

CITY OF MYRTLE BEACH

South Carolina



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



CITY of MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

MIKE LOWDER

WAYNE GRAY

MARY JEFFCOAT

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, 2016**

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Table of Contents	i
Organizational Chart	iv
Letter of Transmittal	v
Certificate of Achievement for Excellence in Financial Reporting	xv

FINANCIAL SECTION

Independent Auditors' Report	1
---	----------

Management's Discussion and Analysis	3
---	----------

Basic Financial Statements

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
-------------------------------------	----

Required Supplementary Information

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

Notes to Required Supplementary Information	84
---	----

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds:

C-1 Combining Balance Sheet	87
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	89

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016**

TABLE OF CONTENTS (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Nonmajor Governmental Funds:	
C-3 Accommodations Tax Fund	91
C-4 Public Facilities Corporation Fund	92
C-5 Community Block Development Fund	93
C-6 Victims Advocate Fund	94
C-7 Storm Water Fund	95
C-8 Local Accommodations Tax Fund	96
C-9 Ocean Front Tax Increment Revenue Fund	97
C-10 Hospitality Fee Fund	98
C-11 Air Base Tax Increment Revenue Fund	99
C-12 Sports Tourism Fund	100
C-13 Debt Service Fund	101
Capital Projects Fund:	
C-14 Capital Improvements Fund	102
Internal Service Funds:	
D-1 Combining Statement of Net Position	104
D-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	106
D-3 Combining Statement of Cash Flows	107
Agency Fund:	
Firemen's Fund:	
E-1 Statement of Changes in Assets and Liabilities	110
Discretely Presented Component Unit:	
Myrtle Beach Downtown Redevelopment Corporation:	
F-1 Balance Sheet	112
F-2 Statement of Revenues, Expenditures and Changes in Fund Balances	113
Other Supplementary Information	
Schedules of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual:	
Enterprise Funds:	
G-1 Water and Sewer Fund	115
G-2 Baseball Stadium Fund	116
G-3 Municipal Golf Course Fund	117
G-4 Solid Waste Management Fund	118
Other Schedule:	
G-5 Schedule of Fines, Assessments and Surcharges	119
STATISTICAL SECTION	
Schedule 1 Net Position by Component	121
Schedule 2 Changes in Net Position	123

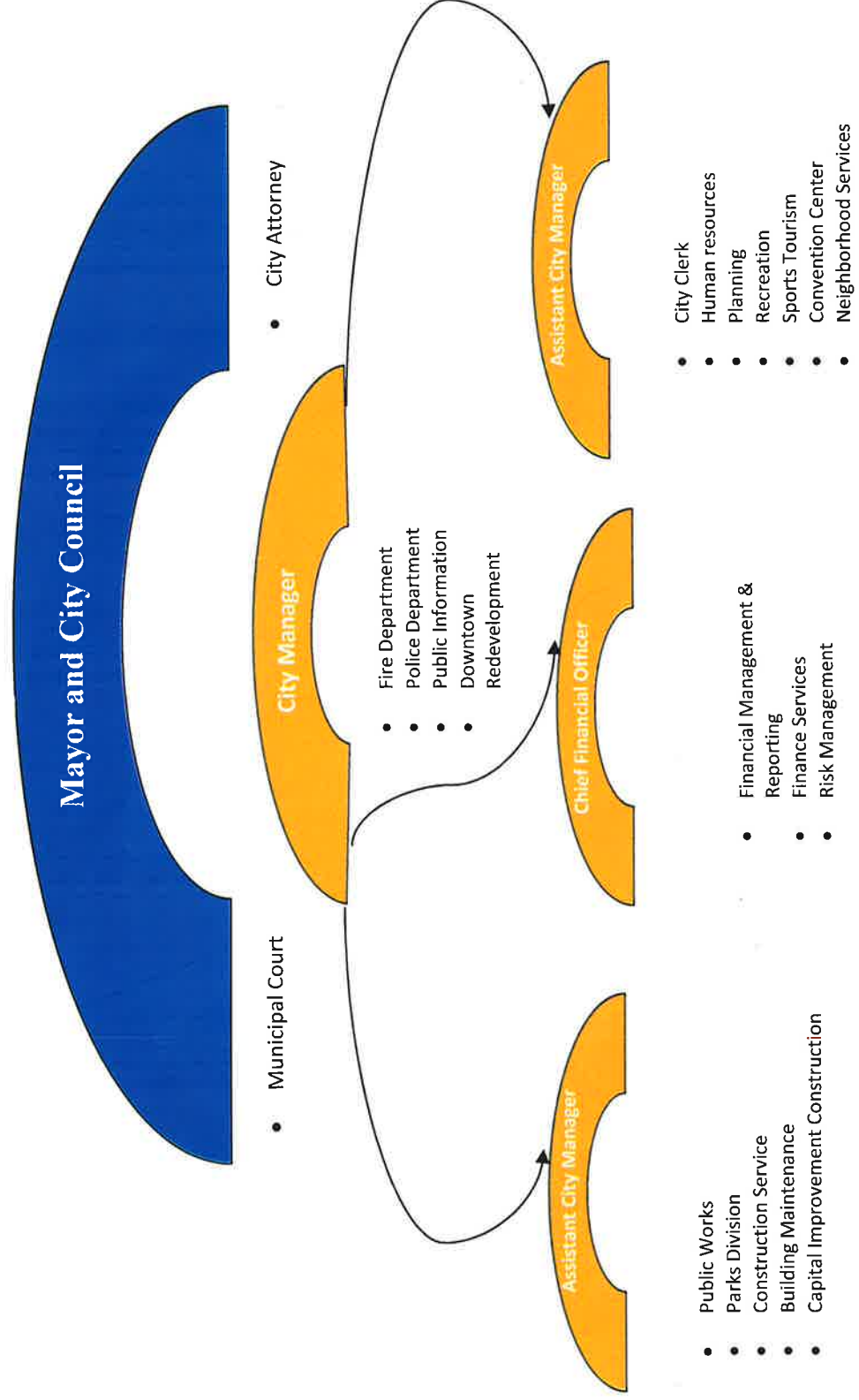
**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016**

TABLE OF CONTENTS (continued)

	<u>Page</u>
STATISTICAL SECTION (continued)	
Schedule 3 Program Revenues by Function/Program	127
Schedule 4 Fund Balances, Governmental Funds	129
Schedule 5 Changes in Fund Balances, Governmental Funds	131
Schedule 6 Assessed Value and Estimated Actual Value of Taxable Property	135
Schedule 7 Direct and Overlapping Property Tax Rates	136
Schedule 8 Principal Property Tax Payers	137
Schedule 9 Property Tax Levies and Collections	138
Schedule 10 Water and Sewer Gallons and Number of Customers	139
Schedule 11 Water and Sewer Rates	141
Schedule 12 Principal Water and Sewer Customers	143
Schedule 13 Ratios of Outstanding Debt by Type	144
Schedule 14 Ratios of Net General Bonded Debt Outstanding	146
Schedule 15 Direct and Overlapping Governmental Activities Debt	147
Schedule 16 Legal Debt Margin Information	148
Schedule 17 Pledged-Revenue Coverage	150
Schedule 18 Demographic and Economic Statistics	152
Schedule 19 Principal Employers	153
Schedule 20 Full-Time Equivalent Employees by Function/Program	154
Schedule 21 Operating Indicators by Function/Program	156
Schedule 22 Capital Asset Statistics by Function/Program	158
 SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	160
Notes to Schedule of Expenditures of Federal Awards	161
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>	162
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	164
Schedule of Findings and Questioned Costs	166



Organizational Chart





City of Myrtle Beach SOUTH CAROLINA

DEPARTMENT OF FINANCIAL MANAGEMENT & REPORTING

November 23, 2016

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

The Comprehensive Annual Financial Report of the City of Myrtle Beach, South Carolina, for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

GENERAL INFORMATION

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

History: A party of Spaniards from Hispaniola landed about 50 miles north of Myrtle Beach in 1526, and eventually established the first European settlement in the United States, about 30 miles south of Myrtle Beach. The settlement, San Miguel de Cauldape, was abandoned the next year and the group returned to Hispaniola. Later settled by landowners, the area was

gradually developed into one of the very large plantations, with rice the principal crop. The town of Myrtle Beach was incorporated in 1938, and became a City in 1957. Its name is taken from the wax myrtle shrub, which grows abundantly in the area. Most of the development into a large resort area, which Myrtle Beach has become, has taken place in the last 25 years.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

The City's financial condition continued to improve during fiscal year 2016 owing to two primary factors. First, property values stabilized and resumed growing at a moderate pace and, second, revenues deriving from business conducted in the City showed their greatest strength since 2008. This 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.

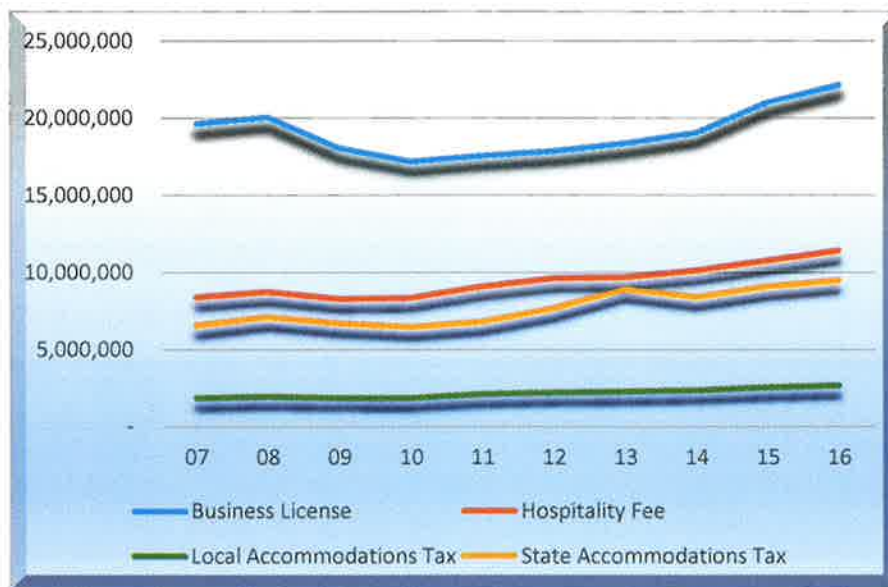
From 2009 through 2014, the two major sources of revenues in the General Fund—property taxes and business license revenues had declined from 60.3% of total revenues in 2006 to 59.0% of total revenues. Furthermore, increasing demand for services fueled by a growing population, record tourism numbers and new facilities coming online had created pressure for greater operating expenditures. The City's leadership concluded that, while most other funds had recovered or substantially recovered following the recession, the General Fund has lost its structural balance when looked at over a five-year planning horizon.

Council took two specific actions to address the revenue side of this imbalance. The first was increasing the property tax rate. Property tax rates were kept at 66.1 mills from 2009 through 2014. In 2015, the rate was adjusted to the statutory equivalent rate (as adjusted for reassessment) of 67.4 mills. Council 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 second was implementing a modest increase in business license rates for businesses situated outside the corporate limits and eliminating the exemption for the long-term rental of private residences. On the expenditure side, Council has been able to reduce significantly the amount of subsidies to Special Revenue Funds, thereby making more resources available for operations accounted for in the General Fund.

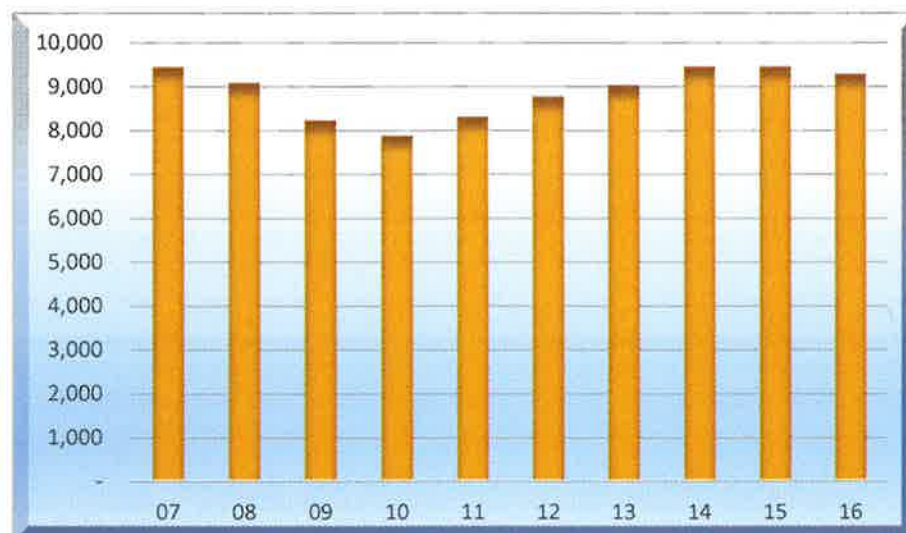
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, 2007 - 2016



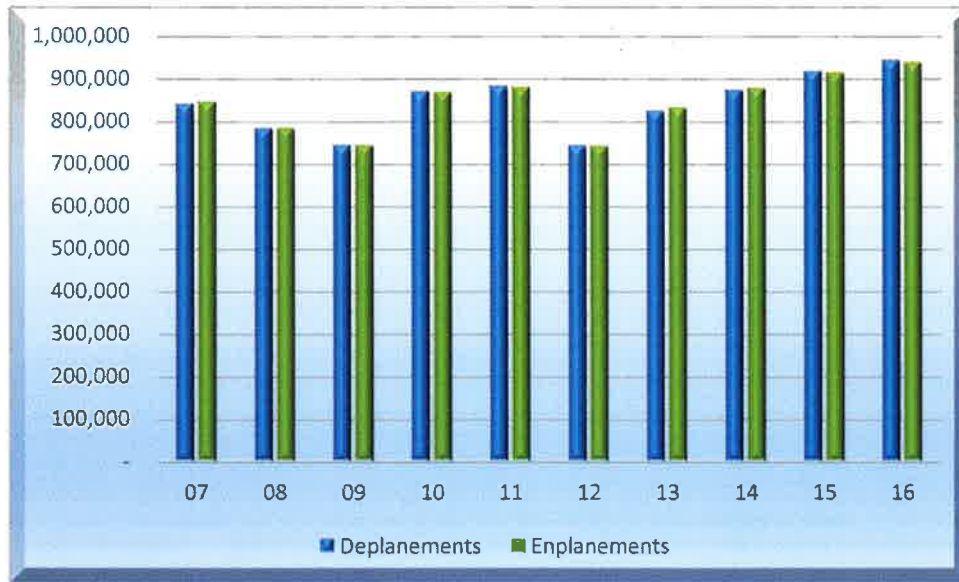
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008, 2009, and 2010, retail sales began the recovery in 2011 and have demonstrated improved numbers through 2016. The graph below appears to show a very slight decrease in sales reported 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 the growth experienced in Tourism Development Fee collections.

Horry County Retail Sales, 2007 - 2016 (\$ billions)



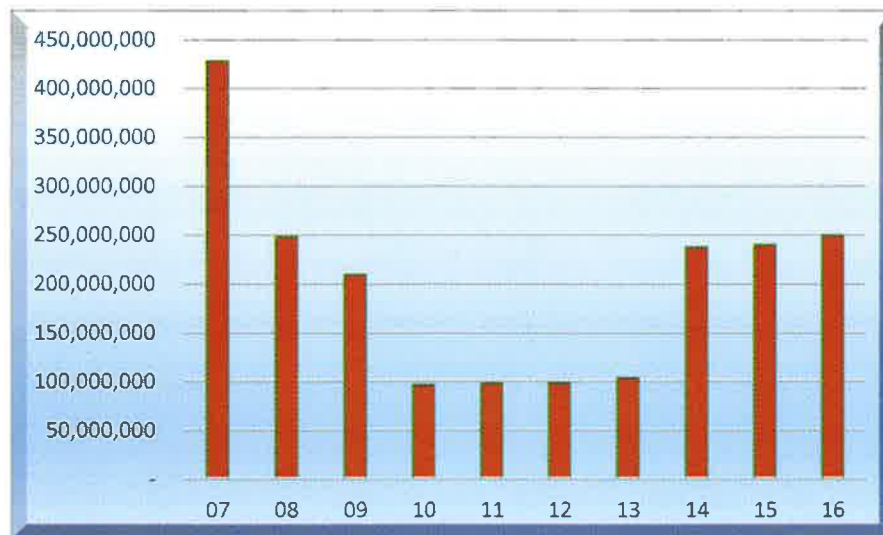
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

Passengers' Handled - Myrtle Beach International Airport, 2007 - 2016



Another revenue group that reflects the economic conditions is construction permits. Figures for the fiscal year ended June 30, 2016, indicate that buildings permitted by the City totaled \$248,663,324. Based upon the 10-year horizon presented in the chart below, it appears that construction activity has fallen off since 2007 and only recently begun a modest recovery. Looked at over a 20-year period or longer, though, the 2005-2007 numbers obviously represent a bubble and the current level of construction is consistent with the long term growth trend.

Construction Permitted Inside Corporate Limit, 2007-2016



Operating revenues are again on a positive trajectory and the outlook for moderate continued growth appears good at present. The City's financial management team view this as an ideal time to explore new revenue options with a view toward keeping pace with the demand for service.

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.

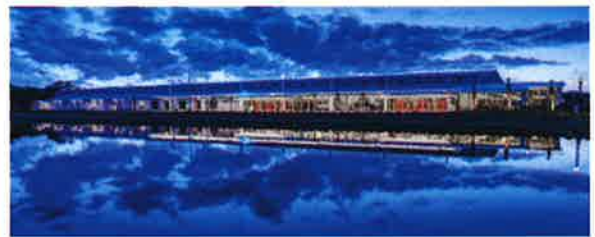
MAJOR INITIATIVES FOR THE YEAR

The City began the year with a number of major initiatives.

- Anti-Crime Initiative including efforts to train, equip and retain qualified officers and improve community relations, deploy body cams and increase use of surveillance cameras.



- Neighborhood 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.
- Downtown Initiative to include improvements to Chapin Park, clean-up efforts and more aggressive code enforcement, and the realignment of Hwy. 501.
- Product Development Initiative to position the community to enhance its competitive advantage vs. other resort cities.
- Organizational Development Initiative to identify and equip the next generation of team members to be highly qualified candidates for leadership positions as senior staff members retire.
- Sports Tourism Initiative to increase direct visitor spending and economic impact, enhance revenue generation for sports tourism programs.



- Business Support Efforts to improve the environment for the conduct of profitable business inside the City.
- Communication Initiative to promote a more proactive communications philosophy using traditional, new and developing media to communicate with our target audiences on their terms.

In addition to the services dedicated to the major initiatives identified for 2016, several major capital improvement projects were undertaken throughout the City. One of the most notable being Savannah's Playground, an enabling playground that follows an inclusive play philosophy whereby children of all abilities can play together. The inclusive playground design promotes a high level of inclusive play by addressing accessibility, age and developmental appropriateness and sensory-stimulating activity. The project was accomplished by partnering with private donors to build the amenity on City-owned property.





Landscaping, sidewalks, lighting, irrigation, pergolas and other features of the new "back gate" interchange at US 17 and Farrow Parkway were completed during the fiscal year. The \$100-million-plus flyover bridge carries US 17 traffic non-stop on top, with Farrow Parkway/SC 707 traffic underneath. The landscaping provides an attractive, green entryway into the City of Myrtle Beach. Wide sidewalks with curved pergolas allow for pedestrian and bicycle traffic.



Phase I of a major renovation of Chapin Park, located in the heart of the City, was completed. The project involved landscape redesign and painting of the pergola surrounding the amenity, creating an open and airy space. Phase II will involve construction of a stage that will allow for greater enjoyment opportunities in the park.

The City performed various repair and maintenance projects such as:

- Continued intersection improvements, resurfacing, and signalization throughout the City.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Continued construction, replacement and extension of the water delivery system. Also, continued construction and replacement of the sewer system infrastructure and pump station upgrades.
- Continued facility maintenance and upkeep on its 197 existing structures/facilities, including several major roof replacement projects.
- Continued upkeep and repair on 50 City playgrounds, passive and active parks, dog parks and picnic shelters.



In September of 2015, the city issued a series of 2015 General Obligation refunding bonds totaling \$17,462,000. \$7,553,000 of 2015A refunding bonds were issued to advance refund the callable maturities of the City's General Obligation Bonds, Series 2006 A & B; \$1,560,000 of 2015B refunding bonds were issued to refund the callable maturities of the City's General Obligation Bonds Series 2006C; and \$8,349,000 were issued to advance refund the callable maturities of the City's General Obligation Bonds Series 2008A. The refunding resulted in net present value savings of \$2,453,594, or 14.94% of outstanding debt service. The refunded series 2006A bonds were originally issued to defray the costs of improvements to the City's stormwater facilities. Series 2006B were issued to fund improvements to parks and recreational facilities and series 2006C funded the construction of the City's Fire Station No. 6. The 2008A series of General Obligation debt was originally issued to fund various improvements and acquisitions and to retire a Bond Anticipation Note, Series 2007A in the amount of \$4,850,000 which was issued to defray the cost of beach renourishment. The projects included in the 2008A issue included acquisition of property by the City Services building for future expansion, renovation of Fire Station No. 2, Doug Shaw Stadium renovations, and the expansion and renovation of Crabtree Gymnasium.

In January of 2016, the City issued \$18,440,000 of Water and Sewer Revenue refunding and improvement bonds. The purpose of the issue was to enlarge, extend and improve the City's waterworks and sewer system and to refund the \$7,570,000 portion of the City's Waterworks and Sewer System revenue bonds, series 2007 maturing on or due by the mandatory redemption after March 1, 2018. The refunding of the 2007 series bonds resulted in net present value savings of \$651,992, or 8.66% of outstanding debt service. The refunded series 2007 bonds were originally issued to finance improvements to the City's waterworks and sewer system.

To offset rising service costs and meet infrastructure needs, the City implemented a blended water and sewer rate increase of about 2.5% - 2.8%, depending upon usage. The increase amounts to \$1.23 per month for a residential user of an average of 7,500 gallons per month.



The City also increased parking fees at the Myrtle Beach Convention Center. Parking fees were increased from \$3.00 to \$5.00 per day. The increase was implemented as a tool to allow the convention center to become self-sufficient and supporting.

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 \$43,280,000 of refunding tax increment revenue bonds. Series 2006A, 2006B, and 2010 MBAFB TIFD bonds will be refunded with the issue.
- Additionally, the City anticipates the execution of a \$6.4 million State Revolving Fund Loan to finance Waterworks and Sewer System improvements. The projects to be financed include the renovation of 5 pump stations and the first phase of a multi-year project to relocate of backlot sewer lines.
- The City also anticipates the execution of a \$1,500,000 capital lease obligation to acquire ambulances and public safety radio equipment.
- A Youth Coordinator position will be established which will be responsible for coordination of programs and resources for area youth.

- Continued growth of Sports Tourism through sports facilities rentals and guest experiences.
- Continued surveillance cameras project to be installed along major arteries and in areas of high intensity traffic.
- Continued installation of cycling lanes and pedestrian improvements consistent with development of the East Coast Greenway and transportation objectives.
- Continued landscaping, storm water, underground utility conversion and roadway realignment projects.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Other storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.

INTERNAL CONTROL STRUCTURE

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including those controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The result of the City's single audit for the fiscal year ended June 30, 2016, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

In addition, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the general fund, special revenue funds, debt service fund, capital projects fund and enterprise funds are generally included in the annual appropriated budget. Project-length financial plans are also developed for capital improvements for internal control purposes. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end, and are reinstated against the following year's appropriation. Encumbrances 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, 2015. 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,

A handwritten signature in black ink, reading "Michelle Shumpert". The signature is written in a cursive, flowing style with a large initial "M" and a decorative flourish at the end.

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



Government Finance Officers Association

**Certificate of
Achievement
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, 2015

Executive Director/CEO



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Suite A
Conway, SC 29526

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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, 2016, 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, 2016, 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 - 84) 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 23, 2016, 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 23, 2016

CITY OF MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2016

Our discussion and analysis of the City of Myrtle Beach, South Carolina's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. 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 \$210,007,157 (net position).
- The City's total net position increased by \$15,203,610. This is the result of an increase in net position of our governmental-type activities of \$14,775,286, or 20.6%, and an increase in net position of our business-type activities of \$428,324, or 0.4%.
- The City's total revenues amounted to \$178,195,034 during the year ended June 30, 2016. Revenues of governmental activities totaled \$142,688,123, an increase of 10.4%, and revenues of business-type activities were \$35,506,911, an increase of 3.7%.
- During the year ended June 30, 2016, the City's total expenses amounted to \$162,991,424. Expenses of governmental activities totaled \$128,135,075, an increase of 8.1%, and expenses of business-type activities were \$34,856,349, an increase of 2.9%.
- At June 30, 2016, the City's governmental funds reported combined fund balances of \$51,069,976, a decrease of \$26,072 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 \$8,397,285, or 3.4%, for governmental activities and an increase of \$941,636, or 0.7%, for business-type activities.
- At year-end, the City had \$208,601,183 in outstanding bonds payable and capital lease obligations compared to \$204,888,089 last year, an increase of 1.8%.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 12 - 17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The fiduciary fund financial statement on page 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 asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the City's Most Significant Funds

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

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

The City as an Agent

The City is an agent, or fiduciary, for certain funds held on behalf of the City's firemen. The fiduciary fund financial statement can be found on page 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 86 - 119.

The City as a Whole

Condensed statements of net position at June 30, 2016 and 2015 are shown below.

THE CITY'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 114,233,920	\$ 111,637,335	\$ 31,791,064	\$ 18,978,677	\$ 146,024,984	\$ 130,616,012
Capital Assets (Net)	<u>256,500,422</u>	<u>248,103,137</u>	<u>136,748,687</u>	<u>135,807,051</u>	<u>393,249,109</u>	<u>383,910,188</u>
Total Assets	<u>\$ 370,734,342</u>	<u>\$ 359,740,472</u>	<u>\$ 168,539,751</u>	<u>\$ 154,785,728</u>	<u>\$ 539,274,093</u>	<u>\$ 514,526,200</u>
Deferred Outflows of Resources	<u>\$ 14,377,828</u>	<u>\$ 8,684,455</u>	<u>\$ 1,486,356</u>	<u>\$ 534,535</u>	<u>\$ 15,864,184</u>	<u>\$ 9,218,990</u>
Long-Term Liabilities	\$ 246,183,072	\$ 245,091,445	\$ 36,997,872	\$ 25,188,519	\$ 283,180,944	\$ 270,279,964
Other Liabilities	<u>47,543,459</u>	<u>45,654,199</u>	<u>8,911,481</u>	<u>6,385,523</u>	<u>56,454,940</u>	<u>52,039,722</u>
Total Liabilities	<u>\$ 293,726,531</u>	<u>\$ 290,745,644</u>	<u>\$ 45,909,353</u>	<u>\$ 31,574,042</u>	<u>\$ 339,635,884</u>	<u>\$ 322,319,686</u>
Deferred Inflows of Resources	<u>\$ 5,027,397</u>	<u>\$ 6,096,327</u>	<u>\$ 467,839</u>	<u>\$ 525,630</u>	<u>\$ 5,495,236</u>	<u>\$ 6,621,957</u>
Net Position:						
Net Investment in Capital Assets	\$ 123,676,431	\$ 110,367,487	\$ 111,740,507	\$ 116,288,674	\$ 235,416,938	\$ 226,656,161
Restricted	23,929,521	22,418,493	910,117	876,221	24,839,638	23,294,714
Unrestricted	<u>(61,247,710)</u>	<u>(61,203,024)</u>	<u>10,998,291</u>	<u>6,055,696</u>	<u>(50,249,419)</u>	<u>(55,147,328)</u>
Total Net Position	<u>\$ 86,358,242</u>	<u>\$ 71,582,956</u>	<u>\$ 123,648,915</u>	<u>\$ 123,220,591</u>	<u>\$ 210,007,157</u>	<u>\$ 194,803,547</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, 2016 was \$210,007,157, an increase of \$15,203,610, or 7.8%, from a year ago.

The largest portion of the City's net position, \$235,416,938 reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$24,839,638, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$(50,249,419).

Changes in the City's net position during the years ended June 30, 2016 and 2015 follows.

THE CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 18,204,459	\$ 17,621,758	\$ 30,781,010	\$ 29,735,755	\$ 48,985,469	\$ 47,357,513
Operating Grants and Contributions	1,508,330	1,985,466	3,402		1,511,732	1,985,466
Capital Grants and Contributions	13,083,574	5,959,255	4,644,940	4,436,233	17,728,514	10,395,488
General Revenues:						
Property Taxes	31,603,241	30,191,056			31,603,241	30,191,056
Local Accommodations Taxes	2,628,349	2,538,276			2,628,349	2,538,276
Business License Taxes	22,133,249	20,579,202			22,133,249	20,579,202
Franchise Taxes	3,763,771	3,847,643			3,763,771	3,847,643
Hospitality Fee Taxes	11,333,703	10,859,463			11,333,703	10,859,463
Local Option Tourism Taxes	27,187,371	24,952,836			27,187,371	24,952,836
Grants and Contributions not Restricted to Specific Programs	11,017,066	10,619,104			11,017,066	10,619,104
Investment Earnings	225,010	152,962	77,559	68,522	302,569	221,484
Total Revenues	<u>\$ 142,688,123</u>	<u>\$ 129,307,021</u>	<u>\$ 35,506,911</u>	<u>\$ 34,240,510</u>	<u>\$ 178,195,034</u>	<u>\$ 163,547,531</u>
Expenses:						
General Government	\$ 12,822,309	\$ 12,890,054	\$	\$	\$ 12,822,309	\$ 12,890,054
Public Safety	40,622,972	35,816,223			40,622,972	35,816,223
Transportation	9,388,613	8,714,950			9,388,613	8,714,950
Community and Economic Development	32,180,219	29,802,944			32,180,219	29,802,944
Culture and Recreation	18,495,957	21,563,521			18,495,957	21,563,521
Public Works	6,594,968	1,455,959			6,594,968	1,455,959
Interest and Fiscal Charges	8,030,037	8,302,467			8,030,037	8,302,467
Water			15,328,683	14,151,418	15,328,683	14,151,418
Sewer			14,157,157	13,910,465	14,157,157	13,910,465
Baseball Stadium			662,068	631,698	662,068	631,698
Municipal Golf Course			321,713	969,918	321,713	969,918
Solid Waste Management			4,386,728	4,205,444	4,386,728	4,205,444
Total Expenses	<u>\$ 128,135,075</u>	<u>\$ 118,546,118</u>	<u>\$ 34,856,349</u>	<u>\$ 33,868,943</u>	<u>\$ 162,991,424</u>	<u>\$ 152,415,061</u>
Increase in Net Position Before Transfers	\$ 14,553,048	\$ 10,760,903	\$ 650,562	\$ 371,567	\$ 15,203,610	\$ 11,132,470
Transfers	<u>222,238</u>	<u>112,276</u>	<u>(222,238)</u>	<u>(112,276)</u>		
Change in Net Position	<u>\$ 14,775,286</u>	<u>\$ 10,873,179</u>	<u>\$ 428,324</u>	<u>\$ 259,291</u>	<u>\$ 15,203,610</u>	<u>\$ 11,132,470</u>
Net Position - Beginning, as Previously Reported	\$ 71,582,956	\$ 121,690,422	\$ 123,220,591	\$ 129,107,975	\$ 194,803,547	\$ 250,798,397
Cumulative Effect Adjustment		<u>(60,980,645)</u>		<u>(6,146,675)</u>		<u>(67,127,320)</u>
Net Position - Beginning, as Restated	<u>\$ 71,582,956</u>	<u>\$ 60,709,777</u>	<u>\$ 123,220,591</u>	<u>\$ 122,961,300</u>	<u>\$ 194,803,547</u>	<u>\$ 183,671,077</u>
Net Position - Ending	<u>\$ 86,358,242</u>	<u>\$ 71,582,956</u>	<u>\$ 123,648,915</u>	<u>\$ 123,220,591</u>	<u>\$ 210,007,157</u>	<u>\$ 194,803,547</u>

The City's total revenues amounted to \$178,195,034 for the year ended June 30, 2016. This is an increase of \$14,647,503, or 9.0%. The largest increase was in capital grants and contributions, which increased by \$7,333,026, or 70.5%, primarily due to the dedication of transportation infrastructure to the City. The next largest increase was in local option tourism taxes, which increased \$2,234,535, or 9.0%. This tax is imposed on gross sales of items that are subject to State sales tax. This increase is indicative of an improved economy and an improved collection rate by the State. The third largest increase was in charges for services. Charges for services increased \$1,627,956, or 3.4%. There were increases in revenues from building permits, sewer charges, refuse collection fees, convention center charges, parks and recreation and sports tourism fees. Business license taxes increased \$1,554,047, or 7.6%. This increase was primarily due to a combination of increased revenues reported by accommodations and food services, insurance and construction activities and the elimination of the exemption for the long-term rental of personal residences. Property Taxes increased by \$1,412,185, or 4.7%. Growth in property tax revenue was primarily due to residential growth in the northernmost and southernmost areas of the City. The combination of local accommodations taxes and hospitality fee taxes provided an increase of \$564,313, or 4.2%. This increase is also indicative of an improving economy. There was an increase in grants and contributions not restricted to specific programs of \$397,962, or 3.7% primarily due to an increase in accommodations tax collections. Investment earnings increased \$81,085, or 36.6%, due to an increase in cash invested throughout the year. There was a \$473,734 decrease, or 23.9%, in operating grants and contributions primarily due to a decrease in community development block grants and contributions. There was a decrease in franchise tax revenue of \$83,872, or 2.2% due to a decrease in franchise receipts from electric and gas utility providers.

The total cost of all programs and services was \$162,991,424 (increasing by \$10,576,363 or 6.9%). The largest increase was experienced in the public works category in the amount of \$5,139,090, or 353.0%. The largest contributing factor to this increase was a reorganization of the division that moved the parks department from culture and recreation into public works. Other factors include increased contractual costs associated with right of way maintenance and landscaping. The next largest increase was in public safety, which increased \$4,806,749, or 13.4%. This was primarily due to increased personnel costs and increased costs for the May bike events. Community and economic development expenses increased \$2,377,275, or 8.0% primarily due to an increase in the local option tourism taxes, which, in turn mandated an increased donation to the Myrtle Beach Chamber of Commerce. The next largest increase was in the water and sewer expenses category. This group showed a combined increase of \$1,423,957, or 5.1%. This increase can be attributed to increased payments to another utility for the handling of the waste water volume and to increased depreciation on capital assets. Transportation increased \$673,663, or 7.7% primarily due to increased depreciation expense on capital assets, increased street lighting costs and an increase in road resurfacing. Solid waste management expenses increased \$181,284, or 4.3% primarily due to increased equipment maintenance costs. Baseball stadium expenses increased \$30,370, or 4.8% due to increased depreciation on capital assets. The largest decrease in expenses occurred in culture and recreation, which decreased \$3,067,564, or 14.2%, primarily due to reorganization of the division that moved the parks department from culture and recreation into public works. An increase in depreciation on capital assets offset some of the decrease attributable to the reorganization. The municipal golf course expenses decreased \$648,205 due to overall decreased expenses because of the concession agreement for the Whispering Pines Golf Course between the City and Atlantic Golf Management for the operation and maintenance of the golf course. Interest and fiscal charges decreased \$272,430 or 3.3%, due to reduced principal payments as a result of refunding of debt in fiscal year 2016.

Governmental Activities

The City's net position from governmental activities increased \$14,775,286. 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 \$(61,203,024) at June 30, 2015 to \$(61,247,710) at the end of this year.

The City's programs for governmental activities include general government, public safety, transportation, community and economic development, culture and recreation and public works. Revenues for the City's governmental activities increased 10.4% (\$13,381,102) and total expenses increased 8.1% (\$9,588,957).

The cost of all governmental activities this year was \$128,135,075. However, as shown in the statement of activities beginning on page 16, the amount that our taxpayers ultimately financed for these activities was only \$95,338,712 because some of the cost was paid by those who directly benefited from the programs (\$18,204,459) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14,591,904). Overall, the City's governmental program revenues were \$32,796,363. 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 \$109,891,760.

Business-Type Activities

The City's net position from business-type activities increased \$428,324, or 0.4%.

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 increased by 3.7% (\$1,266,401) and expenses increased by 2.9% (\$987,406).

The cost of all business-type activities this year was \$34,856,349. As shown in the statement of activities that starts on page 16, the amounts paid by users of the activities were \$30,781,010 and grants and contributions totaled \$4,648,342. Investment earnings were \$77,559.

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 \$51,069,976, a decrease of \$26,072 in comparison with the prior year. Of this amount, \$9,505,260, or 18.6%, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not available for spending or restricted for specific purposes by external or self-imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,050,165, while total fund balance amounted to \$13,465,567. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 16.7% of total expenditures, while total fund balance represents 18.7% of that same amount. The General Fund's total fund balance increased by \$42,610 during the current fiscal year. This increase resulted primarily from increased collections in business licenses.

The Convention Center Fund has a total fund balance of \$1,345,751 an increase of \$314,479 from the prior year. This was primarily due to an increase in charges for services.

The Local Option Tourism Fee Fund has a total fund balance of \$910,421, a decrease of \$515,868 from the prior year. While there was an excess of revenues over expenditures in the amount of \$5,449,437, transfers out to other funds were \$5,965,305. 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 Capital Improvements Fund's total fund balance increased by \$8,499 to \$14,701,755 at June 30, 2016. Of this total, (a) \$2,564,099 is restricted for capital projects and tourism promotion and support and (b) \$12,137,656 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 \$13,202,550. Total net position decreased \$412,265 from the prior year. A majority of this decrease was due to an increase in the wholesale purchase of water and sewer services.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(1,336,089). The increase in total net position in the Baseball Stadium Fund was \$314,424, which was primarily due to a transfer in from the Local Option Tourism Fee.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(2,151,666). The decrease in total net position in the Municipal Golf Course Fund was \$267,542, which was due to a continued decline in golfing revenues.

Unrestricted net position of the Solid Waste Management Fund at the end of the year amounted to \$(2,288,223). The increase in total net position in the Solid Waste Management Fund was \$248,695 which was primarily due to increased charges for services.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$1,024,814 over the final budgeted amounts. This increase was primarily the result of increases in business license collections and property taxes. The actual charges to appropriations (expenditures) were under the final budgeted amounts by \$974,022.

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, 2016 amounted to \$393,249,109 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 \$8,397,285, or 3.4%, for governmental activities and an increase of \$941,636, or 0.7%, for business-type activities. The increase in governmental activities was primarily due to the current year building and improvements increase (primarily the completion of several major roofing projects and renovations at the Myrtle Beach Convention Center) and the increase in business-type activities was primarily due to additions to the distribution systems.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 28,967,783	\$ 28,821,306	\$ 18,685,751	\$ 18,685,751	\$ 47,653,534	\$ 47,507,057
Land Improvements	53,664,300	51,058,944	9,024,525	8,864,339	62,688,825	59,923,283
Buildings and Improvements	108,842,380	107,940,512	11,505,501	11,460,521	120,347,881	119,401,033
Distribution Systems			188,753,065	183,743,049	188,753,065	183,743,049
Furniture, Vehicles and Equipment	59,866,904	58,239,196	5,524,564	5,524,564	65,391,468	63,763,760
Infrastructure	198,179,831	182,122,413			198,179,831	182,122,413
Construction-in-Progress	7,418,840	7,830,641	2,761,069	1,892,879	10,179,909	9,723,520
Accumulated Depreciation	(200,439,616)	(187,909,875)	(99,505,788)	(94,364,052)	(299,945,404)	(282,273,927)
	<u>\$ 256,500,422</u>	<u>\$ 248,103,137</u>	<u>\$ 136,748,687</u>	<u>\$ 135,807,051</u>	<u>\$ 393,249,109</u>	<u>\$ 383,910,188</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 \$208,601,183 in outstanding bonds payable and capital lease obligations compared to \$204,888,089 last year, an increase of 1.8%.

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Obligation Bonds \$	42,520,000	\$ 43,695,000	\$	\$	\$ 42,520,000	\$ 43,695,000
Revenue Bonds			27,445,000	17,480,000	27,445,000	17,480,000
Certificates of Participation	3,205,000	4,735,000	2,205,000	2,870,000	5,410,000	7,605,000
Tax Increment Revenue Bonds	51,902,603	53,497,603			51,902,603	53,497,603
Storm Water Revenue Bonds	15,996,027	13,387,538			15,996,027	13,387,538
Hospitality Fee Revenue Bonds	59,610,000	60,770,000			59,610,000	60,770,000
Capital Lease Obligations	<u>5,717,553</u>	<u>8,452,948</u>			<u>5,717,553</u>	<u>8,452,948</u>
	<u>\$ 178,951,183</u>	<u>\$ 184,538,089</u>	<u>\$ 29,650,000</u>	<u>\$ 20,350,000</u>	<u>\$ 208,601,183</u>	<u>\$ 204,888,089</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, 2016, the amount of new debt, which could be issued without referendum, was \$6,938,854.

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

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates and fees that will be charged for the business-type activities. Some of those factors are the economy, the population growth rate and inflation rates. The City's financial condition continued to improve during fiscal year 2016 owing to two primary factors. First, property values have stabilized and resumed growing at a moderate pace and secondly, revenues deriving from business conducted in the City showed their greatest strength since 2008. This 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.

When management formulated the 2017 budget, it did so with three major objectives: (1) restore structural balance to the General Fund, (2) examine the mix of services the City offers and (3) in the capital improvements program, take care of what the City has before expanding facilities and services. The millage rate for ad valorem taxes is 77.5 mills. The rate includes 71.5 mills for the General Fund and 6.0 mills for the Debt Service Fund. Properties that are used as primary residences receive a credit under the terms of legislation authorizing the City's tourism development fee. The tourism development fee credit offsets approximately 82.5% of the tax on owner occupied property resulting in net property taxes due of approximately \$54.00 per \$100,000 of market value per year. Amounts available for appropriation in the General Fund budget for fiscal year 2017 are \$75,241,894, an increase of 5.6% from the final fiscal year 2016 budget of \$71,256,755.

For the City's business-type activities, there is a blended water and sewer rate increase of between 2.5% - 2.8%, depending on usage. The increase amounts to \$1.23 per month for a residential user of an average of 7,500 gallons per month.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's 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, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 47,863,718	\$ 16,178,720	\$ 64,042,438
Receivables (Net)	22,718,836	1,548,158	24,266,994
Due From Component Units	27,178,602		27,178,602
Internal Balances	(3,571,719)	3,571,719	
Inventories	236,846	1,045,021	1,281,867
Prepaid Assets	72,354		72,354
Restricted Cash and Temporary Investments	19,735,283	9,431,830	29,167,113
Land and Construction in Progress	36,386,623	21,446,820	57,833,443
Other Capital Assets (Net)	220,113,799	115,301,867	335,415,666
Bond Insurance (Net)		15,616	15,616
Total Assets	\$ 370,734,342	\$ 168,539,751	\$ 539,274,093
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refundings Related to Pension Plans	\$ 2,959,474 11,418,354	\$ 569,362 916,994	\$ 3,528,836 12,335,348
Total Deferred Outflows of Resources	\$ 14,377,828	\$ 1,486,356	\$ 15,864,184
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 33,949,522	\$ 4,276,049	\$ 38,225,571
Due to Primary Government			
Unearned Revenue	405,696	165,965	571,661
Liabilities Payable From Restricted Assets	1,330,989	4,469,467	5,800,456
Noncurrent Liabilities:			
Due Within One Year	11,857,252		11,857,252
Due in More Than One Year	246,183,072	36,997,872	283,180,944
Total Liabilities	\$ 293,726,531	\$ 45,909,353	\$ 339,635,884
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plans	\$ 5,027,397	\$ 467,839	\$ 5,495,236

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

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 1,472,318	\$ 3,273,703
	898,329
	64,106
	340,564
	3,448,925
465,380	30,841,223
<u>\$ 1,937,698</u>	<u>\$ 38,866,850</u>
\$	\$ 667,965
<u></u>	<u></u>
\$	\$ 667,965
<u></u>	<u></u>
\$ 18,058	\$ 1,261,993
195,589	26,983,013
34,381	490,861
	878,278
7,784	
<u>16,936</u>	<u>16,576,488</u>
\$ 272,748	\$ 46,190,633
<u></u>	<u></u>
\$	\$
<u></u>	<u></u>

A-1 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 123,676,431	\$ 111,740,507	\$ 235,416,938
Restricted for:			
Capital Projects	4,599,801		4,599,801
Capital Replacements			
Community Development	6,880,129		6,880,129
Debt Service	7,492,904	700,117	8,193,021
Library	110,351		110,351
Narcotics Law Enforcement	318,992		318,992
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	4,527,344		4,527,344
Unrestricted	(61,247,710)	10,998,291	(50,249,419)
Total Net Position	\$ 86,358,242	\$ 123,648,915	\$ 210,007,157

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

Component Units	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 465,380	\$ 13,549,735
	338,876
	2,580,653
	366,118
<u>1,199,570</u>	<u>(23,491,200)</u>
\$ <u><u>1,664,950</u></u>	\$ <u><u>(6,655,818)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 12,822,309	\$ 2,930,087	\$	\$
Public Safety	40,622,972	2,064,558	702,446	
Transportation	9,388,613	2,260,620	78,256	11,609,972
Community and Economic Development	32,180,219	2,314,586	136,778	1,072,973
Culture and Recreation	18,495,957	8,634,608	518,915	400,629
Public Works	6,594,968		71,935	
Interest and Fiscal Charges	8,030,037			
Total Governmental Activities	<u>\$ 128,135,075</u>	<u>\$ 18,204,459</u>	<u>\$ 1,508,330</u>	<u>\$ 13,083,574</u>
Business-Type Activities:				
Water	\$ 15,328,683	\$ 12,993,723	\$ 1,701	\$ 2,107,498
Sewer	14,157,157	12,910,985	1,701	2,537,442
Baseball Stadium	662,068	53,347		
Municipal Golf Course	321,713	53,635		
Solid Waste Management	4,386,728	4,769,320		
Total Business Type Activities	<u>\$ 34,856,349</u>	<u>\$ 30,781,010</u>	<u>\$ 3,402</u>	<u>\$ 4,644,940</u>
Total Primary Government	<u>\$ 162,991,424</u>	<u>\$ 48,985,469</u>	<u>\$ 1,511,732</u>	<u>\$ 17,728,514</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,186,519	\$ 1,707,117	\$	\$
MB Convention Center Hotel Corporation	17,506,956	17,227,797		
Total Component Units	<u>\$ 18,693,475</u>	<u>\$ 18,934,914</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 Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (9,892,222)	\$	\$ (9,892,222)		
(37,855,968)		(37,855,968)		
4,560,235		4,560,235		
(28,655,882)		(28,655,882)		
(8,941,805)		(8,941,805)		
(6,523,033)		(6,523,033)		
(8,030,037)		(8,030,037)		
<u>\$ (95,338,712)</u>	<u>\$</u>	<u>\$ (95,338,712)</u>		
\$	\$ (225,761)	\$ (225,761)		
	1,292,971	1,292,971		
	(608,721)	(608,721)		
	(268,078)	(268,078)		
	382,592	382,592		
<u>\$</u>	<u>\$ 573,003</u>	<u>\$ 573,003</u>		
<u>\$ (95,338,712)</u>	<u>\$ 573,003</u>	<u>\$ (94,765,709)</u>		
			\$ 520,598	\$
				(279,159)
			<u>\$ 520,598</u>	<u>\$ (279,159)</u>
\$ 31,603,241	\$	\$ 31,603,241	\$	
2,628,349		2,628,349		
22,133,249		22,133,249		
3,763,771		3,763,771		
11,333,703		11,333,703		
27,187,371		27,187,371		
11,017,066		11,017,066		
225,010	77,559	302,569	1,833	1,120
222,238	(222,238)			
<u>\$ 110,113,998</u>	<u>\$ (144,679)</u>	<u>\$ 109,969,319</u>	<u>\$ 1,833</u>	<u>\$ 1,120</u>
\$ 14,775,286	\$ 428,324	\$ 15,203,610	\$ 522,431	\$ (278,039)
<u>71,582,956</u>	<u>123,220,591</u>	<u>194,803,547</u>	<u>1,142,519</u>	<u>(6,377,779)</u>
<u>\$ 86,358,242</u>	<u>\$ 123,648,915</u>	<u>\$ 210,007,157</u>	<u>\$ 1,664,950</u>	<u>\$ (6,655,818)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 2,282,521	\$ 6,000	\$
Receivables (Net):			
Property Taxes	2,151,704		
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Accounts	2,691,253	281,806	
Intergovernmental	1,087,999	56,550	6,845,488
Loans	3,750		
Due From Other Funds	9,861,242	1,398,024	
Due From Component Units	195,589	26,983,013	
Inventories	111,311		
Prepaid Assets	695		
Restricted Cash and Temporary Investments	1,067,788		
Total Assets	\$ 19,453,852	\$ 28,725,393	\$ 6,845,488
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 3,308,071	\$ 488,291	\$ 5,476,390
Due to Other Fund			458,677
Payable From Restricted Assets:			
Court Bonds	307,170		
Refundable Deposits	217,587		
Other	113,689		
Unearned Revenue	41,940	171,225	
Total Liabilities	\$ 3,988,457	\$ 659,516	\$ 5,935,067
Deferred Inflows of Resources:			
Unavailable Revenue	\$ 1,999,828	\$ 26,720,126	\$

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,793,386	\$ 7,874,273	\$ 21,956,180
	86,969	2,238,673
	426,810	426,810
	1,655,678	1,655,678
	46,892	46,892
	184,356	3,157,415
1,492,591	4,729,757	14,212,385
	722,066	725,816
		11,259,266
		27,178,602
		111,311
	71,659	72,354
3,256,642	15,410,853	19,735,283
<u>\$ 16,542,619</u>	<u>\$ 31,209,313</u>	<u>\$ 102,776,665</u>
\$ 1,148,321	\$ 2,964,332	\$ 13,385,405
	7,300,478	7,759,155
		307,170
692,543		910,130
		113,689
	192,531	405,696
<u>\$ 1,840,864</u>	<u>\$ 10,457,341</u>	<u>\$ 22,881,245</u>
<u>\$</u>	<u>\$ 105,490</u>	<u>\$ 28,825,444</u>

A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (continued)			
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 111,311	\$	\$
Long-Term Receivables	3,750		
Prepaid Assets	695		
Restricted for:			
Capital Projects			
Community Development			
Debt Service			
Library	110,351		
Narcotics Law Enforcement	318,992		
Tourism Promotion and Support		1,345,751	910,421
Committed for:			
Demolition Loans	36,250		
Surveillance Camera System	166,169		
Assigned for:			
Capital Projects			
Disaster Recovery			
Ocean Front Improvements	417,884		
Public Safety Compensation	250,000		
Unassigned	12,050,165		
Total Fund Balances	\$ <u>13,465,567</u>	\$ <u>1,345,751</u>	\$ <u>910,421</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u><u>19,453,852</u></u>	 \$ <u><u>28,725,393</u></u>	 \$ <u><u>6,845,488</u></u>

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

<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$
		111,311
	722,066	725,816
	71,659	72,354
2,329,966	2,306,486	4,636,452
	6,158,063	6,158,063
	11,954,824	11,954,824
		110,351
		318,992
234,133	1,978,289	4,468,594
		36,250
		166,169
9,637,656		9,637,656
2,500,000		2,500,000
		417,884
		250,000
	(2,544,905)	9,505,260
\$ <u>14,701,755</u>	\$ <u>20,646,482</u>	\$ <u>51,069,976</u>
 \$ <u>16,542,619</u>	 \$ <u>31,209,313</u>	 \$ <u>102,776,665</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, 2016

Total Fund Balances - Total Governmental Funds	\$ 51,069,976
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.	246,834,209
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	28,825,444
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.	4,842,772
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(245,214,159)</u>
Net Position of Governmental Activities	\$ <u>86,358,242</u>

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, 2016

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
REVENUES			
Property Taxes	\$ 21,617,627	\$	\$
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Local Option Tourism Taxes			27,187,371
Licenses and Permits	26,988,409		
Fines and Forfeitures	1,092,435		
Intergovernmental	3,771,135	56,550	
Charges for Services	2,699,026	3,008,581	
Miscellaneous	3,211,965	2,795,154	60,253
Total Revenues	<u>\$ 59,380,597</u>	<u>\$ 5,860,285</u>	<u>\$ 27,247,624</u>
EXPENDITURES			
Current:			
General Government	\$ 10,648,854	\$ 421,342	\$
Public Safety	39,598,835		
Transportation	3,814,833		
Community and Economic Development	3,142,912		21,798,187
Culture and Recreation	7,591,956	4,502,408	
Public Works	6,452,736		
Capital Outlay	865,645	468,031	
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Total Expenditures	<u>\$ 72,115,771</u>	<u>\$ 5,391,781</u>	<u>\$ 21,798,187</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (12,735,174)</u>	<u>\$ 468,504</u>	<u>\$ 5,449,437</u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 243,288	\$ 9,052,591	\$ 30,913,506
	2,629,777	2,629,777
	11,310,659	11,310,659
	2,267,128	2,267,128
		27,187,371
859,532		27,847,941
	118,927	1,211,362
1,751,176	9,584,820	15,163,681
	798,605	6,506,212
684,952	54,815	6,807,139
<u>\$ 3,538,948</u>	<u>\$ 35,817,322</u>	<u>\$ 131,844,776</u>
\$ 467,696	\$ 791,055	\$ 12,328,947
14,986		39,613,821
202,713	1,819,967	5,837,513
5,032	4,095,534	29,041,665
359,147	1,443,612	13,897,123
		6,452,736
3,955,875	6,227,614	11,517,165
	8,170,475	8,170,475
	8,775,010	8,775,010
	89,527	89,527
<u>\$ 5,005,449</u>	<u>\$ 31,412,794</u>	<u>\$ 135,723,982</u>
<u>\$ (1,466,501)</u>	<u>\$ 4,404,528</u>	<u>\$ (3,879,206)</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, 2016**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 12,900,972	\$ 2,270,562	\$
Transfers Out	(123,188)	(2,424,587)	(5,965,305)
Refunding General Obligation Bonds Issued			
Payments to Escrow Agents			
Storm Water Revenue Bonds Issued			
Sale of Capital Assets			
Total Other Financing Sources (Uses)	\$ <u>12,777,784</u>	\$ <u>(154,025)</u>	\$ <u>(5,965,305)</u>
Net Change in Fund Balances	\$ 42,610	\$ 314,479	\$ (515,868)
Fund Balances - Beginning	<u>13,422,957</u>	<u>1,031,272</u>	<u>1,426,289</u>
Fund Balances - Ending	\$ <u><u>13,465,567</u></u>	\$ <u><u>1,345,751</u></u>	\$ <u><u>910,421</u></u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,475,000	\$ 11,093,686	\$ 27,740,220
	(19,004,902)	(27,517,982)
	17,462,000	17,462,000
	(17,374,195)	(17,374,195)
	3,495,038	3,495,038
	48,053	48,053
<u>\$ 1,475,000</u>	<u>\$ (4,280,320)</u>	<u>\$ 3,853,134</u>
\$ 8,499	\$ 124,208	\$ (26,072)
<u>14,693,256</u>	<u>20,522,274</u>	<u>51,096,048</u>
<u><u>\$ 14,701,755</u></u>	<u><u>\$ 20,646,482</u></u>	<u><u>\$ 51,069,976</u></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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (26,072)

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 (\$12,586,398) exceeded capital outlays (\$11,517,165) in the current period. (1,069,233)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 10,809,971

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. 4,587,632

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. (156,280)

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. 629,268

Change in Net Position of Governmental Activities \$ 14,775,286

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, 2016

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 16,034,671	\$ 42,611	\$
Receivables (Net):			
Accounts	700,171	489	53,234
Intergovernmental		411,118	
Due From Other Funds	3,566,524		
Inventories	1,010,579		
Total Current Assets	<u>\$ 21,311,945</u>	<u>\$ 454,218</u>	<u>\$ 53,234</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 231,000	\$
Restricted Cash and Temporary Investments	8,376,588	1,055,242	
Land and Construction in Progress	5,461,340	5,600,000	10,385,480
Other Capital Assets (Net)	106,463,470	4,528,107	3,852,101
Bond Insurance (Net)	7,896	7,720	
Total Noncurrent Assets	<u>\$ 120,309,294</u>	<u>\$ 11,422,069</u>	<u>\$ 14,237,581</u>
Total Assets	<u>\$ 141,621,239</u>	<u>\$ 11,876,287</u>	<u>\$ 14,290,815</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refunding	\$ 569,362	\$	\$
Related to Pension Plans	<u>575,104</u>		
Total Deferred Outflows of Resources	<u>\$ 1,144,466</u>	<u>\$</u>	<u>\$</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 101,438	\$ 16,178,720	\$ 25,907,538
152,146	906,040	205,167
	411,118	50,000
	3,566,524	
34,442	1,045,021	125,535
<u>\$ 288,026</u>	<u>\$ 22,107,423</u>	<u>\$ 26,288,240</u>
\$	\$ 231,000	\$
	9,431,830	
	21,446,820	
458,189	115,301,867	9,666,213
	15,616	
<u>\$ 458,189</u>	<u>\$ 146,427,133</u>	<u>\$ 9,666,213</u>
<u>\$ 746,215</u>	<u>\$ 168,534,556</u>	<u>\$ 35,954,453</u>
\$	\$ 569,362	\$
341,890	916,994	102,045
<u>\$ 341,890</u>	<u>\$ 1,486,356</u>	<u>\$ 102,045</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 4,035,380	\$ 5,902	\$
Due to Other Fund		1,361,624	2,204,900
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Refundable Deposits	1,894,697		
Interest Payable	434,645	55,125	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	1,295,000		
Certificates of Participation		700,000	
Total Current Liabilities	\$ 7,659,722	\$ 2,212,651	\$ 2,204,900
Noncurrent Liabilities:			
Compensated Absences	\$ 45,717	\$	\$
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	28,817,620		
Certificates of Participation (Net)		1,494,868	
Net Pension Liability	4,131,183		
Unearned Revenue	165,965		
Total Noncurrent Liabilities	\$ 33,160,485	\$ 1,494,868	\$
Total Liabilities	\$ 40,820,207	\$ 3,707,519	\$ 2,204,900
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plan	\$ 292,951	\$	\$

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 234,767	\$ 4,276,049	\$ 16,102,197
	3,566,524	3,500,111
		553,679
		432,464
	1,894,697	
	489,770	
	90,000	
	1,295,000	
	700,000	
\$ 234,767	\$ 12,312,040	\$ 20,588,451
\$ 42,230	\$ 87,947	\$ 12,656
		2,635,344
		3,618,549
	28,817,620	
	1,494,868	
2,466,254	6,597,437	734,894
	165,965	
\$ 2,508,484	\$ 37,163,837	\$ 7,001,443
\$ 2,743,251	\$ 49,475,877	\$ 27,589,894
\$ 174,888	\$ 467,839	\$ 52,113

A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
NET POSITION			
Net Investment in Capital Assets	\$ 88,449,997	\$ 8,594,740	\$ 14,237,581
Restricted for:			
Debt Service		700,117	
Renewal and Replacement		210,000	
Unrestricted	<u>13,202,550</u>	<u>(1,336,089)</u>	<u>(2,151,666)</u>
Total Net Position	<u>\$ 101,652,547</u>	<u>\$ 8,168,768</u>	<u>\$ 12,085,915</u>

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

Net Position of Business-Type Activities

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 458,189	\$ 111,740,507	\$ 5,615,200
	700,117	
	210,000	
<u>(2,288,223)</u>	<u>7,426,572</u>	<u>2,799,291</u>
\$ <u><u>(1,830,034)</u></u>	\$ 120,077,196	\$ <u><u>8,414,491</u></u>
	<u>3,571,719</u>	
	\$ <u><u>123,648,915</u></u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 25,742,886	\$ 53,347	\$ 52,534
OPERATING EXPENSES			
Administration	\$ 4,734,952	\$	\$
Operations	19,609,035	131,823	51,402
Depreciation	4,412,532	406,610	269,730
Total Operating Expenses	\$ 28,756,519	\$ 538,433	\$ 321,132
Operating Income (Loss)	\$ (3,013,633)	\$ (485,086)	\$ (268,598)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 40,314	\$ 34,892	\$
Operating Grant Revenue	3,402		
Miscellaneous Revenue	161,822		1,101
Gain on Disposal of Capital Assets			
Interest and Fiscal Charges	(616,228)	(119,022)	(45)
Bond Issuance Costs	(268,407)		
Amortization of Bond Insurance	(4,737)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (683,834)	\$ (87,990)	\$ 1,056
Income (Loss) Before Contributions and Transfers	\$ (3,697,467)	\$ (573,076)	\$ (267,542)
Capital Contributions	4,644,940		
Transfers In		887,500	
Transfers Out	(1,359,738)		
Change in Net Position	\$ (412,265)	\$ 314,424	\$ (267,542)
Total Net Position - Beginning	102,064,812	7,854,344	12,353,457
Total Net Position - Ending	\$ 101,652,547	\$ 8,168,768	\$ 12,085,915

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

Change in Net Position of Business-Type Activities

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 4,766,402	\$ 30,615,169	\$ 20,585,220
\$ 702,217	\$ 5,437,169	\$ 523,848
4,017,897	23,810,157	17,068,338
52,864	5,141,736	2,182,026
\$ 4,772,978	\$ 34,389,062	\$ 19,774,212
\$ (6,576)	\$ (3,773,893)	\$ 811,008
\$ 2,353	\$ 77,559	\$ 33,376
	3,402	
2,918	165,841	
		392,770
	(735,295)	(112,874)
	(268,407)	
	(8,597)	
\$ 5,271	\$ (765,497)	\$ 313,272
\$ (1,305)	\$ (4,539,390)	\$ 1,124,280
	4,644,940	50,000
250,000	1,137,500	
	(1,359,738)	
\$ 248,695	\$ (116,688)	\$ 1,174,280
(2,078,729)		7,240,211
\$ (1,830,034)		\$ 8,414,491
	545,012	
	\$ 428,324	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 26,235,309	\$ 52,858	\$ 23,101
Receipts From Interfund Services Provided			
Payments to Suppliers	(18,364,905)	(173,474)	(24,858)
Payments to Employees	(2,239,693)		
Payments for Interfund Services Used	(2,058,418)	(37,335)	(26,703)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 3,572,293	\$ (157,951)	\$ (28,460)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$	\$ 887,500	\$
Transfers Out	(1,359,738)		
Operating Grant	3,402		
Proceeds From Interfund Loans	222,534		18,509
Payments on Interfund Loans		(31,313)	
Interest Payments on Interfund Loans			(45)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	\$ (1,133,802)	\$ 856,187	\$ 18,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 2,115,782	\$	\$
Collections on Intergovernmental Receivable		288,011	
Proceeds From Long-Term Debt	21,099,310		
Payment of Bond Issuance Costs	(268,407)		
Payment to Escrow Agent	(8,259,654)		
Principal Payments on Long-Term Debt	(905,000)	(665,000)	
Interest Payments on Long-Term Debt	(313,228)	(126,875)	
Payment of Bond Administration Fees	(9,289)	(3,706)	
Purchases of Capital Assets	(3,349,048)	(205,166)	
Proceeds From Disposal of Capital Assets			
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	\$ 10,110,466	\$ (712,736)	\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	\$ 40,314	\$ 34,892	\$
Net Cash and Cash Equivalents Provided by Investing Activities	\$ 40,314	\$ 34,892	\$

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

Enterprise Funds			
Solid Waste Management Fund	Total	Internal Service Funds	
\$ 4,785,372	\$ 31,096,640	\$	
		20,585,220	
(1,909,904)	(20,473,141)	(3,992,353)	
(1,267,541)	(3,507,234)	(381,629)	
(1,549,147)	(3,671,603)		
		(11,193,904)	
\$ 58,780	\$ 3,444,662	\$ 5,017,334	
\$ 250,000	\$ 1,137,500	\$	
	(1,359,738)		
	3,402		
	241,043	1,796,549	
(209,730)	(241,043)		
	(45)		
\$ 40,270	\$ (218,881)	\$ 1,796,549	
\$	\$ 2,115,782	\$	
	288,011		
	21,099,310		
	(268,407)		
	(8,259,654)		
	(1,570,000)	(1,948,469)	
	(440,103)	(84,881)	
	(12,995)		
	(3,554,214)	(2,691,599)	
		938,853	
\$	\$ 9,397,730	\$ (3,786,096)	
\$ 2,353	\$ 77,559	\$ 33,376	
\$ 2,353	\$ 77,559	\$ 33,376	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 12,589,271	\$ 20,392	\$ (9,996)
Cash and Cash Equivalents - Beginning	11,821,988	1,077,461	9,996
Cash and Cash Equivalents - Ending	<u>\$ 24,411,259</u>	<u>\$ 1,097,853</u>	<u>\$</u>

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

Operating Income (Loss)	\$ (3,013,633)	\$ (485,086)	\$ (268,598)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,412,532	406,610	269,730
(Increase) Decrease in Accounts Receivable (Net)	277,283	(489)	(30,534)
(Increase) Decrease in Inventories	(164,751)		
Increase (Decrease) in Accounts Payable and Accrued Expenses	1,930,510	(78,986)	(159)
Increase in Refundable Deposits Payable	55,978		
Increase in Unreported Insurance Claims			
Increase (Decrease) in Net Pension Liability and Related Amounts	(84,788)		
(Decrease) in Unearned Revenue	(2,660)		
Miscellaneous Receipts	161,822		1,101
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,572,293</u>	<u>\$ (157,951)</u>	<u>\$ (28,460)</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 101,403	\$ 12,701,070	\$ 3,061,163
35	12,909,480	22,846,375
<u>\$ 101,438</u>	<u>\$ 25,610,550</u>	<u>\$ 25,907,538</u>

\$ (6,576) \$ (3,773,893) \$ 811,008

52,864	5,141,736	2,182,026
16,052	262,312	(69,855)
(7,847)	(172,598)	4,482
(5,916)	1,845,449	1,680,590
	55,978	412,288
7,285	(77,503)	(3,205)
	(2,660)	
<u>2,918</u>	<u>165,841</u>	
<u>\$ 58,780</u>	<u>\$ 3,444,662</u>	<u>\$ 5,017,334</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<u>Noncash Capital and Related Financing Activities</u>			
Fair Value of Capital Asset Contributions	\$ 2,529,158	\$	\$
Book Value of Capital Asset Disposals			
Capitalized Interest	235,653		

<u>Reconciliation of Cash and Cash Equivalents</u>			
Unrestricted Cash and Temporary Investments	\$ 16,034,671	\$ 42,611	\$
Restricted Cash and Temporary Investments	8,376,588	1,055,242	
	<u>\$ 24,411,259</u>	<u>\$ 1,097,853</u>	<u>\$</u>

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

<u>Enterprise Funds</u>		<u>Internal Service Funds</u>
<u>Solid Waste Management Fund</u>	<u>Total</u>	
\$	\$ 2,529,158	\$
		546,083
	235,653	

\$ 101,438	\$ 16,178,720	\$ 25,907,538
	9,431,830	
\$ <u>101,438</u>	\$ <u>25,610,550</u>	\$ <u>25,907,538</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2016

ASSETS

Cash and Temporary Investments	\$ <u>11,269</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>11,269</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016

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

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

C. Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Fiduciary Funds

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

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

The City reports the following major governmental funds:

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

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

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

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

The City's major proprietary funds were as follows:

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

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

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

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

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 the same as the value of the pool shares. The SCLGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the SCLGIP.

F. Receivables

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

G. Interfund Activity

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

H. Inventories

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

I. Prepaid Assets

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

J. Restricted Assets

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

K. Capital Assets

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

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

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

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

L. Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The City currently has 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, 2016

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 issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

P. Equity Classifications

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

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

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

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

The government-wide statement of net position reports \$24,839,638 of total restricted net position, of which \$3,675,209 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, 2016

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, \$245,214,159, follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Bonds Payable (Net)	\$ 176,952,590
Capital Lease Obligations	1,666,540
Compensated Absences	3,780,349
Net Pension Liability and Related Amounts	61,312,234
Accrued Interest Payable	4,461,920
Deferred Amounts on Advance Refundings	<u>(2,959,474)</u>
	<u>\$ 245,214,159</u>

The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. The element of the reconciliation that relates to long-term debt and related items, \$4,587,632, is comprised of the following:

Refunding General Obligation Bonds Issued	\$ (17,462,000)
Storm Water Revenue Bonds Issued	(3,495,038)
Payments to Escrow Agents	17,374,195
Principal Repayments	<u>8,170,475</u>
	<u>\$ 4,587,632</u>

The details of another element in the reconciliation that relates to expenses, \$156,280, follows:

Compensated Absences	\$ 466,152
Net Pension Liability	637,502
Accrued Interest	(1,027,159)
Amortization of Bond Insurance	720
Amortization of Bond Discounts and Premiums	(277,293)
Amortization of Deferred Amounts on Advance Refundings	<u>356,358</u>
	<u>\$ 156,280</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, 2016, 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, 2016 were as follows:

Solid Waste Management Fund	\$ 1,830,034
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	695,389
Sports Tourism Fund	16,168
Internal Service Fund:	
Health Insurance Fund	5,781,780

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 \$25,397,191 and the financial institutions' balances totaled \$27,190,738. Of that balance, \$1,359,765 was covered by federal depository insurance and \$25,830,973 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$97,768 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 \$1,472,318 and the financial institutions' balances totaled \$1,523,658. Of that balance, \$250,000 was covered by federal depository insurance and \$1,273,658 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name.

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

At year-end, the MBCCHC's carrying amount of deposits in financial institutions was \$439,892 and the financial institutions' balances totaled \$174,100, which was entirely covered by federal depository insurance. At year-end, cash on hand totaled \$40,000.

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

B. Investments

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

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	1 Day	Not Rated	\$ 20,007,826	29.54%
U.S. Treasury Bill	0.25 Years	N/A	665,913	0.98
Money Market Mutual Funds	Not Available	AAA	34,314,178	50.67
State Treasurer's Investment Pool	2 Months Average	Not Rated	12,737,944	18.81
			<u>\$ 67,725,861</u>	<u>100.00 %</u>

At June 30, 2016, fair value measurements of the City's investments are as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	Fair Value Measurements Using		
	Level 1 Inputs	Level 2 Inputs	Total
Repurchase Agreement	\$ 20,007,826	\$	\$ 20,007,826
U.S. Treasury Bill	665,913		665,913
Money Market Mutual Funds	34,314,178		34,314,178
State Treasurer's Investment Pool		12,737,944	12,737,944
	<u>\$ 54,987,917</u>	<u>\$ 12,737,944</u>	<u>\$ 67,725,861</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	\$ 6,242,736	100.00%

At June 30, 2016, 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, 2016, including the applicable allowances for doubtful accounts, are as follows:

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
Property Taxes	\$ 7,337,028	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	3,103,435	281,806		
Intergovernmental	1,087,999	56,550	6,845,488	1,492,591
Loans	3,750			
	<u>\$ 11,532,212</u>	<u>\$ 338,356</u>	<u>\$ 6,845,488</u>	<u>\$ 1,492,591</u>
Allowances for Doubtful Accounts	(5,597,506)			
	<u>\$ 5,934,706</u>	<u>\$ 338,356</u>	<u>\$ 6,845,488</u>	<u>\$ 1,492,591</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	1,053,911	489	53,234	252,705
Intergovernmental		642,118		
Loans				
	<u>\$ 1,053,911</u>	<u>\$ 642,607</u>	<u>\$ 53,234</u>	<u>\$ 252,705</u>
Allowances for Doubtful Accounts	(353,740)			(100,559)
	<u>\$ 700,171</u>	<u>\$ 642,607</u>	<u>\$ 53,234</u>	<u>\$ 152,146</u>

	<u>Nonmajor and Other Fund</u>	<u>Totals</u>
Property Taxes	\$ 94,749	\$ 7,431,777
Local Accommodations Taxes	434,235	434,235
Hospitality Fee Taxes	1,699,440	1,699,440
Storm Water Fees	119,839	119,839
Accounts	389,523	5,135,103
Intergovernmental	4,779,757	14,904,503
Loans	722,066	725,816
	<u>\$ 8,239,609</u>	<u>\$ 30,450,713</u>
Allowances for Doubtful Accounts	(131,914)	(6,183,719)
	<u>\$ 8,107,695</u>	<u>\$ 24,266,994</u>

On September 1, 1998, the City entered into a hospitality fee agreement with Horry County, South Carolina (County) in conjunction with the construction of a baseball stadium facility. The agreement is for a period of twenty years and requires the County to make annual payments of principal and interest to the City for its 30% interest in the baseball stadium facility. At June 30, 2016, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2017	\$ 220,500
2018	<u>231,000</u>
	<u>\$ 451,500</u>

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

Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2016, amounts due to/from other funds were as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 9,861,242	\$
Convention Center Fund	1,398,024	
Local Option Tourism Fee Fund		458,677
Nonmajor Governmental Funds		7,300,478
Internal Service Funds		3,500,111
Water and Sewer Fund	3,566,524	
Baseball Stadium Fund		1,361,624
Municipal Golf Course Fund		2,204,900
	<u>\$ 14,825,790</u>	<u>\$ 14,825,790</u>

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Local Option Tourism Fee Fund (\$458,677) and three nonmajor governmental funds (\$4,497,148) 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, 2016 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>Nonmajor Governmental Funds</u>
General Fund	\$	\$	\$ 2,631,684	\$ 8,909,550
Convention Center Fund			755,562	1,515,000
Capital Improvements Fund			725,000	750,000
Nonmajor Governmental Funds	123,188	2,424,587	1,565,559	6,980,352
Baseball Stadium Fund			287,500	600,000
Solid Waste Management Fund				250,000
	<u>\$ 123,188</u>	<u>\$ 2,424,587</u>	<u>\$ 5,965,305</u>	<u>\$ 19,004,902</u>

<u>Transfers In</u>	<u>Transfers Out</u>	
	<u>Water and Sewer Fund</u>	<u>Totals</u>
General Fund	\$ 1,359,738	\$ 12,900,972
Convention Center Fund		2,270,562
Capital Improvements Fund		1,475,000
Nonmajor Governmental Funds		11,093,686
Baseball Stadium Fund		887,500
Solid Waste Management Fund		250,000
	<u>\$ 1,359,738</u>	<u>\$ 28,877,720</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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 7 - TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2016, amounts due to the City from its discretely presented component units were as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government:		
General Fund	\$ 195,589	\$
Convention Center Fund	26,983,013	
MBDRC		195,589
MBCCHC		26,983,013
	<u>\$ 27,178,602</u>	<u>\$ 27,178,602</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, 2016, rent expense for this lease amounted to \$3,470,336. Minimum future rental payments for the fixed component of this lease as of June 30, 2016 are as follows:

Year Ending June 30, 2017	\$ 2,963,306
2018	2,966,182
2019	2,965,932
2020	3,848,382
2021	3,843,888
2022 - 2026	19,130,402
2027 - 2031	19,040,250
2032 - 2036	19,026,750
	<u>\$ 73,785,092</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, 2016:

Governmental Activities:	
General Fund:	
Court Bonds	\$ 307,170
Confiscated and Seized Funds	432,680
Refundable Deposits	217,587
Other	110,351
Capital Improvements Fund:	
Bond Proceeds	36,651
PUD Improvements	1,787,567
Hospitality Fee Taxes	234,133
Refundable Deposits	692,543
Local Option Tourism Taxes	505,748

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Governmental Activities (continued):

Nonmajor Governmental Funds:

Certificates of Participation Accounts	\$ 1,636,200
Storm Water Revenue Bond Accounts	1,840,308
Ocean Front Tax Increment Revenue Bond Accounts	740,119
Hospitality Fee Revenue Bond Accounts	12,714
Air Base Tax Increment Revenue Bond Accounts	<u>11,181,512</u>
	<u>\$ 19,735,283</u>

Business-Type Activities:

Water and Sewer Fund:

Refundable Deposits	\$ 1,894,697
Waterworks and Sewer System Revenue Bond Accounts	6,481,891

Baseball Stadium Fund:

Certificates of Participation Accounts	755,242
Renewal and Replacement Accounts	<u>300,000</u>
	<u>\$ 9,431,830</u>

At June 30, 2016, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$3,448,925.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,821,306	\$ 146,477	\$	\$ 28,967,783
Construction-in-Progress	<u>7,830,641</u>	<u>7,418,840</u>	<u>7,830,641</u>	<u>7,418,840</u>
	<u>\$ 36,651,947</u>	<u>\$ 7,565,317</u>	<u>\$ 7,830,641</u>	<u>\$ 36,386,623</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 51,058,944	\$ 2,605,356	\$	\$ 53,664,300
Buildings and Improvements	107,940,512	901,868		108,842,380
Furniture, Vehicles and Equipment	58,239,196	4,412,473	2,784,765	59,866,904
Infrastructure	<u>182,122,413</u>	<u>16,057,418</u>		<u>198,179,831</u>
	<u>\$ 399,361,065</u>	<u>\$ 23,977,115</u>	<u>\$ 2,784,765</u>	<u>\$ 420,553,415</u>
Accumulated Depreciation for:				
Land Improvements	\$ (13,865,336)	\$ (2,572,999)	\$	\$ (16,438,335)
Buildings and Improvements	(46,978,915)	(3,724,790)		(50,703,705)
Furniture, Vehicles and Equipment	(43,528,656)	(3,400,826)	(2,238,683)	(44,690,799)
Infrastructure	<u>(83,536,968)</u>	<u>(5,069,809)</u>		<u>(88,606,777)</u>
	<u>\$ (187,909,875)</u>	<u>\$ (14,768,424)</u>	<u>\$ (2,238,683)</u>	<u>\$ (200,439,616)</u>
Capital Assets (Net)	<u>\$ 248,103,137</u>	<u>\$ 16,774,008</u>	<u>\$ 8,376,723</u>	<u>\$ 256,500,422</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>1,892,879</u>	<u>2,761,069</u>	<u>1,892,879</u>	<u>2,761,069</u>
	<u>\$ 20,578,630</u>	<u>\$ 2,761,069</u>	<u>\$ 1,892,879</u>	<u>\$ 21,446,820</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,864,339	\$ 160,186	\$	\$ 9,024,525
Buildings and Improvements	11,460,521	44,980		11,505,501
Distribution System	183,743,049	5,010,016		188,753,065
Furniture, Vehicles and Equipment	<u>5,524,564</u>			<u>5,524,564</u>
	<u>\$ 209,592,473</u>	<u>\$ 5,215,182</u>	<u>\$</u>	<u>\$ 214,807,655</u>
Accumulated Depreciation for:				
Land Improvements	\$ (4,203,760)	\$ (335,892)	\$	\$ (4,539,652)
Buildings and Improvements	(6,580,733)	(400,245)		(6,980,978)
Distribution System	(78,687,544)	(4,290,404)		(82,977,948)
Furniture, Vehicles and Equipment	<u>(4,892,015)</u>	<u>(115,195)</u>		<u>(5,007,210)</u>
	<u>\$ (94,364,052)</u>	<u>\$ (5,141,736)</u>	<u>\$</u>	<u>\$ (99,505,788)</u>
Capital Assets (Net)	<u>\$ 135,807,051</u>	<u>\$ 2,834,515</u>	<u>\$ 1,892,879</u>	<u>\$ 136,748,687</u>

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

Governmental Activities:	
General Government	\$ 168,143
Public Safety	1,144,603
Transportation	3,724,534
Community and Economic Development	3,042,060
Culture and Recreation	4,495,700
Public Works	11,358
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>2,182,026</u>
	<u>\$ 14,768,424</u>
Business-Type Activities:	
Water	\$ 2,030,846
Sewer	2,381,686
Baseball Stadium	406,610
Municipal Golf Course	269,730
Solid Waste Management	<u>52,864</u>
	<u>\$ 5,141,736</u>

The MBDRC's capital asset activity for the year ended June 30, 2016 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 118,821	\$ 22,479	\$	\$ 141,300
Building and Improvements	233,294			233,294
Equipment	<u>882,977</u>	<u>46,200</u>		<u>929,177</u>
	<u>\$ 1,235,092</u>	<u>\$ 68,679</u>	<u>\$</u>	<u>\$ 1,303,771</u>
Accumulated Depreciation for:				
Land Improvements	\$ (25,244)	\$ (8,171)	\$	\$ (33,415)
Building and Improvements	(15,553)	(15,553)		(31,106)
Equipment	<u>(737,461)</u>	<u>(36,409)</u>		<u>(773,870)</u>
	<u>\$ (778,258)</u>	<u>\$ (60,133)</u>	<u>\$</u>	<u>\$ (838,391)</u>
Capital Assets (Net)	<u>\$ 456,834</u>	<u>\$ 8,546</u>	<u>\$</u>	<u>\$ 465,380</u>

The MBCCHC's capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 549,458	\$	\$	\$ 549,458
Building and Improvements	42,280,619			42,280,619
Furnishings and Equipment	<u>15,849,574</u>	<u>760,679</u>	<u>154,837</u>	<u>16,455,416</u>
	<u>\$ 58,679,651</u>	<u>\$ 760,679</u>	<u>\$ 154,837</u>	<u>\$ 59,285,493</u>
Accumulated Depreciation for:				
Land Improvements	\$ (335,702)	\$ (27,473)	\$	\$ (363,175)
Building and Improvements	(13,124,609)	(1,057,015)		(14,181,624)
Furnishings and Equipment	<u>(13,387,362)</u>	<u>(666,946)</u>	<u>(154,837)</u>	<u>(13,899,471)</u>
	<u>\$ (26,847,673)</u>	<u>\$ (1,751,434)</u>	<u>\$ (154,837)</u>	<u>\$ (28,444,270)</u>
Capital Assets (Net)	<u>\$ 31,831,978</u>	<u>\$ (990,755)</u>	<u>\$</u>	<u>\$ 30,841,223</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2016:

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
Trade Accounts Payable	\$ 2,652,185	\$ 451,834	\$ 5,476,390	\$ 968,825
Accrued Salaries and Wages	655,886	36,457		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				<u>179,496</u>
	<u>\$ 3,308,071</u>	<u>\$ 488,291</u>	<u>\$ 5,476,390</u>	<u>\$ 1,148,321</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>
Trade Accounts Payable	\$ 3,668,658	\$ 5,902	\$ 144,659	\$ 17,767,259
Accrued Salaries and Wages	34,100		21,122	31,375
Compensated Absences	104,624		68,986	23,997
Accrued Interest Payable				209,379
Retainage Payable	227,998			1,034,519
	<u>\$ 4,035,380</u>	<u>\$ 5,902</u>	<u>\$ 234,767</u>	<u>\$ 19,066,529</u>

Totals

Trade Accounts Payable	\$ 31,135,712
Accrued Salaries and Wages	778,940
Compensated Absences	197,607
Accrued Interest Payable	209,379
Retainage Payable	1,442,013
	<u>\$ 33,763,651</u>

Reconciliation to the Government-Wide Statement of Net Position:	
Accrued Interest Payable	4,461,920
	<u>\$ 38,225,571</u>

Note 11 - UNAVAILABLE REVENUE

At June 30, 2016, unavailable revenue consisted of the following:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$ 1,936,484	\$	\$ 46,740	\$ 1,983,224
Ambulance Fees	63,344			63,344
Lease Revenues		26,674,295		26,674,295
Other		45,831	58,750	104,581
	<u>\$ 1,999,828</u>	<u>\$ 26,720,126</u>	<u>\$ 105,490</u>	<u>\$ 28,825,444</u>

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2016, long-term debt of the City's governmental activities was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
General Obligation Bonds:				
Series 2008A	\$ 12,300,000	4.50 - 5.13%	03/01/18	\$ 685,000
Series 2009A	625,000	3.41	03/01/17	90,000
Refunding Series 2011A	2,800,000	2.00 - 3.00	03/01/17	200,000
Refunding Series 2011B	15,800,000	3.00 - 5.00	03/01/28	12,995,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	3,645,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	7,560,000
Refunding Series 2015A	7,553,000	2.38	09/01/30	7,530,000
Refunding Series 2015B	1,560,000	1.99	09/01/25	1,555,000
Refunding Series 2015C	8,349,000	2.38	09/01/30	8,260,000
				<u>\$ 42,520,000</u>
Certificates of Participation:				
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	\$ <u>3,205,000</u>
Tax Increment Revenue Bonds:				
Series 2006A	30,795,000	5.25 - 5.30	10/01/35	\$ 26,825,000
Series 2006B	9,822,603	7.50	10/01/31	9,822,603
Series 2009	10,065,000	3.00 - 5.00	03/01/34	8,830,000
Series 2010	8,850,000	3.70	10/01/25	6,425,000
				<u>\$ 51,902,603</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	2.25	05/01/27	\$ 6,477,897
Series 2010	2,773,380	1.67	02/01/30	1,995,764
Series 2014	11,942,107	2.00	02/01/36	7,522,366
				<u>\$ 15,996,027</u>
Hospitality Fee Revenue Bonds:				
Refunding Series 2014A	17,400,000	1.05 - 5.90	06/01/39	\$ 15,715,000
Refunding Series 2014B	44,515,000	2.00 - 5.00	06/01/36	43,895,000
				<u>\$ 59,610,000</u>
Capital Lease Obligations:				
2011	687,758	3.48	07/15/17	\$ 245,270
2013	290,000	1.28	07/02/18	176,208
2014	3,636,423	2.68	08/01/22	3,636,423
2015	210,000	1.60	02/20/20	169,320
2015	930,000	1.35	02/20/18	624,131
2015	1,290,000	1.46	04/24/18	866,201
				<u>\$ 5,717,553</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

General Obligation Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2017	\$ 2,484,000	\$ 1,328,810	\$ 3,812,810
2018	2,271,000	1,240,195	3,511,195
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 - 2026	15,954,000	3,404,881	19,358,881
2027 - 2031	12,397,000	1,078,095	13,475,095
2032	910,000	28,869	938,869
	<u>\$ 42,520,000</u>	<u>\$ 10,266,528</u>	<u>\$ 52,786,528</u>

Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2017	\$ 1,580,000	\$ 88,700	\$ 1,668,700
2018	1,625,000	32,500	1,657,500
	<u>\$ 3,205,000</u>	<u>\$ 121,200</u>	<u>\$ 3,326,200</u>

Tax Increment Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2017	\$ 1,665,000	\$ 2,761,397	\$ 4,426,397
2018	1,740,000	2,685,123	4,425,123
2019	1,825,000	2,605,184	4,430,184
2020	1,905,000	2,521,450	4,426,450
2021	1,990,000	2,433,790	4,423,790
2022 - 2026	11,395,000	10,694,645	22,089,645
2027 - 2031	10,085,000	8,114,294	18,199,294
2032 - 2036	21,297,603	2,247,425	23,545,028
	<u>\$ 51,902,603</u>	<u>\$ 34,063,308</u>	<u>\$ 85,965,911</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Storm Water Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2017	\$ 1,235,743	\$ 320,044	\$ 1,555,787
2018	1,261,287	294,500	1,555,787
2019	1,287,407	268,380	1,555,787
2020	1,314,114	241,673	1,555,787
2021	1,341,423	214,364	1,555,787
2022 - 2026	7,138,814	640,121	7,778,935
2027 - 2030	2,417,239	52,946	2,470,185
	<u>\$ 15,996,027</u>	<u>\$ 2,032,028</u>	<u>\$ 18,028,055</u>

Proceeds of the storm water revenue bonds, series 2014 are received when eligible project costs are incurred. Accordingly, an additional \$4,175,584 of proceeds will be received by the City.

Hospitality Fee Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2017	\$ 1,185,000	\$ 2,876,409	\$ 4,061,409
2018	1,210,000	2,850,692	4,060,692
2019	1,245,000	2,816,894	4,061,894
2020	2,275,000	2,780,444	5,055,444
2021	2,385,000	2,671,112	5,056,112
2022 - 2026	12,885,000	11,650,930	24,535,930
2027 - 2031	15,535,000	8,283,470	23,818,470
2032 - 2036	19,770,000	4,029,645	23,799,645
2037 - 2039	3,120,000	375,368	3,495,368
	<u>\$ 59,610,000</u>	<u>\$ 38,334,964</u>	<u>\$ 97,944,964</u>

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2016, the gross amount of equipment recorded under capital leases totaled \$7,044,181. 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, 2016 are as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Year Ending June 30, 2017	\$ 1,473,546
2018	1,473,546
2019	583,527
2020	523,280
2021	479,248
2022 - 2023	<u>1,827,964</u>
Total Minimum Lease Payments	\$ 6,361,111
Amount Representing Interest	<u>(643,558)</u>
Present Value of Minimum Lease Payments	<u>\$ 5,717,553</u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2016:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2007	\$ 11,710,000	4.00 - 5.00%	03/01/18	\$ 1,160,000
Series 2011	8,900,000	2.00 - 4.13	03/01/32	7,845,000
Series 2016	18,440,000	2.00 - 5.00	03/01/36	<u>18,440,000</u>
				<u>\$ 27,445,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	<u>\$ 2,205,000</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, 2017	\$ 1,295,000	\$ 1,170,975	\$ 2,465,975
2018	1,380,000	1,057,100	2,437,100
2019	1,405,000	1,011,325	2,416,325
2020	1,435,000	975,225	2,410,225
2021	1,495,000	911,775	2,406,775
2022 - 2026	13,985,000	3,696,162	17,681,162
2027 - 2031	3,535,000	942,988	4,477,988
2032 - 2036	<u>2,915,000</u>	<u>221,394</u>	<u>3,136,394</u>
	<u>\$ 27,445,000</u>	<u>\$ 9,986,944</u>	<u>\$ 37,431,944</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2017	\$ 700,000	\$ 92,750	\$ 792,750
2018	735,000	56,875	791,875
2019	<u>770,000</u>	<u>19,250</u>	<u>789,250</u>
	<u>\$ 2,205,000</u>	<u>\$ 168,875</u>	<u>\$ 2,373,875</u>

C. MBCCHC

Long-term debt outstanding at June 30, 2016 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>\$ 15,700,000</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, 2017	\$ 715,000	\$ 653,112	\$ 1,368,112
2018	740,000	631,663	1,371,663
2019	770,000	602,062	1,372,062
2020	355,000	571,263	926,263
2021	380,000	553,512	933,512
2022 - 2026	2,930,000	2,484,213	5,414,213
2027 - 2031	4,450,000	1,676,713	6,126,713
2032 - 2036	<u>5,360,000</u>	<u>792,125</u>	<u>6,152,125</u>
	<u>\$ 15,700,000</u>	<u>\$ 7,964,663</u>	<u>\$ 23,664,663</u>

D. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2016 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 43,695,000	\$ 17,462,000	\$ 18,637,000	\$ 42,520,000	\$ 2,484,000
Certificates of Participation	4,735,000		1,530,000	3,205,000	1,580,000
Tax Increment Revenue Bonds	53,497,603		1,595,000	51,902,603	1,665,000
Storm Water Revenue Bonds	13,387,538	3,495,038	886,549	15,996,027	1,235,743
Hospitality Fee Revenue Bonds	60,770,000		1,160,000	59,610,000	1,185,000
Unamortized Bond Discount	(116,407)		(5,954)	(110,453)	
Unamortized Bond Premium	4,359,891		530,478	3,829,413	
	<u>\$ 180,328,625</u>	<u>\$ 20,957,038</u>	<u>\$ 24,333,073</u>	<u>\$ 176,952,590</u>	<u>\$ 8,149,743</u>
Capital Lease Obligations	8,452,948		2,735,395	5,717,553	1,230,406
Unreported Insurance Claims	2,776,735	10,206,980	9,794,692	3,189,023	553,679
Compensated Absences	3,349,171	2,697,931	2,230,100	3,817,002	1,947,421
	<u>\$ 194,907,479</u>	<u>\$ 33,861,949</u>	<u>\$ 39,093,260</u>	<u>\$ 189,676,168</u>	<u>\$ 11,881,249</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(23,997)	(23,997)
Net Pension Liability	<u>68,388,153</u>	
	<u>\$ 258,040,324</u>	<u>\$ 11,857,252</u>

Business-Type Activities:

Bonds Payable:					
Revenue Bonds	\$ 17,480,000	\$ 18,440,000	\$ 8,475,000	\$ 27,445,000	\$ 1,295,000
Certificates of Participation	2,870,000		665,000	2,205,000	700,000
Unamortized Bond Discount	(15,198)		(5,066)	(10,132)	
Unamortized Bond Premium	77,575	2,659,310	69,264	2,667,621	
	<u>\$ 20,412,377</u>	<u>\$ 21,099,310</u>	<u>\$ 9,204,198</u>	<u>\$ 32,307,489</u>	<u>\$ 1,995,000</u>
Compensated Absences	281,567	176,268	196,279	261,556	173,610
	<u>\$ 20,693,944</u>	<u>\$ 21,275,578</u>	<u>\$ 9,400,477</u>	<u>\$ 32,569,045</u>	<u>\$ 2,168,610</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(173,610)	(173,610)
Bonds Payable Included in Liabilities Payable From Restricted Assets	(1,995,000)	(1,995,000)
Net pension Liability	<u>6,597,437</u>	
	<u>\$ 36,997,872</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 \$36,653, capital lease obligations of \$4,051,013, unreported insurance claims of \$3,189,023 and net pension liability of \$734,894 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.

The MBDRC's long-term liability activity for the year ended June 30, 2016 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 21,391	\$ 12,129	\$ 8,800	\$ 24,720	\$ 7,784

The MBCCHC's long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
Revenue Bonds	\$ 16,405,000		\$ 705,000	\$ 15,700,000	\$ 715,000
Unamortized Bond Premium	1,672,068		80,580	1,591,488	
	\$ 18,077,068		\$ 785,580	\$ 17,291,488	\$ 715,000
Notes Payable	250,000		250,000		
	\$ 18,327,068		\$ 1,035,580	\$ 17,291,488	\$ 715,000

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	(715,000)	(715,000)
	\$ 16,576,488	\$

E. Pledged Revenues

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

	<u>Pledged Revenue</u>	<u>Purpose</u>	<u>Debt Service Remaining</u>	<u>Term (Year Ending June 30)</u>
Tax Increment Revenue Bonds	Property Taxes	Construction	\$ 85,965,911	2036
Storm Water Revenue Bonds	Storm Water Fees	Construction	18,028,055	2030
Waterworks and Sewer System Revenue Bonds	Water and Sewer Fees	Construction	37,431,944	2036
Hospitality Fee Revenue Bonds	Hospitality Fee Taxes	Debt Extinguishment and Construction	97,944,964	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, 2016 follows:

	<u>Current Year Pledged Revenue</u>	<u>Percentage of Total Revenue Stream</u>	<u>Current Year Principal and Interest Paid</u>	<u>Percentage of Pledged Revenue</u>
Tax Increment Revenue Bonds	\$ 7,239,204	100.00%	\$ 5,327,934	73.60%
Storm Water Revenue Bonds	2,267,128	100.00	1,254,356	55.33
Waterworks and Sewer System Revenue Bonds	27,898,982	100.00	1,453,881	5.21
Hospitality Fee Revenue Bonds	11,310,659	100.00	4,057,267	35.87

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

F. Debt Defeasance

On September 22, 2015, the City issued \$7,553,000 in Refunding General Obligation Bonds, Series 2015A (2015A bonds) with interest rates at 2.38%. The City issued the 2015A bonds to advance refund \$5,280,000 of the outstanding General Obligation Bonds, Series 2006A (2006A bonds), with interest rates ranging from 4.13% to 5.00%, and \$2,075,000 of the outstanding General Obligation Bonds, Series 2006B (2006B bonds), with interest rates ranging from 4.38% to 5.00%. 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 2006A bonds and 2006B bonds. As a result, the 2006A bonds and 2006B 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 \$1,348,843. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,125,890. At June 30, 2016, the unmatured and outstanding principal balance on the defeased 2006A bonds and 2006B bonds is \$0.

On September 22, 2015, the City issued \$1,560,000 in Refunding General Obligation Bonds, Series 2015B (2015B bonds) with interest rates at 1.99%. The City issued the 2015B bonds to advance refund \$1,520,000 of the outstanding General Obligation Bonds, Series 2006C (2006C bonds), with interest rates ranging from 4.13% to 4.50%. 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 2006C bonds. As a result, the 2006C 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 \$202,982. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$178,396. At June 30, 2016, the unmatured and outstanding principal balance on the defeased 2006C bonds is \$0.

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, 2016, the unmatured and outstanding principal balance on the defeased 2008A bonds is \$8,349,000.

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, 2016, the unmatured and outstanding principal balance on the defeased 2007 bonds is \$7,570,000.

Note 13 - OPERATING LEASES

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years through the year 2020. At June 30, 2016, 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, 2016 are shown below.

Year Ending June 30, 2017	\$ 240,000
2018	240,000
2019	240,000
2020	<u>120,000</u>
	<u>\$ 840,000</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2016 amounted to \$2,592,347. 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, 2016, rental income from this lease amounted to \$54,668.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2016:

Land	\$ 5,600,000
Land Improvements	1,311,928
Buildings	8,838,025
Equipment	977,241
Accumulated Depreciation	<u>(6,599,087)</u>
	<u>\$ 10,128,107</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, 2016, rental income from this lease amounted to \$52,534.

The following is an analysis of the property being leased by the Municipal Golf Course Fund at June 30, 2016:

Land	\$ 10,385,480
Land Improvements	7,604,606
Buildings	324,386
Equipment	362,776
Accumulated Depreciation	<u>(4,439,667)</u>
	<u>\$ 14,237,581</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 or by writing to PEBA, Post Office Box 11960, Columbia, South Carolina 29211.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

B. Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the 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.

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 Class Two 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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

D. Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, 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 liabilities of the plans, 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; and, this increase is not limited to one-half of one percent per year.

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

	<u>SCRS</u>	<u>PORS</u>
Class Two Member	8.16%	8.74%
Class Three Member	8.16	8.74

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

	<u>SCRS</u>	<u>PORS</u>
Class Two Member	10.91%	13.34%
Class Three Member	10.91	13.34
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, 2016 were \$2,409,486 and \$2,890,410, 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, 2016, the City reported a liability of \$41,519,423 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the SCRS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 0.218921%, which is a decrease of 0.003518% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$2,862,274.

PORS - At June 30, 2016, the City reported a liability of \$33,466,167 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the PORS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 1.535500%, which is an increase of 0.00364% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$2,994,416.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

At June 30, 2016, 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	\$ 737,658	\$ 663,303
Differences Between Projected and Actual Earnings on Plan Investments	2,661,126	2,917,179
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions		56,186
City Contributions Subsequent to the Measurement Date	<u>2,409,486</u>	<u>2,890,410</u>
	<u>\$ 5,808,270</u>	<u>\$ 6,527,078</u>

At June 30, 2016, 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	\$ 74,250	\$
Differences Between Projected and Actual Earnings on Plan Investments	2,383,216	2,551,002
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>486,768</u>	<u>2,551,002</u>
	<u>\$ 2,944,234</u>	<u>\$ 2,551,002</u>

The \$5,299,896 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, 2017. 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, 2017	\$ 142,783
2018	142,783
2019	(139,886)
2020	<u>1,394,536</u>
	<u>\$ 1,540,216</u>

G. Actuarial Assumptions

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

	<u>SCRS</u>	<u>PORS</u>
Inflation	2.75%	2.75%
Salary Increases	3.50 - 12.50	4.00 - 10.00
Investment Rate of Return	7.50	7.50

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA projected from the year 2000.

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the thirty year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as consensus economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market conditions and professional judgment.

For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation. 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>
Short Term		
Cash	2.0%	1.9%
Short Duration	3.0	2.0
Domestic Fixed Income		
Core Fixed Income	7.0	2.7
Mixed Credit	6.0	3.8
Global Fixed Income		
Global Fixed Income	3.0	2.8
Emerging Markets Debt	6.0	5.1
Global Public Equity	31.0	7.1
Global Tactical Asset Allocation	10.0	4.9
Alternatives		
Hedge Funds (Low Beta)	8.0	4.3
Private Debt	7.0	9.9
Private Equity	9.0	9.9
Real Estate (Broad Market)	5.0	6.0
Commodities	3.0	5.9
	<u>100.0%</u>	

H. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 7.5%, 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 (6.5%) or one percentage point higher (8.5%) than the current rate:

		SCRS		
		<u>1.0% Decrease</u>	<u>Current Rate</u>	<u>1.0% Increase</u>
		<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
City's Proportionate Share of the				
Net Pension Liability		<u>\$ 52,344,129</u>	<u>\$ 41,519,423</u>	<u>\$ 32,446,944</u>

		PORS		
		<u>1.0% Decrease</u>	<u>Current Rate</u>	<u>1.0% Increase</u>
		<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
City's Proportionate Share of the				
Net Pension Liability		<u>\$ 45,588,731</u>	<u>\$ 33,466,167</u>	<u>\$ 22,629,250</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 pension plan administered by Vested Health. The plan provides eligible retirees with a health reimbursement account which can be used to fund medical and dental costs. An eligible retiree has completed at least twenty years of service as an employee of the City and is receiving benefits from the South Carolina Retirement System. Benefit provisions are established and may be amended by City Council.

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The City's required contribution for the year ended June 30, 2016 was \$2,867,495. During the year ended June 30, 2016, the City contributed \$936,288 to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

Note 16 - RISK MANAGEMENT

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016, the Self Insurance Fund has a claim liability of \$2,635,344. 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, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Beginning Balance	\$ 2,236,424	\$ 2,070,483
Claims Incurred and Change in Estimate	1,494,565	1,069,092
Claim Payments	<u>(1,095,645)</u>	<u>(903,151)</u>
Ending Balance	<u>\$ 2,635,344</u>	<u>\$ 2,236,424</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, 2016, the Health Insurance Fund has a claim liability of \$553,679, 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, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Beginning Balance	\$ 540,311	\$ 457,417
Claims Incurred and Change in Estimate	8,712,415	8,747,393
Claim Payments	<u>(8,699,047)</u>	<u>(8,664,499)</u>
Ending Balance	<u>\$ 553,679</u>	<u>\$ 540,311</u>

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

Note 17 - COMMITMENTS

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

The facilities lease agreement was subsequently amended on April 1, 2010 as a result of the advance refunding of the certificates of participation, series 1992. The remaining lease payments provided for in the amended facilities lease agreement, as of June 30, 2016, are as follows:

Year Ending June 30, 2017	\$ <u>1,690,000</u>
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The City shall pay the rent shown above in installments on July 1st and January 1st of each fiscal year. In the event that the rent payments, as shown, are not appropriated by the City in its budget, the City may terminate the lease at the end of the period through which lease rentals are paid. The City must give written notice of the non-appropriation not later than the first day of the budget year which includes the non-appropriation. Such non-appropriation by the City allows the Corporation to liquidate its interest in the convention center facilities, or to re-lease the convention center facilities. The City is granted the option to terminate the facilities lease agreement and to purchase the Corporation's interest in the facilities on any date, upon payment of the applicable purchase option price.

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

Year Ending June 30, 2017	\$ 567,175
2018	<u>565,950</u>
	\$ <u>1,133,125</u>

In accordance with a water and wastewater service agreement dated June 30, 2006, the City is purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority. The agreement requires the City to pay a monthly volumetric service charge. During the year ended June 30, 2016, water and wastewater treatment service charges totaled \$14,907,402.

Prior to June 30, 2016, the City entered into various construction contracts. The approximate costs of the contracts were \$22,562,000 of which roughly \$20,780,000 has been incurred as of year-end.

Note 18 - CONTINGENCIES

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

Note 19 - SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the City entered into a \$1,500,000 capital lease obligation to acquire ambulances and public safety radio equipment. The interest rate on the capital lease is 2.324% and the final maturity date is August 5, 2021.

Subsequent to June 30, 2016, the City issued \$43,280,000 of refunding tax increment revenue bonds. The interest rates on the bonds range from 4.0% to 5.0% and the final maturity date is October 1, 2035.



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 Three 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>
6/30/16	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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE PORS NET PENSION LIABILITY
Last Three 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>
6/30/16	1.53550 % \$	33,466,167	\$ 19,022,717	175.93 %	64.57 %
6/30/15	1.53186	29,326,348	18,421,173	159.20	67.55
6/30/14	1.53186	31,755,037	18,463,306	171.99	62.98

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF CITY CONTRIBUTIONS TO THE SCRS
Last Three 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>
6/30/16	\$ 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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF CITY CONTRIBUTIONS TO THE PORS
Last Three 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>
6/30/16	\$ 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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 21,770,061	\$ 21,770,061	\$ 21,617,627	\$ (152,434)
Licenses and Permits	26,039,478	26,039,478	26,988,409	948,931
Fines and Forfeitures	1,116,575	1,116,575	1,092,435	(24,140)
Intergovernmental	2,918,753	3,591,064	3,771,135	180,071
Charges for Services	2,891,950	2,901,950	2,699,026	(202,924)
Miscellaneous	3,094,700	3,313,320	3,211,965	(101,355)
Total Revenues	\$ 57,831,517	\$ 58,732,448	\$ 59,380,597	\$ 648,149
EXPENDITURES				
Current:				
General Government	\$ 9,463,375	\$ 10,122,100	\$ 10,648,854	\$ (526,754)
Public Safety	38,555,989	39,800,808	39,598,835	201,973
Transportation	4,153,123	4,166,643	3,814,833	351,810
Community and Economic Development	2,755,342	3,280,579	3,142,912	137,667
Culture and Recreation	13,336,132	7,656,827	7,591,956	64,871
Public Works	1,618,268	6,874,805	6,452,736	422,069
Capital Outlay	1,251,695	1,188,845	865,645	323,200
Total Expenditures	\$ 71,133,924	\$ 73,090,607	\$ 72,115,771	\$ 974,836
Deficiency of Revenues Under Expenditures	\$ (13,302,407)	\$ (14,358,159)	\$ (12,735,174)	\$ 1,622,985
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 12,524,307	\$ 12,524,307	\$ 12,900,972	\$ 376,665
Transfer Out	(122,374)	(122,374)	(123,188)	(814)
Total Other Financing Sources (Uses)	\$ 12,401,933	\$ 12,401,933	\$ 12,777,784	\$ 375,851
Net Change in Fund Balances	\$ (900,474)	\$ (1,956,226)	\$ 42,610	\$ 1,998,836
Fund Balances - Beginning	13,422,957	13,422,957	13,422,957	
Fund Balances - Ending	\$ 12,522,483	\$ 11,466,731	\$ 13,465,567	\$ 1,998,836

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CONVENTION CENTER FUND
Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 60,000	\$ 56,550	\$ (3,450)
Charges for Services	2,795,000	3,008,581	213,581
Miscellaneous	2,760,000	2,795,154	35,154
Total Revenues	<u>\$ 5,615,000</u>	<u>\$ 5,860,285</u>	<u>\$ 245,285</u>
EXPENDITURES			
Current:			
General Government	\$ 421,342	\$ 421,342	\$
Culture and Recreation	4,519,512	4,502,408	17,104
Capital Outlay	471,000	468,031	2,969
Total Expenditures	<u>\$ 5,411,854</u>	<u>\$ 5,391,781</u>	<u>\$ 20,073</u>
Excess of Revenues Over Expenditures	<u>\$ 203,146</u>	<u>\$ 468,504</u>	<u>\$ 265,358</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 2,220,561	\$ 2,270,562	\$ 50,001
Transfers Out	(2,424,586)	(2,424,587)	(1)
Total Other Financing Sources (Uses)	<u>\$ (204,025)</u>	<u>\$ (154,025)</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	<u>\$ (879)</u>	<u>\$ 314,479</u>	<u>\$ 315,358</u>
Fund Balance - Beginning	<u>1,031,272</u>	<u>1,031,272</u>	
Fund Balance - Ending	<u><u>\$ 1,030,393</u></u>	<u><u>\$ 1,345,751</u></u>	<u><u>\$ 315,358</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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Local Option Tourism Taxes	\$ 25,140,000	\$ 27,187,371	\$ 27,187,371	\$
Miscellaneous	45,000	45,000	60,253	15,253
Total Revenues	<u>\$ 25,185,000</u>	<u>\$ 27,232,371</u>	<u>\$ 27,247,624</u>	<u>\$ 15,253</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 20,148,000	\$ 21,798,187	\$ 21,798,187	\$
Excess of Revenues Over Expenditures	\$ 5,037,000	\$ 5,434,184	\$ 5,449,437	\$ 15,253
OTHER FINANCING USES				
Transfers Out	<u>(5,684,291)</u>	<u>(5,965,305)</u>	<u>(5,965,305)</u>	
Net Change in Fund Balance	\$ (647,291)	\$ (531,121)	\$ (515,868)	\$ 15,253
Fund Balance - Beginning	<u>1,426,289</u>	<u>1,426,289</u>	<u>1,426,289</u>	
Fund Balance - Ending	<u>\$ 778,998</u>	<u>\$ 895,168</u>	<u>\$ 910,421</u>	<u>\$ 15,253</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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, 2016, 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, 2016, 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, 2016 as follows:

General Fund	\$ 1,956,683
Local Option Tourism Fee Fund	1,931,201
Water and Sewer Fund	1,138,448
Baseball Stadium Fund	72,617
Solid Waste Management Fund	285,368
Nonmajor Governmental Funds:	
Accommodations Tax Fund	358,704
Community Block Development Fund	140,000
Storm Water Fund	4,283,925
Ocean Front Tax Increment Revenue Fund	418,782
Hospitality Fee Fund	6,734
Air Base Tax Increment Revenue Fund	1,881,854
Debt Service Fund	17,463,722



First in Service

**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 legally restricted to expenditures for specified purposes.

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

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

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

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

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

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

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

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

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

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.

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, 2016

	Special Revenue Funds				
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Storm Water
ASSETS					
Cash and Temporary Investments	\$	\$	\$	\$ 8,679	\$ 2,232,730
Receivables (Net):					
Property Taxes					
Local Accommodations Taxes					
Hospitality Fee Taxes					
Storm Water Fees					46,892
Accounts					
Intergovernmental	4,620,954		97,285		
Loans			722,066		
Prepaid Assets					
Restricted Cash and Temporary Investments		1,636,200			1,840,308
Total Assets	\$ 4,620,954	\$ 1,636,200	\$ 819,351	\$ 8,679	\$ 4,119,930
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Expenditures	\$ 955,636	\$	\$ 10,510	\$ 8,679	\$ 1,786,006
Due to Other Funds	3,665,318	2,331,589	86,767		
Unearned Revenue					
Total Liabilities	\$ 4,620,954	\$ 2,331,589	\$ 97,277	\$ 8,679	\$ 1,786,006
Deferred Inflows of Resources:					
Unavailable Revenue	\$	\$	\$	\$	\$
Fund Balances (Deficit):					
Nonspendable:					
Long-Term Receivables	\$	\$	\$ 722,066	\$	\$
Prepaid Assets					
Restricted for:					
Capital Projects					
Community Development			8		493,616
Debt Service		1,636,200			1,840,308
Tourism Promotion and Support					
Unassigned		(2,331,589)			
Total Fund Balances (Deficit)	\$	\$ (695,389)	\$ 722,074	\$	\$ 2,333,924
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,620,954	\$ 1,636,200	\$ 819,351	\$ 8,679	\$ 4,119,930

Special Revenue Funds							Total Nonmajor Governmental Funds
Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Sports Tourism	Total	Debt Service Fund	
\$ 702,871	\$	\$	\$	\$ 176,615	\$ 3,120,895	\$ 4,753,378	\$ 7,874,273
	27,211		59,758		86,969		86,969
426,810					426,810		426,810
		1,655,678			1,655,678		1,655,678
					46,892		46,892
				184,356	184,356		184,356
	3,020		8,498		4,729,757		4,729,757
					722,066		722,066
				71,659	71,659		71,659
	740,119	12,714	11,181,512		15,410,853		15,410,853
<u>\$ 1,129,681</u>	<u>\$ 770,350</u>	<u>\$ 1,668,392</u>	<u>\$ 11,249,768</u>	<u>\$ 432,630</u>	<u>\$ 26,455,935</u>	<u>\$ 4,753,378</u>	<u>\$ 31,209,313</u>
\$ 17	\$ 58,050	\$ 3,240	\$ 9,363	\$ 126,581	\$ 2,958,082	\$ 6,250	\$ 2,964,332
	89,312	745,063	252,743	129,686	7,300,478		7,300,478
				192,531	192,531		192,531
<u>\$ 17</u>	<u>\$ 147,362</u>	<u>\$ 748,303</u>	<u>\$ 262,106</u>	<u>\$ 448,798</u>	<u>\$ 10,451,091</u>	<u>\$ 6,250</u>	<u>\$ 10,457,341</u>
<u>\$ 545</u>	<u>\$ 8,358</u>	<u>\$ 58,205</u>	<u>\$ 38,382</u>	<u>\$</u>	<u>\$ 105,490</u>	<u>\$</u>	<u>\$ 105,490</u>
\$	\$	\$	\$	\$	\$ 722,066	\$	\$ 722,066
				71,659	71,659		71,659
			2,306,486		2,306,486		2,306,486
			5,664,439		6,158,063		6,158,063
	740,119	12,714	2,978,355		7,207,696	4,747,128	11,954,824
1,129,119		849,170			1,978,289		1,978,289
	(125,489)			(87,827)	(2,544,905)		(2,544,905)
<u>\$ 1,129,119</u>	<u>\$ 614,630</u>	<u>\$ 861,884</u>	<u>\$ 10,949,280</u>	<u>\$ (16,168)</u>	<u>\$ 15,899,354</u>	<u>\$ 4,747,128</u>	<u>\$ 20,646,482</u>
<u>\$ 1,129,681</u>	<u>\$ 770,350</u>	<u>\$ 1,668,392</u>	<u>\$ 11,249,768</u>	<u>\$ 432,630</u>	<u>\$ 26,455,935</u>	<u>\$ 4,753,378</u>	<u>\$ 31,209,313</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	Special Revenue Funds				
	Accommodations	Public	Community	Victims	Storm
	Tax	Facilities Corporation	Block Development	Advocate	Water
REVENUES					
Property Taxes	\$	\$	\$	\$	\$
Local Accommodations Taxes					
Hospitality Fee Taxes					
Storm Water Fees					2,267,128
Fines and Forfeitures				118,927	
Intergovernmental	9,424,750		160,070		
Charges for Services					
Miscellaneous	13,954	2,555	7		6,374
Total Revenues	<u>\$ 9,438,704</u>	<u>\$ 2,555</u>	<u>\$ 160,077</u>	<u>\$ 118,927</u>	<u>\$ 2,273,502</u>
EXPENDITURES					
Current:					
General Government	\$	\$	10,854	242,115	328,204
Transportation					1,819,967
Community and Economic Development	3,151,275		129,170		
Culture and Recreation					
Capital Outlay			23,299		3,868,093
Debt Service:					
Principal					886,548
Interest and Fiscal Charges					372,433
Bond Issuance Costs					
Total Expenditures	<u>\$ 3,151,275</u>	<u>\$</u>	<u>\$ 163,323</u>	<u>\$ 242,115</u>	<u>\$ 7,275,245</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ 6,287,429</u>	<u>\$ 2,555</u>	<u>\$ (3,246)</u>	<u>\$ (123,188)</u>	<u>\$ (5,001,743)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	\$	\$ 1,669,025	\$	\$ 123,188	\$ 1,662,000
Transfers Out	(6,287,429)	(1,669,025)			
Refunding General Obligation Bonds Issued					
Payments to Escrow Agents					
Storm Water Revenue Bonds Issued					3,495,038
Sale of Capital Assets					48,053
Total Other Financing Sources (Uses)	<u>\$ (6,287,429)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 123,188</u>	<u>\$ 5,205,091</u>
Net Change in Fund Balances	<u>\$</u>	<u>\$ 2,555</u>	<u>\$ (3,246)</u>	<u>\$</u>	<u>\$ 203,348</u>
Fund Balances - Beginning		(697,944)	725,320		2,130,576
Fund Balances - Ending	<u>\$</u>	<u>\$ (695,389)</u>	<u>\$ 722,074</u>	<u>\$</u>	<u>\$ 2,333,924</u>

Special Revenue Funds						Debt Service Fund	Total Nonmajor Governmental Funds
Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Sports Tourism	Total		
\$ 2,629,777	\$	\$	\$ 7,239,204	\$	\$ 7,239,204	\$ 1,813,387	\$ 9,052,591
					2,629,777		2,629,777
		11,310,659			11,310,659		11,310,659
					2,267,128		2,267,128
					118,927		118,927
					9,584,820		9,584,820
				798,605	798,605		798,605
5,049	1,437	13,562			42,938	11,877	54,815
<u>\$ 2,634,826</u>	<u>\$ 1,437</u>	<u>\$ 11,324,221</u>	<u>\$ 7,239,204</u>	<u>\$ 798,605</u>	<u>\$ 33,992,058</u>	<u>\$ 1,825,264</u>	<u>\$ 35,817,322</u>
\$	\$	\$	\$	\$	\$ 581,173	\$ 209,882	\$ 791,055
					1,819,967		1,819,967
			815,089		4,095,534		4,095,534
				1,443,612	1,443,612		1,443,612
	1,937,803		350,000	48,419	6,227,614		6,227,614
	325,000	1,160,000	1,270,000		3,641,548	4,528,927	8,170,475
	416,789	2,904,001	3,332,432		7,025,655	1,749,355	8,775,010
						89,527	89,527
<u>\$</u>	<u>\$ 2,679,592</u>	<u>\$ 4,064,001</u>	<u>\$ 5,767,521</u>	<u>\$ 1,492,031</u>	<u>\$ 24,835,103</u>	<u>\$ 6,577,691</u>	<u>\$ 31,412,794</u>
\$ 2,634,826	\$ (2,678,155)	\$ 7,260,220	\$ 1,471,683	\$ (693,426)	\$ 9,156,955	\$ (4,752,427)	\$ 4,404,528
\$ (2,851,259)	\$ 1,309,074	\$ 755,562	\$ 525,525	\$ 430,000	\$ 6,474,374	\$ 4,619,312	\$ 11,093,686
		(7,712,345)	(484,844)		(19,004,902)		(19,004,902)
						17,462,000	17,462,000
						(17,374,195)	(17,374,195)
					3,495,038		3,495,038
					48,053		48,053
<u>\$ (2,851,259)</u>	<u>\$ 1,309,074</u>	<u>\$ (6,956,783)</u>	<u>\$ 40,681</u>	<u>\$ 430,000</u>	<u>\$ (8,987,437)</u>	<u>\$ 4,707,117</u>	<u>\$ (4,280,320)</u>
\$ (216,433)	\$ (1,369,081)	\$ 303,437	\$ 1,512,364	\$ (263,426)	\$ 169,518	\$ (45,310)	\$ 124,208
1,345,552	1,983,711	558,447	9,436,916	247,258	15,729,836	4,792,438	20,522,274
<u>\$ 1,129,119</u>	<u>\$ 614,630</u>	<u>\$ 861,884</u>	<u>\$ 10,949,280</u>	<u>\$ (16,168)</u>	<u>\$ 15,899,354</u>	<u>\$ 4,747,128</u>	<u>\$ 20,646,482</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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 9,070,000	\$ 9,424,750	\$ 9,424,750	\$
Miscellaneous	10,000	13,954	13,954	
Total Revenues	\$ 9,080,000	\$ 9,438,704	\$ 9,438,704	\$
EXPENDITURES				
Current:				
Community and Economic Development	\$ 3,536,500	\$ 3,151,275	\$ 3,151,275	\$
Excess of Revenues Over Expenditures	\$ 5,543,500	\$ 6,287,429	\$ 6,287,429	\$
OTHER FINANCING USES				
Transfers Out	(5,543,500)	(6,287,429)	(6,287,429)	
Net Change in Fund Balance	\$	\$	\$	\$
Fund Balance - Beginning				
Fund Balance - Ending	\$	\$	\$	\$

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PUBLIC FACILITIES CORPORATION FUND
Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$	2,555	2,555
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 1,669,025	\$ 1,669,025	\$
Transfers Out	(1,669,025)	(1,669,025)	
Total Other Financing Sources (Uses)	\$	\$	\$
Net Change in Fund Balances	\$	2,555	2,555
Fund Balances - Beginning	(697,944)	(697,944)	
Fund Balances - Ending	\$ (697,944)	\$ (695,389)	2,555

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
COMMUNITY BLOCK DEVELOPMENT FUND
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 523,953	\$ 663,953	\$ 160,070	\$ (503,883)
Miscellaneous			7	7
Total Revenues	<u>\$ 523,953</u>	<u>\$ 663,953</u>	<u>\$ 160,077</u>	<u>\$ (503,876)</u>
EXPENDITURES				
Current:				
General Government	\$	\$	\$ 10,854	\$ (10,854)
Community and Economic Development	523,953	640,654	129,170	511,484
Capital Outlay		23,299	23,299	
Total Expenditures	<u>\$ 523,953</u>	<u>\$ 663,953</u>	<u>\$ 163,323</u>	<u>\$ 500,630</u>
Net Change in Fund Balances	\$	\$	\$ (3,246)	\$ (3,246)
Fund Balances - Beginning	<u>725,320</u>	<u>725,320</u>	<u>725,320</u>	
Fund Balances - Ending	<u>\$ 725,320</u>	<u>\$ 725,320</u>	<u>\$ 722,074</u>	<u>\$ (3,246)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
VICTIMS ADVOCATE FUND
Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 140,000	\$ 118,927	\$ (21,073)
EXPENDITURES			
Current:			
General Government	\$ 262,374	\$ 242,115	\$ 20,259
Deficiency of Revenues Under Expenditures	\$ (122,374)	\$ (123,188)	\$ (814)
OTHER FINANCING SOURCES			
Transfers In	122,374	123,188	814
Net Change in Fund Balance	\$	\$	\$
Fund Balance - Beginning	_____	_____	_____
Fund Balance - Ending	\$ _____	\$ _____	\$ _____

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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Storm Water Fees	\$ 2,408,000	\$ 2,408,000	\$ 2,267,128	\$ (140,872)
Miscellaneous			6,374	6,374
Total Revenues	<u>\$ 2,408,000</u>	<u>\$ 2,408,000</u>	<u>\$ 2,273,502</u>	<u>\$ (134,498)</u>
EXPENDITURES				
Current:				
General Government	\$ 328,204	\$ 328,204	\$ 328,204	
Transportation	1,976,935	1,976,935	1,819,967	156,968
Capital Outlay		3,868,093	3,868,093	
Debt Service:				
Principal	642,392	886,548	886,548	
Interest and Fiscal Charges	200,757	372,433	372,433	
Total Expenditures	<u>\$ 3,148,288</u>	<u>\$ 7,432,213</u>	<u>\$ 7,275,245</u>	<u>\$ 156,968</u>
Deficiency of Revenues Under Expenditures	<u>\$ (740,288)</u>	<u>\$ (5,024,213)</u>	<u>\$ (5,001,743)</u>	<u>\$ 22,470</u>
OTHER FINANCING SOURCES				
Transfers In	\$ 1,342,000	\$ 1,662,000	\$ 1,662,000	\$
Storm Water Revenue Bonds Issued		3,495,038	3,495,038	
Sale of Capital Assets			48,053	48,053
Total Other Financing Sources	<u>\$ 1,342,000</u>	<u>\$ 5,157,038</u>	<u>\$ 5,205,091</u>	<u>\$ 48,053</u>
Net Change in Fund Balances	<u>\$ 601,712</u>	<u>\$ 132,825</u>	<u>\$ 203,348</u>	<u>\$ 70,523</u>
Fund Balances - Beginning	<u>2,130,576</u>	<u>2,130,576</u>	<u>2,130,576</u>	
Fund Balances - Ending	<u><u>\$ 2,732,288</u></u>	<u><u>\$ 2,263,401</u></u>	<u><u>\$ 2,333,924</u></u>	<u><u>\$ 70,523</u></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, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Local Accommodations Taxes	\$ 2,550,950	\$ 2,629,777	\$ 78,827
Miscellaneous	2,000	5,049	3,049
Total Revenues	<u>\$ 2,552,950</u>	<u>\$ 2,634,826</u>	<u>\$ 81,876</u>
OTHER FINANCING USES			
Transfers Out	<u>\$ (2,851,259)</u>	<u>\$ (2,851,259)</u>	<u>\$</u>
Net Change in Fund Balance	<u>\$ (298,309)</u>	<u>\$ (216,433)</u>	<u>\$ 81,876</u>
Fund Balance - Beginning	<u>1,345,552</u>	<u>1,345,552</u>	<u></u>
Fund Balance - Ending	<u><u>\$ 1,047,243</u></u>	<u><u>\$ 1,129,119</u></u>	<u><u>\$ 81,876</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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Miscellaneous	\$ 648,395	\$ 648,395	\$ 1,437	\$ (646,958)
EXPENDITURES				
Capital Outlay	\$ 1,519,500	\$ 1,937,803	\$ 1,937,803	\$
Debt Service:				
Principal	325,000	325,000	325,000	
Interest and Fiscal Charges	416,310	416,789	416,789	
Total Expenditures	\$ 2,260,810	\$ 2,679,592	\$ 2,679,592	\$
Deficiency of Revenues Under Expenditures	\$ (1,612,415)	\$ (2,031,197)	\$ (2,678,155)	\$ (646,958)
OTHER FINANCING SOURCES				
Transfers In	1,309,074	1,309,074	1,309,074	
Net Change in Fund Balances	\$ (303,341)	\$ (722,123)	\$ (1,369,081)	\$ (646,958)
Fund Balances - Beginning	1,983,711	1,983,711	1,983,711	
Fund Balances - Ending	\$ 1,680,370	\$ 1,261,588	\$ 614,630	\$ (646,958)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
HOSPITALITY FEE FUND
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Hospitality Fee Taxes	\$ 11,010,000	\$ 11,016,735	\$ 11,310,659	\$ 293,924
Miscellaneous	30,000	30,000	13,562	(16,438)
Total Revenues	<u>\$ 11,040,000</u>	<u>\$ 11,046,735</u>	<u>\$ 11,324,221</u>	<u>\$ 277,486</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 1,160,000	\$ 1,160,000	\$ 1,160,000	\$
Interest and Fiscal Charges	2,897,267	2,904,001	2,904,001	
Total Expenditures	<u>\$ 4,057,267</u>	<u>\$ 4,064,001</u>	<u>\$ 4,064,001</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 6,982,733</u>	<u>\$ 6,982,734</u>	<u>\$ 7,260,220</u>	<u>\$ 277,486</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 755,561	\$ 755,561	\$ 755,562	\$ 1
Transfers Out	(7,712,345)	(7,712,345)	(7,712,345)	
Total Other Financing Sources (Uses)	<u>\$ (6,956,784)</u>	<u>\$ (6,956,784)</u>	<u>\$ (6,956,783)</u>	<u>\$ 1</u>
Net Change in Fund Balances	<u>\$ 25,949</u>	<u>\$ 25,950</u>	<u>\$ 303,437</u>	<u>\$ 277,487</u>
Fund Balances - Beginning	<u>558,447</u>	<u>558,447</u>	<u>558,447</u>	<u></u>
Fund Balances - Ending	<u><u>\$ 584,396</u></u>	<u><u>\$ 584,397</u></u>	<u><u>\$ 861,884</u></u>	<u><u>\$ 277,487</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
AIR BASE TAX INCREMENT REVENUE FUND
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 5,591,185	\$ 5,591,185	\$ 7,239,204	\$ 1,648,019
EXPENDITURES				
Current:				
Community and Economic Development	\$ 895,000	\$ 895,000	\$ 815,089	\$ 79,911
Capital Outlay		350,000	350,000	
Debt Service:				
Principal	1,270,000	1,270,000	1,270,000	
Interest and Fiscal Charges	1,800,578	3,332,432	3,332,432	
Total Expenditures	\$ 3,965,578	\$ 5,847,432	\$ 5,767,521	\$ 79,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,625,607	\$ (256,247)	\$ 1,471,683	\$ 1,727,930
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 231,708	\$ 231,708	\$ 525,525	\$ 293,817
Transfers Out	(1,005,344)	(1,005,344)	(484,844)	520,500
Total Other Financing Sources (Uses)	\$ (773,636)	\$ (773,636)	\$ 40,681	\$ 814,317
Net Change in Fund Balances	\$ 851,971	\$ (1,029,883)	\$ 1,512,364	\$ 2,542,247
Fund Balances - Beginning	9,436,916	9,436,916	9,436,916	
Fund Balances - Ending	\$ 10,288,887	\$ 8,407,033	\$ 10,949,280	\$ 2,542,247

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, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for Services	\$ 1,071,599	\$ 798,605	\$ (272,994)
Miscellaneous	140,000		(140,000)
Total Revenues	<u>\$ 1,211,599</u>	<u>\$ 798,605</u>	<u>\$ (412,994)</u>
EXPENDITURES			
Current:			
Culture and Recreation	\$ 2,078,151	\$ 1,443,612	\$ 634,539
Capital Outlay	48,419	48,419	
Total Expenditures	<u>\$ 2,126,570</u>	<u>\$ 1,492,031</u>	<u>\$ 634,539</u>
Deficiency of Revenues Under Expenditures	\$ (914,971)	\$ (693,426)	\$ 221,545
OTHER FINANCING SOURCES			
Transfers In	<u>648,698</u>	<u>430,000</u>	<u>(218,698)</u>
Net Change in Fund Balances	\$ (266,273)	\$ (263,426)	\$ 2,847
Fund Balances - Beginning	<u>247,258</u>	<u>247,258</u>	
Fund Balances - Ending	<u>\$ (19,015)</u>	<u>\$ (16,168)</u>	<u>\$ 2,847</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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 1,741,000	\$ 1,741,000	\$ 1,813,387	\$ 72,387
Miscellaneous	7,500	7,500	11,877	4,377
Total Revenues	<u>\$ 1,748,500</u>	<u>\$ 1,748,500</u>	<u>\$ 1,825,264</u>	<u>\$ 76,764</u>
EXPENDITURES				
Current:				
General Government	\$ 179,849	\$ 179,849	\$ 209,882	\$ (30,033)
Debt Service:				
Principal	4,412,628	4,412,628	4,528,927	(116,299)
Interest and Fiscal Charges	1,977,379	1,977,379	1,749,355	228,024
Bond Issuance Costs		89,527	89,527	
Total Expenditures	<u>\$ 6,569,856</u>	<u>\$ 6,659,383</u>	<u>\$ 6,577,691</u>	<u>\$ 81,692</u>
Deficiency of Revenues Under Expenditures	<u>\$ (4,821,356)</u>	<u>\$ (4,910,883)</u>	<u>\$ (4,752,427)</u>	<u>\$ 158,456</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 4,634,852	\$ 4,634,852	\$ 4,619,312	\$ (15,540)
Refunding General Obligation Bonds Issued		17,462,000	17,462,000	
Payments to Escrow Agents		(17,374,195)	(17,374,195)	
Total Other Financing Sources (Uses)	<u>\$ 4,634,852</u>	<u>\$ 4,722,657</u>	<u>\$ 4,707,117</u>	<u>\$ (15,540)</u>
Net Change in Fund Balance	<u>\$ (186,504)</u>	<u>\$ (188,226)</u>	<u>\$ (45,310)</u>	<u>\$ 142,916</u>
Fund Balance - Beginning	<u>4,792,438</u>	<u>4,792,438</u>	<u>4,792,438</u>	
Fund Balance - Ending	<u><u>\$ 4,605,934</u></u>	<u><u>\$ 4,604,212</u></u>	<u><u>\$ 4,747,128</u></u>	<u><u>\$ 142,916</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 505,000	\$ 505,000	\$ 243,288	\$ (261,712)
Licenses and Permits	500,000	500,000	859,532	359,532
Intergovernmental	859,250	3,085,763	1,751,176	(1,334,587)
Miscellaneous	192,000	260,175	684,952	424,777
Total Revenues	<u>\$ 2,056,250</u>	<u>\$ 4,350,938</u>	<u>\$ 3,538,948</u>	<u>\$ (811,990)</u>
EXPENDITURES				
Current:				
General Government	\$ 424,846	\$ 424,846	\$ 467,696	\$ (42,850)
Public Safety		2,111	14,986	(12,875)
Transportation		152,501	202,713	(50,212)
Community and Economic Development		153,665	5,032	148,633
Culture and Recreation		306,644	359,147	(52,503)
Capital Outlay	13,614,500	12,999,579	3,955,875	9,043,704
Total Expenditures	<u>\$ 14,039,346</u>	<u>\$ 14,039,346</u>	<u>\$ 5,005,449</u>	<u>\$ 9,033,897</u>
Deficiency of Revenues Under Expenditures	<u>\$ (11,983,096)</u>	<u>\$ (9,688,408)</u>	<u>\$ (1,466,501)</u>	<u>\$ 8,221,907</u>
OTHER FINANCING SOURCES				
Transfers In	\$ 1,995,500	\$ 2,090,500	\$ 1,475,000	\$ (615,500)
General Obligation Bonds Issued	9,800,000	10,015,292		(10,015,292)
Capital Lease Obligations		979,937		(979,937)
Total Other Financing Sources	<u>\$ 11,795,500</u>	<u>\$ 13,085,729</u>	<u>\$ 1,475,000</u>	<u>\$ (11,610,729)</u>
Net Change in Fund Balances	<u>\$ (187,596)</u>	<u>\$ 3,397,321</u>	<u>\$ 8,499</u>	<u>\$ (3,388,822)</u>
Fund Balances - Beginning	<u>14,693,256</u>	<u>14,693,256</u>	<u>14,693,256</u>	
Fund Balances - Ending	<u>\$ 14,505,660</u>	<u>\$ 18,090,577</u>	<u>\$ 14,701,755</u>	<u>\$ (3,388,822)</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, 2016

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 4,308,861	\$ 8,657,620	\$ 12,941,057	\$ 25,907,538
Receivables:				
Accounts	9	15,455	189,703	205,167
Intergovernmental	50,000			50,000
Inventories	125,535			125,535
Total Current Assets	<u>\$ 4,484,405</u>	<u>\$ 8,673,075</u>	<u>\$ 13,130,760</u>	<u>\$ 26,288,240</u>
Noncurrent Assets:				
Other Capital Assets (Net)	<u>9,666,213</u>			<u>9,666,213</u>
Total Assets	<u>\$ 14,150,618</u>	<u>\$ 8,673,075</u>	<u>\$ 13,130,760</u>	<u>\$ 35,954,453</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension Plan	<u>\$ 102,045</u>	<u>\$</u>	<u>\$</u>	<u>\$ 102,045</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 410,853	\$ 128,792	\$ 15,562,552	\$ 16,102,197
Due to Other Fund		703,802	2,796,309	3,500,111
Unreported Insurance Claims			553,679	553,679
Capital Lease Obligations	432,464			432,464
Total Current Liabilities	<u>\$ 843,317</u>	<u>\$ 832,594</u>	<u>\$ 18,912,540</u>	<u>\$ 20,588,451</u>
Noncurrent Liabilities:				
Compensated Absences	\$ 12,656	\$	\$	\$ 12,656
Unreported Insurance Claims		2,635,344		2,635,344
Capital Lease Obligations	3,618,549			3,618,549
Net Pension Liability	734,894			734,894
Total Noncurrent Liabilities	<u>\$ 4,366,099</u>	<u>\$ 2,635,344</u>	<u>\$</u>	<u>\$ 7,001,443</u>
Total Liabilities	<u>\$ 5,209,416</u>	<u>\$ 3,467,938</u>	<u>\$ 18,912,540</u>	<u>\$ 27,589,894</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
DEFERRED INFLOWS OF RESOURCES				
Related to Pension Plan	\$ 52,113	\$	\$	\$ 52,113
NET POSITION				
Net Investment in Capital Assets	\$ 5,615,200	\$	\$	\$ 5,615,200
Unrestricted	3,375,934	5,205,137	(5,781,780)	2,799,291
Total Net Position	<u>\$ 8,991,134</u>	<u>\$ 5,205,137</u>	<u>\$ (5,781,780)</u>	<u>\$ 8,414,491</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, 2016

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 5,433,410	\$ 3,172,557	\$ 11,979,253	\$ 20,585,220
OPERATING EXPENSES				
Administration	\$ 523,848	\$	\$	\$ 523,848
Operations	1,265,820	3,236,404	12,566,114	17,068,338
Depreciation	2,182,026			2,182,026
Total Operating Expenses	\$ 3,971,694	\$ 3,236,404	\$ 12,566,114	\$ 19,774,212
Operating Income (Loss)	\$ 1,461,716	\$ (63,847)	\$ (586,861)	\$ 811,008
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 14,566	\$ 8,293	\$ 10,517	\$ 33,376
Gain on Disposal of Capital Assets	392,770			392,770
Interest Expense	(112,874)			(112,874)
Total Nonoperating Revenues (Expenses)	\$ 294,462	\$ 8,293	\$ 10,517	\$ 313,272
Income (Loss) Before Contributions	\$ 1,756,178	\$ (55,554)	\$ (576,344)	\$ 1,124,280
Capital Contributions	50,000			50,000
Change in Net Position	\$ 1,806,178	\$ (55,554)	\$ (576,344)	\$ 1,174,280
Total Net Position - Beginning	7,184,956	5,260,691	(5,205,436)	7,240,211
Total Net Position - Ending	\$ 8,991,134	\$ 5,205,137	\$ (5,781,780)	\$ 8,414,491

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2016

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 5,433,410	\$ 3,172,557	\$ 11,979,253	\$ 20,585,220
Payments to Suppliers	(1,332,927)	(1,673,223)	(986,203)	(3,992,353)
Payments to Employees	(381,629)			(381,629)
Payments of Claims		(1,769,958)	(9,423,946)	(11,193,904)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,718,854</u>	<u>\$ (270,624)</u>	<u>\$ 1,569,104</u>	<u>\$ 5,017,334</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	\$	\$ 679,867	\$ 1,116,682	\$ 1,796,549
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$</u>	<u>\$ 679,867</u>	<u>\$ 1,116,682</u>	<u>\$ 1,796,549</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Capital Lease Obligations	\$ (1,948,469)	\$	\$	\$ (1,948,469)
Interest Payments on Capital Lease Obligations	(84,881)			(84,881)
Purchases of Capital Assets	(2,691,599)			(2,691,599)
Proceeds From Disposal of Capital Assets	938,853			938,853
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (3,786,096)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (3,786,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 14,566	\$ 8,293	\$ 10,517	\$ 33,376
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 14,566</u>	<u>\$ 8,293</u>	<u>\$ 10,517</u>	<u>\$ 33,376</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (52,676)	\$ 417,536	\$ 2,696,303	\$ 3,061,163
Cash and Cash Equivalents - Beginning	<u>4,361,537</u>	<u>8,240,084</u>	<u>10,244,754</u>	<u>22,846,375</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 4,308,861</u></u>	<u><u>\$ 8,657,620</u></u>	<u><u>\$ 12,941,057</u></u>	<u><u>\$ 25,907,538</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2016

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u>				
Operating Income (Loss)	\$ 1,461,716	\$ (63,847)	\$ (586,861)	\$ 811,008
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:				
Depreciation	2,182,026			2,182,026
(Increase) Decrease in Accounts Receivable	1,829	(11,356)	(60,328)	(69,855)
Decrease in Inventories	4,482			4,482
Increase (Decrease) in Accounts Payable and Accrued Expenses	72,006	(594,341)	2,202,925	1,680,590
Increase in Unreported Insurance Claims		398,920	13,368	412,288
(Decrease) in Net Pension Liability and Related Amounts	(3,205)			(3,205)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,718,854</u>	<u>\$ (270,624)</u>	<u>\$ 1,569,104</u>	<u>\$ 5,017,334</u>

Noncash Capital and Related Financing Activities

Book Value of Capital Asset Disposals	\$ 546,083	\$	\$	\$ 546,083
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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, 2016

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and Temporary Investments	\$ 11,959	\$ 363,938	\$ 364,628	\$ 11,269
LIABILITIES				
Due to Firemen's Association	\$ 11,959	\$ 363,938	\$ 364,628	\$ 11,269

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2016

ASSETS

Cash and Temporary Investments	\$ <u>1,472,318</u>
--------------------------------	---------------------

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable and Accrued Expenditures	\$ 18,058
Due to Primary Government	195,589
Unearned Revenue	<u>34,381</u>
Total Liabilities	\$ <u>248,028</u>

Fund Balances:

Assigned for:

Vehicle Replacement	\$ 20,025
Redevelopment Loans	65,105
Unassigned	<u>1,139,160</u>
Total Fund Balances	\$ <u>1,224,290</u>

Total Liabilities and Fund Balances	\$ <u>1,472,318</u>
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Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 1,224,290
---------------------	--------------

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.	465,380
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(24,720)</u>
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Net Position Reported in the Statement of Net Position	\$ <u>1,664,950</u>
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CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
Year Ended June 30, 2016

REVENUES

Charges for Services	\$ 1,618,755
Miscellaneous	90,195
Total Revenues	<u>\$ 1,708,950</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 1,123,057
Capital Outlay	68,679
Total Expenditures	<u>\$ 1,191,736</u>

Net Change in Fund Balances	\$ 517,214
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Fund Balances - Beginning	<u>707,076</u>
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Fund Balances - Ending	<u><u>\$ 1,224,290</u></u>
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Reconciliation to the Statement of Activities

Net Change in Fund Balances	\$ 517,214
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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.	8,546
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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.	<u>(3,329)</u>
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Change in Net Position Reported in the Statement of Activities	<u><u>\$ 522,431</u></u>
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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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
OPERATING REVENUES				
Charges for Services	\$ 25,620,768	\$ 25,620,768	\$ 25,742,886	\$ 122,118
OPERATING EXPENSES				
Administration	\$ 4,472,330	\$ 4,863,092	\$ 4,734,952	\$ 128,140
Operations	19,027,113	19,368,860	19,609,035	(240,175)
Depreciation	4,275,000	4,412,532	4,412,532	
Total Operating Expenses	\$ 27,774,443	\$ 28,644,484	\$ 28,756,519	\$ (112,035)
Operating Loss	\$ (2,153,675)	\$ (3,023,716)	\$ (3,013,633)	\$ 10,083
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 40,000	\$ 40,000	\$ 40,314	\$ 314
Operating Grant Revenue			3,402	3,402
Miscellaneous Revenue	115,000	115,000	161,822	46,822
Interest and Fiscal Charges	(718,000)	(718,000)	(616,228)	101,772
Bond Issuance Costs		(268,407)	(268,407)	
Amortization of Bond Insurance	(15,000)	(15,000)	(4,737)	10,263
Total Nonoperating Revenues (Expenses)	\$ (578,000)	\$ (846,407)	\$ (683,834)	\$ 162,573
Loss Before Contributions and Transfers	\$ (2,731,675)	\$ (3,870,123)	\$ (3,697,467)	\$ 172,656
Capital Contributions	3,125,000	3,125,000	4,644,940	1,519,940
Transfers Out	(1,359,738)	(1,359,738)	(1,359,738)	
Change in Net Position	\$ (966,413)	\$ (2,104,861)	\$ (412,265)	\$ 1,692,596
Total Net Position - Beginning	102,064,812	102,064,812	102,064,812	
Total Net Position - Ending	\$ 101,098,399	\$ 99,959,951	\$ 101,652,547	\$ 1,692,596

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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 139,500	\$ 139,500	\$ 53,347	\$ (86,153)
OPERATING EXPENSES				
Operations	\$ 188,678	\$ 188,678	\$ 131,823	\$ 56,855
Depreciation	325,000	406,610	406,610	
Total Operating Expenses	\$ 513,678	\$ 595,288	\$ 538,433	\$ 56,855
Operating Loss	\$ (374,178)	\$ (455,788)	\$ (485,086)	\$ (29,298)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$	\$ 34,892	\$ 34,892	\$
Interest and Fiscal Charges	(126,875)	(119,022)	(119,022)	
Amortization of Bond Insurance	(5,000)	(3,860)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (131,875)	\$ (87,990)	\$ (87,990)	\$
Loss Before Transfers	\$ (506,053)	\$ (543,778)	\$ (573,076)	\$ (29,298)
Transfers In	887,500	887,500	887,500	
Change in Net Position	\$ 381,447	\$ 343,722	\$ 314,424	\$ (29,298)
Total Net Position - Beginning	7,854,344	7,854,344	7,854,344	
Total Net Position - Ending	\$ 8,235,791	\$ 8,198,066	\$ 8,168,768	\$ (29,298)

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, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 22,700	\$ 52,534	\$ 29,834
OPERATING EXPENSES			
Operations	\$ 49,403	\$ 51,402	\$ (1,999)
Depreciation	275,000	269,730	5,270
Total Operating Expenses	\$ 324,403	\$ 321,132	\$ 3,271
Operating Loss	\$ (301,703)	\$ (268,598)	\$ 33,105
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Revenue	\$	\$ 1,101	\$ 1,101
Interest Expense		(45)	(45)
Total Nonoperating Revenues (Expenses)	\$	\$ 1,056	\$ 1,056
Change in Net Position	\$ (301,703)	\$ (267,542)	\$ 34,161
Total Net Position - Beginning	12,353,457	12,353,457	
Total Net Position - Ending	\$ 12,051,754	\$ 12,085,915	\$ 34,161

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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
OPERATING REVENUES				
Charges for Services	\$ 4,894,091	\$ 4,894,091	\$ 4,766,402	\$ (127,689)
OPERATING EXPENSES				
Administration	\$ 709,522	\$ 709,522	\$ 702,217	\$ 7,305
Operations	3,664,612	3,963,456	4,017,897	(54,441)
Depreciation	100,000	100,000	52,864	47,136
Total Operating Expenses	\$ 4,474,134	\$ 4,772,978	\$ 4,772,978	\$
Operating Income (Loss)	\$ 419,957	\$ 121,113	\$ (6,576)	\$ (127,689)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$	\$ 2,353	\$ 2,353	\$
Miscellaneous Revenue		2,918	2,918	
Interest Expense	(13,476)			
Total Nonoperating Revenues (Expenses)	\$ (13,476)	\$ 5,271	\$ 5,271	\$
Income (Loss) Before Transfers	\$ 406,481	\$ 126,384	\$ (1,305)	\$ (127,689)
Transfers In	250,000	250,000	250,000	
Change in Net Position	\$ 656,481	\$ 376,384	\$ 248,695	\$ (127,689)
Total Net Position - Beginning	(2,078,729)	(2,078,729)	(2,078,729)	
Total Net Position - Ending	\$ (1,422,248)	\$ (1,702,345)	\$ (1,830,034)	\$ (127,689)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2016

Court Fines

Court Fines Collected	\$ 584,013
Court Fines Retained by City	(584,013)
Court Fines Remitted to State Treasurer	<u>\$ 0</u>

Court Assessments

Court Assessments Collected	\$ 954,546
Court Assessments Retained by City	(70,042)
Court Assessments Remitted to State Treasurer	<u>\$ 884,504</u>

Court Surcharges

Court Surcharges Collected	\$ 48,885
Court Surcharges Retained by City	(48,885)
Court Surcharges Remitted to State Treasurer	<u>\$ 0</u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 70,042
Court Surcharges Allocated to Victim Services	48,885
Total Funds Allocated to Victim Services	<u>\$ 118,927</u>
Victim Services Expenditures	(118,927)
Funds Available for Carryforward From Year Ended June 30, 2016	<u>\$ 0</u>
Funds Carried Forward From Year Ended June 30, 2015	0
Funds Available for Carryforward at June 30, 2016	<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		
	2007	2008	2009
Governmental Activities			
Net Investment in Capital Assets	\$ 82,814,567	\$ 80,637,852	\$ 89,378,581
Restricted	20,948,781	19,189,175	15,082,475
Unrestricted	(20,442,305)	(8,786,494)	(10,704,869)
Total Governmental Activities Net Position	<u>\$ 83,321,043</u>	<u>\$ 91,040,533</u>	<u>\$ 93,756,187</u>
Business-Type Activities			
Net Investment in Capital Assets	\$ 111,244,256	\$ 113,617,180	\$ 115,610,693
Restricted	690,813	1,149,853	718,588
Unrestricted	19,320,470	20,292,291	18,148,941
Total Business-Type Activities Net Position	<u>\$ 131,255,539</u>	<u>\$ 135,059,324</u>	<u>\$ 134,478,222</u>
Primary Government			
Net Investment in Capital Assets	\$ 194,058,823	\$ 194,255,032	\$ 204,989,274
Restricted	21,639,594	20,339,028	15,801,063
Unrestricted	(1,121,835)	11,505,797	7,444,072
Total Primary Government Net Position	<u>\$ 214,576,582</u>	<u>\$ 226,099,857</u>	<u>\$ 228,234,409</u>

Note:

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

UNAUDITED

Fiscal Year						
2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016
\$ 100,633,044	\$ 100,702,801	\$ 97,005,660	\$ 97,019,979	\$ 100,612,540	\$ 110,367,487	\$ 123,676,431
14,971,016	15,425,677	18,344,550	18,904,389	19,761,397	22,418,493	23,929,521
(11,955,064)	(5,211,110)	(3,006,353)	(1,323,284)	1,316,485	(61,203,024)	(61,247,710)
<u>\$ 103,648,996</u>	<u>\$ 110,917,368</u>	<u>\$ 112,343,857</u>	<u>\$ 114,601,084</u>	<u>\$ 121,690,422</u>	<u>\$ 71,582,956</u>	<u>\$ 86,358,242</u>
\$ 120,443,730	\$ 116,137,286	\$ 113,536,973	\$ 114,142,625	\$ 114,506,690	\$ 116,288,674	\$ 111,740,507
736,834	760,011	1,165,853	1,088,242	945,308	876,221	910,117
12,934,193	14,079,646	15,845,740	15,033,204	13,655,977	6,055,696	10,998,291
<u>\$ 134,114,757</u>	<u>\$ 130,976,943</u>	<u>\$ 130,548,566</u>	<u>\$ 130,264,071</u>	<u>\$ 129,107,975</u>	<u>\$ 123,220,591</u>	<u>\$ 123,648,915</u>
\$ 221,076,774	\$ 216,840,087	\$ 210,542,633	\$ 211,162,604	\$ 215,119,230	\$ 226,656,161	\$ 235,416,938
15,707,850	16,185,688	19,510,403	19,992,631	20,706,705	23,294,714	24,839,638
979,129	8,868,536	12,839,387	13,709,920	14,972,462	(55,147,328)	(50,249,419)
<u>\$ 237,763,753</u>	<u>\$ 241,894,311</u>	<u>\$ 242,892,423</u>	<u>\$ 244,865,155</u>	<u>\$ 250,798,397</u>	<u>\$ 194,803,547</u>	<u>\$ 210,007,157</u>

Schedule 2

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

	Fiscal Year		
	2007	2008	2009
Expenses			
Governmental Activities:			
General Government	\$ 9,537,675	\$ 11,008,546	\$ 12,392,348
Public Safety	27,214,495	29,125,428	30,868,253
Transportation	6,499,966	6,982,818	7,056,526
Community and Economic Development	6,363,577	7,676,507	9,303,043
Culture and Recreation	19,588,846	16,316,643	16,791,874
Public Works	1,229,671	1,471,987	1,542,924
Interest and Fiscal Charges	7,535,019	8,652,337	8,905,688
Total Governmental Activities Expenses	<u>\$ 77,969,249</u>	<u>\$ 81,234,266</u>	<u>\$ 86,860,656</u>
Business-Type Activities:			
Water	\$ 12,961,816	\$ 13,093,627	\$ 12,217,805
Sewer	12,761,392	12,794,701	13,285,343
Baseball Stadium	922,727	937,873	904,874
Municipal Golf Course	1,713,721	1,847,933	1,954,651
Solid Waste Management	3,584,314	3,606,480	3,598,647
Total Business-Type Activities Expenses	<u>\$ 31,943,970</u>	<u>\$ 32,280,614</u>	<u>\$ 31,961,320</u>
Total Primary Government Expenses	<u>\$ 109,913,219</u>	<u>\$ 113,514,880</u>	<u>\$ 118,821,976</u>
Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 15,540,554	\$ 14,428,822	\$ 14,641,045
Operating Grants and Contributions	3,197,987	751,685	1,282,644
Capital Grants and Contributions	9,962,742	5,802,135	4,468,548
Total Governmental Activities Program Revenues	<u>\$ 28,701,283</u>	<u>\$ 20,982,642</u>	<u>\$ 20,392,237</u>
Business-Type Activities:			
Charges for Services	\$ 27,582,007	\$ 27,068,070	\$ 26,431,642
Operating Grants and Contributions			39,786
Capital Grants and Contributions	5,274,881	8,471,966	4,448,534
Total Business-Type Activities Program Revenues	<u>\$ 32,856,888</u>	<u>\$ 35,540,036</u>	<u>\$ 30,919,962</u>
Total Primary Government Program Revenues	<u>\$ 61,558,171</u>	<u>\$ 56,522,678</u>	<u>\$ 51,312,199</u>
Net (Expense) Revenue			
Governmental Activities	\$ (49,267,966)	\$ (60,251,624)	\$ (66,468,419)
Business-Type Activities	912,918	3,259,422	(1,041,358)
Total Primary Government Net Expense	<u>\$ (48,355,048)</u>	<u>\$ (56,992,202)</u>	<u>\$ (67,509,777)</u>

UNAUDITED

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 12,243,661	\$ 11,296,314	\$ 11,390,173	\$ 11,883,348	\$ 11,319,984	\$ 12,890,054	\$ 12,822,309
33,225,681	31,177,095	32,547,208	33,115,671	33,247,797	35,816,223	40,622,972
8,055,196	8,028,096	8,508,590	8,642,907	8,666,134	8,714,950	9,388,613
21,708,312	26,563,059	30,332,521	28,021,204	28,377,759	29,802,944	32,180,219
17,593,171	17,676,164	18,014,892	18,881,858	20,110,668	21,563,521	18,495,957
1,568,038	1,434,430	1,423,483	1,437,647	1,399,578	1,455,959	6,594,968
9,039,543	9,007,944	8,701,138	8,513,225	8,779,399	8,302,467	8,030,037
<u>\$ 103,433,602</u>	<u>\$ 105,183,102</u>	<u>\$ 110,918,005</u>	<u>\$ 110,495,860</u>	<u>\$ 111,901,319</u>	<u>\$ 118,546,118</u>	<u>\$ 128,135,075</u>
\$ 12,376,562	\$ 12,493,346	\$ 13,040,513	\$ 13,262,481	\$ 14,235,486	\$ 14,151,418	\$ 15,328,683
12,434,859	12,382,088	12,257,261	12,587,819	13,068,631	13,910,465	14,157,157
761,567	707,597	731,004	639,314	616,989	631,698	662,068
1,885,640	1,819,724	1,502,589	1,455,492	1,474,824	969,918	321,713
4,092,051	4,048,935	4,061,301	4,072,052	4,194,082	4,205,444	4,386,728
<u>\$ 31,550,679</u>	<u>\$ 31,451,690</u>	<u>\$ 31,592,668</u>	<u>\$ 32,017,158</u>	<u>\$ 33,590,012</u>	<u>\$ 33,868,943</u>	<u>\$ 34,856,349</u>
<u>\$ 134,984,281</u>	<u>\$ 136,634,792</u>	<u>\$ 142,510,673</u>	<u>\$ 142,513,018</u>	<u>\$ 145,491,331</u>	<u>\$ 152,415,061</u>	<u>\$ 162,991,424</u>
\$ 13,808,024	\$ 15,251,585	\$ 16,576,103	\$ 15,910,400	\$ 16,942,434	\$ 17,621,758	\$ 18,204,459
1,578,798	1,347,905	2,012,316	1,573,924	1,577,629	1,985,466	1,508,330
17,293,904	8,822,685	2,974,778	1,628,940	8,155,866	5,959,255	13,083,574
<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>	<u>\$ 19,113,264</u>	<u>\$ 26,675,929</u>	<u>\$ 25,566,479</u>	<u>\$ 32,796,363</u>
\$ 26,171,502	\$ 27,349,428	\$ 28,824,814	\$ 28,383,410	\$ 29,686,659	\$ 29,735,755	\$ 30,781,010
			4,574			3,402
4,786,961	1,121,501	2,005,888	3,350,634	3,184,138	4,436,233	4,644,940
<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>	<u>\$ 31,738,618</u>	<u>\$ 32,870,797</u>	<u>\$ 34,171,988</u>	<u>\$ 35,429,352</u>
<u>\$ 63,639,189</u>	<u>\$ 53,893,104</u>	<u>\$ 52,393,899</u>	<u>\$ 50,851,882</u>	<u>\$ 59,546,726</u>	<u>\$ 59,738,467</u>	<u>\$ 68,225,715</u>
\$ (70,752,876)	\$ (79,760,927)	\$ (89,354,808)	\$ (91,382,596)	\$ (85,225,390)	\$ (92,979,639)	\$ (95,338,712)
(592,216)	(2,980,761)	(761,966)	(278,540)	(719,215)	303,045	573,003
<u>\$ (71,345,092)</u>	<u>\$ (82,741,688)</u>	<u>\$ (90,116,774)</u>	<u>\$ (91,661,136)</u>	<u>\$ (85,944,605)</u>	<u>\$ (92,676,594)</u>	<u>\$ (94,765,709)</u>

Schedule 2 (Continued)

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

	Fiscal Year		
	2007	2008	2009
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 20,734,404	\$ 23,296,800	\$ 29,172,569
Local Accommodations Taxes	1,850,781	1,945,899	1,818,175
Business License Taxes	19,610,478	20,026,343	18,016,823
Franchise Taxes	3,224,468	3,250,404	3,394,445
Hospitality Fee Taxes	8,341,066	8,689,093	8,226,153
Local Option Tourism Taxes			
Grants and Contributions not Restricted to Specific Programs	8,072,328	8,672,736	8,232,659
Investment Earnings	2,281,674	1,853,449	478,649
Transfers	(1,142,346)	236,390	(155,400)
Total Governmental Activities	\$ <u>62,972,853</u>	\$ <u>67,971,114</u>	\$ <u>69,184,073</u>
Business-Type Activities:			
Investment Earnings	\$ 1,230,210	\$ 780,753	\$ 304,856
Transfers	1,142,346	(236,390)	155,400
Total Business-Type Activities	\$ <u>2,372,556</u>	\$ <u>544,363</u>	\$ <u>460,256</u>
Total Primary Government	\$ <u><u>65,345,409</u></u>	\$ <u><u>68,515,477</u></u>	\$ <u><u>69,644,329</u></u>
Change in Net Position			
Governmental Activities	\$ 13,704,887	\$ 7,719,490	\$ 2,715,654
Business-Type Activities	3,285,474	3,803,785	(581,102)
Total Primary Government	\$ <u><u>16,990,361</u></u>	\$ <u><u>11,523,275</u></u>	\$ <u><u>2,134,552</u></u>

Note:

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

UNAUDITED

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 27,607,156	\$ 25,567,159	\$ 24,836,200	\$ 25,113,459	\$ 25,796,261	\$ 30,191,056	\$ 31,603,241
1,827,916	2,064,510	2,219,406	2,238,681	2,333,117	2,538,276	2,628,349
17,149,465	17,516,219	17,795,885	18,354,589	19,050,722	20,579,202	22,133,249
3,422,821	3,575,049	3,409,048	3,469,046	3,755,715	3,847,643	3,763,771
8,275,596	9,028,583	9,548,517	9,791,483	10,077,734	10,859,463	11,333,703
14,195,983	20,440,454	23,500,801	23,508,832	23,298,736	24,952,836	27,187,371
7,904,766	8,177,320	9,311,329	10,833,688	10,501,165	10,619,104	11,017,066
313,682	361,705	361,811	223,895	168,740	152,962	225,010
(51,700)	298,300	(201,700)	106,150	179,000	112,276	222,238
<u>\$ 80,645,685</u>	<u>\$ 87,029,299</u>	<u>\$ 90,781,297</u>	<u>\$ 93,639,823</u>	<u>\$ 95,161,190</u>	<u>\$ 103,852,818</u>	<u>\$ 110,113,998</u>
\$ 177,051	\$ 141,247	\$ 131,889	\$ 100,195	\$ 82,602	\$ 68,522	\$ 77,559
51,700	(298,300)	201,700	(106,150)	(179,000)	(112,276)	(222,238)
<u>\$ 228,751</u>	<u>\$ (157,053)</u>	<u>\$ 333,589</u>	<u>\$ (5,955)</u>	<u>\$ (96,398)</u>	<u>\$ (43,754)</u>	<u>\$ (144,679)</u>
<u>\$ 80,874,436</u>	<u>\$ 86,872,246</u>	<u>\$ 91,114,886</u>	<u>\$ 93,633,868</u>	<u>\$ 95,064,792</u>	<u>\$ 103,809,064</u>	<u>\$ 109,969,319</u>
\$ 9,892,809	\$ 7,268,372	\$ 1,426,489	\$ 2,257,227	\$ 9,935,800	\$ 10,873,179	\$ 14,775,286
(363,465)	(3,137,814)	(428,377)	(284,495)	(815,613)	259,291	428,324
<u>\$ 9,529,344</u>	<u>\$ 4,130,558</u>	<u>\$ 998,112</u>	<u>\$ 1,972,732</u>	<u>\$ 9,120,187</u>	<u>\$ 11,132,470</u>	<u>\$ 15,203,610</u>

Schedule 3

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

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
Governmental Activities			
Charges for Services:			
General Government	\$ 2,670,293	\$ 2,304,761	\$ 2,847,392
Public Safety	2,525,607	2,419,234	2,576,715
Transportation	1,244,736	1,276,761	1,554,391
Community and Economic Development	2,832,062	1,883,724	1,146,380
Culture and Recreation	6,267,856	6,544,342	6,516,167
Operating Grants and Contributions:			
General Government			
Public Safety	195,923	225,514	606,341
Transportation	86,005	74,170	58,400
Community and Economic Development	243,492	78,671	293,469
Culture and Recreation	2,672,567	373,330	324,434
Public Works			
Capital Grants and Contributions:			
Public Safety	129,130	79,263	
Transportation	7,449,998	1,569,770	2,826,606
Community and Economic Development	2,367,176	4,056,658	1,158,694
Culture and Recreation	16,438	96,444	483,248
Total Governmental Activities	\$ 28,701,283	\$ 20,982,642	\$ 20,392,237
Business-Type Activities			
Charges for Services:			
Water	\$ 13,234,314	\$ 12,975,888	\$ 11,998,665
Sewer	9,664,631	9,150,570	9,458,220
Baseball Stadium	23,351	25,315	40,647
Municipal Golf Course	1,514,858	1,557,886	1,328,859
Solid Waste Management	3,144,853	3,358,411	3,605,251
Operating Grants and Contributions:			
Water			
Sewer			
Solid Waste Management			39,786
Capital Grants and Contributions:			
Water	2,158,556	3,990,773	2,773,106
Sewer	3,116,325	4,481,193	1,675,428
Total Business-Type Activities	\$ 32,856,888	\$ 35,540,036	\$ 30,919,962
Total Primary Government	\$ 61,558,171	\$ 56,522,678	\$ 51,312,199

UNAUDITED

		Fiscal Year											
		2010	2011	2012	2013	2014	2015	2016					
\$	2,428,261	\$	2,978,554	\$	3,483,073	\$	2,671,727	\$	2,695,365	\$	2,731,274	\$	2,930,087
	2,533,875		2,127,885		2,098,517		2,068,023		2,052,795		1,872,412		2,064,558
	1,565,710		1,832,000		1,858,628		1,880,137		2,177,007		2,227,724		2,260,620
	838,055		989,939		1,532,753		1,673,700		2,510,118		2,393,360		2,314,586
	6,442,123		7,323,207		7,603,132		7,616,813		7,507,149		8,396,988		8,634,608
					22,987		42,866						
	852,149		753,599		600,239		561,291		435,211		937,561		702,446
	57,200		62,900		86,131		104,631		88,006		87,631		78,256
	426,249		355,978		582,646		365,921		329,212		273,962		136,778
	243,200		175,428		720,313		499,215		513,358		649,601		518,915
								211,842		36,711			71,935
	238,477												
	6,649,087		4,724,714		1,670,650		868,161		7,221,160		4,765,947		11,609,972
	9,455,094		3,472,003		1,289,648		660,328		931,986		1,081,888		1,072,973
	951,246		625,968		14,480		100,451		2,720		111,420		400,629
\$	<u>32,680,726</u>	\$	<u>25,422,175</u>	\$	<u>21,563,197</u>	\$	<u>19,113,264</u>	\$	<u>26,675,929</u>	\$	<u>25,566,479</u>	\$	<u>32,796,363</u>
\$	11,955,128	\$	12,462,158	\$	13,017,157	\$	12,185,831	\$	12,425,117	\$	12,546,737	\$	12,993,723
	9,392,479		9,725,734		10,710,657		11,143,958		12,109,673		12,377,975		12,910,985
	30,056		32,573		39,980		27,581		36,841		45,364		53,347
	1,078,862		1,167,064		1,101,990		1,012,506		938,737		310,621		53,635
	3,714,977		3,961,899		3,955,030		4,013,534		4,176,291		4,455,058		4,769,320
													1,701
													1,701
							4,574						
	2,699,330		556,656		973,416		1,614,974		1,394,906		1,610,026		2,107,498
	2,087,631		564,845		1,032,472		1,735,660		1,789,232		2,826,207		2,537,442
\$	<u>30,958,463</u>	\$	<u>28,470,929</u>	\$	<u>30,830,702</u>	\$	<u>31,738,618</u>	\$	<u>32,870,797</u>	\$	<u>34,171,988</u>	\$	<u>35,429,352</u>
\$	<u>63,639,189</u>	\$	<u>53,893,104</u>	\$	<u>52,393,899</u>	\$	<u>50,851,882</u>	\$	<u>59,546,726</u>	\$	<u>59,738,467</u>	\$	<u>68,225,715</u>

Schedule 4

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

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
General Fund			
Nonspendable	\$ 111,909	\$ 112,506	\$ 129,478
Restricted	368,950	339,160	355,234
Committed			
Assigned	387,112	403,244	658,806
Unassigned	11,025,243	11,327,195	9,446,434
Total General Fund	<u>\$ 11,893,214</u>	<u>\$ 12,182,105</u>	<u>\$ 10,589,952</u>
 All Other Governmental Funds			
Nonspendable	\$ 1,136,861	\$ 1,090,907	\$ 836,468
Restricted	39,092,890	25,128,547	18,175,290
Assigned	4,451,785	13,612,743	13,494,243
Unassigned	(779,899)	(937,228)	(3,087,400)
Total All Other Governmental Funds	<u>\$ 43,901,637</u>	<u>\$ 38,894,969</u>	<u>\$ 29,418,601</u>

UNAUDITED

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 134,008	\$ 116,144	\$ 113,066	\$ 136,844	\$ 145,116	\$ 147,712	\$ 115,756
354,057	443,940	413,516	396,275	406,711	1,044,520	429,343
			40,000	14,667	1,077,273	202,419
410,202	411,724	412,924	413,928	414,605	931,947	667,884
7,067,216	7,664,002	7,804,956	9,237,691	10,324,445	10,221,505	12,050,165
<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>	<u>\$ 8,744,462</u>	<u>\$ 10,224,738</u>	<u>\$ 11,305,544</u>	<u>\$ 13,422,957</u>	<u>\$ 13,465,567</u>

\$ 781,858	\$ 722,066	\$ 722,066	\$ 722,066	\$ 722,066	\$ 785,408	\$ 793,725
19,332,009	27,003,280	21,018,349	29,148,074	33,329,174	26,786,092	27,217,933
12,579,733	15,124,193	13,891,602	11,789,372	12,019,861	12,404,860	12,137,656
(1,661,318)	(2,349,160)	(2,340,971)	(2,369,580)	(698,740)	(2,303,269)	(2,544,905)
<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>	<u>\$ 33,291,046</u>	<u>\$ 39,289,932</u>	<u>\$ 45,372,361</u>	<u>\$ 37,673,091</u>	<u>\$ 37,604,409</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		
	2007	2008	2009
Revenues			
Property Taxes	\$ 20,746,700	\$ 23,216,684	\$ 29,015,342
Local Accommodations Taxes	1,850,628	1,946,018	1,813,785
Hospitality Fee Taxes	8,348,376	8,678,672	8,222,570
Storm Water Fees	1,250,928	1,276,753	1,552,585
Local Option Tourism Taxes			
Licenses and Permits	25,518,446	25,070,983	22,323,790
Fines and Forfeitures	1,762,358	1,623,642	1,851,103
Intergovernmental	15,100,856	11,300,877	11,655,581
Charges for Services	4,033,761	4,313,817	4,493,502
Miscellaneous	6,870,075	7,688,050	4,271,439
Total Revenues	<u>\$ 85,482,128</u>	<u>\$ 85,115,496</u>	<u>\$ 85,199,697</u>
Expenditures			
Current:			
General Government	\$ 9,696,471	\$ 12,465,011	\$ 12,949,430
Public Safety	26,431,765	27,845,760	30,229,155
Transportation	3,768,054	4,238,826	4,388,767
Community and Economic Development	5,800,482	6,622,112	7,070,253
Culture and Recreation	17,717,319	14,566,336	15,085,928
Public Works	1,215,074	1,418,502	1,536,728
Capital Outlay	25,249,606	26,681,432	14,205,845
Debt Service:			
Principal	3,909,406	4,444,163	6,952,501
Interest and Fiscal Charges	6,594,514	7,567,295	8,158,842
Bond Issuance Costs	1,459,150	302,618	
Payment to Escrow Agent			
Total Expenditures	<u>\$ 101,841,841</u>	<u>\$ 106,152,055</u>	<u>\$ 100,577,449</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (16,359,713)</u>	<u>\$ (21,036,559)</u>	<u>\$ (15,377,752)</u>
Other Financing Sources (Uses)			
Transfers In	\$ 24,997,275	\$ 21,143,338	\$ 21,526,309
Transfers Out	(26,139,621)	(20,906,948)	(21,681,709)
Proceeds From Borrowing	35,209,310	16,082,392	4,437,440
Proceeds From Refunding			
Payment to Escrow Agent			
Sale of Capital Assets			27,191
Total Other Financing Sources (Uses)	<u>\$ 34,066,964</u>	<u>\$ 16,318,782</u>	<u>\$ 4,309,231</u>
Net Change in Fund Balances	<u>\$ 17,707,251</u>	<u>\$ (4,717,777)</u>	<u>\$ (11,068,521)</u>

UNAUDITED

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 27,416,733	\$ 25,551,735	\$ 24,819,308	\$ 25,112,930	\$ 25,842,751	\$ 29,807,247	\$ 30,913,506
1,832,395	2,065,000	2,217,299	2,240,593	2,333,163	2,536,515	2,629,777
8,283,197	9,023,986	9,463,883	9,867,341	10,075,280	10,850,942	11,310,659
1,569,986	1,836,316	1,858,628	1,883,706	2,181,517	2,227,724	2,267,128
14,195,983	20,440,454	23,500,801	23,508,832	23,298,736	24,952,836	27,187,371
21,228,785	21,898,534	22,424,426	23,052,056	24,807,744	26,426,225	27,847,941
1,841,296	1,345,154	1,087,407	1,151,814	1,203,940	1,101,609	1,211,362
14,148,733	12,062,703	12,193,869	13,365,569	14,631,456	14,028,776	15,163,681
4,448,104	4,738,294	5,090,013	4,970,196	5,221,830	6,250,252	6,506,212
11,929,100	7,294,945	5,941,373	5,493,214	6,994,794	6,359,649	6,807,139
<u>\$ 106,894,312</u>	<u>\$ 106,257,121</u>	<u>\$ 108,597,007</u>	<u>\$ 110,646,251</u>	<u>\$ 116,591,211</u>	<u>\$ 124,541,775</u>	<u>\$ 131,844,776</u>
\$ 12,402,953	\$ 12,278,801	\$ 11,262,374	\$ 11,065,359	\$ 11,366,081	\$ 12,905,368	\$ 12,328,947
30,753,182	29,269,778	31,211,230	32,189,301	32,761,895	35,413,969	39,613,821
5,107,803	4,812,339	5,272,855	5,516,042	5,532,740	5,573,199	5,837,513
19,257,564	23,703,541	27,426,638	25,097,090	25,446,577	26,768,505	29,041,665
14,843,882	14,940,894	15,126,615	15,764,818	16,904,085	17,789,917	13,897,123
1,477,446	1,382,108	1,428,340	1,403,396	1,394,960	1,429,807	6,452,736
23,560,905	6,240,529	9,882,501	9,379,603	13,506,372	21,926,817	11,517,165
5,242,898	4,765,145	5,875,367	6,975,385	8,229,829	7,451,254	8,170,475
7,887,970	8,105,283	7,645,965	7,420,312	7,031,794	7,643,041	8,775,010
416,512	40,728	222,967	181,294	590,288	9,822	89,527
1,367,000		443,633		1,507,567		
<u>\$ 122,318,115</u>	<u>\$ 105,539,146</u>	<u>\$ 115,798,485</u>	<u>\$ 114,992,600</u>	<u>\$ 124,272,188</u>	<u>\$ 136,911,699</u>	<u>\$ 135,723,982</u>
<u>\$ (15,423,803)</u>	<u>\$ 717,975</u>	<u>\$ (7,201,478)</u>	<u>\$ (4,346,349)</u>	<u>\$ (7,680,977)</u>	<u>\$ (12,369,924)</u>	<u>\$ (3,879,206)</u>
\$ 22,411,692	\$ 20,010,406	\$ 27,348,960	\$ 24,686,462	\$ 41,514,957	\$ 25,913,703	\$ 27,740,220
(22,463,392)	(19,712,106)	(27,550,660)	(24,580,312)	(41,335,957)	(25,801,427)	(27,517,982)
14,234,034	9,108,923		11,708,341	290,000	6,491,485	3,495,038
10,037,469		20,455,585		64,557,129		17,462,000
(9,820,624)		(20,235,669)		(50,181,917)		(17,374,195)
13,836	13,226	82,581	11,020		184,306	48,053
<u>\$ 14,413,015</u>	<u>\$ 9,420,449</u>	<u>\$ 100,797</u>	<u>\$ 11,825,511</u>	<u>\$ 14,844,212</u>	<u>\$ 6,788,067</u>	<u>\$ 3,853,134</u>
<u>\$ (1,010,788)</u>	<u>\$ 10,138,424</u>	<u>\$ (7,100,681)</u>	<u>\$ 7,479,162</u>	<u>\$ 7,163,235</u>	<u>\$ (5,581,857)</u>	<u>\$ (26,072)</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		
	2007	2008	2009
Debt Service as a Percentage of Noncapital Expenditures ⁽¹⁾	13.71%	15.11%	17.50%

Note:

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

UNAUDITED

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
<u>13.30%</u>	<u>12.96%</u>	<u>12.77%</u>	<u>13.63%</u>	<u>13.78%</u>	<u>13.13%</u>	<u>13.64%</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			
2007	\$ 250,165	\$ 55,929	\$ 306,094	\$ 61.40	\$ 5,495,404	5.57 %
2008	321,477	60,927	382,404	61.40	6,865,422	5.57
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

Source: Horry County Assessor's Office

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

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Schedule 7

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

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

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 2016	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate, Retail and Amusement	\$ 10,137,850	2.40 %
Broadway at the Beach, Inc	Retail and Entertainment	4,593,650	1.09
Marriot Ownership Resorts, Inc.	Real Estate and Accommodations	4,068,990	0.97
Coastal Grand CMBS , LLC	Retail	3,278,070	0.78
AVX Corporation	Manufacturer	3,228,996	0.77
Westgate Myrtle Beach, LLC	Real Estate and Accommodations	2,987,030	0.71
Grand Strand Regional Medical Center	Hospital	2,711,200	0.64
Columbia Property Myrtle Beach, LLC	Real Estate and Accommodations	2,448,630	0.58
Ocean Club Vacations, LLC	Real Estate and Accommodations	2,307,780	0.55
BEI - Beach, LLC	Real Estate Developer	2,306,120	0.54
		<u>\$ 38,068,316</u>	<u>9.03 %</u>

Taxpayer	Type of Business	Fiscal Year 2007	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developer	\$ 14,270,180	4.66 %
Verizon South, Inc.	Utility	3,342,180	1.09
AVX Corporation	Manufacturer	3,268,344	1.07
Marriot Ownership Resorts, Inc.	Real Estate and Accommodations	3,103,832	1.01
Bluegreen Vacations Unlimited, Inc.	Real Estate and Accommodations	2,516,447	0.82
Coastal Grand, LLC	Retail	2,229,420	0.73
Columbia Property Myrtle Beach, LLC	Real Estate and Accommodations	2,213,724	0.72
Grand Strand Regional Medical Center	Hospital	2,100,420	0.69
South Beach Resort Myrtle Beach, LLC	Real Estate and Accommodations	1,978,860	0.65
South Beach South Condo Conversion	Real Estate and Accommodations	1,879,486	0.61
		<u>\$ 36,902,893</u>	<u>12.05 %</u>

Source: Horry County Assessor's Office

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 ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
			Percentage			Percentage	
		Amount	of Levy		Amount	of Levy	
2007	\$ 18,572,636	\$ 17,925,151	96.51	% \$ 503,309	\$ 18,428,460	99.22	%
2008	21,200,474	20,386,232	96.16	607,299	20,993,531	99.02	
2009	25,768,469	24,158,849	93.75	1,327,884	25,486,733	98.91	
2010	28,212,861	26,392,479	93.55	1,511,072	27,903,551	98.90	
2011	25,515,334	24,215,741	94.91	948,806	25,164,547	98.63	
2012	22,332,207	20,799,291	93.14	1,148,640	21,947,931	98.28	
2013	21,349,973	20,322,154	95.19	616,666	20,938,820	98.07	
2014	20,949,044	19,802,198	94.53	575,559	20,377,757	97.27	
2015	29,150,922	26,078,950	89.46	401,407	26,480,357	90.84	
2016	30,256,332	27,672,451	91.46		27,672,451	91.46	

Sources: Horry County Treasurer and City Finance Department

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

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

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Schedule 10

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

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

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

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

⁽²⁾ The water and sewer usage rates are per 1,000 gallons for usage between 5,000 to 30,000 gallons inside the City limits. See Schedule 11 for other rates.

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Total Direct Rate				
Water		Sewer		
Base Rate ⁽¹⁾	Usage Rate ⁽²⁾	Base Rate ⁽¹⁾	Usage Rate ⁽²⁾	
\$ 2.43	\$ 2.56	\$ 2.41	\$ 2.34	
2.43	2.56	2.41	2.34	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.83	2.76	
2.43	2.56	3.04	2.97	
2.43	2.56	3.26	3.19	
2.47	2.60	3.38	3.24	
2.51	2.64	3.50	3.35	

Schedule 11

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

	Fiscal Year			
	2007	2008	2009	2010
Water Rates (Inside City Limits)				
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 30,000 gallons	2.56	2.56	2.56	2.56
31,000 gallons and over	2.89	2.89	2.89	2.89
Water Rates (Outside City Limits)				
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 30,000 gallons	5.12	5.12	5.12	5.12
31,000 gallons and over	5.78	5.78	5.78	5.78
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	2.41	2.41	2.60	2.60
1"	4.02	4.02	4.34	4.34
1 1/2"	8.03	8.03	8.67	8.67
2"	12.85	12.85	13.88	13.88
3"	28.12	28.12	30.37	30.37
4"	40.17	40.17	43.38	43.38
6"	80.33	80.33	86.76	86.76
Usage Rate (<i>per 1,000 gallons</i>)	2.34	2.34	2.53	2.53
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	4.82	4.82	5.20	5.20
1"	8.04	8.04	8.68	8.68
1 1/2"	16.06	16.06	17.34	17.34
2"	25.70	25.70	27.76	27.76
3"	56.24	56.24	60.74	60.74
4"	80.34	80.34	86.76	86.76
6"	160.66	160.66	173.52	173.52
Usage Rate (<i>per 1,000 gallons</i>)	4.68	4.68	5.06	5.06

Source: City Water and Sewer Department

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Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.47	\$ 2.51	
4.05	4.05	4.05	4.05	4.12	4.18	
8.10	8.10	8.10	8.10	8.23	8.35	
12.96	12.96	12.96	12.96	13.16	13.36	
28.35	28.35	28.35	28.35	28.78	29.21	
40.50	40.50	40.50	40.50	41.11	41.73	
81.00	81.00	81.00	81.00	82.22	83.45	
1.35	1.35	1.35	1.35	1.38	1.40	
2.56	2.56	2.56	2.56	2.60	2.64	
2.89	2.89	2.89	2.89	2.94	2.98	
4.86	4.86	4.86	4.86	4.94	5.02	
8.10	8.10	8.10	8.10	8.24	8.36	
16.20	16.20	16.20	16.20	16.46	16.70	
25.92	25.92	25.92	25.92	26.32	26.72	
56.70	56.70	56.70	56.70	57.56	58.42	
81.00	81.00	81.00	81.00	82.22	83.46	
162.00	162.00	162.00	162.00	164.44	166.90	
2.70	2.70	2.70	2.70	2.76	2.80	
5.12	5.12	5.12	5.12	5.20	5.28	
5.78	5.78	5.78	5.78	5.88	5.96	
2.60	2.83	3.04	3.26	3.38	3.50	
4.34	4.73	5.08	5.46	5.66	5.86	
8.67	9.45	10.16	10.92	11.31	11.71	
13.88	15.12	16.25	17.46	18.08	18.71	
30.37	33.10	35.59	38.25	39.59	40.98	
43.38	47.28	50.83	54.64	56.56	58.54	
86.76	94.56	101.65	109.27	113.10	117.06	
2.53	2.76	2.97	3.19	3.24	3.35	
5.20	5.66	6.08	6.52	6.76	7.00	
8.68	9.46	10.16	10.92	11.32	11.72	
17.34	18.90	20.32	21.84	22.62	23.42	
27.76	30.24	32.50	34.92	36.16	37.42	
60.74	66.20	71.18	76.50	79.18	81.96	
86.76	94.56	101.66	109.28	113.12	117.08	
173.52	189.12	203.30	218.34	226.20	234.12	
5.06	5.52	5.94	6.38	6.48	6.70	

Schedule 12

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

Customer	Fiscal Year 2016			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 262,766	2.03 %	\$ 253,649	1.98 %
Myrtle Beach Travel Park	177,209	1.37	199,181	1.55
Sea Mist Resort	166,854	1.29	177,697	1.39
Grand Strand Regional Medical Center	134,646	1.04	131,810	1.03
Magnolia Pointe HOA	127,351	0.99	127,609	0.99
Crown Reef Resort LLC	117,597	0.91	88,566	0.69
Apache Family Campground	89,249	0.69	100,703	0.78
Marriott at Grande Dunes	82,398	0.64	81,408	0.63
Seawatch Plantation	77,073	0.60	87,555	0.68
Brighton Dev Corp LLC	76,129	0.59	85,941	0.67
	<u>\$ 1,311,272</u>	<u>10.15 %</u>	<u>\$ 1,334,119</u>	<u>10.39 %</u>

Customer	Fiscal Year 2007			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 248,805	2.01 %	\$ 126,281	1.33 %
Myrtle Beach Travel Park	185,777	1.50	166,905	1.75
Captains Quarters	170,683	1.38	35,032	0.38
AVX Corporation	159,548	1.29	122,934	1.32
Sands Properties Homeowners	128,201	1.04	85,985	0.92
Maison Sur Mer	79,888	0.65	57,714	0.62
Grand Strand Regional Medical Center	75,809	0.61	54,428	0.58
Marriot at Grande Dunes	72,723	0.59	64,472	0.69
Apache Family Campground	72,519	0.59	65,625	0.70
Coral Beach Resort Hotel	62,630	0.51	43,564	0.47
	<u>\$ 1,256,583</u>	<u>10.17 %</u>	<u>\$ 822,940</u>	<u>8.76 %</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
2007	\$ 41,050,334	\$ 17,586,511	\$ 34,901,599	\$ 10,499,052	\$ 48,663,897	\$ 2,897,500	\$ 3,334,603
2008	51,933,987	16,417,341	37,270,981	10,119,706	48,702,104	2,897,500	6,761,379
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

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

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

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<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>		<u>Per Capita ⁽¹⁾</u>
<u>Water and Sewer Revenue</u>	<u>Certificates of Participation</u>				
<u>Bonds</u>					
\$	\$ 7,149,275	\$ 166,082,771	20.39 %	\$	5,706
11,728,124	6,694,341	192,525,463	22.62		6,353
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

Schedule 14

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

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Debt Service Funds Available	Net General Bonded Debt		
2007	\$ 41,050,334	\$ 1,752,836	\$ 39,297,498	0.72 %	\$ 1,350
2008	51,933,987	2,953,599	48,980,388	0.71	1,616
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

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

⁽¹⁾ See Schedule 6 for property value data.

⁽²⁾ See Schedule 18 for population data.

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Schedule 15

CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Overlapping Governmental Activities Debt			
Horry County:			
General Obligation Bonds	\$ 111,231,634	22.0%	\$ 24,470,959
Horry County School District:			
General Obligation Bonds	467,505,000	22.0%	<u>102,851,100</u>
Total Overlapping Governmental Activities Debt			\$ 127,322,059
City Direct Governmental Activities Debt			<u>182,670,143</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 309,992,202</u></u>

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

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

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

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Schedule 16

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

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit	\$ 22,560,818	\$ 30,864,883	\$ 32,829,398	\$ 36,086,483
Total Net Debt Applicable to Debt Limit	<u>(10,750,000)</u>	<u>(22,050,000)</u>	<u>(19,635,000)</u>	<u>(18,230,000)</u>
Legal Debt Margin	<u>\$ 11,810,818</u>	<u>\$ 8,814,883</u>	<u>\$ 13,194,398</u>	<u>\$ 17,856,483</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>47.65%</u>	<u>71.44%</u>	<u>59.81%</u>	<u>50.52%</u>

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

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

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Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 29,897,923	\$ 29,546,805	\$ 30,715,283	\$ 30,833,102	\$ 26,955,443	\$ 28,933,854
<u>(16,760,000)</u>	<u>(15,160,000)</u>	<u>(25,165,000)</u>	<u>(23,525,000)</u>	<u>(22,175,000)</u>	<u>(21,995,000)</u>
<u>\$ 13,137,923</u>	<u>\$ 14,386,805</u>	<u>\$ 5,550,283</u>	<u>\$ 7,308,102</u>	<u>\$ 4,780,443</u>	<u>\$ 6,938,854</u>
<u>56.06%</u>	<u>51.31%</u>	<u>81.93%</u>	<u>76.30%</u>	<u>82.27%</u>	<u>76.02%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 421,545,870
Assessed Value of Property in TIF Districts	(63,279,727)
Exempt Merchants Inventory (1987 Valuation)	3,407,035
Adjusted Assessed Value of Taxable Property	<u>\$ 361,673,178</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 28,933,854

Debt Applicable to Limit:

General Obligation Bonds	(42,520,000)
Bonds Issued Under Referendum	<u>20,525,000</u>

Legal Debt Margin \$ 6,938,854

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

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

Fiscal Year	Hospitality Fee Revenue Bonds			
	Hospitality Fees	Debt Service		Coverage
		Principal	Interest	
2007	\$ 8,348,376	\$ 0	\$ 2,545,325	3.28
2008	8,678,672	0	2,545,325	3.41
2009	8,222,570	0	2,545,325	3.23
2010	8,283,197	0	2,545,325	3.25
2011	9,023,986	555,000	2,545,325	2.91
2012	9,463,883	585,000	2,516,525	3.05
2013	9,867,341	615,000	2,486,081	3.18
2014	10,075,280	0	1,930,741	5.22
2015	10,850,942	1,145,000	2,912,187	2.67
2016	11,310,659	1,160,000	2,897,267	2.79

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

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

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

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Tax Increment Revenue Bonds

Property Tax Increment		Debt Service		Coverage
		Principal	Interest	
\$	2,136,089	\$ 1,070,000	\$ 887,562	1.09
	2,318,289	1,110,000	1,738,220	0.81
	5,210,870	1,165,000	1,682,720	1.83
	3,601,569	0	1,851,153	1.95
	4,210,980	580,000	2,516,563	1.36
	3,777,540	1,060,000	2,824,652	0.97
	3,670,339	1,405,000	2,380,002	0.97
	4,435,844	1,465,000	2,310,644	1.17
	6,026,391	1,525,000	2,430,067	1.52
	7,239,204	1,595,000	3,732,934	1.36

Storm Water Revenue Bonds

Storm Water Fees		Debt Service		Coverage
		Principal	Interest	
\$	1,250,928	\$ 0	\$ 436,924	2.86
	1,276,753	379,346	336,627	1.78
	1,552,585	391,825	324,147	2.17
	1,569,986	436,895	325,276	2.06
	1,836,316	536,214	338,566	2.10
	1,858,628	562,915	304,094	2.14
	1,883,706	603,707	226,141	2.27
	2,181,517	616,292	213,556	2.63
	2,227,724	629,185	200,664	2.68
	2,267,128	886,548	367,808	1.81

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>
2006	29,107	\$ 27,978	\$ 814,356	36.9	5.50 %
2007	30,304	28,092	851,300	37.1	5.00
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

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

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Schedule 19

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

Employer	Type of Business	Calendar Year 2015	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,540	3.70 %
Wal-Mart	Retail Sales	3,100	2.07
Coastal Carolina University	Education	2,353	1.57
Horry County Government	County Government	2,057	1.38
Conway Medical Center	Hospital	1,500	1.00
Grand Strand Regional Medical Center	Hospital	1,450	0.97
Wyndham Vacation Ownership, Inc.	Vacation and Rental Accommodations	1,294	0.87
Food Lion	Retail Sales	1,000	0.67
City of Myrtle Beach	Municipal Government	895	0.60
McCloud Health System	Hospital	680	0.45
		<u>19,869</u>	<u>13.28 %</u>

Employer	Type of Business	Calendar Year 2006	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,120	4.60 %
Wal-Mart	Retail Sales	2,203	1.98
Horry County Government	County Government	1,850	1.66
Burroughs and Chapin	Developer	1,639	1.47
AVX Corporation	Manufacturer	1,500	1.35
Grand Strand Regional Medical Center	Hospital	1,150	1.03
Conway Medical Center	Hospital	1,075	0.96
Myrtle Beach National	Golf Courses and Accommodations	1,000	0.90
Blue Cross Blue Shield	Insurance Provider	925	0.83
City of Myrtle Beach	Municipal Government	902	0.81
		<u>17,364</u>	<u>15.59 %</u>

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

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

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Schedule 20

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

	As of June 30,			
	2007	2008	2009	2010
Full-Time Equivalent Employees				
General Government	76	87	90	89
Public Safety	400	400	426	422
Transportation	25	25	25	26
Community and Economic Development	29	29	29	27
Culture and Recreation	134	137	144	136
Public Works	27	30	26	25
Water	31	30	27	29
Sewer	32	27	27	26
Municipal Golf Course	14	14	16	15
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	798	809	840	825

Source: City Finance Department

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

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As of June 30,					
2011	2012	2013	2014	2015	2016
89	81	80	80	81	83
410	431	431	429	453	467
27	26	26	26	26	26
28	26	27	27	33	38
139	145	145	165	160	165
23	25	25	25	25	28
29	30	30	30	30	30
26	26	26	26	26	26
13	10	8	10	10	0
30	30	30	30	32	32
814	830	828	848	876	895

Schedule 21

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

	Fiscal Year			
	2007	2008	2009	2010
General Government				
New Business Licenses Issued	1,615	1,474	1,427	1,971
Public Safety				
Calls for Services - Police	102,670	107,136	117,116	141,191
Total Arrests	37,817	39,436	26,322	27,020
Fire Calls per Engine Company	368	364	346	301
Transportation				
Square Yards of City Streets Resurfaced	40,000	50,330	38,700	32,400
Community and Economic Development				
Building Permits Issued	4,516	5,121	2,966	2,986
Culture and Recreation				
Admissions to Recreation Centers	180,272	177,910	209,326	217,125
Exhibition Hall Occupancy Percentage	67%	66%	66%	63%
Number of Library Volumes	77,089	77,089	84,116	87,961
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	10,555	10,395	9,745	9,816
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	8,229	8,161	7,859	7,785
Municipal Golf Course				
Number of Rounds Played	46,621	45,633	40,236	32,989
Solid Waste Management				
Tons of Refuse Collected	29,129	27,931	27,689	27,937

Sources: Various City departments

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

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Fiscal Year					
2011	2012	2013	2014	2015	2016
1,481	1,463	1,190	1,157	1,414	1,518
110,773	104,907	96,527	110,102	115,233	133,761
21,620	22,998	21,635	22,417	24,639	23,919
346	349	374	393	400	448
56,000	54,000	81,279	39,480	37,319	39,877
3,468	4,180	4,569	5,232	5,696	5,814
220,372	218,120	206,788	198,673	181,669	181,968
62%	65%	63%	62%	65%	70%
146,027	144,757	125,563	117,296	140,885	134,627
10,056	10,263	9,565	9,586	9,534	10,047
7,974	8,253	7,919	8,032	8,073	8,373
37,224	36,695	35,887	34,010	34,050	46,597
28,099	26,876	26,369	27,979	25,887	29,167

Schedule 22

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

	Fiscal Year			
	2007	2008	2009	2010
Public Safety				
Police Stations	3	3	3	3
Fire Stations	6	6	6	6
Transportation				
Streets (<i>miles</i>)	126	127	130	130
Traffic Signals	64	70	70	70
Culture and Recreation				
Parks	37	37	45	45
Park Acreage	332	332	653	653
Recreation Centers	3	3	4	4
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	350	372	375	375
Sewer				
Gravity Sewers (<i>miles</i>)	214	219	219	230
Storm Sewers (<i>miles</i>)	65	126	141	151
Baseball Stadium				
Baseball Stadiums	1	1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

Sources: Various City departments

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

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Fiscal Year					
2011	2012	2013	2014	2015	2016
3	3	3	3	3	3
6	6	6	6	6	6
141	142	142	142	142	142
71	72	72	72	72	72
45	45	45	45	45	45
653	653	653	653	653	653
4	4	4	4	4	4
1	1	1	1	1	1
2	2	2	2	2	2
376	376	378	380	382	382
230	231	233	235	237	237
153	161	164	170	173	173
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
26	26	26	26	26	26



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CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-13-UC-45006	\$ 3,178
		B-14-UC-45006	88,488
		B-15-UC-45006	60,803
Total U.S. Department of Housing and Urban Development			\$ <u>152,469</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 19,917
ARRA - Public Safety Partnership and Community Policing Grant	16.710		454,986
Edward Byrne Memorial Justice Assistance Grant	16.738		33,567
Total U.S. Department of Justice			\$ <u>508,470</u>
U.S. Department of Transportation:			
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC15015	\$ 9,030
		2JC16015	7,488
Total U.S. Department of Transportation			\$ <u>16,518</u>
U.S. Department of Homeland Security:			
Passed Through the State Emergency Management Division:			
Disaster Grant	97.036	FEMA-4241-DR-SC	\$ 62,973
Pre-Disaster Mitigation Grant	97.047	PDMC-PL-04-SC-2014-001	32,038
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	14SHSP23	39,622
		14SHSP34	50,548
Total U.S. Department of Homeland Security			\$ <u>185,181</u>
Total Expenditures of Federal Awards			\$ <u><u>862,638</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, 2016

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, 2016. 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.



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MYRTLE BEACH

4728 Jenn Drive
Suite 100
Myrtle Beach, SC 29577

Phone (843) 448-8334
Fax (843) 626-7363
www.sccpa.com

CONWAY

1109 Main Street
Suite A
Conway, SC 29526

Phone (843) 248-5284
Fax (843) 381-0027
www.sccpa.com

PAWLEYS ISLAND

245 Business Center Drive
Suite 4A
Pawleys Island, SC 29585

Phone (843) 237-3453
Fax (843) 237-4809
www.sccpa.com

**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, 2016, 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 23, 2016.

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*.

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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 23, 2016



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4728 Jenn Drive
Suite 100
Myrtle Beach, SC 29577

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Fax (843) 626-7363
www.sccpa.com

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1109 Main Street
Suite A
Conway, SC 29526

Phone (843) 248-5284
Fax (843) 381-0027
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PAWLEYS ISLAND

245 Business Center Drive
Suite 4A
Pawleys Island, SC 29585

Phone (843) 237-3453
Fax (843) 237-4809
www.sccpa.com

**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, 2016. 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, 2016.

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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- 164 -

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 23, 2016

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

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 Justice, ARRA - Public Safety Partnership and Community Policing Grant -
CFDA No. 16.710
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, 2016