



# **CITY OF MYRTLE BEACH**

## **SOUTH CAROLINA**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30, 2018**

**CITY of MYRTLE BEACH,  
SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2018**

**CITY COUNCIL**

**MAYOR BRENDA BETHUNE**

**MICHAEL CHESTNUT**

**PHILIP RENDER**

**MIKE LOWDER**

**GREGG SMITH**

**MARY JEFFCOAT**

**JACKIE VEREEN**

**CITY OFFICIALS**

**JOHN G. PEDERSEN**  
*CITY MANAGER*

**MICHAEL W. SHELTON**  
*CHIEF FINANCIAL OFFICER*

**MICHELLE B. SHUMPERT**  
*DIRECTOR OF FINANCIAL MANAGEMENT & REPORTING*



*First in Service*

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended June 30, 2018**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of Contents.....	i
Organizational Chart.....	iv
Letter of Transmittal.....	v
Certificate of Achievement for Excellence in Financial Reporting.....	xv
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
A-1 Statement of Net Position.....	12
A-2 Statement of Activities.....	16
Fund Financial Statements:	
A-3 Balance Sheet - Governmental Funds.....	18
A-4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	22
A-5 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	23
A-6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
A-7 Statement of Net Position - Proprietary Funds.....	28
A-8 Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	34
A-9 Statement of Cash Flows - Proprietary Funds.....	36
A-10 Statement of Fiduciary Net Position - Agency Fund.....	42
Notes to Financial Statements.....	43
<b>Required Supplementary Information</b>	
B-1 Schedule of the City's Proportionate Share of the SCRS Net Pension Liability.....	77
B-2 Schedule of the City's Proportionate Share of the PORS Net Pension Liability.....	78
B-3 Schedule of City Contributions to the SCRS.....	79
B-4 Schedule of City Contributions to the PORS.....	80
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
B-5 General Fund.....	81
B-6 Convention Center Fund.....	82
B-7 Local Option Tourism Fee Fund.....	83
B-8 Air Base Tax Increment Revenue Fund.....	84
Notes to Required Supplementary Information.....	85

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended June 30, 2018**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Combining and Individual Fund Statements and Schedules</b>	
Nonmajor Governmental Funds:	
C-1 Combining Balance Sheet.....	88
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	90
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Nonmajor Governmental Funds:	
C-3 Accommodations Tax Fund.....	92
C-4 Public Facilities Corporation Fund.....	93
C-5 Community Block Development Fund.....	94
C-6 Victims Advocate Fund.....	95
C-7 Local Accommodations Tax Fund.....	96
C-8 Storm Water Fund.....	97
C-9 Ocean Front Tax Increment Revenue Fund.....	98
C-10 Hospitality Fee Fund.....	99
C-11 Sports Tourism Fund.....	100
C-12 Product Development Fund.....	101
C-13 Debt Service Fund.....	102
Capital Projects Fund:	
C-14 Capital Improvements Fund.....	103
Internal Service Funds:	
D-1 Combining Statement of Net Position.....	105
D-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	107
D-3 Combining Statement of Cash Flows.....	108
Agency Fund:	
Firemen's Fund:	
E-1 Statement of Changes in Assets and Liabilities.....	111
Discretely Presented Component Unit:	
Myrtle Beach Downtown Redevelopment Corporation:	
F-1 Balance Sheet.....	113
F-2 Statement of Revenues, Expenditures and Changes in Fund Balances.....	114
<b>Other Supplementary Information</b>	
Schedules of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual:	
Enterprise Funds:	
G-1 Water and Sewer Fund.....	116
G-2 Baseball Stadium Fund.....	117
G-3 Municipal Golf Course Fund.....	118
G-4 Solid Waste Management Fund.....	119
Other Schedule:	
G-5 Schedule of Fines, Assessments and Surcharges.....	120

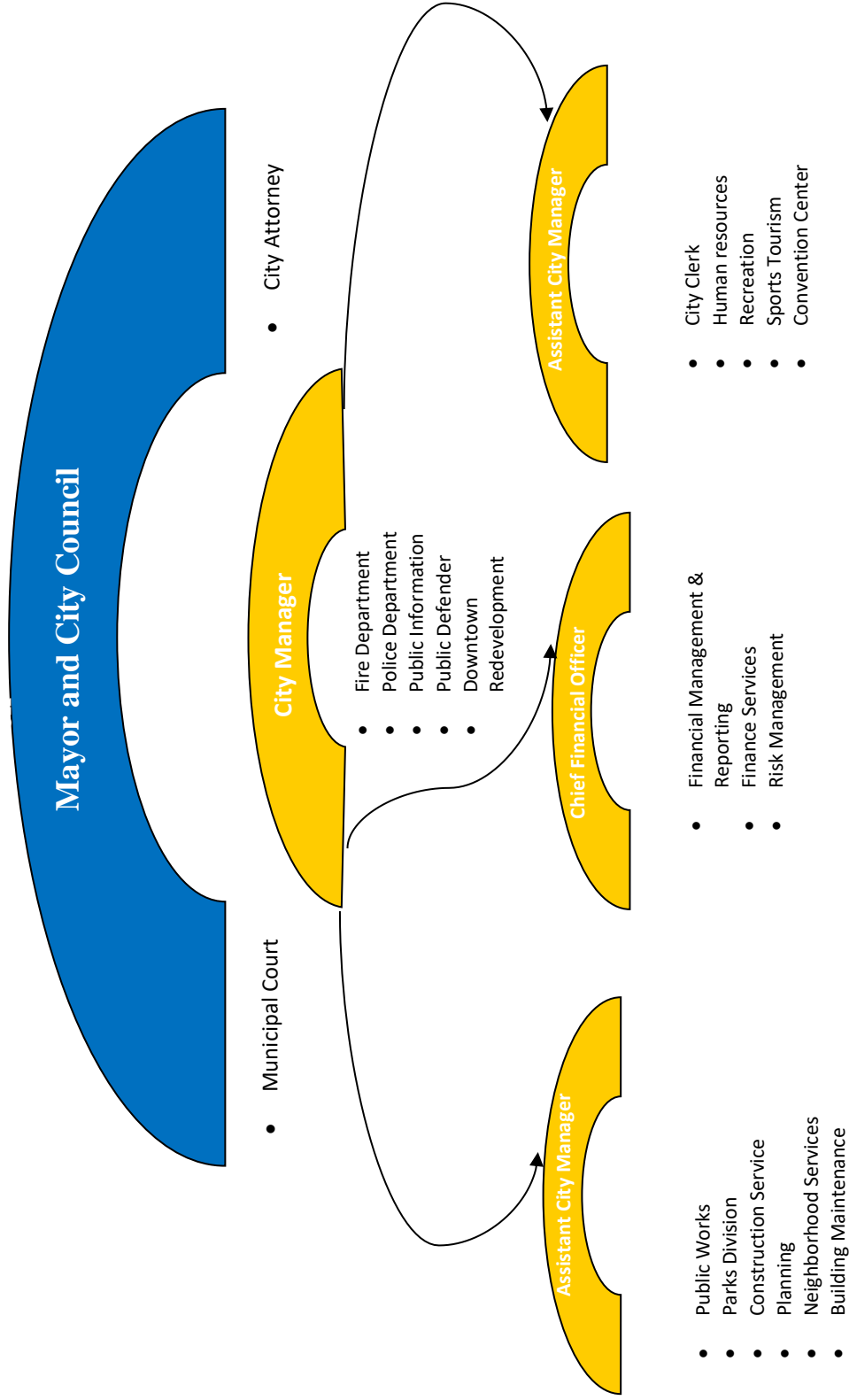
**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended June 30, 2018**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>STATISTICAL SECTION</b>	
Schedule 1 Net Position by Component .....	122
Schedule 2 Changes in Net Position .....	124
Schedule 3 Program Revenues by Function/Program .....	128
Schedule 4 Fund Balances, Governmental Funds .....	130
Schedule 5 Changes in Fund Balances, Governmental Funds .....	132
Schedule 6 Assessed Value and Estimated Actual Value of Taxable Property .....	136
Schedule 7 Direct and Overlapping Property Tax Rates .....	137
Schedule 8 Principal Property Tax Payers .....	138
Schedule 9 Property Tax Levies and Collections .....	139
Schedule 10 Water and Sewer Gallons and Number of Customers .....	140
Schedule 11 Water and Sewer Rates .....	142
Schedule 12 Principal Water and Sewer Customers .....	144
Schedule 13 Ratios of Outstanding Debt by Type .....	145
Schedule 14 Ratios of Net General Bonded Debt Outstanding .....	147
Schedule 15 Direct and Overlapping Governmental Activities Debt .....	148
Schedule 16 Legal Debt Margin Information .....	149
Schedule 17 Pledged-Revenue Coverage .....	151
Schedule 18 Demographic and Economic Statistics .....	153
Schedule 19 Principal Employers .....	154
Schedule 20 Full-Time Equivalent Employees by Function/Program .....	155
Schedule 21 Operating Indicators by Function/Program .....	157
Schedule 22 Capital Asset Statistics by Function/Program .....	159
 <b>SINGLE AUDIT SECTION</b>	
Schedule of Expenditures of Federal Awards .....	161
Notes to Schedule of Expenditures of Federal Awards .....	162
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 <i>Government Auditing Standards</i> .....	163
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	165
Schedule of Findings and Questioned Costs .....	167



# Organizational Chart





## **City of Myrtle Beach** SOUTH CAROLINA

DEPARTMENT OF FINANCIAL MANAGEMENT & REPORTING

November 14, 2018

The Honorable Mayor Brenda Bethune, 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, 2018, is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy of the data and the completeness and reliability of the totality of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is 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 comprises all City funds, 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 that 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 (GAAP) dictate that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the narrative. The City's MD&A can be found immediately following the report of the independent auditor.

### **GENERAL INFORMATION**

#### **Community Profile**

Myrtle Beach is in the center of a stretch of coastal shoreline known as the Grand Strand. The Grand Strand is a 60 mile long complex of beach towns and barrier islands that stretch from Little River to Georgetown, South Carolina and consists of a populated area ranging from only a few blocks to a couple of miles wide. The City is oriented in the northeastern most corner of the state and is approximately 23 miles south of the North Carolina border. 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 and the warm Gulf Stream current moves slowly northeastwardly along the coast.



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 Caudape, was abandoned the next year and the group returned to Hispaniola. Later settled by landowners, the area was gradually developed into a very large plantation, with rice as 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. The development of the area into a large tourism destination, which Myrtle Beach has become, has taken place in the last 30 years. Mild temperatures and the gentle ocean breezes create the ideal climate for a vacation destination any time of the year.

Because of the location on 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. Mild winters and warm summers are the rule. The Atlantic Ocean has a moderating effect, often mitigating extremely high or low temperatures because land and water heat and cool at different rates. Situated along the coast provides for cooling sea breezes during the summer and warms the immediate coast during the winter. The average air temperature varies from a low of 57°F in January to a high of 88°F in July. The average water temperature varies from a low of 49°F in January to a high of 83°F in July.

The Myrtle Beach Metropolitan Statistical Area was ranked among the fastest growing metropolitan areas in the nation, coming in second on the list for 2017. US News & World Report recognized Myrtle Beach as the number one destination in the country where people are choosing to move in 2018. Since 1950, the population in Myrtle Beach alone 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

### **City Government**

The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the governing body, the mayor and city council members. 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 and a Mayor Pro-Tempore is elected by City Council members from their body for a period of two years to serve in the Mayor’s place during periods of 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, a Chief Financial Officer, and seventeen staff departments, which are City Clerk, Financial Management and Reporting, Financial Services, Risk Management, Public Works, Public Information, Human Resources, Planning, Code Enforcement, Building Maintenance, Neighborhood Services, Cultural and Leisure Services, Library, Police, Fire, Sports Tourism, and the Convention Center.

### **FACTORS AFFECTING FINANCIAL CONDITION**

During 2018, property values remained stable and growth continued at a strong pace in the Northern and Southernmost sections of the City. Revenues derived from business conducted in the City continued to rise to levels not seen since prior to the recession. Revenue derived from City businesses includes general revenues such as business licenses as well as special purpose revenues that are restricted primarily for capital projects or the promotion of tourism.

In 2009, property taxes accounted for 34.1% of total governmental revenues. The Local Option Tourism Development Fee was enacted by the State Legislature in 2009 to bolster tourism following the great recession. The fee acts as a 1% tax applied to retail sales within the corporate limits of the City and the allocation of the revenue source is mandated by the State Legislature. The first 80% collected must be used for out-of-market tourism targeted advertising and the remaining balance may be used to offset property taxes and for tourism related capital equipment and infrastructure. In 2011, the first full year of collections, the City utilized the tourism fee to offset 82.5% of owner occupied residential property taxes through the application

of a tax credit. The net result was a reduction of the percentage of total revenue represented by property tax. From 2011 to 2018, property taxes accounted for 29.4% and 28.7% of total governmental revenue respectively. When the local option tourism fee tax credit is considered along with property tax and the effect of the local tourism fee is removed from total revenues, property tax revenue represents 32.6% of total governmental revenues for 2018. While the 2018 percentage 32.6% of overall revenue is less than 2009's 34.1%, revenue actually grew by \$11.2 million over the 10-year period. Growth in property tax revenue since the recession is a product of the recovery, growth in the northernmost and southernmost areas of the City, and strategic management by City leadership.

Property tax rates were kept at 66.1 mills from 2009 through 2014. In 2015, City leadership recognized that, while most other funds had recovered or substantially recovered following the recession, the General Fund had lost its structural balance when looked at over a five-year planning horizon. At the time, the tax rate was adjusted to the statutory equivalent rate (as adjusted for reassessment) of 67.4 mills. Council then adopted the first rate increase in six years in 2015, when the rate went from the baseline rate of 67.4 mills to 74.5 mills. The increase was enacted in an effort to restore the structural balance in the General Fund and to meet the increasing demand for services fueled by a growing population, record tourism numbers, and operation of new facilities. Since 2015, population and tourism expansion have continued and the service demands of the community have increased. In 2017, Council recognized the need to increase tax millage from 74.5 mills to 77.5 mills. The increase allowed for the addition of a number of positions and services to address the growth and community needs outlined in the City's strategic plan.

Revenues from the business license fees, local option tourism fees, hospitality fees, and accommodations taxes further evidence the strength of the local economy. All of the aforementioned revenues are derived from business conducted in the City limits and, with the exception of the business license fee, all are special purpose revenues that are restricted primarily for capital projects or the promotion of tourism. Business license fee revenues represent the largest funding source in the General Fund, comprising 39.6% of general revenues and making up 21.8% of total governmental revenue. Just as City leadership adjusted property tax rates to address the structural balance of the General Fund and meet community needs, a modest increase in business license rates for businesses situated outside the corporate limits and elimination of the exemption for the long-term rental of private residences were enacted in 2016. Collections surpassed prerecession levels as a result of growth and strategic Council action.

In 2018, Council further explored options to maintain balance in the General Fund and minimize city-wide tax and fee increases. To that end, the City recognized that franchise funds allocated for underground utility conversion projects were more than sufficient to manage future conversion projects and renegotiated the franchise fee agreement with Santee Cooper, a large utility provider. Per the amended terms of the agreement, the franchise fee allocated to underground conversion projects was reduced by 50%, resulting in approximately \$900,000 of general purpose revenue for the General Fund beginning in 2019. Additionally, the City began the process of amending the project list associated with the Myrtle Beach Air Force Base Tax Increment District. The amendment will restructure the project list to meet current infrastructure needs in the district and allow for the declaration of a surplus in the fund to provide for the annual distribution of property tax revenue to each of the taxing jurisdiction. It is expected that the annual distribution will provide approximately \$1,000,000 of general purpose revenues for the General Fund in the first year of distribution.

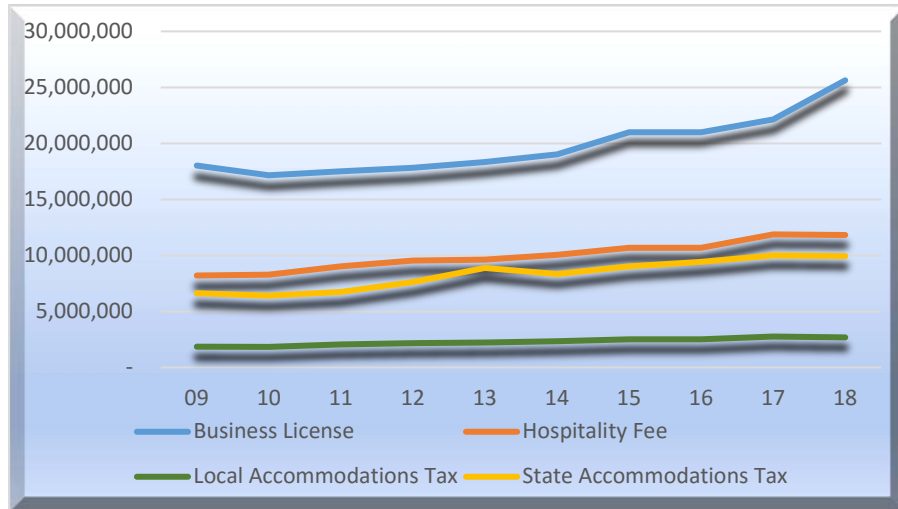
Growth in tourism and residential expansion result in increased revenues, however they also create pressure for public services and result in greater operating expenditures. Residential expansion in particular increases service demand and necessitated the addition of solid waste, parks, public safety, and recreational program staffing over the last several years. Those front line positions are relatively easy to associate with growth, however administrative and internal service functions also see an increase in demand. For 2018, a revenue billing cashier, information services technician, risk management administrative assistant, and building maintenance trades worker were added to address growing service level demands.

Tourism drives expenditure growth in a slightly different manner. The cost of ensuring the safety of visitors to our beachfront, the City's biggest tourism draw and consequently its most valuable resource, continues to grow as the number of visitors increase and the season expands. In order to provide the safest environment possible for beach-going residents and visitors alike, the City invested in beach safety equipment and expanded the presence of emergency personnel in 2018 to provide a higher level of coverage on the oceanfront during the peak season.

In summary, the City has recovered from the recession and is experiencing strong growth in both the tourism and residential sectors. Economic growth has resulted in increased revenues and has allowed for the reduction of subsidies to Special Revenue Funds, while equally increasing the demand for City services. Council has implemented a number of strategies to grow the economy, maintain a balanced revenue mix, and meet the growing needs of the community at large.

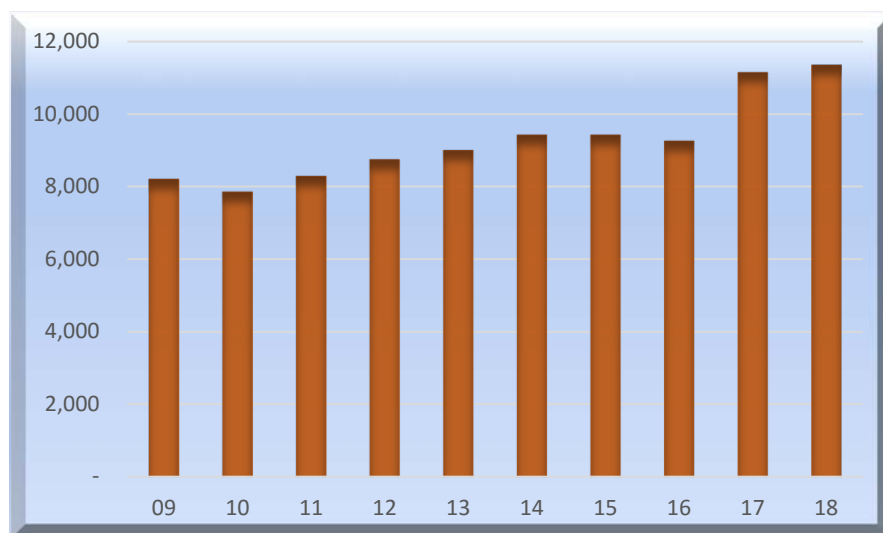
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

**Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, 2009 - 2018**



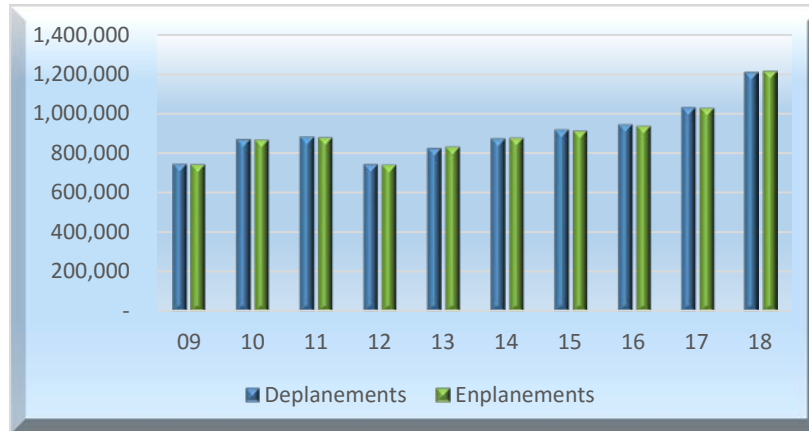
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008, 2009, and 2010, retail sales began to recover in 2011 and have demonstrated improved numbers through 2018. The graph below appears to show a very slight decrease in sales reported in 2016. The decrease is actually due to a change in the State's reporting procedures rather than a real decrease in gross sales, as is evidenced by 2017 and 2018 revenues and the growth experienced in Local Option Tourism Fee collections.

**Horry County Retail Sales, 2009 - 2018 (\$ billions)**



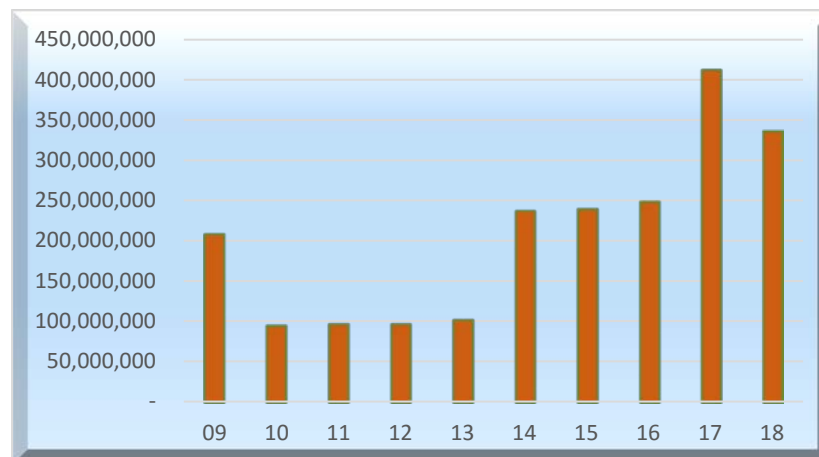
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

**Passengers' Handled - Myrtle Beach International Airport, 2009 – 2018**



Another revenue group that reflects the economic condition is construction permits. Figures for the fiscal year ended June 30, 2018, indicate that buildings permitted by the City totaled \$335,690,680, which is the fourth highest annual construction value ever. The record is \$489.7 million, set in 2006, followed by \$427.3 million in 2007, both before the Great Recession. Based upon the 10-year horizon presented in the chart below, construction activity declined from 2009 through 2013 and stabilized from 2014 through 2016. Permit values were the third highest on record in 2017 at \$411,450,395, the result of a few high dollar commercial projects. Looked at over a 20-year period or longer, though, the record numbers seen in 2005-2007 obviously represented a bubble. The current level of construction is well above the long term growth trend and included 585 new single family homes (up from 445 the year before), eight new multi-family residential buildings and 33 new commercial buildings.

**Construction Permitted Inside Corporate Limit, 2009-2018**



**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 began the year with a number of major initiatives.

- **An Unparalleled Quality of Life** including efforts to promote and maintain the community's natural beauty and recreational opportunities, optimize public safety and health, support community building beginning at the neighborhood level, and fostering an environment in which economic activity can be expanded so that more of our citizens can enjoy what the community has to offer.
- **Anti-Crime Initiative** including efforts to train, equip, and retain qualified officers and improve community relations, deploy body cameras, and increase use of surveillance cameras.
- **Neighborhood Development Initiative** to deal with quality of life issues in center city neighborhoods, including community watch, more aggressive code enforcement, affordable housing and multi-year CDBG programming
- **Economic Development Initiative** to foster an environment in which economic activity can be expanded so that all our citizens have an opportunity to enjoy what the community has to offer.



The financial plan for fiscal year 2018 was developed to support the furtherance of those initiatives identified by Council through both service enhancements and continuation of services. With regard to service enhancements, a total of fourteen new positions were included in the budget for the fiscal year, each intended to address the major initiatives identified by City Council. While all of the positions added represent furtherance of the Unparalleled Quality of Life initiative, certain enhancements specifically address the remaining initiatives as well.





Supporting the Crime Initiative, five Police Officer positions were added in 2018, providing additional resources for the Police Department and allowing for the deployment of those resources throughout the City. During the year, City Council approved the Seven Year Staffing and Deployment Plan and the Police Recruitment and Retention Plan, both developed with the goal of creating and retaining a police force properly sized for our community. As a result, every sworn position in the Police Department was filled for the first time in two decades. In addition to the sworn officer positions, two Real Time Crime Analyst positions were included in the budget to monitor real time surveillance feeds, provide assistance with researching and obtaining surveillance footage, and enhancing officer effectiveness. During 2018, staff members watched more than 800 closed circuit cameras throughout the city for investigative purposes and to facilitate proactive incident response. Other action steps taken to address the

Crime Initiative include implementation of Hyper-Reach, a new program that communicates directly with residents and business owners, including weather emergency notifications. The department also expanded the K-9 Unit and purchased and equipped a Mobile Command Post for special events and critical incidents.

Efforts associated with the Downtown Initiative include continued streetscape and boardwalk improvements and the addition of two Code Enforcement Officers focused on regulatory compliance in the downtown area. These actions have facilitated vast improvements in the overall appearance of the downtown, entertainment district, and Ocean Boulevard. The Downtown Redevelopment Corporation (DRC) partnered with the City on this initiative by adding hanging flower baskets along Ocean Boulevard with various plants and flowers, installing uplifting sidewalk art with positive messages along Ocean Boulevard, and enhancing lighting elements throughout district. The DRC also assisted with the renovation of Plyler Park at 1000 North Ocean Boulevard, adding a permanent stage, new landscaping and the city's first official piece of public art, The Goddess of the Sea.



As mentioned earlier in the narrative, several other positions were added to meet service demands associated with economic and residential growth. A Commercial Building Inspector position was added in the Construction Services department to address inspection requirements associated with commercial construction. Numerous high rise hotels are currently under construction along the coast, a testament to growth in the downtown area and the need for the inspector position. A Building Maintenance Trades Worker was added to manage the maintenance needs of City owned facilities. As residential growth drives up the number of visitors to City facilities, upkeep and maintenance demands increase. Likewise, as permitting and utility customer numbers rise, resources required to service those customers increase. To that end, a Cashier position was added in the Revenue Billing department for 2018. An Information Technology Technician position and an Administrative Assistant in Insurance and Risk Services were also added to

meet increasing service demands throughout all City departments. While each of the positions added for 2018 play a different role in the organization, their underlying purpose is meeting the needs of our customers and creating experiences that contribute to an unparalleled quality of life in the City.

Implementing the action steps required to address the major initiatives identified, ensuring the continuity of service at the highest level possible, and meeting the capital and maintenance needs of the City did not require an increase in property tax millage in 2018, however the mid-year implementation of the Police Recruitment and Retention Plan did require the use of general fund balance for the first year of the plan. Water and Sewer utility charges were increased to offset rising service costs and meet infrastructure needs of the utility fund. The blended water and sewer rate increase was approximately 2.5% to 2.8%, depending upon usage, and amounts to approximately \$1.23 per month for residential users of an average of 7,500 gallons per month. Solid Waste fees were increased by 24.14% to offset an increase in disposal fees imposed by the Solid Waste Authority. The increase amounts to approximately \$1.15 per month for a residential customer.

The City is continually monitoring outstanding debt and market conditions to determine whether or not there may be an opportunity for financing cost savings. On August 31, 2017, \$7,245,000 in Limited Obligation Bonds were issued. The Series 2017B bonds carry interest rates ranging from 3.0% to 5.0% and were issued to advance refund \$7,780,000 of outstanding Limited Obligation Bonds, Series 2009, with interest rates ranging from 4.0% to 5.0%. The 2009 bonds were originally issued to fund construction of the oceanfront boardwalk, Ocean Boulevard streetscape improvements, and the installation of landward drainage pipes for the 4<sup>th</sup> Ave. ocean outfall.



In addition to the efforts dedicated to the major initiatives and service enhancements identified for 2018, several significant projects and capital improvements were completed throughout the City. The Public Information Office completely revamped and modernized the City’s website and increased the city government’s presence on social media pages, including Facebook, Twitter, Instagram and LinkedIn. The project was undertaken to improve two-way communication with residents, locals, and visitors alike. During the year, Public Information staff published more than 1,700 posts to the Myrtle Beach City Government Facebook page ([www.facebook.com/myrtlebeachcitygovernment](http://www.facebook.com/myrtlebeachcitygovernment)) and achieved 17,000-plus “likes” on the city’s official government Facebook page. The

department also created The Myrtle Beach Point of View Blog as yet another tool to enhance communication with the public about the city’s activities, including facts and detailed information (<https://myrtlebeachpointofview.wordpress.com>).

Construction on the Withers Swash Park trail extension, which stretches from Third Avenue South to Broadway and Collins Streets, was completed in the Spring of 2018. Myrtle Beach was known as New Town (Conway was Old Town) for a while before 1900. The trail features a wooden boardwalk that parallels one of Myrtle Beach's oldest waterways, Withers Swash, and connects with Horry County's New Town Park and picnic area.



The City re-opened Doug Shaw Stadium in August 2017 after the facility underwent a major renovation. The improvement project included renovation of the grand stand, the addition of handrails, field resurfacing, track resurfacing and new sprint lanes, a ticket booth, public restrooms, a scoreboard, a press box, a field house, and improved access for wheelchair bound spectators. Doug Shaw Stadium is jointly owned by the City and Horry County School District and is home to the local high School football team, the Myrtle Beach Seahawks. The stadium is open for public use, recreational league play, and it is a venue for a number of sports tourism events, including track and field.

The Matt Hughs Skate Park, first opened in 1998 near the Pepper Geddings Recreation Center, was renovated in 2018. The park was updated with an urban city-scape feel and is likely to attract skaters from neighboring areas as it is the only skate park between Wilmington, North Carolina and Charleston, South Carolina.



The first phase of Burroughs and Chapin Blvd. was completed in June 2018. The four-lane roadway provides a direct connection from Oak Street to the Robert Grissom Parkway, while creating a new entryway to the Myrtle Beach Convention Center and the Myrtle Beach Sports Center. Over a half million people visit the venues annually and the new entrance is expected to alleviate congestion on Oak Street and 21<sup>st</sup> Avenue during heavily attended events. The project also includes a new traffic signal the serves both Burroughs and Chapin Boulevard and Broadway at the Beach.



The City also performs a variety of renewal and replacement projects. As with the provision of service, growth results in increased maintenance requirements. Infrastructure projects conducted annually include:

- Intersection improvements, resurfacing, and signalization throughout the City.
- Neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration, and signage.
- Construction, replacement, and extension of the water delivery system and construction and replacement of the sewer system infrastructure and pump station upgrades.
- Facility maintenance and upkeep on its 97 existing structures/facilities, including several major roof replacement projects.
- Upkeep and repair of 50 City playgrounds, passive and active parks, dog parks, and picnic shelters.



## **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 anticipates the issuance of up to \$15,000,000 of tax increment financing bonds to finance parking improvements, public infrastructure improvements to support development, park improvements, and the renovation and expansion of the Law Enforcement Center within the former Myrtle Beach Air Base taxing district.
- The City anticipates the issuance of \$6,000,000 of general obligation bonds finance the implementation of a new financial software package.
- Pursuit of enabling statutory legislation to provide funding assistance for the addition of 70 Police officers and support staff over five to seven years.
- Continued focus on the surveillance cameras project and utilization of Real Time Crime Analyst to monitor and analyze information obtained through the system.
- Continued focus on quality of life issues in center city neighborhoods, including community watch programs, aggressive code enforcement, affordable housing, and multi-year CDBG programming.
- Continued redevelopment and revitalization of the downtown area to create a vibrant district that is appealing to visitors and businesses.
- Continued support for local businesses through symposiums, “How To” workshops, local vendor preferences, Myrtle Beach Shopping Days, and Grand Opening Signage allowances.
- Continued growth of Sports Tourism to increase direct visitor spending and economic impact and enhance revenue generation for sports tourism programs.
- City-wide storm water modeling to identify infrastructure improvements needed to address storm water flood control system maintenance and construction, ocean outfall projects, and drainage maintenance improvements.
- Continued installation of cycling lanes and pedestrian improvements consistent with development of the East Coast Greenway and multi-modal 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.

## **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, 2018, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

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 are re-appropriated by budget ordinance, in the following year, if necessary.

## **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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2017. 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 financial management and reporting 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,



Michelle B. Shumpert, CPA  
Director of Financial Management & Reporting



Government Finance Officers Association

**Certificate of  
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for Excellence  
in Financial  
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Presented to

**City of Myrtle Beach  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Merrill*

Executive Director/CEO



*First in Service*



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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, 2018, 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, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance 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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 10), pension plan information (pages 77 - 80) and budgetary comparison information (pages 81 - 85) 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

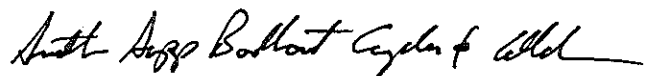
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary information and 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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, 2018, 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, 2018

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2018**

Management's 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, 2018. 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 \$225,837,066 (net position).
- The City's total net position increased by \$2,463,866. This is the result of a decrease in net position of our governmental activities of \$588,153, or 0.6%, and an increase in net position of our business-type activities of \$3,052,019, or 2.4%.
- During the year ended June 30, 2018, the City's total revenues amounted to \$186,848,415. Revenues of governmental activities totaled \$146,442,570, a decrease of 2.0%, and revenues of business-type activities were \$40,405,845, a decrease of 2.0%.
- During the year ended June 30, 2018, the City's total expenses amounted to \$184,384,549. Expenses of governmental activities totaled \$147,299,323, an increase of 6.1%, and expenses of business-type activities were \$37,085,226, a decrease of 3.7%.
- At June 30, 2018, the City's governmental funds reported combined fund balances of \$64,245,606, an increase of \$9,163,046 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 \$549,471, or 0.2%, for governmental activities and an increase of \$4,463,242, or 3.3%, for business-type activities.
- At year-end, the City had \$203,198,441 in outstanding bonds payable and capital lease obligations compared to \$197,910,095 last year, an increase of 2.7%.

**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 long-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, the statements present how services were financed in the short term as well as what remains at the end of the period for future appropriation. Fund financial statements traditionally report the City's operations in more detail than government-wide statements by providing information about the City's most significant funds. The fiduciary fund financial statement on page 42 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 43. 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 regarding the City's finances is, "Is the City as a whole better 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 its activities in a way that answers the question. The aforementioned statements present all assets and liabilities using the accrual basis of accounting, which is similar to the application of accounting in most private-sector companies. All current year revenues and expenses are recognized, regardless of when cash is received or paid.

The City's net position may be considered a tool to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position act as indicators of financial health and demonstrate whether the entity is improving or deteriorating. However, other nonfinancial factors must be considered in conjunction with net position. Changes in the property tax base and the condition of existing infrastructure are examples of nonfinancial factors that should also be considered when assessing the overall health of the City.

The City's operations are segregated into three types of activities in the statement of net position and the statement of activities:

- *Governmental Activities* - The majority of the City's basic services are reported under governmental activities, 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 are the primary financing sources for these activities.
- *Business-Type Activities* - Business-type activities encompass funds where fees are charged to customers to offset all or most of the cost of provision of certain services. The City's water and sewer, baseball stadium, municipal golf course, and solid waste management activities are reported as business-type activities.
- *Component Units* - The Myrtle Beach Downtown Redevelopment Corporation and the Myrtle Beach Convention Center Hotel Corporation are component units of the City. Although legally separate, these "component units" are incorporated herein because the City is financially accountable for the entities.

### ***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 as opposed to the City as a whole. Funds are established either to comply with State law or bond covenants, or City Council may establish funds to control and manage revenues for particular purposes or to demonstrate adherence to legal obligations associated with the use of certain taxes, grants, and other funding sources. The two fund types utilized, governmental and proprietary, apply different accounting approaches.

- *Governmental Funds* - Most of the City's basic services are reported in governmental funds, which focus on the flow of financial resources into and out of a fund and the balances remaining at year-end that are available for appropriation. These funds are reported using the "modified accrual basis of accounting", which measures cash and all other financial assets that can be readily 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 funds show whether there are more or less financial resources available in the near future to finance the City's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is presented 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 42 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 43.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension plans and budgetary information beginning on page 77. Combining and individual fund statements and schedules and other supplementary information can be found on pages 87 - 120.

**The City as a Whole**

Condensed statements of net position at June 30, 2018 and 2017 are shown below.

**THE CITY'S NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 130,101,496	\$ 120,762,764	\$ 32,221,260	\$ 31,363,689	\$ 162,322,756	\$ 152,126,453
Capital Assets (Net)	<u>261,382,047</u>	<u>260,832,576</u>	<u>141,439,321</u>	<u>136,976,079</u>	<u>402,821,368</u>	<u>397,808,655</u>
Total Assets	<u>\$ 391,483,543</u>	<u>\$ 381,595,340</u>	<u>\$ 173,660,581</u>	<u>\$ 168,339,768</u>	<u>\$ 565,144,124</u>	<u>\$ 549,935,108</u>
Deferred Outflows of Resources	\$ <u>28,199,637</u>	\$ <u>23,422,381</u>	\$ <u>2,164,210</u>	\$ <u>2,051,667</u>	\$ <u>30,363,847</u>	\$ <u>25,474,048</u>
Long-Term Liabilities	\$ 269,012,394	\$ 256,909,053	\$ 38,082,290	\$ 35,926,950	\$ 307,094,684	\$ 292,836,003
Other Liabilities	<u>48,327,530</u>	<u>47,300,351</u>	<u>8,146,717</u>	<u>8,054,175</u>	<u>56,474,247</u>	<u>55,354,526</u>
Total Liabilities	<u>\$ 317,339,924</u>	<u>\$ 304,209,404</u>	<u>\$ 46,229,007</u>	<u>\$ 43,981,125</u>	<u>\$ 363,568,931</u>	<u>\$ 348,190,529</u>
Deferred Inflows of Resources	\$ <u>5,645,866</u>	\$ <u>3,522,774</u>	\$ <u>456,108</u>	\$ <u>322,653</u>	\$ <u>6,101,974</u>	\$ <u>3,845,427</u>
Net Position:						
Net Investment in Capital Assets	\$ 128,663,994	\$ 131,515,817	\$ 111,884,829	\$ 110,922,505	\$ 240,548,823	\$ 242,438,322
Restricted	35,519,383	32,597,681	1,504,625	1,407,580	37,024,008	34,005,261
Unrestricted	<u>(67,485,987)</u>	<u>(66,827,955)</u>	<u>15,750,222</u>	<u>13,757,572</u>	<u>(51,735,765)</u>	<u>(53,070,383)</u>
Total Net Position	<u>\$ 96,697,390</u>	<u>\$ 97,285,543</u>	<u>\$ 129,139,676</u>	<u>\$ 126,087,657</u>	<u>\$ 225,837,066</u>	<u>\$ 223,373,200</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, 2018 was \$225,837,066, an increase of \$2,463,866, or 1.1%, from a year ago.

The largest portion of the City's net position, \$240,548,823 reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, the 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, \$37,024,008, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$(51,735,765).



Changes in the City's net position during the years ended June 30, 2018 and 2017 follows.

**THE CITY'S CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 21,302,259	\$ 20,943,663	\$ 34,008,194	\$ 33,721,529	\$ 55,310,453	\$ 54,665,192
Operating Grants and Contributions	1,727,051	3,189,507	59,308	2,428,959	1,786,359	5,618,466
Capital Grants and Contributions	4,488,807	8,568,753	6,197,304	4,981,673	10,686,111	13,550,426
<b>General Revenues:</b>						
Property Taxes	33,638,840	32,715,024			33,638,840	32,715,024
Local Accommodations Taxes	2,697,237	2,756,944			2,697,237	2,756,944
Business License Taxes	25,508,342	25,121,700			25,508,342	25,121,700
Franchise Taxes	4,049,530	3,894,935			4,049,530	3,894,935
Hospitality Fee Taxes	11,923,034	11,882,628			11,923,034	11,882,628
Local Option Tourism Taxes	28,763,094	28,316,017			28,763,094	28,316,017
Grants and Contributions not Restricted to Specific Programs	11,698,916	11,716,163			11,698,916	11,716,163
Investment Earnings	645,460	314,946	141,039	98,753	786,499	413,699
<b>Total Revenues</b>	<b>\$ 146,442,570</b>	<b>\$ 149,420,280</b>	<b>\$ 40,405,845</b>	<b>\$ 41,230,914</b>	<b>\$ 186,848,415</b>	<b>\$ 190,651,194</b>
<b>Expenses:</b>						
General Government	\$ 14,672,604	\$ 13,470,951	\$	\$	\$ 14,672,604	\$ 13,470,951
Public Safety	50,078,581	44,940,928			50,078,581	44,940,928
Transportation	11,212,952	10,506,212			11,212,952	10,506,212
Community and Economic Development	34,791,477	34,386,272			34,791,477	34,386,272
Culture and Recreation	22,021,828	20,613,590			22,021,828	20,613,590
Public Works	7,529,646	7,305,309			7,529,646	7,305,309
Interest and Fiscal Charges	6,992,235	7,564,990			6,992,235	7,564,990
Water			16,092,999	15,921,581	16,092,999	15,921,581
Sewer			14,696,594	14,160,187	14,696,594	14,160,187
Baseball Stadium			699,873	679,415	699,873	679,415
Municipal Golf Course			324,196	334,440	324,196	334,440
Solid Waste Management			5,271,564	7,401,276	5,271,564	7,401,276
<b>Total Expenses</b>	<b>\$ 147,299,323</b>	<b>\$ 138,788,252</b>	<b>\$ 37,085,226</b>	<b>\$ 38,496,899</b>	<b>\$ 184,384,549</b>	<b>\$ 177,285,151</b>
<b>Increase (Decrease) In Net Position</b>						
Before Transfers	\$ (856,753)	\$ 10,632,028	\$ 3,320,619	\$ 2,734,015	\$ 2,463,866	\$ 13,366,043
Transfers	268,600	295,273	(268,600)	(295,273)		
<b>Change in Net Position</b>	<b>\$ (588,153)</b>	<b>\$ 10,927,301</b>	<b>\$ 3,052,019</b>	<b>\$ 2,438,742</b>	<b>\$ 2,463,866</b>	<b>\$ 13,366,043</b>
<b>Net Position - Beginning</b>	<b>97,285,543</b>	<b>86,358,242</b>	<b>126,087,657</b>	<b>123,648,915</b>	<b>223,373,200</b>	<b>210,007,157</b>
<b>Net Position - Ending</b>	<b>\$ 96,697,390</b>	<b>\$ 97,285,543</b>	<b>\$ 129,139,676</b>	<b>\$ 126,087,657</b>	<b>\$ 225,837,066</b>	<b>\$ 223,373,200</b>

The City's total revenues amounted to \$186,848,415 for the year ended June 30, 2018. This is a decrease of \$3,802,779, or 2.0%. The largest decrease was in operating grants, which decreased by \$3,832,107, or 68.2%. Hurricane Matthew hit the area in 2017 and expenditures eligible for reimbursement from the Federal Emergency Management Agency (FEMA) were incurred and accrued in the fiscal year, resulting in the recognition of grant revenues of \$3,618,661. The next largest decrease was in capital grants and contributions, which decreased by \$2,864,315, or 21.1%. A number of large residential development projects were completed last year and the contributed public infrastructure (water and sewer lines, roadways, storm water improvements) were accepted into the system and recorded in 2017. Local accommodations tax revenues decreased slightly with revenues \$59,707, or 2.2% less than the prior year. Likewise, grants and contributions not restricted to specific programs revenue decreased by \$17,247 primarily as a result of a decrease in accommodations tax collections. While there is a slight decline in accommodations driven revenues for 2018, revenues for 2017 were at the highest levels experienced by the City to date. The largest revenue increase occurred in property taxes. Property taxes increased by \$923,816, or 2.8%. Growth in property tax revenue was primarily due to residential growth in the northernmost and southernmost areas of the City. The second largest increase was in charges for services, increasing \$645,261, or 1.2%. The City saw increases in revenues from building permits, water and sewer charges, solid waste fees, sports tourism, and special event fees. The third largest increase was seen in the local option tourism development fee. Local option tourism fee revenue increased by \$447,077, or 1.6%. This fee is imposed on gross sales of items that are subject to State sales tax and the continued growth is indicative of a strong economy. The business license fee increased by \$386,642, or 1.5%. The increase was primarily due to a one-time settlement from online travel companies. Investment earnings increased by \$372,800, or 90.1% due to an increase in cash invested throughout the year, with the largest revenue growth in the Air Base Tax Increment Revenue Fund. City franchise tax revenue increased by \$154,595, or 4.0%, because of an increase in franchise receipts from utility providers. Hospitality fee tax revenue increased by \$40,406, or 0.3%. As with the local option tourism fee, the increase is indicative of a strong local economy.

The total cost of all programs and services was \$184,384,549, increasing by \$7,099,398, or 4.0%, over the previous year. The largest increase was experienced in public safety. Public safety expenses increased by \$5,137,653, or 11.4%, as a result of the police recruitment and retention plan and a heightened oceanfront presence by both the police and fire departments. The second largest increase was \$1,408,238 in the culture and recreation division and represented growth of 6.8% over the prior year. General government expenses increased by \$1,201,653, or 8.9%. Contributing factors include costs associated with the addition of the Public Defender's department to satisfy a state court mandate, the initial year of operation of an in-house occupational medical clinic intended to reduce outlays in future years, and health insurance expenditures. Transportation costs increased \$706,740, or 6.7%, as a result of street lighting, road maintenance, and vehicle maintenance and repair expenses. Community and economic development expenses grew by \$405,205, or 1.2%, primarily as a result of an increase in local option tourism fees. Increased local option tourism fees mandated increased remittances to the Myrtle Beach Chamber of Commerce for out-of-market advertising. In addition, the Neighborhood Services department was fully staffed throughout the fiscal year, which was not the case in 2017. Public works expenses were \$224,337, or 3.1%, over the prior year. The overall increase was driven by personnel costs associated with special event staff, fleet lease, fleet maintenance, and building and grounds maintenance expenses. Water and Sewer operations experienced a combined increase of \$707,825, or 2.4%. The increase can be attributed to cost associated with the wholesale purchase of water and wastewater handling. Baseball Stadium expenses increased \$20,458, or 3.0%, due to increased depreciation on capital assets and maintenance costs. The Municipal Golf Course expenses decreased by \$10,244, or 3.1%, as a result of the timing of a lease payment in 2017. The Solid Waste fund demonstrated the largest decrease with expenses coming in \$2,129,712, or 28.8%, below the prior year. The decrease was a result of debris removal and disposal costs associated with Hurricane Matthew that were recognized in 2017. There were no major storm events in 2018. The second largest decrease occurred in interest and fiscal charges. The decrease of \$572,755, or 7.6%, was due to the satisfaction of several capital leases, the series 2008 general obligation bond, and the 2010 certificates of participation. Additional saving resulted from the advance refunding of the series 2009 limited obligation bonds.

### ***Governmental Activities***

The City's net position from governmental activities decreased \$588,153. 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, decreased from \$(66,827,955) at June 30, 2017 to \$(67,485,987) 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 decreased 2.0% (\$2,977,710) and total expenses increased 6.1% (\$8,511,071).

The cost of all governmental activities this year was \$147,299,323. However, as shown in the statement of activities beginning on page 16, the amount that our taxpayers ultimately financed for these activities was only \$119,781,206 because some of the cost was paid by those who directly benefited from the programs (\$21,302,259) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,215,858). Overall, the City's governmental program revenues were \$27,518,117. 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 \$118,924,453.

## ***Business-Type Activities***

The City's net position from business-type activities increased \$3,052,019, or 2.4%.

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 decreased by 2.0% (\$825,069) and expenses decreased by 3.7% (\$1,411,673).

The cost of all business-type activities this year was \$37,085,226. As shown in the statement of activities that starts on page 16, the amounts paid by users of the activities were \$34,008,194 and grants and contributions totaled \$6,256,612. Investment earnings were \$141,039.

## **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 \$64,245,606, an increase of \$9,163,046 in comparison with the prior year. Of this amount, \$11,010,882, or 17.1%, 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, the unassigned fund balance of the General Fund was \$12,608,530, while the total fund balance amounted to \$13,852,227. 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 15.5% of total expenditures, while total fund balance represents 17.0% of that same amount. The General Fund's total fund balance decreased by \$1,781,960 during the current fiscal year. This decrease resulted primarily from increased public safety expenditures associated with the police recruitment and retention plan, a decrease in general fund property tax revenue, and a delayed transfer from the Myrtle Beach Air Force Base Tax Increment Financing District. Strong collections in business licenses offset the decrease.

The Convention Center Fund has a total fund balance of \$781,426, a decrease of \$1,315,938 from the prior year. This was primarily due to a decrease in the hotel ground lease and an increase in capital expenditures for improvements at the facility.

The Local Option Tourism Fee Fund has a total fund balance of \$184,131, a decrease of \$329,810 from the prior year. While there was an excess of revenues over expenditures in the amount of \$5,785,140, transfers out to other funds were \$6,114,950. These transfers represent a planned use of this fee as a revenue source for capital projects in the Capital Improvements Fund and the Baseball Stadium Fund, for debt service in the Convention Center 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 Air Base Tax Increment Revenue Fund has a total fund balance of \$19,380,488, an increase of \$6,242,403 from the prior year.

The Capital Improvements Fund's total fund balance increased by \$7,500,978 to \$18,440,177 at June 30, 2018. Of this total, \$4,241,037 is restricted for capital projects and tourism promotion and support and \$14,199,140 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 \$17,250,577. Total net position increased \$2,546,341 over the prior year. The increase was due to strong water and sewer charges and capital contributions.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(1,265,798). The increase in total net position in the Baseball Stadium Fund was \$306,042, which was due to transfers from the Local Option Tourism Fee Fund, a decrease in interest expense, and a slight increase in charges for services.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(2,036,425). The decrease in total net position in the Municipal Golf Course Fund was \$181,091, which was due to the demand decline in the golf industry. A management company was contracted in 2016 to operate the Whispering Pines Golf Course with the goal of reducing annual cash losses in the fund.

Unrestricted net position of the Solid Waste Management Fund at the end of the year amounted to \$(2,194,534). The increase in total net position in the Solid Waste Management Fund of \$299,872 was due to an increase in the number of residential customers and a fee increase implemented to offset the tipping fee increase instituted by the Solid Waste Authority.

**General Fund Budgetary Highlights**

The original budget was amended during the year. The resources available for appropriation were \$274,774 under the final budgeted amounts. This decrease was attributable to a decrease in property tax revenue, which is in part a result of an increase in owner occupied 4% property and the corresponding local tourism development fee tax credit. The decrease in property tax revenue was partially offset by the increase in business license revenue collections. The actual charges to appropriations (expenditures) were in line with the final budgeted amounts.

Budget to actual comparisons for the General Fund can be found on page 81.

**Capital Asset and Debt Administration**

**Capital Assets**

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$402,821,368 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 \$549,471, or 0.2%, for governmental activities and an increase of \$4,463,242, or 3.3%, for business-type activities. The increase in governmental activities was primarily due to facility and park renovations and equipment purchases. The increase in business-type activities was primarily due to the dedication of transportation infrastructure from commercial and residential developers and distribution system improvements.

**THE CITY’S CAPITAL ASSETS  
(Net of Accumulated Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 29,003,903	\$ 28,967,783	\$ 18,685,751	\$ 18,685,751	\$ 47,689,654	\$ 47,653,534
Land Improvements	59,916,067	57,073,987	9,024,525	9,024,525	68,940,592	66,098,512
Buildings and Improvements	120,239,538	109,925,558	11,789,646	11,618,629	132,029,184	121,544,187
Distribution Systems			201,850,859	194,531,671	201,850,859	194,531,671
Furniture, Vehicles, and Equipment	68,466,292	63,975,816	5,940,457	5,940,457	74,406,749	69,916,273
Infrastructure	211,229,835	208,241,341			211,229,835	208,241,341
Construction-in-Progress	1,213,173	7,491,704	4,319,939	1,940,882	5,533,112	9,432,586
Accumulated Depreciation	<u>(228,686,761)</u>	<u>(214,843,613)</u>	<u>(110,171,856)</u>	<u>(104,765,836)</u>	<u>(338,858,617)</u>	<u>(319,609,449)</u>
	<u>\$ 261,382,047</u>	<u>\$ 260,832,576</u>	<u>\$ 141,439,321</u>	<u>\$ 136,976,079</u>	<u>\$ 402,821,368</u>	<u>\$ 397,808,655</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 \$203,198,441 in outstanding bonds payable and capital lease obligations compared to \$197,910,095 last year, an increase of 2.7%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds \$	37,765,000	\$ 40,036,000	\$	\$	\$ 37,765,000	\$ 40,036,000
Revenue Bonds			29,218,107	26,150,000	29,218,107	26,150,000
Certificates of Participation		1,625,000	770,000	1,505,000	770,000	3,130,000
Tax Increment Revenue Bonds	45,280,000	47,455,000			45,280,000	47,455,000
Storm Water Revenue Bonds	16,651,060	17,200,193			16,651,060	17,200,193
Hospitality Fee Revenue Bonds	66,790,000	58,425,000			66,790,000	58,425,000
Capital Lease Obligations	<u>6,724,274</u>	<u>5,513,902</u>			<u>6,724,274</u>	<u>5,513,902</u>
	<u>\$ 173,210,334</u>	<u>\$ 170,255,095</u>	<u>\$ 29,988,107</u>	<u>\$ 27,655,000</u>	<u>\$ 203,198,441</u>	<u>\$ 197,910,095</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, 2018, the amount of new debt, which could be issued without referendum, was \$9,643,118.

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 financial condition remained strong during fiscal year 2018 as a result of two primary factors. Property values have stabilized and are growing at a moderate pace and revenues deriving from business conducted in the City show continued strength. Business license receipts surpassed the previous 2008 high in 2015, continued to steadily grow through 2017, and remained at peak levels in 2018. Likewise, the local option tourism fee, hospitality fee, and accommodations taxes, all special purpose revenues that are restricted primarily for capital projects or the promotion of tourism, evidence the strength of the local economy. The City's elected and appointed officials considered the current financial condition as well as several other factors when setting the fiscal year 2019 budget, particularly tax rates and fees charged for business-type activities. The economy, the population growth rate, and inflation rates were also contemplated.

When management formulated the 2019 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, focus on existing infrastructure before expanding facilities and services. The millage rate for ad valorem taxes is 80.5 mills. The rate includes 74.5 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 local option tourism fee. The local option tourism fee credit offsets approximately 82.5% of the tax on owner occupied property resulting in net property taxes due of approximately \$59.00 per \$100,000 of market value per year. Amounts available for appropriation in the General Fund budget for fiscal year 2019 are \$87,115,661, an increase of 6.9% from the final fiscal year 2018 budget of \$81,510,202.

For the City's business-type activities, a blended water and sewer rate increase of 3.9% was incorporated into the 2019 budget. The increase amounts to \$1.89 per month for a residential user of an average of 7,500 gallons per month. Storm water fees were also increased to fund operational costs and prepare for a number of large capital projects planned in the near future. The increase of .50 cents per ERU equates to \$6.00 per year for a residential customer.

**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. Questions about this report or requests for additional financial information should be directed to the City's Department of Financial Management and Reporting at Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1139.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Temporary Investments	\$ 54,519,941	\$ 16,909,361	\$ 71,429,302
Receivables (Net)	21,652,490	4,107,184	25,759,674
Due From Component Units	27,993,936		27,993,936
Internal Balances	(3,996,402)	3,996,402	
Inventories	372,054	1,160,483	1,532,537
Prepaid Assets	67,941		67,941
Restricted Cash and Temporary Investments	29,491,536	6,047,830	35,539,366
Land and Construction in Progress	30,217,076	23,005,690	53,222,766
Other Capital Assets (Net)	231,164,971	118,433,631	349,598,602
Total Assets	\$ 391,483,543	\$ 173,660,581	\$ 565,144,124
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Advance Refundings Related to Pension Plans	\$ 2,993,473	\$ 471,757	\$ 3,465,230
	25,206,164	1,692,453	26,898,617
Total Deferred Outflows of Resources	\$ 28,199,637	\$ 2,164,210	\$ 30,363,847
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses Due to Primary Government	\$ 34,578,382	\$ 3,129,706	\$ 37,708,088
Unearned Revenue	302,036	153,330	455,366
Liabilities Payable From Restricted Assets	2,451,805	4,863,681	7,315,486
Noncurrent Liabilities:			
Due Within One Year	10,995,307		10,995,307
Due in More Than One Year	269,012,394	38,082,290	307,094,684
Total Liabilities	\$ 317,339,924	\$ 46,229,007	\$ 363,568,931
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pension Plans	\$ 5,645,866	\$ 456,108	\$ 6,101,974

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

<u>Component Units</u>	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 1,890,043	\$ 3,226,723
648,560	715,114
	59,223
	415,393
	3,210,295
3,278,745	
863,660	28,756,789
\$ <u>6,681,008</u>	\$ <u>36,383,537</u>
\$	\$ 600,333
\$ <u>                    </u>	\$ <u>600,333</u>
\$ 158,151	\$ 1,046,482
23,621	27,970,315
22,095	334,534
	920,516
1,716	
3,988,612	14,905,328
\$ <u>4,194,195</u>	\$ <u>45,177,175</u>
\$ <u>                    </u>	\$ <u>                    </u>



A-1 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 128,663,994	\$ 111,884,829	\$ 240,548,823
Restricted for:			
Capital Projects	9,066,880		9,066,880
Capital Replacements			
Community Development	12,246,033		12,246,033
Debt Service	9,025,813	1,294,625	10,320,438
Library	111,556		111,556
Narcotics Law Enforcement	314,414		314,414
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	4,748,250		4,748,250
Victims Assistance	6,437		6,437
Unrestricted	(67,485,987)	15,750,222	(51,735,765)
Total Net Position	\$ 96,697,390	\$ 129,139,676	\$ 225,837,066

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

<u>Component Units</u>	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 809,254	\$ 13,681,794
	680,577
	2,133,055
	246,147
<u>1,677,559</u>	<u>(24,934,878)</u>
<u>\$ 2,486,813</u>	<u>\$ (8,193,305)</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2018**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 14,672,604	\$ 3,324,103	\$	\$
Public Safety	50,078,581	2,513,149	1,007,915	
Transportation	11,212,952	2,366,895	57,583	1,945,468
Community and Economic Development	34,791,477	3,255,925	216,734	2,526,754
Culture and Recreation	22,021,828	9,842,187	444,819	16,585
Public Works	7,529,646			
Interest and Fiscal Charges	6,992,235			
Total Governmental Activities	<u>\$ 147,299,323</u>	<u>\$ 21,302,259</u>	<u>\$ 1,727,051</u>	<u>\$ 4,488,807</u>
Business-Type Activities:				
Water	\$ 16,092,999	\$ 14,436,891	\$	\$ 3,073,289
Sewer	14,696,594	13,871,568		3,124,015
Baseball Stadium	699,873	69,023		
Municipal Golf Course	324,196	136,726		
Solid Waste Management	5,271,564	5,493,986	59,308	
Total Business Type Activities	<u>\$ 37,085,226</u>	<u>\$ 34,008,194</u>	<u>\$ 59,308</u>	<u>\$ 6,197,304</u>
Total Primary Government	<u>\$ 184,384,549</u>	<u>\$ 55,310,453</u>	<u>\$ 1,786,359</u>	<u>\$ 10,686,111</u>
<b>Component Units:</b>				
MB Downtown Redevelopment Corporation	\$ 1,894,212	\$ 2,307,103	\$	\$
MB Convention Center Hotel Corporation	16,954,108	15,945,520		
Total Component Units	<u>\$ 18,848,320</u>	<u>\$ 18,252,623</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

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (11,348,501)		\$ (11,348,501)		
(46,557,517)		(46,557,517)		
(6,843,006)		(6,843,006)		
(28,792,064)		(28,792,064)		
(11,718,237)		(11,718,237)		
(7,529,646)		(7,529,646)		
(6,992,235)		(6,992,235)		
<u>\$ (119,781,206)</u>	<u>\$</u>	<u>\$ (119,781,206)</u>		
	\$ 1,417,181	\$ 1,417,181		
	2,298,989	2,298,989		
	(630,850)	(630,850)		
	(187,470)	(187,470)		
	281,730	281,730		
<u>\$</u>	<u>\$ 3,179,580</u>	<u>\$ 3,179,580</u>		
<u>\$ (119,781,206)</u>	<u>\$ 3,179,580</u>	<u>\$ (116,601,626)</u>		
			\$ 412,891	\$
				<u>(1,008,588)</u>
			<u>\$ 412,891</u>	<u>\$ (1,008,588)</u>
\$ 33,638,840		\$ 33,638,840	\$	
2,697,237		2,697,237		
25,508,342		25,508,342		
4,049,530		4,049,530		
11,923,034		11,923,034		
28,763,094		28,763,094		
11,698,916		11,698,916		
645,460	141,039	786,499	2,466	48,080
268,600	(268,600)			
<u>\$ 119,193,053</u>	<u>\$ (127,561)</u>	<u>\$ 119,065,492</u>	<u>\$ 2,466</u>	<u>\$ 48,080</u>
\$ (588,153)	\$ 3,052,019	\$ 2,463,866	\$ 415,357	\$ (960,508)
<u>97,285,543</u>	<u>126,087,657</u>	<u>223,373,200</u>	<u>2,071,456</u>	<u>(7,232,797)</u>
<u>\$ 96,697,390</u>	<u>\$ 129,139,676</u>	<u>\$ 225,837,066</u>	<u>\$ 2,486,813</u>	<u>\$ (8,193,305)</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
<b>ASSETS</b>			
Cash and Temporary Investments	\$ 5,432,945	\$ 106,305	\$
Receivables (Net):			
Property Taxes	979,969		
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Accounts	3,500,206	260,288	
Intergovernmental	1,853,812		7,458,222
Loans	32,922		
Due From Other Funds	6,831,630	691,440	
Due From Component Units	23,621	27,970,315	
Inventories	164,703	14,959	
Prepaid Assets	1,435		
Restricted Cash and Temporary Investments	1,058,353		
Total Assets	\$ 19,879,596	\$ 29,043,307	\$ 7,458,222
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 4,144,735	\$ 411,538	\$ 5,966,577
Due to Other Funds	396,576		1,307,514
Payable From Restricted Assets:			
Court Bonds	395,889		
Refundable Deposits	230,915		
Other	5,579		
Unearned Revenue	18,955	161,775	
Total Liabilities	\$ 5,192,649	\$ 573,313	\$ 7,274,091
Deferred Inflows of Resources:			
Unavailable Revenue	\$ 834,720	\$ 27,688,568	\$

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 13,155,335	\$ 8,486,186	\$ 27,180,771
100,108		5,757	1,085,834
		457,495	457,495
		1,826,663	1,826,663
		85,431	85,431
		39,600	3,800,094
	802,893	3,681,281	13,796,208
		192,685	225,607
	1,661,465	1,086,499	10,271,034
			27,993,936
		47,821	227,483
		26,506	27,941
<u>20,040,237</u>	<u>6,060,460</u>	<u>2,332,486</u>	<u>29,491,536</u>
<u>\$ 20,140,345</u>	<u>\$ 21,680,153</u>	<u>\$ 18,268,410</u>	<u>\$ 116,470,033</u>
\$	\$	\$	\$
44	1,420,554	1,520,061	13,463,509
680,340		4,933,271	7,317,701
			395,889
	1,819,422		2,050,337
			5,579
		121,306	302,036
<u>\$ 680,384</u>	<u>\$ 3,239,976</u>	<u>\$ 6,574,638</u>	<u>\$ 23,535,051</u>
\$	\$	\$	\$
<u>79,473</u>	<u></u>	<u>86,615</u>	<u>28,689,376</u>

## A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (continued)</b>			
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 164,703	\$ 14,959	\$
Long-Term Receivables	32,922		
Prepaid Assets	1,435		
Restricted for:			
Capital Projects			
Community Development			
Debt Service			
Library	111,556		
Narcotics Law Enforcement	314,414		
Tourism Promotion and Support		766,467	184,131
Victims Assistance			
Committed for:			
Demolition Loans	2,750		
Public Safety - Animal Shelter Support	57,500		
Redevelopment Incentive Projects	558,417		
Assigned for:			
Capital Projects			
Disaster Recovery			
Unassigned	<u>12,608,530</u>		
Total Fund Balances	<u>\$ 13,852,227</u>	<u>\$ 781,426</u>	<u>\$ 184,131</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,879,596</u>	<u>\$ 29,043,307</u>	<u>\$ 7,458,222</u>

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$	\$
		47,821	227,483
			32,922
		26,506	27,941
6,691,687	3,843,482		10,535,169
9,701,446		2,544,587	12,246,033
2,987,355		7,275,174	10,262,529
			111,556
			314,414
	397,555	3,304,280	4,652,433
		6,437	6,437
			2,750
			57,500
			558,417
	11,299,140		11,299,140
	2,900,000		2,900,000
		(1,597,648)	11,010,882
<u>\$ 19,380,488</u>	<u>\$ 18,440,177</u>	<u>\$ 11,607,157</u>	<u>\$ 64,245,606</u>
<u>\$ 20,140,345</u>	<u>\$ 21,680,153</u>	<u>\$ 18,268,410</u>	<u>\$ 116,470,033</u>





*First in Service*

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2018**

Total Fund Balances - Total Governmental Funds	\$ 64,245,606
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.	249,032,210
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	28,689,376
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.	4,054,302
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(249,324,104)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 96,697,390</u></b>

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, 2018**

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property Taxes	\$ 22,303,063	\$	\$
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Local Option Tourism Taxes			28,763,094
Licenses and Permits	30,756,569		
Fines and Forfeitures	1,129,745		
Intergovernmental	3,648,562		
Charges for Services	2,916,311	3,451,490	
Miscellaneous	3,685,646	3,133,406	92,873
Total Revenues	<u>\$ 64,439,896</u>	<u>\$ 6,584,896</u>	<u>\$ 28,855,967</u>
<b>EXPENDITURES</b>			
Current:			
General Government	\$ 11,340,961	\$ 433,982	\$
Public Safety	45,719,606		
Transportation	4,319,202		
Community and Economic Development	3,840,785		23,070,827
Culture and Recreation	8,181,702	5,376,496	
Public Works	7,190,325		
Capital Outlay	917,621	2,010,232	
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Payment to Escrow Agent			
Total Expenditures	<u>\$ 81,510,202</u>	<u>\$ 7,820,710</u>	<u>\$ 23,070,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (17,070,306)</u>	<u>\$ (1,235,814)</u>	<u>\$ 5,785,140</u>

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

Air Base Tax Increment Revenue Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 9,448,139	\$ 435,626	\$ 1,812,824	\$ 33,999,652
		2,698,332	2,698,332
		11,908,883	11,908,883
		2,360,916	2,360,916
			28,763,094
	1,703,730		32,460,299
		125,893	1,255,638
	2,443,461	10,443,389	16,535,412
		1,411,072	7,778,873
123,565	629,421	296,433	7,961,344
<u>\$ 9,571,704</u>	<u>\$ 5,212,238</u>	<u>\$ 31,057,742</u>	<u>\$ 145,722,443</u>
\$	\$ 539,613	\$ 834,081	\$ 13,148,637
			45,719,606
	124,932	2,306,272	6,750,406
805,167	41,995	3,461,915	31,220,689
	152,931	2,489,477	16,200,606
			7,190,325
	9,139,631	878,882	12,946,366
1,290,000		7,507,084	8,797,084
1,664,832		5,144,952	6,809,784
		342,821	342,821
		364,030	364,030
<u>\$ 3,759,999</u>	<u>\$ 9,999,102</u>	<u>\$ 23,329,514</u>	<u>\$ 149,490,354</u>
<u>\$ 5,811,705</u>	<u>\$ (4,786,864)</u>	<u>\$ 7,728,228</u>	<u>\$ (3,767,911)</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, 2018**

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ 15,415,984	\$ 550,000	\$
Transfers Out	(150,388)	(1,945,758)	(6,114,950)
Refunding Tax Increment Revenue Bonds Issued			
Premium on Refunding Tax Increment Revenue Bonds			
Payment to Escrow Agent			
Hospitality Fee Revenue Bonds Issued			
Premium on Hospitality Fee Revenue Bonds			
Storm Water Revenue Bonds Issued			
Capital Lease Obligations		1,315,634	
Sale of Capital Assets	22,750		
Total Other Financing Sources (Uses)	<u>\$ 15,288,346</u>	<u>\$ (80,124)</u>	<u>\$ (6,114,950)</u>
<b>Net Change in Fund Balances</b>	<b>\$ (1,781,960)</b>	<b>\$ (1,315,938)</b>	<b>\$ (329,810)</b>
<b>Fund Balances - Beginning</b>	<u>15,634,187</u>	<u>2,097,364</u>	<u>513,941</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 13,852,227</u></u>	<u><u>\$ 781,426</u></u>	<u><u>\$ 184,131</u></u>

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 985,495	\$ 11,998,060	\$ 10,205,430	\$ 39,154,969
(554,797)		(30,120,476)	(38,886,369)
		7,245,000	7,245,000
		733,922	733,922
		(7,809,536)	(7,809,536)
		9,575,000	9,575,000
		802,457	802,457
		487,348	487,348
	289,782		1,605,416
			22,750
<u>\$ 430,698</u>	<u>\$ 12,287,842</u>	<u>\$ (8,880,855)</u>	<u>\$ 12,930,957</u>
\$ 6,242,403	\$ 7,500,978	\$ (1,152,627)	\$ 9,163,046
<u>13,138,085</u>	<u>10,939,199</u>	<u>12,759,784</u>	<u>55,082,560</u>
<u>\$ 19,380,488</u>	<u>\$ 18,440,177</u>	<u>\$ 11,607,157</u>	<u>\$ 64,245,606</u>



*First in Service*

**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, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ 9,163,046
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 depreciation (\$14,058,848) exceeded capital outlays (\$12,946,366) in the current period.	(1,112,482)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	522,528
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 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.	(3,478,493)
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.	(4,547,515)
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>(1,135,237)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>(588,153)</u></b>

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, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>ASSETS</b>			
Current Assets:			
Cash and Temporary Investments	\$ 16,858,179	\$ 50,982	\$
Receivables (Net):			
Accounts	1,175,807		138,125
Intergovernmental	227,730	114,090	
Due From Other Funds	5,085,846		
Inventories	1,138,474		
Prepaid Assets			
Total Current Assets	<u>\$ 24,486,036</u>	<u>\$ 165,072</u>	<u>\$ 138,125</u>
Noncurrent Assets:			
Restricted Cash and Temporary Investments	\$ 4,951,503	\$ 1,096,327	\$
Land and Construction in Progress	7,020,210	5,600,000	10,385,480
Other Capital Assets (Net)	110,386,800	3,926,929	3,378,004
Total Noncurrent Assets	<u>\$ 122,358,513</u>	<u>\$ 10,623,256</u>	<u>\$ 13,763,484</u>
Total Assets	<u>\$ 146,844,549</u>	<u>\$ 10,788,328</u>	<u>\$ 13,901,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Advance Refunding Related to Pension Plan	\$ 471,757	\$	\$
	<u>1,037,961</u>		
Total Deferred Outflows of Resources	<u>\$ 1,509,718</u>	<u>\$</u>	<u>\$</u>

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 200	\$ 16,909,361	\$ 27,339,170
223,138	1,537,070	375,158
2,228,294	2,570,114	
	5,085,846	396,576
22,009	1,160,483	144,571
		40,000
<u>\$ 2,473,641</u>	<u>\$ 27,262,874</u>	<u>\$ 28,295,475</u>
\$	\$ 6,047,830	\$
	23,005,690	
741,898	118,433,631	12,349,837
<u>\$ 741,898</u>	<u>\$ 147,487,151</u>	<u>\$ 12,349,837</u>
\$ 3,215,539	\$ 174,750,025	\$ 40,645,312
\$	\$ 471,757	\$
654,492	1,692,453	180,765
<u>\$ 654,492</u>	<u>\$ 2,164,210</u>	<u>\$ 180,765</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,857,679	\$ 17,262	\$ 471
Due to Other Fund		1,182,607	2,174,079
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Refundable Deposits	1,954,202		
Interest Payable	355,547	19,250	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	1,674,682		
Certificates of Participation		770,000	
Total Current Liabilities	\$ 6,842,110	\$ 2,079,119	\$ 2,174,550
Noncurrent Liabilities:			
Compensated Absences	\$ 108,685		\$
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	29,936,774		
Net Pension Liability	4,874,494		
Unearned Revenue	153,330		
Total Noncurrent Liabilities	\$ 35,073,283	\$	\$
Total Liabilities	\$ 41,915,393	\$ 2,079,119	\$ 2,174,550
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pension Plan	\$ 279,232	\$	\$

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 254,294	\$ 3,129,706	\$ 19,878,157
1,729,160	5,085,846	3,349,909
		690,605
		805,069
	1,954,202	
	374,797	
	90,000	
	1,674,682	
	770,000	
<u>\$ 1,983,454</u>	<u>\$ 13,079,233</u>	<u>\$ 24,723,740</u>
\$ 74,651	\$ 183,336	\$ 24,653
		3,418,735
		3,735,911
	29,936,774	
3,087,686	7,962,180	825,070
	153,330	
<u>\$ 3,162,337</u>	<u>\$ 38,235,620</u>	<u>\$ 8,004,369</u>
<u>\$ 5,145,791</u>	<u>\$ 51,314,853</u>	<u>\$ 32,728,109</u>
<u>\$ 176,876</u>	<u>\$ 456,108</u>	<u>\$ 47,264</u>

A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 88,391,518	\$ 8,987,929	\$ 13,763,484
Restricted for:			
Debt Service	517,547	777,078	
Renewal and Replacement		210,000	
Unrestricted	17,250,577	(1,265,798)	(2,036,425)
Total Net Position	\$ 106,159,642	\$ 8,709,209	\$ 11,727,059

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.

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 741,898	\$ 111,884,829	\$ 7,808,857
	1,294,625	
	210,000	
<u>(2,194,534)</u>	<u>11,753,820</u>	<u>241,847</u>
\$ <u><u>(1,452,636)</u></u>	\$ 125,143,274	\$ <u><u>8,050,704</u></u>
	<u>3,996,402</u>	
	\$ <u><u>129,139,676</u></u>	

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 28,185,908	\$ 69,023	\$ 136,726
<b>OPERATING EXPENSES</b>			
Administration	\$ 4,765,359	\$	\$
Operations	20,365,576	214,794	51,477
Depreciation	4,649,792	425,136	258,693
Total Operating Expenses	<u>\$ 29,780,727</u>	<u>\$ 639,930</u>	<u>\$ 310,170</u>
Operating Loss	<u>\$ (1,594,819)</u>	<u>\$ (570,907)</u>	<u>\$ (173,444)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Earned	\$ 122,508	\$ 18,531	\$
Operating Grant Revenue			
Miscellaneous Revenue	122,551		
Gain on Disposal of Capital Assets			
Interest and Fiscal Charges	(870,044)	(47,122)	(7,647)
Amortization of Bond Insurance	(3,159)	(3,860)	
Total Nonoperating Revenues (Expenses)	<u>\$ (628,144)</u>	<u>\$ (32,451)</u>	<u>\$ (7,647)</u>
Income (Loss) Before Contributions and Transfers	\$ (2,222,963)	\$ (603,358)	\$ (181,091)
Capital Contributions	6,197,304		
Transfers In		909,400	
Transfers Out	<u>(1,428,000)</u>		
<b>Change in Net Position</b>	\$ 2,546,341	\$ 306,042	\$ (181,091)
<b>Total Net Position - Beginning</b>	<u>103,613,301</u>	<u>8,403,167</u>	<u>11,908,150</u>
<b>Total Net Position - Ending</b>	<u>\$ 106,159,642</u>	<u>\$ 8,709,209</u>	<u>\$ 11,727,059</u>

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.

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 5,493,986	\$ 33,885,643	\$ 22,775,497
\$ 763,475	\$ 5,528,834	\$ 551,215
4,662,871	25,294,718	21,211,435
72,399	5,406,020	2,520,276
<u>\$ 5,498,745</u>	<u>\$ 36,229,572</u>	<u>\$ 24,282,926</u>
\$ (4,759)	\$ (2,343,929)	\$ (1,507,429)
\$ 59,308	\$ 141,039	\$ 197,599
	59,308	
	122,551	215
		370,805
(4,677)	(929,490)	(115,572)
	(7,019)	
<u>\$ 54,631</u>	<u>\$ (613,611)</u>	<u>\$ 453,047</u>
\$ 49,872	\$ (2,957,540)	\$ (1,054,382)
	6,197,304	
250,000	1,159,400	
	<u>(1,428,000)</u>	
\$ 299,872	\$ 2,971,164	\$ (1,054,382)
<u>(1,752,508)</u>		<u>9,105,086</u>
<u>\$ (1,452,636)</u>		<u>\$ 8,050,704</u>
	<u>80,855</u>	
	<u>\$ 3,052,019</u>	



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts From Customers	\$ 28,444,946	\$ 69,023	\$ 134,084
Receipts From Interfund Services Provided			
Payments to Suppliers	(20,759,362)	(159,277)	(22,873)
Payments to Employees	(2,253,373)		
Payments for Interfund Services Used	(2,152,549)	(39,650)	(28,359)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,279,662</u>	<u>\$ (129,904)</u>	<u>\$ 82,852</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	\$	\$ 909,400	\$
Transfers Out	(1,428,000)		
Operating Grants	22,203		
Proceeds From Interfund Loan	645,525		
Payments on Interfund Loans		(62,105)	(29,865)
Interest Payments on Interfund Loan			(7,647)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (760,272)</u>	<u>\$ 847,295</u>	<u>\$ (37,512)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions	\$ 2,352,836		\$
Collections on Intergovernmental Receivable		212,573	
Proceeds From Long-Term Debt	4,647,214		
Principal Payments on Long-Term Debt	(1,579,107)	(735,000)	
Interest Payments on Long-Term Debt	(945,267)	(56,875)	
Payment of Bond Administration Fees	(9,774)	(3,555)	
Purchases of Capital Assets	(6,030,106)	(125,676)	(45,340)
Proceeds From Disposal of Capital Assets			
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (1,564,204)</u>	<u>\$ (708,533)</u>	<u>\$ (45,340)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	\$ 122,508	\$ 18,531	\$
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 122,508</u>	<u>\$ 18,531</u>	<u>\$</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 5,478,901	\$ 34,126,954	\$ 22,775,497
(2,331,627)	(23,273,139)	(4,490,836)
(1,403,364)	(3,656,737)	(383,241)
(1,541,318)	(3,761,876)	(14,579,215)
<u>\$ 202,592</u>	<u>\$ 3,435,202</u>	<u>\$ 3,322,205</u>
\$ 250,000	\$ 1,159,400	\$
	(1,428,000)	
105,640	127,843	
	645,525	454,310
(553,555)	(645,525)	(396,576)
(4,677)	(12,324)	
<u>\$ (202,592)</u>	<u>\$ (153,081)</u>	<u>\$ 57,734</u>
\$	\$ 2,352,836	\$
	212,573	
	4,647,214	
	(2,314,107)	(512,670)
	(1,002,142)	(102,186)
	(13,329)	
	(6,201,122)	(2,719,926)
		380,730
<u>\$</u>	<u>\$ (2,318,077)</u>	<u>\$ (2,954,052)</u>
\$	\$ 141,039	\$ 197,599
<u>\$</u>	<u>\$ 141,039</u>	<u>\$ 197,599</u>

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>Net Increase in Cash and Cash Equivalents</b>	\$ 1,077,694	\$ 27,389	\$
<b>Cash and Cash Equivalents - Beginning</b>	<u>20,731,988</u>	<u>1,119,920</u>	<u></u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 21,809,682</u>	<u>\$ 1,147,309</u>	<u>\$</u>

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

Operating Loss	\$ (1,594,819)	\$ (570,907)	\$ (173,444)
Adjustments to Reconcile Operating Loss to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,649,792	425,136	258,693
(Increase) Decrease in Accounts Receivable (Net)	97,140		(2,642)
(Increase) in Inventories	(32,338)		
Decrease in Prepaid Assets			
Increase (Decrease) in Accounts Payable and Accrued Expenses	(58,335)	15,867	245
Increase in Refundable Deposits Payable	45,807		
Increase in Unreported Insurance Claims			
Increase (Decrease) in Net Pension Liability and Related Amounts	56,324		
(Decrease) in Unearned Revenue	(6,460)		
Miscellaneous Receipts	<u>122,551</u>		
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,279,662</u>	<u>\$ (129,904)</u>	<u>\$ 82,852</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$	\$ 1,105,083	\$ 623,486
<u>200</u>	<u>21,852,108</u>	<u>26,715,684</u>
<u>\$ 200</u>	<u>\$ 22,957,191</u>	<u>\$ 27,339,170</u>

\$ (4,759) \$ (2,343,929) \$ (1,507,429)

72,399	5,406,020	2,520,276
(15,085)	79,413	(282,655)
(6,834)	(39,172)	(1,632)
		15,000
(37,276)	(79,499)	2,046,345
	45,807	543,016
194,147	250,471	(10,931)
	(6,460)	
<u>194,147</u>	<u>122,551</u>	<u>215</u>
<u>\$ 202,592</u>	<u>\$ 3,435,202</u>	<u>\$ 3,322,205</u>

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2018**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b><u>Noncash Capital and Related Financing Activities</u></b>			
Fair Value of Capital Asset Contributions	\$ 3,844,468		\$
Book Value of Capital Asset Disposals			
Capitalized Interest	196,602		
Other Capital Assets (Net) / Capital Lease Obligation			
<b><u>Reconciliation of Cash and Cash Equivalents</u></b>			
Unrestricted Cash and Temporary Investments	\$ 16,858,179	\$ 50,982	\$
Restricted Cash and Temporary Investments	4,951,503	1,096,327	
	\$ 21,809,682	\$ 1,147,309	\$

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$	\$ 3,844,468	\$
	196,602	9,925
		1,132,228
\$ 200	\$ 16,909,361	\$ 27,339,170
	6,047,830	
<u>\$ 200</u>	<u>\$ 22,957,191</u>	<u>\$ 27,339,170</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
June 30, 2018**

**ASSETS**

Cash and Temporary Investments \$ 16,745

**LIABILITIES**

Due to Firemen's Association \$ 16,745

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

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**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. The City has the ability to impose its will on the MBPFC on the basis of budget adoption and funding for the MBPFC. 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 has the potential to impose a financial burden on the City since it has assumed the obligation to provide financial support to 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.



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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 restricted or committed to expenditure for specified purposes and the revenue serves as the foundation of the fund.
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.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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 *Air Base Tax Increment Revenue Fund* is a special revenue fund that is used to accumulate taxes collected within the tax increment district to be used for community development within the district.

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.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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 and net pension liability, are recorded only when payment is due.

The City considers property taxes, local accommodations taxes, hospitality fee taxes, storm water fees, local option tourism taxes, 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 measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The fair value of the City's position in the South Carolina Local Government Investment Pool (SCLGIP) is determined using the net asset value per share practical expedient. 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.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**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 acquisition 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 two items which qualify for reporting in this category. The 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. The deferred amounts related to pension plans represents the City's proportionate share of the plans' deferred outflows of resources.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**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 two items which qualify for reporting in this category. Unavailable revenue, which arises only under the modified accrual basis of accounting and is reported only in the governmental funds balance sheet, is deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred amounts related to pension plans represents the City's proportionate share of the plans' deferred inflows of resources.

**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 insurance 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 \$37,024,008 of total restricted net position, of which \$5,840,613 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.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

*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, \$249,324,104, follows:

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

Bonds Payable (Net)	\$ 175,475,436
Capital Lease Obligations	2,183,294
Compensated Absences	4,669,090
Net Pension Liability and Related Amounts	68,753,041
Accrued Interest Payable	1,236,716
Deferred Amounts on Advance Refundings	<u>(2,993,473)</u>
	<u>\$ 249,324,104</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, \$3,478,493, is comprised of the following:

Refunding Tax Increment Revenue Bonds Issued	\$ 7,245,000
Premium on Refunding Tax Increment Revenue Bonds	733,922
Hospitality Fee Revenue Bonds Issued	9,575,000
Premium on Hospitality Fee Revenue Bonds	802,457
Storm Water Revenue Bonds Issued	487,348
Capital Lease Obligations	1,605,416
Payments to Escrow Agents	(8,173,566)
Principal Repayments	<u>(8,797,084)</u>
	<u>\$ 3,478,493</u>

The details of another element in the reconciliation that relates to expenses, \$4,547,515, follows:

Compensated Absences	\$ 625,487
Net Pension Liability	4,197,970
Accrued Interest	(88,219)
Amortization of Bond Premiums	(564,653)
Amortization of Deferred Amounts on Advance Refundings	<u>376,930</u>
	<u>\$ 4,547,515</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, 2018, 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, 2018 were as follows:

Solid Waste Management Fund	\$ 1,452,636
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	691,440
Sports Tourism Fund	609,983
Internal Service Fund:	
Health Insurance Fund	5,530,771

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**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 \$30,503,169 and the financial institutions' balances totaled \$34,411,361. Of that balance, \$1,515,338 was covered by federal depository insurance and \$32,896,023 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$39,615 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 \$1,883,543 and the financial institutions' balances totaled \$1,923,159. Of that balance, \$500,000 was covered by federal depository insurance and \$1,423,159 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name. At year-end, the MBDRC had \$6,500 in cash in hand.

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 \$728,279 and the financial institutions' balances totaled \$385,331. Of that balance, \$250,000 was covered by federal depository insurance and \$135,331 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&amp;P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	3 Days	Not Rated	\$ 20,000,548	26.16%
U.S. Treasury Bill	0.25 Years	N/A	666,233	0.87
Money Market Mutual Funds	Not Available	AAA	42,726,681	55.90
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>13,049,167</u>	<u>17.07</u>
			<u>\$ 76,442,629</u>	<u>100.00 %</u>

At June 30, 2018, fair value measurements of the City's investments are as follows:



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	Fair Value Measurements Using			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Repurchase Agreement	\$ 20,000,548	\$	\$	\$ 20,000,548
U.S. Treasury Bill	666,233			666,233
Money Market Mutual Funds	<u>42,726,681</u>			<u>42,726,681</u>
	<u>\$ 63,393,462</u>	<u>\$</u>	<u>\$</u>	<u>\$ 63,393,462</u>
Investments Measured at Net Asset Value				
State Treasurer's Investment Pool				<u>13,049,167</u>
				<u>\$ 76,442,629</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:

	Weighted Ave. Maturity	S&P Credit Rating	Fair Value	% of Total Investments
Money Market Mutual Funds	Not Available	AAA	<u>\$ 5,668,739</u>	<u>100.00%</u>

At June 30, 2018, fair value measurements of the MBCCHC's investments are based on Level 1 inputs.

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, 2018, including the applicable allowances for doubtful accounts, are as follows:

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Air Base Tax Increment Revenue Fund
Property Taxes	\$ 3,655,645	\$	\$	\$ 108,813
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	4,040,421	260,288		
Intergovernmental	1,960,387		7,458,222	
Loans	<u>32,922</u>			
	<u>\$ 9,689,375</u>	<u>\$ 260,288</u>	<u>\$ 7,458,222</u>	<u>\$ 108,813</u>
Allowances for Doubtful Accounts	<u>(3,322,466)</u>			<u>(8,705)</u>
	<u>\$ 6,366,909</u>	<u>\$ 260,288</u>	<u>\$ 7,458,222</u>	<u>\$ 100,108</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts		1,616,787		138,125
Intergovernmental	802,893	244,389	114,090	
Loans				
	<u>\$ 802,893</u>	<u>\$ 1,861,176</u>	<u>\$ 114,090</u>	<u>\$ 138,125</u>
Allowances for Doubtful Accounts		(457,639)		
	<u>\$ 802,893</u>	<u>\$ 1,403,537</u>	<u>\$ 114,090</u>	<u>\$ 138,125</u>

	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 6,258	\$ 3,770,716
Local Accommodations Taxes		464,920	464,920
Hospitality Fee Taxes		1,856,121	1,856,121
Storm Water Fees		190,534	190,534
Accounts	353,502	414,758	6,823,881
Intergovernmental	2,481,030	3,694,715	16,755,726
Loans		192,685	225,607
	<u>\$ 2,834,532</u>	<u>\$ 6,819,991</u>	<u>\$ 30,087,505</u>
Allowances for Doubtful Accounts	(383,100)	(155,921)	(4,327,831)
	<u>\$ 2,451,432</u>	<u>\$ 6,664,070</u>	<u>\$ 25,759,674</u>

Loans receivable in the Community Block Development Fund in the amount of \$192,685 are due in conjunction with the development of low-income housing within the City. The loans are non-interest bearing and are due December 31, 2036.

**Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2018, amounts due to/from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 6,831,630	\$ 396,576
Convention Center Fund	691,440	
Local Option Tourism Fee Fund		1,307,514
Air Base Tax Increment Revenue Fund		680,340
Capital Improvements Fund	1,661,465	
Nonmajor Governmental Funds	1,086,499	4,933,271
Internal Service Funds	396,576	3,349,909
Water and Sewer Fund	5,085,846	
Baseball Stadium Fund		1,182,607
Municipal Golf Course Fund		2,174,079
Solid Waste Management Fund		1,729,160
	<u>\$ 15,753,456</u>	<u>\$ 15,753,456</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the General Fund (\$396,576), the Local Option Tourism Fee Fund (\$1,307,514), the Air Base Tax Increment Revenue Fund (\$680,340) and two nonmajor governmental funds (\$3,315,787) 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, 2018 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>Air Base Tax Increment Revenue Fund</u>
General Fund	\$	\$	\$ 3,308,578	\$ 279,709
Convention Center Fund				
Air Base Tax Increment Revenue Fund			985,495	
Capital Improvements Fund			998,060	
Nonmajor Governmental Funds	150,388	1,945,758	513,417	275,088
Baseball Stadium Fund			309,400	
Solid Waste Management Fund				
	<u>\$ 150,388</u>	<u>\$ 1,945,758</u>	<u>\$ 6,114,950</u>	<u>\$ 554,797</u>

<u>Transfers In</u>	<u>Transfers Out</u>		
	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
General Fund	\$ 10,399,697	\$ 1,428,000	\$ 15,415,984
Convention Center Fund	550,000		550,000
Air Base Tax Increment Revenue Fund			985,495
Capital Improvements Fund	11,000,000		11,998,060
Nonmajor Governmental Funds	7,320,779		10,205,430
Baseball Stadium Fund	600,000		909,400
Solid Waste Management Fund	250,000		250,000
	<u>\$ 30,120,476</u>	<u>\$ 1,428,000</u>	<u>\$ 40,314,369</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, 2018, amounts due to the City from its discretely presented component units were as follows:

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	Receivable	Payable
Primary Government:		
General Fund	\$ 23,621	\$
Convention Center Fund	27,970,315	
MBDRC		23,621
MBCCHC		<u>27,970,315</u>
	<u>\$ 27,993,936</u>	<u>\$ 27,993,936</u>

The MBCCHC entered into a site lease with the City for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires during April 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, 2018, rent expense for this lease amounted to \$3,442,480. Minimum future rental payments for the fixed component of this lease as of June 30, 2018 are as follows:

Year Ending June 30, 2019		\$ 2,965,932
2020		3,848,382
2021		3,843,888
2022		3,839,826
2023		3,840,926
2024 - 2028		19,062,150
2029 - 2033		19,036,250
2034 - 2036		<u>11,418,250</u>
		<u>\$ 67,855,604</u>

The MBCCHC entered into a support facilities sublease with the City for a portion of the convention center facilities. The support facilities sublease expires during April 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, 2018:

Governmental Activities:		
General Fund:		
Court Bonds		\$ 395,889
Confiscated and Seized Funds		319,993
Refundable Deposits		230,915
Other		111,556
Air Base Tax Increment Revenue Fund:		
Air Base Tax Increment Revenue Bond Accounts		20,040,237
Capital Improvements Fund:		
Bond Proceeds		1,468,289
PUD Improvements		2,110,194
Hospitality Fee Taxes		204,989
Refundable Deposits		1,819,422
Local Option Tourism Taxes		192,566
Road Projects		265,000
Nonmajor Governmental Funds:		
Storm Water Revenue Bond Accounts		1,946,873
Ocean Front Tax Increment Revenue Bond Accounts		<u>385,613</u>
		<u>\$ 29,491,536</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

Business-Type Activities:

Water and Sewer Fund:		
Refundable Deposits	\$	1,954,202
Waterworks and Sewer System Revenue Bond Accounts		2,997,301
Baseball Stadium Fund:		
Certificates of Participation Accounts		796,327
Renewal and Replacement Accounts		<u>300,000</u>
	\$	<u><u>6,047,830</u></u>

At June 30, 2018, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$3,210,295.

**Note 9 - CAPITAL ASSETS (NET)**

The City's capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 28,967,783	\$ 36,120	\$	\$ 29,003,903
Construction-in-Progress	<u>7,491,704</u>	<u>1,213,173</u>	<u>7,491,704</u>	<u>1,213,173</u>
	<u>\$ 36,459,487</u>	<u>\$ 1,249,293</u>	<u>\$ 7,491,704</u>	<u>\$ 30,217,076</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 57,073,987	\$ 2,842,080	\$	\$ 59,916,067
Buildings and Improvements	109,925,558	10,313,980		120,239,538
Furniture, Vehicles and Equipment	63,975,816	7,236,376	2,745,900	68,466,292
Infrastructure	<u>208,241,341</u>	<u>2,988,494</u>		<u>211,229,835</u>
	<u>\$ 439,216,702</u>	<u>\$ 23,380,930</u>	<u>\$ 2,745,900</u>	<u>\$ 459,851,732</u>
Accumulated Depreciation for:				
Land Improvements	\$ (19,183,818)	\$ (2,863,767)	\$	\$ (22,047,585)
Buildings and Improvements	(54,451,706)	(3,933,388)		(58,385,094)
Furniture, Vehicles and Equipment	(46,994,887)	(4,008,568)	(2,735,976)	(48,267,479)
Infrastructure	<u>(94,213,202)</u>	<u>(5,773,401)</u>		<u>(99,986,603)</u>
	<u>\$ (214,843,613)</u>	<u>\$ (16,579,124)</u>	<u>\$ (2,735,976)</u>	<u>\$ (228,686,761)</u>
Capital Assets (Net)	<u>\$ 260,832,576</u>	<u>\$ 8,051,099</u>	<u>\$ 7,501,628</u>	<u>\$ 261,382,047</u>
<b>Business-Type Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>1,940,882</u>	<u>4,319,939</u>	<u>1,940,882</u>	<u>4,319,939</u>
	<u>\$ 20,626,633</u>	<u>\$ 4,319,939</u>	<u>\$ 1,940,882</u>	<u>\$ 23,005,690</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 9,024,525	\$	\$	\$ 9,024,525
Buildings and Improvements	11,618,629	171,017		11,789,646
Distribution System	194,531,671	7,319,188		201,850,859
Furniture, Vehicles and Equipment	<u>5,940,457</u>			<u>5,940,457</u>
	<u>\$ 221,115,282</u>	<u>\$ 7,490,205</u>	<u>\$</u>	<u>\$ 228,605,487</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities (continued):				
Accumulated Depreciation for:				
Land Improvements	\$ (4,870,117)	\$ (327,470)	\$	\$ (5,197,587)
Buildings and Improvements	(7,385,902)	(400,428)		(7,786,330)
Distribution System	(87,388,080)	(4,540,814)		(91,928,894)
Furniture, Vehicles and Equipment	<u>(5,121,737)</u>	<u>(137,308)</u>		<u>(5,259,045)</u>
	<u>\$ (104,765,836)</u>	<u>\$ (5,406,020)</u>	<u>\$</u>	<u>\$ (110,171,856)</u>
Capital Assets (Net)	<u>\$ 136,976,079</u>	<u>\$ 6,404,124</u>	<u>\$ 1,940,882</u>	<u>\$ 141,439,321</u>

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

Governmental Activities:		
General Government		\$ 263,892
Public Safety		1,194,005
Transportation		4,461,019
Community and Economic Development		3,276,716
Culture and Recreation		4,821,510
Public Works		41,706
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets		<u>2,520,276</u>
		<u>\$ 16,579,124</u>
Business-Type Activities:		
Water		\$ 2,119,643
Sewer		2,530,149
Baseball Stadium		425,136
Municipal Golf Course		258,693
Solid Waste Management		<u>72,399</u>
		<u>\$ 5,406,020</u>

The MBDRC's capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated:				
Land	<u>\$ 3,278,745</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,278,745</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 149,577	\$ 285,964	\$	\$ 435,541
Building and Improvements	233,294			233,294
Equipment	<u>985,833</u>	<u>198,442</u>		<u>1,184,275</u>
	<u>\$ 1,368,704</u>	<u>\$ 484,406</u>	<u>\$</u>	<u>\$ 1,853,110</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated Depreciation for:				
Land Improvements	\$ (42,835)	\$ (16,805)	\$	\$ (59,640)
Building and Improvements	(46,659)	(15,553)		(62,212)
Equipment	<u>(814,468)</u>	<u>(53,130)</u>		<u>(867,598)</u>
	<u>\$ (903,962)</u>	<u>\$ (85,488)</u>	<u>\$</u>	<u>\$ (989,450)</u>
Capital Assets (Net)	<u>\$ 3,743,487</u>	<u>\$ 398,918</u>	<u>\$</u>	<u>\$ 4,142,405</u>

The MBCCHC's capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 549,458	\$	\$	\$ 549,458
Building and Improvements	42,280,619			42,280,619
Furnishings and Equipment	<u>16,566,524</u>	<u>561,820</u>	<u>739,703</u>	<u>16,388,641</u>
	<u>\$ 59,396,601</u>	<u>\$ 561,820</u>	<u>\$ 739,703</u>	<u>\$ 59,218,718</u>
Accumulated Depreciation for:				
Land Improvements	\$ (390,648)	\$ (27,473)	\$	\$ (418,121)
Building and Improvements	(15,238,640)	(1,057,016)		(16,295,656)
Furnishings and Equipment	<u>(13,811,447)</u>	<u>(676,408)</u>	<u>(739,703)</u>	<u>(13,748,152)</u>
	<u>\$ (29,440,735)</u>	<u>\$ (1,760,897)</u>	<u>\$ (739,703)</u>	<u>\$ (30,461,929)</u>
Capital Assets (Net)	<u>\$ 29,955,866</u>	<u>\$ (1,199,077)</u>	<u>\$</u>	<u>\$ 28,756,789</u>

**Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES**

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2018:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
Trade Accounts Payable	\$ 3,060,393	\$ 351,734	\$ 5,966,577	\$ 44
Accrued Salaries and Wages	1,084,342	59,804		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				
	<u>\$ 4,144,735</u>	<u>\$ 411,538</u>	<u>\$ 5,966,577</u>	<u>\$ 44</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Trade Accounts Payable	\$ 1,211,372	\$ 2,653,143	\$ 17,262	\$ 471
Accrued Salaries and Wages		50,849		
Compensated Absences		98,652		
Accrued Interest Payable				
Retainage Payable	<u>209,182</u>	<u>55,035</u>		
	<u>\$ 1,420,554</u>	<u>\$ 2,857,679</u>	<u>\$ 17,262</u>	<u>\$ 471</u>

	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 167,162	\$ 21,219,201	\$ 34,647,359
Accrued Salaries and Wages	36,436	54,497	1,285,928
Compensated Absences	50,696	17,856	167,204
Accrued Interest Payable		106,664	106,664
Retainage Payable			<u>264,217</u>
	<u>\$ 254,294</u>	<u>\$ 21,398,218</u>	<u>\$ 36,471,372</u>

Reconciliation to the Government-Wide Statement of Net Position:		
Accrued Interest Payable		<u>1,236,716</u>
		<u>\$ 37,708,088</u>

**Note 11 - UNAVAILABLE REVENUE**

At June 30, 2018, unavailable revenue consisted of the following:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>
Property Taxes	\$ 801,384	\$	\$ 79,473	\$ 5,757
Ambulance Fees	33,336			
Lease Revenues		27,661,596		
Other		<u>26,972</u>		<u>80,858</u>
	<u>\$ 834,720</u>	<u>\$ 27,688,568</u>	<u>\$ 79,473</u>	<u>\$ 86,615</u>
		<u>Totals</u>		
Property Taxes	\$ 886,614			
Ambulance Fees	33,336			
Lease Revenues	27,661,596			
Other	<u>107,830</u>			
	<u>\$ 28,689,376</u>			



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**Note 12 - LONG-TERM LIABILITIES**

**A. Governmental Activities**

At June 30, 2018, long-term debt of the City's governmental activities was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
<b>General Obligation Bonds:</b>				
Refunding Series 2011B	\$ 15,800,000	3.00 - 5.00%	03/01/28	\$ 11,190,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	3,245,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	7,460,000
Refunding Series 2015A	7,553,000	2.38	09/01/30	6,674,000
Refunding Series 2015B	1,560,000	1.99	09/01/25	1,268,000
Refunding Series 2015C	8,349,000	2.38	09/01/30	<u>7,928,000</u>
				<u>\$ 37,765,000</u>
 <b>Tax Increment Revenue Bonds:</b>				
Series 2009	10,065,000	3.00 - 5.00	03/01/34	\$ 365,000
Refunding Series 2016	43,280,000	3.00 - 5.00	10/01/35	37,670,000
Refunding Series 2017B	7,245,000	3.00 - 5.00	04/01/34	<u>7,245,000</u>
				<u>\$ 45,280,000</u>
 <b>Storm Water Revenue Bonds:</b>				
Series 2004	10,499,052	2.25	05/01/27	\$ 5,415,818
Series 2010	2,773,380	1.67	02/01/30	1,732,140
Series 2014	10,609,640	2.00	02/01/36	<u>9,503,102</u>
				<u>\$ 16,651,060</u>
 <b>Hospitality Fee Revenue Bonds:</b>				
Refunding Series 2014A	17,400,000	1.05 - 5.90	06/01/39	\$ 13,975,000
Refunding Series 2014B	44,515,000	2.00 - 5.00	06/01/36	43,240,000
Series 2017A	9,575,000	3.00 - 5.00	06/01/38	<u>9,575,000</u>
				<u>\$ 66,790,000</u>
 <b>Capital Lease Obligations:</b>				
2014	3,636,423	2.68	08/01/22	\$ 2,976,786
2015	210,000	1.60	02/20/20	86,000
2016	1,072,398	2.32	08/05/21	867,659
2016	427,602	2.32	08/05/21	345,966
2017	1,132,228	2.55	07/15/24	1,132,228
2017	1,315,634	1.94	07/15/22	<u>1,315,635</u>
				<u>\$ 6,724,274</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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:

	Principal	Interest	Total
Year Ending June 30, 2019	\$ 2,794,000	\$ 1,155,256	\$ 3,949,256
2020	2,808,000	1,062,622	3,870,622
2021	2,902,000	967,800	3,869,800
2022	2,994,000	869,233	3,863,233
2023	3,086,000	778,432	3,864,432
2024 - 2028	15,909,000	2,419,545	18,328,545
2029 - 2032	<u>7,272,000</u>	<u>444,635</u>	<u>7,716,635</u>
	<u>\$ 37,765,000</u>	<u>\$ 7,697,523</u>	<u>\$ 45,462,523</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:

	Principal	Interest	Total
Year Ending June 30, 2019	\$ 1,720,000	\$ 1,912,875	\$ 3,632,875
2020	1,775,000	1,828,775	3,603,775
2021	1,860,000	1,741,650	3,601,650
2022	1,945,000	1,650,500	3,595,500
2023	2,035,000	1,551,500	3,586,500
2024 - 2028	11,855,000	6,086,500	17,941,500
2029 - 2033	15,015,000	2,882,725	17,897,725
2034 - 2036	<u>9,075,000</u>	<u>404,025</u>	<u>9,479,025</u>
	<u>\$ 45,280,000</u>	<u>\$ 18,058,550</u>	<u>\$ 63,338,550</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:

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2019	\$ 1,142,283	\$ 332,506	\$ 1,474,789
2020	1,166,066	308,723	1,474,789
2021	1,190,392	284,397	1,474,789
2022	1,215,274	259,515	1,474,789
2023	1,240,724	234,065	1,474,789
2024 - 2028	5,934,172	773,347	6,707,519
2029 - 2033	3,193,264	317,429	3,510,693
2034 - 2036	<u>1,568,885</u>	<u>43,466</u>	<u>1,612,351</u>
	<u>\$ 16,651,060</u>	<u>\$ 2,553,448</u>	<u>\$ 19,204,508</u>

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 and improve various recreation facilities. 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, 2019	\$ 1,555,000	\$ 3,200,201	\$ 4,755,201
2020	2,600,000	3,151,350	5,751,350
2021	2,720,000	3,029,018	5,749,018
2022	2,850,000	2,899,908	5,749,908
2023	2,980,000	2,760,353	5,740,353
2024 - 2028	15,665,000	11,763,812	27,428,812
2029 - 2033	19,760,000	7,523,063	27,283,063
2034 - 2038	17,560,000	2,512,204	20,072,204
2039	<u>1,100,000</u>	<u>64,922</u>	<u>1,164,922</u>
	<u>\$ 66,790,000</u>	<u>\$ 36,904,831</u>	<u>\$ 103,694,831</u>

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2018, the gross amount of equipment recorded under capital leases totaled \$7,794,285. 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, 2018 are as follows:

Year Ending June 30, 2019	\$ 1,427,703
2020	1,277,703
2021	1,233,671
2022	1,233,671
2023	1,781,898
2024 - 2025	<u>310,219</u>
Total Minimum Lease Payments	\$ 7,264,865
Amount Representing Interest	<u>(540,591)</u>
Present Value of Minimum Lease Payments	<u>\$ 6,724,274</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**B. Business-Type Activities**

Long-term debt of the City's business-type activities consisted of the following at June 30, 2018:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2011	\$ 8,900,000	2.00 - 4.13%	03/01/32	\$ 7,090,000
Series 2016	18,440,000	2.00 - 5.00	03/01/36	17,680,000
Series 2017	6,345,371	1.80	08/01/37	4,448,107
				<u>\$ 29,218,107</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	<u>\$ 770,000</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, 2019	\$ 1,674,682	\$ 1,120,145	\$ 2,794,827
2020	1,709,571	1,079,156	2,788,727
2021	1,774,545	1,010,732	2,785,277
2022	1,829,611	960,816	2,790,427
2023	1,909,769	882,808	2,792,577
2024 - 2028	13,419,541	2,843,530	16,263,071
2029 - 2033	6,070,388	860,430	6,930,818
2034 - 2036	830,000	77,812	907,812
	<u>\$ 29,218,107</u>	<u>\$ 8,835,429</u>	<u>\$ 38,053,536</u>

Proceeds of the waterworks and sewer system revenue bonds, series 2017 are received when eligible project costs are incurred. Accordingly, an additional \$1,897,264 of proceeds will be received by the City.

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. 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, 2019	\$ 770,000	\$ 19,250	\$ 789,250

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**C. MBDRC**

Long-term debt outstanding at June 30, 2018 in the MBDRC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revolving Line of Credit	\$ 10,000,000	4.25%	03/04/21	\$ <u>3,981,711</u>

Revolving Line of Credit

The revolving line of credit was issued in conjunction with the purchase of property and to fund demolition costs. Annual debt service requirements to maturity for the revolving line of credit are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2019	\$	\$ 169,223	\$ 169,223
2020		169,223	169,223
2021	<u>3,981,711</u>	<u>112,815</u>	<u>4,094,526</u>
	<u>\$ 3,981,711</u>	<u>\$ 451,261</u>	<u>\$ 4,432,972</u>

**D. MBCCHC**

Long-term debt outstanding at June 30, 2018 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: Refunding Series 2015	\$ 16,405,000	2.00 - 5.00%	04/01/36	\$ <u>14,245,000</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, 2019	\$ 770,000	\$ 602,062	\$ 1,372,062
2020	355,000	571,263	926,263
2021	380,000	553,512	933,512
2022	395,000	534,513	929,513
2023	410,000	526,613	936,613
2024 - 2028	3,810,000	2,182,063	5,992,063
2029 - 2033	4,770,000	1,368,863	6,138,863
2034 - 2036	<u>3,355,000</u>	<u>341,000</u>	<u>3,696,000</u>
	<u>\$ 14,245,000</u>	<u>\$ 6,679,889</u>	<u>\$ 20,924,889</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**E. Changes in Long-Term Liabilities**

The City's long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 40,036,000	\$	\$ 2,271,000	\$ 37,765,000	\$ 2,794,000
Certificates of Participation	1,625,000		1,625,000		
Tax Increment Revenue Bonds	47,455,000	7,245,000	9,420,000	45,280,000	1,720,000
Storm Water Revenue Bonds	17,200,193	487,348	1,036,481	16,651,060	1,142,283
Hospitality Fee Revenue Bonds	58,425,000	9,575,000	1,210,000	66,790,000	1,555,000
Unamortized Bond Discount	(43,881)		(43,881)		
Unamortized Bond Premiums	<u>8,017,650</u>	<u>1,536,379</u>	<u>564,653</u>	<u>8,989,376</u>	
	\$ 172,714,962	\$ 18,843,727	\$ 16,083,253	\$ 175,475,436	\$ 7,211,283
Capital Lease Obligations	5,513,902	2,737,644	1,527,272	6,724,274	1,269,935
Unreported Insurance Claims	3,566,324	13,847,588	13,304,572	4,109,340	690,605
Compensated Absences	<u>4,084,715</u>	<u>2,836,500</u>	<u>2,209,616</u>	<u>4,711,599</u>	<u>1,841,340</u>
	<u>\$ 185,879,903</u>	<u>\$ 38,265,459</u>	<u>\$ 33,124,713</u>	<u>\$ 191,020,649</u>	<u>\$ 11,013,163</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(17,856)	(17,856)
Net Pension Liability	<u>89,004,908</u>	
	<u>\$ 280,007,701</u>	<u>\$ 10,995,307</u>

Business-Type Activities:

Bonds Payable:					
Revenue Bonds	\$ 26,150,000	\$ 4,647,214	\$ 1,579,107	\$ 29,218,107	\$ 1,674,682
Certificates of Participation	1,505,000		735,000	770,000	770,000
Unamortized Bond Discount	(5,067)		(5,067)		
Unamortized Bond Premiums	<u>2,530,331</u>		<u>136,982</u>	<u>2,393,349</u>	
	\$ 30,180,264	\$ 4,647,214	\$ 2,446,022	\$ 32,381,456	\$ 2,444,682
Compensated Absences	<u>269,149</u>	<u>241,635</u>	<u>178,100</u>	<u>332,684</u>	<u>149,348</u>
	<u>\$ 30,449,413</u>	<u>\$ 4,888,849</u>	<u>\$ 2,624,122</u>	<u>\$ 32,714,140</u>	<u>\$ 2,594,030</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(149,348)	(149,348)
Bonds Payable Included in Liabilities Payable From Restricted Assets	(2,444,682)	(2,444,682)
Net Pension Liability	<u>7,962,180</u>	
	<u>\$ 38,082,290</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 \$42,509, capital lease obligations of \$4,540,980, unreported insurance claims of \$4,109,340 and net pension liability of \$825,070 are included in the above amounts.

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

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

The MBDRC's long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revolving Line of Credit	\$ 3,981,711	\$	\$	\$ 3,981,711	\$
Compensated Absences	<u>6,485</u>	<u>4,137</u>	<u>2,005</u>	<u>8,617</u>	<u>1,716</u>
	<u>\$ 3,988,196</u>	<u>\$ 4,137</u>	<u>\$ 2,005</u>	<u>\$ 3,990,328</u>	<u>\$ 1,716</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 14,985,000	\$	\$ 740,000	\$ 14,245,000	\$ 770,000
Unamortized Bond Premium	<u>1,510,908</u>	<u></u>	<u>80,580</u>	<u>1,430,328</u>	<u></u>
	<u>\$ 16,495,908</u>	<u>\$</u>	<u>\$ 820,580</u>	<u>\$ 15,675,328</u>	<u>\$ 770,000</u>

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(770,000)</u>	<u>(770,000)</u>
	<u>\$ 14,905,328</u>	<u>\$</u>

**F. Pledged Revenues**

The City has pledged certain future revenues to repay specific bonded debt as follows:

	Pledged Revenue	Purpose	Debt Service Remaining	Term (Year Ending June 30)
Tax Increment Revenue Bonds	Property Taxes	Construction	\$ 63,338,550	2036
Storm Water Revenue Bonds	Storm Water Fees	Construction	19,204,508	2036
Waterworks and Sewer System Revenue Bonds	Water and Sewer Fees	Construction	38,053,536	2036
Hospitality Fee Revenue Bonds	Hospitality Fee Taxes	Debt Extinguishment and Construction	103,694,831	2039

Current year pledged revenue and the relationship between the current year debt service payments and the pledged revenue for the year ended June 30, 2018 follows:

	Current Year Pledged Revenue	Percentage of Total Revenue Stream	Current Year Principal and Interest Paid	Percentage of Pledged Revenue
Tax Increment Revenue Bonds	\$ 9,448,139	100.00%	\$ 3,672,990	38.88%
Storm Water Revenue Bonds	2,360,916	100.00	1,353,292	57.32
Waterworks and Sewer System Revenue Bonds	30,616,111	100.00	2,720,976	8.89
Hospitality Fee Revenue Bonds	11,908,883	100.00	4,335,395	36.41

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**G. Debt Defeasance**

On September 22, 2015, the City issued \$8,349,000 in Refunding General Obligation Bonds, Series 2015C (2015C bonds) with interest rates at 2.38%. The City issued the 2015C bonds to advance refund \$7,550,000 of the outstanding General Obligation Bonds, Series 2008A (2008A bonds), with interest rates ranging from 4.50% to 5.13%. The City used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2008A bonds. As a result, the 2008A bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$1,648,637. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,149,308. At June 30, 2018, the unmatured and outstanding principal balance on the defeased 2008A bonds is \$0.

On January 28, 2016, the City issued \$18,440,000 in Refunding and Improvement Waterworks and Sewer System Revenue Bonds, Series 2016 (2016 bonds) with interest rates ranging from 2.00% to 5.00%. The City issued the 2016 bonds to advance refund \$7,570,000 of the outstanding Waterworks and Sewer System Revenue Bonds, Series 2007 (2007 bonds), with interest rates ranging from 4.00% to 4.50%, and to improve the water and sewer system. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2007 bonds. As a result, the 2007 bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$763,768. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$651,992. At June 30, 2018, the unmatured and outstanding principal balance on the defeased 2007 bonds is \$0.

On September 13, 2017, the City issued \$7,245,000 in Tax Increment Revenue Refunding Bonds, Series 2017B (2017B bonds) with interest rates ranging from 3.0% to 5.0%. The City issued the 2017B bonds to advance refund \$7,780,000 of the outstanding Tax Increment Bonds, Series 2009 (2009 bonds), with interest rates ranging from 4.0% to 5.0%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2009 bonds. As a result, the 2009 bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$1,487,640. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$838,920. At June 30, 2018, the unmatured and outstanding principal balance on the defeased 2009 bonds is \$7,780,000.

**Note 13 - OPERATING LEASES**

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years though the year 2020. At June 30, 2018, 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, 2018 are shown below.

Year Ending June 30, 2019	\$	240,000
2020		120,000
		360,000
		360,000

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2018 amounted to \$2,914,918. 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 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, 2018, rental income from this lease amounted to \$61,525.



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2018:

Land	\$ 5,600,000
Land Improvements	1,311,928
Buildings	9,076,831
Equipment	977,241
Accumulated Depreciation	<u>(7,439,071)</u>
	<u>\$ 9,526,929</u>

The City is the lessor of a golf course under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Municipal Golf Course Fund. The lease expires in 2019 and requires annual rental payments equal to 3.5% of gross revenues, when annual gross revenue exceeds \$1,100,000, on June 30 of each year. During the year ended June 30, 2018, rental income from this lease amounted to \$136,726.

The following is an analysis of the property being leased by the Municipal Golf Course Fund at June 30, 2018:

Land	\$ 10,385,480
Land Improvements	7,604,606
Buildings	369,726
Equipment	362,776
Accumulated Depreciation	<u>(4,959,104)</u>
	<u>\$ 13,763,484</u>

**Note 14 - PENSION PLANS**

**A. Plan Description**

The South Carolina Retirement System (SCRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority (PEBA). The SCRS was established pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the State, its public school districts and political subdivisions.

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit pension plan administered by PEBA. The PORS was established pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the State and its political subdivisions.

PEBA issues a publicly available comprehensive annual financial report that can be obtained at [www.peba.sc.gov](http://www.peba.sc.gov) or by writing to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

**B. Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the membership requirements for the SCRS and the PORS is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member with an effective date of membership on or after July 1, 2012 is a Class Three member.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

PORS - To be eligible for PORS membership, an employee must be required by the terms of employment, by election or appointment to preserve public order, protect life and property and detect crimes in the State; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member with an effective date of membership on or after July 1, 2012 is a Class Three member.

**C. Benefits Provided**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service and average final compensation. A brief summary of benefit terms for the SCRS and the PORS is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

**D. Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of laws. The PEBA Board may increase the percentage rate in SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for the SCRS and 5.0% for the PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liability of the SCRS and PORS, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty year amortization period; this increase is not limited to one-half of one percent per year.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

If the most recent annual actuarial valuation of the SCRS and PORS for funding purposes shows a ratio of the actuarial value of assets to the actuarial accrued liability (the funded ratio) that is equal to or greater than ninety percent, then the Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9% and 5.0% differentials between the SCRS and PORS employer and employee contribution rates, respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contributions rates until a subsequent annual actuarial valuation shows a funded ratio that is equal to or greater than ninety percent.

The Retirement System Funding and Administration Act increases the employer contribution rate to 13.56% for the SCRS and 16.24% for the PORS effective July 1, 2017. It also removes the 2.9% and 5.0% differential and increases and establishes a ceiling on the employee contribution rates at 9.0% and 9.75% for the SCRS and the PORS, respectively. The employer contribution rate will continue to increase annually by one percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for the SCRS and 21.24% for the PORS. The amortization period is scheduled to be reduced one year for each of the next ten years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety percent to eighty five percent.

Required employee contributions rates, as a percentage of earnable compensation, are currently as follows:

	SCRS	PORS
Class Two Member	9.00%	9.75%
Class Three Member	9.00	9.75

Required employer contributions rates, as a percentage of earnable compensation, are currently as follows:

	SCRS	PORS
Class Two Member	13.41%	15.84%
Class Three Member	13.41	15.84
Incidental Death Benefit	0.15	0.20
Accidental Death Benefit	N/A	0.20

The City's contributions to the SCRS and the PORS for the fiscal year ended June 30, 2018 were \$3,251,670 and \$4,007,156, respectively. The contributions made by the City were equal to the required contributions for the year.

**E. Net Pension Liability and Pension Expense**

SCRS - At June 30, 2018, the City reported a liability of \$50,617,801 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the SCRS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 0.224852%, which is a decrease of 0.000121% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$5,241,265.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

PORS - At June 30, 2018, the City reported a liability of \$46,349,287 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the PORS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 1.691850%, which is an increase of 0.041760% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$6,458,652.

**F. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans**

At June 30, 2018, the City reported deferred outflows of resources related to pension plans from the following sources:

	<u>SCRS</u>	<u>PORS</u>
Differences Between Expected and Actual Pension Liability Experience	\$ 225,654	\$ 413,304
Changes of Assumptions	2,963,129	4,398,975
Differences Between Projected and Actual Earnings on Plan Investments	4,083,592	4,853,989
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	574,786	2,126,362
City Contributions Subsequent to the Measurement Date	<u>3,251,670</u>	<u>4,007,156</u>
	<u>\$ 11,098,831</u>	<u>\$ 15,799,786</u>

At June 30, 2018, the City reported deferred inflows of resources related to pension plans from the following sources:

	<u>SCRS</u>	<u>PORS</u>
Differences Between Expected and Actual Pension Liability Experience	\$ 28,056	\$
Differences Between Projected and Actual Earnings on Plan Investments	2,670,580	3,202,373
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>200,965</u>	<u></u>
	<u>\$ 2,899,601</u>	<u>\$ 3,202,373</u>

The \$7,258,826 amount reported as deferred outflows of resources related to pension plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension plans will be recognized in pension expense as follows:

Year Ended June 30, 2019	\$ 4,127,497
2020	5,750,287
2021	3,811,291
2022	<u>(151,258)</u>
	<u>\$ 13,537,817</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**G. Actuarial Assumptions**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Inflation	2.25%	2.25%
Salary Increases	3.00 - 12.50	3.50 - 9.50
Investment Rate of Return	7.25	7.25

Mortality rates were based on the 2016 Public Retirees of South Carolina Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA projected from the year 2016.

The long-term expected rate of return on pension plan investments is based upon the thirty year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Global Equity		
Global Public Equity	31.0%	6.72%
Private Equity	9.0	9.60
Equity Options Strategies	5.0	5.91
Real Assets		
Real Estate (Private)	5.0	4.32
Real Estate (REITs)	2.0	6.33
Infrastructure	1.0	6.26
Opportunistic		
GTAA/Risk Parity	10.0	4.16
Hedge Funds (non-PA)	4.0	3.82
Other Opportunistic Strategies	3.0	4.16
Diversified Credit		
Mixed Credit	6.0	3.92
Emerging Markets Debt	5.0	5.01
Private Debt	7.0	4.37
Conservative Fixed Income		
Core Fixed Income	10.0	1.60
Cash and Short Duration (Net)	2.0	0.92
	<u>100.0%</u>	

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**H. Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the SCRS's and the PORS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**I. Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	SCRS		
	1.0% Decrease (6.25%)	Current Rate (7.25%)	1.0% Increase (8.25%)
City's Proportionate Share of the Net Pension Liability	<u>\$ 65,239,393</u>	<u>\$ 50,617,801</u>	<u>\$ 41,745,931</u>
	PORS		
	1.0% Decrease (6.25%)	Current Rate (7.25%)	1.0% Increase (8.25%)
City's Proportionate Share of the Net Pension Liability	<u>\$ 62,580,355</u>	<u>\$ 46,349,287</u>	<u>\$ 33,564,291</u>

**J. SCRS and PORS Fiduciary Net Position**

Detailed information about the SCRS's and the PORS's fiduciary net position is available in the separately issued comprehensive annual financial report.

**Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN**

The City retiree health care plan is a defined contribution OPEB 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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 contribution requirements of plan members and the City are established and may be amended by City Council.

The City's OPEB expense for the year ended June 30, 2018 was \$2,970,408, net of forfeitures totaling \$0. During the year ended June 30, 2018, the City paid \$1,198,260 for OPEB as benefits came due. At June 30, 2018, the City's OPEB liability amounted to \$18,339,951.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**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, 2018, the Self Insurance Fund has a claim liability of \$3,418,735. 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, 2018 and 2017 follows:

	2018	2017
Beginning Balance	\$ 2,974,885	\$ 2,635,344
Claims Incurred and Change in Estimate	2,275,158	1,586,379
Claim Payments	<u>(1,831,308)</u>	<u>(1,246,838)</u>
Ending Balance	<u>\$ 3,418,735</u>	<u>\$ 2,974,885</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, 2018, the Health Insurance Fund has a claim liability of \$690,605, 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, 2018 and 2017 follows:

	2018	2017
Beginning Balance	\$ 591,439	\$ 553,679
Claims Incurred and Change in Estimate	11,572,430	9,275,492
Claim Payments	<u>(11,473,264)</u>	<u>(9,237,732)</u>
Ending Balance	<u>\$ 690,605</u>	<u>\$ 591,439</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.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**Note 17 - COMMITMENTS**

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, 2018, water and wastewater treatment service charges totaled \$14,974,891.

Prior to June 30, 2018, the City entered into various construction contracts. The approximate costs of the contracts were \$3,413,000 of which roughly \$2,597,000 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.





*First in Service*

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE SCRS NET PENSION LIABILITY  
Last Five Fiscal Years**

<u>Fiscal Year</u>	<u>City's Proportion of the Net Pension Liability (NPL)</u>	<u>City's Proportionate Share of the NPL</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the NPL as a % of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
6/30/18	0.224852 %	\$ 50,617,801	\$ 22,658,685	223.39 %	53.34 %
6/30/17	0.224973	48,053,900	21,785,588	220.58	52.91
6/30/16	0.218921	41,519,423	20,527,897	202.26	56.99
6/30/15	0.222439	38,296,621	20,200,850	189.58	59.92
6/30/14	0.222439	39,897,622	19,805,654	201.45	56.39

**Note:** This schedule is intended to present information for ten years. The additional years' information will be presented as it becomes available.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE PORS NET PENSION LIABILITY  
Last Five Fiscal Years**

<u>Fiscal Year</u>	<u>City's Proportion of the Net Pension Liability (NPL)</u>	<u>City's Proportionate Share of the NPL</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the NPL as a % of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
6/30/18	1.691850 % \$	46,349,287	\$ 22,781,426	203.45 %	60.94 %
6/30/17	1.650090	41,854,141	21,036,463	198.96	60.44
6/30/16	1.535500	33,466,167	19,022,717	175.93	64.57
6/30/15	1.531860	29,326,348	18,421,173	159.20	67.55
6/30/14	1.531860	31,755,037	18,463,306	171.99	62.98

**Note:** This schedule is intended to present information for ten years. The additional years' information will be presented as it becomes available.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF CITY CONTRIBUTIONS TO THE SCRS**  
**Last Five Fiscal Years**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
6/30/18	\$ 3,251,670	\$ 3,251,670	\$ 0	\$ 23,979,867	13.56 %
6/30/17	2,619,344	2,619,344	0	22,658,685	11.56
6/30/16	2,409,486	2,409,486	0	21,785,588	11.06
6/30/15	2,237,541	2,237,541	0	20,527,897	10.90
6/30/14	2,141,290	2,141,290	0	20,200,850	10.60

**Note:** This schedule is intended to present information for ten years. The additional years' information will be presented as it becomes available.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF CITY CONTRIBUTIONS TO THE PORS**  
**Last Five Fiscal Years**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
6/30/18	\$ 4,007,156	\$ 4,007,156	\$ 0	\$ 24,674,606	16.24 %
6/30/17	3,244,075	3,244,075	0	22,781,426	14.24
6/30/16	2,890,410	2,890,410	0	21,036,463	13.74
6/30/15	2,550,946	2,550,946	0	19,022,717	13.41
6/30/14	2,365,279	2,365,279	0	18,421,173	12.84

**Note:** This schedule is intended to present information for ten years. The additional years' information will be presented as it becomes available.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 24,285,000	\$ 24,285,000	\$ 22,303,063	\$ (1,981,937)
Licenses and Permits	29,463,100	29,463,100	30,756,569	1,293,469
Fines and Forfeitures	1,109,075	1,109,075	1,129,745	20,670
Intergovernmental	3,001,800	3,494,920	3,648,562	153,642
Charges for Services	3,084,000	3,094,000	2,916,311	(177,689)
Miscellaneous	3,248,000	3,268,575	3,685,646	417,071
Total Revenues	<u>\$ 64,190,975</u>	<u>\$ 64,714,670</u>	<u>\$ 64,439,896</u>	<u>\$ (274,774)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 11,040,426	\$ 11,340,961	\$ 11,340,961	\$
Public Safety	44,950,743	45,719,606	45,719,606	
Transportation	4,494,307	4,319,202	4,319,202	
Community and Economic Development	3,090,282	3,840,785	3,840,785	
Culture and Recreation	8,006,557	8,181,702	8,181,702	
Public Works	8,556,916	7,190,325	7,190,325	
Capital Outlay	466,197	917,621	917,621	
Total Expenditures	<u>\$ 80,605,428</u>	<u>\$ 81,510,202</u>	<u>\$ 81,510,202</u>	<u>\$</u>
Deficiency of Revenues Under Expenditures	<u>\$ (16,414,453)</u>	<u>\$ (16,795,532)</u>	<u>\$ (17,070,306)</u>	<u>\$ (274,774)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 16,460,564	\$ 16,460,564	\$ 15,415,984	\$ (1,044,580)
Transfers Out	(150,388)	(150,388)	(150,388)	
Sale of Capital Assets			22,750	22,750
Total Other Financing Sources (Uses)	<u>\$ 16,310,176</u>	<u>\$ 16,310,176</u>	<u>\$ 15,288,346</u>	<u>\$ (1,021,830)</u>
<b>Net Change in Fund Balances</b>	<b>\$ (104,277)</b>	<b>\$ (485,356)</b>	<b>\$ (1,781,960)</b>	<b>\$ (1,296,604)</b>
<b>Fund Balances - Beginning</b>	<u>15,634,187</u>	<u>15,634,187</u>	<u>15,634,187</u>	<u></u>
<b>Fund Balances - Ending</b>	<u><u>\$ 15,529,910</u></u>	<u><u>\$ 15,148,831</u></u>	<u><u>\$ 13,852,227</u></u>	<u><u>\$ (1,296,604)</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CONVENTION CENTER FUND**  
**Year Ended June 30, 2018**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for Services	\$ 3,747,400	\$ 3,451,490	\$ (295,910)
Miscellaneous	<u>2,800,000</u>	<u>3,133,406</u>	<u>333,406</u>
Total Revenues	<u>\$ 6,547,400</u>	<u>\$ 6,584,896</u>	<u>\$ 37,496</u>
<b>EXPENDITURES</b>			
Current:			
General Government	\$ 433,982	\$ 433,982	\$
Culture and Recreation	5,590,385	5,376,496	213,889
Capital Outlay	<u>2,072,500</u>	<u>2,010,232</u>	<u>62,268</u>
Total Expenditures	<u>\$ 8,096,867</u>	<u>\$ 7,820,710</u>	<u>\$ 276,157</u>
Deficiency of Revenues Under Expenditures	<u>\$ (1,549,467)</u>	<u>\$ (1,235,814)</u>	<u>\$ 313,653</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ 550,000	\$ 550,000	\$
Transfers Out	(1,945,758)	(1,945,758)	
Capital Lease Obligation	<u>1,325,000</u>	<u>1,315,634</u>	<u>(9,366)</u>
Total Other Financing Sources (Uses)	<u>\$ (70,758)</u>	<u>\$ (80,124)</u>	<u>\$ (9,366)</u>
<b>Net Change in Fund Balances</b>	<b>\$ (1,620,225)</b>	<b>\$ (1,315,938)</b>	<b>\$ 304,287</b>
<b>Fund Balances - Beginning</b>	<u>2,097,364</u>	<u>2,097,364</u>	<u></u>
<b>Fund Balances - Ending</b>	<u><u>\$ 477,139</u></u>	<u><u>\$ 781,426</u></u>	<u><u>\$ 304,287</u></u>



**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Option Tourism Taxes	\$ 28,560,000	\$ 28,560,000	\$ 28,763,094	\$ 203,094
Miscellaneous	45,000	45,000	92,873	47,873
Total Revenues	<u>\$ 28,605,000</u>	<u>\$ 28,605,000</u>	<u>\$ 28,855,967</u>	<u>\$ 250,967</u>
<b>EXPENDITURES</b>				
Current:				
Community and Economic Development	\$ 22,884,000	\$ 23,070,827	\$ 23,070,827	\$ _____
Excess of Revenues Over Expenditures	\$ 5,721,000	\$ 5,534,173	\$ 5,785,140	\$ 250,967
<b>OTHER FINANCING USES</b>				
Transfers Out	<u>(5,239,718)</u>	<u>(6,114,950)</u>	<u>(6,114,950)</u>	<u>_____</u>
<b>Net Change in Fund Balance</b>	\$ 481,282	\$ (580,777)	\$ (329,810)	\$ 250,967
<b>Fund Balance - Beginning</b>	<u>513,941</u>	<u>513,941</u>	<u>513,941</u>	<u>_____</u>
<b>Fund Balance - Ending</b>	<u>\$ 995,223</u>	<u>\$ (66,836)</u>	<u>\$ 184,131</u>	<u>\$ 250,967</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**AIR BASE TAX INCREMENT REVENUE FUND**  
**Year Ended June 30, 2018**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 9,122,300	\$ 9,448,139	\$ 325,839
Miscellaneous		123,565	123,565
Total Revenues	\$ 9,122,300	\$ 9,571,704	\$ 449,404
<b>EXPENDITURES</b>			
Current:			
Community and Economic Development	\$ 895,000	\$ 805,167	\$ 89,833
Capital Outlay	2,500,000		2,500,000
Debt Service:			
Principal	1,290,000	1,290,000	
Interest and Fiscal Charges	1,696,600	1,664,832	31,768
Total Expenditures	\$ 6,381,600	\$ 3,759,999	\$ 2,621,601
Excess of Revenues Over Expenditures	\$ 2,740,700	\$ 5,811,705	\$ 3,071,005
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ 600,000	\$ 985,495	\$ 385,495
Transfers Out	(2,409,797)	(554,797)	1,855,000
Total Other Financing Sources (Uses)	\$ (1,809,797)	\$ 430,698	\$ 2,240,495
<b>Net Change in Fund Balances</b>	\$ 930,903	\$ 6,242,403	\$ 5,311,500
<b>Fund Balances - Beginning</b>	13,138,085	13,138,085	
<b>Fund Balances - Ending</b>	\$ 14,068,988	\$ 19,380,488	\$ 5,311,500

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**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 Chief Financial 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, 2018, 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, 2018, 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, 2018 as follows:

General Fund	\$ 904,774
Local Option Tourism Fee Fund	1,062,059
Capital Improvements Fund	22,829,103
Water and Sewer Fund	204,792
Baseball Stadium Fund	17,136
Solid Waste Management Fund	209,916
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	2,243
Community Block Development Fund	58,287
Local Accommodations Tax Fund	11,064
Ocean Front Tax Increment Revenue Fund	8,342,120
Hospitality Fee Fund	10,647,022

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



*First in Service*

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes and the revenue serves as the foundation of the fund.

**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.

**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.

**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.

**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.

**Sports Tourism Fund** - This fund is used to accumulate funds from the Myrtle Beach Sports Center and the City's Sports Tourism Division for the purpose of tourism related expenditures.

**Product Development Fund** - This fund is used to accumulate funds from growth in hospitality fee and local accommodations tax collections to be utilized for projects that enhance the City's infrastructure and image.

## 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, 2018**

	Special Revenue Funds					
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Local Accommodations Tax	Storm Water
<b>ASSETS</b>						
Cash and Temporary Investments	\$	\$	\$ 279,641	\$ 16,845	\$ 92,315	\$ 1,559,404
Receivables (Net):						
Property Taxes						
Local Accommodations Taxes					457,495	
Hospitality Fee Taxes						
Storm Water Fees						85,431
Accounts						
Intergovernmental	3,464,355		96,019			120,907
Loans			192,685			
Due From Other Funds						382,000
Inventories						
Prepaid Assets						
Restricted Cash and Temporary Investments						1,946,873
<b>Total Assets</b>	<b>\$ 3,464,355</b>	<b>\$</b>	<b>\$ 568,345</b>	<b>\$ 16,845</b>	<b>\$ 549,810</b>	<b>\$ 4,094,615</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable and Accrued						
Expenditures	\$ 1,039,307	\$	\$ 642	\$ 10,408	\$ 104	\$ 170,858
Due to Other Funds	2,321,953	691,440				
Unearned Revenue						
<b>Total Liabilities</b>	<b>\$ 3,361,260</b>	<b>\$ 691,440</b>	<b>\$ 642</b>	<b>\$ 10,408</b>	<b>\$ 104</b>	<b>\$ 170,858</b>
Deferred Inflows of Resources:						
Unavailable Revenue	\$	\$	\$	\$	\$ 834	\$
Fund Balances (Deficit):						
Nonspendable:						
Inventories	\$	\$	\$	\$	\$	\$
Prepaid Assets						
Restricted for:						
Community Development			567,703			1,976,884
Debt Service						1,946,873
Tourism Promotion and Support	103,095				548,872	
Victims Assistance				6,437		
Unassigned		(691,440)				
<b>Total Fund Balances (Deficit)</b>	<b>\$ 103,095</b>	<b>\$ (691,440)</b>	<b>\$ 567,703</b>	<b>\$ 6,437</b>	<b>\$ 548,872</b>	<b>\$ 3,923,757</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,464,355</b>	<b>\$</b>	<b>\$ 568,345</b>	<b>\$ 16,845</b>	<b>\$ 549,810</b>	<b>\$ 4,094,615</b>

Special Revenue Funds

Ocean Front Tax Increment Revenue	Hospitality Fee	Sports Tourism	Product Development	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$ 910	\$ 393,832	\$ 1,568,371	\$ 3,911,318	\$ 4,574,868	\$ 8,486,186
	5,757			5,757		5,757
				457,495		457,495
	1,826,663			1,826,663		1,826,663
				85,431		85,431
		39,600		39,600		39,600
				3,681,281		3,681,281
				192,685		192,685
			330,429	712,429	374,070	1,086,499
		47,821		47,821		47,821
		26,506		26,506		26,506
385,613				2,332,486		2,332,486
<u>\$ 391,370</u>	<u>\$ 1,827,573</u>	<u>\$ 507,759</u>	<u>\$ 1,898,800</u>	<u>\$ 13,319,472</u>	<u>\$ 4,948,938</u>	<u>\$ 18,268,410</u>
\$	\$ 202	\$ 292,290	\$	\$ 1,513,811	\$ 6,250	\$ 1,520,061
221,898	993,834	704,146		4,933,271		4,933,271
		121,306		121,306		121,306
<u>\$ 221,898</u>	<u>\$ 994,036</u>	<u>\$ 1,117,742</u>	<u>\$</u>	<u>\$ 6,568,388</u>	<u>\$ 6,250</u>	<u>\$ 6,574,638</u>
<u>\$ 5,757</u>	<u>\$ 80,024</u>	<u>\$</u>	<u>\$</u>	<u>\$ 86,615</u>	<u>\$</u>	<u>\$ 86,615</u>
\$	\$	\$ 47,821	\$	\$ 47,821	\$	\$ 47,821
		26,506		26,506		26,506
				2,544,587		2,544,587
385,613				2,332,486	4,942,688	7,275,174
	753,513		1,898,800	3,304,280		3,304,280
				6,437		6,437
(221,898)		(684,310)		(1,597,648)		(1,597,648)
<u>\$ 163,715</u>	<u>\$ 753,513</u>	<u>\$ (609,983)</u>	<u>\$ 1,898,800</u>	<u>\$ 6,664,469</u>	<u>\$ 4,942,688</u>	<u>\$ 11,607,157</u>
<u>\$ 391,370</u>	<u>\$ 1,827,573</u>	<u>\$ 507,759</u>	<u>\$ 1,898,800</u>	<u>\$ 13,319,472</u>	<u>\$ 4,948,938</u>	<u>\$ 18,268,410</u>



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2018**

	Special Revenue Funds					
	Accommodations	Public	Community	Victims	Local	Storm
	Tax	Facilities Corporation	Block Development	Advocate	Accommodations Tax	Water
<b>REVENUES</b>						
Property Taxes	\$	\$	\$	\$	\$	\$
Local Accommodations Taxes					2,698,332	
Hospitality Fee Taxes						
Storm Water Fees						2,360,916
Fines and Forfeitures				125,893		
Intergovernmental	9,935,102		508,287			
Charges for Services						
Miscellaneous	10,743			1,200	2,554	38,778
<b>Total Revenues</b>	<u>\$ 9,945,845</u>	<u>\$</u>	<u>\$ 508,287</u>	<u>\$ 127,093</u>	<u>\$ 2,700,886</u>	<u>\$ 2,399,694</u>
<b>EXPENDITURES</b>						
Current:						
General Government	\$	\$ 2,243	\$	\$ 271,044	\$	\$ 338,050
Transportation						2,306,272
Community and Economic Development	3,245,181		216,734			
Culture and Recreation						
Capital Outlay			291,553			587,329
Debt Service:						
Principal						1,036,482
Interest and Fiscal Charges						321,077
Bond Issuance Costs						
Payment to Escrow Agent						
<b>Total Expenditures</b>	<u>\$ 3,245,181</u>	<u>\$ 2,243</u>	<u>\$ 508,287</u>	<u>\$ 271,044</u>	<u>\$</u>	<u>\$ 4,589,210</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>\$ 6,700,664</u>	<u>\$ (2,243)</u>	<u>\$</u>	<u>\$ (143,951)</u>	<u>\$ 2,700,886</u>	<u>\$ (2,189,516)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	\$	\$ 1,657,500	\$	\$ 150,388	\$	\$ 1,662,000
Transfers Out	(6,612,569)	(1,657,500)			(3,131,004)	
Refunding Tax Increment Revenue						
Bonds Issued						
Premium on Refunding Tax Increment						
Revenue Bonds						
Payment to Escrow Agent						
Hospitality Fee Revenue Bonds Issued						
Premium on Hospitality Fee Revenue Bonds						
Storm Water Revenue Bonds Issued						487,348
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (6,612,569)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 150,388</u>	<u>\$ (3,131,004)</u>	<u>\$ 2,149,348</u>
<b>Net Change in Fund Balances</b>	\$ 88,095	\$ (2,243)	\$	\$ 6,437	\$ (430,118)	\$ (40,168)
<b>Fund Balances (Deficit) - Beginning</b>	<u>15,000</u>	<u>(689,197)</u>	<u>567,703</u>	<u></u>	<u>978,990</u>	<u>3,963,925</u>
<b>Fund Balances (Deficit) - Ending</b>	<u>\$ 103,095</u>	<u>\$ (691,440)</u>	<u>\$ 567,703</u>	<u>\$ 6,437</u>	<u>\$ 548,872</u>	<u>\$ 3,923,757</u>

Special Revenue Funds

Ocean Front Tax Increment Revenue	Hospitality Fee	Sports Tourism	Product Development	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$ 1,812,824	\$ 1,812,824
				2,698,332		2,698,332
	11,908,883			11,908,883		11,908,883
				2,360,916		2,360,916
				125,893		125,893
				10,443,389		10,443,389
		1,411,072		1,411,072		1,411,072
193,861	25,913		6,971	280,020	16,413	296,433
<u>\$ 193,861</u>	<u>\$ 11,934,796</u>	<u>\$ 1,411,072</u>	<u>\$ 6,971</u>	<u>\$ 29,228,505</u>	<u>\$ 1,829,237</u>	<u>\$ 31,057,742</u>
\$	\$	\$	\$	\$ 611,337	\$ 222,744	\$ 834,081
				2,306,272		2,306,272
				3,461,915		3,461,915
		2,489,477		2,489,477		2,489,477
				878,882		878,882
350,000	1,210,000			2,596,482	4,910,602	7,507,084
376,765	3,131,450			3,829,292	1,315,660	5,144,952
168,554	174,267			342,821		342,821
364,030				364,030		364,030
<u>\$ 1,259,349</u>	<u>\$ 4,515,717</u>	<u>\$ 2,489,477</u>	<u>\$</u>	<u>\$ 16,880,508</u>	<u>\$ 6,449,006</u>	<u>\$ 23,329,514</u>
<u>\$ (1,065,488)</u>	<u>\$ 7,419,079</u>	<u>\$ (1,078,405)</u>	<u>\$ 6,971</u>	<u>\$ 12,347,997</u>	<u>\$ (4,619,769)</u>	<u>\$ 7,728,228</u>
\$ 640,460	\$	\$ 410,000	\$ 753,460	\$ 5,273,808	\$ 4,931,622	\$ 10,205,430
	(18,719,403)			(30,120,476)		(30,120,476)
7,245,000				7,245,000		7,245,000
733,922				733,922		733,922
(7,809,536)				(7,809,536)		(7,809,536)
	9,575,000			9,575,000		9,575,000
	802,457			802,457		802,457
				487,348		487,348
<u>\$ 809,846</u>	<u>\$ (8,341,946)</u>	<u>\$ 410,000</u>	<u>\$ 753,460</u>	<u>\$ (13,812,477)</u>	<u>\$ 4,931,622</u>	<u>\$ (8,880,855)</u>
\$ (255,642)	\$ (922,867)	\$ (668,405)	\$ 760,431	\$ (1,464,480)	\$ 311,853	\$ (1,152,627)
419,357	1,676,380	58,422	1,138,369	8,128,949	4,630,835	12,759,784
<u>\$ 163,715</u>	<u>\$ 753,513</u>	<u>\$ (609,983)</u>	<u>\$ 1,898,800</u>	<u>\$ 6,664,469</u>	<u>\$ 4,942,688</u>	<u>\$ 11,607,157</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, 2018**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 10,500,000	\$ 9,935,102	\$ (564,898)
Miscellaneous	260,000	10,743	(249,257)
Total Revenues	<u>\$ 10,760,000</u>	<u>\$ 9,945,845</u>	<u>\$ (814,155)</u>
 <b>EXPENDITURES</b>			
Current:			
Community and Economic Development	<u>\$ 3,646,500</u>	<u>\$ 3,245,181</u>	<u>\$ 401,319</u>
Excess of Revenues Over Expenditures	\$ 7,113,500	\$ 6,700,664	\$ (412,836)
 <b>OTHER FINANCING USES</b>			
Transfers Out	<u>(7,113,500)</u>	<u>(6,612,569)</u>	<u>500,931</u>
 <b>Net Change in Fund Balance</b>	\$	\$ 88,095	\$ 88,095
 <b>Fund Balance - Beginning</b>	<u>15,000</u>	<u>15,000</u>	<u></u>
 <b>Fund Balance - Ending</b>	<u>\$ 15,000</u>	<u>\$ 103,095</u>	<u>\$ 88,095</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 2,000	\$ 2,000	\$	\$ (2,000)
<b>EXPENDITURES</b>				
Current:				
General Government	\$	\$ 2,243	\$ 2,243	\$
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,000	\$ (243)	\$ (2,243)	\$ (2,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,657,500	\$ 1,657,500	\$ 1,657,500	\$
Transfers Out	(1,657,500)	(1,657,500)	(1,657,500)	\$
Total Other Financing Sources (Uses)	\$	\$	\$	\$
<b>Net Change in Fund Balance</b>	\$ 2,000	\$ (243)	\$ (2,243)	\$ (2,000)
<b>Fund Balance (Deficit) - Beginning</b>	<u>(689,197)</u>	<u>(689,197)</u>	<u>(689,197)</u>	<u></u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ (687,197)</u>	<u>\$ (689,440)</u>	<u>\$ (691,440)</u>	<u>\$ (2,000)</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**COMMUNITY BLOCK DEVELOPMENT FUND**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 450,000	\$ 508,287	\$ 508,287	\$
<b>EXPENDITURES</b>				
Current:				
Community and Economic Development	\$ 450,000	\$ 216,734	\$ 216,734	\$
Capital Outlay		291,553	291,553	
Total Expenditures	\$ 450,000	\$ 508,287	\$ 508,287	\$
<b>Net Change in Fund Balance</b>	\$	\$	\$	\$
<b>Fund Balance - Beginning</b>	567,703	567,703	567,703	
<b>Fund Balance - Ending</b>	\$ 567,703	\$ 567,703	\$ 567,703	\$

**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, 2018**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Fines and Forfeitures	\$ 135,000	\$ 125,893	\$ (9,107)
Miscellaneous		1,200	1,200
Total Revenues	<u>\$ 135,000</u>	<u>\$ 127,093</u>	<u>\$ (7,907)</u>
 <b>EXPENDITURES</b>			
Current:			
General Government	<u>\$ 285,388</u>	<u>\$ 271,044</u>	<u>\$ 14,344</u>
Deficiency of Revenues Under Expenditures	\$ (150,388)	\$ (143,951)	\$ 6,437
 <b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>150,388</u>	<u>150,388</u>	<u>          </u>
 <b>Net Change in Fund Balance</b>	\$	\$ 6,437	\$ 6,437
 <b>Fund Balance - Beginning</b>	<u>          </u>	<u>          </u>	<u>          </u>
 <b>Fund Balance - Ending</b>	<u>\$</u>	<u>\$ 6,437</u>	<u>\$ 6,437</u>

**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Accommodations Taxes	\$ 2,960,950	\$ 2,960,950	\$ 2,698,332	\$ (262,618)
Miscellaneous	3,500	3,500	2,554	(946)
Total Revenues	<u>\$ 2,964,450</u>	<u>\$ 2,964,450</u>	<u>\$ 2,700,886</u>	<u>\$ (263,564)</u>
<b>OTHER FINANCING USES</b>				
Transfers Out	\$ (3,119,940)	\$ (3,131,004)	\$ (3,131,004)	\$ _____
<b>Net Change in Fund Balance</b>	\$ (155,490)	\$ (166,554)	\$ (430,118)	\$ (263,564)
<b>Fund Balance - Beginning</b>	<u>978,990</u>	<u>978,990</u>	<u>978,990</u>	<u>_____</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 823,500</u></u>	<u><u>\$ 812,436</u></u>	<u><u>\$ 548,872</u></u>	<u><u>\$ (263,564)</u></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, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Storm Water Fees	\$ 2,546,350	\$ 2,546,350	\$ 2,360,916	\$ (185,434)
Miscellaneous			38,778	38,778
Total Revenues	<u>\$ 2,546,350</u>	<u>\$ 2,546,350</u>	<u>\$ 2,399,694</u>	<u>\$ (146,656)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 338,050	\$ 338,050	\$ 338,050	
Transportation	2,398,157	2,398,157	2,306,272	91,885
Capital Outlay	1,205,060	1,205,060	587,329	617,731
Debt Service:				
Principal	827,635	1,036,482	1,036,482	
Interest and Fiscal Charges	768,464	559,617	321,077	238,540
Total Expenditures	<u>\$ 5,537,366</u>	<u>\$ 5,537,366</u>	<u>\$ 4,589,210</u>	<u>\$ 948,156</u>
Deficiency of Revenues Under Expenditures	<u>\$ (2,991,016)</u>	<u>\$ (2,991,016)</u>	<u>\$ (2,189,516)</u>	<u>\$ 801,500</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	\$ 1,662,000	\$ 1,662,000	\$ 1,662,000	
Storm Water Revenue Bonds Issued	1,105,060	1,105,060	487,348	(617,712)
Total Other Financing Sources	<u>\$ 2,767,060</u>	<u>\$ 2,767,060</u>	<u>\$ 2,149,348</u>	<u>\$ (617,712)</u>
<b>Net Change in Fund Balances</b>	<b>\$ (223,956)</b>	<b>\$ (223,956)</b>	<b>\$ (40,168)</b>	<b>\$ 183,788</b>
<b>Fund Balances - Beginning</b>	<u>3,963,925</u>	<u>3,963,925</u>	<u>3,963,925</u>	
<b>Fund Balances - Ending</b>	<u><u>\$ 3,739,969</u></u>	<u><u>\$ 3,739,969</u></u>	<u><u>\$ 3,923,757</u></u>	<u><u>\$ 183,788</u></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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 200,000	\$ 200,000	\$	\$ (200,000)
Miscellaneous	1,400	1,400	193,861	192,461
Total Revenues	<u>\$ 201,400</u>	<u>\$ 201,400</u>	<u>\$ 193,861</u>	<u>\$ (7,539)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	\$ 350,000	\$ 350,000	\$ 350,000	\$
Interest and Fiscal Charges	390,460	390,460	376,765	13,695
Bond Issuance Costs		168,554	168,554	
Payment to Escrow Agent		364,030	364,030	
Total Expenditures	<u>\$ 740,460</u>	<u>\$ 1,273,044</u>	<u>\$ 1,259,349</u>	<u>\$ 13,695</u>
Deficiency of Revenues Under Expenditures	<u>\$ (539,060)</u>	<u>\$ (1,071,644)</u>	<u>\$ (1,065,488)</u>	<u>\$ 6,156</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 640,460	\$ 640,460	\$ 640,460	\$
Refunding Tax Increment Revenue				
Bonds Issued		7,245,000	7,245,000	
Premium on Refunding Tax Increment				
Revenue Bonds		733,922	733,922	
Payment to Escrow Agent		(7,809,536)	(7,809,536)	
Total Other Financing Sources (Uses)	<u>\$ 640,460</u>	<u>\$ 809,846</u>	<u>\$ 809,846</u>	<u>\$</u>
<b>Net Change in Fund Balances</b>	<u>\$ 101,400</u>	<u>\$ (261,798)</u>	<u>\$ (255,642)</u>	<u>\$ 6,156</u>
<b>Fund Balances - Beginning</b>	<u>419,357</u>	<u>419,357</u>	<u>419,357</u>	<u></u>
<b>Fund Balances - Ending</b>	<u><u>\$ 520,757</u></u>	<u><u>\$ 157,559</u></u>	<u><u>\$ 163,715</u></u>	<u><u>\$ 6,156</u></u>

**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Hospitality Fee Taxes	\$ 12,360,000	\$ 12,360,000	\$ 11,908,883	\$ (451,117)
Miscellaneous	30,000	30,000	25,913	(4,087)
Total Revenues	<u>\$ 12,390,000</u>	<u>\$ 12,390,000</u>	<u>\$ 11,934,796</u>	<u>\$ (455,204)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	\$ 1,210,000	\$ 1,210,000	\$ 1,210,000	\$
Interest and Fiscal Charges	2,858,695	3,131,450	3,131,450	
Bond Issuance Costs		174,267	174,267	
Total Expenditures	<u>\$ 4,068,695</u>	<u>\$ 4,515,717</u>	<u>\$ 4,515,717</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 8,321,305</u>	<u>\$ 7,874,283</u>	<u>\$ 7,419,079</u>	<u>\$ (455,204)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	\$ (8,519,403)	\$ (18,719,403)	\$ (18,719,403)	\$
Hospitality Fee Revenue Bonds Issued		9,575,000	9,575,000	
Premium on Hospitality Fee Revenue Bonds		802,457	802,457	
Total Other Financing Sources (Uses)	<u>\$ (8,519,403)</u>	<u>\$ (8,341,946)</u>	<u>\$ (8,341,946)</u>	<u>\$</u>
<b>Net Change in Fund Balance</b>	<u>\$ (198,098)</u>	<u>\$ (467,663)</u>	<u>\$ (922,867)</u>	<u>\$ (455,204)</u>
<b>Fund Balance - Beginning</b>	<u>1,676,380</u>	<u>1,676,380</u>	<u>1,676,380</u>	<u></u>
<b>Fund Balance - Ending</b>	<u><u>\$ 1,478,282</u></u>	<u><u>\$ 1,208,717</u></u>	<u><u>\$ 753,513</u></u>	<u><u>\$ (455,204)</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**SPORTS TOURISM FUND**  
**Year Ended June 30, 2018**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ <u>1,761,132</u>	\$ <u>1,411,072</u>	\$ <u>(350,060)</u>
<b>EXPENDITURES</b>			
Current:			
Culture and Recreation	\$ <u>2,607,741</u>	\$ <u>2,489,477</u>	\$ <u>118,264</u>
Deficiency of Revenues Under Expenditures	\$ (846,609)	\$ (1,078,405)	\$ (231,796)
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>843,000</u>	<u>410,000</u>	<u>(433,000)</u>
<b>Net Change in Fund Balances</b>	\$ (3,609)	\$ (668,405)	\$ (664,796)
<b>Fund Balances - Beginning</b>	<u>58,422</u>	<u>58,422</u>	
<b>Fund Balances (Deficit) - Ending</b>	\$ <u><u>54,813</u></u>	\$ <u><u>(609,983)</u></u>	\$ <u><u>(664,796)</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**PRODUCT DEVELOPMENT FUND**  
**Year Ended June 30, 2018**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Miscellaneous	\$ _____	\$ 6,971	\$ 6,971
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$ 742,396	\$ 753,460	\$ 11,064
<b>Net Change in Fund Balance</b>	\$ 742,396	\$ 760,431	\$ 18,035
<b>Fund Balance - Beginning</b>	<u>1,138,369</u>	<u>1,138,369</u>	<u>          </u>
<b>Fund Balance - Ending</b>	<u>\$ 1,880,765</u>	<u>\$ 1,898,800</u>	<u>\$ 18,035</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, 2018**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,923,967	\$ 1,812,824	\$ (111,143)
Miscellaneous	7,500	16,413	8,913
Total Revenues	\$ 1,931,467	\$ 1,829,237	\$ (102,230)
<b>EXPENDITURES</b>			
Current:			
General Government	\$ 185,244	\$ 222,744	\$ (37,500)
Debt Service:			
Principal	4,739,980	4,910,602	(170,622)
Interest and Fiscal Charges	1,619,160	1,315,660	303,500
Total Expenditures	\$ 6,544,384	\$ 6,449,006	\$ 95,378
Deficiency of Revenues Under Expenditures	\$ (4,612,917)	\$ (4,619,769)	\$ (6,852)
<b>OTHER FINANCING SOURCES</b>			
Transfers In	4,948,236	4,931,622	(16,614)
<b>Net Change in Fund Balance</b>	\$ 335,319	\$ 311,853	\$ (23,466)
<b>Fund Balance - Beginning</b>	4,630,835	4,630,835	
<b>Fund Balance - Ending</b>	\$ 4,966,154	\$ 4,942,688	\$ (23,466)

**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 610,000	\$ 610,000	\$ 435,626	\$ (174,374)
Licenses and Permits	750,000	750,000	1,703,730	953,730
Intergovernmental	1,589,520	3,147,997	2,443,461	(704,536)
Miscellaneous	57,000	10,250,187	629,421	(9,620,766)
Total Revenues	<u>\$ 3,006,520</u>	<u>\$ 14,758,184</u>	<u>\$ 5,212,238</u>	<u>\$ (9,545,946)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 440,584	\$ 539,613	\$ 539,613	\$
Transportation		124,932	124,932	
Community and Economic Development		41,995	41,995	
Culture and Recreation		152,931	152,931	
Capital Outlay	5,073,000	27,483,216	9,139,631	18,343,585
Total Expenditures	<u>\$ 5,513,584</u>	<u>\$ 28,342,687</u>	<u>\$ 9,999,102</u>	<u>\$ 18,343,585</u>
Deficiency of Revenues Under Expenditures	<u>\$ (2,507,064)</u>	<u>\$ (13,584,503)</u>	<u>\$ (4,786,864)</u>	<u>\$ 8,797,639</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	\$ 2,170,060	\$ 12,370,060	\$ 11,998,060	\$ (372,000)
General Obligation Bonds Issued		877,439		(877,439)
Capital Lease Obligation			289,782	289,782
Total Other Financing Sources	<u>\$ 2,170,060</u>	<u>\$ 13,247,499</u>	<u>\$ 12,287,842</u>	<u>\$ (959,657)</u>
<b>Net Change in Fund Balances</b>	\$ (337,004)	\$ (337,004)	\$ 7,500,978	\$ 7,837,982
<b>Fund Balances - Beginning</b>	<u>10,939,199</u>	<u>10,939,199</u>	<u>10,939,199</u>	
<b>Fund Balances - Ending</b>	<u>\$ 10,602,195</u>	<u>\$ 10,602,195</u>	<u>\$ 18,440,177</u>	<u>\$ 7,837,982</u>



*First in Service*

## **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, 2018**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Temporary Investments	\$ 5,015,408	\$ 5,538,974	\$ 16,784,788	\$ 27,339,170
Accounts Receivable	16	24,110	351,032	375,158
Due from Other Fund			396,576	396,576
Inventories	144,571			144,571
Prepaid Assets		40,000		40,000
Total Current Assets	\$ 5,159,995	\$ 5,603,084	\$ 17,532,396	\$ 28,295,475
Noncurrent Assets:				
Other Capital Assets (Net)	12,349,837			12,349,837
Total Assets	\$ 17,509,832	\$ 5,603,084	\$ 17,532,396	\$ 40,645,312
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension Plan	\$ 180,765	\$	\$	\$ 180,765
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 659,431	\$ 196,073	\$ 19,022,653	\$ 19,878,157
Due to Other Fund			3,349,909	3,349,909
Unreported Insurance Claims			690,605	690,605
Capital Lease Obligations	805,069			805,069
Total Current Liabilities	\$ 1,464,500	\$ 196,073	\$ 23,063,167	\$ 24,723,740
Noncurrent Liabilities:				
Compensated Absences	\$ 24,653	\$	\$	\$ 24,653
Unreported Insurance Claims		3,418,735		3,418,735
Capital Lease Obligations	3,735,911			3,735,911
Net Pension Liability	825,070			825,070
Total Noncurrent Liabilities	\$ 4,585,634	\$ 3,418,735	\$	\$ 8,004,369
Total Liabilities	\$ 6,050,134	\$ 3,614,808	\$ 23,063,167	\$ 32,728,109

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2018**

	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension Plan	\$ 47,264	\$ _____	\$ _____	\$ 47,264
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 7,808,857	\$ _____	\$ _____	\$ 7,808,857
Unrestricted	<u>3,784,342</u>	<u>1,988,276</u>	<u>(5,530,771)</u>	<u>241,847</u>
Total Net Position	<u>\$ 11,593,199</u>	<u>\$ 1,988,276</u>	<u>\$ (5,530,771)</u>	<u>\$ 8,050,704</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, 2018**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 5,657,869	\$ 3,369,256	\$ 13,748,372	\$ 22,775,497
<b>OPERATING EXPENSES</b>				
Administration	\$ 551,215	\$	\$	\$ 551,215
Operations	1,318,313	4,128,658	15,764,464	21,211,435
Depreciation	2,520,276			2,520,276
Total Operating Expenses	<u>\$ 4,389,804</u>	<u>\$ 4,128,658</u>	<u>\$ 15,764,464</u>	<u>\$ 24,282,926</u>
Operating Income (Loss)	<u>\$ 1,268,065</u>	<u>\$ (759,402)</u>	<u>\$ (2,016,092)</u>	<u>\$ (1,507,429)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned	\$ 17,690	\$ 8,516	\$ 171,393	\$ 197,599
Miscellaneous Revenue	215			215
Gain on Disposal of Capital Assets	370,805			370,805
Interest Expense	(115,572)			(115,572)
Total Nonoperating Revenues (Expenses)	<u>\$ 273,138</u>	<u>\$ 8,516</u>	<u>\$ 171,393</u>	<u>\$ 453,047</u>
<b>Change in Net Position</b>	<u>\$ 1,541,203</u>	<u>\$ (750,886)</u>	<u>\$ (1,844,699)</u>	<u>\$ (1,054,382)</u>
<b>Total Net Position - Beginning</b>	<u>10,051,996</u>	<u>2,739,162</u>	<u>(3,686,072)</u>	<u>9,105,086</u>
<b>Total Net Position - Ending</b>	<u><u>\$ 11,593,199</u></u>	<u><u>\$ 1,988,276</u></u>	<u><u>\$ (5,530,771)</u></u>	<u><u>\$ 8,050,704</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2018**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts From Interfund Services Provided	\$ 5,657,869	\$ 3,369,256	\$ 13,748,372	\$ 22,775,497
Payments to Suppliers	(1,387,050)	(1,893,500)	(1,210,286)	(4,490,836)
Payments to Employees	(383,241)			(383,241)
Payments of Claims		(1,732,352)	(12,846,863)	(14,579,215)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,887,578</u>	<u>\$ (256,596)</u>	<u>\$ (308,777)</u>	<u>\$ 3,322,205</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds From Interfund Loan	\$	\$	\$ 454,310	\$ 454,310
Payments on Interfund Loan			(396,576)	(396,576)
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$</u>	<u>\$</u>	<u>\$ 57,734</u>	<u>\$ 57,734</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Payments on Capital Lease Obligations	\$ (512,670)	\$	\$	\$ (512,670)
Interest Payments on Capital Lease Obligations	(102,186)			(102,186)
Purchases of Capital Assets	(2,719,926)			(2,719,926)
Proceeds From Disposal of Capital Assets	380,730			380,730
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (2,954,052)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (2,954,052)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	\$ 17,690	\$ 8,516	\$ 171,393	\$ 197,599
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 17,690</u>	<u>\$ 8,516</u>	<u>\$ 171,393</u>	<u>\$ 197,599</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 951,216</b>	<b>\$ (248,080)</b>	<b>\$ (79,650)</b>	<b>\$ 623,486</b>
<b>Cash and Cash Equivalents - Beginning</b>	<u>4,064,192</u>	<u>5,787,054</u>	<u>16,864,438</u>	<u>26,715,684</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>\$ 5,015,408</u></u>	<u><u>\$ 5,538,974</u></u>	<u><u>\$ 16,784,788</u></u>	<u><u>\$ 27,339,170</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2018**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b><u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u></b>				
Operating Income (Loss)	\$ 1,268,065	\$ (759,402)	\$ (2,016,092)	\$ (1,507,429)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:				
Depreciation	2,520,276			2,520,276
(Increase) in Accounts Receivable	(2)	(19,678)	(262,975)	(282,655)
(Increase) in Inventories	(1,632)			(1,632)
(Increase) Decrease in Prepaid Assets		(40,000)	55,000	15,000
Increase in Accounts Payable and Accrued Expenses	111,587	118,634	1,816,124	2,046,345
Increase in Unreported Insurance Claims		443,850	99,166	543,016
(Decrease) in Net Pension Liability and Related Amounts	(10,931)			(10,931)
Miscellaneous Receipts	215			215
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,887,578</u>	<u>\$ (256,596)</u>	<u>\$ (308,777)</u>	<u>\$ 3,322,205</u>

**Noncash Capital and Related Financing Activities**

Book Value of Capital Asset Disposals	\$ 9,925	\$	\$	\$ 9,925
Other Capital Assets (Net) / Capital Lease Obligation	1,132,228			1,132,228

## **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, 2018**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and Temporary Investments	\$ 28,798	\$ 380,102	\$ 392,155	\$ 16,745
<b>LIABILITIES</b>				
Due to Firemen's Association	\$ 28,798	\$ 380,102	\$ 392,155	\$ 16,745

## **DISCRETELY PRESENTED COMPONENT UNIT**



**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT  
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION  
June 30, 2018**

**ASSETS**

Cash and Temporary Investments	\$ 1,890,043
Loans Receivable	<u>648,560</u>
Total Assets	<u>\$ 2,538,603</u>

**LIABILITIES AND FUND BALANCES**

## Liabilities:

Accounts Payable and Accrued Expenditures	\$ 109,430
Due to Primary Government	23,621
Unearned Revenue	<u>22,095</u>
Total Liabilities	<u>\$ 155,146</u>

## Fund Balances:

## Nonspendable:

Long-Term Receivables	\$ 648,560
-----------------------	------------

## Assigned for:

Redevelopment Loans	150,267
---------------------	---------

## Unassigned

	<u>1,584,630</u>
--	------------------

Total Fund Balances	<u>\$ 2,383,457</u>
---------------------	---------------------

Total Liabilities and Fund Balances	<u>\$ 2,538,603</u>
-------------------------------------	---------------------

**Reconciliation to the Statement of Net Position**

Total Fund Balances	\$ 2,383,457
---------------------	--------------

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.	4,142,405
---	-----------

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(4,039,049)</u>
--	--------------------

Net Position Reported in the Statement of Net Position	<u>\$ 2,486,813</u>
--	---------------------

**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, 2018**

**REVENUES**

Charges for Services	\$ 1,898,192
Miscellaneous	411,377
Total Revenues	<u>\$ 2,309,569</u>

**EXPENDITURES**

Current:	
Community and Economic Development	\$ 1,624,180
Capital Outlay	484,406
Debt Service:	
Interest	170,055
Total Expenditures	<u>\$ 2,278,641</u>

**Net Change in Fund Balances** \$ 30,928

**Fund Balances - Beginning** 2,352,529

**Fund Balances - Ending** \$ 2,383,457

**Reconciliation to the Statement of Activities**

Net Change in Fund Balances \$ 30,928

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. 398,918

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. (14,489)

Change in Net Position Reported in the Statement of Activities \$ 415,357



*First in Service*

## **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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 28,560,000	\$ 28,560,000	\$ 28,185,908	\$ (374,092)
<b>OPERATING EXPENSES</b>				
Administration	\$ 4,635,002	\$ 4,635,002	\$ 4,765,359	\$ (130,357)
Operations	20,799,456	20,799,456	20,365,576	433,880
Depreciation	4,445,000	4,649,792	4,649,792	
Total Operating Expenses	\$ 29,879,458	\$ 30,084,250	\$ 29,780,727	\$ 303,523
Operating Loss	\$ (1,319,458)	\$ (1,524,250)	\$ (1,594,819)	\$ (70,569)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned	\$ 40,000	\$ 40,000	\$ 122,508	\$ 82,508
Miscellaneous Revenue	105,000	105,000	122,551	17,551
Interest and Fiscal Charges	(1,067,101)	(1,067,101)	(870,044)	197,057
Amortization of Bond Insurance	(4,750)	(4,750)	(3,159)	1,591
Total Nonoperating Revenues (Expenses)	\$ (926,851)	\$ (926,851)	\$ (628,144)	\$ 298,707
Loss Before Contributions and Transfers	\$ (2,246,309)	\$ (2,451,101)	\$ (2,222,963)	\$ 228,138
Capital Contributions	3,425,000	3,425,000	6,197,304	2,772,304
Transfers Out	(1,428,000)	(1,428,000)	(1,428,000)	
<b>Change in Net Position</b>	\$ (249,309)	\$ (454,101)	\$ 2,546,341	\$ 3,000,442
<b>Total Net Position - Beginning</b>	<u>103,613,301</u>	<u>103,613,301</u>	<u>103,613,301</u>	
<b>Total Net Position - Ending</b>	<u>\$ 103,363,992</u>	<u>\$ 103,159,200</u>	<u>\$ 106,159,642</u>	<u>\$ 3,000,442</u>

**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 51,500	\$ 51,500	\$ 69,023	\$ 17,523
<b>OPERATING EXPENSES</b>				
Operations	\$ 227,549	\$ 227,549	\$ 214,794	\$ 12,755
Depreciation	408,000	425,136	425,136	
Total Operating Expenses	\$ 635,549	\$ 652,685	\$ 639,930	\$ 12,755
Operating Loss	\$ (584,049)	\$ (601,185)	\$ (570,907)	\$ 30,278
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned	\$	\$	\$ 18,531	\$ 18,531
Miscellaneous Revenue	102,600	102,600		(102,600)
Interest and Fiscal Charges	(114,250)	(114,250)	(47,122)	67,128
Amortization of Bond Insurance	(3,860)	(3,860)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (15,510)	\$ (15,510)	\$ (32,451)	\$ (16,941)
Loss Before Transfers	\$ (599,559)	\$ (616,695)	\$ (603,358)	\$ 13,337
Transfers In	909,400	909,400	909,400	
<b>Change in Net Position</b>	\$ 309,841	\$ 292,705	\$ 306,042	\$ 13,337
<b>Total Net Position - Beginning</b>	8,403,167	8,403,167	8,403,167	
<b>Total Net Position - Ending</b>	\$ 8,713,008	\$ 8,695,872	\$ 8,709,209	\$ 13,337

**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, 2018**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 50,000	\$ 136,726	\$ 86,726
<b>OPERATING EXPENSES</b>			
Operations	\$ 51,477	\$ 51,477	\$
Depreciation	<u>269,785</u>	<u>258,693</u>	<u>11,092</u>
Total Operating Expenses	<u>\$ 321,262</u>	<u>\$ 310,170</u>	<u>\$ 11,092</u>
Operating Loss	\$ (271,262)	\$ (173,444)	\$ 97,818
<b>NONOPERATING EXPENSES</b>			
Interest Expense	<u>(7,647)</u>	<u>(7,647)</u>	<u></u>
<b>Change in Net Position</b>	\$ (278,909)	\$ (181,091)	\$ 97,818
<b>Total Net Position - Beginning</b>	<u>11,908,150</u>	<u>11,908,150</u>	<u></u>
<b>Total Net Position - Ending</b>	<u>\$ 11,629,241</u>	<u>\$ 11,727,059</u>	<u>\$ 97,818</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 5,298,310	\$ 5,488,496	\$ 5,493,986	\$ 5,490
<b>OPERATING EXPENSES</b>				
Administration	\$ 738,529	\$ 763,475	\$ 763,475	\$
Operations	4,489,977	4,662,871	4,662,871	
Depreciation	65,000	72,399	72,399	
Total Operating Expenses	\$ 5,293,506	\$ 5,498,745	\$ 5,498,745	\$
Operating Income (Loss)	\$ 4,804	\$ (10,249)	\$ (4,759)	\$ 5,490
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Operating Grant Revenue	\$	\$ 19,730	\$ 59,308	\$ 39,578
Interest Expense		(4,677)	(4,677)	
Total Nonoperating Revenues (Expenses)	\$	\$ 15,053	\$ 54,631	\$ 39,578
Income Before Transfers	\$ 4,804	\$ 4,804	\$ 49,872	\$ 45,068
Transfers In	250,000	250,000	250,000	
<b>Change in Net Position</b>	\$ 254,804	\$ 254,804	\$ 299,872	\$ 45,068
<b>Total Net Position - Beginning</b>	(1,752,508)	(1,752,508)	(1,752,508)	
<b>Total Net Position - Ending</b>	\$ (1,497,704)	\$ (1,497,704)	\$ (1,452,636)	\$ 45,068



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**Year Ended June 30, 2018**

**Court Fines**

Court Fines Collected	\$ 606,269
Court Fines Retained by City	(606,269)
Court Fines Remitted to State Treasurer	<u>\$ 0</u>

**Court Assessments**

Court Assessments Collected	\$ 938,823
Court Assessments Retained by City	(72,023)
Court Assessments Remitted to State Treasurer	<u>\$ 866,800</u>

**Court Surcharges**

Court Surcharges Collected	\$ 53,870
Court Surcharges Retained by City	(53,870)
Court Surcharges Remitted to State Treasurer	<u>\$ 0</u>

**Victim Services**

Court Assessments Allocated to Victim Services	\$ 72,023
Court Surcharges Allocated to Victim Services	53,870
Total Funds Allocated to Victim Services	<u>\$ 125,893</u>
Victim Services Expenditures	(125,893)
Funds Available for Carryforward From Year Ended June 30, 2018	<u>\$ 0</u>
Funds Carried Forward From Year Ended June 30, 2017	0
Funds Available for Carryforward at June 30, 2018	<u>\$ 0</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		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>			
Net Investment in Capital Assets	\$ 89,378,581	\$ 100,633,044	\$ 100,702,801
Restricted	15,082,475	14,971,016	15,425,677
Unrestricted	(10,704,869)	(11,955,064)	(5,211,110)
Total Governmental Activities Net Position	<u>\$ 93,756,187</u>	<u>\$ 103,648,996</u>	<u>\$ 110,917,368</u>
<b>Business-Type Activities</b>			
Net Investment in Capital Assets	\$ 115,610,693	\$ 120,443,730	\$ 116,137,286
Restricted	718,588	736,834	760,011
Unrestricted	18,148,941	12,934,193	14,079,646
Total Business-Type Activities Net Position	<u>\$ 134,478,222</u>	<u>\$ 134,114,757</u>	<u>\$ 130,976,943</u>
<b>Primary Government</b>			
Net Investment in Capital Assets	\$ 204,989,274	\$ 221,076,774	\$ 216,840,087
Restricted	15,801,063	15,707,850	16,185,688
Unrestricted	7,444,072	979,129	8,868,536
Total Primary Government Net Position	<u>\$ 228,234,409</u>	<u>\$ 237,763,753</u>	<u>\$ 241,894,311</u>

**Note:**

<sup>(1)</sup> In 2015, the City adopted the provisions of GASB Statement No. 68.

**UNAUDITED**

							Fiscal Year
2012	2013	2014	2015 <sup>(1)</sup>	2016	2017	2018	
\$ 97,005,660	\$ 97,019,979	\$ 100,612,540	\$ 110,367,487	\$ 123,676,431	\$ 131,515,817	\$ 128,663,994	
18,344,550	18,904,389	19,761,397	22,418,493	23,929,521	32,597,681	35,519,383	
(3,006,353)	(1,323,284)	1,316,485	(61,203,024)	(61,247,710)	(66,827,955)	(67,485,987)	
<u>\$ 112,343,857</u>	<u>\$ 114,601,084</u>	<u>\$ 121,690,422</u>	<u>\$ 71,582,956</u>	<u>\$ 86,358,242</u>	<u>\$ 97,285,543</u>	<u>\$ 96,697,390</u>	
\$ 113,536,973	\$ 114,142,625	\$ 114,506,690	\$ 116,288,674	\$ 111,740,507	\$ 110,922,505	\$ 111,884,829	
1,165,853	1,088,242	945,308	876,221	910,117	1,407,580	1,504,625	
15,845,740	15,033,204	13,655,977	6,055,696	10,998,291	13,757,572	15,750,222	
<u>\$ 130,548,566</u>	<u>\$ 130,264,071</u>	<u>\$ 129,107,975</u>	<u>\$ 123,220,591</u>	<u>\$ 123,648,915</u>	<u>\$ 126,087,657</u>	<u>\$ 129,139,676</u>	
\$ 210,542,633	\$ 211,162,604	\$ 215,119,230	\$ 226,656,161	\$ 235,416,938	\$ 242,438,322	\$ 240,548,823	
19,510,403	19,992,631	20,706,705	23,294,714	24,839,638	34,005,261	37,024,008	
12,839,387	13,709,920	14,972,462	(55,147,328)	(50,249,419)	(53,070,383)	(51,735,765)	
<u>\$ 242,892,423</u>	<u>\$ 244,865,155</u>	<u>\$ 250,798,397</u>	<u>\$ 194,803,547</u>	<u>\$ 210,007,157</u>	<u>\$ 223,373,200</u>	<u>\$ 225,837,066</u>	

**Schedule 2**

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

	Fiscal Year		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>			
Governmental Activities:			
General Government	\$ 12,392,348	\$ 12,243,661	\$ 11,296,314
Public Safety	30,868,253	33,225,681	31,177,095
Transportation	7,056,526	8,055,196	8,028,096
Community and Economic Development	9,303,043	21,708,312	26,563,059
Culture and Recreation	16,791,874	17,593,171	17,676,164
Public Works	1,542,924	1,568,038	1,434,430
Interest and Fiscal Charges	8,905,688	9,039,543	9,007,944
Total Governmental Activities Expenses	<u>\$ 86,860,656</u>	<u>\$ 103,433,602</u>	<u>\$ 105,183,102</u>
Business-Type Activities:			
Water	\$ 12,217,805	\$ 12,376,562	\$ 12,493,346
Sewer	13,285,343	12,434,859	12,382,088
Baseball Stadium	904,874	761,567	707,597
Municipal Golf Course	1,954,651	1,885,640	1,819,724
Solid Waste Management	3,598,647	4,092,051	4,048,935
Total Business-Type Activities Expenses	<u>\$ 31,961,320</u>	<u>\$ 31,550,679</u>	<u>\$ 31,451,690</u>
 Total Primary Government Expenses	 <u>\$ 118,821,976</u>	 <u>\$ 134,984,281</u>	 <u>\$ 136,634,792</u>
 <b>Program Revenues <sup>(1)</sup></b>			
Governmental Activities:			
Charges for Services	\$ 14,641,045	\$ 13,808,024	\$ 15,251,585
Operating Grants and Contributions	1,282,644	1,578,798	1,347,905
Capital Grants and Contributions	4,468,548	17,293,904	8,822,685
Total Governmental Activities Program Revenues	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>
Business-Type Activities:			
Charges for Services	\$ 26,431,642	\$ 26,171,502	\$ 27,349,428
Operating Grants and Contributions	39,786		
Capital Grants and Contributions	4,448,534	4,786,961	1,121,501
Total Business-Type Activities Program Revenues	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>
 Total Primary Government Program Revenues	 <u>\$ 51,312,199</u>	 <u>\$ 63,639,189</u>	 <u>\$ 53,893,104</u>
 <b>Net (Expense) Revenue</b>			
Governmental Activities	\$ (66,468,419)	\$ (70,752,876)	\$ (79,760,927)
Business-Type Activities	(1,041,358)	(592,216)	(2,980,761)
Total Primary Government Net Expense	<u>\$ (67,509,777)</u>	<u>\$ (71,345,092)</u>	<u>\$ (82,741,688)</u>

**UNAUDITED**

		Fiscal Year						
		2012	2013	2014	2015	2016	2017	2018
\$	11,390,173	\$ 11,883,348	\$ 11,319,984	\$ 12,890,054	\$ 12,822,309	\$ 13,470,951	\$ 14,672,604	
	32,547,208	33,115,671	33,247,797	35,816,223	40,622,972	44,940,928	50,078,581	
	8,508,590	8,642,907	8,666,134	8,714,950	9,388,613	10,506,212	11,212,952	
	30,332,521	28,021,204	28,377,759	29,802,944	32,180,219	34,386,272	34,791,477	
	18,014,892	18,881,858	20,110,668	21,563,521	18,495,957	20,613,590	22,021,828	
	1,423,483	1,437,647	1,399,578	1,455,959	6,594,968	7,305,309	7,529,646	
	8,701,138	8,513,225	8,779,399	8,302,467	8,030,037	7,564,990	6,992,235	
\$	<u>110,918,005</u>	<u>110,495,860</u>	<u>111,901,319</u>	<u>118,546,118</u>	<u>128,135,075</u>	<u>138,788,252</u>	<u>147,299,323</u>	
\$	13,040,513	\$ 13,262,481	\$ 14,235,486	\$ 14,151,418	\$ 15,328,683	\$ 15,921,581	\$ 16,092,999	
	12,257,261	12,587,819	13,068,631	13,910,465	14,157,157	14,160,187	14,696,594	
	731,004	639,314	616,989	631,698	662,068	679,415	699,873	
	1,502,589	1,455,492	1,474,824	969,918	321,713	334,440	324,196	
	4,061,301	4,072,052	4,194,082	4,205,444	4,386,728	7,401,276	5,271,564	
\$	<u>31,592,668</u>	<u>32,017,158</u>	<u>33,590,012</u>	<u>33,868,943</u>	<u>34,856,349</u>	<u>38,496,899</u>	<u>37,085,226</u>	
\$	<u>142,510,673</u>	<u>142,513,018</u>	<u>145,491,331</u>	<u>152,415,061</u>	<u>162,991,424</u>	<u>177,285,151</u>	<u>184,384,549</u>	
\$	16,576,103	\$ 15,910,400	\$ 16,942,434	\$ 17,621,758	\$ 18,204,459	\$ 20,943,663	\$ 21,302,259	
	2,012,316	1,573,924	1,577,629	1,985,466	1,508,330	3,189,507	1,727,051	
	2,974,778	1,628,940	8,155,866	5,959,255	13,083,574	8,568,753	4,488,807	
\$	<u>21,563,197</u>	<u>19,113,264</u>	<u>26,675,929</u>	<u>25,566,479</u>	<u>32,796,363</u>	<u>32,701,923</u>	<u>27,518,117</u>	
\$	28,824,814	\$ 28,383,410	\$ 29,686,659	\$ 29,735,755	\$ 30,781,010	\$ 33,721,529	\$ 34,008,194	
		4,574			3,402	2,428,959	59,308	
	2,005,888	3,350,634	3,184,138	4,436,233	4,644,940	4,981,673	6,197,304	
\$	<u>30,830,702</u>	<u>31,738,618</u>	<u>32,870,797</u>	<u>34,171,988</u>	<u>35,429,352</u>	<u>41,132,161</u>	<u>40,264,806</u>	
\$	<u>52,393,899</u>	<u>50,851,882</u>	<u>59,546,726</u>	<u>59,738,467</u>	<u>68,225,715</u>	<u>73,834,084</u>	<u>67,782,923</u>	
\$	(89,354,808)	\$ (91,382,596)	\$ (85,225,390)	\$ (92,979,639)	\$ (95,338,712)	\$ (106,086,329)	\$ (119,781,206)	
	(761,966)	(278,540)	(719,215)	303,045	573,003	2,635,262	3,179,580	
\$	<u>(90,116,774)</u>	<u>(91,661,136)</u>	<u>(85,944,605)</u>	<u>(92,676,594)</u>	<u>(94,765,709)</u>	<u>(103,451,067)</u>	<u>(116,601,626)</u>	

**Schedule 2 (Continued)**

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

	Fiscal Year		
	2009	2010	2011
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities:			
Property Taxes	\$ 29,172,569	\$ 27,607,156	\$ 25,567,159
Local Accommodations Taxes	1,818,175	1,827,916	2,064,510
Business License Taxes	18,016,823	17,149,465	17,516,219
Franchise Taxes	3,394,445	3,422,821	3,575,049
Hospitality Fee Taxes	8,226,153	8,275,596	9,028,583
Local Option Tourism Taxes		14,195,983	20,440,454
Grants and Contributions not Restricted to Specific Programs	8,232,659	7,904,766	8,177,320
Investment Earnings	478,649	313,682	361,705
Transfers	(155,400)	(51,700)	298,300
Total Governmental Activities	\$ 69,184,073	\$ 80,645,685	\$ 87,029,299
Business-Type Activities:			
Investment Earnings	\$ 304,856	\$ 177,051	\$ 141,247
Transfers	155,400	51,700	(298,300)
Total Business-Type Activities	\$ 460,256	\$ 228,751	\$ (157,053)
Total Primary Government	\$ 69,644,329	\$ 80,874,436	\$ 86,872,246
<b>Change in Net Position</b>			
Governmental Activities	\$ 2,715,654	\$ 9,892,809	\$ 7,268,372
Business-Type Activities	(581,102)	(363,465)	(3,137,814)
Total Primary Government	\$ 2,134,552	\$ 9,529,344	\$ 4,130,558

**Note:**

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

**UNAUDITED**

		Fiscal Year											
		2012	2013	2014	2015	2016	2017	2018					
\$	24,836,200	\$	25,113,459	\$	25,796,261	\$	30,191,056	\$	31,603,241	\$	32,715,024	\$	33,638,840
	2,219,406		2,238,681		2,333,117		2,538,276		2,628,349		2,756,944		2,697,237
	17,795,885		18,354,589		19,050,722		20,579,202		22,133,249		25,121,700		25,508,342
	3,409,048		3,469,046		3,755,715		3,847,643		3,763,771		3,894,935		4,049,530
	9,548,517		9,791,483		10,077,734		10,859,463		11,333,703		11,882,628		11,923,034
	23,500,801		23,508,832		23,298,736		24,952,836		27,187,371		28,316,017		28,763,094
	9,311,329		10,833,688		10,501,165		10,619,104		11,017,066		11,716,163		11,698,916
	361,811		223,895		168,740		152,962		225,010		314,946		645,460
	(201,700)		106,150		179,000		112,276		222,238		295,273		268,600
\$	<u>90,781,297</u>	\$	<u>93,639,823</u>	\$	<u>95,161,190</u>	\$	<u>103,852,818</u>	\$	<u>110,113,998</u>	\$	<u>117,013,630</u>	\$	<u>119,193,053</u>
\$	131,889	\$	100,195	\$	82,602	\$	68,522	\$	77,559	\$	98,753	\$	141,039
	201,700		(106,150)		(179,000)		(112,276)		(222,238)		(295,273)		(268,600)
\$	<u>333,589</u>	\$	<u>(5,955)</u>	\$	<u>(96,398)</u>	\$	<u>(43,754)</u>	\$	<u>(144,679)</u>	\$	<u>(196,520)</u>	\$	<u>(127,561)</u>
\$	<u>91,114,886</u>	\$	<u>93,633,868</u>	\$	<u>95,064,792</u>	\$	<u>103,809,064</u>	\$	<u>109,969,319</u>	\$	<u>116,817,110</u>	\$	<u>119,065,492</u>
\$	1,426,489	\$	2,257,227	\$	9,935,800	\$	10,873,179	\$	14,775,286	\$	10,927,301	\$	(588,153)
	(428,377)		(284,495)		(815,613)		259,291		428,324		2,438,742		3,052,019
\$	<u>998,112</u>	\$	<u>1,972,732</u>	\$	<u>9,120,187</u>	\$	<u>11,132,470</u>	\$	<u>15,203,610</u>	\$	<u>13,366,043</u>	\$	<u>2,463,866</u>



**Schedule 3**

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

**Last Ten Fiscal Years**

*(Accrual Basis of Accounting)*

	Fiscal Year		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>			
Charges for Services:			
General Government	\$ 2,847,392	\$ 2,428,261	\$ 2,978,554
Public Safety	2,576,715	2,533,875	2,127,885
Transportation	1,554,391	1,565,710	1,832,000
Community and Economic Development	1,146,380	838,055	989,939
Culture and Recreation	6,516,167	6,442,123	7,323,207
Operating Grants and Contributions:			
General Government			
Public Safety	606,341	852,149	753,599
Transportation	58,400	57,200	62,900
Community and Economic Development	293,469	426,249	355,978
Culture and Recreation	324,434	243,200	175,428
Public Works			
Capital Grants and Contributions:			
Public Safety		238,477	
Transportation	2,826,606	6,649,087	4,724,714
Community and Economic Development	1,158,694	9,455,094	3,472,003
Culture and Recreation	483,248	951,246	625,968
Total Governmental Activities	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>
<b>Business-Type Activities</b>			
Charges for Services:			
Water	\$ 11,998,665	\$ 11,955,128	\$ 12,462,158
Sewer	9,458,220	9,392,479	9,725,734
Baseball Stadium	40,647	30,056	32,573
Municipal Golf Course	1,328,859	1,078,862	1,167,064
Solid Waste Management	3,605,251	3,714,977	3,961,899
Operating Grants and Contributions:			
Water			
Sewer			
Solid Waste Management	39,786		
Capital Grants and Contributions:			
Water	2,773,106	2,699,330	556,656
Sewer	1,675,428	2,087,631	564,845
Total Business-Type Activities	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>
<b>Total Primary Government</b>	<u><u>\$ 51,312,199</u></u>	<u><u>\$ 63,639,189</u></u>	<u><u>\$ 53,893,104</u></u>

**UNAUDITED**

		Fiscal Year											
		2012	2013	2014	2015	2016	2017	2018					
\$	3,483,073	\$	2,671,727	\$	2,695,365	\$	2,731,274	\$	2,930,087	\$	3,150,622	\$	3,324,103
	2,098,517		2,068,023		2,052,795		1,872,412		2,064,558		2,859,641		2,513,149
	1,858,628		1,880,137		2,177,007		2,227,724		2,260,620		2,314,872		2,366,895
	1,532,753		1,673,700		2,510,118		2,393,360		2,314,586		3,014,585		3,255,925
	7,603,132		7,616,813		7,507,149		8,396,988		8,634,608		9,603,943		9,842,187
	22,987		42,866										
	600,239		561,291		435,211		937,561		702,446		1,713,263		1,007,915
	86,131		104,631		88,006		87,631		78,256		206,082		57,583
	582,646		365,921		329,212		273,962		136,778		352,434		216,734
	720,313		499,215		513,358		649,601		518,915		597,851		444,819
					211,842		36,711		71,935		319,877		
	1,670,650		868,161		7,221,160		4,765,947		11,609,972		6,336,507		1,945,468
	1,289,648		660,328		931,986		1,081,888		1,072,973		1,975,239		2,526,754
	14,480		100,451		2,720		111,420		400,629		257,007		16,585
\$	<u>21,563,197</u>	\$	<u>19,113,264</u>	\$	<u>26,675,929</u>	\$	<u>25,566,479</u>	\$	<u>32,796,363</u>	\$	<u>32,701,923</u>	\$	<u>27,518,117</u>
\$	13,017,157	\$	12,185,831	\$	12,425,117	\$	12,546,737	\$	12,993,723	\$	14,482,382	\$	14,436,891
	10,710,657		11,143,958		12,109,673		12,377,975		12,910,985		13,845,349		13,871,568
	39,980		27,581		36,841		45,364		53,347		55,226		69,023
	1,101,990		1,012,506		938,737		310,621		53,635		156,784		136,726
	3,955,030		4,013,534		4,176,291		4,455,058		4,769,320		5,181,788		5,493,986
									1,701		77,166		
									1,701		77,167		
			4,574								2,274,626		59,308
	973,416		1,614,974		1,394,906		1,610,026		2,107,498		2,300,020		3,073,289
	1,032,472		1,735,660		1,789,232		2,826,207		2,537,442		2,681,653		3,124,015
\$	<u>30,830,702</u>	\$	<u>31,738,618</u>	\$	<u>32,870,797</u>	\$	<u>34,171,988</u>	\$	<u>35,429,352</u>	\$	<u>41,132,161</u>	\$	<u>40,264,806</u>
\$	<u>52,393,899</u>	\$	<u>50,851,882</u>	\$	<u>59,546,726</u>	\$	<u>59,738,467</u>	\$	<u>68,225,715</u>	\$	<u>73,834,084</u>	\$	<u>67,782,923</u>

**Schedule 4**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(Modified Accrual Basis of Accounting)*

	Fiscal Year		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund</b>			
Nonspendable	\$ 129,478	\$ 134,008	\$ 116,144
Restricted	355,234	354,057	443,940
Committed			
Assigned	658,806	410,202	411,724
Unassigned	9,446,434	7,067,216	7,664,002
Total General Fund	<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>
 <b>All Other Governmental Funds</b>			
Nonspendable	\$ 836,468	\$ 781,858	\$ 722,066
Restricted	18,175,290	19,332,009	27,003,280
Assigned	13,494,243	12,579,733	15,124,193
Unassigned	(3,087,400)	(1,661,318)	(2,349,160)
Total All Other Governmental Funds	<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>

**UNAUDITED**

		Fiscal Year											
		2012	2013	2014	2015	2016	2017	2018					
\$	113,066	\$	136,844	\$	145,116	\$	147,712	\$	115,756	\$	146,664	\$	199,060
	413,516		396,275		406,711		1,044,520		429,343		361,423		425,970
			40,000		14,667		1,077,273		202,419		561,167		618,667
	412,924		413,928		414,605		931,947		667,884				
	7,804,956		9,237,691		10,324,445		10,221,505		12,050,165		14,564,933		12,608,530
\$	<u>8,744,462</u>	\$	<u>10,224,738</u>	\$	<u>11,305,544</u>	\$	<u>13,422,957</u>	\$	<u>13,465,567</u>	\$	<u>15,634,187</u>	\$	<u>13,852,227</u>
\$	722,066	\$	722,066	\$	722,066	\$	785,408	\$	793,725	\$	276,717	\$	89,286
	21,018,349		29,148,074		33,329,174		26,786,092		27,217,933		33,320,557		37,702,601
	13,891,602		11,789,372		12,019,861		12,404,860		12,137,656		8,529,539		14,199,140
	(2,340,971)		(2,369,580)		(698,740)		(2,303,269)		(2,544,905)		(2,678,440)		(1,597,648)
\$	<u>33,291,046</u>	\$	<u>39,289,932</u>	\$	<u>45,372,361</u>	\$	<u>37,673,091</u>	\$	<u>37,604,409</u>	\$	<u>39,448,373</u>	\$	<u>50,393,379</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		
	2009	2010	2011
<b>Revenues</b>			
Property Taxes	\$ 29,015,342	\$ 27,416,733	\$ 25,551,735
Local Accommodations Taxes	1,813,785	1,832,395	2,065,000
Hospitality Fee Taxes	8,222,570	8,283,197	9,023,986
Storm Water Fees	1,552,585	1,569,986	1,836,316
Local Option Tourism Taxes		14,195,983	20,440,454
Licenses and Permits	22,323,790	21,228,785	21,898,534
Fines and Forfeitures	1,851,103	1,841,296	1,345,154
Intergovernmental	11,655,581	14,148,733	12,062,703
Charges for Services	4,493,502	4,448,104	4,738,294
Miscellaneous	4,271,439	11,929,100	7,294,945
Total Revenues	<u>\$ 85,199,697</u>	<u>\$ 106,894,312</u>	<u>\$ 106,257,121</u>
<b>Expenditures</b>			
Current:			
General Government	\$ 12,949,430	\$ 12,402,953	\$ 12,278,801
Public Safety	30,229,155	30,753,182	29,269,778
Transportation	4,388,767	5,107,803	4,812,339
Community and Economic Development	7,070,253	19,257,564	23,703,541
Culture and Recreation	15,085,928	14,843,882	14,940,894
Public Works	1,536,728	1,477,446	1,382,108
Capital Outlay	14,205,845	23,560,905	6,240,529
Debt Service:			
Principal	6,952,501	5,242,898	4,765,145
Interest and Fiscal Charges	8,158,842	7,887,970	8,105,283
Bond Issuance Costs		416,512	40,728
Payment to Escrow Agent		1,367,000	
Total Expenditures	<u>\$ 100,577,449</u>	<u>\$ 122,318,115</u>	<u>\$ 105,539,146</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (15,377,752)</u>	<u>\$ (15,423,803)</u>	<u>\$ 717,975</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	\$ 21,526,309	\$ 22,411,692	\$ 20,010,406
Transfers Out	(21,681,709)	(22,463,392)	(19,712,106)
Proceeds From Borrowing	4,437,440	14,234,034	9,108,923
Proceeds From Refunding		10,037,469	
Payment to Escrow Agent		(9,820,624)	
Sale of Capital Assets	27,191	13,836	13,226
Total Other Financing Sources (Uses)	<u>\$ 4,309,231</u>	<u>\$ 14,413,015</u>	<u>\$ 9,420,449</u>
<b>Net Change in Fund Balances</b>	<u><u>\$ (11,068,521)</u></u>	<u><u>\$ (1,010,788)</u></u>	<u><u>\$ 10,138,424</u></u>

UNAUDITED

		Fiscal Year											
		2012	2013	2014	2015	2016	2017	2018					
\$	24,819,308	\$	25,112,930	\$	25,842,751	\$	29,807,247	\$	30,913,506	\$	33,450,822	\$	33,999,652
	2,217,299		2,240,593		2,333,163		2,536,515		2,629,777		2,755,560		2,698,332
	9,463,883		9,867,341		10,075,280		10,850,942		11,310,659		11,874,960		11,908,883
	1,858,628		1,883,706		2,181,517		2,227,724		2,267,128		2,319,629		2,360,916
	23,500,801		23,508,832		23,298,736		24,952,836		27,187,371		28,316,017		28,763,094
	22,424,426		23,052,056		24,807,744		26,426,225		27,847,941		31,692,036		32,460,299
	1,087,407		1,151,814		1,203,940		1,101,609		1,211,362		1,429,939		1,255,638
	12,193,869		13,365,569		14,631,456		14,028,776		15,163,681		17,934,520		16,535,412
	5,090,013		4,970,196		5,221,830		6,250,252		6,506,212		7,570,602		7,778,873
	5,941,373		5,493,214		6,994,794		6,359,649		6,807,139		8,098,964		7,961,344
\$	<u>108,597,007</u>	\$	<u>110,646,251</u>	\$	<u>116,591,211</u>	\$	<u>124,541,775</u>	\$	<u>131,844,776</u>	\$	<u>145,443,049</u>	\$	<u>145,722,443</u>
\$	11,262,374	\$	11,065,359	\$	11,366,081	\$	12,905,368	\$	12,328,947	\$	12,694,369	\$	13,148,637
	31,211,230		32,189,301		32,761,895		35,413,969		39,613,821		41,947,516		45,719,606
	5,272,855		5,516,042		5,532,740		5,573,199		5,837,513		6,256,190		6,750,406
	27,426,638		25,097,090		25,446,577		26,768,505		29,041,665		31,053,204		31,220,689
	15,126,615		15,764,818		16,904,085		17,789,917		13,897,123		15,537,265		16,200,606
	1,428,340		1,403,396		1,394,960		1,429,807		6,452,736		7,117,694		7,190,325
	9,882,501		9,379,603		13,506,372		21,926,817		11,517,165		12,262,257		12,946,366
	5,875,367		6,975,385		8,229,829		7,451,254		8,170,475		11,912,278		8,797,084
	7,645,965		7,420,312		7,031,794		7,643,041		8,775,010		6,025,448		6,809,784
	222,967		181,294		590,288		9,822		89,527		554,946		342,821
	443,633				1,507,567						7,387,801		364,030
\$	<u>115,798,485</u>	\$	<u>114,992,600</u>	\$	<u>124,272,188</u>	\$	<u>136,911,699</u>	\$	<u>135,723,982</u>	\$	<u>152,748,968</u>	\$	<u>149,490,354</u>
\$	<u>(7,201,478)</u>	\$	<u>(4,346,349)</u>	\$	<u>(7,680,977)</u>	\$	<u>(12,369,924)</u>	\$	<u>(3,879,206)</u>	\$	<u>(7,305,919)</u>	\$	<u>(3,767,911)</u>
\$	27,348,960	\$	24,686,462	\$	41,514,957	\$	25,913,703	\$	27,740,220	\$	28,561,689	\$	39,154,969
	(27,550,660)		(24,580,312)		(41,335,957)		(25,801,427)		(27,517,982)		(28,266,416)		(38,886,369)
			11,708,341		290,000		6,491,485		3,495,038		3,138,385		12,470,221
	20,455,585				64,557,129				17,462,000		47,949,194		7,978,922
	(20,235,669)				(50,181,917)				(17,374,195)		(40,086,136)		(7,809,536)
	82,581		11,020				184,306		48,053		21,787		22,750
\$	<u>100,797</u>	\$	<u>11,825,511</u>	\$	<u>14,844,212</u>	\$	<u>6,788,067</u>	\$	<u>3,853,134</u>	\$	<u>11,318,503</u>	\$	<u>12,930,957</u>
\$	<u>(7,100,681)</u>	\$	<u>7,479,162</u>	\$	<u>7,163,235</u>	\$	<u>(5,581,857)</u>	\$	<u>(26,072)</u>	\$	<u>4,012,584</u>	\$	<u>9,163,046</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		
	2009	2010	2011
Debt Service as a Percentage of Noncapital Expenditures <sup>(1)</sup>	17.50%	13.30%	12.96%

**Note:**

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

**UNAUDITED**

Fiscal Year						
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>12.77%</u>	<u>13.63%</u>	<u>13.78%</u>	<u>13.13%</u>	<u>13.64%</u>	<u>12.77%</u>	<u>11.43%</u>



**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			
2009	\$ 362,622	\$ 64,650	\$ 427,272	\$ 64.40	\$ 7,670,952	5.57 %
2010	388,933	58,741	447,674	62.90	8,037,235	5.57
2011	320,393	49,924	370,317	64.40	6,648,420	5.57
2012	324,830	54,212	379,042	66.10	6,805,063	5.57
2013	323,918	56,616	380,534	66.10	6,831,849	5.57
2014	327,387	58,026	385,413	66.10	6,919,443	5.57
2015	356,708	62,948	419,656	74.50	7,534,219	5.57
2016	360,779	60,767	421,546	74.50	7,568,151	5.57
2017	372,667	61,138	433,805	77.50	7,788,241	5.57
2018	378,070	61,026	439,096	77.50	7,883,232	5.57

**Source:** Horry County Assessor's Office

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

**UNAUDITED**

**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
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
2015	68.50	6.00		74.50	44.50	130.20	0.70
2016	68.50	6.00		74.50	51.70	133.10	0.70
2017	71.50	6.00		77.50	51.70	133.10	0.70
2018	71.50	6.00		77.50	51.70	133.10	0.70

Source: Horry County Treasurer

**UNAUDITED**

**Schedule 8**

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

Taxpayer	Type of Business	Fiscal Year 2018	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 5,796,910	1.32 %
Broadway at the Beach	Retail, Restaurants & Amusement	4,166,710	0.95
Grand Strand Regional Medical Center	Medical Facilities	2,734,040	0.62
Grand Strand General Hospital	Hospital	2,531,230	0.58
Ocean 22 Development, LLC	Real Estate and Accommodations	2,488,640	0.57
Ocean Club Vacations	Real Estate and Accommodations	2,324,160	0.53
South Beach Resort Myrtle Beach, LLC	Real Estate and Accommodations	1,764,560	0.40
Myrtle Beach Multi-Family, LLC	Real Estate and Accommodations	1,536,280	0.35
Seaboard Commons Holdings, LLC	Real Estate and Retail	1,412,930	0.32
Bluegreen Vacations Unlimited, Inc.	Real Estate & Accommodations	1,396,510	0.32
		<u>\$ 26,151,970</u>	<u>5.96 %</u>

Taxpayer	Type of Business	Fiscal Year 2009	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 17,741,545	4.15 %
Broadway at the Beach	Retail, Restaurants & Amusement	4,385,126	1.03
Anderson Ocean Club Dev., LLC	Real Estate & Accommodations	4,201,854	0.98
Dunes Village Properties, LLC	Real Estate & Accommodations	3,557,718	0.83
Verizon South, Inc.	Telephone Utility	3,234,480	0.76
Marriott Ownership Resort, Inc.	Real Estate & Accommodations	3,103,830	0.73
AVX Corporation	Manufacturer	2,809,676	0.66
Bluegreen Vacations Unlimited, Inc.	Real Estate & Accommodations	2,334,022	0.55
Coastal Grand, LLC	Retail	2,229,420	0.52
Columbia Properties MB, LLC	Real Estate & Accommodations	2,213,724	0.52
		<u>\$ 45,811,395</u>	<u>10.73 %</u>

Source: Horry County Finance Department

**UNAUDITED**

**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 <sup>(1)</sup>	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 25,768,469	\$ 24,158,849	93.75 %	\$ 1,331,614	\$ 25,490,463	98.92 %
2010	28,212,861	26,392,479	93.55	1,516,459	27,908,938	98.92
2011	25,515,334	24,215,741	94.91	955,451	25,171,192	98.65
2012	22,332,207	20,799,291	93.14	1,156,581	21,955,872	98.31
2013	21,349,973	20,322,154	95.19	602,303	20,924,457	98.01
2014	20,949,044	19,802,198	94.53	607,063	20,409,261	97.42
2015	29,150,922	26,078,950	89.46	462,161	26,541,111	91.05
2016	30,256,332	27,672,451	91.46	409,436	28,081,887	92.81
2017	31,768,391	30,387,362	95.65	160,826	30,548,188	96.16
2018	32,073,726	31,025,247	96.73		31,025,247	96.73

**Sources:** Horry County Treasurer and City Finance Department

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

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

**UNAUDITED**

**Schedule 10**

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

Fiscal Year	Water				Sewer	Number of Customers
	Gallons Purchased	Gallons Billed	Gallons Unbilled	Percentage Billed	Gallons Billed	
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
2015	4,323,282	3,479,813	843,469	80.49	2,946,555	17,432
2016	4,650,190	3,667,086	983,104	78.86	3,056,214	19,396
2017	4,724,473	3,736,860	987,613	79.10	3,083,136	20,356
2018	4,647,503	3,624,676	1,022,827	77.99	3,005,090	20,831

**Source:** City Water and Sewer Department

**Notes:** Gallons are presented in thousands.

<sup>(1)</sup> The water and sewer base rates are for 3/4" - 5/8" meters inside the City limits. See Schedule 11 for other rates.

<sup>(2)</sup> The water and sewer usage rates are per 1,000 gallons for usage between 5,000 to 15,000 gallons inside the City limits. See Schedule 11 for other rates.

**UNAUDITED**

Total Direct Rate

Water		Sewer	
Base Rate <sup>(1)</sup>	Usage Rate <sup>(2)</sup>	Base Rate <sup>(1)</sup>	Usage Rate <sup>(2)</sup>
\$ 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
2.47	2.60	3.38	3.24
2.51	2.64	3.50	3.35
2.69	2.72	3.59	3.44
2.74	2.77	3.70	3.54

**Schedule 11**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Water Rates (Inside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43
1"	4.05	4.05	4.05	4.05
1 1/2"	8.10	8.10	8.10	8.10
2"	12.96	12.96	12.96	12.96
3"	28.35	28.35	28.35	28.35
4"	40.50	40.50	40.50	40.50
6"	81.00	81.00	81.00	81.00
Usage Rate ( <i>per 1,000 gallons</i> )				
Up to 4,000 gallons	1.35	1.35	1.35	1.35
5,000 to 15,000 gallons	2.56	2.56	2.56	2.56
16,000 to 30,000 gallons	2.56	2.56	2.56	2.56
31,000 gallons and over	2.89	2.89	2.89	2.89
<b>Water Rates (Outside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	4.86	4.86	4.86	4.86
1"	8.10	8.10	8.10	8.10
1 1/2"	16.20	16.20	16.20	16.20
2"	25.92	25.92	25.92	25.92
3"	56.70	56.70	56.70	56.70
4"	81.00	81.00	81.00	81.00
6"	162.00	162.00	162.00	162.00
Usage Rate ( <i>per 1,000 gallons</i> )				
Up to 4,000 gallons	2.70	2.70	2.70	2.70
5,000 to 15,000 gallons	5.12	5.12	5.12	5.12
16,000 to 30,000 gallons	5.12	5.12	5.12	5.12
31,000 gallons and over	5.78	5.78	5.78	5.78
<b>Sewer Rates (Inside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	2.60	2.60	2.60	2.83
1"	4.34	4.34	4.34	4.73
1 1/2"	8.67	8.67	8.67	9.45
2"	13.88	13.88	13.88	15.12
3"	30.37	30.37	30.37	33.10
4"	43.38	43.38	43.38	47.28
6"	86.76	86.76	86.76	94.56
Usage Rate ( <i>per 1,000 gallons</i> )	2.53	2.53	2.53	2.76
<b>Sewer Rates (Outside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	5.20	5.20	5.20	5.66
1"	8.68	8.68	8.68	9.46
1 1/2"	17.34	17.34	17.34	18.90
2"	27.76	27.76	27.76	30.24
3"	60.74	60.74	60.74	66.20
4"	86.76	86.76	86.76	94.56
6"	173.52	173.52	173.52	189.12
Usage Rate ( <i>per 1,000 gallons</i> )	5.06	5.06	5.06	5.52

Source: City Water and Sewer Department

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		Fiscal Year					
		2013	2014	2015	2016	2017	2018
\$	2.43	\$ 2.43	\$ 2.47	\$ 2.51	\$ 2.69	2.74	
	4.05	4.05	4.12	4.18	4.48	4.57	
	8.10	8.10	8.23	8.35	8.95	9.13	
	12.96	12.96	13.16	13.36	14.32	14.61	
	28.35	28.35	28.78	29.21	31.31	31.94	
	40.50	40.50	41.11	41.73	44.73	45.62	
	81.00	81.00	82.22	83.45	89.44	91.23	
	1.35	1.35	1.38	1.40	1.44	1.47	
	2.56	2.56	2.60	2.64	2.72	2.77	
	2.56	2.56	2.60	2.64	3.05	3.11	
	2.89	2.89	2.94	2.98	3.25	3.31	
	4.86	4.86	4.94	5.02	5.38	5.49	
	8.10	8.10	8.24	8.36	8.96	9.14	
	16.20	16.20	16.46	16.70	17.90	18.26	
	25.92	25.92	26.32	26.72	28.64	29.21	
	56.70	56.70	57.56	58.42	62.62	63.87	
	81.00	81.00	82.22	83.46	89.46	91.25	
	162.00	162.00	164.44	166.90	178.88	182.46	
	2.70	2.70	2.76	2.80	2.88	2.94	
	5.12	5.12	5.20	5.28	5.44	5.55	
	5.12	5.12	5.20	5.28	6.10	6.22	
	5.78	5.78	5.88	5.96	6.50	6.63	
	3.04	3.26	3.38	3.50	3.59	3.70	
	5.08	5.46	5.66	5.86	6.02	6.20	
	10.16	10.92	11.31	11.71	12.02	12.38	
	16.25	17.46	18.08	18.71	19.20	19.78	
	35.59	38.25	39.59	40.98	42.04	43.30	
	50.83	54.64	56.56	58.54	60.05	61.85	
	101.65	109.27	113.10	117.06	120.09	123.68	
	2.97	3.19	3.24	3.35	3.44	3.54	
	6.08	6.52	6.76	7.00	7.18	7.40	
	10.16	10.92	11.32	11.72	12.04	12.40	
	20.32	21.84	22.62	23.42	24.04	24.76	
	32.50	34.92	36.16	37.42	38.40	39.55	
	71.18	76.50	79.18	81.96	84.08	86.60	
	101.66	109.28	113.12	117.08	120.10	123.70	
	203.30	218.34	226.20	234.12	240.18	247.36	
	5.94	6.38	6.48	6.70	6.88	7.09	



**Schedule 12**

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

Customer	Fiscal Year 2018			
	Water Revenue		Sewer Revenue	
	Amount	Percentage	Amount	Percentage
		of Total		of Total
	Water Revenue		Sewer Revenue	
Felcor-Hilton	\$ 276,750	1.93 %	\$ 241,378	1.76 %
Myrtle Beach Travel Park	201,641	1.40	216,029	1.57
Sea Mist Resort	169,217	1.18	169,885	1.24
Grand Strand Regional Medical Center	165,703	1.15	165,510	1.21
Magnolia Pointe HOA	154,548	1.08	145,930	1.06
Crown Reef Resort, LLC	150,042	1.04	100,232	0.73
Apache Family Campground	148,902	1.04	159,808	1.16
Swamp Fox	89,649	0.62	90,589	0.66
Dunes Village Phase II	88,660	0.62	65,532	0.48
Landmark Hotel	87,998	0.61	53,306	0.39
	<u>\$ 1,533,110</u>	<u>10.67 %</u>	<u>\$ 1,408,199</u>	<u>10.26 %</u>

Customer	Fiscal Year 2009			
	Water Revenue		Sewer Revenue	
	Amount	Percentage	Amount	Percentage
		of Total		of Total
	Water Revenue		Sewer Revenue	
Felcor-Hilton	\$ 264,002	2.31 %	\$ 208,863	2.25 %
Myrtle Beach Travel Park	198,294	1.73	172,225	1.86
AVX Corporation	125,333	1.09	80,136	0.86
Grand Strand Regional Medical Center	84,493	0.74	56,579	0.61
Marriot at Grande Dunes	80,518	0.70	63,122	0.68
Myrtle Beach Mall	76,986	0.67	67,293	0.73
Apache Family Campground	75,758	0.66	66,055	0.71
Seawatch Towers	72,750	0.64	63,431	0.68
Magnolia North	66,374	0.58	61,773	0.67
Seawatch Plantation	65,354	0.57	57,023	0.61
	<u>\$ 1,109,862</u>	<u>9.69 %</u>	<u>\$ 896,500</u>	<u>9.66 %</u>

Source: City Water and Sewer Department

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*First in Service*

**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
2009	\$ 48,586,522	\$ 15,198,171	\$ 39,497,649	\$ 9,727,881	\$ 48,740,311	\$ 2,897,500	\$ 4,978,682
2010	46,209,058	13,041,292	50,288,644	12,053,225	48,778,518	1,947,500	5,087,663
2011	43,731,592	12,831,055	58,812,380	11,528,152	48,261,725	1,847,500	4,218,420
2012	42,102,888	11,800,818	57,758,334	10,965,237	47,714,932	1,847,500	4,196,053
2013	51,021,173	10,200,581	56,359,288	10,361,530	47,138,139	1,847,500	3,537,465
2014	48,130,346	6,303,023	54,900,242	9,745,237	64,517,098		6,784,649
2015	45,515,934	4,791,956	53,381,196	13,387,538	63,252,001		8,452,948
2016	43,961,620	3,230,889	51,792,150	15,996,027	61,971,904		5,717,553
2017	41,326,958	1,625,000	51,896,004	17,200,193	60,666,807		5,513,902
2018	38,938,533		50,209,888	16,651,060	69,675,955		6,724,274

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

<sup>(1)</sup> 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>Water and Sewer Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income <sup>(1)</sup></u>	<u>Per Capita <sup>(1)</sup></u>	
\$ 11,727,202	\$ 6,219,407	\$ 187,573,325	23.04 %	\$ 6,045	
11,726,280	5,719,473	194,851,653	22.96	6,095	
11,275,359	5,199,539	197,705,722	29.55	7,293	
19,782,202	4,654,604	200,822,568	31.73	7,221	
19,292,326	4,084,670	203,842,672	30.39	7,205	
18,437,450	3,484,736	212,302,781	29.91	7,277	
17,557,575	2,854,802	209,193,950	29.44	6,975	
30,112,621	2,194,868	214,977,632	25.70	6,927	
28,680,331	1,499,933	208,409,128	23.37	6,711	
31,611,456	770,000	214,581,166	24.09	6,543	

**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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	General Obligation Bonds	Debt Service Funds Available	Net General Bonded Debt		
2009	\$ 48,586,522	\$ 884,164	\$ 47,702,358	0.62 %	\$ 1,537
2010	46,209,058	2,093,066	44,115,992	0.55	1,380
2011	43,731,592	4,224,209	39,507,383	0.59	1,457
2012	42,102,888	4,372,526	37,730,362	0.55	1,357
2013	51,021,173	4,814,711	46,206,462	0.68	1,633
2014	48,130,346	4,654,838	43,475,508	0.63	1,490
2015	45,515,934	4,792,438	40,723,496	0.54	1,358
2016	43,961,620	4,747,128	39,214,492	0.52	1,264
2017	41,326,958	4,630,835	36,696,123	0.47	1,182
2018	38,938,533	4,942,688	33,995,845	0.43	1,037

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

<sup>(1)</sup> See Schedule 6 for property value data.

<sup>(2)</sup> See Schedule 18 for population data.

**UNAUDITED**

**Schedule 15**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
June 30, 2018**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
<b>Overlapping Governmental Activities Debt</b>			
Horry County:			
General Obligation Bonds	\$ 174,051,709	22.0%	\$ 38,291,376
Horry County School District:			
General Obligation Bonds	426,745,000	22.0%	<u>93,883,900</u>
Total Overlapping Governmental Activities Debt			\$ 132,175,276
<b>City Direct Governmental Activities Debt</b>			<u>182,199,710</u>
<b>Total Direct and Overlapping Governmental Activities Debt</b>			\$ <u><u>314,374,986</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.

<sup>(1)</sup> 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			
	2009	2010	2011	2012
Debt Limit	\$ 32,829,398	\$ 36,086,483	\$ 29,897,923	\$ 29,546,805
Total Net Debt Applicable to Debt Limit	<u>(19,635,000)</u>	<u>(18,230,000)</u>	<u>(16,760,000)</u>	<u>(15,160,000)</u>
Legal Debt Margin	<u>\$ 13,194,398</u>	<u>\$ 17,856,483</u>	<u>\$ 13,137,923</u>	<u>\$ 14,386,805</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>59.81%</u>	<u>50.52%</u>	<u>56.06%</u>	<u>51.31%</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.

**UNAUDITED**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 30,715,283	\$ 30,833,102	\$ 26,955,443	\$ 28,933,854	\$ 29,618,254	\$ 29,544,118
<u>(25,165,000)</u>	<u>(23,525,000)</u>	<u>(22,175,000)</u>	<u>(21,995,000)</u>	<u>(20,814,000)</u>	<u>(19,901,000)</u>
<u>\$ 5,550,283</u>	<u>\$ 7,308,102</u>	<u>\$ 4,780,443</u>	<u>\$ 6,938,854</u>	<u>\$ 8,804,254</u>	<u>\$ 9,643,118</u>
<u>81.93%</u>	<u>76.30%</u>	<u>82.27%</u>	<u>76.02%</u>	<u>70.27%</u>	<u>67.36%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 439,096,428
Assessed Value of Property in TIF Districts	(73,201,982)
Exempt Merchants Inventory (1987 Valuation)	3,407,035
Adjusted Assessed Value of Taxable Property	<u>\$ 369,301,481</u>
Debt Limit (8.0% of Adjusted Assessed Value)	\$ 29,544,118
Debt Applicable to Limit:	
General Obligation Bonds	(37,765,000)
Bonds Issued Under Referendum	<u>17,864,000</u>
Legal Debt Margin	<u>\$ 9,643,118</u>



**Schedule 17**

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

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Operating Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2015	26,466,807	22,057,417	4,409,390	875,000	749,500	2.71	
2016	27,898,982	22,916,777	4,982,205	905,000	548,881	3.43	
2017	31,081,872	23,543,023	7,538,849	1,295,000	1,170,975	3.06	
2018	30,616,111	23,671,154	6,944,957	1,579,107	1,141,869	2.55	

Fiscal Year	Hospitality Fee Revenue Bonds				Coverage
	Hospitality Fees	Debt Service			
		Principal	Interest		
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	
2015	10,850,942	1,145,000	2,912,187	2.67	
2016	11,310,659	1,160,000	2,897,267	2.79	
2017	11,874,960	1,185,000	2,876,408	2.92	
2018	11,908,883	1,210,000	3,125,395	2.75	

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

<sup>(1)</sup> Operating revenues include impact fee capital contributions and unrestricted interest earnings.

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

**UNAUDITED**

Tax Increment Revenue Bonds

Property Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 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
6,026,391	1,525,000	2,430,067	1.52
7,239,204	1,595,000	3,732,934	1.36
7,994,053	4,655,000	1,277,054	1.35
9,448,139	1,640,000	2,032,990	2.57

Storm Water Revenue Bonds

Storm Water Fees	Debt Service		Coverage
	Principal	Interest	
\$ 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
2,227,724	629,185	200,664	2.68
2,267,128	886,548	367,808	1.81
2,319,629	1,151,603	404,184	1.49
2,360,916	1,036,481	316,811	1.74

**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>
2008	31,032	\$ 26,236	\$ 814,156	37.4	7.00 %
2009	31,968	26,542	848,495	37.6	11.90
2010	27,109	24,683	669,131	37.9	12.10
2011	27,810	22,758	632,900	38.3	11.60
2012	28,292	23,710	670,803	39.2	10.10
2013	29,175	24,329	709,799	40.2	8.50
2014	29,992	23,696	710,690	40.3	7.70
2015	31,035	26,949	836,362	40.3	7.10
2016	31,053	28,712	891,594	40.3	5.60
2017	32,795	27,166	890,909	41.0	5.10

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

**UNAUDITED**

**Schedule 19**

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

Employer	Type of Business	Calendar Year 2017	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,650	4.15 %
Wal-Mart	Retail Sales	2,800	2.05
Horry County Government	County Government	2,200	1.61
Coastal Carolina University	Education	2,125	1.56
Conway Medical Center	Hospital	1,400	1.03
Grand Strand Regional Medical Center	Hospital	1,350	0.99
Food Lion	Retail Sales	1,150	0.84
McCloud Health System	Hospital	980	0.72
City of Myrtle Beach	Municipal Government	923	0.68
Horry Telephone Cooperative	Telephone Utility	690	0.51
		<u>19,268</u>	<u>14.14 %</u>

Employer	Type of Business	Calendar Year 2008	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,116	4.21 %
Horry County Government	County Government	2,255	1.86
Wal-Mart	Retail Sales	1,465	1.21
Coastal Carolina University	Education	1,292	1.06
Conway Hospital	Hospital	1,250	1.03
AVX Corporation	Manufacturer	1,100	0.91
Grand Strand Regional Medical Center	Hospital	1,043	0.86
Loris Community Hospital District	Hospital	1,000	0.82
City of Myrtle Beach	Municipal Government	840	0.69
Sands Resorts Holdings, LLC	Accommodations	750	0.62
		<u>16,111</u>	<u>13.27 %</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.

**UNAUDITED**

**Schedule 20**

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

	As of June 30,			
	2009	2010	2011	2012
<b>Full-Time Equivalent Employees</b>				
General Government	90	89	89	81
Public Safety	426	422	410	431
Transportation	25	26	27	26
Community and Economic Development	29	27	28	26
Culture and Recreation	144	136	139	145
Public Works	26	25	23	25
Water	27	29	29	30
Sewer	27	26	26	26
Municipal Golf Course	16	15	13	10
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	840	825	814	830

**Source:** City Finance Department

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

**UNAUDITED**

## As of June 30,

2013	2014	2015	2016	2017	2018
80	80	81	83	84	84
431	429	453	467	478	478
26	26	26	26	27	29
27	27	33	38	40	42
145	165	160	165	178	178
25	25	25	28	29	29
30	30	30	30	30	30
26	26	26	26	23	23
8	10	10			
30	30	32	32	34	34
828	848	876	895	923	927

**Schedule 21**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>General Government</b>				
New Business Licenses Issued	1,427	1,971	1,481	1,463
<b>Public Safety</b>				
Calls for Services - Police	117,116	141,191	110,773	104,907
Total Arrests	26,322	27,020	21,620	22,998
Fire Calls per Engine Company	346	301	346	349
<b>Transportation</b>				
Square Yards of City Streets Resurfaced	38,700	32,400	56,000	54,000
<b>Community and Economic Development</b>				
Building Permits Issued	2,966	2,986	3,468	4,180
<b>Culture and Recreation</b>				
Admissions to Recreation Centers	209,326	217,125	220,372	218,120
Exhibition Hall Occupancy Percentage	66%	63%	62%	65%
Number of Library Volumes	84,116	87,961	146,027	144,757
<b>Water</b>				
Average Daily Consumption ( <i>thousands of gallons</i> )	9,745	9,816	10,056	10,263
<b>Sewer</b>				
Average Daily Treatment ( <i>thousands of gallons</i> )	7,859	7,785	7,974	8,253
<b>Municipal Golf Course</b>				
Number of Rounds Played	40,236	32,989	37,224	36,695
<b>Solid Waste Management</b>				
Tons of Refuse Collected	27,689	27,937	28,099	26,876

**Sources:** Various City departments

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

**UNAUDITED**

Fiscal Year					
2013	2014	2015	2016	2017	2018
1,190	1,157	1,414	1,518	1,361	1,824
96,527	110,102	115,233	133,761	134,508	121,644
21,635	22,417	24,639	23,919	23,718	27,401
374	393	400	448	494	423
81,279	39,480	37,319	39,877	36,315	39,283
4,569	5,232	5,696	5,814	6,230	7,064
206,788	198,673	181,669	181,968	187,002	194,352
63%	62%	65%	70%	65%	65%
125,563	117,296	140,885	134,627	131,982	130,508
9,565	9,586	9,534	10,047	10,238	9,931
7,919	8,032	8,073	8,373	8,447	8,233
35,887	34,010	34,050	46,597	50,149	52,794
26,369	27,979	25,887	29,167	29,860	30,560



**Schedule 22**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Public Safety</b>				
Police Stations	3	3	3	3
Fire Stations	6	6	6	6
<b>Transportation</b>				
Streets ( <i>miles</i> )	130	130	141	142
Traffic Signals	70	70	71	72
<b>Culture and Recreation</b>				
Parks	45	45	45	45
Park Acreage	653	653	653	653
Recreation Centers	4	4	4	4
Libraries	1	1	1	1
Cemeteries	2	2	2	2
<b>Water</b>				
Water Mains ( <i>miles</i> )	375	375	376	376
<b>Sewer</b>				
Gravity Sewers ( <i>miles</i> )	219	230	230	231
Storm Sewers ( <i>miles</i> )	141	151	153	161
<b>Baseball Stadium</b>				
Baseball Stadiums	1	1	1	1
<b>Municipal Golf Course</b>				
Number of Championship Holes	18	18	18	18
<b>Solid Waste Management</b>				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

**Sources:** Various City departments

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

**UNAUDITED**

Fiscal Year						
2013	2014	2015	2016	2017	2018	
3	3	3	3	3	3	3
6	6	6	6	6	6	6
142	142	142	142	142	142	167
72	72	72	72	72	72	73
45	45	45	45	45	45	45
653	653	653	653	653	653	653
4	4	4	4	4	4	4
1	1	1	1	1	1	1
2	2	2	2	2	2	2
378	380	382	382	388	394	
233	235	237	237	242	247	
164	170	173	173	178	179	
1	1	1	1	1	1	1
18	18	18	18	18	18	18
1	1	1	1	1	1	1
26	26	26	26	26	26	27



*First in Service*

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-14-UC-45006	\$ 56,657
		B-15-UC-45006	68,777
		B-16-UC-45006	202,565
		B-17-UC-45006	133,484
		B-18-UC-45006	46,804
Total U.S. Department of Housing and Urban Development			<u>\$ 508,287</u>
<b>U.S. Department of Justice:</b>			
Bulletproof Vest Partnership Grant	16.607		\$ 10,460
Public Safety Partnership and Community Policing Grant	16.710		155,611
Edward Byrne Memorial Justice Assistance Grant	16.738		2,784
Total U.S. Department of Justice			<u>\$ 168,855</u>
<b>U.S. Department of Transportation:</b>			
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC17015	\$ 3,031
		2JC18015	5,994
Total U.S. Department of Transportation			<u>\$ 9,025</u>
<b>U.S. Department of Homeland Security:</b>			
Passed Through the State Emergency Management Division:			
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4346-PA-SC	\$ 24,987
		FEMA-4286-PA-SC	427,167
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	16SHSP22	64,993
		16SHSP32	66,864
Staffing for Adequate Fire and Emergency Response Grant	97.083		568,824
Total U.S. Department of Homeland Security			<u>\$ 1,152,835</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,839,002</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2018**

**Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Myrtle Beach, South Carolina (the City) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - INDIRECT COST RATE**

The City has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4 - DISASTER GRANT**

During the year ended June 30, 2017, the City incurred expenditures in the amount of \$3,894,045 in conjunction with Hurricane Matthew (FEMA-4286-PA-SC). As of year-end, the Federal Emergency Management Agency (FEMA) has not approved all of the project worksheets related to the disaster. In accordance with the instructions included in the *OMB Compliance Supplement*, the federal portion of the expenditures are reported on the Schedule in the year the project worksheets are approved by FEMA. Expenditures in the amount of \$3,466,878 are anticipated to be approved and included on the Schedule during the year ending June 30, 2019.



**SMITH  
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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, 2018, 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, 2018.

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 from 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, 2018





**SMITH  
SAPP**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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 Compliance Supplement* that could have a direct and material effect on the City of Myrtle Beach, South Carolina's major federal program for the year ended June 30, 2018. The City of Myrtle Beach, South Carolina's major federal program is 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Myrtle Beach, South Carolina's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the City of Myrtle Beach, South Carolina's compliance.

Opinion on 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 its major federal program for the year ended June 30, 2018.

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

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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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. 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, 2018

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018**

**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Myrtle Beach, South Carolina were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the 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 program are reported in the report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award program for the City of Myrtle Beach, South Carolina expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as a major program was:  

U.S. Department of Homeland Security - Staffing for Adequate Fire and Emergency Response  
Grant - CFDA No. 97.083
8. The threshold used for distinguishing between type A and B programs was \$750,000.
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



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**CITY OF MYRTLE BEACH SOUTH CAROLINA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2018**