

CITY OF MYRTLE BEACH SOUTH CAROLINA



Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2014



First In Service

CITY of MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

MIKE LOWDER

WAYNE GRAY

SUSAN MEANS

CITY OFFICIALS

THOMAS E. LEATH
CITY MANAGER

MARIA E. BAISDEN
DIRECTOR OF FINANCE

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2014**

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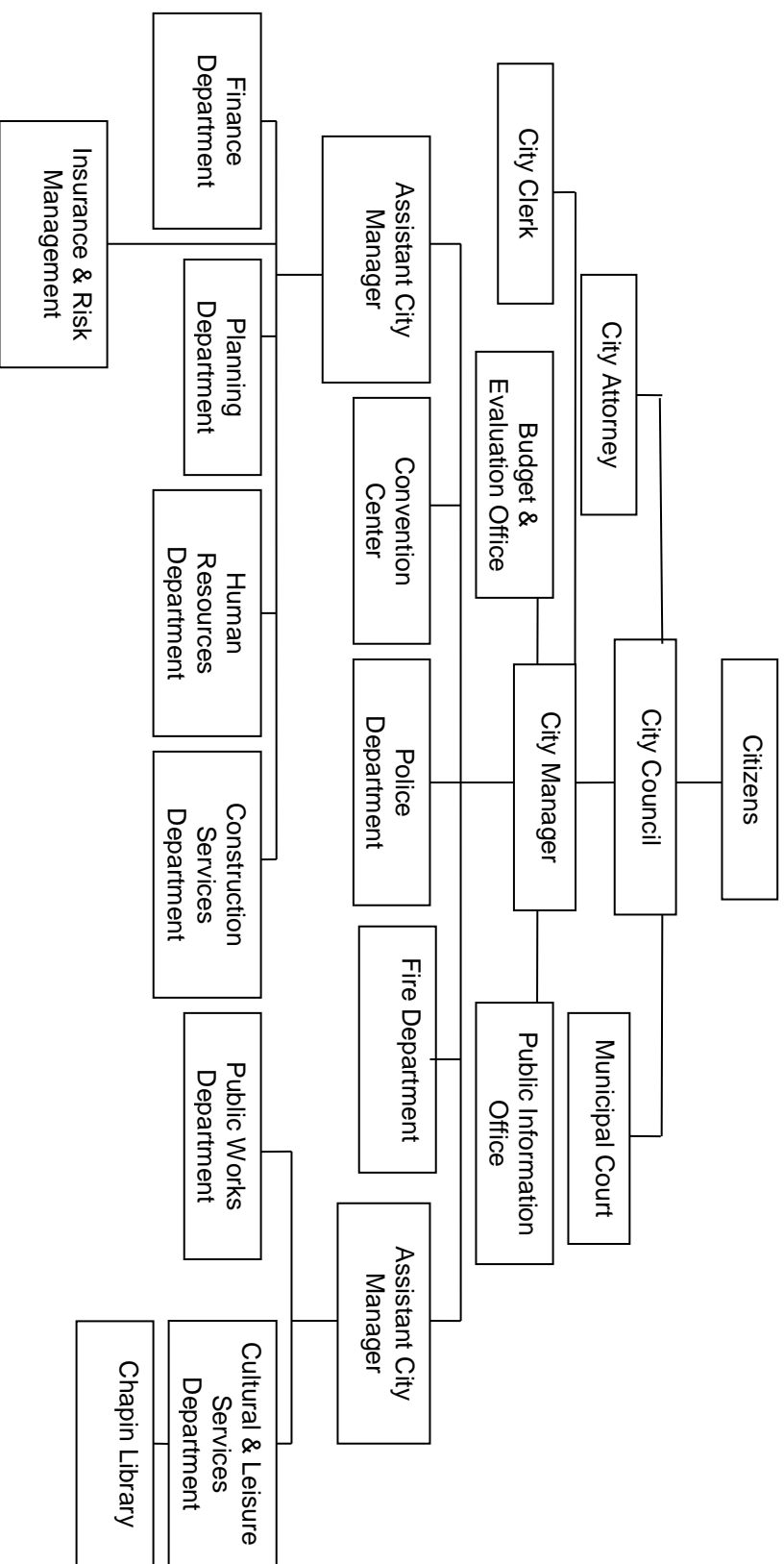
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City of Myrtle Beach

Organizational Chart





City of Myrtle Beach **SOUTH CAROLINA**

OFFICE OF THE FINANCE DIRECTOR

November 26, 2014

The Honorable Mayor John Rhodes, City Council and
City Manager of the City of Myrtle Beach, South Carolina

The Comprehensive Annual Financial Report of the City of Myrtle Beach, South Carolina, for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all funds of the City, and as explained below, the activity of the Myrtle Beach Public Facilities Corporation, the Myrtle Beach Downtown Redevelopment Corporation and the Myrtle Beach Convention Center Hotel Corporation. The City provides a full range of services. These services include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational activities and cultural events. In addition to general government activities, the governing body operates a water and sewer system throughout the City and in certain areas adjacent to it.

This report includes one blended component unit, the Myrtle Beach Public Facilities Corporation (MBPFC). The MBPFC serves the City exclusively for financing purposes. This report also includes two discretely presented component units, the Myrtle Beach Downtown Redevelopment Corporation (MBDRC) and the Myrtle Beach Convention Center Hotel Corporation (MBCCHC). The MBDRC is responsible for promoting and assisting in the development of business concerns and residential housing in the downtown area of Myrtle Beach. The MBDRC is fiscally dependent upon the City because City Council sets the fees that can be charged by the MBDRC. The MBCCHC is responsible for the construction and operation of a convention center hotel. City Council appoints all members of the MBCCHC's board. The MBCCHC is fiscally dependent upon the City because City Council approves the MBCCHC's budget and must approve any debt issuances.

Generally accepted accounting principles require management to provide a narrative introduction, overview and analysis to the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A begins on page 3.

GENERAL INFORMATION

Geography: Myrtle Beach is in the center of a long coastal beach known as the Grand Strand. The Grand Strand is 60 miles long with a populated area ranging from only a few blocks to a couple of miles wide. The coastline is oriented northeast southwest and Myrtle Beach is about 23 miles south of the North Carolina boundary. The land is low and the entire section is quite flat, with no elevations exceeding 50 feet above sea level. There are many more trees and wooded regions than are usually found in a beach area. The beaches are of white sand and the coastal water is very clean, as there are no harbors, shipping or major industries in the area. No rivers or streams drain into the Atlantic for a distance of nearly 30 miles. The warm Gulf Stream current moves slowly northeastwardly along the coast.

History: A party of Spaniards from Hispaniola landed about 50 miles north of Myrtle Beach in 1526, and eventually established the first European settlement in the United States, about 30 miles south of Myrtle Beach. The settlement, San Miguel de Cauldape, was abandoned the next year and the group returned to Hispaniola. Later settled by landowners, the area was gradually developed into one of the very large plantations, with rice the principal crop. The town of Myrtle Beach was incorporated in 1938, and became a City in 1957. Its name is taken from the wax myrtle shrub, which grows abundantly in the area. Most of the development into a large resort area, which Myrtle Beach has become, has taken place in the last 25 years.

Climate: Because of the location of the northeastern South Carolina coast, its climate is much closer to that of subtropical Florida than to the more rigorous conditions that prevail in the North Atlantic States. Thus, mild winters and warm summers are the rule. The Atlantic Ocean has a moderating effect, tending to prevent extremely high or low temperatures, and the presence of the warm Gulf Stream tends to raise the temperature of the air masses from the northwest, cool air masses from the west and warm air masses from the south and southwest. The average air temperature varies from a low of 57 in January to a high of 88 in July. The average water temperature varies from a low of 49 in January to a high of 83 in July.

Population: Since 1950, the population has grown approximately 710% as shown in the following exhibit:

<u>Year</u>	<u>Population</u>
1950	3,345
1960	7,834
1970	9,035
1980	18,477
1990	24,840
2000	30,852
2010	27,109

Government: The Myrtle Beach government is organized according to the Council-Manager form of government. The Mayor and City Council constitute the governing body of the City and formulate policy for the administration of the City. The six members of the City Council are elected on an at-large basis to serve four-year overlapping terms of office. The Mayor is elected on an at-large basis to serve a four-year term of office. The Mayor presides at City Council meetings. In addition, a Mayor Pro-Tempore is elected by City Council members from their body for a period of two years to serve as Mayor during his absence or disability.

The City Council appoints the City Manager to serve as the City's chief executive officer and head of the administrative branch of City government. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees. At the present time, the City Manager is assisted by two assistant City Managers and eleven staff departments, which are Public Works, Public Information, Human Resources, Finance, Planning, Code Enforcement, Cultural and Leisure Services, Library, Police, Fire and the Convention Center.

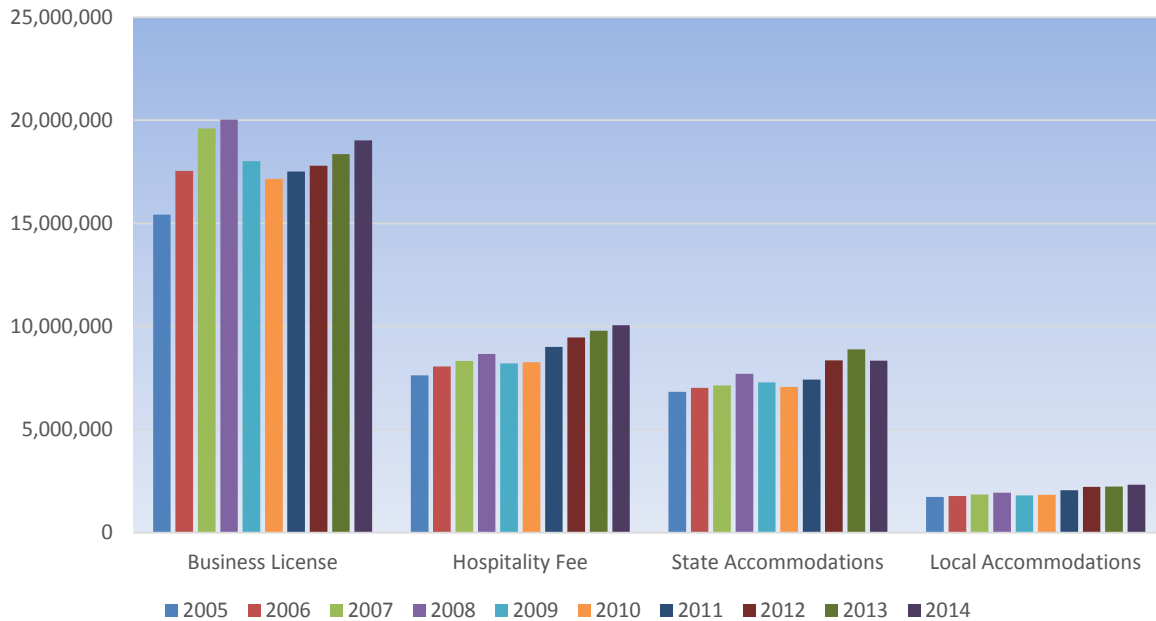
FACTORS AFFECTING FINANCIAL CONDITION

The City's financial condition continued to improve during fiscal year 2014 mainly as a result of increases in revenues from the hospitality sector. Most of these revenues are restricted and must be used either to expand tourism or build capital projects, but some are available to fund certain operating costs that are directly related to tourism. Thus, while they can help to improve financial condition in certain other funds, improvements in the hospitality sector can provide only a limited boost to the General Fund's fiscal health.

Property taxes and business licenses are the two largest sources of revenue in the General Fund. The City saw some erosion of its property tax base as housing and other property values fell during and after the recession of 2007-2009. Furthermore, business license revenues, which declined drastically during the recession are just beginning to rise at moderate levels in 2014. These two major sources of revenues in the General Fund have declined from 60.3% of total revenues in 2006 to 59.0% of total revenues in 2014. In addition, growing demand for services fueled by a growing population, record tourism numbers and new facilities coming online are creating pressure for greater operating expenditures. And while most other funds have recovered or substantially recovered following the recession, the General Fund has lost its structural balance when looked at over a five-year planning horizon.

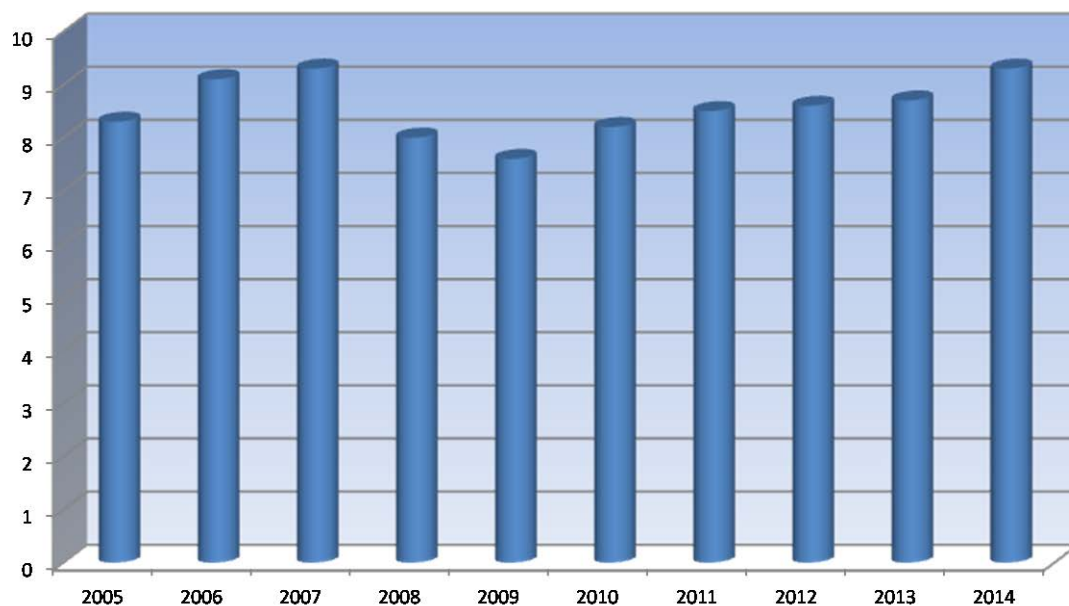
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, 2005 - 2014



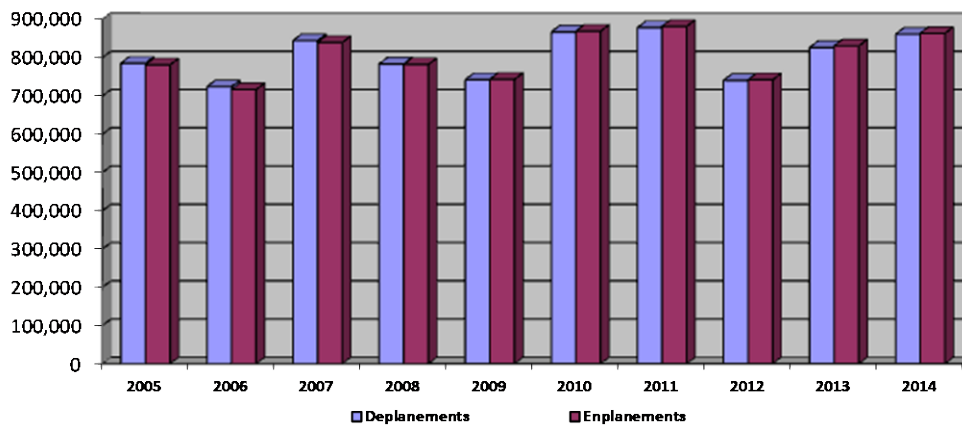
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008 and 2009, retail sales began the recovery in 2010 and have demonstrated improved numbers through 2014.

Horry County Retail Sales, 2005 - 2014 (\$ billions)



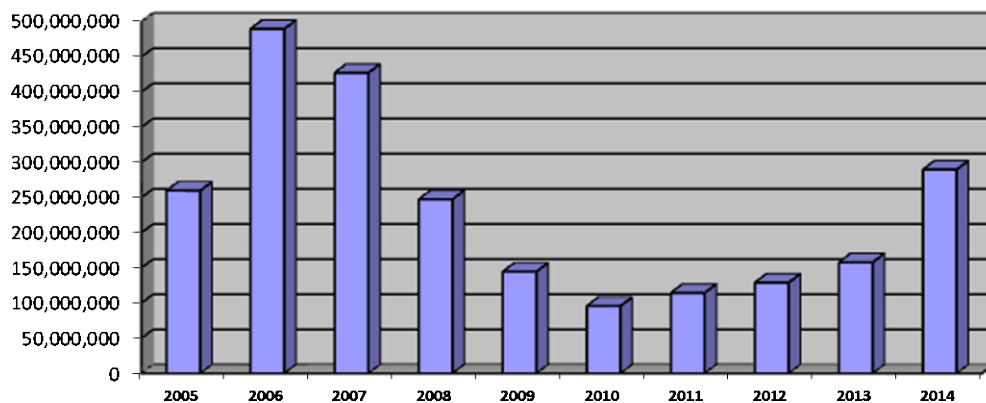
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

Passengers' Handled - Myrtle Beach International Airport, 2005 - 2014



Another revenue group that reflects the economic conditions is construction permits. Figures for the fiscal year ended June 30, 2014, indicate that buildings permitted by the City totaled \$289,882,108, an increase of 83.6%. The increase was due to commercial building activity such as a new high rise hotel and condominium building, a new sports complex and a new tourist related amusement venue. There was also an increase in residential construction.

Construction Permitted Inside Corporate Limit, 2005 - 2014



In general, the prospects for the growth of operating revenues is that the trajectory is positive again, but the revenues are growing slowly and new revenue options will have to be explored in order to keep pace with the demand of operations. When management formulated the 2014-15 budget, it did so with three major objectives: (1) restore structural balance to the General Fund, (2) examine the mix of services the City offers and focus on the fundamental missions of a municipality and (3) for the capital improvements program, take care of what the City has before expanding facilities and services. Council supported these objectives, raising the ad valorem tax rate and adopting structural changes in business licenses. These measures will go a long way toward restoring the General Fund's structural balance. The City also limited budgetary growth and identified one major service to be reduced or eliminated over a multi-year period to help maintain that balance.

LONG TERM FINANCIAL PLANNING

Elements of financial planning in the City are: (1) use a balanced mix of revenues that will ensure reasonable stability for operation at continuous service levels through economic cycles, but will provide economic sensitivity suitable for responding to increased service demand in a rapid growth environment, (2) maintain operating expenditures within the City's ability to raise revenues while keeping tax and rate structures competitive and maintain strong prospects of structural balance over the long-term, (3) ensure continuity of service without the use of interim borrowing and (4) maintain adequate capital financing sources and low costs of borrowing by managing to ensure the City's credit worthiness.

The City adopts balanced budgets for each year and attempts to maintain structural balance between revenues and expenditures in each operating fund over the long term.

The City maintains and annually updates five year financial plans. The plans for the operating funds incorporate the effects of absorbing the operating costs of capital projects in the Capital Improvements Program, the Debt Management Plan and the Comprehensive Plan Implementation. Long term plans help to ensure structural balance of financing sources and uses by allowing the evaluation of long-term impacts of current decisions. Where structural deficits are found, the plans provide recommendations for corrective actions to restore structural balance in a timely fashion.

The City utilizes formal historic trend analysis to establish baseline estimates of major revenues and expenditures. The mathematical specifications of trends and their resulting long-term projections are updated annually. Revenue estimates are formulated so as to assume reasonable risk, but avoid overly optimistic projections. The City maintains operating expenditures within its ability to raise revenues. Annually recurring revenues must equal or exceed annually recurring expenditures.

The City utilizes a mix of operating revenues characterized by (1) some sources that offer reasonable stability to support operations at continuous service levels and (2) others that provide the elasticity necessary for responding quickly to the challenges of a rapid growth environment. Toward that end, the City will use more economically sensitive revenues, such as business license fees in the General Fund to allow more timely response to increased service demands during high-growth periods and to ease the immediate burden on the ad valorem tax rate; stabilize the revenue base for payment of debt service and capital leases by utilizing a portion of the property tax levy for this purpose; avoid the use of non-recurring revenues to fund operations, using them instead to accumulate reserves or to fund capital improvements; and use more volatile sources (such as building permits) to fund pay-as-you-go capital improvements.

The City regularly evaluates the need and the availability of sufficient working capital to finance operations without interruption and without having to resort to short-term borrowing for operations. Working capital recommendations take into account the City's particular risk characteristics and are based upon an inventory model to plan for adequate inventories of unrestricted cash throughout the year. Recommended working capital levels are set based upon projections of cash flow patterns, which are well synchronized in some funds, especially enterprise funds, but asynchronous in most governmental funds. In the General Fund, this should normally be about 20% based upon the City's historical cash flows and the asynchronous nature of cash inflows and outflows. The City also retains a reserve of working capital to provide some cushion against possible interruption of cash inflows in the event of a natural disaster.

MAJOR INITIATIVES FOR THE YEAR

The City issued \$61,915,000 of Refunding Hospitality Fee Revenue Bonds to finance a portion of the cost of acquiring and constructing a municipal sports complex adjacent to the Convention Center and to defease and retire the City's outstanding Hospitality Fee Revenue Bonds, Series 2004A, Hospitality Fee Revenue Bonds, Series 2004B and Certificates of Participation, Series 2002.

The City entered into a five year capital lease obligation in the amount of \$290,000. This lease funded the purchase and installation of local area network equipment, a PBX upgrade and fiber construction between the telecommunications room in the law enforcement center and the new server in the same building.

The City entered into a promissory note agreement up to \$11,942,107 with the South Carolina Water Quality Revolving Fund to finance the 4th Avenue North Ocean Outfall Project on a reimbursement basis. The final reimbursement will determine the full loan amount.

The City performed various repair and maintenance projects such as:

- The City completed the Convention Center HVAC and roof repair project.
- Continued intersection improvements and signalization throughout the City.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Continued storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.
- Continued improvements to construction, replacement and extension of the water delivery system. Also, continued construction and replacement of the sewer system infrastructure and pump station upgrades.

FOR THE FUTURE

Plans for the future address revenue needs and major comprehensive plan elements. Some of the revenue changes and comprehensive plan projects are as follows:

- The City plans a blended water and sewer rate increase of 2.8% (1.5% water and 3.5% sewer), an increase of out-of-City business license fees from 1.5 times the in-City rate to 2.0 times the in-City rate and an increase in solid waste rates of \$2.40 per month to provide for additional residential service crews.
- The City anticipates the issuance of South Carolina Jobs-Economic Development Authority (SCJEDA) refunding revenue bonds not exceeding \$21,000,000. The purpose of the issue is to refund the MBCCHC's outstanding SCJEDA revenue bonds.
- The City anticipates the issuance of \$8.2 million in water and sewer revenue bonds to finance the construction of the 2nd to 9th Avenue North streetscape conversion project and other water and sewer infrastructure improvements.
- The City anticipates borrowing for an 800 MHz digital radio system upgrade in the amount of \$1,750,000 and a rear loader for the additional solid waste crew in the amount of \$204,000.
- The City plans a Baseball Stadium repair and renovation project totaling \$860,000 funded by a combination of tourism development funds, renewal and replacement funds and County contributions.
- Funding has been included for sand volleyball courts in the amount of \$300,000 and a \$100,000 state grant will be the funding source for the linear park at Grand Park.
- \$1,020,000 infrastructure improvements to culture and leisure facilities and dune walkover renovations.
- Continued addition of ocean boulevard midblock crossings and installation of cycling lanes consistent with development of the East Coast Greenway and transportation objectives.
- Continued landscaping, storm water, underground utility conversion and roadway realignment projects.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Other storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.

INTERNAL CONTROL STRUCTURE

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. It must also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should ordinarily not exceed the benefits to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic management evaluation.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including those controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The result of the City's single audit for the fiscal year ended June 30, 2014, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

In addition, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the general fund, special revenue funds, debt service fund, capital projects fund and enterprise funds are generally included in the annual appropriated budget. Project-length financial plans are also developed for capital improvements for internal control purposes. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end, and are reinstated against the following year's appropriation. Encumbrances generally are reappropriated, if necessary, by budget ordinance amendment during the course of the following year.

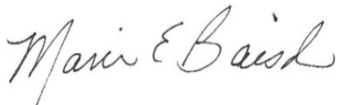
OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Smith, Sapp, Bookhout, Crumpler & Calliham, P.A. was selected to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996, and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section.

Awards: 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 Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, 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 that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

Acknowledgments: The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. I would like to extend my appreciation to the staff of Smith, Sapp, Bookhout, Crumpler & Calliham, P.A., who participated directly or indirectly in providing technical guidance. In closing, I would like to thank the governing body of the City of Myrtle Beach for their leadership and support, which made the preparation of this report possible.

Sincerely yours,

A handwritten signature in cursive script, reading "Maria E Baisden".

Maria E. Baisden
Director of Finance



Government Finance Officers Association

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

Presented to

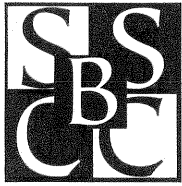
**City of Myrtle Beach
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO



SMITH
SAPP

Trusted Advisors For Over 60 Years

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Myrtle Beach, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Smith Sapp Bookhout Crumpler & Calliham
A Professional Association of Certified Public Accountants & Consultants

South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

Change in Accounting Principle

As described in Note 19 to the financial statements, the City of Myrtle Beach, South Carolina adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended June 30, 2014.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 70 through 73 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and 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. We 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

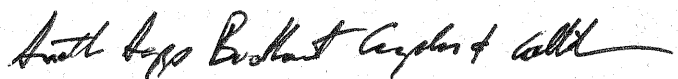
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 our opinion, the combining and individual fund statements and schedules, other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of the City of Myrtle Beach, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to disclose the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Myrtle Beach, South Carolina's internal control over financial reporting and compliance.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 26, 2014



CITY OF MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2014

Our discussion and analysis of the City of Myrtle Beach, South Carolina's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter, which begins on page v, and the City's financial statements, which begin on page 12.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$250,798,397 (net position).
- The City's total net position increased by \$9,120,187. This is the result of an increase in net position of our governmental-type activities of \$9,935,800, or 8.9%, and a decrease in net position of our business-type activities of \$815,613, or 0.6%.
- The City's total revenues amounted to \$154,611,518 during the year ended June 30, 2014. Revenues of governmental activities totaled \$121,658,119, an increase of 8.0%, and revenues of business-type activities were \$32,953,399, an increase of 3.5%.
- During the year ended June 30, 2014, the City's total expenses amounted to \$145,491,331. Expenses of governmental activities totaled \$111,901,319, an increase of 1.3%, and expenses of business-type activities were \$33,590,012, an increase of 4.9%.
- At June 30, 2014, the City's governmental funds reported combined fund balances of \$56,677,905, an increase of \$7,163,235 in comparison to the prior year.
- There was an increase in the City's investment in capital assets for the current fiscal year in the amount of \$6,758,734, or 3.0%, for governmental activities and an increase of \$1,887,834, or 1.4%, for business-type activities.
- At year-end, the City had \$207,707,489 in outstanding bonds payable and capital lease obligations compared to \$202,454,098 last year, an increase of 2.6%.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 12 - 17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The fiduciary fund financial statement on page 40 provides financial information about an activity for which the City acts as an agent on behalf of the City's firemen. The notes to the financial statements are an integral part of the financial statements and begin on page 41. This report also contains other information in addition to the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position, which is the difference between assets, deferred outflows of resources and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the statement of net position and the statement of activities, we have divided the City into three kinds of activities:

- *Governmental Activities* - Most of the City's basic services are reported here, including general government, public safety, transportation, community and economic development, culture and recreation and public works. Property taxes, local accommodations taxes, business license taxes, franchise taxes, hospitality fee taxes, local option tourism taxes, user fees and state and federal grants finance the majority of these activities.
- *Business-Type Activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer, baseball stadium, municipal golf course and solid waste management activities are reported here.
- *Component Units* - The City includes two separate legal entities in its report, the Myrtle Beach Downtown Redevelopment Corporation and the Myrtle Beach Convention Center Hotel Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 18 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental Funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis of accounting", which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation following each governmental fund financial statement.
- *Proprietary Funds* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities. The internal service funds are reported with governmental activities in the government-wide financial statements.

The City as an Agent

The City is an agent, or fiduciary, for certain funds held on behalf of the City's firemen. The fiduciary fund financial statement can be found on page 40 of this report. We exclude this activity from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

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. The notes to the financial statements begin on page 41.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information beginning on page 70. Combining and individual fund statements and schedules and other supplementary information can be found on pages 75 - 106.

The City as a Whole

Condensed statements of net position at June 30, 2014 and 2013 are shown below.

THE CITY'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 116,091,936	\$ 103,497,838	\$ 20,729,856	\$ 25,717,333	\$ 136,821,792	\$ 129,215,171
Capital Assets (Net)	<u>229,381,298</u>	<u>222,622,564</u>	<u>135,377,376</u>	<u>133,489,542</u>	<u>364,758,674</u>	<u>356,112,106</u>
Total Assets	<u>\$ 345,473,234</u>	<u>\$ 326,120,402</u>	<u>\$ 156,107,232</u>	<u>\$ 159,206,875</u>	<u>\$ 501,580,466</u>	<u>\$ 485,327,277</u>
Deferred Outflows of Resources	\$ <u>2,881,451</u>	\$ <u>1,015,699</u>	\$ _____	\$ _____	\$ <u>2,881,451</u>	\$ <u>1,015,699</u>
Long-Term Liabilities	\$ 185,318,058	\$ 174,430,137	\$ 20,486,297	\$ 21,959,992	\$ 205,804,355	\$ 196,390,129
Other Liabilities	<u>41,346,205</u>	<u>38,104,880</u>	<u>6,512,960</u>	<u>6,982,812</u>	<u>47,859,165</u>	<u>45,087,692</u>
Total Liabilities	<u>\$ 226,664,263</u>	<u>\$ 212,535,017</u>	<u>\$ 26,999,257</u>	<u>\$ 28,942,804</u>	<u>\$ 253,663,520</u>	<u>\$ 241,477,821</u>
Net Position:						
Net Investment in Capital Assets	\$ 100,612,540	\$ 97,019,979	\$ 114,506,690	\$ 114,142,625	\$ 215,119,230	\$ 211,162,604
Restricted	19,761,397	18,904,389	945,308	1,088,242	20,706,705	19,992,631
Unrestricted	<u>1,316,485</u>	<u>(1,323,284)</u>	<u>13,655,977</u>	<u>15,033,204</u>	<u>14,972,462</u>	<u>13,709,920</u>
Total Net Position	<u>\$ 121,690,422</u>	<u>\$ 114,601,084</u>	<u>\$ 129,107,975</u>	<u>\$ 130,264,071</u>	<u>\$ 250,798,397</u>	<u>\$ 244,865,155</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position at June 30, 2014 was \$250,798,397, an increase of \$5,933,242, or 2.4%, from a year ago.

The largest portion of the City's net position, \$215,119,230 reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to 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.

An additional portion of the City's net position, \$20,706,705, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$14,972,462 may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in the City's net position during the years ended June 30, 2014 and 2013 follows.

THE CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,942,434	\$ 15,910,400	\$ 29,686,659	\$ 28,383,410	\$ 46,629,093	\$ 44,293,810
Operating Grants and Contributions	1,577,629	1,573,924		4,574	1,577,629	1,578,498
Capital Grants and Contributions	8,155,866	1,628,940	3,184,138	3,350,634	11,340,004	4,979,574
General Revenues:						
Property Taxes	25,796,261	25,113,459			25,796,261	25,113,459
Local Accommodations Taxes	2,333,117	2,238,681			2,333,117	2,238,681
Business License Taxes	19,050,722	18,354,589			19,050,722	18,354,589
Franchise Taxes	3,755,715	3,469,046			3,755,715	3,469,046
Hospitality Fee Taxes	10,077,734	9,791,483			10,077,734	9,791,483
Local Option Tourism Taxes	23,298,736	23,508,832			23,298,736	23,508,832
Grants and Contributions not Restricted to Specific Programs	10,501,165	10,833,688			10,501,165	10,833,688
Investment Earnings	168,740	223,895	82,602	100,195	251,342	324,090
Total Revenues	<u>\$ 121,658,119</u>	<u>\$ 112,646,937</u>	<u>\$ 32,953,399</u>	<u>\$ 31,838,813</u>	<u>\$ 154,611,518</u>	<u>\$ 144,485,750</u>
Expenses:						
General Government	\$ 11,319,984	\$ 11,883,348	\$	\$	\$ 11,319,984	\$ 11,883,348
Public Safety	33,247,797	33,115,671			33,247,797	33,115,671
Transportation	8,666,134	8,642,907			8,666,134	8,642,907
Community and Economic Development	28,377,759	28,021,204			28,377,759	28,021,204
Culture and Recreation	20,110,668	18,881,858			20,110,668	18,881,858
Public Works	1,399,578	1,437,647			1,399,578	1,437,647
Interest and Fiscal Charges	8,779,399	8,513,225			8,779,399	8,513,225
Water			14,235,486	13,262,481	14,235,486	13,262,481
Sewer			13,068,631	12,587,819	13,068,631	12,587,819
Baseball Stadium			616,989	639,314	616,989	639,314
Municipal Golf Course			1,474,824	1,455,492	1,474,824	1,455,492
Solid Waste Management			4,194,082	4,072,052	4,194,082	4,072,052
Total Expenses	<u>\$ 111,901,319</u>	<u>\$ 110,495,860</u>	<u>\$ 33,590,012</u>	<u>\$ 32,017,158</u>	<u>\$ 145,491,331</u>	<u>\$ 142,513,018</u>
Increase (Decrease) in Net Position Before Transfers	\$ 9,756,800	\$ 2,151,077	\$ (636,613)	\$ (178,345)	\$ 9,120,187	\$ 1,972,732
Transfers	<u>179,000</u>	<u>106,150</u>	<u>(179,000)</u>	<u>(106,150)</u>		
Increase (Decrease) in Net Position	<u>\$ 9,935,800</u>	<u>\$ 2,257,227</u>	<u>\$ (815,613)</u>	<u>\$ (284,495)</u>	<u>\$ 9,120,187</u>	<u>\$ 1,972,732</u>
Net Position - Beginning, as Previously Reported	\$ 114,601,084	\$ 112,343,857	\$ 130,264,071	\$ 130,548,566	\$ 244,865,155	\$ 242,892,423
Adopt GASB 65	<u>(2,846,462)</u>		<u>(340,483)</u>		<u>(3,186,945)</u>	
Net Position - Beginning, as Restated	<u>\$ 111,754,622</u>	<u>\$ 112,343,857</u>	<u>\$ 129,923,588</u>	<u>\$ 130,548,566</u>	<u>\$ 241,678,210</u>	<u>\$ 242,892,423</u>
Net Position - Ending	<u>\$ 121,690,422</u>	<u>\$ 114,601,084</u>	<u>\$ 129,107,975</u>	<u>\$ 130,264,071</u>	<u>\$ 250,798,397</u>	<u>\$ 244,865,155</u>

The City's total revenues amounted to \$154,611,518 for the year ended June 30, 2014. This is an increase of \$10,125,768, or 7.0%. The largest increase was in capital grants and contributions, which increased by \$6,360,430, or 127.7%, primarily due to developer donated infrastructure improvements and federal grants for road improvements. The next largest revenue increase was in charges for services, which increased \$2,335,283, or 5.3%, primarily due to an increase in hotel ground lease revenues, building permits, new fire inspection fees, water charges and increased sewer and storm water charges due to an increase in rates. Business license taxes also increased by \$696,133, or 3.8%, primarily due to increases in revenue collected in construction, accommodations and food services activities. Property taxes increased \$682,802, or 2.7%. There were increases in automotive taxes, real property taxes and fees in lieu of taxes. There was also a decrease in refunds and abatements. Hospitality and local accommodations taxes showed a combined increase of \$380,687, or 3.2% due to increased revenue in accommodations, prepared food and retail sales activities. Franchise taxes increased \$286,669, or 8.3%. In this category, there were overall increases in the City's electric, gas, cable, communications and beach franchises. Grants and contributions not restricted to specific programs decreased \$332,523, or 3.1%, primarily due to a decrease in statewide accommodations tax received from the state. The state embarked on an aggressive collection program on uncollected revenue in FY 2013 and, while the program continued in FY 2014, the collections were on a smaller scale. Local option tourism taxes decreased \$210,096, or 0.9%. The state collects this tax and sends it to the City on a quarterly basis. In the initial years of this tax, there were amounts charged and collected by businesses outside of the City limits. As these businesses have rightly ceased charging this tax, the amount of revenue has leveled. Lastly, there was a \$72,748, or 22.4%, decrease in investment revenue due to a decrease in interest earned.

The total cost of all programs and services was \$145,491,331 (increasing by \$2,978,313 or 2.1%). The largest increase was in the water and sewer categories, which increased a combined total of \$1,453,817, or 5.6%. This was primarily due to increased costs for the wholesale purchase of water and wastewater treatment. The next largest increase was experienced in the culture and recreation category in the amount of \$1,228,810, or 6.5%. The largest contributing factor to this increase was increased personnel costs (including fringe benefits). The next largest increase was in the community and economic development category which increased \$356,555, or 1.3%, primarily due to donations from accommodations taxes to various groups. The next largest increase was in interest and fiscal charges, which increased \$266,174, or 3.1%. Public safety, solid waste management, transportation and municipal golf course categories showed a combined increase of \$296,715, or 0.6%. This increase can be attributed to increased personnel costs (including fringe benefits) and increased utilities costs (street lighting). The largest decrease was in the general government category in the amount of \$563,364, or 4.7%. The largest contributing factor was an increase in the internal service funds activity elimination. Another decrease occurred in public works category in the amount of \$38,069, or 2.6%. In this category, there were decreases in personnel costs and increases in the internal service charges elimination. Another decrease occurred in the baseball stadium category in the amount of \$22,325, or 3.5%. The decrease was due to a decrease in interest and amortization charges and an increase in the internal service fund eliminations.

Governmental Activities

The City's net position from governmental activities increased \$9,935,800. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from \$(1,323,284) at June 30, 2013 to \$1,316,485 at the end of this year.

The City's programs for governmental activities include general government, public safety, transportation, community and economic development, culture and recreation and public works. Revenues for the City's governmental activities increased 8.0% (\$9,011,182) and total expenses increased 1.3% (\$1,405,459).

The cost of all governmental activities this year was \$111,901,319. However, as shown in the statement of activities beginning on page 16, the amount that our taxpayers ultimately financed for these activities was only \$85,225,390 because some of the cost was paid by those who directly benefited from the programs (\$16,942,434) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9,733,495). Overall, the City's governmental program revenues were \$26,675,929. The City paid for the remaining "public benefit" portion of governmental activities with general revenues, some of which could only be used for certain programs, totaling \$94,982,190.

Business-Type Activities

The City's net position from business-type activities decreased \$815,613, or 0.6%.

The City's programs for business-type activities include water and sewer, baseball stadium, municipal golf course and solid waste management activities. Revenues of the City's business-type activities increased by 3.5% (\$1,114,586) and expenses increased by 4.9% (\$1,572,854).

The cost of all business-type activities this year was \$33,590,012. As shown in the statement of activities that starts on page 16, the amounts paid by users of the activities were \$29,686,659 and grants and contributions totaled \$3,184,138. Investment earnings were \$82,602.

The City's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$56,677,905, an increase of \$7,163,235 in comparison with the prior year. Of this amount, \$9,625,705, or 17.0%, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not available for spending or restricted for specific purposes by external or self-imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,324,445, while total fund balance amounted to \$11,305,544. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 16.6% of total expenditures, while total fund balance represents 18.2% of that same amount. The General Fund's total fund balance increased by \$1,080,806 during the current fiscal year. This increase resulted primarily from increased collections in business licenses, new fire inspection fees, building permit fees and franchise fees.

The Convention Center Fund has a total fund balance of \$98,355, an increase of \$216,913 from the prior year. This was primarily due to an increase in ground lease revenues received from the MB Convention Center Hotel Corporation.

The Local Option Tourism Fee Fund has a total fund balance of \$1,724,215, a decrease of \$549,132 from the prior year. There was a decrease in tourism fees received in the amount of \$210,096. While there still was an excess of revenues over expenditures in the amount of \$4,675,887, transfers out to other funds increased by \$990,494, or 23.4%. The primary factor in the increase of transfers out can be attributed to the planned use of this fee as a revenue source for capital projects in the Capital Improvements Fund, and for property tax credits to owner occupied primary homes in the City that were transferred to the General Fund, the Air Base Tax Increment Revenue Fund and the Debt Service Fund.

The Capital Improvements Fund's total fund balance increased by \$3,670,786 to \$24,371,265 at June 30, 2014. Of this total, (a) \$12,351,404 is restricted for capital projects and tourism promotion and support and (b) \$12,019,861 is assigned for disaster recovery and capital projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$14,614,962. Total net position decreased \$1,304,389 from the prior year. A portion of this decrease (\$268,280) was due to the cumulative effect of adopting GASB Statement No. 65.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(1,054,451). The increase in total net position in the Baseball Stadium Fund was \$213,004. The cumulative effect of adopting GASB Statement No. 65 was to decrease beginning net position in the amount of \$72,203.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(1,761,238). The decrease in total net position in the Municipal Golf Course Fund was \$541,355, which was due to a continued decline in golfing revenues and an increase in personnel costs.

Unrestricted net position of the Solid Waste Management Fund at the end of the year amounted to \$(506,643). The increase in total net position in the Solid Waste Management Fund was \$43,627, which was primarily due to increased charges for services and a transfer in from the Hospitality Fee Fund.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$170,989 over the final budgeted amounts. This increase was primarily the result of increases in business license collections, intergovernmental revenue and lease revenue. The actual charges to appropriations (expenditures) were under the final budgeted amounts by \$1,067,507.

Budget to actual comparisons for the General Fund can be found on page 70.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounted to \$364,758,674 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, distribution systems, furniture, vehicles, equipment and infrastructure. The change in the City's investment in capital assets for the current fiscal year was an increase of \$6,758,734, or 3.0%, for governmental activities and an increase of \$1,887,834, or 1.4%, for business-type activities. The increase in governmental activities was primarily due to the current year infrastructure increase (primarily capital contributions of road improvements) and the increase in business-type activities was primarily due to additions to the distribution systems.

THE CITY'S CAPITAL ASSETS (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 28,546,742	\$ 28,546,742	\$ 18,685,751	\$ 18,685,751	\$ 47,232,493	\$ 47,232,494
Land Improvements	50,071,527	48,124,463	8,864,339	8,864,339	58,935,866	56,988,801
Buildings and Improvements	88,601,030	85,701,350	10,562,603	10,525,748	99,163,633	96,227,098
Distribution Systems			180,366,895	174,230,147	180,366,895	174,230,147
Furniture, Vehicles and Equipment	49,910,714	48,466,238	5,382,949	4,917,811	55,293,663	53,384,049
Infrastructure	178,371,310	171,533,101			178,371,310	171,533,102
Construction-in-Progress	9,847,245	4,217,113	879,766	753,367	10,727,011	4,970,479
Accumulated Depreciation	(175,967,270)	(163,966,443)	(89,364,927)	(84,487,621)	(265,332,197)	(248,454,064)
	<u>\$ 229,381,298</u>	<u>\$ 222,622,564</u>	<u>\$ 135,377,376</u>	<u>\$ 133,489,542</u>	<u>\$ 364,758,674</u>	<u>\$ 356,112,106</u>

More detailed information about the City's capital assets is presented in Note 9 to the financial statements.

Debt

At year-end, the City had \$207,707,489 in outstanding bonds payable and capital lease obligations compared to \$202,454,098 last year, an increase of 2.6%.

THE CITY'S OUTSTANDING DEBT
Bonds Payable, Note Payable and Capital Lease Obligations

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General Obligation Bonds \$	46,165,000	\$ 48,910,000	\$	\$	\$ 46,165,000	\$ 48,910,000
Revenue Bonds			18,355,000	19,205,000	18,355,000	19,205,000
Certificates of Participation	6,215,000	10,090,000	3,505,000	4,110,000	9,720,000	14,200,000
Tax Increment Revenue Bonds	55,022,603	56,487,603			55,022,603	56,487,603
Storm Water Revenue Bonds	9,745,237	10,361,530			9,745,237	10,361,530
Hospitality Fee Revenue Bonds	61,915,000	47,905,000			61,915,000	47,905,000
Note Payable		1,847,500				1,847,500
Capital Lease Obligations	<u>6,784,649</u>	<u>3,537,465</u>			<u>6,784,649</u>	<u>3,537,465</u>
	<u>\$ 185,847,489</u>	<u>\$ 179,139,098</u>	<u>\$ 21,860,000</u>	<u>\$ 23,315,000</u>	<u>\$ 207,707,489</u>	<u>\$ 202,454,098</u>

The City maintains credit ratings of AA, Aa2 for general obligation bonded debt. Under current state statutes, the City's general obligation debt issuances are subject to a legal limitation base of 8.0% of total assessed value. General obligation debt issued pursuant to referendum is not subject to the limitation. As of June 30, 2014, the amount of new debt, which could be issued without referendum, was \$7,590,603.

More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates and fees that will be charged for the business-type activities. Some of those factors are the economy, the population growth rate and inflation rates. The City's financial condition has been improving mainly as a result of increases in revenues from the hospitality sector. Most of these revenues are restricted and must be used either to expand tourism or build capital projects. Business license revenues, which declined drastically during the recession, began to rise at a moderate rate in 2014. A growing demand for services fueled by a growing population, record tourism numbers and new facilities coming online are creating pressure for greater operating expenditures. While most funds have recovered or substantially recovered following the recession, the General Fund had lost its structural balance when looked at over the coming five years.

When management formulated the 2015 budget, it did so with three major objectives: (1) restore structural balance to the General Fund, (2) examine the mix of services the City offers and (3) in the capital improvements program, take care of what the City has before expanding facilities and services. Council supported these objectives by raising the property tax rate and increasing out of City business licenses rates. The millage rate for ad valorem taxes is 74.5 mills. The rate includes 68.5 mills for the General Fund and 6.0 mills for the Debt Service Fund. Properties that are used as primary residences receive a credit under the terms of legislation authorizing the City's tourism development fee. Consequently, owners of primary residential property inside the City will pay only 13.1 mills on their primary residences. Amounts available for appropriation in the General Fund budget for fiscal year 2015 are \$65,211,300, an increase of 3.3% from the final fiscal year 2014 budget of \$63,120,824. In order to accommodate this increase, the 2015 budget includes a 5.6% growth in business licenses primarily as a result of more ambitious growth expected in the construction and hospitality industry and an increase in out of City rates. The 2015 budget also included a 1.4% growth in charges for services.

For the City's business-type activities, there is a blended water and sewer rate increase of 2.8% and a \$2.40 per month increase in solid waste rates.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1150.

BASIC FINANCIAL STATEMENTS

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 45,005,906	\$ 12,022,738	\$ 57,028,644
Receivables (Net)	19,885,139	2,243,626	22,128,765
Due From Component Units	25,048,667		25,048,667
Internal Balances	(2,363,347)	2,363,347	
Inventories	277,741	893,466	1,171,207
Prepaid Assets	92,131	1,056	93,187
Restricted Cash and Temporary Investments	28,090,979	3,125,440	31,216,419
Land and Construction in Progress	38,393,987	19,565,517	57,959,504
Other Capital Assets (Net)	190,987,311	115,811,859	306,799,170
Bond Insurance (Net)	54,720	80,183	134,903
Total Assets	\$ 345,473,234	\$ 156,107,232	\$ 501,580,466
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refundings	\$ 2,881,451		\$ 2,881,451
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 29,041,670	\$ 2,654,013	\$ 31,695,683
Due to Primary Government			
Unearned Revenue	188,587	168,815	357,402
Liabilities Payable From Restricted Assets	1,342,169	3,690,132	5,032,301
Noncurrent Liabilities:			
Due Within One Year	10,773,779		10,773,779
Due in More Than One Year	185,318,058	20,486,297	205,804,355
Total Liabilities	\$ 226,664,263	\$ 26,999,257	\$ 253,663,520

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 1,081,833	\$ 3,334,781
3,000	565,170
	62,234
	422,100
	3,317,967
277,533	32,422,279
	322,197
<u>\$ 1,362,366</u>	<u>\$ 40,446,728</u>
<u>\$ _____</u>	<u>\$ _____</u>
\$ 11,353	\$ 954,604
110,299	24,938,368
31,915	275,928
	741,466
9,204	250,000
12,989	18,706,082
<u>\$ 175,760</u>	<u>\$ 45,866,448</u>

A-1 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 100,612,540	\$ 114,506,690	\$ 215,119,230
Restricted for:			
Capital Projects	3,824,220	100,291	3,924,511
Capital Replacements			
Community Development	6,176,668		6,176,668
Debt Service	5,024,548	635,017	5,659,565
Library	109,060		109,060
Narcotics Law Enforcement	297,651		297,651
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	4,329,250		4,329,250
Unrestricted	<u>1,316,485</u>	<u>13,655,977</u>	<u>14,972,462</u>
Total Net Position	<u>\$ 121,690,422</u>	<u>\$ 129,107,975</u>	<u>\$ 250,798,397</u>

The accompanying notes are an integral part of the financial statements.

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 277,533	\$ 13,476,197
	273,680
	2,368,086
	424,735
<u>909,073</u>	<u>(21,962,418)</u>
\$ <u><u>1,186,606</u></u>	\$ <u><u>(5,419,720)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 11,319,984	\$ 2,695,365	\$	\$
Public Safety	33,247,797	2,052,795	435,211	
Transportation	8,666,134	2,177,007	88,006	7,221,160
Community and Economic Development	28,377,759	2,510,118	329,212	931,986
Culture and Recreation	20,110,668	7,507,149	513,358	2,720
Public Works	1,399,578		211,842	
Interest and Fiscal Charges	8,779,399			
Total Governmental Activities	<u>\$ 111,901,319</u>	<u>\$ 16,942,434</u>	<u>\$ 1,577,629</u>	<u>\$ 8,155,866</u>
Business-Type Activities:				
Water	\$ 14,235,486	\$ 12,425,117	\$	\$ 1,394,906
Sewer	13,068,631	12,109,673		1,789,232
Baseball Stadium	616,989	36,841		
Municipal Golf Course	1,474,824	938,737		
Solid Waste Management	4,194,082	4,176,291		
Total Business Type Activities	<u>\$ 33,590,012</u>	<u>\$ 29,686,659</u>	<u>\$</u>	<u>\$ 3,184,138</u>
Total Primary Government	<u>\$ 145,491,331</u>	<u>\$ 46,629,093</u>	<u>\$ 1,577,629</u>	<u>\$ 11,340,004</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,423,021	\$ 1,421,997	\$	\$
MB Convention Center Hotel Corporation	17,284,977	15,555,492		
Total Component Units	<u>\$ 18,707,998</u>	<u>\$ 16,977,489</u>	<u>\$</u>	<u>\$</u>

General Revenues:

Property Taxes
Local Accommodations Taxes
Business License Taxes
Franchise Taxes
Hospitality Fee Taxes
Local Option Tourism Taxes
Grants and Contributions not Restricted to Specific Programs
Investment Earnings

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, as Previously Reported
Cumulative Effect of Adopting GASB Statement No. 65
Net Position - Beginning, as Restated

Net Position - Ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (8,624,619)	\$	\$ (8,624,619)		
(30,759,791)		(30,759,791)		
820,039		820,039		
(24,606,443)		(24,606,443)		
(12,087,441)		(12,087,441)		
(1,187,736)		(1,187,736)		
(8,779,399)		(8,779,399)		
<u>\$ (85,225,390)</u>	<u>\$</u>	<u>\$ (85,225,390)</u>		
\$	\$ (415,463)	\$ (415,463)		
	830,274	830,274		
	(580,148)	(580,148)		
	(536,087)	(536,087)		
	(17,791)	(17,791)		
<u>\$</u>	<u>\$ (719,215)</u>	<u>\$ (719,215)</u>		
<u>\$ (85,225,390)</u>	<u>\$ (719,215)</u>	<u>\$ (85,944,605)</u>		
			\$ (1,024)	\$
			<u>\$ (1,024)</u>	<u>(1,729,485)</u>
				<u>(1,729,485)</u>
\$ 25,796,261	\$	\$ 25,796,261	\$	
2,333,117		2,333,117		
19,050,722		19,050,722		
3,755,715		3,755,715		
10,077,734		10,077,734		
23,298,736		23,298,736		
10,501,165		10,501,165		
168,740	82,602	251,342	1,867	106,873
179,000	(179,000)			
<u>\$ 95,161,190</u>	<u>\$ (96,398)</u>	<u>\$ 95,064,792</u>	<u>\$ 1,867</u>	<u>\$ 106,873</u>
<u>\$ 9,935,800</u>	<u>\$ (815,613)</u>	<u>\$ 9,120,187</u>	<u>\$ 843</u>	<u>\$ (1,622,612)</u>
\$ 114,601,084	\$ 130,264,071	\$ 244,865,155	\$ 1,185,763	\$ (3,258,991)
(2,846,462)	(340,483)	(3,186,945)		(538,117)
<u>\$ 111,754,622</u>	<u>\$ 129,923,588</u>	<u>\$ 241,678,210</u>	<u>\$ 1,185,763</u>	<u>\$ (3,797,108)</u>
<u>\$ 121,690,422</u>	<u>\$ 129,107,975</u>	<u>\$ 250,798,397</u>	<u>\$ 1,186,606</u>	<u>\$ (5,419,720)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 3,801,153	\$ 79,216	\$ 504,921
Receivables (Net):			
Property Taxes	999,828		
Local Accommodations Taxes			
Hospitality Fees			
Storm Water Fees			
Accounts	3,161,700	147,444	
Intergovernmental	848,836		6,096,468
Loans	25,333		
Due From Other Funds	6,938,450		
Due From Component Units	110,299	24,938,368	
Inventories	115,749		
Prepaid Assets	4,034		
Restricted Cash and Temporary Investments	1,104,151		
Total Assets	\$ <u>17,109,533</u>	\$ <u>25,165,028</u>	\$ <u>6,601,389</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 3,359,190	\$ 210,858	\$ 4,877,174
Due to Other Fund			
Payable From Restricted Assets:			
Court Bonds	313,036		
Refundable Deposits	244,920		
Other	137,905		
Unearned Revenue	20,654	161,883	
Total Liabilities	\$ <u>4,075,705</u>	\$ <u>372,741</u>	\$ <u>4,877,174</u>
Deferred Inflows of Resources:			
Unavailable Revenue	\$ <u>1,728,284</u>	\$ <u>24,693,932</u>	\$ _____

The accompanying notes are an integral part of the financial statements.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 12,121,583	\$ 8,016,919	\$ 24,523,792
	68,781	1,068,609
	399,623	399,623
	1,524,571	1,524,571
	67,229	67,229
248,800	122,467	3,680,411
2,311,769	3,046,354	12,303,427
	722,066	747,399
		6,938,450
		25,048,667
		115,749
		4,034
<u>12,997,712</u>	<u>10,352,693</u>	<u>24,454,556</u>
<u>\$ 27,679,864</u>	<u>\$ 24,320,703</u>	<u>\$ 100,876,517</u>

\$ 2,656,241	\$ 1,389,146	\$ 12,492,609
	3,667,658	3,667,658
		313,036
646,308		891,228
		137,905
6,050		188,587
<u>\$ 3,308,599</u>	<u>\$ 5,056,804</u>	<u>\$ 17,691,023</u>

<u>\$</u>	<u>\$ 85,373</u>	<u>\$ 26,507,589</u>
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A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (continued)			
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 115,749	\$	\$
Long-Term Receivables	25,333		
Prepaid Assets	4,034		
Restricted for:			
Capital Projects			
Community Development			
Debt Service			
Library	109,060		
Narcotics Law Enforcement	297,651		
Tourism Promotion and Support		98,355	1,724,215
Committed for:			
Demolition Loans	14,667		
Assigned for:			
Capital Projects			
Disaster Recovery			
Ocean Front Improvements	414,605		
Unassigned	10,324,445		
Total Fund Balances	\$ <u>11,305,544</u>	\$ <u>98,355</u>	\$ <u>1,724,215</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>17,109,533</u></u>	\$ <u><u>25,165,028</u></u>	\$ <u><u>6,601,389</u></u>

The accompanying notes are an integral part of the financial statements.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
	722,066	115,749
		747,399
		4,034
11,270,415	2,216,174	13,486,589
	5,454,602	5,454,602
	10,085,585	10,085,585
		109,060
		297,651
1,080,989	1,398,839	4,302,398
		14,667
10,923,095		10,923,095
1,096,766		1,096,766
		414,605
	(698,740)	9,625,705
\$ 24,371,265	\$ 19,178,526	\$ 56,677,905
\$ 27,679,864	\$ 24,320,703	\$ 100,876,517

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014

Total Fund Balances - Total Governmental Funds	\$ 56,677,905
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	223,917,624
---	-------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	26,507,589
--	------------

Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,922,217
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(189,334,913)</u>
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Net Position of Governmental Activities	\$ <u>121,690,422</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
REVENUES			
Property Taxes	\$ 18,438,826	\$	\$
Local Accommodations Taxes			
Hospitality Fees			
Storm Water Fees			
Local Option Tourism Fees			23,298,736
Licenses and Permits	24,228,244		
Fines and Forfeitures	1,073,051		
Intergovernmental	2,638,747	60,000	
Charges for Services	2,836,541	2,385,289	
Miscellaneous	3,126,782	3,032,292	58,819
Total Revenues	<u>\$ 52,342,191</u>	<u>\$ 5,477,581</u>	<u>\$ 23,357,555</u>
EXPENDITURES			
Current:			
General Government	\$ 9,528,925	\$ 357,680	\$
Public Safety	32,746,712		
Transportation	3,602,873		
Community and Economic Development	2,356,515		18,681,668
Culture and Recreation	12,433,013	4,181,732	
Public Works	1,394,960		
Capital Outlay	45,306		
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Payment to Escrow Agent			
Total Expenditures	<u>\$ 62,108,304</u>	<u>\$ 4,539,412</u>	<u>\$ 18,681,668</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (9,766,113)</u>	<u>\$ 938,169</u>	<u>\$ 4,675,887</u>

The accompanying notes are an integral part of the financial statements.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 635,962	\$ 6,767,963	\$ 25,842,751
	2,333,163	2,333,163
	10,075,280	10,075,280
	2,181,517	2,181,517
		23,298,736
579,500		24,807,744
	130,889	1,203,940
2,556,620	9,376,089	14,631,456
		5,221,830
639,477	137,424	6,994,794
<u>\$ 4,411,559</u>	<u>\$ 31,002,325</u>	<u>\$ 116,591,211</u>
\$ 745,028	\$ 734,448	\$ 11,366,081
15,183		32,761,895
106,165	1,823,702	5,532,740
16,798	4,391,596	25,446,577
289,340		16,904,085
		1,394,960
13,357,714	103,352	13,506,372
	8,229,829	8,229,829
	7,031,794	7,031,794
	590,288	590,288
	1,507,567	1,507,567
<u>\$ 14,530,228</u>	<u>\$ 24,412,576</u>	<u>\$ 124,272,188</u>
<u>\$ (10,118,669)</u>	<u>\$ 6,589,749</u>	<u>\$ (7,680,977)</u>

A-5 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 10,949,622	\$ 1,701,894	\$
Transfers Out	(102,703)	(2,423,150)	(5,225,019)
Refunding Hospitality Fee Revenue Bonds Issued			
Premium on Refunding Hospitality Fee Revenue Bonds			
Capital Lease Obligation			
Payment to Escrow Agent			
Total Other Financing Sources (Uses)	\$ <u>10,846,919</u>	\$ <u>(721,256)</u>	\$ <u>(5,225,019)</u>
Net Change in Fund Balances	\$ 1,080,806	\$ 216,913	\$ (549,132)
Fund Balances - Beginning	<u>10,224,738</u>	<u>(118,558)</u>	<u>2,273,347</u>
Fund Balances - Ending	\$ <u><u>11,305,544</u></u>	\$ <u><u>98,355</u></u>	\$ <u><u>1,724,215</u></u>

The accompanying notes are an integral part of the financial statements.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 16,650,000	\$ 12,213,441	\$ 41,514,957
(3,150,545)	(30,434,540)	(41,335,957)
	61,915,000	61,915,000
	2,642,129	2,642,129
290,000		290,000
	(50,181,917)	(50,181,917)
<u>\$ 13,789,455</u>	<u>\$ (3,845,887)</u>	<u>\$ 14,844,212</u>
\$ 3,670,786	\$ 2,743,862	\$ 7,163,235
<u>20,700,479</u>	<u>16,434,664</u>	<u>49,514,670</u>
<u><u>\$ 24,371,265</u></u>	<u><u>\$ 19,178,526</u></u>	<u><u>\$ 56,677,905</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ 7,163,235
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays (\$13,506,372) exceeded depreciation (\$10,591,320) in the current period.	2,915,052
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	5,044,850
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,927,816)
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 governmental funds.	(989,837)
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	<u>730,316</u>
Change in Net Position of Governmental Activities	\$ <u>9,935,800</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 12,010,576	\$	\$ 12,127
Receivables (Net):			
Accounts	1,040,952		9,297
Intergovernmental		380,514	
Due From Other Funds	3,174,660		
Inventories	781,639		95,345
Prepaid Assets		1,056	
Total Current Assets	\$ <u>17,007,827</u>	\$ <u>381,570</u>	\$ <u>116,769</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 661,500	\$
Restricted Cash and Temporary Investments	2,002,524	1,122,916	
Land and Construction in Progress	3,289,629	5,890,408	10,385,480
Other Capital Assets (Net)	106,699,088	4,155,102	4,392,191
Bond Insurance (Net)	64,743	15,440	
Total Noncurrent Assets	\$ <u>112,055,984</u>	\$ <u>11,845,366</u>	\$ <u>14,777,671</u>
Total Assets	\$ <u>129,063,811</u>	\$ <u>12,226,936</u>	\$ <u>14,894,440</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,256,134	\$ 12,150	\$ 96,318
Due to Other Fund		1,049,311	1,766,020
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Refundable Deposits	1,752,674		
Interest Payable	249,833	87,625	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	875,000		
Certificates of Participation		635,000	
Total Current Liabilities	\$ <u>5,133,641</u>	\$ <u>1,874,086</u>	\$ <u>1,862,338</u>

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 35	\$ 12,022,738	\$ 20,482,114
151,363	1,201,612	93,870
	380,514	
	3,174,660	
16,482	893,466	161,992
	1,056	88,097
<u>\$ 167,880</u>	<u>\$ 17,674,046</u>	<u>\$ 20,826,073</u>
\$	\$ 661,500	\$
	3,125,440	3,636,423
	19,565,517	
565,478	115,811,859	5,463,674
	80,183	
<u>\$ 565,478</u>	<u>\$ 139,244,499</u>	<u>\$ 9,100,097</u>
<u>\$ 733,358</u>	<u>\$ 156,918,545</u>	<u>\$ 29,926,170</u>
\$ 289,411	\$ 2,654,013	\$ 11,488,024
359,329	3,174,660	3,270,792
		457,417
		559,631
	1,752,674	
	337,458	
	90,000	
	875,000	
	635,000	
<u>\$ 648,740</u>	<u>\$ 9,518,805</u>	<u>\$ 15,775,864</u>

A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$ 32,659	\$	\$ 15,669
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	17,562,450		
Certificates of Participation (Net)		2,849,736	
Unearned Revenue	168,815		
Total Noncurrent Liabilities	<u>\$ 17,763,924</u>	<u>\$ 2,849,736</u>	<u>\$ 15,669</u>
Total Liabilities	<u>\$ 22,897,565</u>	<u>\$ 4,723,822</u>	<u>\$ 1,878,007</u>
NET POSITION			
Net Investment in Capital Assets	\$ 91,551,267	\$ 7,612,274	\$ 14,777,671
Restricted for:			
Capital Projects		100,291	
Debt Service	17	635,000	
Renewal and Replacement		210,000	
Unrestricted	<u>14,614,962</u>	<u>(1,054,451)</u>	<u>(1,761,238)</u>
Total Net Position	<u>\$ 106,166,246</u>	<u>\$ 7,503,114</u>	<u>\$ 13,016,433</u>

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Net Position of Business-Type Activities

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 25,783	\$ 74,111	\$ 4,777
		2,070,483
		5,789,482
	17,562,450	
	2,849,736	
	168,815	
<u>\$ 25,783</u>	<u>\$ 20,655,112</u>	<u>\$ 7,864,742</u>
\$ 674,523	\$ 30,173,917	\$ 23,640,606
\$ 565,478	\$ 114,506,690	\$ 2,750,984
	100,291	
	635,017	
	210,000	
<u>(506,643)</u>	<u>11,292,630</u>	<u>3,534,580</u>
<u>\$ 58,835</u>	<u>\$ 126,744,628</u>	<u>\$ 6,285,564</u>
	<u>2,363,347</u>	
	<u>\$ 129,107,975</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 24,420,988	\$ 36,841	\$ 934,953
OPERATING EXPENSES			
Administration	\$ 4,033,916	\$	\$ 577,033
Operations	18,540,369	125,680	630,121
Depreciation	4,248,238	308,950	272,528
Total Operating Expenses	\$ 26,822,523	\$ 434,630	\$ 1,479,682
Operating Income (Loss)	\$ (2,401,535)	\$ (397,789)	\$ (544,729)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 28,681	\$ 53,590	\$
Miscellaneous Revenue	113,802		3,784
Gain on Disposal of Capital Assets	1,250		
Interest and Fiscal Charges	(711,708)	(183,734)	(410)
Amortization of Bond Insurance	(4,737)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (572,712)	\$ (134,004)	\$ 3,374
Income (Loss) Before Contributions and Transfers	\$ (2,974,247)	\$ (531,793)	\$ (541,355)
Capital Contributions	3,184,138		
Transfers In		817,000	
Transfers Out	(1,246,000)		
Change in Net Position	\$ (1,036,109)	\$ 285,207	\$ (541,355)
Total Net Position - Beginning, as Previously Reported	\$ 107,470,635	\$ 7,290,110	\$ 13,557,788
Cumulative Effect of Adopting GASB Statement No. 65	(268,280)	(72,203)	
Total Net Position - Beginning, as Restated	\$ 107,202,355	\$ 7,217,907	\$ 13,557,788
Total Net Position - Ending	\$ 106,166,246	\$ 7,503,114	\$ 13,016,433

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Change in Net Position of Business-Type Activities

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 4,176,291	\$ 29,569,073	\$ 18,381,124
\$ 636,647	\$ 5,247,596	\$ 494,158
3,691,924	22,988,094	14,831,076
54,424	4,884,140	1,896,581
\$ 4,382,995	\$ 33,119,830	\$ 17,221,815
\$ (206,704)	\$ (3,550,757)	\$ 1,159,309
\$ 331	\$ 82,602	\$ 22,058
	117,586	2,251
	1,250	40,266
	(895,852)	(110,551)
	(8,597)	
\$ 331	\$ (703,011)	\$ (45,976)
\$ (206,373)	\$ (4,253,768)	\$ 1,113,333
	3,184,138	50,000
250,000	1,067,000	
	(1,246,000)	
\$ 43,627	\$ (1,248,630)	\$ 1,163,333
\$ 15,208		\$ 5,122,231
\$ 15,208		\$ 5,122,231
\$ 58,835		\$ 6,285,564
	433,017	
\$ (815,613)		

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 24,677,041	\$ 36,841	\$ 938,055
Receipts From Interfund Services Provided			
Payments to Suppliers	(19,065,812)	(73,245)	(536,835)
Payments to Employees	(2,096,321)		(492,484)
Payments for Interfund Services Used	(2,075,257)	(41,413)	(120,868)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,439,651</u>	<u>\$ (77,817)</u>	<u>\$ (212,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$	\$ 817,000	\$
Transfers Out	(1,246,000)		
Proceeds From Interfund Loans		185,097	212,541
Payments on Interfund Loans	(250,332)		
Interest Payments on Interfund Loans			(409)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (1,496,332)</u>	<u>\$ 1,002,097</u>	<u>\$ 212,132</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 1,518,880	\$	\$
Collections on Intergovernmental Receivable		44,524	
Proceeds From Capital Lease Obligation			
Principal Payments on Long-Term Debt	(850,000)	(605,000)	
Interest Payments on Long-Term Debt	(721,594)	(189,921)	
Payment of Bond Administration Fees	(4,023)	(3,418)	
Purchases of Capital Assets	(4,779,454)	(327,263)	
Proceeds From Disposal of Capital Assets	1,250		
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	<u>\$ (4,834,941)</u>	<u>\$ (1,081,078)</u>	<u>\$</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>\$ 28,681</u>	<u>\$ 53,590</u>	<u>\$</u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 28,681</u>	<u>\$ 53,590</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 4,167,392	\$ 29,819,329	\$
		18,381,124
(1,752,768)	(21,428,660)	(4,402,210)
(1,141,162)	(3,729,967)	(361,378)
(1,376,487)	(3,614,025)	
		(8,740,931)
\$ (103,025)	\$ 1,046,677	\$ 4,876,605
\$ 250,000	\$ 1,067,000	\$
	(1,246,000)	
	397,638	66,810
(147,306)	(397,638)	(748,727)
	(409)	
\$ 102,694	\$ (179,409)	\$ (681,917)
\$	\$ 1,518,880	\$ 50,000
	44,524	
		3,636,423
	(1,455,000)	(538,202)
	(911,515)	(130,437)
	(7,441)	
	(5,106,717)	(1,153,686)
	1,250	41,395
\$	\$ (5,916,019)	\$ 1,905,493
\$ 331	\$ 82,602	\$ 22,058
\$ 331	\$ 82,602	\$ 22,058

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (4,862,941)	\$ (103,208)	\$
Cash and Cash Equivalents - Beginning	18,876,041	1,226,124	12,127
Cash and Cash Equivalents - Ending	<u>\$ 14,013,100</u>	<u>\$ 1,122,916</u>	<u>\$ 12,127</u>

**Reconciliation of Operating Income (Loss) to Net Cash and
Cash Equivalents Provided (Used) by Operating Activities**

Operating Income (Loss)	\$ (2,401,535)	\$ (397,789)	\$ (544,729)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,248,238	308,950	272,528
(Increase) Decrease in Accounts Receivable (Net)	72,391		(682)
(Increase) Decrease in Inventories	(53,683)		48,689
Decrease in Prepaid Assets			
Increase (Decrease) in Accounts Payable and Accrued Expenses	(609,422)	11,022	8,278
Increase in Refundable Deposits Payable	70,430		
(Decrease) in Unreported Insurance Claims			
Decrease in Unearned Revenue	(570)		
Miscellaneous Receipts	113,802		3,784
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,439,651</u>	<u>\$ (77,817)</u>	<u>\$ (212,132)</u>

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ (4,966,149)	\$ 6,122,239
35	20,114,327	17,996,298
\$ 35	\$ 15,148,178	\$ 24,118,537

\$ (206,704) \$ (3,550,757) \$ 1,159,309

54,424	4,884,140	1,896,581
(8,899)	62,810	(4,793)
2,925	(2,069)	(10,221)
		3,807
55,229	(534,893)	2,322,424
	70,430	(492,753)
	(570)	
	117,586	2,251
\$ (103,025)	\$ 1,046,677	\$ 4,876,605

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<u>Noncash Capital and Related Financing Activities</u>			
Fair Value of Capital Asset Contributions	\$ 1,665,258	\$	\$
Book Value of Capital Asset Disposals			
Capitalized Interest	55,006		

<u>Reconciliation of Cash and Cash Equivalents</u>			
Unrestricted Cash and Temporary Investments	\$ 12,010,576	\$	\$ 12,127
Restricted Cash and Temporary Investments	2,002,524	1,122,916	
	<u>\$ 14,013,100</u>	<u>\$ 1,122,916</u>	<u>\$ 12,127</u>

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ 1,665,258	\$
	55,006	1,129
\$ 35	\$ 12,022,738	\$ 20,482,114
	3,125,440	3,636,423
\$ <u>35</u>	\$ <u>15,148,178</u>	\$ <u>24,118,537</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2014

ASSETS

Cash and Temporary Investments	\$ <u>11,401</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>11,401</u>
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The accompanying notes are an integral part of the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Myrtle Beach, South Carolina (the City) was incorporated in 1933 as a municipal corporation, and as such, possesses all the general powers granted by the constitution and laws of South Carolina to municipal corporations. The City is governed by an elected mayor and a six-member council and operates under the Council-Manager form of government.

The City's financial statements have been prepared in conformity with generally accepted accounting principles 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. The City applies all relevant GASB pronouncements.

The more significant accounting policies of the City are described below.

A. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the City. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. The City's blended and discretely presented component units have June 30 year-ends and are described below.

Blended Component Unit - The Myrtle Beach Public Facilities Corporation (MBPFC) is governed by a three-member board appointed by City Council. Although it is legally separate from the City, the MBPFC is reported as if it were part of the City because its sole purpose is to serve the City exclusively for financing purposes. The MBPFC is reported as a nonmajor governmental fund and does not issue separate financial statements.

Discretely Presented Component Units - The Myrtle Beach Downtown Redevelopment Corporation (MBDRC) is responsible for promoting and assisting in the development of business concerns and residential housing in the downtown area of Myrtle Beach. The MBDRC is fiscally dependent upon the City because City Council sets the fees that can be charged by the MBDRC. The MBDRC is presented as a governmental fund type and does not issue separate financial statements.

The Myrtle Beach Convention Center Hotel Corporation (MBCCHC) is responsible for the construction and operation of a convention center hotel. City Council appoints all members of the MBCCHC's board. The MBCCHC is fiscally dependent upon the City because City Council approves the MBCCHC's budget and must approve any debt issuances. The MBCCHC is presented as an enterprise fund type. Separate financial statements for the MBCCHC can be obtained by writing Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1100.

B. Government-Wide Financial Statements

The City's government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statement focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The City uses the following fund types:

Governmental Funds

The focus of the governmental funds' measurement, in the fund statements, is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the City's governmental funds:

1. 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.
2. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
4. Capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

1. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. An enterprise fund may also be used to account for any activity for which a fee is charged to external users for goods or services.
2. Internal service funds are used to account for the financing of goods and services provided by an activity to other funds of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. The City's nonmajor funds by category are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Convention Center Fund* is a special revenue fund that is used to accumulate funds from the meetings activities for the purpose of supporting and funding convention center related activities.

The *Local Option Tourism Fee Fund* is a special revenue fund that is used to account for an additional 1.0% sales tax imposed on prepared foods and beverages, accommodations and retail sales for the purpose of tourism development.

The *Capital Improvements Fund* is a capital projects fund that is used to account for the acquisition or construction of major capital facilities.

The City's major proprietary funds were as follows:

The *Water and Sewer Fund* is an enterprise fund that is used to account for the provision of water and sewer services to the residents of the City and surrounding areas.

The *Baseball Stadium Fund* is an enterprise fund that is used to account for the operation of a baseball stadium facility.

The *Municipal Golf Course Fund* is an enterprise fund that is used to account for the operation of a public golf course.

The *Solid Waste Management Fund* is an enterprise fund that is used to account for the provision of solid waste collection services and the operation of various recycling programs.

The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal service funds are the City's governmental activities, their financial statements are consolidated into the governmental activities column when presented in the government-wide financial statements. The City reports the following internal service funds:

The *Fleet Management Fund* is used to account for the rental of motor vehicles and certain equipment to other funds and the related costs associated with those rentals.

The *Self Insurance Fund* is used to account for the City's worker's compensation, general liability and property damage insurance programs which accumulate resources from charges to other funds for the payment of premiums, claims and administrative expenses.

The *Health Insurance Fund* is used to account for the City's health insurance program which accumulates resources from charges to other funds for the payment of premiums, claims and administrative expenses.

The City's agency fund is presented in the fiduciary fund financial statement. Since these assets cannot be used to address activities or obligations of the City, the agency fund is not incorporated into the government-wide financial statements. The City's agency fund is as follows:

The *Firemen's Fund* is used to account for resources held by the City for its firemen in an agency capacity.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, are recorded only when payment is due.

The City considers property taxes, local accommodations taxes, hospitality fees, storm water fees, local option tourism fees, intergovernmental revenues and charges for services to be susceptible to accrual. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, permits, fines and forfeitures.

The agency fund financial statement is reported using the accrual basis of accounting. Agency funds do not have a measurement focus.

E. Cash and Temporary Investments

Cash and investments are held in a single central depository except where legal restrictions prohibit such. Each fund owns a pro rata share in the depository. Interest is allocated monthly to the individual funds based on their average monthly balances.

For purposes of the statement of cash flows, as presented for the City's proprietary funds, cash equivalents include demand deposits, money market accounts and short-term investments, including restricted amounts, with original maturity dates of three months or less.

Investments are stated at fair value. Changes in the fair value of investments are included as a component of investment income. The City uses quoted market prices to determine the fair value of investments. The fair value of the City's position in the South Carolina Local Government Investment Pool (SCLGIP) is the same as the value of the pool shares. The SCLGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the SCLGIP.

F. Receivables

Receivables are presented in the financial statements net of allowances for doubtful accounts. Allowances for doubtful accounts are based upon historical trends and the periodic aging of receivables.

G. Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is classified as either loans, services provided, reimbursements or transfers. Loans are referred to as either due to/from other funds or advances to/from other funds. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. Inventories

Inventories are valued at cost, primarily on an average cost basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets using the consumption method in both the government-wide and fund financial statements.

J. Restricted Assets

Restricted assets include cash and temporary investments that are legally restricted as to their use. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, drainage systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Purchased capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repairs, which neither materially add to the value of an asset nor prolong its life, are charged to expense as incurred. Interest incurred during the construction of capital assets for business-type activities is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	15 - 30 years
Buildings and Improvements	10 - 33 years
Distribution System	20 - 40 years
Infrastructure	10 - 40 years
Furniture, Vehicles and Equipment	5 - 10 years

L. Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The City currently has one item which qualifies for reporting in this category. It is the deferred amounts on advance refundings reported in the government-wide statement of net position. Deferred amounts on advance refundings result from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

M. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. The City currently has one item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick pay since the City does not have to pay any amounts if an employee separates from service. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in the governmental funds.

O. Long-Term Obligations

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds. Bonds payable are reported net of the applicable premium or discount. Bond insurance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

P. Equity Classifications

In the government-wide and proprietary funds financial statements, equity is classified as net position and is displayed in the following components:

Net Investment in Capital Assets - Consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Consists of net position with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide statement of net position reports \$20,706,705 of total restricted net position, of which \$5,115,997 is restricted by enabling legislation.

In the governmental fund financial statements, fund balances are displayed in the following components:

Nonspendable - Consists of amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Consists of amounts with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Committed - Consists of amounts that can be used only for specific purposes determined by a formal action by City Council ordinance.

Assigned - Consists of amounts that the City intends to use for specific purposes. Amounts may be assigned by the City Manager pursuant to authorization established by City Council resolution.

Unassigned - Consists of all amounts not included in other spendable classifications. The City only reports positive unassigned fund balance in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. Additionally, the City first uses committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has not formally adopted a minimum fund balance policy.

Q. Revenues and Expenses

Real property and all personal property other than vehicles are assessed for property tax purposes as of January 1st of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor. Taxes are payable between October 1st and January 15th following their levy on October 1st. The lien date is January 15th and unpaid amounts after this date are considered to be delinquent and are subject to penalties for late payment.

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 Highway Department and payment is due before the end of the month of the scheduled renewal.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with GASB Statement No. 33, the City recognizes grant revenues and receivables when the applicable eligibility requirements, including time requirements, are met. Resources received before the eligibility requirements are met are reported as unearned revenue.

Note 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet is followed by a reconciliation between total fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the element in the reconciliation that relates to long-term liabilities, \$189,334,913, follows:

Bonds Payable (Net)	\$ 183,595,946
Capital Lease Obligations	435,536
Compensated Absences	3,178,565
Accrued Interest Payable	5,061,037
Bond Insurance (Net)	(54,720)
Deferred Amounts on Advance Refundings	(2,881,451)
	<u>\$ 189,334,913</u>

The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. The element of the reconciliation that relates to long-term debt and related items, \$4,927,816, is comprised of the following:

Refunding Hospitality Fee Revenue Bonds Issued	\$ 61,915,000
Premium on Refunding Hospitality Fee Revenue Bonds	2,642,129
Capital Lease Obligation	290,000
Payment to Escrow Agent	(51,689,484)
Principal Repayments	<u>(8,229,829)</u>
	<u>\$ 4,927,816</u>

The details of another element in the reconciliation that relates to expenses, \$989,837, follows:

Compensated Absences	\$ (56,929)
Accrued Interest	1,025,014
Amortization of Bond Insurance	24,668
Amortization of Bond Discounts and Premiums	(184,948)
Amortization of Deferred Amounts on Advance Refundings	<u>182,032</u>
	<u>\$ 989,837</u>

Note 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2014, expenditures did not exceed appropriations for any of the City's individual funds.

B. Deficit Fund Equity

The individual funds that have fund equity deficits at June 30, 2014 were as follows:

Nonmajor Governmental Fund:	
Public Facilities Corporation Fund	\$ 698,740
Internal Service Fund:	
Health Insurance Fund	5,185,028

Note 4 - CASH AND TEMPORARY INVESTMENTS

State statutes authorize 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, 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, or deposit accounts with banking institutions. 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 that restrict investment alternatives.

A. Deposits

At year end, the carrying amount of the City's deposits in financial institutions was \$21,228,499 and the financial institutions' balances totaled \$18,929,361. Of that balance, \$356,896 was covered by federal depository insurance and \$18,572,465 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$16,743 in cash on hand.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires all deposits in excess of federal depository insurance to be collateralized with securities held by the pledging financial institution's trust department in the City's name.

At year end, the MBDRC's carrying amount of deposits in financial institutions was \$1,081,833 and the financial institutions' balances totaled \$1,188,482. Of that balance, \$250,000 was covered by federal depository insurance and \$938,482 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name.

The MBDRC's deposit policy for custodial credit risk requires all deposits in excess of federal depository insurance to be collateralized with securities held by the pledging financial institution's trust department in the MBDRC's name.

At year-end, the MBCCHC's carrying amount of deposits in financial institutions was \$850,224 and the financial institutions' balances totaled \$327,262. Of that balance, \$250,000 was covered by federal depository insurance and \$77,262 was uninsured and uncollateralized. At year-end, cash on hand totaled \$40,000.

The MBCCHC does not have a deposit policy for custodial credit risk.

B. Investments

At year-end, the City's investments consisted of the following:

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreements	1 Day	Not Rated	\$ 24,527,590	36.60 %
U.S. Treasury Bill	0.21 Years	N/A	665,987	0.99
Federal Home Loan Bank	0.73 Years	AA+	9,144,433	13.65
Money Market Mutual Funds	Not Available	AAA	20,035,230	29.90
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>12,637,982</u>	<u>18.86</u>
			<u>\$ 67,011,222</u>	<u>100.00 %</u>

The City's investment policy limits investments in non-U.S. government debt securities and mutual funds to the top rating issued by nationally recognized statistical rating organizations. The City's investment policy does not limit the amount it may invest in any one investment issuer. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City's investment policy generally limits investment maturities to a maximum of one year.

At year-end, the MBCCHC's investments consisted of the following:

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Federal National Mortgage Association	0.50 Years	AA+	\$ 1,542,000	26.76 %
Money Market Mutual Funds	Not Available	AAA	<u>4,220,524</u>	<u>73.24</u>
			<u>\$ 5,762,524</u>	<u>100.00 %</u>

The MBCCHC does not have a formal investment policy that (a) limits its investment choices based on investment credit ratings, (b) limits the amount it may invest in any one investment issuer or (c) limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 5 - RECEIVABLES (NET)

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

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
Property Taxes	\$ 3,779,352	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts	4,084,084	147,444		248,800
Intergovernmental	848,836		6,096,468	2,311,769
Loans	25,333			
	<u>\$ 8,737,605</u>	<u>\$ 147,444</u>	<u>\$ 6,096,468</u>	<u>\$ 2,560,569</u>
Allowances for Doubtful Accounts	(3,701,908)			
	<u><u>\$ 5,035,697</u></u>	<u><u>\$ 147,444</u></u>	<u><u>\$ 6,096,468</u></u>	<u><u>\$ 2,560,569</u></u>

	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund	Solid Waste Management Fund
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts	1,321,731		9,297	234,656
Intergovernmental		1,042,014		
Loans				
	<u>\$ 1,321,731</u>	<u>\$ 1,042,014</u>	<u>\$ 9,297</u>	<u>\$ 234,656</u>
Allowances for Doubtful Accounts	(280,779)			(83,293)
	<u><u>\$ 1,040,952</u></u>	<u><u>\$ 1,042,014</u></u>	<u><u>\$ 9,297</u></u>	<u><u>\$ 151,363</u></u>

	Nonmajor and Other Fund	Totals
Property Taxes	\$ 69,024	\$ 3,848,376
Local Accommodations Taxes	406,939	406,939
Hospitality Fees	1,569,610	1,569,610
Storm Water Fees	122,361	122,361
Accounts	216,337	6,262,349
Intergovernmental	3,046,354	13,345,441
Loans	722,066	747,399
	<u>\$ 6,152,691</u>	<u>\$ 26,302,475</u>
Allowances for Doubtful Accounts	(107,730)	(4,173,710)
	<u><u>\$ 6,044,961</u></u>	<u><u>\$ 22,128,765</u></u>

On September 1, 1998, the City entered into a hospitality fee agreement with Horry County, South Carolina (County) in conjunction with the construction of a baseball stadium facility. The agreement is for a period of twenty years and requires the County to make annual payments of principal and interest to the City for its 30% interest in the baseball stadium facility. At June 30, 2014, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2015	\$ 199,500
2016	210,000
2017	220,500
2018	<u>231,000</u>
	<u>\$ 861,000</u>

Loans receivable in the Community Block Development Fund in the amount of \$722,066 are due in conjunction with the development of low-income housing within the City. The loans are non-interest bearing and are due December 1, 2025 (\$380,816) and June 30, 2030 (\$341,250).

Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2014, amounts due to/from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 6,938,450	\$
Nonmajor Governmental Funds		3,667,658
Internal Service Funds		3,270,792
Water and Sewer Fund	3,174,660	
Baseball Stadium Fund		1,049,311
Municipal Golf Course Fund		1,766,020
Solid Waste Management Fund		<u>359,329</u>
	<u>\$ 10,113,110</u>	<u>\$ 10,113,110</u>

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from three nonmajor governmental funds (\$2,968,918) are expected to be repaid shortly after the end of the fiscal year. All other amounts are expected to be repaid in more than one year, as resources become available.

Interfund transfers during the year ended June 30, 2014 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>			
	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Capital Improvements Fund</u>
General Fund	\$	\$	\$ 2,471,545	\$ 512,545
Convention Center Fund				
Capital Improvements Fund			2,150,000	
Nonmajor Governmental Funds	102,703	2,423,150	603,474	2,421,000
Baseball Stadium Fund				217,000
Solid Waste Management Fund				
	<u>\$ 102,703</u>	<u>\$ 2,423,150</u>	<u>\$ 5,225,019</u>	<u>\$ 3,150,545</u>

Transfers In	Transfers Out		
	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
General Fund	\$ 6,719,532	\$ 1,246,000	\$ 10,949,622
Convention Center Fund	1,701,894		1,701,894
Capital Improvements Fund	14,500,000		16,650,000
Nonmajor Governmental Funds	6,663,114		12,213,441
Baseball Stadium Fund	600,000		817,000
Solid Waste Management Fund	250,000		250,000
	<u>\$ 30,434,540</u>	<u>\$ 1,246,000</u>	<u>\$ 42,581,957</u>

Transfers are used to (a) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (b) move revenues restricted to debt service from the funds collecting them to the Debt Service Fund as principal and interest payments become due and (c) move revenues from the funds collecting them to other funds to finance various programs, project costs and administrative costs in accordance with budgetary authorizations.

Note 7 - TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2014, amounts due to the City from its discretely presented component unit were as follows:

	Receivable	Payable
Primary Government:		
General Fund	\$ 110,299	\$
Convention Center Fund	24,938,368	
MBDRC		110,299
MBCCHC		24,938,368
	<u>\$ 25,048,667</u>	<u>\$ 25,048,667</u>

On June 1, 2001, the MBCCHC entered into a site lease with the City, which was subsequently amended on May 1, 2004. The site lease is for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires April 1, 2036 and requires annual rental payments equal to a fixed rental component plus 3.0% of the MBCCHC's gross revenues. The rental payments are to be remitted to the City in accordance with the terms of the revenue bond trust indenture. During the year ended June 30, 2014, rent expense for this lease amounted to \$3,417,160. Minimum future rental payments for the fixed component of this lease as of June 30, 2014 are as follows:

Year Ending June 30, 2015	\$ 2,966,188
2016	2,963,462
2017	2,963,306
2018	2,966,182
2019	2,965,932
2020 - 2024	19,209,672
2025 - 2029	19,030,750
2030 - 2034	19,039,250
2035 - 2036	<u>7,610,000</u>
	<u>\$ 79,714,742</u>

On June 1, 2001, the MBCCHC entered into a support facilities sublease with the City, which was subsequently amended on May 1, 2004. The support facilities sublease is for a portion of the convention center facilities. The support facilities sublease expires April 1, 2036 and requires the MBCCHC to make a \$1 annual rental payment to the City.

Note 8 - RESTRICTED CASH AND TEMPORARY INVESTMENTS

The City's restricted cash and temporary investments consisted of the following at June 30, 2014:

Governmental Activities:

General Fund:

Court Bonds	\$ 313,036
Confiscated and Seized Funds	408,028
Grant Funds	1,579
Refundable Deposits	244,920
Other	136,588

Capital Improvements Fund:

Bond Proceeds	9,662,369
PUD Improvements	1,473,448
Hospitality Fees	1,080,989
Refundable Deposits	646,308
Other	134,598

Nonmajor Governmental Funds:

Storm Water Revenue Bond Accounts	1,712,730
Ocean Front Tax Increment Revenue Bond Accounts	2,054,660
Air Base Tax Increment Revenue Bond Accounts	6,585,303

Internal Service Fund:

Capital Lease Obligation Account	<u>3,636,423</u>
	<u>\$ 28,090,979</u>

Business-Type Activities:

Water and Sewer Fund:

Refundable Deposits	\$ 1,752,674
Waterworks and Sewer System Revenue Bond Accounts	249,850

Baseball Stadium Fund:

Certificates of Participation Accounts	722,625
Renewal and Replacement Accounts	300,000
Other	<u>100,291</u>
	<u>\$ 3,125,440</u>

At June 30, 2014, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$3,317,967.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,546,742	\$	\$	\$ 28,546,742
Construction-in-Progress	<u>4,217,113</u>	<u>9,847,245</u>	<u>4,217,113</u>	<u>9,847,245</u>
	<u>\$ 32,763,855</u>	<u>\$ 9,847,245</u>	<u>\$ 4,217,113</u>	<u>\$ 38,393,987</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 48,124,463	\$ 1,947,064	\$	\$ 50,071,527
Buildings and Improvements	85,701,350	2,899,680		88,601,030
Furniture, Vehicles and Equipment	48,466,238	1,932,680	488,204	49,910,714
Infrastructure	<u>171,533,101</u>	<u>6,838,209</u>		<u>178,371,310</u>
	<u>\$ 353,825,152</u>	<u>\$ 13,617,633</u>	<u>\$ 488,204</u>	<u>\$ 366,954,581</u>
Accumulated Depreciation for:				
Land Improvements	\$ (8,969,485)	\$ (2,418,593)	\$	\$ (11,388,078)
Buildings and Improvements	(41,011,691)	(2,759,859)		(43,771,550)
Furniture, Vehicles and Equipment	(39,845,012)	(2,675,505)	(487,074)	(42,033,443)
Infrastructure	<u>(74,140,255)</u>	<u>(4,633,944)</u>		<u>(78,774,199)</u>
	<u>\$ (163,966,443)</u>	<u>\$ (12,487,901)</u>	<u>\$ (487,074)</u>	<u>\$ (175,967,270)</u>
Capital Assets (Net)	<u>\$ 222,622,564</u>	<u>\$ 10,976,977</u>	<u>\$ 4,218,243</u>	<u>\$ 229,381,298</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>753,367</u>	<u>879,766</u>	<u>753,367</u>	<u>879,766</u>
	<u>\$ 19,439,118</u>	<u>\$ 879,766</u>	<u>\$ 753,367</u>	<u>\$ 19,565,517</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,864,339	\$	\$	\$ 8,864,339
Buildings and Improvements	10,525,748	36,855		10,562,603
Distribution System	174,230,147	6,136,748		180,366,895
Furniture, Vehicles and Equipment	<u>4,917,811</u>	<u>471,973</u>	<u>6,835</u>	<u>5,382,949</u>
	<u>\$ 198,538,045</u>	<u>\$ 6,645,576</u>	<u>\$ 6,835</u>	<u>\$ 205,176,786</u>
Accumulated Depreciation for:				
Land Improvements	\$ (3,546,216)	\$ (328,772)	\$	\$ (3,874,988)
Buildings and Improvements	(5,942,672)	(312,225)		(6,254,897)
Distribution System	(70,278,808)	(4,170,639)		(74,449,447)
Furniture, Vehicles and Equipment	<u>(4,719,926)</u>	<u>(72,504)</u>	<u>(6,835)</u>	<u>(4,785,595)</u>
	<u>\$ (84,487,622)</u>	<u>\$ (4,884,140)</u>	<u>\$ (6,835)</u>	<u>\$ (89,366,927)</u>
Capital Assets (Net)	<u>\$ 133,489,541</u>	<u>\$ 2,641,202</u>	<u>\$ 753,367</u>	<u>\$ 135,377,376</u>

Depreciation expense was charged to functions / programs of the City as follows:

Governmental Activities:

General Government	\$ 188,511
Public Safety	811,205
Transportation	3,272,172
Community and Economic Development	2,959,508
Culture and Recreation	3,343,178
Public Works	16,746
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>1,896,581</u>
	<u>\$ 12,487,901</u>

Business-Type Activities:

Water	\$ 2,005,884
Sewer	2,242,354
Baseball Stadium	308,950
Municipal Golf Course	272,528
Solid Waste Management	<u>54,424</u>
	<u>\$ 4,884,140</u>

The MBDRC's capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 99,706	\$ 9,557	\$	\$ 109,263
Building and Improvements		86,147		86,147
Equipment	<u>739,779</u>	<u>71,991</u>		<u>811,770</u>
	<u>\$ 839,485</u>	<u>\$ 167,695</u>	<u>\$</u>	<u>\$ 1,007,180</u>
Accumulated Depreciation for:				
Land Improvements	\$ (10,675)	\$ (6,647)	\$	\$ (17,322)
Equipment	<u>(678,626)</u>	<u>(33,699)</u>		<u>(712,325)</u>
	<u>\$ (689,301)</u>	<u>\$ (40,346)</u>	<u>\$</u>	<u>\$ (729,647)</u>
Capital Assets (Net)	<u>\$ 150,184</u>	<u>\$ 127,349</u>	<u>\$</u>	<u>\$ 277,533</u>

The MBCCHC's capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 549,458	\$	\$	\$ 549,458
Building and Improvements	42,280,619			42,280,619
Furnishings and Equipment	<u>13,949,425</u>	<u>811,982</u>		<u>14,761,407</u>
	<u>\$ 56,779,502</u>	<u>\$ 811,982</u>	<u>\$</u>	<u>\$ 57,591,484</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated Depreciation for:				
Land Improvements	\$ (280,756)	\$ (27,473)	\$	\$ (308,229)
Building and Improvements	(11,010,578)	(1,057,015)		(12,067,593)
Furnishings and Equipment	<u>(12,185,568)</u>	<u>(607,815)</u>		<u>(12,793,383)</u>
	\$ <u>(23,476,902)</u>	\$ <u>(1,692,303)</u>	\$	\$ <u>(25,169,205)</u>
Capital Assets (Net)	\$ <u>33,302,600</u>	\$ <u>(880,321)</u>	\$	\$ <u>32,422,279</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2014:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Capital Improvements Fund</u>
Trade Accounts Payable	\$ 1,835,372	\$ 138,978	\$ 4,877,174	\$ 1,871,377
Accrued Salaries and Wages	1,523,818	71,880		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				<u>784,864</u>
	\$ <u>3,359,190</u>	\$ <u>210,858</u>	\$ <u>4,877,174</u>	\$ <u>2,656,241</u>

	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>
Trade Accounts Payable	\$ 1,999,836	\$ 12,150	\$ 52,941	\$ 171,144
Accrued Salaries and Wages	88,526		20,944	46,824
Compensated Absences	127,555		22,433	71,443
Accrued Interest Payable				
Retainage Payable	<u>40,217</u>			
	\$ <u>2,256,134</u>	\$ <u>12,150</u>	\$ <u>96,318</u>	\$ <u>289,411</u>

	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 12,703,666	\$ 23,662,638
Accrued Salaries and Wages	47,099	1,799,091
Compensated Absences	25,611	247,042
Accrued Interest Payable	100,794	100,794
Retainage Payable	<u></u>	<u>825,081</u>
	\$ <u>12,877,170</u>	\$ 26,634,646

Reconciliation to the Government-Wide

Statement of Net Position:

Accrued Interest Payable	<u>5,061,037</u>
	\$ <u>31,695,683</u>

Note 11 - DEFERRED INFLOWS OF RESOURCES

At June 30, 2014, deferred inflows of resources consists of unavailable revenue and was comprised of the following:

	General Fund	Convention Center Fund	Nonmajor and Other Funds	Totals
Property Taxes	\$ 851,158	\$	\$ 58,521	\$ 909,679
Ambulance Fees	877,126			877,126
Lease Revenues		24,630,600		24,630,600
Other		63,332	26,852	90,184
	<u>\$ 1,728,284</u>	<u>\$ 24,693,932</u>	<u>\$ 85,373</u>	<u>\$ 26,507,589</u>

Note 12 - LONG-TERM LIABILITIES**A. Governmental Activities**

At June 30, 2014, long-term debt of the City's governmental activities was as follows:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
General Obligation Bonds:				
Series 2006A	\$ 6,950,000	4.00 - 5.00%	03/01/31	\$ 5,750,000
Series 2006B	2,730,000	4.00 - 5.00	03/01/31	2,260,000
Series 2006C	2,500,000	4.00 - 6.00	03/01/26	1,755,000
Series 2008A	12,300,000	4.50 - 5.13	03/01/33	8,875,000
Series 2009A	625,000	3.41	03/01/17	265,000
Refunding Series 2011A	2,800,000	2.00 - 3.00	03/01/17	1,030,000
Refunding Series 2011B	15,800,000	3.00 - 5.00	03/01/28	14,640,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	4,030,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	7,560,000
				<u>\$ 46,165,000</u>
Certificates of Participation:				
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	<u>\$ 6,215,000</u>
Tax Increment Revenue Bonds:				
Series 2006A	30,795,000	5.25 - 5.30	10/01/35	\$ 28,285,000
Series 2006B	9,822,603	7.50	10/01/31	9,822,603
Series 2009	10,065,000	3.00 - 5.00	03/01/34	9,465,000
Series 2010	8,850,000	3.70	10/01/25	7,450,000
				<u>\$ 55,022,603</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	2.25	05/01/27	\$ 7,493,371
Series 2010	2,773,380	1.67	02/01/30	2,251,866
Series 2014	11,942,107	2.00	02/01/36	0
				<u>\$ 9,745,237</u>

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Hospitality Fee Revenue Bonds:				
Refunding Series 2014A	\$ 17,400,000	1.05 - 5.90%	06/01/39	\$ 17,400,000
Refunding Series 2014B	44,515,000	2.00 - 5.00	06/01/36	<u>44,515,000</u>
				<u>\$ 61,915,000</u>
Capital Lease Obligations:				
2007	3,712,713	4.15	08/01/18	\$ 2,124,075
2010	685,000	3.19	10/01/14	145,536
2011	687,758	3.48	07/15/17	474,344
2012	225,111	3.83	07/15/15	114,271
2013	290,000	1.28	07/02/18	290,000
2014	3,636,423	2.68	08/01/22	<u>3,636,423</u>
				<u>\$ 6,784,649</u>

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds are to be repaid with property tax revenues. Annual debt service requirements to maturity for the general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 2,470,000	\$ 1,874,109	\$ 4,344,109
2016	2,095,000	1,787,567	3,882,567
2017	2,230,000	1,701,323	3,931,323
2018	2,020,000	1,609,035	3,629,035
2019	2,550,000	1,518,160	4,068,160
2020 - 2024	14,020,000	5,918,489	19,938,489
2025 - 2029	14,280,000	2,954,922	17,234,922
2030 - 2033	<u>6,500,000</u>	<u>593,299</u>	<u>7,093,299</u>
	<u>\$ 46,165,000</u>	<u>\$ 17,956,904</u>	<u>\$ 64,121,904</u>

Certificates of Participation

Certificates of participation are not direct obligations of the City, but are special financing arrangements utilized to fund the expansion of the convention center. The certificates of participation are to be repaid by the Public Facilities Corporation Fund with lease payments received from the City. See Note 17 for additional information. Annual debt service requirements to maturity for the certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 1,480,000	\$ 180,250	\$ 1,660,250
2016	1,530,000	131,525	1,661,525
2017	1,580,000	88,700	1,668,700
2018	<u>1,625,000</u>	<u>32,500</u>	<u>1,657,500</u>
	<u>\$ 6,215,000</u>	<u>\$ 432,975</u>	<u>\$ 6,647,975</u>

Tax Increment Revenue Bonds

Tax increment revenue bonds were issued to provide funds to finance the costs of certain capital improvements within the City's designated redevelopment areas. The tax increment revenue bonds are to be repaid by the property taxes generated in association with increased assessed values of property within the redevelopment areas. Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 1,525,000	\$ 2,902,570	\$ 4,427,570
2016	1,595,000	2,834,432	4,429,432
2017	1,665,000	2,761,398	4,426,398
2018	1,740,000	2,685,123	4,425,123
2019	1,825,000	2,605,184	4,430,184
2020 - 2024	10,420,000	11,686,995	22,106,995
2025 - 2029	10,620,000	9,142,354	19,762,354
2030 - 2034	21,547,603	4,962,967	26,510,570
2035 - 2036	4,085,000	219,287	4,304,287
	<u>\$ 55,022,603</u>	<u>\$ 39,800,310</u>	<u>\$ 94,822,913</u>

Storm Water Revenue Bonds

Storm water revenue bonds pledge income derived from acquired or constructed assets to pay debt service. The storm water revenue bonds were issued to finance drainage improvement projects. Annual debt service requirements to maturity for the storm water revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 629,185	\$ 200,664	\$ 829,849
2016	642,392	187,457	829,849
2017	655,921	173,928	829,849
2018	669,782	160,067	829,849
2019	683,982	145,867	829,849
2020 - 2024	3,645,404	503,838	4,149,242
2025 - 2029	2,697,135	119,257	2,816,392
2030	121,436	1,131	122,567
	<u>\$ 9,745,237</u>	<u>\$ 1,492,209</u>	<u>\$ 11,237,446</u>

Proceeds of the storm water revenue bonds, series 2014 are received when eligible project costs are incurred. Accordingly, an additional \$11,942,107 of proceeds will be received by the City.

Hospitality Fee Revenue Bonds

Hospitality fee revenue bonds pledge hospitality fee collections to pay debt service. The hospitality fee revenue bonds were issued to provide funds to extinguish the MBCCHC's Series 2001A revenue bonds and to construct an indoor sports complex. Annual debt service requirements to maturity for the hospitality fee revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 1,145,000	\$ 2,912,187	\$ 4,057,187
2016	1,160,000	2,897,267	4,057,267
2017	1,185,000	2,876,409	4,061,409
2018	1,210,000	2,850,692	4,060,692
2019	1,245,000	2,816,894	4,061,894
2020 - 2024	12,335,000	12,788,445	25,123,445
2025 - 2029	14,080,000	9,728,910	23,808,910
2030 - 2034	17,950,000	5,863,632	23,813,632
2035 - 2039	<u>11,605,000</u>	<u>1,409,982</u>	<u>13,014,982</u>
	<u>\$ 61,915,000</u>	<u>\$ 44,144,418</u>	<u>\$ 106,059,418</u>

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2014, the gross amount of equipment recorded under capital leases totaled \$9,237,005. The capital leases are to be repaid by property tax revenues and an internal service fund. The minimum future lease payments due under the capital leases as of June 30, 2014 are as follows:

Year Ending June 30, 2015	\$ 879,064
2016	728,886
2017	1,147,696
2018	1,147,695
2019	1,018,632
2020 - 2023	<u>2,786,461</u>
Total Minimum Lease Payments	\$ 7,708,434
Amount Representing Interest	<u>(923,785)</u>
Present Value of Minimum Lease Payments	<u>\$ 6,784,649</u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2014:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2007	\$ 11,710,000	4.00 - 5.00%	03/01/28	\$ 9,800,000
Series 2011	8,900,000	2.00 - 4.13	03/01/32	<u>8,555,000</u>
				<u>\$ 18,355,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	<u>\$ 3,505,000</u>

Revenue Bonds

Revenue bonds pledge income derived from acquired or constructed assets to pay debt service. The revenue bonds were issued to finance water and sewer expansion and construction projects. Annual debt service requirements to maturity for the revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 875,000	\$ 749,500	\$ 1,624,500
2016	905,000	718,000	1,623,000
2017	940,000	685,400	1,625,400
2018	975,000	647,800	1,622,800
2019	1,020,000	610,125	1,630,125
2020 - 2024	5,730,000	2,397,425	8,127,425
2025 - 2029	6,055,000	1,104,331	7,159,331
2030 - 2032	<u>1,855,000</u>	<u>155,100</u>	<u>2,010,100</u>
	<u>\$ 18,355,000</u>	<u>\$ 7,067,681</u>	<u>\$ 25,422,681</u>

Certificates of Participation

Certificates of participation are not direct obligations of the City, but are part of a special financing arrangement utilized to fund the construction of a baseball stadium facility. The certificates of participation are to be repaid with hospitality fees. See Note 17 for additional information. Annual debt service requirements to maturity for the certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 635,000	\$ 159,375	\$ 794,375
2016	665,000	126,875	791,875
2017	700,000	92,750	792,750
2018	735,000	56,875	791,875
2019	<u>770,000</u>	<u>19,250</u>	<u>789,250</u>
	<u>\$ 3,505,000</u>	<u>\$ 455,125</u>	<u>\$ 3,960,125</u>

C. MBCCHC

Long-term debt outstanding at June 30, 2014 in the MBCCHC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Series 2001B	\$ 23,500,000	4.00 - 5.25%	04/01/36	<u>\$ 19,285,000</u>
Notes Payable:				
Operator Loan	1,000,000	0.00	09/27/15	\$ 400,000
Key Money Loan	500,000	0.00	09/27/15	<u>100,000</u>
				<u>\$ 500,000</u>

Revenue Bonds

The revenue bonds are to be repaid from revenues derived from the operation of the convention center hotel. The revenue bonds are secured by a first mortgage on the convention center hotel and have a limited guarantee provided by the City, subject to annual appropriation, to replenish amounts withdrawn from the debt service reserve accounts. Annual debt service requirements to maturity for the revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 490,000	\$ 1,005,866	\$ 1,495,866
2016	515,000	981,856	1,496,856
2017	540,000	956,106	1,496,106
2018	570,000	929,106	1,499,106
2019	595,000	899,894	1,494,894
2020 - 2024	3,485,000	4,002,600	7,487,600
2025 - 2029	4,505,000	2,987,250	7,492,250
2030 - 2034	5,810,000	1,675,013	7,485,013
2035 - 2036	<u>2,775,000</u>	<u>220,500</u>	<u>2,995,500</u>
	<u>\$ 19,285,000</u>	<u>\$ 13,658,191</u>	<u>\$ 32,943,191</u>

Notes Payable

The notes payable were issued to fund costs associated with a change to a new management company and hotel brand. The loans are secured by a second mortgage on the convention center hotel. Annual debt service requirements to maturity for the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2015	\$ 250,000	\$	\$ 250,000
2016	<u>250,000</u>		<u>250,000</u>
	<u>\$ 500,000</u>	<u>\$</u>	<u>\$ 500,000</u>

D. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 48,910,000	\$	\$ 2,745,000	\$ 46,165,000	\$ 2,470,000
Certificates of Participation	10,090,000		3,875,000	6,215,000	1,480,000
Tax Increment Revenue Bonds	56,487,603		1,465,000	55,022,603	1,525,000
Storm Water Revenue Bonds	10,361,530		616,293	9,745,237	629,185
Hospitality Fee Revenue Bonds	47,905,000	61,915,000	47,905,000	61,915,000	1,145,000
Unamortized Bond Discount	(903,685)		(781,324)	(122,361)	
Unamortized Bond Premium	<u>2,230,263</u>	<u>2,642,129</u>	<u>216,925</u>	<u>4,655,467</u>	
	\$ 175,080,711	\$ 64,557,129	\$ 56,041,894	\$ 183,595,946	\$ 7,249,185
Note Payable	1,847,500		1,847,500		
Capital Lease Obligations	3,537,465	3,926,423	679,239	6,784,649	761,701
Unreported Insurance Claims	3,020,653	7,406,454	7,899,207	2,527,900	457,417
Compensated Absences	<u>3,267,627</u>	<u>2,161,409</u>	<u>2,220,083</u>	<u>3,208,953</u>	<u>2,331,087</u>
	<u>\$ 186,753,956</u>	<u>\$ 78,051,415</u>	<u>\$ 68,687,923</u>	<u>\$ 196,117,448</u>	<u>\$ 10,799,390</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(25,611)	(25,611)
	<u>\$ 196,091,837</u>	<u>\$ 10,773,779</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 19,205,000	\$	\$ 850,000	\$ 18,355,000	\$ 875,000
Certificates of Participation	4,110,000		605,000	3,505,000	635,000
Unamortized Bond Discount	(25,330)		(5,066)	(20,264)	
Unamortized Bond Premium	<u>87,326</u>		<u>4,876</u>	<u>82,450</u>	
	\$ 23,376,996	\$	\$ 1,454,810	\$ 21,922,186	\$ 1,510,000
Compensated Absences	<u>304,404</u>	<u>202,107</u>	<u>210,969</u>	<u>295,542</u>	<u>221,431</u>
	<u>\$ 23,681,400</u>	<u>\$ 202,107</u>	<u>\$ 1,665,779</u>	<u>\$ 22,217,728</u>	<u>\$ 1,731,431</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(221,431)	(221,431)
Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(1,510,000)</u>	<u>(1,510,000)</u>
	<u>\$ 20,486,297</u>	<u>\$</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, internal service funds' compensated absences of \$30,388, capital lease obligations of \$6,349,113 and unreported insurance claims of \$2,527,900 are included in the above amounts.

For governmental activities, compensated absences are generally liquidated by the General Fund, Convention Center Fund, Victims Advocate Fund and Storm Water Fund.

The MBDRC's long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 21,416</u>	<u>\$ 9,543</u>	<u>\$ 8,766</u>	<u>\$ 22,193</u>	<u>\$ 9,204</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
Revenue Bonds	\$ 19,755,000	\$	\$ 470,000	\$ 19,285,000	\$ 490,000
Unamortized Bond Discount	<u>(354,501)</u>		<u>(15,583)</u>	<u>(338,918)</u>	
	\$ 19,400,499	\$	\$ 454,417	\$ 18,946,082	\$ 490,000
Notes Payable	<u>750,000</u>		<u>250,000</u>	<u>500,000</u>	<u>250,000</u>
	<u>\$ 20,150,499</u>	<u>\$</u>	<u>\$ 704,417</u>	<u>\$ 19,446,082</u>	<u>\$ 740,000</u>

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	(490,000)	(490,000)
	<u>\$ 18,956,082</u>	<u>\$ 250,000</u>

E. Debt Defeasance

On March 4, 2014, the City issued \$17,400,000 of Refunding Hospitality Fee Revenue Bonds, Series 2014A (2014A bonds), with interest rates ranging from 1.05% to 5.90%, and \$44,515,000 of Refunding Hospitality Fee Revenue Bonds, Series 2014B (2014B bonds), with interest rates ranging from 2.00% to 5.00%. The City issued a portion of the 2014A bonds and the 2014B bonds to advance refund \$2,460,000 of the outstanding Certificates of Participation, Series 2002 (2002 bonds), with interest rates ranging from 4.00% to 4.75%, \$44,025,000 of the outstanding Hospitality Fee Revenue Bonds, Series 2004A (2004A bonds), with interest rates ranging from 4.38% to 5.38%, and \$3,880,000 of the outstanding Hospitality Fee Revenue Bonds, Series 2004B (2004B bonds), with interest rates ranging from 5.50% to 5.75%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in irrevocable trusts to provide for all future debt service on the 2002 bonds, 2004A bonds and 2004B bonds. As a result, the 2002 bonds, 2004A bonds and 2004B bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refundings reduced the City's total debt service requirements by \$5,193,988. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,501,927. At June 30, 2014, the unmatured and outstanding principal balance on the defeased 2002 bonds, 2004A bonds and 2004B bonds is \$0.

Note 13 - OPERATING LEASES

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years through the year 2020. At June 30, 2014, the cost and carrying amount of the land totals \$100,000. Minimum future rentals to be received on the non-cancelable leases as of June 30, 2014 are shown below.

Year Ending June 30, 2015	\$ 240,000
2016	240,000
2017	240,000
2018	240,000
2019	240,000
2020	<u>120,000</u>
	<u>\$ 1,320,000</u>

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2014 amounted to \$2,356,327. In accordance with an agreement entered into on May 5, 2004, the City is required to remit 75% of the proceeds from these leases to Horry County, South Carolina.

The City is also the lessor of a baseball stadium facility under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Baseball Stadium Fund. The lease expires in 2018 and requires annual rental payments equal to 4.0% of adjusted gross revenues in excess of \$3,250,000 on December 31 of each year. During the year ended June 30, 2014, rental income from this lease amounted to \$29,846.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2014:

Land	\$ 5,600,000
Construction-in-Progress	290,407
Land Improvements	1,151,742
Buildings	7,895,128
Equipment	977,241
Accumulated Depreciation	<u>(5,869,008)</u>
	<u>\$ 10,045,510</u>

Note 14 - RETIREMENT PLANS

A. Plan Description

City employees participate in either the South Carolina Police Officers Retirement System (PORS) or the South Carolina Retirement System (SCRS) depending on their duties. Both plans are administered by the South Carolina Retirement Systems and are classified as cost-sharing multiple-employer defined benefit public retirement systems. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws. The South Carolina Retirement Systems issue a Comprehensive Annual Financial Report which discloses detailed information regarding benefit provisions and actuarial information. This report is available to the public and may be obtained by writing to the South Carolina Retirement Systems, Post Office Box 11960, Columbia, South Carolina 29211.

B. Funding Policy

Members of the PORS and SCRS are required to contribute 7.84% and 7.50%, respectively, of their covered wages. The City is required to contribute at actuarially determined rates, currently 12.84% of PORS member wages and 10.60% of SCRS member wages. The contribution requirements of plan members and the City are established and may be amended by the South Carolina Retirement Systems. The City's contributions to the PORS for the years ended June 30, 2014, 2013 and 2012 were \$2,365,279, \$2,270,986 and \$2,099,048, respectively. The City's contributions to the SCRS for the years ended June 30, 2014, 2013 and 2012 were \$2,141,290, \$2,099,399 and \$1,813,825, respectively. The contributions made by the City to the PORS and SCRS, as shown above, were equal to the required contributions for each year.

Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN

The City retiree health care plan is a defined contribution pension plan administered by Vested Health. The plan provides eligible retirees with a health reimbursement account which can be used to fund medical and dental costs. An eligible retiree has completed at least twenty years of service as an employee of the City and is receiving benefits from the South Carolina Retirement System. Benefit provisions are established and may be amended by City Council.

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The City's required contribution for the year ended June 30, 2014 was \$3,132,186. During the year ended June 30, 2014, the City contributed \$894,825 to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

Note 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Self Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss for worker's compensation, general liability and property damage. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$400,000 for each worker's compensation claim, \$250,000 for each general liability claim and \$25,000 for each property damage claim. The City purchases commercial insurance for claims in excess of coverage provided by the Self Insurance Fund. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The Self Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2014, the Self Insurance Fund has a claim liability of \$2,070,483. The liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A summary of changes in the Self Insurance Fund's claims liability during the years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Beginning Balance	\$ 2,533,007	\$ 1,978,361
Claims Incurred and Change in Estimate	778,920	1,893,951
Claim Payments	<u>(1,241,444)</u>	<u>(1,339,305)</u>
Ending Balance	<u>\$ 2,070,483</u>	<u>\$ 2,533,007</u>

The City established the Health Insurance Fund, an internal service fund, to account for and finance employee medical claims. The Health Insurance Fund provides coverage for claims up to \$100,000 per employee per year. The City purchases commercial insurance for claims in excess of \$100,000. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The Health Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2014, the Health Insurance Fund has a claim liability of \$457,417, which is based on the requirements of Governmental Accounting Standards Board Statement No. 10. A summary of changes in the Health Insurance Fund's claims liability during the years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Beginning Balance	\$ 487,646	\$ 564,303
Claims Incurred and Change in Estimate	6,627,534	6,532,423
Claim Payments	<u>(6,657,763)</u>	<u>(6,609,080)</u>
Ending Balance	<u>\$ 457,417</u>	<u>\$ 487,646</u>

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

Note 17 - COMMITMENTS

On September 15, 1992, the City entered into a facilities lease agreement with the Myrtle Beach Public Facilities Corporation (the Corporation). The Corporation completed the construction of the new addition to the convention center and the improvements to the facilities in existence. The Corporation funded the costs through the issuance, on October 7, 1992, of certificates of participation in the aggregate amount of \$20,925,000. Under the facilities lease agreement, the Corporation is leasing the convention center facilities back to the City. The Corporation utilizes the lease receipts to fund the debt service for the certificates of participation.

The facilities lease agreement was subsequently amended on April 1, 2010 as a result of the advance refunding of the certificates of participation, series 1992. A schedule of the remaining lease payments provided for in the amended facilities lease agreement, as of June 30, 2014, follows. The amounts provided for each year are sufficient to fund the required debt service on the certificates of participation.

Year Ending June 30, 2015	\$ 1,680,650
2016	1,692,400
2017	<u>1,690,000</u>
	<u>\$ 5,063,050</u>

The City shall pay the rent shown above in installments on July 1st and January 1st of each fiscal year. In the event that the rent payments, as shown, are not appropriated by the City in its budget, the City may terminate the lease at the end of the period through which lease rentals are paid. The City must give written notice of the non-appropriation not later than the first day of the budget year which includes the non-appropriation. Such non-appropriation by the City allows the Corporation to liquidate its interest in the convention center facilities, or to re-lease the convention center facilities. The City is granted the option to terminate the facilities lease agreement and to purchase the Corporation's interest in the facilities on any date, upon payment of the applicable purchase option price.

A portion of the City's future hospitality fee collections have been pledged for the repayment of the certificates of participation, series 1998. The pledged hospitality fees are to be transferred annually from the Hospitality Fee Fund to the Baseball Stadium Fund for the debt service payments on the certificates of participation. Hospitality fee collections have been pledged through the fiscal year ending June 30, 2018 as follows:

Year Ending June 30, 2015	\$ 565,950
2016	567,175
2017	567,175
2018	<u>565,950</u>
	<u>\$ 2,266,250</u>

In accordance with a water and wastewater service agreement dated June 30, 2006, the City is purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority. The agreement requires the City to pay a monthly volumetric service charge. During the year ended June 30, 2014, water and wastewater treatment service charges totaled \$13,634,341.

Prior to June 30, 2014, the City entered into various construction contracts. The approximate costs of the contracts were \$18,391,000 of which roughly \$10,068,000 has been incurred as of year-end.

Note 18 - CONTINGENCIES

The City is a defendant in various lawsuits. The outcome of the lawsuits is not presently determinable; however, the City does not believe the settlement of these matters will have a material effect on the financial condition of the City.

Note 19 - ADOPTION OF GASB STATEMENT NO. 65

During the year ended June 30, 2014, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 requires all debt issuance costs, except prepaid insurance costs, to be recognized as an expense when incurred. As a result, beginning net position has been decreased in order to remove all debt issuance costs other than prepaid bond insurance as follows:

Governmental Activities	\$ 2,846,462
Business-Type Activities	340,483
Water and Sewer Fund	268,280
Baseball Stadium Fund	72,203

Had the provisions of GASB 65 been adopted previously, the effect on previously reported 2013 amounts would be as follows:

	2013 as Previously Reported	Restatement	2013 Restated
Water and Sewer Fund:			
Deferred Bond Issuance Costs (Net)	\$ 337,760	\$ (337,760)	\$ 0
Bond Insurance (Net)	0	69,480	69,480
Total Net Position	107,470,635	(268,280)	107,202,355
Change in Net Position	(102,072)	16,135	(85,937)
Baseball Stadium Fund:			
Deferred Bond Issuance Costs (Net)	91,503	(91,503)	0
Bond Insurance (Net)	0	19,300	19,300
Total Net Position	7,290,110	(72,203)	7,217,907
Change in Net Position	298,999	14,441	313,440
Business-Type Activities:			
Deferred Bond Issuance Costs (Net)	429,263	(429,263)	0
Bond Insurance (Net)	0	88,780	88,780
Total Net Position	130,264,071	(340,483)	129,923,588
Change in Net Position	(284,495)	30,576	(253,919)
Governmental Activities:			
Deferred Bond Issuance Costs (Net)	3,540,998	(3,540,998)	0
Bond Insurance (Net)	0	694,536	694,536
Total Net Position	114,601,084	(2,846,462)	111,754,622
Change in Net Position	2,257,227	(4,077)	2,253,150

In accordance with GASB 65, the City has also restated its long term liabilities to reflect that deferred amounts on advance refundings are now reported as deferred outflows of resources in the government-wide statement of net position. The effect of this change, as of July 1, 2013, was to increase long term liabilities and deferred outflows of resources by \$1,015,699.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 19,197,000	\$ 19,197,000	\$ 18,438,826	\$ (758,174)
Licenses and Permits	23,467,400	23,467,400	24,228,244	760,844
Fines and Forfeitures	1,051,325	1,051,325	1,073,051	21,726
Intergovernmental	1,886,843	2,238,908	2,638,747	399,839
Charges for Services	2,965,731	2,996,331	2,836,541	(159,790)
Miscellaneous	2,775,000	2,775,000	3,126,782	351,782
Total Revenues	\$ 51,343,299	\$ 51,725,964	\$ 52,342,191	\$ 616,227
EXPENDITURES				
Current:				
General Government	\$ 10,071,911	\$ 10,086,911	\$ 9,528,925	\$ 557,986
Public Safety	32,515,713	32,922,326	32,746,712	175,614
Transportation	3,784,777	3,784,777	3,602,873	181,904
Community and Economic Development	2,362,395	2,376,021	2,356,515	19,506
Culture and Recreation	12,493,516	12,520,791	12,433,013	87,778
Public Works	1,439,679	1,439,679	1,394,960	44,719
Capital Outlay	55,766	45,306	45,306	
Total Expenditures	\$ 62,723,757	\$ 63,175,811	\$ 62,108,304	\$ 1,067,507
Deficiency of Revenues Under Expenditures	\$ (11,380,458)	\$ (11,449,847)	\$ (9,766,113)	\$ 1,683,734
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 11,394,860	\$ 11,394,860	\$ 10,949,622	\$ (445,238)
Transfer Out	(86,573)	(102,703)	(102,703)	
Total Other Financing Sources (Uses)	\$ 11,308,287	\$ 11,292,157	\$ 10,846,919	\$ (445,238)
Net Change in Fund Balances	\$ (72,171)	\$ (157,690)	\$ 1,080,806	\$ 1,238,496
Fund Balances - Beginning	10,224,738	10,224,738	10,224,738	
Fund Balances - Ending	\$ 10,152,567	\$ 10,067,048	\$ 11,305,544	\$ 1,238,496

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CONVENTION CENTER FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$	\$ 60,000	\$ 60,000	\$
Charges for Services	2,568,500	2,385,289	2,385,289	
Miscellaneous	1,918,000	3,032,292	3,032,292	
Total Revenues	\$ 4,486,500	\$ 5,477,581	\$ 5,477,581	\$
EXPENDITURES				
Current:				
General Government	\$ 356,746	\$ 357,680	\$ 357,680	\$
Culture and Recreation	4,154,573	4,181,732	4,181,732	
Total Expenditures	\$ 4,511,319	\$ 4,539,412	\$ 4,539,412	\$
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ (24,819)	\$ 938,169	\$ 938,169	\$
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,701,894	\$ 1,701,894	\$ 1,701,894	\$
Transfers Out	(1,663,150)	(2,423,150)	(2,423,150)	
Total Other Financing Sources (Uses)	\$ 38,744	\$ (721,256)	\$ (721,256)	\$
Net Change in Fund Balance	\$ 13,925	\$ 216,913	\$ 216,913	\$
Fund Balance - Beginning	(118,558)	(118,558)	(118,558)	
Fund Balance - Ending	\$ (104,633)	\$ 98,355	\$ 98,355	\$

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL OPTION TOURISM FEE FUND
Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Local Option Tourism Fees	\$ 24,650,000	\$ 23,298,736	\$ (1,351,264)
Miscellaneous	49,738	58,819	9,081
Total Revenues	<u>\$ 24,699,738</u>	<u>\$ 23,357,555</u>	<u>\$ (1,342,183)</u>
EXPENDITURES			
Current:			
Community and Economic Development	\$ 19,759,790	\$ 18,681,668	\$ 1,078,122
Excess of Revenues Over Expenditures	\$ 4,939,948	\$ 4,675,887	\$ (264,061)
OTHER FINANCING USES			
Transfers Out	<u>(5,381,708)</u>	<u>(5,225,019)</u>	<u>156,689</u>
Net Change in Fund Balance	\$ (441,760)	\$ (549,132)	\$ (107,372)
Fund Balance - Beginning	<u>2,273,347</u>	<u>2,273,347</u>	
Fund Balance - Ending	<u><u>\$ 1,831,587</u></u>	<u><u>\$ 1,724,215</u></u>	<u><u>\$ (107,372)</u></u>

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30th, the budget is legally enacted through passage of an ordinance.
4. The Budget Officer, as designee of the City Manager, is authorized to transfer budgeted amounts between departments; however, revisions that alter the total expenditures of any fund must be approved by the City Council. Thus, the legal level of control is at the fund level.
5. The City employs formal budgetary integration as a management control device during the year and generally adopts an annual appropriated budget for all funds other than fiduciary funds. The budgets are adopted annually on a basis consistent with generally accepted accounting principles. For the year ended June 30, 2014, there was no budget adopted for the internal service funds.
6. All annual appropriations lapse at year-end. Unexpended appropriations for construction projects in the capital projects fund are reappropriated in the subsequent year.

Note 2 - SUPPLEMENTAL APPROPRIATIONS

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2014, expenditures did not exceed appropriations for any of the City's individual funds. Supplemental funds were appropriated for expenditures during the year ended June 30, 2014 as follows:

General Fund	\$ 468,184
Convention Center Fund	788,093
Capital Improvements Fund	19,209,008
Solid Waste Management Fund	166,894
Nonmajor Governmental Funds:	
Accommodations Tax Fund	1,145,856
Community Block Development Fund	280,469
Storm Water Fund	11,979,855
Ocean Front Tax Increment Revenue Fund	1,603,022
Hospitality Fee Fund	64,884,237
Debt Service Fund	2,118,924

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Accommodations Tax Fund - This fund is used to account for additional sales taxes collected on rentals of transient accommodations for the purpose of tourism related expenditures.

Public Facilities Corporation Fund - This fund is used to accumulate funds from the lease of the expanded convention center to the City and from interest earnings of those funds for the purpose of supporting and funding the debt service payments on the certificates of participation issued to fund the construction.

Community Block Development Fund - This fund is used to accumulate funds from federal grants and other sources to be used for community development projects.

Victims Advocate Fund - This fund is used to account for the additional police fines levied as a result of a State mandated program instituted for the purpose of assisting and protecting the victims and witnesses of crimes.

Storm Water Fund - This fund is used to account for the fee charged to all developed sites within the corporate limits of the City for the purpose of funding such projects and activities which will protect, maintain and enhance health, safety and the general welfare of the citizens of the City; to decrease degradation of the beaches; to prevent damage to property from improper drainage and flooding; and to protect drinking water supplies.

Local Accommodations Tax Fund - This fund is used to account for additional ½% sales taxes collected on rentals of transient accommodations for the purpose of tourism related expenditures.

Ocean Front Tax Increment Revenue Fund - This fund is used to accumulate taxes collected within the tax increment district to be used for community development within the district.

Hospitality Fee Fund - This fund is used to account for a 1.0% fee imposed on accommodations, paid places of amusement and food and beverages served by a food facility for the purpose of tourism related expenditures.

Air Base Tax Increment Revenue Fund - This fund is used to accumulate taxes collected within the tax increment district to be used for community development within the district.

Debt Service Fund

The **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds				
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Storm Water
ASSETS					
Cash and Temporary Investments	\$	\$	\$	\$ 7,711	\$ 1,216,000
Receivables (Net):					
Property Taxes					
Local Accommodations Taxes					
Hospitality Fees					
Storm Water Fees					67,229
Accounts			10,771		
Intergovernmental	3,008,885		36,881		
Loans			722,066		
Restricted Cash and Temporary Investments					1,712,730
Total Assets	\$ 3,008,885	\$	\$ 769,718	\$ 7,711	\$ 2,995,959
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued					
Expenditures	\$ 1,047,486	\$	\$ 11,574	\$ 7,711	\$ 74,992
Due to Other Fund	1,638,264	698,740	34,705		
Total Liabilities	\$ 2,685,750	\$ 698,740	\$ 46,279	\$ 7,711	\$ 74,992
Deferred Inflows of Resources:					
Unavailable Revenue	\$	\$	\$	\$	\$
Fund Balances (Deficit):					
Nonspendable:					
Long-Term Receivables	\$	\$	\$ 722,066	\$	\$
Restricted for:					
Capital Projects					
Community Development			1,373		1,208,237
Debt Service					1,712,730
Tourism Promotion and Support	323,135				
Unassigned		(698,740)			
Total Fund Balances (Deficit)	\$ 323,135	\$ (698,740)	\$ 723,439	\$	\$ 2,920,967
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,008,885	\$	\$ 769,718	\$ 7,711	\$ 2,995,959

Special Revenue Funds							
Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Total	Debt Service Fund	Total Nonmajor Governmental Funds	
\$ 493,506	\$ 533,347	\$ 15,711	\$ 1,077,706	\$ 3,343,981	\$ 4,672,938	\$ 8,016,919	
	26,442		42,339	68,781		68,781	
399,623				399,623		399,623	
		1,524,571		1,524,571		1,524,571	
				67,229		67,229	
	111,696			122,467		122,467	
			588	3,046,354		3,046,354	
				722,066		722,066	
	2,054,660		6,585,303	10,352,693		10,352,693	
<u>\$ 893,129</u>	<u>\$ 2,726,145</u>	<u>\$ 1,540,282</u>	<u>\$ 7,705,936</u>	<u>\$ 19,647,765</u>	<u>\$ 4,672,938</u>	<u>\$ 24,320,703</u>	
\$ 11,254	\$ 181,341	\$ 23,652	\$ 13,036	\$ 1,371,046	\$ 18,100	\$ 1,389,146	
		1,295,949		3,667,658		3,667,658	
<u>\$ 11,254</u>	<u>\$ 181,341</u>	<u>\$ 1,319,601</u>	<u>\$ 13,036</u>	<u>\$ 5,038,704</u>	<u>\$ 18,100</u>	<u>\$ 5,056,804</u>	
<u>\$ 212</u>	<u>\$ 23,698</u>	<u>\$ 26,640</u>	<u>\$ 34,823</u>	<u>\$ 85,373</u>	<u>\$</u>	<u>\$ 85,373</u>	
\$	\$	\$	\$	\$ 722,066	\$	\$ 722,066	
	1,315,000		901,174	2,216,174		2,216,174	
	466,446		3,778,546	5,454,602		5,454,602	
	739,660		2,978,357	5,430,747	4,654,838	10,085,585	
881,663		194,041		1,398,839		1,398,839	
				(698,740)		(698,740)	
<u>\$ 881,663</u>	<u>\$ 2,521,106</u>	<u>\$ 194,041</u>	<u>\$ 7,658,077</u>	<u>\$ 14,523,688</u>	<u>\$ 4,654,838</u>	<u>\$ 19,178,526</u>	
<u>\$ 893,129</u>	<u>\$ 2,726,145</u>	<u>\$ 1,540,282</u>	<u>\$ 7,705,936</u>	<u>\$ 19,647,765</u>	<u>\$ 4,672,938</u>	<u>\$ 24,320,703</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	Special Revenue Funds				
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Storm Water
REVENUES					
Property Taxes	\$	\$	\$	\$	\$
Local Accommodations Taxes					
Hospitality Fees					
Storm Water Fees					2,181,517
Fines and Forfeitures				130,889	
Intergovernmental	8,347,172		389,437		
Miscellaneous	8,684	4,057		16	
Total Revenues	<u>\$ 8,355,856</u>	<u>\$ 4,057</u>	<u>\$ 389,437</u>	<u>\$ 130,905</u>	<u>\$ 2,181,517</u>
EXPENDITURES					
Current:					
General Government	\$	\$	212	233,746	259,434
Transportation					1,823,702
Community and Economic Development	3,296,652		329,212		
Capital Outlay			60,225		16,900
Debt Service:					
Principal					616,292
Interest and Fiscal Charges					217,874
Bond Issuance Costs					29,855
Payment to Escrow Agent					
Total Expenditures	<u>\$ 3,296,652</u>	<u>\$</u>	<u>\$ 389,649</u>	<u>\$ 233,746</u>	<u>\$ 2,964,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 5,059,204</u>	<u>\$ 4,057</u>	<u>\$ (212)</u>	<u>\$ (102,841)</u>	<u>\$ (782,540)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	\$	\$ 1,981,155	\$	\$ 102,703	\$ 1,342,000
Transfers Out	(4,736,069)	(1,981,155)			
Refunding Hospitality Fee Revenue					
Bonds Issued					
Premium on Refunding Hospitality Fee Revenue Bonds					
Payment to Escrow Agent					
Total Other Financing Sources (Uses)	<u>\$ (4,736,069)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 102,703</u>	<u>\$ 1,342,000</u>
Net Change in Fund Balances	<u>\$ 323,135</u>	<u>\$ 4,057</u>	<u>\$ (212)</u>	<u>\$ (138)</u>	<u>\$ 559,460</u>
Fund Balances - Beginning	<u></u>	<u>(702,797)</u>	<u>723,651</u>	<u>138</u>	<u>2,361,507</u>
Fund Balances - Ending	<u><u>\$ 323,135</u></u>	<u><u>\$ (698,740)</u></u>	<u><u>\$ 723,439</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,920,967</u></u>

Special Revenue Funds						
Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 2,333,163	\$	\$ 10,075,280	\$ 4,435,844	\$ 4,435,844	\$ 2,332,119	\$ 6,767,963
				2,333,163		2,333,163
				10,075,280		10,075,280
				2,181,517		2,181,517
				130,889		130,889
			639,480	9,376,089		9,376,089
1,770	102,897	5,228	6,954	129,606	7,818	137,424
<u>\$ 2,334,933</u>	<u>\$ 102,897</u>	<u>\$ 10,080,508</u>	<u>\$ 5,082,278</u>	<u>\$ 28,662,388</u>	<u>\$ 2,339,937</u>	<u>\$ 31,002,325</u>
\$	\$	\$	\$	\$ 493,392	\$ 241,056	\$ 734,448
				1,823,702		1,823,702
			765,732	4,391,596		4,391,596
	26,227			103,352		103,352
	305,000		1,160,000	2,081,292	6,148,537	8,229,829
	435,161	1,933,245	1,886,187	4,472,467	2,559,327	7,031,794
		560,433		590,288		590,288
		1,507,567		1,507,567		1,507,567
<u>\$</u>	<u>\$ 766,388</u>	<u>\$ 4,001,245</u>	<u>\$ 3,811,919</u>	<u>\$ 15,463,656</u>	<u>\$ 8,948,920</u>	<u>\$ 24,412,576</u>
<u>\$ 2,334,933</u>	<u>\$ (663,491)</u>	<u>\$ 6,079,263</u>	<u>\$ 1,270,359</u>	<u>\$ 13,198,732</u>	<u>\$ (6,608,983)</u>	<u>\$ 6,589,749</u>
\$ (2,063,596)	\$ 2,056,160	\$ (21,374,011)	\$ 282,313	\$ 5,764,331	\$ 6,449,110	\$ 12,213,441
			(279,709)	(30,434,540)		(30,434,540)
		61,915,000		61,915,000		61,915,000
		2,642,129		2,642,129		2,642,129
		(50,181,917)		(50,181,917)		(50,181,917)
<u>\$ (2,063,596)</u>	<u>\$ 2,056,160</u>	<u>\$ (6,998,799)</u>	<u>\$ 2,604</u>	<u>\$ (10,294,997)</u>	<u>\$ 6,449,110</u>	<u>\$ (3,845,887)</u>
\$ 271,337	\$ 1,392,669	\$ (919,536)	\$ 1,272,963	\$ 2,903,735	\$ (159,873)	\$ 2,743,862
610,326	1,128,437	1,113,577	6,385,114	11,619,953	4,814,711	16,434,664
<u>\$ 881,663</u>	<u>\$ 2,521,106</u>	<u>\$ 194,041</u>	<u>\$ 7,658,077</u>	<u>\$ 14,523,688</u>	<u>\$ 4,654,838</u>	<u>\$ 19,178,526</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
ACCOMMODATIONS TAX FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,200,000	\$ 8,347,172	\$ 8,347,172	\$
Miscellaneous	10,000	8,684	8,684	
Total Revenues	<u>\$ 7,210,000</u>	<u>\$ 8,355,856</u>	<u>\$ 8,355,856</u>	<u>\$</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 2,155,500	\$ 3,296,652	\$ 3,296,652	\$
Excess of Revenues Over Expenditures	\$ 5,054,500	\$ 5,059,204	\$ 5,059,204	\$
OTHER FINANCING USES				
Transfers Out	<u>(5,054,500)</u>	<u>(5,059,204)</u>	<u>(4,736,069)</u>	<u>323,135</u>
Net Change in Fund Balance	\$	\$	\$ 323,135	\$ 323,135
Fund Balance - Beginning	<u></u>	<u></u>	<u></u>	<u></u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 323,135</u>	<u>\$ 323,135</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PUBLIC FACILITIES CORPORATION FUND
Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ _____	\$ 4,057	\$ 4,057
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 1,981,155	\$ 1,981,155	\$ _____
Transfers Out	(1,981,155)	(1,981,155)	_____
Total Other Financing Sources (Uses)	\$ _____	\$ _____	\$ _____
Net Change in Fund Balance	\$ _____	\$ 4,057	\$ 4,057
Fund Balance - Beginning	(702,797)	(702,797)	_____
Fund Balance - Ending	\$ (702,797)	\$ (698,740)	\$ 4,057

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
COMMUNITY BLOCK DEVELOPMENT FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 420,000	\$ 700,469	\$ 389,437	\$ (311,032)
Miscellaneous	1,750	1,750		(1,750)
Total Revenues	<u>\$ 421,750</u>	<u>\$ 702,219</u>	<u>\$ 389,437</u>	<u>\$ (312,782)</u>
EXPENDITURES				
Current:				
General Government	\$	\$	\$ 212	\$ (212)
Community and Economic Development	421,750	641,994	329,212	312,782
Capital Outlay		60,225	60,225	
Total Expenditures	<u>\$ 421,750</u>	<u>\$ 702,219</u>	<u>\$ 389,649</u>	<u>\$ 312,570</u>
Net Change in Fund Balances	\$	\$	\$ (212)	\$ (212)
Fund Balances - Beginning	<u>723,651</u>	<u>723,651</u>	<u>723,651</u>	
Fund Balances - Ending	<u>\$ 723,651</u>	<u>\$ 723,651</u>	<u>\$ 723,439</u>	<u>\$ (212)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
VICTIMS ADVOCATE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 150,000	\$ 150,000	\$ 130,889	\$ (19,111)
Miscellaneous			16	16
Total Revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 130,905</u>	<u>\$ (19,095)</u>
EXPENDITURES				
Current:				
General Government	\$ 246,710	\$ 246,710	\$ 233,746	\$ 12,964
Deficiency of Revenues Under Expenditures	\$ (96,710)	\$ (96,710)	\$ (102,841)	\$ (6,131)
OTHER FINANCING SOURCES				
Transfers In	<u>86,573</u>	<u>102,703</u>	<u>102,703</u>	
Net Change in Fund Balance	\$ (10,137)	\$ 5,993	\$ (138)	\$ (6,131)
Fund Balance - Beginning	<u>138</u>	<u>138</u>	<u>138</u>	
Fund Balance - Ending	<u>\$ (9,999)</u>	<u>\$ 6,131</u>	<u>\$</u>	<u>\$ (6,131)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
STORM WATER FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Storm Water Fees	\$ 2,179,250	\$ 2,179,250	\$ 2,181,517	\$ 2,267
EXPENDITURES				
Current:				
General Government	\$ 259,232	\$ 259,232	\$ 259,434	\$ (202)
Transportation	1,883,854	1,883,854	1,823,702	60,152
Capital Outlay		11,950,000	16,900	11,933,100
Debt Service:				
Principal	616,293	616,293	616,292	1
Interest and Fiscal Charges	213,556	213,556	217,874	(4,318)
Bond Issuance Costs		29,855	29,855	
Total Expenditures	\$ 2,972,935	\$ 14,952,790	\$ 2,964,057	\$ 11,988,733
Deficiency of Revenues Under Expenditures	\$ (793,685)	\$ (12,773,540)	\$ (782,540)	\$ 11,991,000
OTHER FINANCING SOURCES				
Transfers In	\$ 1,342,000	\$ 1,342,000	\$ 1,342,000	\$
Storm Water Revenue Bonds Issued		11,979,855		(11,979,855)
Total Other Financing Sources	\$ 1,342,000	\$ 13,321,855	\$ 1,342,000	\$ (11,979,855)
Net Change in Fund Balances	\$ 548,315	\$ 548,315	\$ 559,460	\$ 11,145
Fund Balances - Beginning	2,361,507	2,361,507	2,361,507	
Fund Balances - Ending	\$ 2,909,822	\$ 2,909,822	\$ 2,920,967	\$ 11,145

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
LOCAL ACCOMMODATIONS TAX FUND
Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Local Accommodations Taxes	\$ 2,376,500	\$ 2,333,163	\$ (43,337)
Miscellaneous		1,770	1,770
Total Revenues	<u>\$ 2,376,500</u>	<u>\$ 2,334,933</u>	<u>\$ (41,567)</u>
EXPENDITURES			
Current:			
General Government	\$ 77,000		\$ 77,000
Excess of Revenues Over Expenditures	\$ 2,299,500	\$ 2,334,933	\$ 35,433
OTHER FINANCING USES			
Transfers Out	<u>(2,063,596)</u>	<u>(2,063,596)</u>	
Net Change in Fund Balance	\$ 235,904	\$ 271,337	\$ 35,433
Fund Balance - Beginning	<u>610,326</u>	<u>610,326</u>	
Fund Balance - Ending	<u>\$ 846,230</u>	<u>\$ 881,663</u>	<u>\$ 35,433</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
OCEAN FRONT TAX INCREMENT REVENUE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$	\$	\$ 102,897	\$ 102,897
EXPENDITURES				
Capital Outlay	\$	\$ 1,603,022	\$ 26,227	\$ 1,576,795
Debt Service:				
Principal	305,000	305,000	305,000	
Interest and Fiscal Charges	436,160	436,160	435,161	999
Total Expenditures	\$ 741,160	\$ 2,344,182	\$ 766,388	\$ 1,577,794
Deficiency of Revenues Under Expenditures	\$ (741,160)	\$ (2,344,182)	\$ (663,491)	\$ 1,680,691
OTHER FINANCING SOURCES				
Transfers In	741,160	2,056,160	2,056,160	
Net Change in Fund Balances	\$	\$ (288,022)	\$ 1,392,669	\$ 1,680,691
Fund Balances - Beginning	1,128,437	1,128,437	1,128,437	
Fund Balances - Ending	\$ 1,128,437	\$ 840,415	\$ 2,521,106	\$ 1,680,691

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
HOSPITALITY FEE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Hospitality Fees	\$ 10,258,500	\$ 10,258,500	\$ 10,075,280	\$ (183,220)
Miscellaneous	30,000	30,000	5,228	(24,772)
Total Revenues	<u>\$ 10,288,500</u>	<u>\$ 10,288,500</u>	<u>\$ 10,080,508</u>	<u>\$ (207,992)</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 645,000	\$	\$	
Interest and Fiscal Charges	2,453,925	1,933,245	1,933,245	
Bond Issuance Costs		560,433	560,433	
Payment to Escrow Agent		1,507,567	1,507,567	
Total Expenditures	<u>\$ 3,098,925</u>	<u>\$ 4,001,245</u>	<u>\$ 4,001,245</u>	
Excess of Revenues Over Expenditures	<u>\$ 7,189,575</u>	<u>\$ 6,287,255</u>	<u>\$ 6,079,263</u>	<u>\$ (207,992)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ (7,574,011)	\$ (21,374,011)	\$ (21,374,011)	\$
Refunding Hospitality Fee Revenue				
Bonds Issued		61,915,000	61,915,000	
Premium on Refunding Hospitality				
Fee Revenue Bonds		2,642,129	2,642,129	
Payment to Escrow Agent		(50,181,917)	(50,181,917)	
Total Other Financing Sources (Uses)	<u>\$ (7,574,011)</u>	<u>\$ (6,998,799)</u>	<u>\$ (6,998,799)</u>	
Net Change in Fund Balance	<u>\$ (384,436)</u>	<u>\$ (711,544)</u>	<u>\$ (919,536)</u>	<u>\$ (207,992)</u>
Fund Balance - Beginning	<u>1,113,577</u>	<u>1,113,577</u>	<u>1,113,577</u>	
Fund Balance - Ending	<u><u>\$ 729,141</u></u>	<u><u>\$ 402,033</u></u>	<u><u>\$ 194,041</u></u>	<u><u>\$ (207,992)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
AIR BASE TAX INCREMENT REVENUE FUND
Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 3,910,000	\$ 4,435,844	\$ 525,844
Intergovernmental	435,000	639,480	204,480
Miscellaneous	15,000	6,954	(8,046)
Total Revenues	<u>\$ 4,360,000</u>	<u>\$ 5,082,278</u>	<u>\$ 722,278</u>
EXPENDITURES			
Current:			
Community and Economic Development	\$ 895,000	\$ 765,732	\$ 129,268
Debt Service:			
Principal	1,215,000	1,160,000	55,000
Interest and Fiscal Charges	1,794,790	1,886,187	(91,397)
Total Expenditures	<u>\$ 3,904,790</u>	<u>\$ 3,811,919</u>	<u>\$ 92,871</u>
Excess of Revenues Over Expenditures	<u>\$ 455,210</u>	<u>\$ 1,270,359</u>	<u>\$ 815,149</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$	\$ 282,313	\$ 282,313
Transfers Out	(279,709)	(279,709)	
Total Other Financing Sources (Uses)	<u>\$ (279,709)</u>	<u>\$ 2,604</u>	<u>\$ 282,313</u>
Net Change in Fund Balances	\$ 175,501	\$ 1,272,963	\$ 1,097,462
Fund Balances - Beginning	<u>6,385,114</u>	<u>6,385,114</u>	
Fund Balances - Ending	<u>\$ 6,560,615</u>	<u>\$ 7,658,077</u>	<u>\$ 1,097,462</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 2,320,000	\$ 2,320,000	\$ 2,332,119	\$ 12,119
Miscellaneous	7,500	7,500	7,818	318
Total Revenues	<u>\$ 2,327,500</u>	<u>\$ 2,327,500</u>	<u>\$ 2,339,937</u>	<u>\$ 12,437</u>
EXPENDITURES				
Current:				
General Government	\$ 216,181	\$ 216,181	\$ 241,056	\$ (24,875)
Debt Service:				
Principal	4,501,037	6,348,537	6,148,537	200,000
Interest and Fiscal Charges	2,378,784	2,650,208	2,559,327	90,881
Total Expenditures	<u>\$ 7,096,002</u>	<u>\$ 9,214,926</u>	<u>\$ 8,948,920</u>	<u>\$ 266,006</u>
Deficiency of Revenues Under Expenditures	\$ (4,768,502)	\$ (6,887,426)	\$ (6,608,983)	\$ 278,443
OTHER FINANCING SOURCES				
Transfers In	<u>4,895,305</u>	<u>6,761,305</u>	<u>6,449,110</u>	<u>(312,195)</u>
Net Change in Fund Balance	\$ 126,803	\$ (126,121)	\$ (159,873)	\$ (33,752)
Fund Balance - Beginning	<u>4,814,711</u>	<u>4,814,711</u>	<u>4,814,711</u>	
Fund Balance - Ending	<u>\$ 4,941,514</u>	<u>\$ 4,688,590</u>	<u>\$ 4,654,838</u>	<u>\$ (33,752)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 485,000	\$ 485,000	\$ 635,962	\$ 150,962
Licenses and Permits	100,000	100,000	579,500	479,500
Intergovernmental	639,590	4,059,193	2,556,620	(1,502,573)
Miscellaneous	233,000	635,000	639,477	4,477
Total Revenues	\$ 1,457,590	\$ 5,279,193	\$ 4,411,559	\$ (867,634)
EXPENDITURES				
Current:				
General Government	\$ 738,220	\$ 738,220	\$ 745,028	\$ (6,808)
Public Safety		15,183	15,183	
Transportation		106,165	106,165	
Community and Economic Development		16,798	16,798	
Culture and Recreation		289,340	289,340	
Capital Outlay	10,690,000	28,246,522	13,357,714	14,888,808
Total Expenditures	\$ 11,428,220	\$ 29,412,228	\$ 14,530,228	\$ 14,882,000
Deficiency of Revenues Under Expenditures	\$ (9,970,630)	\$ (24,133,035)	\$ (10,118,669)	\$ 14,014,366
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,850,000	\$ 16,650,000	\$ 16,650,000	\$
Transfers Out	(1,925,545)	(3,150,545)	(3,150,545)	
Storm Water Revenue Bonds Issued	8,085,000			
Capital Lease Obligation		290,000	290,000	
Total Other Financing Sources (Uses)	\$ 9,009,455	\$ 13,789,455	\$ 13,789,455	\$
Net Change in Fund Balances	\$ (961,175)	\$ (10,343,580)	\$ 3,670,786	\$ 14,014,366
Fund Balances - Beginning	20,700,479	20,700,479	20,700,479	
Fund Balances - Ending	\$ 19,739,304	\$ 10,356,899	\$ 24,371,265	\$ 14,014,366

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by an activity to other funds of the City on a cost reimbursement basis.

Fleet Management Fund - This fund is used to account for the rental of motor vehicles and certain equipment to other funds and the related costs associated with those rentals.

Self Insurance Fund - This fund is used to account for the City's worker's compensation, general liability and property damage insurance programs which accumulate resources from charges to other funds for the payment of premiums, claims and administrative expenses.

Health Insurance Fund - This fund is used to account for the City's health insurance program which accumulates resources from charges to other funds for the payment of premiums, claims and administrative expenses.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 3,790,431	\$ 7,292,534	\$ 9,399,149	\$ 20,482,114
Accounts Receivable	1,831	84	91,955	93,870
Inventories	161,992			161,992
Prepaid Assets		88,097		88,097
Total Current Assets	<u>\$ 3,954,254</u>	<u>\$ 7,380,715</u>	<u>\$ 9,491,104</u>	<u>\$ 20,826,073</u>
Noncurrent Assets:				
Restricted Cash and Temporary Investments	\$ 3,636,423	\$	\$	\$ 3,636,423
Other Capital Assets (Net)	5,463,674			5,463,674
Total Noncurrent Assets	<u>\$ 9,100,097</u>	<u>\$</u>	<u>\$</u>	<u>\$ 9,100,097</u>
Total Assets	<u>\$ 13,054,351</u>	<u>\$ 7,380,715</u>	<u>\$ 9,491,104</u>	<u>\$ 29,926,170</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 226,673	\$ 313,428	\$ 10,947,923	\$ 11,488,024
Due to Other Fund			3,270,792	3,270,792
Unreported Insurance Claims			457,417	457,417
Capital Lease Obligations	559,631			559,631
Total Current Liabilities	<u>\$ 786,304</u>	<u>\$ 313,428</u>	<u>\$ 14,676,132</u>	<u>\$ 15,775,864</u>
Noncurrent Liabilities:				
Compensated Absences	\$ 4,777	\$	\$	\$ 4,777
Unreported Insurance Claims		2,070,483		2,070,483
Capital Lease Obligations	5,789,482			5,789,482
Total Noncurrent Liabilities	<u>\$ 5,794,259</u>	<u>\$ 2,070,483</u>	<u>\$</u>	<u>\$ 7,864,742</u>
Total Liabilities	<u>\$ 6,580,563</u>	<u>\$ 2,383,911</u>	<u>\$ 14,676,132</u>	<u>\$ 23,640,606</u>
NET POSITION				
Net Investment in Capital Assets	\$ 2,750,984	\$	\$	\$ 2,750,984
Unrestricted	<u>3,722,804</u>	<u>4,996,804</u>	<u>(5,185,028)</u>	<u>3,534,580</u>
Total Net Position	<u>\$ 6,473,788</u>	<u>\$ 4,996,804</u>	<u>\$ (5,185,028)</u>	<u>\$ 6,285,564</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2014

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 4,465,304	\$ 3,087,528	\$ 10,828,292	\$ 18,381,124
OPERATING EXPENSES				
Administration	\$ 494,158	\$	\$	\$ 494,158
Operations	1,411,437	2,696,878	10,722,761	14,831,076
Depreciation	1,896,581			1,896,581
Total Operating Expenses	<u>\$ 3,802,176</u>	<u>\$ 2,696,878</u>	<u>\$ 10,722,761</u>	<u>\$ 17,221,815</u>
Operating Income	<u>\$ 663,128</u>	<u>\$ 390,650</u>	<u>\$ 105,531</u>	<u>\$ 1,159,309</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 8,703	\$ 12,241	\$ 1,114	\$ 22,058
Miscellaneous Revenues	2,251			2,251
Gain on Disposal of Capital Assets	40,266			40,266
Interest Expense	(110,551)			(110,551)
Total Nonoperating Revenues (Expenses)	<u>\$ (59,331)</u>	<u>\$ 12,241</u>	<u>\$ 1,114</u>	<u>\$ (45,976)</u>
Income Before Contributions	\$ 603,797	\$ 402,891	\$ 106,645	\$ 1,113,333
Capital Contributions	<u>50,000</u>			<u>50,000</u>
Change in Net Position	\$ 653,797	\$ 402,891	\$ 106,645	\$ 1,163,333
Total Net Position - Beginning	<u>5,819,991</u>	<u>4,593,913</u>	<u>(5,291,673)</u>	<u>5,122,231</u>
Total Net Position - Ending	<u><u>\$ 6,473,788</u></u>	<u><u>\$ 4,996,804</u></u>	<u><u>\$ (5,185,028)</u></u>	<u><u>\$ 6,285,564</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2014

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 4,465,304	\$ 3,087,528	\$ 10,828,292	\$ 18,381,124
Payments to Suppliers	(1,590,913)	(1,848,256)	(963,041)	(4,402,210)
Payments to Employees	(361,378)			(361,378)
Payments of Claims		(1,105,748)	(7,635,183)	(8,740,931)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,513,013</u>	<u>\$ 133,524</u>	<u>\$ 2,230,068</u>	<u>\$ 4,876,605</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	\$	\$	\$ 66,810	\$ 66,810
Payments on Interfund Loan		(748,727)		(748,727)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$</u>	<u>\$ (748,727)</u>	<u>\$ 66,810</u>	<u>\$ (681,917)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	\$ 50,000	\$	\$	\$ 50,000
Proceeds From Capital Lease Obligation	3,636,423			3,636,423
Principal Payments on Capital Lease Obligations	(538,202)			(538,202)
Interest Payments on Capital Lease Obligations	(130,437)			(130,437)
Purchases of Capital Assets	(1,153,686)			(1,153,686)
Proceeds From Disposal of Capital Assets	41,395			41,395
Net Cash and Cash Equivalents Provided by Capital and Related Financing Activities	<u>\$ 1,905,493</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,905,493</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 8,703	\$ 12,241	\$ 1,114	\$ 22,058
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 8,703</u>	<u>\$ 12,241</u>	<u>\$ 1,114</u>	<u>\$ 22,058</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 4,427,209</u>	<u>\$ (602,962)</u>	<u>\$ 2,297,992</u>	<u>\$ 6,122,239</u>
Cash and Cash Equivalents - Beginning	<u>2,999,645</u>	<u>7,895,496</u>	<u>7,101,157</u>	<u>17,996,298</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 7,426,854</u></u>	<u><u>\$ 7,292,534</u></u>	<u><u>\$ 9,399,149</u></u>	<u><u>\$ 24,118,537</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2014

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<u>Reconciliation of Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities</u>				
Operating Income	\$ 663,128	\$ 390,650	\$ 105,531	\$ 1,159,309
Adjustments to Reconcile Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	1,896,581			1,896,581
(Increase) Decrease in Accounts Receivable	420	(84)	(5,129)	(4,793)
(Increase) in Inventories	(10,221)			(10,221)
Decrease in Prepaid Assets		3,807		3,807
Increase (Decrease) in Accounts Payable and Accrued Expenses	(39,146)	201,675	2,159,895	2,322,424
(Decrease) in Unreported Insurance Claims		(462,524)	(30,229)	(492,753)
Miscellaneous Receipts	2,251			2,251
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,513,013</u>	<u>\$ 133,524</u>	<u>\$ 2,230,068</u>	<u>\$ 4,876,605</u>

Noncash Capital and Related Financing Activities

Book Value of Capital Asset Disposals	\$ 1,129	\$	\$	1,129
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Reconciliation of Cash and Cash Equivalents

Unrestricted Cash and Temporary Investments	\$ 3,790,431	\$ 7,292,534	\$ 9,399,149	\$ 20,482,114
Restricted Cash and Temporary Investments	3,636,423			3,636,423
	<u>\$ 7,426,854</u>	<u>\$ 7,292,534</u>	<u>\$ 9,399,149</u>	<u>\$ 24,118,537</u>

AGENCY FUND

Agency funds are used to account for assets which are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Firemen's Fund - This fund is used to account for the accumulation of resources derived primarily from the firemen's share of insurance proceeds remitted by the State of South Carolina to the City firemen and expended for their benefit.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FIREMEN'S FUND
Year Ended June 30, 2014

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and Temporary Investments	\$ 11,730	\$ 327,441	\$ 327,770	\$ 11,401
LIABILITIES				
Due to Firemen's Association	\$ 11,730	\$ 327,441	\$ 327,770	\$ 11,401

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2014

ASSETS

Cash and Temporary Investments	\$ 1,081,833
Loans Receivable	<u>3,000</u>
Total Assets	<u>\$ 1,084,833</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable and Accrued Expenditures	\$ 11,353
Due to Primary Government	110,299
Unearned Revenue	<u>31,915</u>
Total Liabilities	<u>\$ 153,567</u>

Fund Balances:

Nonspendable:

Long-Term Receivables	\$ 3,000
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Assigned for:

Vehicle Replacement	20,001
Redevelopment Loans	65,003

Unassigned	<u>843,262</u>
Total Fund Balances	<u>\$ 931,266</u>

Total Liabilities and Fund Balances	<u>\$ 1,084,833</u>
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Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 931,266
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Amounts reported in the statement of net position are different because:

Capital assets are not financial resources and, therefore, are not reported in the fund financial statements.	277,533
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(22,193)</u>
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Net Position Reported in the Statement of Net Position	<u>\$ 1,186,606</u>
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CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
Year Ended June 30, 2014

REVENUES

Charges for Services	\$ 1,332,841
Miscellaneous	91,023
Total Revenues	<u>\$ 1,423,864</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 1,381,898
Capital Outlay	167,695
Total Expenditures	<u>\$ 1,549,593</u>

Net Change in Fund Balances \$ (125,729)

Fund Balances - Beginning 1,056,995

Fund Balances - Ending \$ 931,266

Reconciliation to the Statement of Activities

Net Change in Fund Balances \$ (125,729)

Amounts reported in the statement of activities are different because:

The fund financial statements report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. 127,349

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 fund financial statements. (777)

Change in Net Position Reported in the Statement of Activities \$ 843

OTHER SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
WATER AND SEWER FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 24,920,000	\$ 24,920,000	\$ 24,420,988	\$ (499,012)
OPERATING EXPENSES				
Administration	\$ 4,211,164	\$ 4,165,756	\$ 4,033,916	\$ 131,840
Operations	18,312,825	18,250,897	18,540,369	(289,472)
Depreciation	4,350,000	4,350,000	4,248,238	101,762
Total Operating Expenses	\$ 26,873,989	\$ 26,766,653	\$ 26,822,523	\$ (55,870)
Operating Loss	\$ (1,953,989)	\$ (1,846,653)	\$ (2,401,535)	\$ (554,882)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 65,000	\$ 65,000	\$ 28,681	\$ (36,319)
Miscellaneous Revenue	200,000	200,000	113,802	(86,198)
Gain on Disposal of Capital Assets			1,250	1,250
Interest and Fiscal Charges	(776,600)	(776,600)	(711,708)	64,892
Amortization of Bond Insurance	(17,577)	(18,577)	(4,737)	13,840
Total Nonoperating Revenues (Expenses)	\$ (529,177)	\$ (530,177)	\$ (572,712)	\$ (42,535)
Loss Before Contributions and Transfers	\$ (2,483,166)	\$ (2,376,830)	\$ (2,974,247)	\$ (597,417)
Capital Contributions	3,125,000	3,125,000	3,184,138	59,138
Transfers Out	(1,246,000)	(1,246,000)	(1,246,000)	
Change in Net Position	\$ (604,166)	\$ (497,830)	\$ (1,036,109)	\$ (538,279)
Total Net Position - Beginning, as Previously Reported	\$ 107,470,635	\$ 107,470,635	\$ 107,470,635	\$
Cumulative Effect of Adopting GASB Statement No. 65	(268,280)	(268,280)	(268,280)	
Total Net Position - Beginning, as Restated	\$ 107,202,355	\$ 107,202,355	\$ 107,202,355	\$
Total Net Position - Ending	\$ 106,598,189	\$ 106,704,525	\$ 106,166,246	\$ (538,279)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
BASEBALL STADIUM FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 45,000	\$ 190,000	\$ 36,841	\$ (153,159)
OPERATING EXPENSES				
Operations	\$ 174,664	\$ 181,386	\$ 125,680	\$ 55,706
Depreciation	285,000	252,500	308,950	(56,450)
Total Operating Expenses	\$ 459,664	\$ 433,886	\$ 434,630	\$ (744)
Operating Loss	\$ (414,664)	\$ (243,886)	\$ (397,789)	\$ (153,903)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 100,000	\$ 70,000	\$ 53,590	\$ (16,410)
Miscellaneous Revenue	5,300	5,300		(5,300)
Interest and Fiscal Charges	(189,921)	(189,921)	(183,734)	6,187
Amortization of Bond Insurance	(18,301)	(18,301)	(3,860)	14,441
Total Nonoperating Revenues (Expenses)	\$ (102,922)	\$ (132,922)	\$ (134,004)	\$ (1,082)
Loss Before Transfers	\$ (517,586)	\$ (376,808)	\$ (531,793)	\$ (154,985)
Transfers In	600,000	817,000	817,000	
Change in Net Position	\$ 82,414	\$ 440,192	\$ 285,207	\$ (154,985)
Total Net Position - Beginning, as Previously Reported	\$ 7,290,110	\$ 7,290,110	\$ 7,290,110	
Cumulative Effect of Adopting GASB Statement No. 65	(72,203)	(72,203)	(72,203)	
Total Net Position - Beginning, as Restated	\$ 7,217,907	\$ 7,217,907	\$ 7,217,907	
Total Net Position - Ending	\$ 7,300,321	\$ 7,658,099	\$ 7,503,114	\$ (154,985)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
MUNICIPAL GOLF COURSE FUND
Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 1,224,000	\$ 934,953	\$ (289,047)
OPERATING EXPENSES			
Administration	\$ 593,209	\$ 577,033	\$ 16,176
Operations	718,492	630,121	88,371
Depreciation	275,000	272,528	2,472
Total Operating Expenses	\$ 1,586,701	\$ 1,479,682	\$ 107,019
Operating Loss	\$ (362,701)	\$ (544,729)	\$ (182,028)
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Revenue	\$	\$ 3,784	\$ 3,784
Interest Expense		(410)	(410)
Total Nonoperating Revenues (Expenses)	\$	\$ 3,374	\$ 3,374
Change in Net Position	\$ (362,701)	\$ (541,355)	\$ (178,654)
Total Net Position - Beginning	<u>13,557,788</u>	<u>13,557,788</u>	<u></u>
Total Net Position - Ending	<u>\$ 13,195,087</u>	<u>\$ 13,016,433</u>	<u>\$ (178,654)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
SOLID WASTE MANAGEMENT FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 4,036,500	\$ 4,176,291	\$ 4,176,291	\$
OPERATING EXPENSES				
Administration	\$ 638,073	\$ 636,647	\$ 636,647	\$
Operations	3,511,028	3,691,924	3,691,924	
Depreciation	67,000	54,424	54,424	
Total Operating Expenses	\$ 4,216,101	\$ 4,382,995	\$ 4,382,995	\$
Operating Loss	\$ (179,601)	\$ (206,704)	\$ (206,704)	\$
NONOPERATING REVENUES				
Interest Earned			331	331
Loss Before Transfers	\$ (179,601)	\$ (206,704)	\$ (206,373)	\$ 331
Transfers In	250,000	250,000	250,000	
Change in Net Position	\$ 70,399	\$ 43,296	\$ 43,627	\$ 331
Total Net Position - Beginning	15,208	15,208	15,208	
Total Net Position - Ending	\$ 85,607	\$ 58,504	\$ 58,835	\$ 331

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2014

Court Fines

Court Fines Collected	\$ 635,338
Court Fines Retained by City	(635,338)
Court Fines Remitted to State Treasurer	\$ <u><u> </u></u>

Court Assessments

Court Assessments Collected	\$ 997,092
Court Assessments Retained by City	(75,642)
Court Assessments Remitted to State Treasurer	\$ <u><u>921,450</u></u>

Court Surcharges

Court Surcharges Collected	\$ 55,247
Court Surcharges Retained by City	(55,247)
Court Surcharges Remitted to State Treasurer	\$ <u><u> </u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 75,642
Court Surcharges Allocated to Victim Services	55,247
Total Funds Allocated to Victim Services	\$ <u>130,889</u>
Victim Services Expenditures	(131,027)
Funds Available for Carryforward From Year Ended June 30, 2014	\$ <u>(138)</u>
Funds Carried Forward From Year Ended June 30, 2013	138
Funds Available for Carryforward at June 30, 2014	\$ <u><u>-0-</u></u>

STATISTICAL SECTION

This part of the City of Myrtle Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. Except where noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.

Financial Trends (*Schedules 1 through 5*) - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (*Schedules 6 through 12*) - These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes and water and sewer charges.

Debt Capacity (*Schedules 13 through 17*) - 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.

Demographic and Economic Information (*Schedules 18 through 19*) - 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.

Operating Information (*Schedules 20 through 22*) - 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.

Schedule 1

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
Governmental Activities			
Net Investment in Capital Assets ⁽¹⁾	\$ 41,885,142	\$ 56,706,374	\$ 82,814,567
Restricted	18,832,653	18,735,355	20,948,781
Unrestricted	(37,813,548)	(29,804,581)	(20,442,305)
Total Governmental Activities Net Position	<u>\$ 22,904,247</u>	<u>\$ 45,637,148</u>	<u>\$ 83,321,043</u>
Business-Type Activities			
Net Investment in Capital Assets	\$ 115,181,644	\$ 92,853,491	\$ 111,244,256
Restricted	4,230,018	662,576	690,813
Unrestricted	5,965,513	17,928,546	19,320,470
Total Business-Type Activities Net Position	<u>\$ 125,377,175</u>	<u>\$ 111,444,613</u>	<u>\$ 131,255,539</u>
Primary Government			
Net Investment in Capital Assets	\$ 157,066,786	\$ 149,559,865	\$ 194,058,823
Restricted	23,062,671	19,397,931	21,639,594
Unrestricted	(31,848,035)	(11,876,035)	(1,121,835)
Total Primary Government Net Position	<u>\$ 148,281,422</u>	<u>\$ 157,081,761</u>	<u>\$ 214,576,582</u>

Note:

⁽¹⁾ In 2007, the City implemented the retroactive general infrastructure reporting provisions of GASB Statement 34.

UNAUDITED

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 80,637,852	\$ 89,378,581	\$ 100,633,044	\$ 100,702,801	\$ 97,005,660	\$ 97,019,979	\$ 100,612,540
19,189,175	15,082,475	14,971,016	15,425,677	18,344,550	18,904,389	19,761,397
(8,786,494)	(10,704,869)	(11,955,064)	(5,211,110)	(3,006,353)	(1,323,284)	1,316,485
<u>\$ 91,040,533</u>	<u>\$ 93,756,187</u>	<u>\$ 103,648,996</u>	<u>\$ 110,917,368</u>	<u>\$ 112,343,857</u>	<u>\$ 114,601,084</u>	<u>\$ 121,690,422</u>
\$ 113,617,180	\$ 115,610,693	\$ 120,443,730	\$ 116,137,286	\$ 113,536,973	\$ 114,142,625	\$ 114,506,690
1,149,853	718,588	736,834	760,011	1,165,853	1,088,242	945,308
20,292,291	18,148,941	12,934,193	14,079,646	15,845,740	15,033,204	13,655,977
<u>\$ 135,059,324</u>	<u>\$ 134,478,222</u>	<u>\$ 134,114,757</u>	<u>\$ 130,976,943</u>	<u>\$ 130,548,566</u>	<u>\$ 130,264,071</u>	<u>\$ 129,107,975</u>
\$ 194,255,032	\$ 204,989,274	\$ 221,076,774	\$ 216,840,087	\$ 210,542,633	\$ 211,162,604	\$ 215,119,230
20,339,028	15,801,063	15,707,850	16,185,688	19,510,403	19,992,631	20,706,705
11,505,797	7,444,072	979,129	8,868,536	12,839,387	13,709,920	14,972,462
<u>\$ 226,099,857</u>	<u>\$ 228,234,409</u>	<u>\$ 237,763,753</u>	<u>\$ 241,894,311</u>	<u>\$ 242,892,423</u>	<u>\$ 244,865,155</u>	<u>\$ 250,798,397</u>

Schedule 2

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
Expenses			
Governmental Activities:			
General Government	\$ 10,850,596	\$ 8,335,752	\$ 9,537,675
Public Safety	23,923,641	26,163,070	27,214,495
Transportation	3,935,585	4,338,760	6,499,966
Community and Economic Development	5,299,484	6,146,463	6,363,577
Culture and Recreation	13,250,600	13,985,339	19,588,846
Public Works	1,210,590	1,263,193	1,229,671
Interest and Fiscal Charges	5,709,771	5,756,278	7,535,019
Total Governmental Activities Expenses	<u>\$ 64,180,267</u>	<u>\$ 65,988,855</u>	<u>\$ 77,969,249</u>
Business-Type Activities:			
Water	\$ 11,977,618	\$ 11,977,403	\$ 12,961,816
Sewer	12,387,391	12,539,283	12,761,392
Baseball Stadium	1,042,756	960,144	922,727
Municipal Golf Course	1,332,383	1,372,601	1,713,721
Solid Waste Management	3,435,661	3,495,721	3,584,314
Total Business-Type Activities Expenses	<u>\$ 30,175,809</u>	<u>\$ 30,345,152</u>	<u>\$ 31,943,970</u>
Total Primary Government Expenses	<u>\$ 94,356,076</u>	<u>\$ 96,334,007</u>	<u>\$ 109,913,219</u>
Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 13,901,047	\$ 14,932,956	\$ 15,540,554
Operating Grants and Contributions	889,036	803,000	3,197,987
Capital Grants and Contributions	10,341,671	14,808,105	9,962,742
Total Governmental Activities Program Revenues	<u>\$ 25,131,754</u>	<u>\$ 30,544,061</u>	<u>\$ 28,701,283</u>
Business-Type Activities:			
Charges for Services	\$ 27,914,368	\$ 28,936,831	\$ 27,582,007
Operating Grants and Contributions	114,119		
Capital Grants and Contributions	6,068,800	6,295,323	5,274,881
Total Business-Type Activities Program Revenues	<u>\$ 34,097,287</u>	<u>\$ 35,232,154</u>	<u>\$ 32,856,888</u>
Total Primary Government Program Revenues	<u>\$ 59,229,041</u>	<u>\$ 65,776,215</u>	<u>\$ 61,558,171</u>
Net (Expense) Revenue			
Governmental Activities	\$ (39,048,513)	\$ (35,444,794)	\$ (49,267,966)
Business-Type Activities	3,921,478	4,887,002	912,918
Total Primary Government Net Expense	<u>\$ (35,127,035)</u>	<u>\$ (30,557,792)</u>	<u>\$ (48,355,048)</u>

UNAUDITED

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 11,008,546	\$ 12,392,348	\$ 12,243,661	\$ 11,296,314	\$ 11,390,173	\$ 11,883,348	\$ 11,319,984
29,125,428	30,868,253	33,225,681	31,177,095	32,547,208	33,115,671	33,247,797
6,982,818	7,056,526	8,055,196	8,028,096	8,508,590	8,642,907	8,666,134
7,676,507	9,303,043	21,708,312	26,563,059	30,332,521	28,021,204	28,377,759
16,316,643	16,791,874	17,593,171	17,676,164	18,014,892	18,881,858	20,110,668
1,471,987	1,542,924	1,568,038	1,434,430	1,423,483	1,437,647	1,399,578
8,652,337	8,905,688	9,039,543	9,007,944	8,701,138	8,513,225	8,779,399
<u>\$ 81,234,266</u>	<u>\$ 86,860,656</u>	<u>\$ 103,433,602</u>	<u>\$ 105,183,102</u>	<u>\$ 110,918,005</u>	<u>\$ 110,495,860</u>	<u>\$ 111,901,319</u>
\$ 13,093,627	\$ 12,217,805	\$ 12,376,562	\$ 12,493,346	\$ 13,040,513	\$ 13,262,481	\$ 14,235,486
12,794,701	13,285,343	12,434,859	12,382,088	12,257,261	12,587,819	13,068,631
937,873	904,874	761,567	707,597	731,004	639,314	616,989
1,847,933	1,954,651	1,885,640	1,819,724	1,502,589	1,455,492	1,474,824
3,606,480	3,598,647	4,092,051	4,048,935	4,061,301	4,072,052	4,194,082
<u>\$ 32,280,614</u>	<u>\$ 31,961,320</u>	<u>\$ 31,550,679</u>	<u>\$ 31,451,690</u>	<u>\$ 31,592,668</u>	<u>\$ 32,017,158</u>	<u>\$ 33,590,012</u>
<u>\$ 113,514,880</u>	<u>\$ 118,821,976</u>	<u>\$ 134,984,281</u>	<u>\$ 136,634,792</u>	<u>\$ 142,510,673</u>	<u>\$ 142,513,018</u>	<u>\$ 145,491,331</u>
\$ 14,428,822	\$ 14,641,045	\$ 13,808,024	\$ 15,251,585	\$ 16,576,103	\$ 15,910,400	\$ 16,942,434
751,685	1,282,644	1,578,798	1,347,905	2,012,316	1,573,924	1,577,629
5,802,135	4,468,548	17,293,904	8,822,685	2,974,778	1,628,940	8,155,866
<u>\$ 20,982,642</u>	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>	<u>\$ 19,113,264</u>	<u>\$ 26,675,929</u>
\$ 27,068,070	\$ 26,431,642	\$ 26,171,502	\$ 27,349,428	\$ 28,824,814	\$ 28,383,410	\$ 29,686,659
	39,786				4,574	
8,471,966	4,448,534	4,786,961	1,121,501	2,005,888	3,350,634	3,184,138
<u>\$ 35,540,036</u>	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>	<u>\$ 31,738,618</u>	<u>\$ 32,870,797</u>
<u>\$ 56,522,678</u>	<u>\$ 51,312,199</u>	<u>\$ 63,639,189</u>	<u>\$ 53,893,104</u>	<u>\$ 52,393,899</u>	<u>\$ 50,851,882</u>	<u>\$ 59,546,726</u>
\$ (60,251,624)	\$ (66,468,419)	\$ (70,752,876)	\$ (79,760,927)	\$ (89,354,808)	\$ (91,382,596)	\$ (85,225,390)
3,259,422	(1,041,358)	(592,216)	(2,980,761)	(761,966)	(278,540)	(719,215)
<u>\$ (56,992,202)</u>	<u>\$ (67,509,777)</u>	<u>\$ (71,345,092)</u>	<u>\$ (82,741,688)</u>	<u>\$ (90,116,774)</u>	<u>\$ (91,661,136)</u>	<u>\$ (85,944,605)</u>

Schedule 2 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 16,746,337	\$ 19,793,135	\$ 20,734,404
Local Accommodations Taxes	1,748,313	1,781,748	1,850,781
Business License Taxes	15,405,237	17,585,457	19,610,478
Franchise Taxes	2,520,579	2,966,514	3,224,468
Hospitality Fee Taxes	7,708,776	8,075,180	8,341,066
Local Option Tourism Taxes			
Grants and Contributions not Restricted to Specific Programs	7,973,606	7,811,218	8,072,328
Investment Earnings	604,479	1,091,738	2,281,674
Transfers	(875,788)	(927,295)	(1,142,346)
Total Governmental Activities	\$ 51,831,539	\$ 58,177,695	\$ 62,972,853
Business-Type Activities:			
Investment Earnings	\$ 369,866	\$ 674,814	\$ 1,230,210
Special Item - Loss on Sale of Water and Wastewater Plant ⁽²⁾		(18,577,670)	
Extraordinary Item - Loss on Extinguishment of Debt ⁽³⁾		(1,844,003)	
Transfers	875,788	927,295	1,142,346
Total Business-Type Activities	\$ 1,245,654	\$ (18,819,564)	\$ 2,372,556
Total Primary Government	\$ 53,077,193	\$ 39,358,131	\$ 65,345,409
Change in Net Position			
Governmental Activities	\$ 12,783,026	\$ 22,732,901	\$ 13,704,887
Business-Type Activities	5,167,132	(13,932,562)	3,285,474
Total Primary Government	\$ 17,950,158	\$ 8,800,339	\$ 16,990,361

Notes:

⁽¹⁾ See Schedule 3 for program revenues by function/program.

⁽²⁾ In 2006, the City sold its water and wastewater plant, which resulted in an \$18,577,670 loss being recognized.

⁽³⁾ In 2006, the City extinguished all of its outstanding Waterworks and Sewer System Revenue Bonds, which resulted in a \$1,844,003 loss being recognized.

UNAUDITED

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 23,296,800	\$ 29,172,569	\$ 27,607,156	\$ 25,567,159	\$ 24,836,200	\$ 25,113,459	\$ 25,796,261
1,945,899	1,818,175	1,827,916	2,064,510	2,219,406	2,238,681	2,333,117
20,026,343	18,016,823	17,149,465	17,516,219	17,795,885	18,354,589	19,050,722
3,250,404	3,394,445	3,422,821	3,575,049	3,409,048	3,469,046	3,755,715
8,689,093	8,226,153	8,275,596	9,028,583	9,548,517	9,791,483	10,077,734
		14,195,983	20,440,454	23,500,801	23,508,832	23,298,736
8,672,736	8,232,659	7,904,766	8,177,320	9,311,329	10,833,688	10,501,165
1,853,449	478,649	313,682	361,705	361,811	223,895	168,740
236,390	(155,400)	(51,700)	298,300	(201,700)	106,150	179,000
<u>\$ 67,971,114</u>	<u>\$ 69,184,073</u>	<u>\$ 80,645,685</u>	<u>\$ 87,029,299</u>	<u>\$ 90,781,297</u>	<u>\$ 93,639,823</u>	<u>\$ 95,161,190</u>
\$ 780,753	\$ 304,856	\$ 177,051	\$ 141,247	\$ 131,889	\$ 100,195	\$ 82,602
(236,390)	155,400	51,700	(298,300)	201,700	(106,150)	(179,000)
<u>\$ 544,363</u>	<u>\$ 460,256</u>	<u>\$ 228,751</u>	<u>\$ (157,053)</u>	<u>\$ 333,589</u>	<u>\$ (5,955)</u>	<u>\$ (96,398)</u>
<u>\$ 68,515,477</u>	<u>\$ 69,644,329</u>	<u>\$ 80,874,436</u>	<u>\$ 86,872,246</u>	<u>\$ 91,114,886</u>	<u>\$ 93,633,868</u>	<u>\$ 95,064,792</u>
\$ 7,719,490	\$ 2,715,654	\$ 9,892,809	\$ 7,268,372	\$ 1,426,489	\$ 2,257,227	\$ 9,935,800
3,803,785	(581,102)	(363,465)	(3,137,814)	(428,377)	(284,495)	(815,613)
<u>\$ 11,523,275</u>	<u>\$ 2,134,552</u>	<u>\$ 9,529,344</u>	<u>\$ 4,130,558</u>	<u>\$ 998,112</u>	<u>\$ 1,972,732</u>	<u>\$ 9,120,187</u>

Schedule 3

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PROGRAM REVENUES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
Governmental Activities			
Charges for Services:			
General Government	\$ 1,873,673	\$ 1,946,968	\$ 2,670,293
Public Safety	3,069,848	3,031,083	2,525,607
Transportation	1,196,286	1,263,102	1,244,736
Community and Economic Development	2,052,556	2,755,499	2,832,062
Culture and Recreation	5,708,684	5,936,304	6,267,856
Operating Grants and Contributions:			
General Government			
Public Safety	154,764	40,716	195,923
Transportation	109,077	64,865	86,005
Community and Economic Development	226,836	187,372	243,492
Culture and Recreation	398,359	510,047	2,672,567
Public Works			
Capital Grants and Contributions:			
General Government	105,000		
Public Safety	168,109	242,675	129,130
Transportation	6,149,033	1,962,517	7,449,998
Community and Economic Development	3,916,649	2,630,616	2,367,176
Culture and Recreation	2,880	9,972,297	16,438
Total Governmental Activities	\$ 25,131,754	\$ 30,544,061	\$ 28,701,283
Business-Type Activities			
Charges for Services:			
Water	\$ 14,257,194	\$ 14,687,054	\$ 13,234,314
Sewer	9,418,118	9,754,058	9,664,631
Baseball Stadium	30,406	22,064	23,351
Municipal Golf Course	1,159,275	1,336,523	1,514,858
Solid Waste Management	3,049,375	3,137,132	3,144,853
Operating Grants and Contributions:			
Water	13,302		
Sewer	13,302		
Baseball Stadium	131		
Solid Waste Management	87,384		
Capital Grants and Contributions:			
Water	3,019,862	2,559,116	2,158,556
Sewer	3,048,938	3,736,207	3,116,325
Total Business-Type Activities	\$ 34,097,287	\$ 35,232,154	\$ 32,856,888
Total Primary Government	\$ 59,229,041	\$ 65,776,215	\$ 61,558,171

UNAUDITED

		Fiscal Year													
		2008		2009		2010		2011		2012		2013		2014	
\$	2,304,761	\$	2,847,392	\$	2,428,261	\$	2,978,554	\$	3,483,073	\$	2,671,727	\$	2,695,365		
	2,419,234		2,576,715		2,533,875		2,127,885		2,098,517		2,068,023		2,052,795		
	1,276,761		1,554,391		1,565,710		1,832,000		1,858,628		1,880,137		2,177,007		
	1,883,724		1,146,380		838,055		989,939		1,532,753		1,673,700		2,510,118		
	6,544,342		6,516,167		6,442,123		7,323,207		7,603,132		7,616,813		7,507,149		
									22,987		42,866				
	225,514		606,341		852,149		753,599		600,239		561,291		435,211		
	74,170		58,400		57,200		62,900		86,131		104,631		88,006		
	78,671		293,469		426,249		355,978		582,646		365,921		329,212		
	373,330		324,434		243,200		175,428		720,313		499,215		513,358		
													211,842		
	79,263				238,477										
	1,569,770		2,826,606		6,649,087		4,724,714		1,670,650		868,161		7,221,160		
	4,056,658		1,158,694		9,455,094		3,472,003		1,289,648		660,328		931,986		
	96,444		483,248		951,246		625,968		14,480		100,451		2,720		
\$	<u>20,982,642</u>	\$	<u>20,392,237</u>	\$	<u>32,680,726</u>	\$	<u>25,422,175</u>	\$	<u>21,563,197</u>	\$	<u>19,113,264</u>	\$	<u>26,675,929</u>		
\$	12,975,888	\$	11,998,665	\$	11,955,128	\$	12,462,158	\$	13,017,157	\$	12,185,831	\$	12,425,117		
	9,150,570		9,458,220		9,392,479		9,725,734		10,710,657		11,143,958		12,109,673		
	25,315		40,647		30,056		32,573		39,980		27,581		36,841		
	1,557,886		1,328,859		1,078,862		1,167,064		1,101,990		1,012,506		938,737		
	3,358,411		3,605,251		3,714,977		3,961,899		3,955,030		4,013,534		4,176,291		
			39,786								4,574				
	3,990,773		2,773,106		2,699,330		556,656		973,416		1,614,974		1,394,906		
	4,481,193		1,675,428		2,087,631		564,845		1,032,472		1,735,660		1,789,232		
\$	<u>35,540,036</u>	\$	<u>30,919,962</u>	\$	<u>30,958,463</u>	\$	<u>28,470,929</u>	\$	<u>30,830,702</u>	\$	<u>31,738,618</u>	\$	<u>32,870,797</u>		
\$	<u>56,522,678</u>	\$	<u>51,312,199</u>	\$	<u>63,639,189</u>	\$	<u>53,893,104</u>	\$	<u>52,393,899</u>	\$	<u>50,851,882</u>	\$	<u>59,546,726</u>		

Schedule 4

CITY OF MYRTLE BEACH, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
General Fund			
Nonspendable	\$ 98,485	\$ 98,454	\$ 111,909
Restricted	414,190	429,689	368,950
Committed			
Assigned	352,010	367,029	387,112
Unassigned	7,937,053	8,370,090	11,025,243
Total General Fund	<u>\$ 8,801,738</u>	<u>\$ 9,265,262</u>	<u>\$ 11,893,214</u>
 All Other Governmental Funds			
Nonspendable	\$ 1,229,222	\$ 1,186,174	\$ 1,136,861
Restricted	18,884,832	22,877,031	39,092,890
Assigned	4,729,013	8,409,694	4,451,785
Unassigned	(3,121,216)	(3,650,561)	(779,899)
Total All Other Governmental Funds	<u>\$ 21,721,851</u>	<u>\$ 28,822,338</u>	<u>\$ 43,901,637</u>

UNAUDITED

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 112,506	\$ 129,478	\$ 134,008	\$ 116,144	\$ 113,066	\$ 136,844	\$ 145,116
339,160	355,234	354,057	443,940	413,516	396,275	406,711
					40,000	14,667
403,244	658,806	410,202	411,724	412,924	413,928	414,605
11,327,195	9,446,434	7,067,216	7,664,002	7,804,956	9,237,691	10,324,445
<u>\$ 12,182,105</u>	<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>	<u>\$ 8,744,462</u>	<u>\$ 10,224,738</u>	<u>\$ 11,305,544</u>
\$ 1,090,907	\$ 836,468	\$ 781,858	\$ 722,066	\$ 722,066	\$ 722,066	\$ 722,066
25,128,547	18,175,290	19,332,009	27,003,280	21,018,349	29,148,074	33,329,174
13,612,743	13,494,243	12,579,733	15,124,193	13,891,602	11,789,372	12,019,861
(937,228)	(3,087,400)	(1,661,318)	(2,349,160)	(2,340,971)	(2,369,580)	(698,740)
<u>\$ 38,894,969</u>	<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>	<u>\$ 33,291,046</u>	<u>\$ 39,289,932</u>	<u>\$ 45,372,361</u>

Schedule 5

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
Revenues			
Property Taxes	\$ 16,857,489	\$ 19,673,810	\$ 20,746,700
Local Accommodations Taxes	1,750,012	1,781,272	1,850,628
Hospitality Fees	7,716,371	8,074,246	8,348,376
Storm Water Fees	1,184,488	1,211,924	1,250,928
Local Option Tourism Fees			
Licenses and Permits	19,920,457	23,188,731	25,518,446
Fines and Forfeitures	2,344,080	2,282,006	1,762,358
Intergovernmental	11,200,217	17,817,520	15,100,856
Charges for Services	3,497,092	3,846,763	4,033,761
Miscellaneous	4,192,709	5,186,358	6,870,075
Total Revenues	<u>\$ 68,662,915</u>	<u>\$ 83,062,630</u>	<u>\$ 85,482,128</u>
Expenditures			
Current:			
General Government	\$ 7,282,506	\$ 9,555,366	\$ 9,696,471
Public Safety	23,170,735	25,409,173	26,431,765
Transportation	3,078,302	3,334,165	3,768,054
Community and Economic Development	4,948,187	5,767,752	5,800,482
Culture and Recreation	11,569,589	12,177,294	17,717,319
Public Works	1,148,640	1,222,358	1,215,074
Capital Outlay	15,291,296	27,117,413	25,249,606
Debt Service:			
Principal	3,882,363	4,468,925	3,909,406
Interest and Fiscal Charges	5,436,004	5,196,919	6,594,514
Bond Issuance Costs	130,301	241,372	1,459,150
Payment to Escrow Agent			
Total Expenditures	<u>\$ 75,937,923</u>	<u>\$ 94,490,737</u>	<u>\$ 101,841,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (7,275,008)</u>	<u>\$ (11,428,107)</u>	<u>\$ (16,359,713)</u>
Other Financing Sources (Uses)			
Transfers In	\$ 19,871,393	\$ 21,959,087	\$ 24,997,275
Transfers Out	(20,747,181)	(22,886,382)	(26,139,621)
Proceeds From Borrowing	3,865,022	19,919,413	35,209,310
Proceeds From Refunding			
Payment to Escrow Agent			
Sale of Capital Assets			
Total Other Financing Sources (Uses)	<u>\$ 2,989,234</u>	<u>\$ 18,992,118</u>	<u>\$ 34,066,964</u>
Net Change in Fund Balances	<u><u>\$ (4,285,774)</u></u>	<u><u>\$ 7,564,011</u></u>	<u><u>\$ 17,707,251</u></u>

UNAUDITED

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 23,216,684	\$ 29,015,342	\$ 27,416,733	\$ 25,551,735	\$ 24,819,308	\$ 25,112,930	\$ 25,842,751
1,946,018	1,813,785	1,832,395	2,065,000	2,217,299	2,240,593	2,333,163
8,678,672	8,222,570	8,283,197	9,023,986	9,463,883	9,867,341	10,075,280
1,276,753	1,552,585	1,569,986	1,836,316	1,858,628	1,883,706	2,181,517
		14,195,983	20,440,454	23,500,801	23,508,832	23,298,736
25,070,983	22,323,790	21,228,785	21,898,534	22,424,426	23,052,056	24,807,744
1,623,642	1,851,103	1,841,296	1,345,154	1,087,407	1,151,814	1,203,940
11,300,877	11,655,581	14,148,733	12,062,703	12,193,869	13,365,569	14,631,456
4,313,817	4,493,502	4,448,104	4,738,294	5,090,013	4,970,196	5,221,830
7,688,050	4,271,439	11,929,100	7,294,945	5,941,373	5,493,214	6,994,794
<u>\$ 85,115,496</u>	<u>\$ 85,199,697</u>	<u>\$ 106,894,312</u>	<u>\$ 106,257,121</u>	<u>\$ 108,597,007</u>	<u>\$ 110,646,251</u>	<u>\$ 116,591,211</u>
\$ 12,465,011	\$ 12,949,430	\$ 12,402,953	\$ 12,278,801	\$ 11,262,374	\$ 11,065,359	\$ 11,366,081
27,845,760	30,229,155	30,753,182	29,269,778	31,211,230	32,189,301	32,761,895
4,238,826	4,388,767	5,107,803	4,812,339	5,272,855	5,516,042	5,532,740
6,622,112	7,070,253	19,257,564	23,703,541	27,426,638	25,097,090	25,446,577
14,566,336	15,085,928	14,843,882	14,940,894	15,126,615	15,764,818	16,904,085
1,418,502	1,536,728	1,477,446	1,382,108	1,428,340	1,403,396	1,394,960
26,681,432	14,205,845	23,560,905	6,240,529	9,882,501	9,379,603	13,506,372
4,444,163	6,952,501	5,242,898	4,765,145	5,875,367	6,975,385	8,229,829
7,567,295	8,158,842	7,887,970	8,105,283	7,645,965	7,420,312	7,031,794
302,618		416,512	40,728	222,967	181,294	590,288
		1,367,000		443,633		1,507,567
<u>\$ 106,152,055</u>	<u>\$ 100,577,449</u>	<u>\$ 122,318,115</u>	<u>\$ 105,539,146</u>	<u>\$ 115,798,485</u>	<u>\$ 114,992,600</u>	<u>\$ 124,272,188</u>
<u>\$ (21,036,559)</u>	<u>\$ (15,377,752)</u>	<u>\$ (15,423,803)</u>	<u>\$ 717,975</u>	<u>\$ (7,201,478)</u>	<u>\$ (4,346,349)</u>	<u>\$ (7,680,977)</u>
\$ 21,143,338	\$ 21,526,309	\$ 22,411,692	\$ 20,010,406	\$ 27,348,960	\$ 24,686,462	\$ 41,514,957
(20,906,948)	(21,681,709)	(22,463,392)	(19,712,106)	(27,550,660)	(24,580,312)	(41,335,957)
16,082,392	4,437,440	14,234,034	9,108,923		11,708,341	290,000
		10,037,469		20,455,585		64,557,129
		(9,820,624)		(20,235,669)		(50,181,917)
	27,191	13,836	13,226	82,581	11,020	
<u>\$ 16,318,782</u>	<u>\$ 4,309,231</u>	<u>\$ 14,413,015</u>	<u>\$ 9,420,449</u>	<u>\$ 100,797</u>	<u>\$ 11,825,511</u>	<u>\$ 14,844,212</u>
<u>\$ (4,717,777)</u>	<u>\$ (11,068,521)</u>	<u>\$ (1,010,788)</u>	<u>\$ 10,138,424</u>	<u>\$ (7,100,681)</u>	<u>\$ 7,479,162</u>	<u>\$ 7,163,235</u>

Schedule 5 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
Debt Service as a Percentage of Noncapital Expenditures ⁽¹⁾	15.37%	14.35%	13.71%

Note:

⁽¹⁾ Debt service does not include bond issuance costs and payments to escrow agents.

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Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
15.11%	17.50%	13.30%	12.96%	12.77%	13.63%	13.78%

Schedule 6

CITY OF MYRTLE BEACH, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Stated in Thousands of Dollars)

Fiscal Year	Assessed Value			Total Direct Tax Rate	Estimated Actual Value	Total Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Personal Property	Total			
2005	\$ 191,745	\$ 54,908	\$ 246,653	\$ 63.20	\$ 4,933,078	5 %
2006	224,807	53,796	278,603	61.40	5,655,000	5
2007	250,165	55,929	306,094	61.40	6,121,899	5
2008	321,477	60,927	382,404	61.40	7,648,099	5
2009	362,622	64,650	427,272	64.40	8,650,440	5
2010	388,933	58,741	447,674	62.90	8,953,480	5
2011	320,393	49,924	370,317	64.40	7,406,340	5
2012	324,830	54,212	379,042	66.10	7,580,840	5
2013	323,918	56,616	380,534	66.10	7,610,680	5
2014	327,387	58,026	385,413	66.10	7,708,260	5

Source: Horry County Assessor's Office

Note: Tax rates are per \$1,000 of assessed value.

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Schedule 7

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per \$1,000 of Assessed Value)**

Fiscal Year	City Direct Rates				Overlapping Rates		
	Basic Rate	Debt Service	Convention Center	Total Direct Rate	Horry County	Horry County School District	HC Higher Education Commission
2005	\$ 53.70	\$ 6.00	\$ 3.50	\$ 63.20	\$ 50.20	\$ 130.40	\$ 0.70
2006	50.70	7.30	3.40	61.40	45.60	129.70	0.70
2007	50.70	7.30	3.40	61.40	46.30	135.30	0.70
2008	50.70	7.30	3.40	61.40	46.60	143.30	0.70
2009	53.70	7.30	3.40	64.40	46.60	143.30	0.70
2010	52.20	7.30	3.40	62.90	46.60	143.30	0.70
2011	53.70	7.30	3.40	64.40	44.20	132.20	0.70
2012	55.00	7.60	3.50	66.10	44.50	130.20	0.70
2013	58.50	7.60		66.10	44.50	130.20	0.70
2014	58.50	7.60		66.10	44.50	130.20	0.70

Source: Horry County Treasurer

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Schedule 8

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago**

Taxpayer	Type of Business	Fiscal Year 2014	
		Assessed Value	Percentage of Total Assessed Value
Burroughs & Chapin, Inc. ⁽¹⁾	Real Estate, Retail & Amusement	\$ 19,692,871	5.11 %
Marriott Ownership Resorts, Inc.	Real Estate & Accommodations	4,606,110	1.20
Frontier Communications	Communications	4,070,440	1.05
Grand Strand Regional Medical Center	Hospital	3,536,910	0.92
Coastal Grand, LLC	Retail	3,241,205	0.84
Westgate Myrtle Beach, LLC	Real Estate & Accommodations	3,117,324	0.81
Ocean Club Vacations, LLC	Real Estate & Accommodations	2,688,840	0.70
BEI - Beach, LLC	Real Estate Developer	2,246,742	0.58
Columbia Property Myrtle Beach, LLC	Real Estate & Accommodations	2,129,244	0.55
South Beach Resort Myrtle Beach, LLC	Real Estate & Accommodations	1,978,866	0.51
		<u>\$ 47,308,552</u>	<u>12.27 %</u>

Taxpayer	Type of Business	Fiscal Year 2005	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms	Real Estate Developers	\$ 13,584,021	5.51 %
Broadway at the Beach, Inc.	Mixed-use Commercial Development	4,229,404	1.70
Verizon South, Inc.	Communications	3,672,210	1.49
AVX Corporation	Manufacturer	3,550,474	1.44
Grand Strand Regional Medical Center	Hospital	3,346,188	1.36
Patricia Grand	Real Estate & Accommodations	2,733,276	1.11
Sea Mist Association	Real Estate & Accommodations	1,964,634	0.80
Landmark, LLC	Real Estate & Accommodations	1,896,740	0.77
Triton PCS Holdings Co., LLC	Communications	1,388,750	0.56
Grand Dunes Development, LLC	Real Estate & Accommodations	1,028,058	0.42
		<u>\$ 37,393,755</u>	<u>15.16 %</u>

Source: Horry County Assessor's Office

Note:

⁽¹⁾ Data for Burroughs & Chapin, Inc. includes Myrtle Beach Farms, Broadway at the Beach and Grande Dunes.

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Schedule 9

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected Within the			Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy		Percentage of Levy		Amount	Percentage of Levy
		Amount					
2005	\$ 16,960,827	\$ 16,512,395	97.36	% \$ 348,842	\$ 16,861,237	99.41	%
2006	19,063,193	18,836,751	98.81	112,275	18,949,026	99.40	
2007	18,575,738	17,925,151	96.50	499,395	18,424,546	99.19	
2008	21,203,789	20,386,232	96.14	601,163	20,987,395	98.98	
2009	25,771,823	24,158,849	93.74	1,313,164	25,472,013	98.84	
2010	28,223,298	26,392,479	93.51	1,486,832	27,879,311	98.78	
2011	25,535,503	24,215,741	94.83	923,678	25,139,419	98.45	
2012	22,344,936	20,799,291	93.08	1,137,680	21,936,971	98.17	
2013	21,372,262	20,322,154	95.09	600,723	20,922,877	97.90	
2014	20,823,291	19,802,198	95.10		19,802,198	95.10	

Sources: Horry County Treasurer and City Finance Department

Notes: This schedule includes data for all real and personal property other than vehicles.

⁽¹⁾ Taxes levied includes the original tax levy adjusted by additional tax levies and all abatements.

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Schedule 10

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
WATER AND SEWER GALLONS AND NUMBER OF CUSTOMERS
Last Ten Fiscal Years**

Fiscal Year	Water				Sewer	
	Gallons Produced / Purchased ⁽¹⁾	Gallons Billed	Gallons Unbilled	Percentage Billed	Gallons Billed	Number of Customers
2005	5,577,940	5,015,733	562,207	89.92 %	3,172,031	15,123
2006	5,734,843	4,864,647	870,196	84.83	3,035,386	15,725
2007	5,178,597	3,852,401	1,326,196	74.39	3,003,553	16,778
2008	5,410,470	3,794,090	1,616,380	70.12	2,978,891	17,012
2009	4,803,692	3,556,891	1,246,801	74.04	2,868,466	16,579
2010	4,371,075	3,582,817	788,258	81.97	2,841,570	16,087
2011	4,379,003	3,670,280	708,723	83.82	2,910,581	16,054
2012	4,363,322	3,745,853	617,469	85.85	3,012,325	16,279
2013	4,165,479	3,491,341	674,138	83.82	2,890,461	16,570
2014	4,486,208	3,498,921	987,287	77.99	2,931,832	16,946

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

⁽¹⁾ On June 30, 2006, the City sold its water and wastewater plant. The City is now purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority.

⁽²⁾ The water and sewer base rates are for 3/4" - 5/8" meters inside the City limits. See Schedule 11 for other rates.

⁽³⁾ The water and sewer usage rates are per 1,000 gallons for usage between 5,000 to 30,000 gallons inside the City limits. See Schedule 11 for other rates.

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Total Direct Rate				
Water		Sewer		
Base Rate ⁽²⁾	Usage Rate ⁽³⁾	Base Rate ⁽²⁾	Usage Rate ⁽³⁾	
\$ 10.08	\$ 2.52	\$ 9.52	\$ 2.38	
10.08	2.52	9.52	2.38	
2.43	2.56	2.41	2.34	
2.43	2.56	2.41	2.34	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.83	2.76	
2.43	2.56	3.04	2.97	
2.43	2.56	3.26	3.19	

Schedule 11

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
WATER AND SEWER RATES
Last Ten Fiscal Years**

	Fiscal Year			
	2005	2006	2007	2008
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 10.08	\$ 10.08	\$ 2.43	\$ 2.43
1"	20.16	20.16	4.05	4.05
1 1/2"	37.80	37.80	8.10	8.10
2"	50.39	50.39	12.96	12.96
3"	125.98	125.98	28.35	28.35
4"	251.97	251.97	40.50	40.50
6"	755.90	755.90	81.00	81.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	2.52	2.52	1.35	1.35
5,000 to 30,000 gallons	2.52	2.52	2.56	2.56
31,000 gallons and over	2.52	2.52	2.89	2.89
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	20.16	20.16	4.86	4.86
1"	40.32	40.32	8.10	8.10
1 1/2"	75.60	75.60	16.20	16.20
2"	100.80	100.80	25.92	25.92
3"	252.00	252.00	56.70	56.70
4"	504.00	504.00	81.00	81.00
6"	1,512.00	1,512.00	162.00	162.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	5.04	5.04	2.70	2.70
5,000 to 30,000 gallons	5.04	5.04	5.12	5.12
31,000 gallons and over	5.04	5.04	5.78	5.78
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	9.52	9.52	2.41	2.41
1"	19.02	19.02	4.02	4.02
1 1/2"	35.66	35.66	8.03	8.03
2"	47.55	47.55	12.85	12.85
3"	118.87	118.87	28.12	28.12
4"	237.74	237.74	40.17	40.17
6"	713.23	713.23	80.33	80.33
Usage Rate (<i>per 1,000 gallons</i>)	2.38	2.38	2.34	2.34
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	19.04	19.04	4.82	4.82
1"	38.08	38.08	8.04	8.04
1 1/2"	71.40	71.40	16.06	16.06
2"	95.20	95.20	25.70	25.70
3"	238.00	238.00	56.24	56.24
4"	476.00	476.00	80.34	80.34
6"	1,428.00	1,428.00	160.66	160.66
Usage Rate (<i>per 1,000 gallons</i>)	4.76	4.76	4.68	4.68

Source: City Water and Sewer Department

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Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	2.43
4.05	4.05	4.05	4.05	4.05	4.05	4.05
8.10	8.10	8.10	8.10	8.10	8.10	8.10
12.96	12.96	12.96	12.96	12.96	12.96	12.96
28.35	28.35	28.35	28.35	28.35	28.35	28.35
40.50	40.50	40.50	40.50	40.50	40.50	40.50
81.00	81.00	81.00	81.00	81.00	81.00	81.00
1.35	1.35	1.35	1.35	1.35	1.35	1.35
2.56	2.56	2.56	2.56	2.56	2.56	2.56
2.89	2.89	2.89	2.89	2.89	2.89	2.89
4.86	4.86	4.86	4.86	4.86	4.86	4.86
8.10	8.10	8.10	8.10	8.10	8.10	8.10
16.20	16.20	16.20	16.20	16.20	16.20	16.20
25.92	25.92	25.92	25.92	25.92	25.92	25.92
56.70	56.70	56.70	56.70	56.70	56.70	56.70
81.00	81.00	81.00	81.00	81.00	81.00	81.00
162.00	162.00	162.00	162.00	162.00	162.00	162.00
2.70	2.70	2.70	2.70	2.70	2.70	2.70
5.12	5.12	5.12	5.12	5.12	5.12	5.12
5.78	5.78	5.78	5.78	5.78	5.78	5.78
2.60	2.60	2.60	2.83	3.04	3.26	
4.34	4.34	4.34	4.73	5.08	5.46	
8.67	8.67	8.67	9.45	10.16	10.92	
13.88	13.88	13.88	15.12	16.25	17.46	
30.37	30.37	30.37	33.10	35.59	38.25	
43.38	43.38	43.38	47.28	50.83	54.64	
86.76	86.76	86.76	94.56	101.65	109.27	
2.53	2.53	2.53	2.76	2.97	3.19	
5.20	5.20	5.20	5.66	6.08	6.52	
8.68	8.68	8.68	9.46	10.16	10.92	
17.34	17.34	17.34	18.90	20.32	21.84	
27.76	27.76	27.76	30.24	32.50	34.92	
60.74	60.74	60.74	66.20	71.18	76.50	
86.76	86.76	86.76	94.56	101.66	109.28	
173.52	173.52	173.52	189.12	203.30	218.34	
5.06	5.06	5.06	5.52	5.94	6.38	

Schedule 12

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL WATER AND SEWER CUSTOMERS
Current Year and Nine Years Ago**

Customer	Fiscal Year 2014			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total	Amount	Percentage of Total
		Water Revenue		Sewer Revenue
Felcor-Hilton	\$ 235,978	2.03 %	\$ 209,312	1.75 %
Myrtle Beach Travel Park	168,238	1.44	184,608	1.54
Seawatch Plantation	162,176	1.39	172,502	1.44
Sea Mist Resort	141,668	1.22	148,373	1.24
Magnolia Point HOA	117,823	1.01	124,235	1.04
Grand Strand Regional Medical Center	107,613	0.92	96,536	0.80
Ocean Dunes/Sand Dunes	101,563	0.87	109,284	0.91
Sands Properties Homeowners 1&2	98,641	0.85	76,671	0.64
Dunes Village Phase II	98,521	0.85	74,693	0.62
Ocean Watch Timeshare	95,293	0.82	93,524	0.78
	<u>\$ 1,327,514</u>	<u>11.40 %</u>	<u>\$ 1,289,738</u>	<u>10.76 %</u>

Customer	Fiscal Year 2005			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total	Amount	Percentage of Total
		Water Revenue		Sewer Revenue
City of North Myrtle Beach	\$ 1,982,080	14.75 %	\$	%
Kingston Plantation	206,196	1.53	178,655	1.94
Myrtle Beach Travel Park	168,848	1.26	159,440	1.73
AVX Corporation	132,779	0.99	101,141	1.10
Sands Properties Homeowners 1&2	110,167	0.82	85,113	0.92
Magnolia Place POA	97,556	0.73	92,123	1.00
Djont Leasing, LLC	93,175	0.69	76,158	0.82
Grand Dunes Marriott	81,420	0.61	65,486	0.71
Apache Family Campground	74,368	0.55	70,224	0.76
Grand Strand General Hospital	78,454	0.58	65,181	0.71
Coral Beach Resort			51,575	0.56
	<u>\$ 3,025,043</u>	<u>22.51 %</u>	<u>\$ 945,096</u>	<u>10.25 %</u>

Source: City Water and Sewer Department

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Schedule 13

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Tax Increment Revenue Bonds	Storm Water Revenue Bonds	Hospitality Fee Revenue Bonds	Note Payable	Capital Lease Obligations
2005	\$ 32,400,000	\$ 19,790,000	\$ 4,370,000	\$ 3,115,022	\$ 49,660,000	\$	\$ 4,526,482
2006	42,365,000	18,715,000	3,345,000	7,788,768	49,660,000	2,897,500	3,947,635
2007	40,795,000	17,600,000	34,870,345	10,499,052	49,660,000	2,897,500	3,334,603
2008	51,460,000	16,430,000	37,307,882	10,119,706	49,660,000	2,897,500	6,761,379
2009	48,135,000	15,210,000	39,584,835	9,727,881	49,660,000	2,897,500	4,978,682
2010	45,780,000	12,840,000	50,434,821	12,053,225	49,660,000	1,947,500	5,087,663
2011	43,325,000	12,660,000	58,952,603	11,528,152	49,105,000	1,847,500	4,218,420
2012	39,965,000	11,660,000	57,892,603	10,965,237	48,520,000	1,847,500	4,196,053
2013	48,910,000	10,090,000	56,487,603	10,361,530	47,905,000	1,847,500	3,537,465
2014	46,165,000	6,215,000	55,022,603	9,745,237	61,915,000		6,784,649

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>		<u>Per Capita ⁽¹⁾</u>
<u>Water and Sewer Revenue</u>	<u>Certificates of Participation</u>				
<u>Bonds</u>					
\$ 41,568,571	\$ 8,075,000	\$ 163,505,075	22.44	% \$	6,261
	7,650,000	136,368,903	17.07		4,987
	7,205,000	166,861,500	19.44		5,733
11,710,000	6,745,000	193,091,467	21.45		6,372
11,710,000	6,265,000	188,168,898	20.64		6,063
11,710,000	5,760,000	195,273,209	21.54		6,108
11,260,000	5,235,000	198,131,675	25.11		7,309
19,690,000	4,685,000	199,421,393	25.37		7,171
19,205,000	4,110,000	202,454,098	24.55		7,156
18,355,000	3,505,000	207,707,489	23.94		7,119

Schedule 14

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years**

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Debt Service Funds Available	Net General Bonded Debt		
2005	\$ 32,400,000	\$ 546,585	\$ 31,853,415	0.65 %	\$ 1,219
2006	42,365,000	998,652	41,366,348	0.73	1,512
2007	40,795,000	1,752,836	39,042,164	0.64	1,341
2008	51,460,000	2,953,599	48,506,401	0.63	1,601
2009	48,135,000	884,164	47,250,836	0.55	1,523
2010	45,780,000	2,093,066	43,686,934	0.49	1,367
2011	43,325,000	4,224,209	39,100,791	0.53	1,442
2012	39,965,000	4,372,526	35,592,474	0.47	1,280
2013	48,910,000	4,814,711	44,095,289	0.58	1,559
2014	46,165,000	4,654,838	41,510,162	0.54	1,423

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 6 for property value data.

⁽²⁾ See Schedule 18 for population data.

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Schedule 15

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2014**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Overlapping Governmental Activities Debt			
Horry County:			
General Obligation Bonds	\$ 87,853,000	22.0%	\$ 19,327,660
Horry County School District:			
General Obligation Bonds	346,986,000	22.0%	<u>76,336,920</u>
Total Overlapping Governmental Activities Debt			\$ 95,664,580
City Direct Governmental Activities Debt			<u>185,847,489</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u><u>281,512,069</u></u>

Sources: Debt outstanding data provided by the Horry County Finance Department and the Horry County School District Finance Department

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

⁽¹⁾ The percentage of overlapping debt applicable is estimated based on the percentage of assessed valuation of property located in the City.

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Schedule 16

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	Fiscal Year			
	2005	2006	2007	2008
Debt Limit	\$ 20,004,876	\$ 22,560,818	\$ 24,760,083	\$ 30,864,883
Total Net Debt Applicable to Debt Limit	<u>(10,820,000)</u>	<u>(11,705,000)</u>	<u>(10,750,000)</u>	<u>(22,050,000)</u>
Legal Debt Margin	<u>\$ 9,184,876</u>	<u>\$ 10,855,818</u>	<u>\$ 14,010,083</u>	<u>\$ 8,814,883</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>54.09%</u>	<u>51.88%</u>	<u>43.42%</u>	<u>71.44%</u>

Note: Article Ten, Section Fourteen of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur general obligation debt over the eight percent limit when approved by a majority vote of the qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- a. those restrictions and limitations imposed in the authorization to incur such indebtedness,
- b. the provisions of Article Ten, Section Fourteen and
- c. such general obligation debt shall be issued within five years of the date of such referendum and shall mature within forty years from the time such indebtedness shall be incurred.

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Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 34,454,323	\$ 36,086,483	\$ 29,897,923	\$ 30,595,923	\$ 30,715,283	\$ 31,105,603
<u>(19,635,000)</u>	<u>(18,230,000)</u>	<u>(16,760,000)</u>	<u>(15,160,000)</u>	<u>(25,165,000)</u>	<u>(23,515,000)</u>
<u>\$ 14,819,323</u>	<u>\$ 17,856,483</u>	<u>\$ 13,137,923</u>	<u>\$ 15,435,923</u>	<u>\$ 5,550,283</u>	<u>\$ 7,590,603</u>
<u>56.99%</u>	<u>50.52%</u>	<u>56.06%</u>	<u>49.55%</u>	<u>81.93%</u>	<u>75.60%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 385,413,000
Exempt Merchants Inventory (1987 Valuation)	<u>3,407,035</u>
Adjusted Assessed Value of Taxable Property	<u>\$ 388,820,035</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 31,105,603

Debt Applicable to Limit:

General Obligation Bonds	(46,165,000)
Bonds Issued Under Referendum	<u>22,650,000</u>

Legal Debt Margin \$ 7,590,603

Schedule 17

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Fiscal Year	Water and Sewer Revenue Bonds					
	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 27,078,842	\$ 13,284,569	\$ 13,794,273	\$ 5,418,555	\$ 2,113,443	1.83
2006	28,930,884	13,510,646	15,420,238	2,394,844	2,113,118	3.42
2007	25,601,227	19,834,291	5,766,936	0	0	N/A
2008	24,345,555	20,869,473	3,476,082	0	101,273	34.32
2009	21,826,203	21,160,184	666,019	0	506,363	1.32
2010	21,819,786	19,917,775	1,902,011	0	506,362	3.76
2011	22,839,515	19,906,533	2,932,982	450,000	506,362	3.07
2012	25,031,913	19,569,333	5,462,580	470,000	569,972	5.25
2013	24,170,369	19,611,954	4,558,415	485,000	796,000	3.56
2014	25,978,549	21,369,816	4,608,733	850,000	776,600	2.83

Fiscal Year	Hospitality Fee Revenue Bonds			
	Hospitality Fees	Debt Service		Coverage
		Principal	Interest	
2005	\$ 7,716,371	\$ 0	\$ 2,658,451	2.90
2006	8,074,246	0	2,545,325	3.17
2007	8,348,376	0	2,545,325	3.28
2008	8,678,672	0	2,545,325	3.41
2009	8,222,570	0	2,545,325	3.23
2010	8,283,197	0	2,545,325	3.25
2011	9,023,986	555,000	2,545,325	2.91
2012	9,463,883	585,000	2,516,525	3.05
2013	9,867,341	615,000	2,486,081	3.18
2014	10,075,280	0	1,930,741	5.22

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Operating revenues include impact fee capital contributions and unrestricted interest earnings.

⁽²⁾ Operating expenses do not include depreciation or the indirect cost transfer to the General Fund.

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Tax Increment Revenue Bonds

Property Tax Increment		Debt Service		Coverage
		Principal	Interest	
\$	2,020,451	\$ 1,000,000	\$ 237,550	1.63
	2,317,492	1,025,000	197,550	1.90
	2,136,089	1,070,000	887,562	1.09
	2,318,289	1,110,000	1,738,220	0.81
	5,210,870	1,165,000	1,682,720	1.83
	3,601,569	0	1,851,153	1.95
	4,210,980	580,000	2,516,563	1.36
	3,777,540	1,060,000	2,824,652	0.97
	3,670,339	1,405,000	2,380,002	0.97
	4,435,844	1,465,000	2,310,644	1.17

Storm Water Revenue Bonds

Storm Water Fees		Debt Service		Coverage
		Principal	Interest	
\$	1,184,488	\$ 0	\$ 0	N/A
	1,211,924	0	0	N/A
	1,250,928	0	436,924	2.86
	1,276,753	379,346	336,627	1.78
	1,552,585	391,825	324,147	2.17
	1,569,986	436,895	325,276	2.06
	1,836,316	536,214	338,566	2.10
	1,858,628	562,915	304,094	2.14
	1,883,706	603,707	226,141	2.27
	2,181,517	616,292	213,556	2.63

Schedule 18

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2004	26,116	\$ 27,903	\$ 728,714	36.4	5.90 %
2005	27,343	29,223	799,044	36.7	5.80
2006	29,107	29,484	858,190	36.9	5.50
2007	30,304	29,711	900,362	37.1	5.00
2008	31,032	29,383	911,813	37.4	7.00
2009	31,968	28,354	906,420	37.6	11.90
2010	27,109	29,101	788,899	37.9	12.10
2011	27,810	28,265	786,049	38.3	11.60
2012	28,292	29,148	824,655	39.2	10.10
2013	29,175	29,742	867,722	40.2	8.50

Sources: Myrtle Beach and South Carolina Grand Strand Demographic Profile, South Carolina Statistical Abstract, Places Rated Almanac, the South Carolina Employment Security Commission, U.S. Dept. of Commerce Bureau of Economic Analysis, U.S. Dept. of Labor Statistics, and the U.S. Census Bureau

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Schedule 19

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Employer	Type of Business	Calendar Year 2013	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,400	4.54 %
Wal-Mart	Retail Sales	2,276	1.91
Horry County Government	County Government	2,003	1.69
Coastal Carolina University	Education	1,382	1.16
Conway Medical Center	Hospital	1,325	1.11
Grand Strand Regional Medical Center	Hospital	1,134	0.95
Food Lion	Retail Sales	929	0.78
McLoud Health System	Hospital	916	0.77
Blue Cross/Blue Shield	Health Insurance	900	0.76
City of Myrtle Beach	Municipal Government	830	0.70
		<u>17,095</u>	<u>14.37 %</u>

Employer	Type of Business	Calendar Year 2004	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,712	4.13 %
Wal-Mart	Retail Sales	2,358	2.07
Horry County Government	County Government	1,800	1.58
AVX Corporation	Manufacturer	1,200	1.05
Conway Medical Center	Hospital	1,100	0.97
Blue Cross/Blue Shield	Health Insurance	1,000	0.88
Grand Strand Regional Medical Center	Hospital	993	0.87
Myrtle Beach National	Golf Courses and Accommodations	970	0.85
Coastal Carolina University	Education	909	0.80
City of Myrtle Beach	Municipal Government	825	0.72
		<u>15,867</u>	<u>13.92 %</u>

Sources: Myrtle Beach Regional Economic Development Corporation, Myrtle Beach Area Chamber of Commerce, the South Carolina Industrial Directory, the South Carolina Employment Security Commission and Horry County Government

Note: This schedule presents the principal employers in Horry County, South Carolina. Information for the City of Myrtle Beach was not available.

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Schedule 20

CITY OF MYRTLE BEACH, SOUTH CAROLINA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	As of June 30,			
	2005	2006	2007	2008
Full-Time Equivalent Employees				
General Government	71	72	76	87
Public Safety	385	395	400	400
Transportation	26	27	25	25
Community and Economic Development	27	30	29	29
Culture and Recreation	136	136	134	137
Public Works	27	27	27	30
Water	52	52	31	30
Sewer	56	56	32	27
Municipal Golf Course	15	15	14	14
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	825	840	798	809

Source: City Finance Department

Note: Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

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As of June 30,					
2009	2010	2011	2012	2013	2014
90	89	89	81	80	80
426	422	410	431	431	429
25	26	27	26	26	26
29	27	28	26	27	27
144	136	139	145	145	165
26	25	23	25	25	25
27	29	29	30	30	30
27	26	26	26	26	26
16	15	13	10	8	10
30	30	30	30	30	30
840	825	814	830	828	848

Schedule 21

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

	Fiscal Year			
	2005	2006	2007	2008
General Government				
New Business Licenses Issued	1,626	1,470	1,361	1,234
Public Safety				
Calls for Services - Police	101,488	102,482	102,670	107,136
Total Arrests	35,529	34,517	37,817	39,436
Fire Calls per Engine Company	408	339	368	364
Transportation				
Square Yards of City Streets Resurfaced	48,273	32,230	39,860	40,000
Community and Economic Development				
Building Permits Issued	3,407	4,525	4,516	5,121
Culture and Recreation				
Admissions to Recreation Centers ⁽¹⁾	41,899	147,397	180,272	177,910
Exhibition Hall Occupancy Percentage	67%	73%	67%	66%
Number of Library Volumes	79,440	79,298	77,089	77,089
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	13,742	13,328	10,555	10,395
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	8,690	8,316	8,229	8,161
Municipal Golf Course				
Number of Rounds Played	39,025	41,928	46,621	45,633
Solid Waste Management				
Tons of Refuse Collected	20,179	17,711	29,129	27,931

Sources: Various City departments

Notes: No operating indicators are available for the public works function or the baseball stadium.

⁽¹⁾ In 2005, the City's largest recreation center was closed for renovations.

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Fiscal Year					
2009	2010	2011	2012	2013	2014
1,403	1,094	1,092	1,449	1,211	1,179
117,116	141,191	110,773	104,907	96,527	110,102
26,322	27,020	21,620	22,998	21,635	22,417
346	301	346	349	373	393
39,000	31,920	61,661	45,265	40,000	39,328
2,966	2,986	3,468	4,180	4,569	5,232
209,326	217,125	250,046	263,417	260,751	265,640
66%	63%	62%	65%	63%	62%
84,116	87,961	146,027	144,757	125,563	117,296
9,745	9,816	10,056	10,263	9,565	9,586
7,859	7,785	7,974	8,253	7,919	8,032
40,236	32,989	37,224	36,695	35,887	34,010
27,689	27,937	28,099	26,876	26,369	27,979

Schedule 22

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

	Fiscal Year			
	2005	2006	2007	2008
Public Safety				
Police Stations	2	2	3	3
Fire Stations	5	6	6	6
Transportation				
Streets (<i>miles</i>)	102	103	126	127
Traffic Signals	60	62	64	70
Culture and Recreation				
Parks	37	37	37	37
Park Acreage	332	332	332	332
Recreation Centers	3	3	3	3
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	336	341	350	372
Sewer				
Gravity Sewers (<i>miles</i>)	206	206	214	219
Storm Sewers (<i>miles</i>)	58	58	65	126
Baseball Stadium				
Baseball Stadiums	1	1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

Sources: Various City departments

Notes: No capital asset indicators are available for the general government, community and economic development and public works functions.

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Fiscal Year					
2009	2010	2011	2012	2013	2014
3	3	3	3	3	3
6	6	6	6	6	6
130	130	141	142	142	142
70	70	71	72	78	79
45	45	45	45	45	45
653	653	653	653	653	653
4	4	4	4	4	4
1	1	1	1	1	1
2	2	2	2	2	2
375	375	376	376	378	380
219	230	230	231	233	235
141	151	153	161	164	170
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
26	26	26	26	26	26

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Page 1 of 2

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-11-UC-45006	\$ 1,227
		B-12-UC-45006	24,502
		B-13-UC-45006	82,679
		B-14-UC-45006	281,029
Total U.S. Department of Housing and Urban Development			\$ <u>389,437</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 20,998
Edward Byrne Memorial Justice Assistance Grant	16.738		2,749
Total U.S. Department of Justice			\$ <u>23,747</u>
U.S. Department of Transportation:			
Passed Through the State Department of Transportation:			
Highway Planning and Construction Grant	20.205	26L200SU26(008)	\$ 1,903,047
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC13015	12,024
		2JC14015	6,207
Total U.S. Department of Transportation			\$ <u>1,921,278</u>
U.S. Department of Homeland Security:			
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	10SHSP37	\$ 72,221
		12SHSP05	35,990
		12SHSP12	49,858
Passed Through the State Emergency Management Division:			
Disaster Grant	97.036	FEMA-4166-DR-SC	220,527

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Page 2 of 2

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security: (continued)			
Assistance to Firefighters Grant	97.044		\$ 113,670
Total U.S. Department of Homeland Security			\$ 492,266
Total Expenditures of Federal Awards			\$ 2,826,728

See accompanying notes to schedule of expenditures of federal awards.

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Myrtle Beach, South Carolina (the City) under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTUNG POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying members are presented where available.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Myrtle Beach, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements, and have issued our report thereon dated November 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Myrtle Beach, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Myrtle Beach, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Myrtle Beach, South Carolina's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

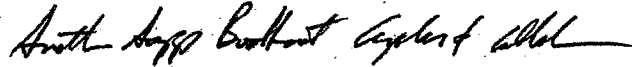
As part of obtaining reasonable assurance about whether the City of Myrtle Beach, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Smith Sapp Bookhout Crumpler & Calliham
A Professional Association of Certified Public Accountants & Consultants

South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 26, 2014



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

To the Mayor and City Council
City of Myrtle Beach, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Myrtle Beach, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Myrtle Beach, South Carolina's major federal programs for the year ended June 30, 2014. The City of Myrtle Beach, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Myrtle Beach, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Myrtle Beach, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Myrtle Beach, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Myrtle Beach, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Myrtle Beach, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit

Smith Sapp Bookhout Crumpler & Calliham
A Professional Association of Certified Public Accountants & Consultants

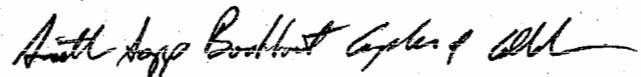
South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

of compliance, we considered the City of Myrtle Beach, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Myrtle Beach, South Carolina's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 26, 2014

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Myrtle Beach, South Carolina.
2. No significant deficiencies in internal control were disclosed during the audit of the basic financial statements of the City of Myrtle Beach, South Carolina.
3. No instances of noncompliance material to the basic financial statements of the City of Myrtle Beach, South Carolina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs of the City of Myrtle Beach, South Carolina expresses an unmodified opinion on the major federal programs.
6. There are no audit findings for the major programs, which are required to be reported.
7. The programs tested as major programs were:
 - U.S. Department of Housing and Urban Development, Community Development Block Grant - CFDA No. 14.218
 - U.S. Department of Transportation, Highway Planning and Construction Grant - CFDA No. 20.205
8. The threshold used for distinguishing between type A and B programs was \$300,000.
9. The City of Myrtle Beach, South Carolina was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None



First In Service

CITY OF MYRTLE BEACH SOUTH CAROLINA

Comprehensive Annual Financial Report

Fiscal Year Ended • June 30, 2014