personal services	176,323	154,144	22,179	150,492
Operating	69,500	56,834	12,666	42,975
	<u>245,823</u>	<u>210,978</u>	<u>34,845</u>	<u>193,467</u>
Recycling:				
Personal services	256,904	243,244	13,660	257,471
Operating	133,060	125,480	7,580	93,751
	<u>389,964</u>	<u>368,724</u>	<u>21,240</u>	<u>351,222</u>
Total public works	<u>3,599,363</u>	<u>3,515,848</u>	<u>83,515</u>	<u>4,391,467</u>
<b>Support services</b>				
Overhead allocation –				
Purchasing	17,368	17,048	320	14,120
Fleet management	103,100	96,919	6,181	92,654
Custodial	38,011	46,366	(8,355)	48,860
Total support services	<u>158,479</u>	<u>160,333</u>	<u>(1,854)</u>	<u>155,634</u>
Depreciation and amortization	<u>450,000</u>	<u>555,110</u>	<u>(105,110)</u>	<u>550,330</u>
<b>Total operating expenses</b>	<u>4,659,466</u>	<u>4,683,169</u>	<u>(23,703)</u>	<u>5,547,655</u>
Operating income (loss)	<u>(248,966)</u>	<u>(242,705)</u>	<u>6,261</u>	<u>(1,169,676)</u>
<b>Non-operating Revenue (Expenses)</b>				
Insurance reimbursements	—	—	—	5,575
Gain on sale/disposal of capital assets	—	2,320	2,320	19,176
Restricted intergovernmental:				
Grant – FEMA	10,000	25,000	15,000	1,126,311
Grant – SCDHEC	—	250,881	250,881	56,506
Total non-operating revenue (expenses)	<u>10,000</u>	<u>278,201</u>	<u>268,201</u>	<u>1,207,568</u>
<b>Transfers</b>				
Transfer in – Accommodations (2%) Tax Fund	<u>245,958</u>	<u>237,251</u>	<u>(8,707)</u>	<u>231,819</u>
<b>Change in net position</b>	<u>6,992</u>	<u>272,747</u>	<u>265,755</u>	<u>269,711</u>
Net position, beginning of year	<u>3,602,096</u>	<u>3,602,096</u>	<u>—</u>	<u>3,332,385</u>
Net position, end of year	<u>\$ 3,609,088</u>	<u>\$ 3,874,843</u>	<u>\$ 265,755</u>	<u>\$ 3,602,096</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Equity in pooled cash	—	—
Accounts receivables, net	10,017	11,759
Total current assets	<u>10,417</u>	<u>12,159</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,204	89,204
Furniture and equipment	914,828	862,350
	<u>10,704,910</u>	<u>10,652,432</u>
Less, accumulated depreciation	(3,812,860)	(3,518,536)
Net capital assets	<u>6,892,050</u>	<u>7,133,896</u>
Total assets	<u>\$ 6,902,467</u>	<u>\$ 7,146,055</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 39,324	\$ 23,786
Accrued payroll and related taxes	17,720	17,678
Due to General Fund	194,391	379,423
Accrued interest payable	79,474	55,140
Current portion of note obligation	492,297	473,863
Unearned revenue and gift certificates	315,979	279,320
Total current liabilities	<u>1,139,185</u>	<u>1,229,210</u>
Long-term liabilities:		
Accrued compensated absences	39,990	41,350
Note payable	2,764,078	3,256,374
Total long-term liabilities	<u>2,804,068</u>	<u>3,297,724</u>
Total liabilities	<u>3,943,253</u>	<u>4,526,934</u>
Net position:		
Net investment in capital assets	3,635,675	3,403,659
Unrestricted (deficit)	(676,461)	(784,538)
Total net position	<u>2,959,214</u>	<u>2,619,121</u>
Total liabilities and net position	<u>\$ 6,902,467</u>	<u>\$ 7,146,055</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, 2018  
(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,600,000	\$ 1,517,333	\$ (82,667)	\$ 1,410,066
Day membership fees	59,000	54,500	(4,500)	49,465
Employee membership fees	—	138,954	138,954	132,086
Enrollment fees	55,000	66,541	11,541	58,233
Program fees	200,000	258,808	58,808	289,650
Merchandise sales	40,000	7,174	(32,826)	5,243
Food sales	—	43,320	43,320	37,244
Less, sales and hospitality taxes	—	(4,678)	(4,678)	(3,632)
Miscellaneous	1,000	3,265	2,265	2,650
<b>Total operating revenue</b>	<b>1,955,000</b>	<b>2,085,217</b>	<b>130,217</b>	<b>1,981,005</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	33,885	36,833	(2,948)	34,369
Legislative	8,044	7,923	121	7,910
Administration	9,100	7,801	1,299	6,886
Legal	8,788	8,533	255	11,470
Personnel	39,335	37,825	1,510	39,054
<b>Total general government administration</b>	<b>99,152</b>	<b>98,915</b>	<b>237</b>	<b>99,689</b>
<b>Finance</b>				
Overhead allocation	32,561	30,719	1,942	30,548
<b>Information Services</b>				
Overhead allocation	22,827	23,540	(713)	22,013
<b>Parks and Recreation</b>				
Overhead allocation –				
Recreation administration	27,275	27,467	(92)	26,614
Aquatic administration:				
Personnel services	445,211	452,075	(6,864)	436,808
Operations and maintenance	382,286	585,182	(202,896)	621,942
	827,497	1,037,257	(209,760)	1,058,750
Aquatic programs:				
Personnel services	200,319	200,074	245	196,780
Operations and maintenance	78,770	48,541	30,229	52,972
	279,089	248,615	30,474	249,752
Activity specialist:				
Personnel services	181,698	180,659	1,039	181,977
Operations and maintenance	14,100	14,500	(400)	10,113
	195,798	195,159	639	192,090

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (continued)</b>				
<b>Parks and Recreation (continued)</b>				
Fitness:				
Personnel services	207,555	193,542	14,013	207,738
Operations and maintenance	71,540	64,062	7,478	65,841
	<u>279,095</u>	<u>257,604</u>	<u>21,491</u>	<u>273,579</u>
Custodians:				
Personnel services	114,199	114,188	11	107,276
Operations and maintenance	33,120	35,141	(2,021)	36,819
	<u>147,319</u>	<u>149,329</u>	<u>(2,010)</u>	<u>144,095</u>
Total parks and recreation	<u>1,756,073</u>	<u>1,915,431</u>	<u>(159,358)</u>	<u>1,944,880</u>
<b>Support Services</b>				
Overhead allocation –				
Purchasing	8,684	8,524	160	7,060
Custodial	38,011	46,366	(8,355)	48,860
Total support services	<u>46,695</u>	<u>54,890</u>	<u>(8,195)</u>	<u>55,920</u>
Depreciation and amortization	<u>275,000</u>	<u>294,324</u>	<u>(19,324)</u>	<u>292,463</u>
<b>Total operating expenses</b>	<b><u>2,232,308</u></b>	<b><u>2,417,819</u></b>	<b><u>(185,511)</u></b>	<b><u>2,445,513</u></b>
Operating income (loss)	<u>(277,308)</u>	<u>(332,602)</u>	<u>(55,294)</u>	<u>(464,508)</u>
<b>Non-operating Revenue (Expenses)</b>				
Non-operating program fees and other	15,000	18,930	3,930	13,532
Interest expense	(133,541)	(169,440)	(35,899)	(157,312)
Total non-operating revenue (expenses)	<u>(118,541)</u>	<u>(150,510)</u>	<u>(31,969)</u>	<u>(143,780)</u>
<b>Transfers</b>				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	823,205	823,205	—	493,749
Total transfers	<u>823,205</u>	<u>823,205</u>	<u>—</u>	<u>493,749</u>
<b>Change in net position</b>	<b>427,356</b>	<b>340,093</b>	<b>(87,263)</b>	<b>(114,539)</b>
Net position, beginning of the year	<u>2,619,121</u>	<u>2,619,121</u>	<u>—</u>	<u>2,733,660</u>
Net position, end of year	<u>\$ 3,046,477</u>	<u>\$ 2,959,214</u>	<u>\$ (87,263)</u>	<u>\$ 2,619,121</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES  
BALANCE SHEET

JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,500	\$ 6,500
Receivables, net	51,659	14,735
Due from Local Accommodations (1.5%) Fund	218,487	193,735
Inventories	<u>          </u>	<u>          </u>
Total current assets	<u>277,646</u>	<u>214,970</u>
Capital assets:		
Buildings	434,405	434,405
Furniture, equipment and vehicles	1,695,160	1,539,740
	<u>2,129,565</u>	<u>1,974,145</u>
Less, accumulated depreciation	(1,518,189)	(1,339,361)
Net capital assets	<u>611,376</u>	<u>634,784</u>
Total assets	<u>\$ 889,022</u>	<u>\$ 849,754</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 77,471	\$ 72,157
Accrued payroll and related taxes	82,695	78,664
Due to General Fund	261,917	757,186
Total current liabilities	<u>422,083</u>	<u>908,007</u>
Net position:		
Net investment in capital assets	611,376	634,784
Unrestricted (deficit)	(144,437)	(693,037)
Total net position	<u>466,939</u>	<u>(58,253)</u>
Total liabilities and net position	<u>\$ 889,022</u>	<u>\$ 849,754</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, 2018

(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rentals	2,000,000	2,321,935	321,935	2,301,843
Water slide fees	125,000	63,244	(61,756)	72,287
Food, beverage, and other sales	360,000	310,083	(49,917)	307,960
Less, sales tax/hospitality fees	(155,000)	(202,968)	(47,968)	(184,695)
Miscellaneous	20,000	2,472	(17,528)	3,620
<b>Total operating revenue</b>	<b>2,350,000</b>	<b>2,494,766</b>	<b>144,766</b>	<b>2,501,015</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	33,885	36,833	(2,948)	34,369
Legislative	8,044	7,923	121	7,910
Administration	9,100	7,801	1,299	6,886
Legal	8,788	8,533	255	11,470
Personnel	147,507	141,843	5,664	146,453
Total general government administration	207,324	202,933	4,391	207,088
<b>Finance</b>				
Overhead allocation	122,104	115,195	6,909	14,553
<b>Information Services</b>				
Overhead allocation	34,241	35,310	(1,069)	33,019
<b>Public safety</b>				
Overhead allocation –				
Communication	37,798	38,456	(658)	40,576
Lifeguard services:				
Personnel services	642,863	686,071	(43,208)	646,618
Operations and maintenance	35,850	80,492	(44,642)	74,836
Total public safety	716,511	805,019	(88,508)	762,030
<b>Parks and recreation</b>				
Overhead allocation –				
Recreation administration	164,247	164,803	(556)	159,687
Concessions:				
Personnel services	603,312	594,422	8,890	579,294
Operations and maintenance	266,552	240,112	26,440	235,972
Total parks and recreation	1,034,111	999,337	34,774	974,953

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation —				
Purchasing	4,342	4,262	80	3,530
Fleet	20,620	19,384	1,236	18,531
Custodian	19,006	23,183	(4,177)	24,430
Total support services	43,968	46,829	(2,861)	46,491
Depreciation and amortization	150,000	178,828	(28,828)	169,204
<b>Total operating expenses</b>	<b>2,308,259</b>	<b>2,383,451</b>	<b>(75,192)</b>	<b>2,307,338</b>
Operating income (loss)	41,741	111,315	69,574	193,677
<b>Non-operating Revenue (Expenses)</b>				
Sponsorships and donations	—	1,171	1,171	2,248
Gain (loss) on sale/disposal capital assets	—	—	—	1,427
Total non-operating revenue (expenses)	—	1,171	1,171	3,675
Income (loss) before contributions and transfers	41,741	112,486	70,754	197,352
<b>Transfers</b>				
Transfers in (out):				
Accommodations (2%)Tax Fund	192,396	185,585	(6,811)	244,843
Local accommodations (1.5%) Tax Fund	318,295	327,121	8,826	624,915
Sports and Tourism Park Fund	—	(100,000)	(100,000)	—
Total transfers	510,691	412,706	(97,985)	869,758
<b>Change in net position</b>	<b>552,432</b>	<b>525,192</b>	<b>(27,240)</b>	<b>1,067,110</b>
Net position, beginning of year	(58,253)	(58,253)	—	(1,125,363)
Net position, end of year	\$ 494,179	\$ 466,939	\$ (27,240)	\$ (58,253)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SPORTS AND TOURISM PARK  
BALANCE SHEET

JUNE 30, 2018

(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,700	\$ —
Receivables, net	32,071	—
Due from General Fund	467,191	467,191
Total current assets	<u>501,962</u>	<u>467,191</u>
Capital assets:		
Buildings	58,000	—
Machinery, fixtures, and equipment	1,309,066	1,066,590
Construction in progress	—	47,900
	<u>1,367,066</u>	<u>1,114,490</u>
Less, accumulated depreciation	(522,019)	(223,963)
Net capital assets	<u>845,047</u>	<u>890,527</u>
Total assets	<u>\$ 1,347,009</u>	<u>\$ 1,357,718</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 13,547	\$ 4,885
Accrued payroll and related taxes	2,871	—
Due to General Fund	275,974	398,193
Security deposits	21,700	10,000
Total current liabilities	<u>314,092</u>	<u>408,193</u>
Long-term liabilities:		
Accrued compensated absences	954	—
Total long-term liabilities	<u>954</u>	<u>—</u>
Total liabilities	<u>315,046</u>	<u>408,193</u>
Net position:		
Net investment in capital assets	845,047	890,527
Unrestricted	186,916	54,113
Total net position	<u>1,031,963</u>	<u>944,640</u>
Total liabilities and net position	<u>\$ 1,347,009</u>	<u>\$ 1,357,718</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, 2018  
 (With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Christmas Village admissions	\$ 500,000	\$ 276,435	\$ (223,565)	\$ 246,895
Rides and ice skating fees	—	53,700	53,700	37,757
Admissions, rentals and sponsorships	310,000	310,513	513	—
Merchandise sales	15,000	16,328	1,328	7,670
Races – registration fees and sales	—	16,510	16,510	13,905
Food, beverage, and other sales	330,500	395,760	65,260	53,529
Less, sales tax/hospitality fees	(30,000)	(64,106)	(34,106)	(25,555)
Miscellaneous	—	1,138	1,138	(1,764)
<b>Total operating revenue</b>	<b>1,125,500</b>	<b>1,006,278</b>	<b>(119,222)</b>	<b>332,437</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	—	—	—	—
Legislative	—	—	—	—
Administration	—	—	—	—
Legal	—	—	—	—
Personnel	9,834	9,456	378	9,764
<b>Total general government administration</b>	<b>9,834</b>	<b>9,456</b>	<b>378</b>	<b>9,764</b>
<b>Finance</b>				
Overhead allocation	16,281	15,359	922	15,274
<b>Information Services</b>				
Overhead allocation	11,414	11,770	(356)	11,006
<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	27,375	27,467	(92)	26,614
Concessions:				
Personnel services	109,520	136,585	(27,065)	240
Operations and maintenance	137,300	188,540	(51,240)	279,472
Parks and grounds	474,701	476,825	(2,124)	—
Christmas Village:				
Personnel services	—	—	—	240
Operations and maintenance	138,000	242,094	(104,094)	279,472
<b>Total parks and recreation</b>	<b>886,896</b>	<b>1,071,511</b>	<b>(184,615)</b>	<b>306,326</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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation —				
Purchasing	—	—	—	—
Fleet	—	—	—	—
Custodian	—	—	—	—
Total support services	—	—	—	—
Depreciation and amortization	985,033	298,055	686,978	177,730
<b>Total operating expenses</b>	<b>1,909,458</b>	<b>1,406,151</b>	<b>503,307</b>	<b>520,100</b>
Operating income (loss)	(783,958)	(399,873)	384,085	(187,663)
<b>Non-operating Revenue (Expenses)</b>				
Sponsorships and donations	75,000	98,638	23,638	315,110
Gain (loss) on sale/disposal capital assets	—	—	—	1,944
Total non-operating revenue (expenses)	75,000	98,638	23,638	317,054
Income (loss) before contributions and transfers	(708,958)	(301,235)	407,723	129,391
<b>Capital Contributions</b>				
General capital assets	—	—	—	323,634
	—	—	—	323,634
<b>Transfers</b>				
Transfers in (out):				
General Fund	50,000	50,000	—	150,000
Accommodation (2%) Tax Fund	143,643	138,558	(5,085)	—
Park Development Fund	—	—	—	341,615
Capital Improvement Fund	—	100,000	100,000	—
Beach Services Fund	—	100,000	100,000	—
Total transfers	193,643	388,558	194,915	491,615
<b>Change in net position</b>	<b>(515,315)</b>	<b>87,323</b>	<b>602,638</b>	<b>944,640</b>
Net position, beginning of year	944,640	944,640	—	—
Net position, end of year	\$ 429,325	\$ 1,031,963	\$ 602,638	\$ 944,640

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, 2018  
(With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>Restated 2017</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 2	\$ 97,370
Restricted cash and cash equivalents:		
HRA custodial account	125,303	—
Deposits with others	6,489	6,490
Accounts receivable, net	189,726	2,860
Prepaid items	400,464	354,676
Total assets	<u>\$ 721,984</u>	<u>\$ 461,396</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 76,674	\$ 132,980
Claims payable	145,212	105,103
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	303,648	283,177
Due to General Fund	1,165,744	285,110
Total current liabilities	<u>1,691,278</u>	<u>806,370</u>
Long-term liabilities:		
Total post-employment benefits (OPEB) liability	20,515,908	19,353,056
Total liabilities	<u>22,207,186</u>	<u>20,159,426</u>
Net position:		
Restricted for health insurance claims	—	—
Unrestricted (deficit)	(21,485,202)	(19,698,030)
Total net position	<u>(21,485,202)</u>	<u>(19,698,030)</u>
Total liabilities and net position	<u>\$ 721,984</u>	<u>\$ 461,396</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, 2018  
(With comparative actual amounts for June 30, 2017)

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Property Liability and Workers Compensation premiums	\$ 490,000	\$ 905,500	\$ 415,500	\$ 515,500
Health premiums –				
Employer/Employee charges	4,506,433	4,407,541	(98,892)	4,128,707
Dependent withholdings	639,000	640,855	1,855	632,883
Retiree/non-employee contributions	86,000	80,307	(5,693)	71,980
Cobra/non-employee contributions	324,000	437,786	113,786	317,009
Reinsurance reimbursements	—	286,038	286,038	123,242
Forfeitures, rebates and miscellaneous	—	126,517	126,517	126,778
<b>Total operating revenue</b>	<b>6,045,433</b>	<b>6,884,544</b>	<b>839,111</b>	<b>5,916,099</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Non-employee health expenses –				
Misc. and aggregate premium cost	875,657	722,481	153,176	631,896
Dependents	481,398	1,378,218	(896,820)	1,067,312
Cobra	—	114,997	(114,997)	435,495
Retirees and dependents	308,878	596,833	(287,955)	171,512
	1,665,933	2,812,529	(1,146,596)	2,306,215
Employee health expenses –				
Legislative	55,689	331,648	(275,959)	268,513
Administration	7,956	5,017	2,939	7,983
City court	39,778	28,706	11,072	55,488
Legal	15,911	45,997	(30,086)	16,162
Personnel	63,644	104,975	(41,331)	228,091
	182,978	516,343	(333,365)	576,237
<b>Total general government administration</b>	<b>1,848,911</b>	<b>3,328,872</b>	<b>(1,479,961)</b>	<b>2,882,452</b>
<b>Finance</b>				
Employee health expenses	159,110	128,034	31,076	171,468
Overhead allocation	32,561	30,719	1,842	30,728
	191,671	158,753	32,918	202,196
<b>Information Services</b>				
Employee health expenses	63,644	29,998	33,646	293,051

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public Safety</b>				
Employee health expenses –				
Administration	47,733	98,223	(50,490)	51,039
Uniform patrol	447,608	318,109	129,499	357,466
Community service	79,555	52,405	27,150	157,316
Detectives	87,511	46,740	40,771	103,807
Communications/detention	151,155	180,339	(29,184)	307,082
Records	39,778	19,775	20,003	71,961
Victim’s assistance	7,956	2,832	5,124	3,701
Police training	31,822	7,394	24,428	19,370
Fire/rescue	389,820	208,006	181,814	230,926
Fire prevention/inspection	31,822	23,837	7,985	24,299
Total public safety	1,314,760	957,660	357,100	1,326,967
<b>Public Works</b>				
Employee health expenses –				
Administration	63,644	104,767	(41,123)	
Streets/drainage	175,051	200,279	(25,228)	195,510
Water and sewer	302,310	432,215	(129,905)	542,787
Solid waste	214,800	139,795	75,005	573,719
Total public works	755,805	877,056	(121,251)	1,312,016
<b>Planning/Development</b>				
Employee health expenses –				
Administration	71,600	166,220	(94,620)	138,537
Building	71,600	589,422	(517,822)	84,157
Total planning/development	143,200	755,642	(612,442)	222,694
<b>Parks and Recreation</b>				
Employee health expenses –				
Recreation and parks administration	39,778	52,523	(12,745)	34,975
Athletics	47,733	24,430	23,303	57,591
Programs and concessions	39,778	13,861	25,917	33,642
Parks and beach grounds	135,244	97,063	38,181	122,913
Aquatic center	79,556	203,154	(123,598)	142,453
Total parks and recreation	342,089	391,031	(48,942)	391,574

— 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 —

	2018		Variance Positive (Neg.)	2017
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support Services</b>				
Employee health expenses –				
Purchasing	31,822	32,937	(1,115)	60,146
Fleet	39,778	72,194	(32,416)	41,829
Custodian	63,644	111,504	(47,860)	156,986
Total support services	135,244	216,635	(81,391)	258,961
Total employee and non-employee health expenses	4,795,324	6,715,647	(1,920,323)	6,889,911
Workers compensation expenses –				
General government administration	380,000	229,401	150,599	214,024
Finance	—	—	—	—
Information services	—	—	—	—
Public safety	105,338	157,341	(52,003)	274,459
Public works	62,377	226,902	(164,525)	154,471
Planning/development	54	—	54	73
Parks and recreation	21,495	41,555	(20,060)	30,524
Support services	—	—	—	—
Total workers compensation	569,264	655,199	(85,935)	673,551
Property liability expenses —				
General government administration	460,000	484,893	(24,893)	444,823
Finance	—	—	—	—
Information services	—	27,901	(27,901)	—
Public safety	25,000	377	24,623	—
Public works	—	258,634	(258,634)	—
Planning/development	—	—	—	—
Parks/recreation	—	2,608	(2,608)	—
Support services	—	613,855	(613,855)	—
Total property liability insurance	485,000	1,388,268	(903,268)	444,823
<b>Total operating expenses</b>	<b>5,849,588</b>	<b>8,759,114</b>	<b>(2,909,526)</b>	<b>8,008,285</b>
Operating income (loss)	195,845	(1,874,540)	(2,070,385)	(2,092,186)
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	1,000	—	(1,000)	—
Sponsorships and donations – Wellness programs	47,000	87,368	40,368	46,789
Total non-operating revenue (expenses)	48,000	87,368	39,368	46,789
<b>Change in net position</b>	<b>243,845</b>	<b>(1,787,172)</b>	<b>(2,031,017)</b>	<b>(2,045,397)</b>
Net position (deficit), beginning of year	(19,698,030)	(19,698,030)	—	(5,990,521)
Cumulative effect of restatement (see Note 17)	—	—	—	(11,662,112)
Net position (deficit), end of year	<u>\$ (19,454,185)</u>	<u>\$ (21,485,202)</u>	<u>\$ (2,031,017)</u>	<u>\$ (19,698,030)</u>

CITY OF NORTH MYRTLE BEACH

## FIDUCIARY FUNDS

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

### **Pension Trust Funds (Exclusive of Terminated Pension Plan)**

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

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

### **Agency Fund**

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

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

JUNE 30, 2018  
(With comparative amounts for June 30, 2017)

	2018	2017
<b>Assets</b>		
Cash and temporary investments	\$ 23,542,688	\$ 20,872,448
Participant loans	1,258,534	1,332,628
Total assets	\$ 24,801,222	\$ 22,205,076
 <b>Net Position</b>		
Held in trust for employee’s pension benefits	\$ 24,801,222	\$ 22,205,076

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, 2018  
(With comparative amounts for June 30, 2017)

	2018	2017
<b>Additions</b>		
Employer contributions	\$ 1,014,964	\$ 971,629
Employee (member) contributions	245,835	235,355
Investment income gain/(loss)	1,830,557	2,100,137
Non-vested rollover	—	25,394
Total additions	3,091,356	3,332,515
<b>Deductions</b>		
Benefit payments	437,597	499,653
Trustee fees	19,269	18,827
Forfeitures	38,344	451,818
Total deductions	495,210	970,298
<b>Change in net position</b>	<b>2,596,146</b>	<b>2,362,217</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	22,205,076	19,842,859
End of year	<b>\$ 24,801,222</b>	<b>\$ 22,205,076</b>

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

JUNE 30, 2018  
 (With comparative amounts for June 30, 2017)

	2018	2017
<b>Assets</b>		
Cash and temporary investments	\$ 932,981	\$ 823,407
Receivable – participant loan	5,773	8,199
	\$ 938,754	\$ 831,606
<b>Net Position</b>		
Held in trust for employee’s pension benefits	\$ 938,754	\$ 831,606

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, 2018  
(With comparative amounts for June 30, 2017)

	<b>2018</b>	<b>2017</b>
<b>Additions</b>		
Employer contributions	\$ 13,675	\$ 13,369
Employee (member) contributions	13,675	13,369
Investment income gain/(loss)	139,980	127,183
Total additions	167,330	153,921
<b>Deductions</b>		
Benefit payments	60,132	7,200
Trustee fees	50	50
Total deductions	60,182	7,250
<b>Change in net position</b>	<b>107,148</b>	<b>146,671</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	831,606	684,935
End of year	\$ 938,754	\$ 831,606

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2018

	<u>Ending Balance 6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/18</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 339,148	\$ 328,141	\$ (574,340)	\$ 92,949
<b>Liabilities</b>				
Due to Firemen's Association	\$ 339,148	\$ 328,141	\$ (574,340)	\$ 92,949

## 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, 2018  
 (With comparative amounts for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Governmental Funds Capital Assets</b>		
Land	\$ 18,811,099	\$ 18,811,099
Land improvements	25,065,071	24,848,999
Buildings	26,958,389	26,602,744
Machinery and equipment	<u>25,569,720</u>	<u>22,602,344</u>
	96,404,279	92,865,186
Infrastructure:		
Roads	27,350,064	26,192,249
Drainage systems	35,943,349	35,850,978
Developer contributions – roads	13,742,967	13,336,055
Sidewalks	2,277,783	2,087,870
Street lighting and other	<u>747,555</u>	<u>747,555</u>
	80,061,718	78,214,707
Construction in progress	<u>7,732,643</u>	<u>1,193,734</u>
Total governmental funds capital assets	<u>\$ 184,198,640</u>	<u>\$ 172,273,627</u>
<b>Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds Notes and Lease – Purchase financing	\$ 30,109,071	\$ 30,109,071
General Fund and Capital Projects Revenue	123,128,303	111,610,202
Special Revenue Funds	17,218,299	17,218,299
Gifts and contributions from developers	<u>13,742,967</u>	<u>13,336,055</u>
Total governmental funds capital assets	<u>\$ 184,198,640</u>	<u>\$ 172,273,627</u>

VICTIM'S RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2018

	<b>2018</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 677,754
Court fines and assessments remitted to State Treasurer	(392,430)
Total court fines and assessments retained	\$ 285,324
 <b>Surcharges and Assessments Retained for Victim's Service</b>	
Total surcharges collected	\$ 11,822
Total assessments	32,107
Total surcharges and assessments retained	\$ 43,929
 <b>Funds Allocated to Victim's Service</b>	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	43,929
Expenditures for victim's service	(43,929)
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).... 143-149

**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)..... 150-153

**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)..... 154-158

**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)..... 159-161

**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) ..... 162-163

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET POSITION BY COMPONENT  
(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$112,201,981	\$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
Restricted	3,492,178	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
Unrestricted	<u>-20,785,478</u>	<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>
Total governmental activities net assets	<u>\$94,908,681</u>	<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>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$84,077,050	\$75,588,375	\$75,141,498	\$75,173,169	\$74,144,078	\$74,440,570	\$74,694,366	\$75,857,901	\$74,464,000	\$73,470,865
Restricted	3,437	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
Unrestricted	<u>11,567,164</u>	<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>
Total business-type activities net assets	<u>\$95,647,651</u>	<u>\$96,750,834</u>	<u>\$95,178,666</u>	<u>\$93,819,125</u>	<u>\$91,779,912</u>	<u>\$91,623,224</u>	<u>\$91,621,406</u>	<u>\$90,845,761</u>	<u>\$90,469,353</u>	<u>\$91,390,476</u>
<b>Primary Government</b>										
Net investments in capital assets	\$196,279,031	\$174,809,670	\$174,191,304	\$174,108,513	\$164,439,457	\$150,724,363	\$132,557,681	\$146,549,885	\$140,537,670	\$135,858,137
Restricted	3,495,615	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
Unrestricted	<u>-9,218,314</u>	<u>13,398,318</u>	<u>11,979,434</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>
Total primary government net assets	<u>\$190,556,332</u>	<u>\$195,080,202</u>	<u>\$189,180,025</u>	<u>\$185,897,465</u>	<u>\$189,575,850</u>	<u>\$184,299,484</u>	<u>\$179,468,040</u>	<u>\$174,370,169</u>	<u>\$170,909,825</u>	<u>\$171,074,041</u>

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## CHANGES IN NET POSITION

(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
General Government	\$3,517,347	\$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
Information Services	180,605	906,155	339,912	632,013	538,150	843,764	794,118	552,729	464,356	430,655
Finance	873,339	596,059	774,629	904,344	765,254	626,799	630,853	853,129	890,656	752,495
Public Safety	15,803,114	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
Planning and Development	2,700,880	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
Public Works	13,093,698	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
Parks and Recreation	6,772,705	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
Support Services	1,750,626	1,282,379	969,515	1,005,675	989,966	1,040,604	2,143,354	883,701	796,998	748,813
Debt service - interest	43,756	457,819	247,289	293,753	503,633	342,328	494,544	176,685	421,619	451,621
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	756,800
Total governmental activities	\$44,736,070	\$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
Business-type activities:										
Water and sewer utility	\$16,754,026	\$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
Solid waste	4,689,235	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
Aquatic Center	2,616,721	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
Beach Services	2,418,998	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
Sports Park	1,480,029	552,813	-	-	-	-	-	-	-	-
Total business type-activities	\$27,959,009	\$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
Total primary government expenses	\$72,695,079	\$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
<b>Program Revenue</b>										
Governmental activities:										
Fees for services										
Storm Water	\$2,913,740	\$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
Fines	484,998	549,980	467,082	447,273	489,978	319,623	409,166	425,582	698,759	698,384
Building Permits	38,295	17,520	20,610	16,490	706,512	413,191	377,340	367,195	328,986	346,808
Other	606,799	1,219,065	1,035,781	1,109,744	727,194	544,301	483,759	398,874	155,462	139,472
Operating grants and contributions	152,203	85,177	244,173	24,203	16,678	284,415	1,133,814	2,919,065	1,806,030	456,982
Capital grants and contributions	11,243,224	11,598,107	3,045,556	3,870,478	2,344,400	623,186	2,456,082	644,989	573,294	6,303,509
Total primary government net assets	\$15,439,259	\$16,331,551	\$6,944,460	\$7,569,955	\$6,357,406	\$4,217,929	\$6,869,922	\$6,753,046	\$5,599,629	\$9,939,654

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Revenues and Transfers</b>										
Business-type activities										
Fees for services										
Water & Sewer	\$13,428,986	\$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
Solid Waste	4,440,464	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
Other	5,586,261	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
Operating grants and contributions	590,695	689,905	218,564	-	-	-	-	-	325,133	125,432
Capital grants and contributions	3,329,879	4,066,847	2,410,017	4,018,655	2,240,057	1,441,531	1,151,020	1,312,519	-	3,064,214
Total business-type activities	\$27,376,285	\$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
Total primary government	\$42,815,544	\$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
Governmental activities:										
Property taxes	\$15,737,831	\$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
Accommodations and hospitality taxes	9,960,378	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
State shared taxes - unrestricted	1,160,581	953,621	817,472	924,763	805,341	943,614	920,270	745,289	789,170	1,134,677
Business licenses and franchise taxes	9,969,892	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
Unrestricted investment earnings	50,420	59,871	15,853	-	175,616	23,601	37,589	13,260	239,601	352,529
Miscellaneous	69,478	(49,406)	16	325,716	128,296	55,253	(260,745)	476,406	26,744	88,097
Transfers in/(out)	(1,861,720)	(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)
Total governmental activities	\$35,086,860	\$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
Business-type activities:										
Unrestricted investment earnings	\$69,200	\$36,493	\$48,313	\$64,689	\$75,692	\$58,506	\$86,779	\$140,633	\$144,444	\$265,690
Miscellaneous	(2)	26,532	138,602	112,516	246,852	216,330	302,658	218,127	-	192,552
Transfers in/(out)	1,861,720	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
Total business type-activities	\$1,930,918	\$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
Total primary government general revenue and other changes	\$37,017,778	\$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
<b>Changes in Net Assets</b>										
Governmental activities:										
Business-type activities	\$5,790,049	\$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
Total primary government changes in net assets	\$7,138,243	\$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

TABLE III

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROGRAM REVENUE BY COMPONENT  
(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Function/Program</b>										
<b>Governmental Activities:</b>										
General Government	\$ 431,788	\$ 351,653	\$ 683,965	\$ 628,728	\$ 193,430	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	655,752	683,486	625,454	447,273	489,978	599,540	955,610	1,030,879	1,222,163	698,384
Planning and Development	38,295	17,520	20,610	16,490	706,512	413,191	377,340	367,195	328,986	346,808
Public Works	13,928,312	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
Parks and Recreation	385,112	1,217,589	1,005,996	871,749	605,038	287,579	293,909	310,358	196,053	3,177,544
Support Services	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 15,439,259</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>Business-type activities</b>										
Water and sewer utility	\$ 16,952,620	\$ 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
Solid waste	4,718,665	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
Aquatic Center	2,104,147	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
Beach Services	2,495,937	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
Sports Park	1,104,916	971,181	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>\$ 27,376,285</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>Total program revenues by function and program</b>	<b>\$ 42,815,544</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>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>										
Non-spendable	\$ 214,952	\$ 268,532	\$ 433,674	\$ 259,296	\$ 278,806	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024	
Restricted by Others	74,248	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	392,500	
Assigned by Management	-	-	-	-	-	-	-	-	-	
Unassigned	11,215,198	10,506,670	10,307,596	10,695,070	10,853,581	10,860,908	10,117,180	8,756,419	7,733,570	\$9,752,787
<b>Total General Fund</b>	<b>\$ 11,896,898</b>	<b>\$ 11,190,571</b>	<b>\$ 11,180,648</b>	<b>\$ 11,636,074</b>	<b>\$ 11,836,833</b>	<b>\$ 11,967,882</b>	<b>\$ 11,292,778</b>	<b>\$ 10,082,589</b>	<b>\$ 9,284,924</b>	
<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)	-	-	-	-	
<b>Total Stormwater Fund</b>	<b>\$ -</b>	<b>\$ (560,254)</b>	<b>\$ (991,120)</b>	<b>\$ (5,221,805)</b>	<b>\$ (2,077,205)</b>	<b>\$ 6,324,617</b>	<b>\$ 5,323,528</b>	<b>\$ 5,237,295</b>	<b>\$ 4,672,751</b>	
<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	
<b>Total Park Development Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,615</b>	<b>\$ -</b>	<b>\$ (314,892)</b>	<b>\$ 4,691,184</b>	<b>\$ 13,138,091</b>	<b>\$ (2,285,866)</b>	<b>\$ 1,434,312</b>	
<b>Street Improvement Fund</b>										
Assigned by Management	\$ 1,209,710	\$ 3,656,043	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Street Improvement Fund</b>	<b>\$ 1,209,710</b>	<b>\$ 3,656,043</b>	<b>\$ 1,913,006</b>	<b>\$ 2,967,662</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>State (2%) A-Tax Fund</b>										
Unassigned	\$ (1,286)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total State (2%) A-Tax Fund</b>	<b>\$ (1,286)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<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	2,144,599	3,561,540	18,380	105,244	65,960	534,332	236,402	-	347,933	
Assigned by Management	1,678,409	1,417,420	417,220	851,633	3,119,824	2,082,001	3,080,256	2,219,111	656,816	
Unassigned	(350,374)	(594,753)	-	-	-	-	-	-	-	
<b>Total All Other Gov't Funds</b>	<b>\$ 3,472,634</b>	<b>\$ 4,839,500</b>	<b>\$ 435,951</b>	<b>\$ 986,340</b>	<b>\$ 3,617,243</b>	<b>\$ 3,312,785</b>	<b>\$ 4,280,728</b>	<b>\$ 3,082,801</b>	<b>\$ 1,783,843</b>	<b>\$8,882,846</b>
<b>Total Governmental Funds</b>	<b>\$ 16,577,956</b>	<b>\$ 19,125,860</b>	<b>\$ 12,615,100</b>	<b>\$ 10,368,271</b>	<b>\$ 13,061,979</b>	<b>\$ 26,296,468</b>	<b>\$ 34,035,125</b>	<b>\$ 16,116,819</b>	<b>\$ 17,175,830</b>	<b>\$ 18,635,633</b>
<b>Primary Government</b>										
Net investment in Capital Assets	\$196,279,031	\$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
Restricted	3,495,615	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
Unrestricted	-9,218,314	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
<b>Total primary government net position</b>	<b>\$190,556,332</b>	<b>\$195,080,201</b>	<b>\$189,180,023</b>	<b>\$185,897,464</b>	<b>\$189,575,849</b>	<b>\$184,299,483</b>	<b>\$179,468,039</b>	<b>\$174,370,168</b>	<b>\$170,909,824</b>	<b>\$171,074,040</b>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenue</b>										
Property taxes:										
Current property taxes	\$ 15,396,881	\$ 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
Delinquent property taxes	340,950	304,947	420,800	451,993	451,681	815,052	292,495	201,185	504,785	167,342
Special Assessments	1,674,522	2,501,605	-	-	-	-	-	-	-	-
Licenses and permits	9,969,892	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
Fines and forfeitures	366,246	401,856	373,506	338,717	377,226	319,623	409,166	425,582	591,575	594,020
Use of money and property	327,412	269,922	221,232	242,666	175,616	218,102	199,597	264,265	239,601	352,529
Unrestricted intergovernmental	1,160,581	1,189,690	1,029,271	1,127,271	991,176	943,614	920,270	889,898	925,511	1,134,667
Restricted intergovernmental	19,481,025	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
Sales and service charges	3,470,072	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
Miscellaneous	200,258	1,474,124	391,323	431,823	152,316	284,415	1,123,814	312,904	30,346	1,405,218
Total revenue	\$ 52,387,839	\$ 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
<b>Expenditures</b>										
Current:										
General Government/Admin.	\$ 2,596,471	\$ 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
Finance	837,850	848,593	823,982	837,556	775,994	786,086	783,125	777,367	717,716	649,999
Information Services	252,672	332,319	207,508	540,103	517,469	478,024	496,118	443,719	328,899	348,220
Public Safety	14,465,016	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
Planning and Development	1,659,680	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
Public Works	14,840,355	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
Parks and Recreation	5,297,693	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
Support Services	1,188,679	1,094,763	998,679	969,600	1,040,662	1,001,090	829,777	871,037	667,499	656,093
Debt service:										
Principal	3,768,186	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
Interest	414,216	514,796	471,814	551,079	638,513	656,142	506,985	262,740	366,663	291,231
NMB Capital outlay	6,618,073	5,408,657	4,898,854							
Other Non-Capital Infrastructure	1,085,726	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
Total expenditures	\$ 53,024,617	\$ 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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<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)	9,539,895	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
	(11,451,021)	(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)
Total other financing sources (uses)	\$ (1,911,126)	\$ 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
Net change in fund balances	\$ (2,547,904)	\$ 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
Fund balances, beginning 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	\$ 18,523,382	\$ 12,659,469
Fund balances, end of year	\$ 16,577,956	\$ 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
Ratio of Debt Service to General Government Noncapital Expenditures	9.01%	16.62%	15.34%	7.57%	5.74%	7.70%	12.01%	7.22%	9.78%	7.19%

TABLE VI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Less: Tax-Exempt</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>
	<u>Real Estate</u>	<u>Personal</u>						
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
2018	352,269,244	33,592,626		4,953,081	380,908,789	0.0413	6,327,400,000	6.0

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

Note: 1 mil is equal to \$382,119 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>
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
2018	41.3	52.4	133.1	0.7	227.5

Note 1: Each mil for North Myrtle Beach is equal to \$382,119 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 2018 AND 2009

	2018				2009			
	ASSESSMENTS	Assessed Value	RANK	Percentage of Total	ASSESSMENTS	RANK	Assessed Value	Percentage of Total
Frontier Communications								
<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSMENTS</u>	<u>Assessed Value</u>	<u>RANK</u>	<u>ASSESSMENTS</u>	<u>RANK</u>	<u>Assessed Value</u>	<u>Percentage of Total</u>
IREIT NMB Coastal North LLC	Commercial	3,444,290	0.90%	1				
Lawyers Title Insurance Corp	Commercial	3,177,670	0.83%	2	4,090,872	1	1.15%	
Barefoot Landing Commercial	Commercial - Retail	2,249,980	0.59%	3				
SC NMB Retail 3 LLC	Commercial - Retail	2,017,810	0.53%	4				
Fairfield Resorts, Inc.	Commercial - Timeshare	1,947,970	0.51%	5	2,160,120	3	0.61%	
The Gator Hole Development LLC	Commercial	1,894,530	0.50%	6	1,795,986	6	0.51%	
Bluegreen Vacations Unlimited Inc.	Commercial - Timeshare	1,782,580	0.47%	7				
Wyndham Vacation Resorts Inc.	Commercial - Timeshare	1,504,710	0.40%	8	1,371,846	11	0.39%	
Towers on the Grove South LLC	Condos	1,305,810	0.34%	9				
BRGC, LLC	Commercial - Timeshare	1,226,790	0.32%	10				
NGD Property II LLC	Condos	945,230	0.25%	11				
Rosen Surfwood, LLC	Commercial	860,420	0.23%	12				
Worley Harold G TR ETAL	Hotel	857,120	0.23%	13				
Cherry Grove SC LLC	Commercial	727,010	0.19%	14				
Peppertree Resorts, LTD	Condos - Timeshare	684,240	0.18%	15				
SUSO 4 Barefoot LP	Condos - Timeshare	670,500	0.18%	16				
Boulineau Holdings LLC	Commercial/Retail	581,610	0.15%	17				
HD Development of MD., Inc.	Commercial/Retail	576,150	0.15%	18				
McGonigal Investment Group LLC	Commercial	559,565	0.15%	19				
Frontier Communications	Telecommunications	548,330	0.14%	20				
Patten Resorts	Condos				2,472,288	2	0.70%	
Bahama Sands	Multi-Family Residential				2,051,340	4	0.58%	
Lakeside Festival Shopping	Commercial - Retail				1,927,716	5	0.54%	
ETW Develop. Co. LLC	Commercial				1,771,740	7	0.50%	
Ocean Keyes	Residential Develop.				1,641,292	8	0.46%	
Strand Investment Group of NMB	Multi-Family Residential				1,601,178	9	0.45%	
Centex Homes	Residential Develop.				1,399,351	10	0.39%	
		\$27,562,315	7.24%		\$22,283,729		6.28%	

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
2009	11,425,271 <sup>2</sup>	10,903,564	95.4%	411,132	11,314,696	99.0%
2010	11,352,323	10,822,314	95.3%	412,000	11,234,314	99.0%
2011	12,111,935 <sup>3</sup>	11,684,571	96.5%	418,777	12,103,348	99.9%
2012	14,311,506 <sup>4</sup>	13,622,325	95.2%	410,130	14,032,455	98.1%
2013	14,048,920	13,547,855	96.4%	332,973	13,880,828	98.8%
2014	14,087,194	13,740,397	97.5%	255,514	13,995,911	99.4%
2015	14,349,472 <sup>1</sup>	13,971,950	97.4%	306,605	14,278,555	99.5%
2016	14,639,240	14,307,884	97.7%	239,582	14,547,466	99.4%
2017	15,596,832 <sup>5</sup>	15,256,835	97.8%	222,924	15,479,759	99.2%
2018	15,781,533	15,396,881	97.6%	-	15,396,881	97.6%

(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	Special Assessment Bonds	Installment Notes	Sewer Contracts Payable	Aquatic Center Enterprise Fund	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund			
2009	6,248,000	3,478,866	-	-	10,695,000	7,048,815	27,470,681	27,470,681	5.97%	2,084	
2010	5,031,424	2,452,794	-	-	9,920,000	6,699,397	24,103,615	24,103,615	4.99%	1,791	
2011	4,392,518	1,386,958	-	-	9,110,000	6,335,653	21,225,129	21,225,129	4.18%	1,545	
2012	17,052,815	280,238	-	-	8,253,333	5,846,327	31,432,713	31,432,713	5.90%	2,241	
2013	14,833,832	-	-	-	7,348,333	5,454,779	27,636,944	27,636,944	4.94%	1,930	
2014	12,549,071	383,167	-	-	6,398,333	5,048,000	24,378,571	24,378,571	4.22%	1,667	
2015	10,987,970	630,160	-	-	5,400,000	4,625,396	21,643,526	21,643,526	3.50%	1,450	
2016	7,760,143	319,667	6,342,000	-	4,346,667	4,186,357	22,954,834	22,954,834	2.56%	1,090	
2017	5,675,749	-	4,759,000	225,000	3,236,667	3,730,237	17,626,653	17,626,653	1.79%	786	
2018	2,666,709	-	3,514,000	112,500	2,068,334	3,256,374	11,617,917	11,617,917	1.11%	503	

<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>
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
2018	2,666,709	0.70%	167.88

<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	\$ 380,908,789	6,180,709	100.00%	6,180,709
Sub-Total Direct Debt		\$ 6,180,709		\$ 6,180,709
Horry County	2,073,500,000	174,052,000	18.37%	31,973,352
Horry County School District	2,073,500,000	426,745,000	18.37%	78,393,057
Sub-Total Overlapping Debt		\$ 600,797,000		\$ 110,366,409
Grand Total Direct & Overlapping Debt		\$ 606,977,709		\$ 116,547,118

<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>2018</u>	<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>
<b>Total Assessed Valuation</b>	\$ 380,909	\$ 377,647	\$ 365,945	\$ 365,127	\$ 370,724	\$ 382,894	\$ 379,941	\$ 378,498	\$ 352,557	\$ 354,822
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	30,473	30,212	29,276	29,210	29,658	30,632	30,395	30,280	28,205	28,386
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	<u>2,667</u>	<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>
Legal debt margin	\$ <u>27,806</u>	\$ <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>
Total net debt applicable to the limit as a percentage of debt limit	<u>8.8%</u>	<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>

<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.

TABLE XIV

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

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue <sup>(1)</sup>	Operating and Maintenance Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Total Debt Service Requirements <sup>(3)</sup>		Debt Service Coverage	
				Principal	Interest		
2009	Water and Sewer 12,337,086	9,578,845	2,758,241	993,333	618,037	1,611,370	171%
2010	Stormwater 5,207,821	853,538	4,354,283	988,544	151,456	1,140,000	382%
	Water and Sewer 13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
2011	Stormwater 2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%
	Water and Sewer 13,304,028	10,100,338	3,203,690	810,000	526,450	1,336,450	240%
2012	Stormwater 2,006,694	302,150	1,704,544	1,065,836	74,164	1,140,000	150%
	Water and Sewer 13,309,589	9,933,637	3,375,952	856,667	481,900	1,338,567	252%
2013	Stormwater 2,015,999	285,584	1,730,415	1,106,720	33,280	1,140,000	152%
	Water and Sewer 13,134,727	10,600,585	2,534,142	905,000	434,783	1,339,783	189%
	Stormwater 2,033,213	287,046	1,746,167	279,741	1,689	281,430	620%
2014	Water and Sewer 14,755,173	11,484,665	3,270,508	950,000	385,788	1,335,788	245%
2015	Water and Sewer 14,168,542	11,253,062	2,915,480	998,333	331,625	1,329,958	219%
2016	Water and Sewer 14,841,042	11,429,647	3,411,395	1,071,994	237,759	1,309,753	318%
2017	Water and Sewer 15,515,918	12,815,384	2,700,534	1,110,000	227,969	1,337,969	202%
2018	Water and Sewer 16,485,249	12,985,696	3,499,553	1,168,333	169,925	1,338,258	262%

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

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

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

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

Fiscal Year Ended June 30	Total Estimated Actual Value Amounts in 000's <sup>(1)</sup>	Single Family Units <sup>(2)</sup>		Multi- Family Construction		Units	Commercial Construction	Total Construction
		Units	Construction	Units	Construction			
2009	5,913,701	115	29,849,672	11	9,828,033	4	4,069,068	43,746,773
2010	5,875,944	128	59,769,116	12	11,280,593	8	4,910,767	45,960,476
2011	6,308,000	144	33,999,105	59	7,740,133	5	1,764,856	43,504,094
2012	6,337,624	151	36,051,450	14	9,496,162	10	4,364,688	49,912,300
2013	6,435,200	181	47,217,835	18	12,818,173	3	1,049,445	61,085,453
2014	6,234,064 <sup>(3)</sup>	196	52,374,133	24	18,663,691	11	25,916,588	96,954,412
2015	6,085,400	195	52,571,167	9	4,404,589	10	5,856,243	62,831,999
2016	6,099,083	225	61,549,300	12	10,090,916	9	6,658,244	78,298,460
2017	6,294,120	238	61,935,727	11	1,244,243	16	17,605,427	80,785,397
2018	6,327,400	250	73,656,054	38	4,669,539	11	19,152,423	97,478,016

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

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

<sup>(3)</sup> Horry County reassessment.

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

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income <sup>(1)</sup></u>	<u>Horry County Unemployment Rate <sup>(2)</sup></u>
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%
2018	15,885	716,055	45,077	3.8%

2009			
<u>Horry County</u>		<u>North Myrtle Beach</u>	
<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
8,000	7.5%	425	5.4%
6,989	6.5%	286	3.6%
14,009	13.1%	993	12.6%
14,155	13.3%	860	10.9%
18,692	17.5%	1,359	17.2%
20,613	19.3%	1,640	20.8%
11,511	10.8%	878	11.1%
8,173	7.7%	923	11.7%
2,230	2.1%	352	4.5%
2,361	2.2%	172	2.2%
106,733	100.0%	7,888	100.0%

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

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.

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

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

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS

<u>Largest Employers in NMB - 2018 and 2009</u>			
<u>Rank</u>	<u>Employer</u>	<u>2018 # of Employees</u>	<u>2009 # of Employees</u>
1	Wyndam Sales & Marketing	828	317
2	City of North Myrtle Beach	647	439
3	Wal-Mart	475	424
4	Boulineau's Inc.	280	200
5	Bi-Lo (2 Stores)	227	160
6	House of Blues	216	214
7	Lowes	215	134
8	Avista	190	190
9	Publix	170	165
10	Baywatch Resort	145	120
11	Home Depot	145	88
12	Alabama Theatre	132	100
13	Olive Garden	130	90
14	Beach Cove	125	112
15	Barefoot Resort Golf	119	100
16	Cracker Barrel	107	106
17	Dick's Last Resort	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>2018</u>	<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>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	11.5	11.5	11	11	11	11	12	14	14	14
City Court	5	5	5	5	5.5	5.5	5.5	5.5	5.5	5.5
Information Services	8	8	7.5	7.5	7	6	6	6	6	6
Finance										
Accounting/Revenue	12.25	13.75	12.75	12	12	12	12	12	12	12
Public Safety										
Administration	17	16.5	16.25	13	12	12	12	10	10	12
Detectives	11	10.5	10.5	11	11	10	10	9.5	9.5	9.5
Public Safety & Fire Officials	125	130.5	138	131	138	141	141	144	144	141
Planning & Community Development										
Administration	9	9	9	9	10	10	10	10	10	10
Inspection Services	9	9	9	9	9	9	9	9	9	11
Public Works										
Streets / Drainage	22	20.75	20	20	19	19	19	19	19	19
Parks and Recreation										
Parks & Grounds	27.5	27.5	31.25	27	22.5	16.75	15.25	13	13	13
Other Recreation Activities	23	23	24.5	22	15	9.75	9	8.8	7	7
Support Services										
Purchasing	4.25	4	4.75	4	4	4	6	7	7	7
Fleet Maintenance	5	5	5	5	5	6	6	6	6	6
Custodial & Facility Maintenance	8	8	8	8	8	9	8	8	5	5
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	26	28.5	27.75	26	9	24.6	25	24	26.6	27.6
Beach Services	51.5	51.25	59	54	0	49	49	41.1	44.5	48
Water & Sewer Utility										
Administration	15.5	12.5	13	12	12	12	12	12.75	12.75	12.75
Wastewater Treatment	5.5	6.5	7	6	6	6	6	6	6	6
Wells/Lifts Maintenance	8	9	9	9	9	9	9	9	9	9
Construction Maintenance	20.75	19	17	18	19	19	19	19	19	21
Solid Waste Utility										
Administration	4	4	4	4	4	4	4	4.25	4.25	4.25
Sanitation Services	27.5	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>
GRAND TOTALS	<u>464.3</u>	<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>

Source: City of North Myrtle Beach Finance Department

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## MISCELLANEOUS STATISTICAL DATA

June 30, 2018

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 2018	167,352
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	35,123
Annual Fire Calls	4,802
Traffic Stops	6,121
Arrests	1,710

BUILDING

Permits Issued	3,892
Estimated Cost of Construction	\$159,420,491
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	3,001
Members	4,997

BEACH SERVICES

Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	12