

CITY OF MYRTLE BEACH SOUTH CAROLINA



Myrtle Beach Sports Center

Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2015



First In Service

CITY of MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

MIKE LOWDER

WAYNE GRAY

SUSAN MEANS

CITY OFFICIALS

JOHN G. PEDERSEN
CITY MANAGER

MICHAEL W. SHELTON
CHIEF FINANCIAL OFFICER

MARIA E. BAISDEN
DIRECTOR OF FINANCE

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015**

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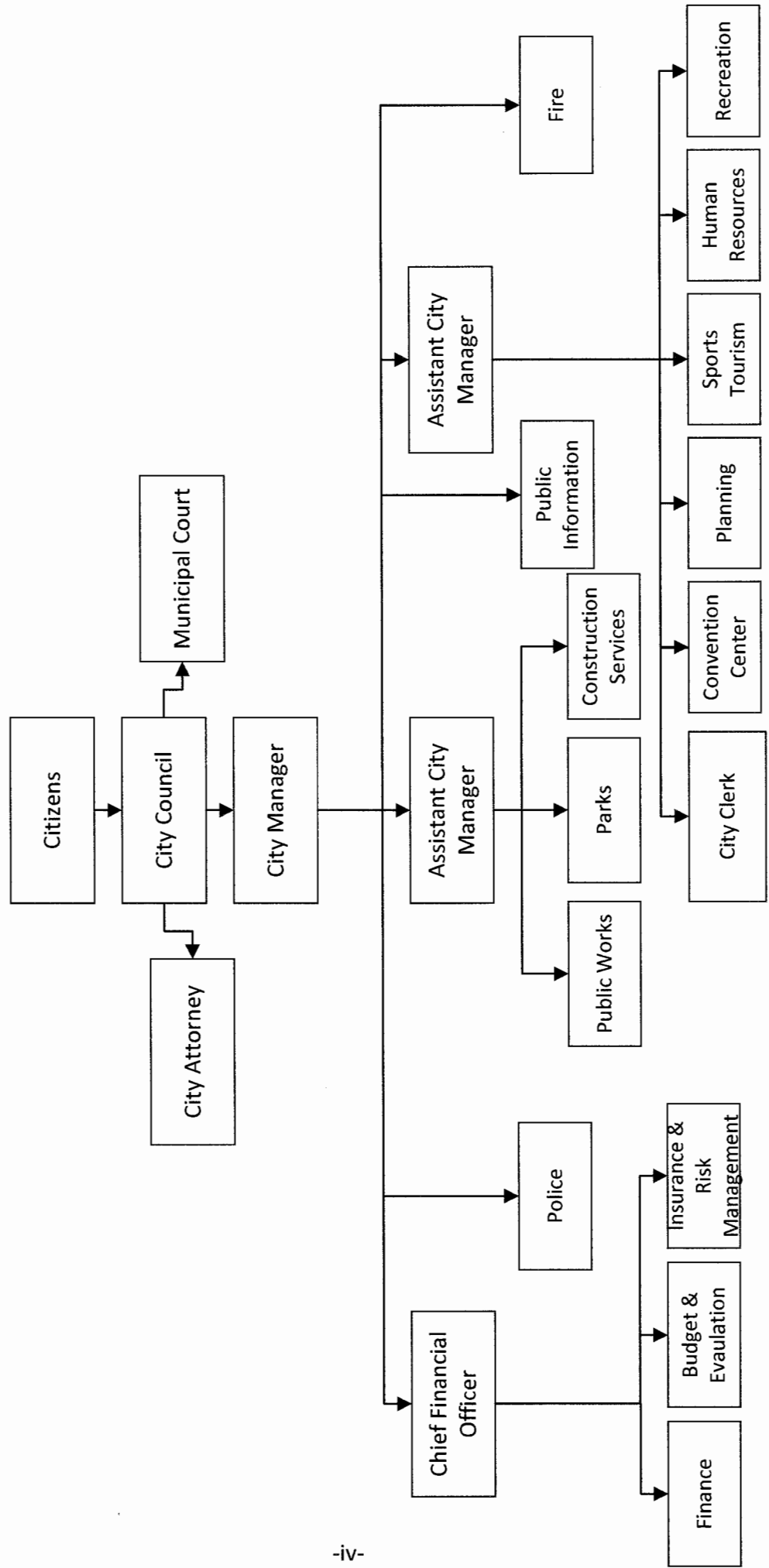
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City of Myrtle Beach

Organizational Chart





City of Myrtle Beach SOUTH CAROLINA

OFFICE OF THE FINANCE DIRECTOR

November 26, 2015

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, 2015, 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 fourteen staff departments, which are City Clerk, Budget and Evaluation, Finance, Risk Management, Public Works, Public Information, Human Resources, Planning, Code Enforcement, Cultural and Leisure Services, Library, Police, Fire and the Convention Center.

FACTORS AFFECTING FINANCIAL CONDITION

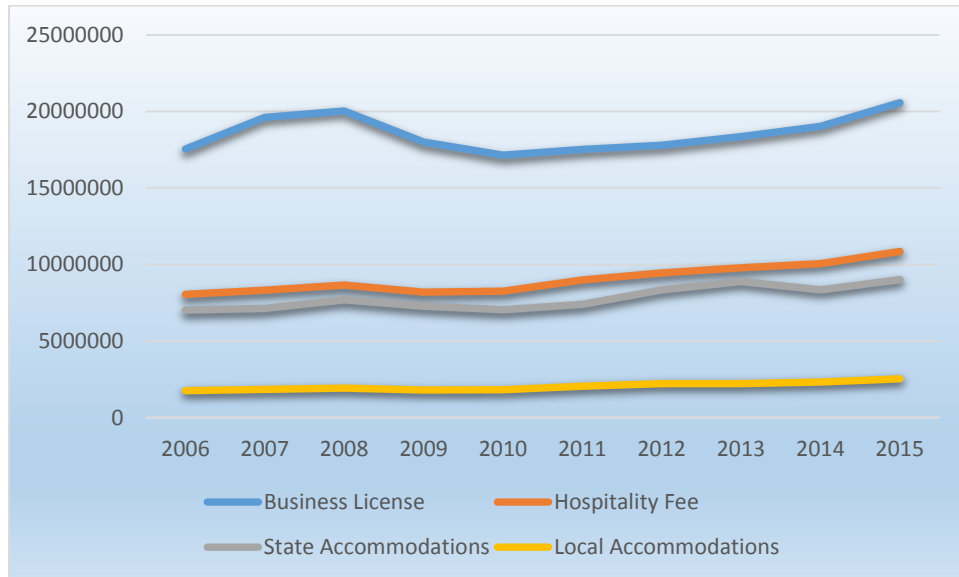
The City's financial condition continued to improve during fiscal year 2015 owing to two primary factors. First, property values stabilized and resumed growing at a moderate pace and, second, revenues deriving from business conducted in the City showed their greatest strength since 2008. This includes 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 for operations by 8.3% and the second was implementing a modest increase in business license rates for businesses situated outside the corporate limits. 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.

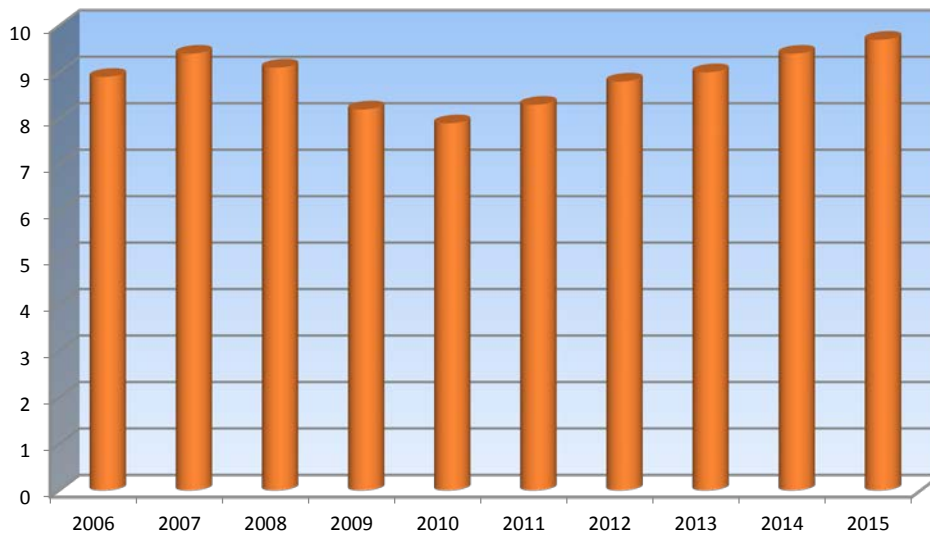
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, 2006 - 2015



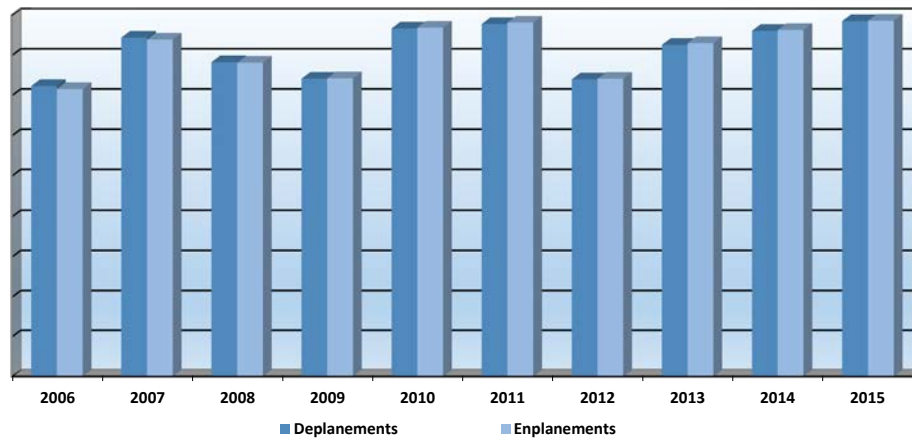
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008, 2009, and 2010, retail sales began the recovery in 2011 and have demonstrated improved numbers through 2015.

Horry County Retail Sales, 2006 - 2015 (\$ billions)



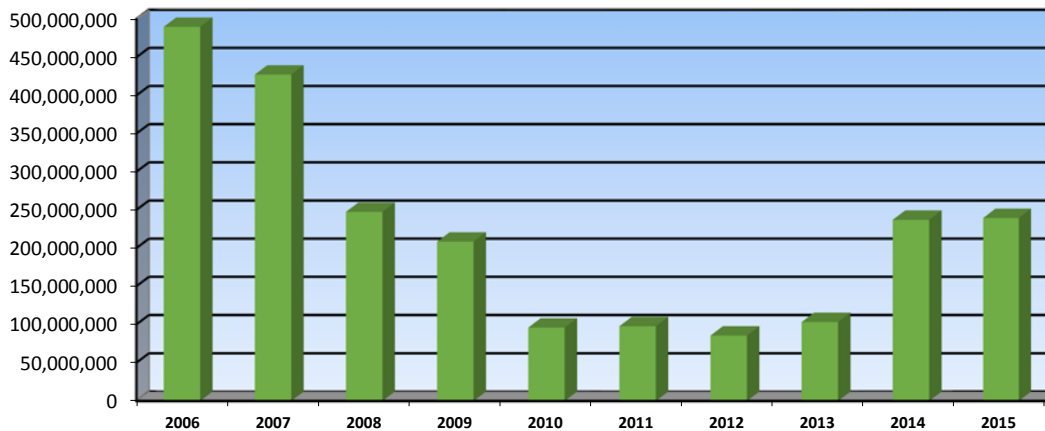
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

Passengers' Handled - Myrtle Beach International Airport, 2006 - 2015



Another revenue group that reflects the economic conditions is construction permits. Figures for the fiscal year ended June 30, 2015, indicate that buildings permitted by the City totaled \$239,286,287. Based upon the 10-year horizon presented in the chart below, it appears that construction activity has fallen off since 2006 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, 2006-2015



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 opened the doors to the new Myrtle Beach Sports Center adjacent to the Myrtle Beach Convention Center. The 100,000 square foot indoor sports facility includes 8 basketball courts and 16 volleyball courts spread over 72,000 square feet of column-free hardwood space. The venue was designed to host court sports, wrestling, gymnastics, table tennis, pickle ball, and other sports events as well as trade shows. To service the event space, there are seven team rooms, telescopic bleachers, a private mezzanine for elevated viewing, and a café with indoor/outdoor seating.



The City's component unit, the Myrtle Beach Convention Center Hotel Corporation, issued \$16,405,000 of South Carolina Jobs-Economic Development Authority (SCJEDA) refunding revenue bonds. The purpose of the issue was to refund the outstanding SCJEDA subordinate revenue bonds, Series 2001B to achieve a net present value savings of \$3,593,382, or 18.6% of the outstanding debt service of the refunded bonds. The refunded Series

2001B Bonds were used to finance the construction of the 402-room convention center hotel (currently operating as the Sheraton Myrtle Beach Convention Center) and related parking garage contiguous to the Myrtle Beach Convention Center along with the refurbishment of certain support facilities within the Center.



The City entered into a master lease purchase agreement in the amount of \$1,290,000 for system infrastructure to support a network of approximately 800 surveillance cameras to be installed along major arteries and in areas of high intensity traffic. The individual cameras, which are being funded with pay-as-you-go appropriations, were installed along Ocean Boulevard in Phase 1 of the project. Phase 1 was completed in fiscal year 2015. The remaining phases are due to be completed in fiscal year 2016.

The City also entered into a master lease agreement in the amount of \$930,000 for the addition of bicycle barricades, barrier walls, message boards, and traffic cones which were used, primarily, in conjunction with the Memorial Day event activities. Also in this master lease purchase agreement was the purchase of a crane carrier rear loader in the amount of \$208,598 used by an additional solid waste crew.





The City issued \$4,271,485 in storm water revenue bonds for storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.

The baseball stadium received a major renovation of the structural steel supporting the precast concrete seating in the stadium. This project totaled \$946,433 over a span of two years.



The City implemented a blended water and sewer rate increase of 2.8% (1.5% water and 3.5% sewer), an increase of out-of-City business license fees from 1.5 times the in-City rate to 2.0 times the in-City rate and an increase in solid waste rates of \$2.40 per month to provide for additional residential service crews.

The City entered into a concession agreement for Whispering Pines Golf Course with Atlantic Golf Management (concessionaire) for the operation and maintenance of the golf course. The concessionaire shall pay the City 3 ½ % of gross revenue generated only when annual gross revenue exceeds \$1,100,000. The City also entered into a lease agreement with Horry County for property adjacent to the golf course to be used as a driving range at a cost of \$22,700 per year. The concessionaire shall reimburse the City for the lease amount as well as 10% of the operating revenue derived from the driving range.

The City performed various repair and maintenance projects such as:

- Continued intersection improvements and signalization throughout the City.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Continued improvements to construction, replacement and extension of the water delivery system. Also, continued construction and replacement of the sewer system infrastructure and pump station upgrades.

FOR THE FUTURE

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

- The City anticipates the issuance of \$17.5 million in General Obligation Refunding Bonds to refund previously issued General Obligation Bonds, Series 2006A, B, and C and General Obligation Bonds, Series 2008A.

- The City also anticipates the issuance of approximately \$14.8 million in Waterworks and Sewer System Revenue Bonds to provide funds to enlarge, improve, and extend the City's waterworks and sewer systems. The projects to be financed include the installation of a 36" force main along US Highway 17 to replace and upgrade current facilities, the replacement, upgrade, and relocation of water and sewer lines in the City, and various projects to upgrade or renew water and sewer infrastructure serving the City's system.
- Implementation of an IVR Hosted automated system which will primarily serve utility customers by giving them access to their accounts and the ability to automatically make payments by phone. The system will also be used to make contact to City customers for account status and also emergency notification.
- A Neighborhood Services department will be established which will be responsible for coordination of neighborhood outreach services and responsible for community development block grants.
- 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 addition of ocean boulevard midblock crossings and installation of cycling lanes consistent with development of the East Coast Greenway and transportation objectives.
- Continued landscaping, storm water, underground utility conversion and roadway realignment projects.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Other storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.

INTERNAL CONTROL STRUCTURE

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including those controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The result of the City's single audit for the fiscal year ended June 30, 2015, 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 reappropriated by budget ordinance, in the following year, if necessary.

OTHER INFORMATION

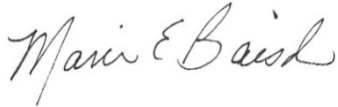
Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Smith, Sapp, Bookhout, Crumpler & Calliham, P.A. was selected to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government unit must publish an

easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

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

Sincerely yours,

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

Maria E. Baisden
Director of Finance



Government Finance Officers Association


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

Presented to

**City of Myrtle Beach
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

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

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, 2015, 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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Change in Accounting Principle

As described in Note 20 to the financial statements, the City of Myrtle Beach, South Carolina adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, during the year ended June 30, 2015.

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 74 - 77) and budgetary comparison information (pages 78 - 81) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015, 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 25, 2015

CITY OF MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2015

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, 2015. 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 \$194,803,547 (net position).
- The City's total net position decreased by \$55,994,850. This is the result of a decrease in net position of our governmental-type activities of \$50,107,466, or 41.2%, and a decrease in net position of our business-type activities of \$5,887,384, or 4.6%.
- The City's total revenues amounted to \$163,547,531 during the year ended June 30, 2015. Revenues of governmental activities totaled \$129,307,021, an increase of 6.3%, and revenues of business-type activities were \$34,240,510, an increase of 3.9%.
- During the year ended June 30, 2015, the City's total expenses amounted to \$152,415,061. Expenses of governmental activities totaled \$118,546,118, an increase of 5.9%, and expenses of business-type activities were \$33,868,943, an increase of 0.8%.
- At June 30, 2015, the City's governmental funds reported combined fund balances of \$51,096,048, a decrease of \$5,581,857 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 \$18,721,839, or 8.2%, for governmental activities and an increase of \$429,675, or 0.3%, for business-type activities.
- At year-end, the City had \$204,888,089 in outstanding bonds payable and capital lease obligations compared to \$207,707,489 last year, a decrease of 1.4%.

Using This Annual Report

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

The City as an Agent

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 41.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension plans and budgetary information beginning on page 74. Combining and individual fund statements and schedules and other supplementary information can be found on pages 83 - 116.

The City as a Whole

Condensed statements of net position at June 30, 2015 and 2014 are shown below.

THE CITY'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 111,637,335	\$ 116,091,936	\$ 18,978,677	\$ 20,729,856	\$ 130,616,012	\$ 136,821,792
Capital Assets (Net)	<u>248,103,137</u>	<u>229,381,298</u>	<u>135,807,051</u>	<u>135,377,376</u>	<u>383,910,188</u>	<u>364,758,674</u>
Total Assets	<u>\$ 359,740,472</u>	<u>\$ 345,473,234</u>	<u>\$ 154,785,728</u>	<u>\$ 156,107,232</u>	<u>\$ 514,526,200</u>	<u>\$ 501,580,466</u>
Deferred Outflows of Resources	\$ <u>8,684,455</u>	\$ <u>2,881,451</u>	\$ <u>534,535</u>	\$ _____	\$ <u>9,218,990</u>	\$ <u>2,881,451</u>
Long-Term Liabilities	\$ 245,091,445	\$ 185,318,058	\$ 25,188,519	\$ 20,486,297	\$ 270,279,964	\$ 205,804,355
Other Liabilities	<u>45,654,199</u>	<u>41,346,205</u>	<u>6,385,523</u>	<u>6,512,960</u>	<u>52,039,722</u>	<u>47,859,165</u>
Total Liabilities	<u>\$ 290,745,644</u>	<u>\$ 226,664,263</u>	<u>\$ 31,574,042</u>	<u>\$ 26,999,257</u>	<u>\$ 322,319,686</u>	<u>\$ 253,663,520</u>
Deferred Inflows of Resources	\$ <u>6,096,327</u>	\$ _____	\$ <u>525,630</u>	\$ _____	\$ <u>6,621,957</u>	\$ _____
Net Position:						
Net Investment in Capital Assets	\$ 110,367,487	\$ 100,612,540	\$ 116,288,674	\$ 114,506,690	\$ 226,656,161	\$ 215,119,230
Restricted	22,418,493	19,761,397	876,221	945,308	23,294,714	20,706,705
Unrestricted	<u>(61,203,024)</u>	<u>1,316,485</u>	<u>6,055,696</u>	<u>13,655,977</u>	<u>(55,147,328)</u>	<u>14,972,462</u>
Total Net Position	<u>\$ 71,582,956</u>	<u>\$ 121,690,422</u>	<u>\$ 123,220,591</u>	<u>\$ 129,107,975</u>	<u>\$ 194,803,547</u>	<u>\$ 250,798,397</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, 2015 was \$194,803,547, a decrease of \$55,994,850, or 22.3%, from a year ago.

The largest portion of the City's net position, \$226,656,161 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, \$23,294,714, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$(55,147,328). Unrestricted net position is negative as a result of the \$67,127,320 cumulative effect of adopting GASB Statement No. 68.

Changes in the City's net position during the years ended June 30, 2015 and 2014 follows.

THE CITY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 17,621,758	\$ 16,942,434	\$ 29,735,755	\$ 29,686,659	\$ 47,357,513	\$ 46,629,093
Operating Grants and Contributions	1,985,466	1,577,629			1,985,466	1,577,629
Capital Grants and Contributions	5,959,255	8,155,866	4,436,233	3,184,138	10,395,488	11,340,004
General Revenues:						
Property Taxes	30,191,056	25,796,261			30,191,056	25,796,261
Local Accommodations Taxes	2,538,276	2,333,117			2,538,276	2,333,117
Business License Taxes	20,579,202	19,050,722			20,579,202	19,050,722
Franchise Taxes	3,847,643	3,755,715			3,847,643	3,755,715
Hospitality Fee Taxes	10,859,463	10,077,734			10,859,463	10,077,734
Local Option Tourism Taxes	24,952,836	23,298,736			24,952,836	23,298,736
Grants and Contributions not Restricted to Specific Programs	10,619,104	10,501,165			10,619,104	10,501,165
Investment Earnings	<u>152,962</u>	<u>168,740</u>	<u>68,522</u>	<u>82,602</u>	<u>221,484</u>	<u>251,342</u>
Total Revenues	<u>\$ 129,307,021</u>	<u>\$ 121,658,119</u>	<u>\$ 34,240,510</u>	<u>\$ 32,953,399</u>	<u>\$ 163,547,531</u>	<u>\$ 154,611,518</u>
Expenses:						
General Government	\$ 12,890,054	\$ 11,319,984	\$	\$	\$ 12,890,054	\$ 11,319,984
Public Safety	35,816,223	33,247,797			35,816,223	33,247,797
Transportation	8,714,950	8,666,134			8,714,950	8,666,134
Community and Economic Development	29,802,944	28,377,759			29,802,944	28,377,759
Culture and Recreation	21,563,521	20,110,668			21,563,521	20,110,668
Public Works	1,455,959	1,399,578			1,455,959	1,399,578
Interest and Fiscal Charges	8,302,467	8,779,399			8,302,467	8,779,399
Water			14,151,418	14,235,486	14,151,418	14,235,486
Sewer			13,910,465	13,068,631	13,910,465	13,068,631
Baseball Stadium			631,698	616,989	631,698	616,989
Municipal Golf Course			969,918	1,474,824	969,918	1,474,824
Solid Waste Management			<u>4,205,444</u>	<u>4,194,082</u>	<u>4,205,444</u>	<u>4,194,082</u>
Total Expenses	<u>\$ 118,546,118</u>	<u>\$ 111,901,319</u>	<u>\$ 33,868,943</u>	<u>\$ 33,590,012</u>	<u>\$ 152,415,061</u>	<u>\$ 145,491,331</u>
Increase (Decrease) in Net Position Before Transfers	\$ 10,760,903	\$ 9,756,800	\$ 371,567	\$ (636,613)	\$ 11,132,470	\$ 9,120,187
Transfers	<u>112,276</u>	<u>179,000</u>	<u>(112,276)</u>	<u>(179,000)</u>		
Change in Net Position	<u>\$ 10,873,179</u>	<u>\$ 9,935,800</u>	<u>\$ 259,291</u>	<u>\$ (815,613)</u>	<u>\$ 11,132,470</u>	<u>\$ 9,120,187</u>
Net Position - Beginning, as Previously Reported	\$ 121,690,422	\$ 114,601,084	\$ 129,107,975	\$ 130,264,071	\$ 250,798,397	\$ 244,865,155
Cumulative Effect Adjustments	<u>(60,980,645)</u>	<u>(2,846,462)</u>	<u>(6,146,675)</u>	<u>(340,483)</u>	<u>(67,127,320)</u>	<u>(3,186,945)</u>
Net Position - Beginning, as Restated	<u>\$ 60,709,777</u>	<u>\$ 111,754,622</u>	<u>\$ 122,961,300</u>	<u>\$ 129,923,588</u>	<u>\$ 183,671,077</u>	<u>\$ 241,678,210</u>
Net Position - Ending	<u>\$ 71,582,956</u>	<u>\$ 121,690,422</u>	<u>\$ 123,220,591</u>	<u>\$ 129,107,975</u>	<u>\$ 194,803,547</u>	<u>\$ 250,798,397</u>

The City's total revenues amounted to \$163,547,531 for the year ended June 30, 2015. This is an increase of \$8,936,013, or 5.8%. The largest increase was in property taxes, which increased by \$4,394,795, or 17.0%, primarily due to a millage rate increase from 66.1 to 74.5 mills (8.4 mills). This increase was due to increased mills adopted to support increases in operations, a special millage to fund the Memorial Day Plan and the implementation of a property reassessment which requires a rollback millage to be calculated and implemented. The next largest increase was in local option tourism taxes, which increased \$1,654,100, or 7.1%. 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 business license taxes, which increased \$1,528,480, or 8.0%. This increase was primarily due to increased revenues reported by accommodations and food services, insurance and construction activities. The combination of local accommodations taxes, franchise taxes, and hospitality fee taxes provided an increase of \$1,078,816, or 6.7%. This increase is also indicative of an improving economy. Charges for services increased \$728,420, or 1.6%. There were increases in revenues from building permits, sewer charges, refuse collection fees, convention center charges, parks and recreation and sports tourism fees. There was a \$407,837 increase, or 25.9%, in operating grants and contributions primarily due to an increase in public safety grants and contributions. There was a decrease in capital grants and contributions of \$944,516, or 8.3% due to a decrease in transportation capital grants and contributions. There was an increase in grants and contributions not restricted to specific programs of \$117,939, or 1.1% primarily due to an increase in accommodations tax collections. Investment earnings decreased \$29,858, or 11.9%, due to low interest rates.

The total cost of all programs and services was \$152,415,061 (increasing by \$6,923,730 or 4.8%). The largest increase was in public safety, which increased \$2,568,426, or 7.7%. This was primarily due to increased costs for the may bike events and depreciation expense on capital assets. The next largest increase was experienced in the general government category in the amount of \$1,570,070, or 13.9%. The largest contributing factor to this increase was increased health insurance costs. The next largest increase was in the culture and recreation, which increased \$1,452,853, or 7.2%, primarily due to increased personnel costs, increased depreciation expense on capital assets and an adjustment for net pension liability activity. Community and economic development expenses increased \$1,425,185, or 5.0% 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 \$757,766, or 2.8%. 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. Public works increased \$56,381, or 4.0% primarily due to increased professional fees (software maintenance) and an adjustment for net pension liability activity. Transportation increased \$48,816, or 0.6% primarily due to increased depreciation expense on capital assets, increased street lighting costs and an adjustment for net pension liability activity. The baseball stadium and solid waste management expenses had a combined increase of \$26,071, or 0.5% primarily due to increased personnel costs. The municipal golf course expenses decreased \$504,906 due to overall decreased expenses because of the concession agreement for 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 \$476,932, or 5.4%, due to reduced principal payments as a result of refunding of debt in fiscal year 2014.

Governmental Activities

The City's net position from governmental activities decreased \$50,107,466. 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 1,316,485 at June 30, 2014 to \$(61,203,024) 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 6.3% (\$7,648,902) and total expenses increased 5.9% (\$6,644,799).

The cost of all governmental activities this year was \$118,546,118. However, as shown in the statement of activities beginning on page 16, the amount that our taxpayers ultimately financed for these activities was only \$92,979,639 because some of the cost was paid by those who directly benefited from the programs (\$17,621,758) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7,944,721). Overall, the City's governmental program revenues were \$25,566,479. 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 \$103,740,542.

Business-Type Activities

The City's net position from business-type activities decreased \$5,887,384, or 4.6%.

The City's programs for business-type activities include water and sewer, baseball stadium, municipal golf course and solid waste management activities. Revenues of the City's business-type activities increased by 3.9% (\$1,287,111) and expenses increased by 0.8% (\$278,931).

The cost of all business-type activities this year was \$33,868,943. As shown in the statement of activities that starts on page 16, the amounts paid by users of the activities were \$29,735,755 and grants and contributions totaled \$4,436,233. Investment earnings were \$68,522.

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 \$51,096,048, a decrease of \$5,581,857 in comparison with the prior year. Of this amount, \$7,918,236, or 15.5%, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not available for spending or restricted for specific purposes by external or self-imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,221,505, while total fund balance amounted to \$13,422,957. 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 14.8% of total expenditures, while total fund balance represents 19.5% of that same amount. The General Fund's total fund balance increased by \$2,117,413 during the current fiscal year. This increase resulted primarily from increased collections in property taxes and business licenses.

The Convention Center Fund has a total fund balance of \$1,031,272, an increase of \$932,917 from the prior year. This was primarily due to an increase in other financing sources and charges for services.

The Local Option Tourism Fee Fund has a total fund balance of \$1,426,289, a decrease of \$297,926 from the prior year. While there was an excess of revenues over expenditures in the amount of \$5,008,692, transfers out to other funds were \$5,306,618. 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 decreased by \$9,678,009 to \$14,693,256 at June 30, 2015. Of this total, (a) \$2,288,396 is restricted for capital projects and tourism promotion and support and (b) \$12,404,860 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 \$9,162,030. Total net position decreased \$4,101,434 from the prior year. A majority of this decrease, \$3,885,091, was due to the cumulative effect of adopting GASB Statement No. 68.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(1,356,405). The increase in total net position in the Baseball Stadium Fund was \$351,230, which was primarily due to a transfer in from the Local Option Tourism Fee Fund.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(2,153,854). The decrease in total net position in the Municipal Golf Course Fund was \$662,976, 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 \$(2,622,782). The decrease in total net position in the Solid Waste Management Fund was \$2,137,564, which was primarily due to the cumulative effect of adopting GASB Statement No. 68.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$1,085,821 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 \$1,218,126.

Budget to actual comparisons for the General Fund can be found on page 78.

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, 2015 amounted to \$383,910,188 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 \$18,721,839, or 8.2%, for governmental activities and an increase of \$429,675, or 0.3%, for business-type activities. The increase in governmental activities was primarily due to the current year building and improvements increase (primarily the completion of the Myrtle Beach Sports Center and the Convention Center HVAC project) 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 28,821,306	\$ 28,546,742	\$ 18,685,751	\$ 18,685,751	\$ 47,507,057	\$ 47,232,493
Land Improvements	51,058,944	50,071,527	8,864,339	8,864,339	59,923,283	58,935,866
Buildings and Improvements	107,940,512	88,601,030	11,460,521	10,562,603	119,401,033	99,163,633
Distribution Systems			183,743,049	180,366,895	183,743,049	180,366,895
Furniture, Vehicles and Equipment	58,239,196	49,910,714	5,524,564	5,382,949	63,763,760	55,293,663
Infrastructure	182,122,413	178,371,310			182,122,413	178,371,310
Construction-in-Progress	7,830,641	9,847,245	1,892,879	879,766	9,723,520	10,727,011
Accumulated Depreciation	<u>(187,909,875)</u>	<u>(175,967,270)</u>	<u>(94,364,052)</u>	<u>(89,364,927)</u>	<u>(282,273,927)</u>	<u>(265,332,197)</u>
	<u>\$ 248,103,137</u>	<u>\$ 229,381,298</u>	<u>\$ 135,807,051</u>	<u>\$ 135,377,376</u>	<u>\$ 383,910,188</u>	<u>\$ 364,758,674</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 \$204,888,089 in outstanding bonds payable and capital lease obligations compared to \$207,707,489 last year, a decrease of 1.4%.

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligation Bonds \$	43,695,000	\$ 46,165,000	\$	\$	\$ 43,695,000	\$ 46,165,000
Revenue Bonds			17,480,000	18,355,000	17,480,000	18,355,000
Certificates of Participation	4,735,000	6,215,000	2,870,000	3,505,000	7,605,000	9,720,000
Tax Increment Revenue Bonds	53,497,603	55,022,603			53,497,603	55,022,603
Storm Water Revenue Bonds	13,387,538	9,745,237			13,387,538	9,745,237
Hospitality Fee Revenue Bonds	60,770,000	61,915,000			60,770,000	61,915,000
Capital Lease Obligations	<u>8,452,948</u>	<u>6,784,649</u>			<u>8,452,948</u>	<u>6,784,649</u>
	<u>\$ 184,538,089</u>	<u>\$ 185,847,489</u>	<u>\$ 20,350,000</u>	<u>\$ 21,860,000</u>	<u>\$ 204,888,089</u>	<u>\$ 207,707,489</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, 2015, the amount of new debt, which could be issued without referendum, was \$11,670,043.

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 2016 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 2015 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 2016 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 74.5 mills. The rate includes 66.9 mills for the General Fund and 7.6 mills for the Debt Service Fund. Properties that are used as primary residences receive a credit under the terms of legislation authorizing the City's tourism development fee. Consequently, owner occupied property is subject only to the Debt Service millage of 7.6 mills (a total of \$30.40 per \$100,000 of market value per year). Amounts available for appropriation in the General Fund budget for fiscal year 2016 are \$71,661,424, an increase of 1.9% from the final fiscal year 2015 budget of \$70,339,531.

For the City's business-type activities, there is a blended water and sewer rate increase of approximately 2.7%, which 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 Finance Department at Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1150.

BASIC FINANCIAL STATEMENTS

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 47,307,882	\$ 9,793,456	\$ 57,101,338
Receivables (Net)	21,890,464	2,098,481	23,988,945
Due From Component Units	26,183,933		26,183,933
Internal Balances	(3,026,707)	3,026,707	
Inventories	253,083	872,423	1,125,506
Prepaid Assets	67,988		67,988
Restricted Cash and Temporary Investments	18,908,852	3,116,024	22,024,876
Land and Construction in Progress	36,651,947	20,578,630	57,230,577
Other Capital Assets (Net)	211,451,190	115,228,421	326,679,611
Bond Insurance (Net)	51,840	71,586	123,426
Total Assets	<u>\$ 359,740,472</u>	<u>\$ 154,785,728</u>	<u>\$ 514,526,200</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refundings Related to Pension Plans	<u>\$ 2,562,748</u> <u>6,121,707</u>	<u>\$</u> <u>534,535</u>	<u>\$ 2,562,748</u> <u>6,656,242</u>
Total Deferred Outflows of Resources	<u>\$ 8,684,455</u>	<u>\$ 534,535</u>	<u>\$ 9,218,990</u>
LIABILITIES			
Accounts Payable and Accrued Expenses Due to Primary Government	<u>\$ 32,823,652</u>	<u>\$ 2,407,095</u>	<u>\$ 35,230,747</u>
Unearned Revenue	330,392	168,625	499,017
Liabilities Payable From Restricted Assets	1,314,839	3,809,803	5,124,642
Noncurrent Liabilities:			
Due Within One Year	11,185,316		11,185,316
Due in More Than One Year	<u>245,091,445</u>	<u>25,188,519</u>	<u>270,279,964</u>
Total Liabilities	<u>\$ 290,745,644</u>	<u>\$ 31,574,042</u>	<u>\$ 322,319,686</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plans	<u>\$ 6,096,327</u>	<u>\$ 525,630</u>	<u>\$ 6,621,957</u>

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

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 1,053,817	\$ 3,218,461
	622,156
	55,160
	515,309
	2,458,590
456,834	31,831,978
<u>\$ 1,510,651</u>	<u>\$ 38,701,654</u>
	#REF!
\$	\$ 701,781
<u>\$</u>	<u>\$ 701,781</u>
\$ 122,196	\$ 904,277
192,223	25,991,710
32,322	391,356
	871,803
8,269	250,000
<u>13,122</u>	<u>17,372,068</u>
<u>\$ 368,132</u>	<u>\$ 45,781,214</u>
<u>\$</u>	<u>\$</u>

A-1 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 110,367,487	\$ 116,288,674	\$ 226,656,161
Restricted for:			
Capital Projects	3,520,785		3,520,785
Capital Replacements			
Community Development	7,314,694		7,314,694
Debt Service	6,353,910	666,221	7,020,131
Library	109,722		109,722
Narcotics Law Enforcement	306,143		306,143
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	4,813,239		4,813,239
Unrestricted	<u>(61,203,024)</u>	<u>6,055,696</u>	<u>(55,147,328)</u>
Total Net Position	<u>\$ 71,582,956</u>	<u>\$ 123,220,591</u>	<u>\$ 194,803,547</u>

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

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 456,834	\$ 13,754,910
	129,992
	1,972,860
	188,935
<u>685,685</u>	<u>(22,424,476)</u>
\$ <u><u>1,142,519</u></u>	\$ <u><u>(6,377,779)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 12,890,054	\$ 2,731,274	\$	\$
Public Safety	35,816,223	1,872,412	937,561	
Transportation	8,714,950	2,227,724	87,631	4,765,947
Community and Economic Development	29,802,944	2,393,360	273,962	1,081,888
Culture and Recreation	21,563,521	8,396,988	649,601	111,420
Public Works	1,455,959		36,711	
Interest and Fiscal Charges	8,302,467			
Total Governmental Activities	<u>\$ 118,546,118</u>	<u>\$ 17,621,758</u>	<u>\$ 1,985,466</u>	<u>\$ 5,959,255</u>
Business-Type Activities:				
Water	\$ 14,151,418	\$ 12,546,737	\$	\$ 1,610,026
Sewer	13,910,465	12,377,975		2,826,207
Baseball Stadium	631,698	45,364		
Municipal Golf Course	969,918	310,621		
Solid Waste Management	4,205,444	4,455,058		
Total Business Type Activities	<u>\$ 33,868,943</u>	<u>\$ 29,735,755</u>	<u>\$</u>	<u>\$ 4,436,233</u>
Total Primary Government	<u>\$ 152,415,061</u>	<u>\$ 47,357,513</u>	<u>\$ 1,985,466</u>	<u>\$ 10,395,488</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,592,061	\$ 1,546,573	\$	\$
MB Convention Center Hotel Corporation	18,129,164	16,513,236		
Total Component Units	<u>\$ 19,721,225</u>	<u>\$ 18,059,809</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
Special Item - Termination Fee
Transfers
Total General Revenues, Special Item and Transfers

Change in Net Position

Net Position - Beginning, as Previously Reported
Cumulative Effect of Adopting GASB Statement No. 68
Net Position - Beginning, as Restated

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (10,158,780)	\$	\$ (10,158,780)		
(33,006,250)		(33,006,250)		
(1,633,648)		(1,633,648)		
(26,053,734)		(26,053,734)		
(12,405,512)		(12,405,512)		
(1,419,248)		(1,419,248)		
(8,302,467)		(8,302,467)		
<u>\$ (92,979,639)</u>	<u>\$</u>	<u>\$ (92,979,639)</u>		
\$	\$ 5,345	\$ 5,345		
	1,293,717	1,293,717		
	(586,334)	(586,334)		
	(659,297)	(659,297)		
	249,614	249,614		
<u>\$</u>	<u>\$ 303,045</u>	<u>\$ 303,045</u>		
<u>\$ (92,979,639)</u>	<u>\$ 303,045</u>	<u>\$ (92,676,594)</u>		
			\$ (45,488)	\$
			<u>\$ (45,488)</u>	<u>\$ (1,615,928)</u>
				<u>\$ (1,615,928)</u>
\$ 30,191,056	\$	\$ 30,191,056	\$	\$
2,538,276		2,538,276		
20,579,202		20,579,202		
3,847,643		3,847,643		
10,859,463		10,859,463		
24,952,836		24,952,836		
10,619,104		10,619,104		
152,962	68,522	221,484	1,401	87,869
				570,000
112,276	(112,276)			
<u>\$ 103,852,818</u>	<u>\$ (43,754)</u>	<u>\$ 103,809,064</u>	<u>\$ 1,401</u>	<u>\$ 657,869</u>
<u>\$ 10,873,179</u>	<u>\$ 259,291</u>	<u>\$ 11,132,470</u>	<u>\$ (44,087)</u>	<u>\$ (958,059)</u>
\$ 121,690,422	\$ 129,107,975	\$ 250,798,397	\$ 1,186,606	\$ (5,419,720)
(60,980,645)	(6,146,675)	(67,127,320)		
<u>\$ 60,709,777</u>	<u>\$ 122,961,300</u>	<u>\$ 183,671,077</u>	<u>\$ 1,186,606</u>	<u>\$ (5,419,720)</u>
<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>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 4,175,165	\$ 1,024,305	\$ 139,388
Receivables (Net):			
Property Taxes	1,202,256		
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Accounts	3,130,364	221,120	
Intergovernmental	876,344		6,434,504
Loans	20,000		
Due From Other Funds	7,729,738		
Due From Component Units	192,223	25,991,710	
Inventories	123,066		
Prepaid Assets	4,646		
Restricted Cash and Temporary Investments	<u>1,658,348</u>		
Total Assets	<u>\$ 19,112,150</u>	<u>\$ 27,237,135</u>	<u>\$ 6,573,892</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 3,540,000	\$ 270,718	\$ 5,147,603
Due to Other Fund			
Payable From Restricted Assets:			
Court Bonds	249,143		
Refundable Deposits	225,134		
Other	139,551		
Unearned Revenue	48,560	163,088	
Total Liabilities	<u>\$ 4,202,388</u>	<u>\$ 433,806</u>	<u>\$ 5,147,603</u>
Deferred Inflows of Resources:			
Unavailable Revenue	<u>\$ 1,486,805</u>	<u>\$ 25,772,057</u>	

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 10,370,583	\$ 8,752,066	\$ 24,461,507
	234,492	1,436,748
	463,401	463,401
	1,730,947	1,730,947
	62,099	62,099
503,898	180,669	4,036,051
2,743,080	3,229,912	13,283,840
	722,066	742,066
		7,729,738
		26,183,933
		123,066
	63,342	67,988
2,989,407	14,261,097	18,908,852
<u>\$ 16,606,968</u>	<u>\$ 29,700,091</u>	<u>\$ 99,230,236</u>

\$ 1,207,701	\$ 2,778,258	\$ 12,944,280
	6,026,176	6,026,176
		249,143
701,011		926,145
		139,551
5,000	113,744	330,392
<u>\$ 1,913,712</u>	<u>\$ 8,918,178</u>	<u>\$ 20,615,687</u>

<u>\$</u>	<u>\$ 259,639</u>	<u>\$ 27,518,501</u>
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A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	<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	\$ 123,066	\$	\$
Long-Term Receivables	20,000		
Prepaid Assets	4,646		
Restricted for:			
Capital Projects	628,655		
Community Development			
Debt Service			
Library	109,722		
Narcotics Law Enforcement	306,143		
Tourism Promotion and Support		1,031,272	1,426,289
Committed for:			
Demolition Loans	20,000		
Encumbrances	50,000		
Surveillance Camera System	1,007,273		
Assigned for:			
Capital Projects			
Disaster Recovery			
Ocean Front Improvements	415,566		
Public Safety Compensation	516,381		
Unassigned	10,221,505		
Total Fund Balances	\$ <u>13,422,957</u>	\$ <u>1,031,272</u>	\$ <u>1,426,289</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u><u>19,112,150</u></u>	 \$ <u><u>27,237,135</u></u>	 \$ <u><u>6,573,892</u></u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
		123,066
	722,066	742,066
	63,342	67,988
2,108,396	1,529,316	4,266,367
	6,592,628	6,592,628
	11,842,989	11,842,989
		109,722
		306,143
180,000	2,075,202	4,712,763
		20,000
		50,000
		1,007,273
9,904,860		9,904,860
2,500,000		2,500,000
		415,566
		516,381
	(2,303,269)	7,918,236
\$ 14,693,256	\$ 20,522,274	\$ 51,096,048
\$ 16,606,968	\$ 29,700,091	\$ 99,230,236

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 51,096,048
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.	238,400,414
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	27,518,501
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.	4,213,504
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(249,645,511)</u>
Net Position of Governmental Activities	\$ <u>71,582,956</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, 2015

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
REVENUES			
Property Taxes	\$ 21,541,694	\$	\$
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Local Option Tourism Taxes			24,952,836
Licenses and Permits	25,426,954		
Fines and Forfeitures	968,832		
Intergovernmental	3,219,799		
Charges for Services	3,070,289	2,758,433	
Miscellaneous	3,045,032	2,703,577	55,310
Total Revenues	<u>\$ 57,272,600</u>	<u>\$ 5,462,010</u>	<u>\$ 25,008,146</u>
EXPENDITURES			
Current:			
General Government	\$ 10,990,108	\$ 356,746	\$
Public Safety	35,410,807		
Transportation	3,555,023		
Community and Economic Development	2,454,462		19,999,454
Culture and Recreation	12,884,810	4,212,097	
Public Works	1,429,807		
Capital Outlay	2,288,636		
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Total Expenditures	<u>\$ 69,013,653</u>	<u>\$ 4,568,843</u>	<u>\$ 19,999,454</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (11,741,053)</u>	<u>\$ 893,167</u>	<u>\$ 5,008,692</u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 375,909	\$ 7,889,644	\$ 29,807,247
	2,536,515	2,536,515
	10,850,942	10,850,942
	2,227,724	2,227,724
		24,952,836
999,271		26,426,225
	132,777	1,101,609
1,269,599	9,539,378	14,028,776
	421,530	6,250,252
374,249	181,481	6,359,649
<u>\$ 3,019,028</u>	<u>\$ 33,779,991</u>	<u>\$ 124,541,775</u>

\$ 838,396	\$ 720,118	\$ 12,905,368
3,162		35,413,969
202,025	1,816,151	5,573,199
59,841	4,254,748	26,768,505
328,738	364,272	17,789,917
		1,429,807
12,276,713	7,361,468	21,926,817
	7,451,254	7,451,254
	7,643,041	7,643,041
	9,822	9,822
<u>\$ 13,708,875</u>	<u>\$ 29,620,874</u>	<u>\$ 136,911,699</u>

<u>\$ (10,689,847)</u>	<u>\$ 4,159,117</u>	<u>\$ (12,369,924)</u>
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A-5 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 11,767,446	\$ 2,472,293	\$
Transfers Out	(294,286)	(2,432,543)	(5,306,618)
Capital Lease Obligations	2,220,000		
Storm Water Revenue Bonds Issued			
Sale of Capital Assets	165,306		
Total Other Financing Sources (Uses)	\$ <u>13,858,466</u>	\$ <u>39,750</u>	\$ <u>(5,306,618)</u>
Net Change in Fund Balances	\$ 2,117,413	\$ 932,917	\$ (297,926)
Fund Balances - Beginning	<u>11,305,544</u>	<u>98,355</u>	<u>1,724,215</u>
Fund Balances - Ending	\$ <u><u>13,422,957</u></u>	\$ <u><u>1,031,272</u></u>	\$ <u><u>1,426,289</u></u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,035,000	\$ 10,638,964	\$ 25,913,703
(23,162)	(17,744,818)	(25,801,427)
		2,220,000
	4,271,485	4,271,485
	19,000	184,306
<u>\$ 1,011,838</u>	<u>\$ (2,815,369)</u>	<u>\$ 6,788,067</u>
\$ (9,678,009)	\$ 1,343,748	\$ (5,581,857)
<u>24,371,265</u>	<u>19,178,526</u>	<u>56,677,905</u>
<u><u>\$ 14,693,256</u></u>	<u><u>\$ 20,522,274</u></u>	<u><u>\$ 51,096,048</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (5,581,857)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays (\$21,926,817) exceeded depreciation (\$11,178,229) in the current period. 10,748,588

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,745,114

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. 959,769

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. (969,329)

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. 970,894

Change in Net Position of Governmental Activities \$ 10,873,179

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, 2015

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 9,742,714	\$ 40,711	\$ 9,996
Receivables (Net):			
Accounts	977,454		22,700
Intergovernmental		478,629	
Due From Other Funds	3,789,058		
Inventories	845,828		
Total Current Assets	<u>\$ 15,355,054</u>	<u>\$ 519,340</u>	<u>\$ 32,696</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 451,500	\$
Restricted Cash and Temporary Investments	2,079,274	1,036,750	
Land and Construction in Progress	4,593,150	5,600,000	10,385,480
Other Capital Assets (Net)	105,865,986	4,729,551	4,121,831
Bond Insurance (Net)	60,006	11,580	
Total Noncurrent Assets	<u>\$ 112,598,416</u>	<u>\$ 11,829,381</u>	<u>\$ 14,507,311</u>
Total Assets	<u>\$ 127,953,470</u>	<u>\$ 12,348,721</u>	<u>\$ 14,540,007</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pension Plan	<u>\$ 339,136</u>	<u>\$</u>	<u>\$</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,096,846	\$ 84,888	\$ 159
Due to Other Fund		1,392,937	2,186,391
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Refundable Deposits	1,838,719		
Interest Payable	239,334	71,750	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	905,000		
Certificates of Participation		665,000	
Total Current Liabilities	<u>\$ 5,079,899</u>	<u>\$ 2,304,575</u>	<u>\$ 2,186,550</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 35	\$ 9,793,456	\$ 22,846,375
168,198	1,168,352	135,312
	478,629	
	3,789,058	
26,595	872,423	130,017
<u>\$ 194,828</u>	<u>\$ 16,101,918</u>	<u>\$ 23,111,704</u>
\$	\$ 451,500	\$
	3,116,024	
	20,578,630	
511,053	115,228,421	9,702,723
	71,586	
<u>\$ 511,053</u>	<u>\$ 139,446,161</u>	<u>\$ 9,702,723</u>
<u>\$ 705,881</u>	<u>\$ 155,548,079</u>	<u>\$ 32,814,427</u>
<u>\$ 195,399</u>	<u>\$ 534,535</u>	<u>\$ 59,288</u>
\$ 225,202	\$ 2,407,095	\$ 14,390,293
209,730	3,789,058	1,703,562
		540,311
		622,596
	1,838,719	
	311,084	
	90,000	
	905,000	
	665,000	
<u>\$ 434,932</u>	<u>\$ 10,005,956</u>	<u>\$ 17,256,762</u>

A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$ 53,741	\$	\$
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	16,652,575		
Certificates of Participation (Net)		2,189,802	
Net Pension Liability	3,940,722		
Unearned Revenue	168,625		
Total Noncurrent Liabilities	<u>\$ 20,815,663</u>	<u>\$ 2,189,802</u>	<u>\$</u>
Total Liabilities	<u>\$ 25,895,562</u>	<u>\$ 4,494,377</u>	<u>\$ 2,186,550</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plan	<u>\$ 332,232</u>	<u>\$</u>	<u>\$</u>
NET POSITION			
Net Investment in Capital Assets	\$ 92,901,561	\$ 8,335,749	\$ 14,507,311
Restricted for:			
Debt Service	1,221	665,000	
Renewal and Replacement		210,000	
Unrestricted	<u>9,162,030</u>	<u>(1,356,405)</u>	<u>(2,153,854)</u>
Total Net Position	<u>\$ 102,064,812</u>	<u>\$ 7,854,344</u>	<u>\$ 12,353,457</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>Internal Service Funds</u>
<u>Solid Waste Management Fund</u>	<u>Total</u>	
\$ 57,711	\$ 111,452	\$ 15,977
		2,236,424
		5,376,886
	16,652,575	
	2,189,802	
2,293,968	6,234,690	689,339
	168,625	
<u>\$ 2,351,679</u>	<u>\$ 25,357,144</u>	<u>\$ 8,318,626</u>
<u>\$ 2,786,611</u>	<u>\$ 35,363,100</u>	<u>\$ 25,575,388</u>
<u>\$ 193,398</u>	<u>\$ 525,630</u>	<u>\$ 58,116</u>
\$ 544,053	\$ 116,288,674	\$ 3,703,241
	666,221	
	210,000	
<u>(2,622,782)</u>	<u>3,028,989</u>	<u>3,536,970</u>
<u>\$ (2,078,729)</u>	<u>\$ 120,193,884</u>	<u>\$ 7,240,211</u>
	<u>3,026,707</u>	
	<u>\$ 123,220,591</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 24,812,052	\$ 45,364	\$ 260,901
OPERATING EXPENSES			
Administration	\$ 4,140,359	\$	\$ 367,786
Operations	19,108,251	155,293	334,852
Depreciation	4,350,871	323,470	270,360
Total Operating Expenses	\$ 27,599,481	\$ 478,763	\$ 972,998
Operating Income (Loss)	\$ (2,787,429)	\$ (433,399)	\$ (712,097)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 24,404	\$ 43,796	\$
Miscellaneous Revenue	112,660		49,720
Gain on Disposal of Capital Assets			
Interest and Fiscal Charges	(738,198)	(152,307)	(599)
Amortization of Bond Insurance	(4,737)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (605,871)	\$ (112,371)	\$ 49,121
Income (Loss) Before Contributions and Transfers	\$ (3,393,300)	\$ (545,770)	\$ (662,976)
Capital Contributions	4,436,233		
Transfers In		897,000	
Transfers Out	(1,259,276)		
Change in Net Position	\$ (216,343)	\$ 351,230	\$ (662,976)
Total Net Position - Beginning, as Previously Reported	\$ 106,166,246	\$ 7,503,114	\$ 13,016,433
Cumulative Effect of Adopting GASB Statement No. 64	(3,885,091)		
Total Net Position - Beginning, as Restated	\$ 102,281,155	\$ 7,503,114	\$ 13,016,433
Total Net Position - Ending	\$ 102,064,812	\$ 7,854,344	\$ 12,353,457

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
\$ 4,455,058	\$ 29,573,375	\$ 21,008,660
\$ 643,260	\$ 5,151,405	\$ 524,062
3,883,676	23,482,072	17,353,872
54,424	4,999,125	1,720,757
\$ 4,581,360	\$ 33,632,602	\$ 19,598,691
\$ (126,302)	\$ (4,059,227)	\$ 1,409,969
\$ 322	\$ 68,522	\$ 20,132
	162,380	1,754
		342,000
	(891,104)	(189,601)
	(8,597)	
\$ 322	\$ (668,799)	\$ 174,285
\$ (125,980)	\$ (4,728,026)	\$ 1,584,254
	4,436,233	50,000
250,000	1,147,000	
	(1,259,276)	
\$ 124,020	\$ (404,069)	\$ 1,634,254
\$ 58,835		\$ 6,285,564
(2,261,584)		(679,607)
\$ (2,202,749)		\$ 5,605,957
\$ (2,078,729)		\$ 7,240,211
	663,360	
\$ 259,291		

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 25,074,065	\$ 45,364	\$ 297,218
Receipts From Interfund Services Provided			
Payments to Suppliers	(19,230,456)	(39,817)	(290,558)
Payments to Employees	(2,049,184)		(341,196)
Payments for Interfund Services Used	(2,122,638)	(41,682)	(87,367)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,671,787</u>	<u>\$ (36,135)</u>	<u>\$ (421,903)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$	\$ 897,000	\$
Transfers Out	(1,259,276)		
Proceeds From Interfund Loans		343,626	420,371
Payments on Interfund Loans	(614,398)		
Interest Payments on Interfund Loans			(599)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (1,873,674)</u>	<u>\$ 1,240,626</u>	<u>\$ 419,772</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 1,630,351	\$	\$
Collections on Intergovernmental Receivable		111,885	
Principal Payments on Long-Term Debt	(875,000)	(635,000)	
Interest Payments on Long-Term Debt	(749,500)	(159,375)	
Payment of Bond Administration Fees	(4,072)	(3,741)	
Purchases of Capital Assets	(2,015,408)	(607,511)	
Proceeds From Disposal of Capital Assets			
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (2,013,629)</u>	<u>\$ (1,293,742)</u>	<u>\$</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	\$ 24,404	\$ 43,796	\$
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 24,404</u>	<u>\$ 43,796</u>	<u>\$</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 4,438,223	\$ 29,854,870	\$ 21,008,660
(1,868,836)	(21,429,667)	(4,404,516)
(1,174,089)	(3,564,469)	(355,446)
(1,496,021)	(3,747,708)	(9,947,316)
<u>\$ (100,723)</u>	<u>\$ 1,113,026</u>	<u>\$ 6,301,382</u>
\$ 250,000	\$ 1,147,000	\$ 23,935
	(1,259,276)	
	763,997	(1,591,165)
(149,599)	(763,997)	
	(599)	
<u>\$ 100,401</u>	<u>\$ (112,875)</u>	<u>\$ (1,567,230)</u>
\$	\$ 1,630,351	\$ 50,000
	111,885	
	(1,510,000)	(559,631)
	(908,875)	(109,009)
	(7,813)	
	(2,622,919)	(5,750,262)
		342,456
<u>\$</u>	<u>\$ (3,307,371)</u>	<u>\$ (6,026,446)</u>
\$ 322	\$ 68,522	\$ 20,132
<u>\$ 322</u>	<u>\$ 68,522</u>	<u>\$ 20,132</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Decrease in Cash and Cash Equivalents	\$ (2,191,112)	\$ (45,455)	\$ (2,131)
Cash and Cash Equivalents - Beginning	14,013,100	1,122,916	12,127
Cash and Cash Equivalents - Ending	<u>\$ 11,821,988</u>	<u>\$ 1,077,461</u>	<u>\$ 9,996</u>

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

Operating Income (Loss)	\$ (2,787,429)	\$ (433,399)	\$ (712,097)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,350,871	323,470	270,360
(Increase) Decrease in Accounts Receivable (Net)	63,498		(13,403)
(Increase) Decrease in Inventories	(64,189)		95,345
Decrease in Prepaid Assets		1,056	
Increase (Decrease) in Accounts Payable and Accrued Expenses	(138,206)	72,738	(111,828)
Increase in Refundable Deposits Payable	86,045		
Increase in Unreported Insurance Claims			
Increase in Net Pension Liability and Related Amounts	48,727		
(Decrease) in Unearned Revenue	(190)		
Miscellaneous Receipts	112,660		49,720
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,671,787</u>	<u>\$ (36,135)</u>	<u>\$ (421,903)</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ (2,238,698)	\$ (1,272,162)
35	15,148,178	24,118,537
\$ 35	\$ 12,909,480	\$ 22,846,375

\$ (126,302) \$ (4,059,227) \$ 1,409,969

54,424	4,999,125	1,720,757
(16,835)	33,260	(41,442)
(10,113)	21,043	31,975
	1,056	88,097
(32,280)	(209,576)	2,832,877
	86,045	
		248,835
30,383	79,110	8,560
	(190)	
	162,380	1,754
\$ (100,723)	\$ 1,113,026	\$ 6,301,382

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015**

	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	\$ 2,805,882	\$	\$
Book Value of Capital Asset Disposals			
Other Capital Assets (Net) / Capital Lease Obligation			
<u>Reconciliation of Cash and Cash Equivalents</u>			
Unrestricted Cash and Temporary Investments	\$ 9,742,714	\$ 40,711	\$ 9,996
Restricted Cash and Temporary Investments	2,079,274	1,036,750	
	<u>\$ 11,821,988</u>	<u>\$ 1,077,461</u>	<u>\$ 9,996</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ 2,805,882	\$
		456
		210,000
\$ 35	\$ 9,793,456	\$ 22,846,375
	3,116,024	
\$ 35	\$ 12,909,480	\$ 22,846,375

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2015

ASSETS

Cash and Temporary Investments	\$ <u>11,959</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>11,959</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, 2015

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, 2015

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, 2015

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.

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

F. Receivables

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

G. Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is classified as either loans, services provided, reimbursements or transfers. Loans are referred to as either due

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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 (see Note 14).

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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 (see Note 14).

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 \$23,294,714 of total restricted net position, of which \$3,950,813 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.

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

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

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

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

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

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

Q. Revenues and Expenses

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

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Highway Department and payment is due before the end of the month of the scheduled renewal.

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

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

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

The governmental funds balance sheet is followed by a reconciliation between total fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the element in the reconciliation that relates to long-term liabilities, \$249,645,511, follows:

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Bonds Payable (Net)	\$ 180,328,625
Capital Lease Obligations	2,453,466
Compensated Absences	3,314,197
Net Pension Liability and Related Amounts	60,674,732
Accrued Interest Payable	5,489,079
Bond Insurance (Net)	(51,840)
Deferred Amounts on Advance Refundings	<u>(2,562,748)</u>
	<u>\$ 249,645,511</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, \$959,769, is comprised of the following:

Capital Lease Obligations	\$ (2,220,000)
Storm Water Revenue Bonds Issued	(4,271,485)
Principal Repayments	<u>7,451,254</u>
	<u>\$ 959,769</u>

The details of another element in the reconciliation that relates to expenses, \$969,329, follows:

Compensated Absences	\$ 135,632
Net Pension Liability	373,694
Accrued Interest	428,042
Amortization of Bond Insurance	2,880
Amortization of Bond Discounts and Premiums	(289,622)
Amortization of Deferred Amounts on Advance Refundings	<u>318,703</u>
	<u>\$ 969,329</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, 2015, 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, 2015 were as follows:

Solid Waste Management Fund	\$ 2,078,729
Nonmajor Governmental Fund:	
Public Facilities Corporation Fund	697,944
Internal Service Fund:	
Health Insurance Fund	5,205,436

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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 \$25,906,510 and the financial institutions' balances totaled \$24,373,251. Of that balance, \$1,359,551 was covered by federal depository insurance and \$23,013,700 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$35,813 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 \$1,053,817 and the financial institutions' balances totaled \$1,099,516. Of that balance, \$250,000 was covered by federal depository insurance and \$849,516 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 \$568,061 and the financial institutions' balances totaled \$383,554. Of that balance, \$250,000 was covered by federal depository insurance and \$133,554 was uninsured and uncollateralized. At year-end, cash on hand totaled \$40,000.

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

B. Investments

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

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	1 Day	Not Rated	\$ 16,006,761	30.09%
U.S. Treasury Bill	0.25 Years	N/A	665,987	1.25
Money Market Mutual Funds	Not Available	AAA	23,855,809	44.85
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>12,667,293</u>	<u>23.81</u>
			<u>\$ 53,195,850</u>	<u>100.00 %</u>

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

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

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Money Market Mutual Funds	Not Available	AAA	\$ <u>5,068,990</u>	<u>100.00%</u>

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

Note 5 - RECEIVABLES (NET)

Receivables at June 30, 2015, including the applicable allowances for doubtful accounts, are as follows:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Capital Improvements Fund</u>
Property Taxes	\$ 4,520,089	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	3,322,867	221,120		503,898
Intergovernmental	876,344		6,434,504	2,743,080
Loans	<u>20,000</u>			
	\$ 8,739,300	\$ 221,120	\$ 6,434,504	\$ 3,246,978
Allowances for Doubtful Accounts	<u>(3,510,336)</u>			
	<u>\$ 5,228,964</u>	<u>\$ 221,120</u>	<u>\$ 6,434,504</u>	<u>\$ 3,246,978</u>

	<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	1,291,287		22,700	259,596
Intergovernmental		930,129		
Loans	<u>1,291,287</u>	<u>930,129</u>	<u>22,700</u>	<u>259,596</u>
	\$ 1,291,287	\$ 930,129	\$ 22,700	\$ 259,596
Allowances for Doubtful Accounts	<u>(313,833)</u>			<u>(91,398)</u>
	<u>\$ 977,454</u>	<u>\$ 930,129</u>	<u>\$ 22,700</u>	<u>\$ 168,198</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	Nonmajor and Other Fund	Totals
Property Taxes	\$ 1,631,055	\$ 6,151,144
Local Accommodations Taxes	470,718	470,718
Hospitality Fee Taxes	1,777,695	1,777,695
Storm Water Fees	125,596	125,596
Accounts	315,981	5,937,449
Intergovernmental	3,229,912	14,213,969
Loans	<u>722,066</u>	<u>742,066</u>
	\$ 8,273,023	\$ 29,418,637
Allowances for Doubtful Accounts	<u>(1,514,125)</u>	<u>(5,429,692)</u>
	<u>\$ 6,758,898</u>	<u>\$ 23,988,945</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, 2015, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2016	\$ 210,000
2017	220,500
2018	<u>231,000</u>
	<u>\$ 661,500</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, 2015, amounts due to/from other funds were as follows:

	Receivable	Payable
General Fund	\$ 7,729,738	\$
Nonmajor Governmental Funds		6,026,176
Internal Service Funds		1,703,562
Water and Sewer Fund	3,789,058	
Baseball Stadium Fund		1,392,937
Municipal Golf Course Fund		2,186,391
Solid Waste Management Fund		<u>209,730</u>
	<u>\$ 11,518,796</u>	<u>\$ 11,518,796</u>

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from three nonmajor governmental funds (\$3,554,832) 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.

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Interfund transfers during the year ended June 30, 2015 were as follows:

Transfers In	Transfers Out			
	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
General Fund	\$	\$	\$ 2,689,180	\$
Convention Center Fund			757,293	
Capital Improvements Fund			300,000	
Nonmajor Governmental Funds	294,286	2,432,543	1,263,145	23,162
Baseball Stadium Fund			297,000	
Solid Waste Management Fund				
	<u>\$ 294,286</u>	<u>\$ 2,432,543</u>	<u>\$ 5,306,618</u>	<u>\$ 23,162</u>

Transfers In	Transfers Out		
	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
General Fund	\$ 7,818,990	\$ 1,259,276	\$ 11,767,446
Convention Center Fund	1,715,000		2,472,293
Capital Improvements Fund	735,000		1,035,000
Nonmajor Governmental Funds	6,625,828		10,638,964
Baseball Stadium Fund	600,000		897,000
Solid Waste Management Fund	250,000		250,000
	<u>\$ 17,744,818</u>	<u>\$ 1,259,276</u>	<u>\$ 27,060,703</u>

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

Note 7 - TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2015, amounts due to the City from its discretely presented component unit were as follows:

	Receivable	Payable
Primary Government:		
General Fund	\$ 192,223	\$
Convention Center Fund	25,991,710	
MBDRC		192,223
MBCCHC		25,991,710
	<u>\$ 26,183,933</u>	<u>\$ 26,183,933</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

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revenue bond trust indenture. During the year ended June 30, 2015, rent expense for this lease amounted to \$3,452,392. Minimum future rental payments for the fixed component of this lease as of June 30, 2015 are as follows:

Year Ending June 30, 2016	\$ 2,963,462
2017	2,963,306
2018	2,966,182
2019	2,965,932
2020	3,848,382
2021 - 2025	19,168,290
2026 - 2030	19,035,250
2031 - 2035	19,031,500
2036	<u>3,806,250</u>
	<u>\$ 76,748,554</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, 2015:

Governmental Activities:

General Fund:

Court Bonds	\$ 249,143
Confiscated and Seized Funds	418,166
Capital Lease Obligation Account	628,655
Refundable Deposits	225,134
Other	137,250

Capital Improvements Fund:

Bond Proceeds	116,927
PUD Improvements	1,607,469
Hospitality Fee Taxes	180,000
Refundable Deposits	701,011
Local Option Tourism Taxes	384,000

Nonmajor Governmental Funds:

Certificates of Participation Accounts	1,605,325
Storm Water Revenue Bond Accounts	1,714,472
Ocean Front Tax Increment Revenue Bond Accounts	1,367,824
Hospitality Fee Revenue Bond Accounts	12,713
Air Base Tax Increment Revenue Bond Accounts	<u>9,560,763</u>
	<u>\$ 18,908,852</u>

Business-Type Activities:

Water and Sewer Fund:

Refundable Deposits	\$ 1,838,719
Waterworks and Sewer System Revenue Bond Accounts	240,555

Baseball Stadium Fund:

Certificates of Participation Accounts	736,750
Renewal and Replacement Accounts	<u>300,000</u>
	<u>\$ 3,116,024</u>

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At June 30, 2015, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$2,458,590.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,546,742	\$ 274,564	\$	\$ 28,821,306
Construction-in-Progress	<u>9,847,245</u>	<u>7,830,641</u>	<u>9,847,245</u>	<u>7,830,641</u>
	<u>\$ 38,393,987</u>	<u>\$ 8,105,205</u>	<u>\$ 9,847,245</u>	<u>\$ 36,651,947</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 50,071,527	\$ 987,417	\$	\$ 51,058,944
Buildings and Improvements	88,601,030	19,339,482		107,940,512
Furniture, Vehicles and Equipment	49,910,714	9,285,319	956,837	58,239,196
Infrastructure	<u>178,371,310</u>	<u>3,751,103</u>		<u>182,122,413</u>
	<u>\$ 366,954,581</u>	<u>\$ 33,363,321</u>	<u>\$ 956,837</u>	<u>\$ 399,361,065</u>
Accumulated Depreciation for:				
Land Improvements	\$ (11,388,078)	\$ (2,477,258)	\$	\$ (13,865,336)
Buildings and Improvements	(43,771,550)	(3,207,365)		(46,978,915)
Furniture, Vehicles and Equipment	(42,033,443)	(2,451,594)	(956,381)	(43,528,656)
Infrastructure	<u>(78,774,199)</u>	<u>(4,762,769)</u>		<u>(83,536,968)</u>
	<u>\$ (175,967,270)</u>	<u>\$ (12,898,986)</u>	<u>\$ (956,381)</u>	<u>\$ (187,909,875)</u>
Capital Assets (Net)	<u>\$ 229,381,298</u>	<u>\$ 28,569,540</u>	<u>\$ 9,847,701</u>	<u>\$ 248,103,137</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>879,766</u>	<u>1,892,879</u>	<u>879,766</u>	<u>1,892,879</u>
	<u>\$ 19,565,517</u>	<u>\$ 1,892,879</u>	<u>\$ 879,766</u>	<u>\$ 20,578,630</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,864,339	\$	\$	\$ 8,864,339
Buildings and Improvements	10,562,603	897,918		11,460,521
Distribution System	180,366,895	3,376,154		183,743,049
Furniture, Vehicles and Equipment	<u>5,382,949</u>	<u>141,615</u>		<u>5,524,564</u>
	<u>\$ 205,176,786</u>	<u>\$ 4,415,687</u>	<u>\$</u>	<u>\$ 209,592,473</u>
Accumulated Depreciation for:				
Land Improvements	\$ (3,874,988)	\$ (328,772)	\$	\$ (4,203,760)
Buildings and Improvements	(6,254,897)	(325,836)		(6,580,733)
Distribution System	(74,449,447)	(4,238,097)		(78,687,544)
Furniture, Vehicles and Equipment	<u>(4,785,595)</u>	<u>(106,420)</u>		<u>(4,892,015)</u>
	<u>\$ (89,364,927)</u>	<u>\$ (4,999,125)</u>	<u>\$</u>	<u>\$ (94,364,052)</u>
Capital Assets (Net)	<u>\$ 135,377,376</u>	<u>\$ 1,309,441</u>	<u>\$ 879,766</u>	<u>\$ 135,807,051</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Depreciation expense was charged to functions / programs of the City as follows:

Governmental Activities:		
General Government	\$	180,664
Public Safety		828,838
Transportation		3,400,380
Community and Economic Development		2,996,124
Culture and Recreation		3,753,845
Public Works		18,378
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets		<u>1,720,757</u>
	\$	<u>12,898,986</u>
Business-Type Activities:		
Water	\$	2,010,356
Sewer		2,340,515
Baseball Stadium		323,470
Municipal Golf Course		270,360
Solid Waste Management		<u>54,424</u>
	\$	<u>4,999,125</u>

The MBDRC's capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 109,263	\$ 9,558	\$	\$ 118,821
Building and Improvements	86,147	147,147		233,294
Equipment	<u>811,770</u>	<u>71,207</u>		<u>882,977</u>
	<u>\$ 1,007,180</u>	<u>\$ 227,912</u>	<u>\$</u>	<u>\$ 1,235,092</u>
Accumulated Depreciation for:				
Land Improvements	\$ (17,322)	\$ (7,922)	\$	\$ (25,244)
Building and Improvements		(15,553)		(15,553)
Equipment	<u>(712,325)</u>	<u>(25,136)</u>		<u>(737,461)</u>
	<u>\$ (729,647)</u>	<u>\$ (48,611)</u>	<u>\$</u>	<u>\$ (778,258)</u>
Capital Assets (Net)	<u>\$ 277,533</u>	<u>\$ 179,301</u>	<u>\$</u>	<u>\$ 456,834</u>

The MBCCHC's capital asset activity for the year ended June 30, 2015 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>14,761,407</u>	<u>1,088,167</u>		<u>15,849,574</u>
	<u>\$ 57,591,484</u>	<u>\$ 1,088,167</u>	<u>\$</u>	<u>\$ 58,679,651</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated Depreciation for:				
Land Improvements	\$ (308,229)	\$ (27,473)	\$	\$ (335,702)
Building and Improvements	(12,067,593)	(1,057,016)		(13,124,609)
Furnishings and Equipment	(12,793,383)	(593,979)		(13,387,362)
	<u>\$ (25,169,205)</u>	<u>\$ (1,678,468)</u>	<u>\$</u>	<u>\$ (26,847,673)</u>
Capital Assets (Net)	<u>\$ 32,422,279</u>	<u>\$ (590,301)</u>	<u>\$</u>	<u>\$ 31,831,978</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2015:

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
Trade Accounts Payable	\$ 2,018,472	\$ 193,675	\$ 5,147,603	\$ 736,311
Accrued Salaries and Wages	1,521,528	77,043		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				471,390
	<u>\$ 3,540,000</u>	<u>\$ 270,718</u>	<u>\$ 5,147,603</u>	<u>\$ 1,207,701</u>

	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund	Solid Waste Management Fund
Trade Accounts Payable	\$ 1,802,278	\$ 9,172	\$ 159	\$ 119,026
Accrued Salaries and Wages	87,729			50,296
Compensated Absences	114,235			55,880
Accrued Interest Payable				
Retainage Payable	92,604	75,716		
	<u>\$ 2,096,846</u>	<u>\$ 84,888</u>	<u>\$ 159</u>	<u>\$ 225,202</u>

	Nonmajor and Other Funds	Totals
Trade Accounts Payable	\$ 16,925,829	\$ 26,952,525
Accrued Salaries and Wages	42,339	1,778,935
Compensated Absences	18,997	189,112
Accrued Interest Payable	181,386	181,386
Retainage Payable	639,710	639,710
	<u>\$ 17,168,551</u>	<u>\$ 29,741,668</u>

Reconciliation to the Government-Wide

Statement of Net Position:

Accrued Interest Payable

5,489,079
\$ 35,230,747

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Note 11 - UNAVAILABLE REVENUE

At June 30, 2015, unavailable revenue consisted of the following:

	General Fund	Convention Center Fund	Nonmajor and Other Funds	Totals
Property Taxes	\$ 1,070,983	\$	\$ 222,505	\$ 1,293,488
Ambulance Fees	415,822			415,822
Lease Revenues		25,682,991		25,682,991
Other		89,066	37,134	126,200
	<u>\$ 1,486,805</u>	<u>\$ 25,772,057</u>	<u>\$ 259,639</u>	<u>\$ 27,518,501</u>

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2015, long-term debt of the City's governmental activities was as follows:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
General Obligation Bonds:				
Series 2006A	\$ 6,950,000	4.00 - 5.00%	03/01/31	\$ 5,520,000
Series 2006B	2,730,000	4.00 - 5.00	03/01/31	2,170,000
Series 2006C	2,500,000	4.00 - 6.00	03/01/26	1,640,000
Series 2008A	12,300,000	4.50 - 5.13	03/01/33	8,560,000
Series 2009A	625,000	3.41	03/01/17	180,000
Refunding Series 2011A	2,800,000	2.00 - 3.00	03/01/17	395,000
Refunding Series 2011B	15,800,000	3.00 - 5.00	03/01/28	13,830,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	3,840,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	7,560,000
				<u>\$ 43,695,000</u>
Certificates of Participation:				
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	\$ 4,735,000
Tax Increment Revenue Bonds:				
Series 2006A	30,795,000	5.25 - 5.30	10/01/35	\$ 27,575,000
Series 2006B	9,822,603	7.50	10/01/31	9,822,603
Series 2009	10,065,000	3.00 - 5.00	03/01/34	9,155,000
Series 2010	8,850,000	3.70	10/01/25	6,945,000
				<u>\$ 53,497,603</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	2.25	05/01/27	\$ 6,991,330
Series 2010	2,773,380	1.67	02/01/30	2,124,723
Series 2014	11,942,107	2.00	02/01/36	4,271,485
				<u>\$ 13,387,538</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Hospitality Fee Revenue Bonds:				
Refunding Series 2014A	\$ 17,400,000	1.05 - 5.90%	06/01/39	\$ 16,560,000
Refunding Series 2014B	44,515,000	2.00 - 5.00	06/01/36	<u>44,210,000</u>
				<u>\$ 60,770,000</u>
Capital Lease Obligations:				
2007	3,712,713	4.15	08/01/18	\$ 1,733,087
2011	687,758	3.48	07/15/17	361,763
2012	225,111	3.83	07/15/15	58,209
2013	290,000	1.28	07/02/18	233,466
2014	3,636,423	2.68	08/01/22	3,636,423
2015	210,000	1.60	02/20/20	210,000
2015	930,000	1.35	02/20/18	930,000
2015	1,290,000	1.46	04/24/18	<u>1,290,000</u>
				<u>\$ 8,452,948</u>

General Obligation Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2016	\$ 2,095,000	\$ 1,787,567	\$ 3,882,567
2017	2,230,000	1,701,323	3,931,323
2018	2,020,000	1,609,035	3,629,035
2019	2,550,000	1,518,160	4,068,160
2020	2,580,000	1,408,847	3,988,847
2021 - 2025	14,590,000	5,349,691	19,939,691
2026 - 2030	13,215,000	2,388,559	15,603,559
2031 - 2033	<u>4,415,000</u>	<u>319,612</u>	<u>4,734,612</u>
	<u>\$ 43,695,000</u>	<u>\$ 16,082,794</u>	<u>\$ 59,777,794</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, 2016	\$ 1,530,000	\$ 131,525	\$ 1,661,525
2017	1,580,000	88,700	1,668,700
2018	<u>1,625,000</u>	<u>32,500</u>	<u>1,657,500</u>
	<u>\$ 4,735,000</u>	<u>\$ 252,725</u>	<u>\$ 4,987,725</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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, 2016	\$ 1,595,000	\$ 2,834,432	\$ 4,429,432
2017	1,665,000	2,761,398	4,426,398
2018	1,740,000	2,685,122	4,425,122
2019	1,825,000	2,605,184	4,430,184
2020	1,905,000	2,521,450	4,426,450
2021 - 2025	10,895,000	11,202,935	22,097,935
2026 - 2030	10,355,000	8,627,891	18,982,891
2031 - 2035	21,422,603	3,603,810	25,026,413
2036	2,095,000	55,517	2,150,517
	<u>\$ 53,497,603</u>	<u>\$ 36,897,739</u>	<u>\$ 90,395,342</u>

Storm Water Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2016	\$ 729,722	\$ 229,954	\$ 959,676
2017	833,218	256,286	1,089,504
2018	850,651	238,853	1,089,504
2019	868,496	221,008	1,089,504
2020	886,762	202,742	1,089,504
2021 - 2025	4,723,287	724,234	5,447,521
2026 - 2030	3,146,226	261,163	3,407,389
2031 - 2035	1,220,314	77,964	1,298,278
2036	128,862	967	129,829
	<u>\$ 13,387,538</u>	<u>\$ 2,213,171</u>	<u>\$ 15,600,709</u>

Proceeds of the storm water revenue bonds, series 2014 are received when eligible project costs are incurred. Accordingly, an additional \$7,670,622 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:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2016	\$ 1,160,000	\$ 2,897,267	\$ 4,057,267
2017	1,185,000	2,876,409	4,061,409
2018	1,210,000	2,850,692	4,060,692
2019	1,245,000	2,816,894	4,061,894
2020	2,275,000	2,780,444	5,055,444
2021 - 2025	12,600,000	12,230,754	24,830,754
2026 - 2030	14,790,000	9,024,684	23,814,684
2031 - 2035	18,835,000	4,969,733	23,804,733
2036 - 2039	<u>7,470,000</u>	<u>785,353</u>	<u>8,255,353</u>
	<u>\$ 60,770,000</u>	<u>\$ 41,232,230</u>	<u>\$ 102,002,230</u>

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2015, the gross amount of equipment recorded under capital leases totaled \$10,982,005. The capital leases are to be repaid by property tax revenues and an internal service fund. The minimum future lease payments due under the capital leases as of June 30, 2015 are as follows:

Year Ending June 30, 2016	\$ 1,533,873
2017	1,952,683
2018	1,952,683
2019	1,062,664
2020	523,281
2021 - 2023	<u>2,307,213</u>
Total Minimum Lease Payments	\$ 9,332,397
Amount Representing Interest	<u>(879,449)</u>
Present Value of Minimum Lease Payments	<u>\$ 8,452,948</u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2015:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2007	\$ 11,710,000	4.00 - 5.00%	03/01/28	\$ 9,275,000
Series 2011	8,900,000	2.00 - 4.13	03/01/32	<u>8,205,000</u>
				<u>\$ 17,480,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	<u>\$ 2,870,000</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:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2016	\$ 905,000	\$ 718,000	\$ 1,623,000
2017	940,000	685,400	1,625,400
2018	975,000	647,800	1,622,800
2019	1,020,000	610,125	1,630,125
2020	1,060,000	566,725	1,626,725
2021 - 2025	5,955,000	2,166,675	8,121,675
2026 - 2030	5,365,000	844,875	6,209,875
2031 - 2032	<u>1,260,000</u>	<u>78,581</u>	<u>1,338,581</u>
	<u>\$ 17,480,000</u>	<u>\$ 6,318,181</u>	<u>\$ 23,798,181</u>

Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2016	\$ 665,000	\$ 126,875	\$ 791,875
2017	700,000	92,750	792,750
2018	735,000	56,875	791,875
2019	<u>770,000</u>	<u>19,250</u>	<u>789,250</u>
	<u>\$ 2,870,000</u>	<u>\$ 295,750</u>	<u>\$ 3,165,750</u>

C. MBCCHC

Long-term debt outstanding at June 30, 2015 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>\$ 16,405,000</u>
Notes Payable:				
Operator Loan	1,000,000	0.00	09/27/15	\$ 200,000
Key Money Loan	500,000	0.00	09/27/15	<u>50,000</u>
				<u>\$ 250,000</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:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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June 30, 2015

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2016	\$ 705,000	\$ 667,213	\$ 1,372,213
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	571,262	926,262
2021 - 2025	2,515,000	2,598,113	5,113,113
2026 - 2030	4,295,000	1,837,763	6,132,763
2031 - 2035	5,135,000	1,011,937	6,146,937
2036	<u>1,175,000</u>	<u>58,750</u>	<u>1,233,750</u>
	<u>\$ 16,405,000</u>	<u>\$ 8,631,875</u>	<u>\$ 25,036,875</u>

Notes Payable

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

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

D. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 46,165,000	\$	\$ 2,470,000	\$ 43,695,000	\$ 2,095,000
Certificates of Participation	6,215,000		1,480,000	4,735,000	1,530,000
Tax Increment Revenue Bonds	55,022,603		1,525,000	53,497,603	1,595,000
Storm Water Revenue Bonds	9,745,237	4,271,485	629,184	13,387,538	729,722
Hospitality Fee Revenue Bonds	61,915,000		1,145,000	60,770,000	1,160,000
Unamortized Bond Discount	(122,361)		(5,954)	(116,407)	
Unamortized Bond Premium	<u>4,655,467</u>		<u>295,576</u>	<u>4,359,891</u>	
	\$ 183,595,946	\$ 4,271,485	\$ 7,538,806	\$ 180,328,625	\$ 7,109,722
Capital Lease Obligations	6,784,649	2,430,000	761,701	8,452,948	1,409,522
Unreported Insurance Claims	2,527,900	9,816,485	9,567,650	2,776,735	540,311
Compensated Absences	3,208,953	2,182,827	2,042,609	3,349,171	2,144,758
Net Pension Liability		<u>65,559,236</u>	<u>4,170,957</u>	<u>61,388,279</u>	
	<u>\$ 196,117,448</u>	<u>\$ 84,260,033</u>	<u>\$ 24,081,723</u>	\$ 256,295,758	\$ 11,204,313

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	<u>(18,997)</u>	<u>(18,997)</u>
	<u>\$ 256,276,761</u>	<u>\$ 11,185,316</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 18,355,000	\$	\$ 875,000	\$ 17,480,000	\$ 905,000
Certificates of Participation	3,505,000		635,000	2,870,000	665,000
Unamortized Bond Discount	(20,264)		(5,066)	(15,198)	
Unamortized Bond Premium	82,450		4,875	77,575	
	<u>\$ 21,922,186</u>	<u>\$</u>	<u>\$ 1,509,809</u>	<u>\$ 20,412,377</u>	<u>\$ 1,570,000</u>
Compensated Absences	295,542	192,557	206,532	281,567	170,115
Net Pension Liability		6,570,302	335,612	6,234,690	
	<u>\$ 22,217,728</u>	<u>\$ 6,762,859</u>	<u>\$ 2,051,953</u>	<u>\$ 26,928,634</u>	<u>\$ 1,740,115</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(170,115)	(170,115)
Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(1,570,000)</u>	<u>(1,570,000)</u>
	<u>\$ 25,188,519</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 \$34,974, capital lease obligations of \$5,999,482, unreported insurance claims of \$2,776,735 and net pension liability of \$689,339 are included in the above amounts.

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

The MBDRC's long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 22,193</u>	<u>\$ 7,073</u>	<u>\$ 7,875</u>	<u>\$ 21,391</u>	<u>\$ 8,269</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 19,285,000	\$ 16,405,000	\$ 19,285,000	\$ 16,405,000	\$ 705,000
Unamortized Bond Discount	(338,918)		(338,918)		
Unamortized Bond Premium		1,705,643	33,575	1,672,068	
	<u>\$ 18,946,082</u>	<u>\$ 18,110,643</u>	<u>\$ 18,979,657</u>	<u>\$ 18,077,068</u>	<u>\$ 705,000</u>
Notes Payable	500,000		250,000	250,000	250,000
	<u>\$ 19,446,082</u>	<u>\$ 18,110,643</u>	<u>\$ 19,229,657</u>	<u>\$ 18,327,068</u>	<u>\$ 955,000</u>

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	(705,000)	(705,000)
	<u>\$ 17,622,068</u>	<u>\$ 250,000</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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	\$ 90,395,342	2036
Storm Water Revenue Bonds	Storm Water Fees	Construction	15,600,709	2036
Waterworks and Sewer System Revenue Bonds	Water and Sewer Fees	Construction	23,798,181	2032
Hospitality Fee Revenue Bonds	Hospitality Fee Taxes	Debt Extinguishment and Construction	102,002,230	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, 2015 follows:

	<u>Current Year Pledged Revenue</u>	<u>Current Year Principal and Interest Paid</u>	<u>Percentage of Pledged Revenue</u>
Tax Increment Revenue Bonds	\$ 6,026,391	\$ 3,955,067	65.63 %
Storm Water Revenue Bonds	2,227,724	829,849	37.25
Waterworks and Sewer System Revenue Bonds	26,466,807	1,624,500	6.14
Hospitality Fee Revenue Bonds	10,850,942	4,057,187	37.39

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, 2015, 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, 2015 are shown below.

Year Ending June 30, 2016	\$ 240,000
2017	240,000
2018	240,000
2019	240,000
2020	<u>120,000</u>
	<u>\$ 1,080,000</u>

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2015 amounted to \$2,413,981. 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, 2015, rental income from this lease amounted to \$23,915.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2015:

Land	\$ 5,600,000
Land Improvements	1,151,742
Buildings	8,793,045
Equipment	977,241
Accumulated Depreciation	<u>(6,192,477)</u>
	\$ <u>10,329,551</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, 2015, rental income from this lease amounted to \$0.

The following is an analysis of the property being leased by the Municipal Golf Course Fund at June 30, 2015:

Land	\$ 10,385,480
Land Improvements	7,604,606
Buildings	324,386
Equipment	362,776
Accumulated Depreciation	<u>(4,169,937)</u>
	\$ <u>14,507,311</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.

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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

D. Contributions

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Required employee contributions rates, as a percentage of earnable compensation, are currently as follows:

	<u>SCRS</u>	<u>PORS</u>
Class Two Member	8.00%	8.41%
Class Three Member	8.00	8.41

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

	<u>SCRS</u>	<u>PORS</u>
Class Two Member	10.75%	13.01%
Class Three Member	10.75	13.01
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, 2015 were \$2,237,541 and \$2,550,946, 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, 2015, the City reported a liability of \$38,296,621 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the City's proportion was 0.222439%, which is equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$2,684,158.

PORS - At June 30, 2015, the City reported a liability of \$29,326,348 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the City's proportion was 1.53186%, which is equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$2,565,693.

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

At June 30, 2015, the City reported deferred outflows of resources related to pension plans from the following sources:

	<u>SCRS</u>	<u>PORS</u>
Difference Between Expected and Actual Pension Liability Experience	\$ 1,085,165	\$ 782,590
City Contributions Subsequent to the Measurement Date	<u>2,237,541</u>	<u>2,550,946</u>
	<u>\$ 3,322,706</u>	<u>\$ 3,333,536</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

At June 30, 2015, the City reported deferred inflows of resources related to pension plans from the following sources:

	<u>SCRS</u>	<u>PORS</u>
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ <u>3,228,684</u>	\$ <u>3,393,273</u>

The \$4,788,487 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, 2016. 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, 2016	\$ 1,116,883
2017	1,116,883
2018	1,116,883
2019	<u>1,403,553</u>
	\$ <u>4,754,202</u>

G. Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Inflation	2.75 %	2.75 %
Salary Increases	3.50	4.00
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 third quarter 2012. 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. 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:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Short Term		
Cash	2.0%	0.3%
Short Duration	3.0	0.6
Domestic Fixed Income		
Core Fixed Income	7.0	1.1
High Yield	2.0	3.5
Bank Loans	4.0	2.8
Global Fixed Income		
Global Fixed Income	3.0	0.8
Emerging Markets Debt	6.0	4.1
Global Public Equity	31.0	7.8
Global Tactical Asset Allocation	10.0	5.1
Alternatives		
Hedge Funds	8.0	4.0
Private Debt	7.0	10.2
Private Equity	9.0	10.2
Real Estate	5.0	5.9
Commodities	<u>3.0</u>	5.1
	<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.

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:

	<u>SCRS</u>		
	1.0% Decrease <u>(6.5%)</u>	Current Rate <u>(7.5%)</u>	1.0% Increase <u>(8.5%)</u>
City's Proportionate Share of the Net Pension Liability	\$ <u>49,558,198</u>	\$ <u>38,296,621</u>	\$ <u>28,901,236</u>
	<u>PORS</u>		
	1.0% Decrease <u>(6.5%)</u>	Current Rate <u>(7.5%)</u>	1.0% Increase <u>(8.5%)</u>
City's Proportionate Share of the Net Pension Liability	\$ <u>40,982,810</u>	\$ <u>29,326,348</u>	\$ <u>19,681,595</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015 was \$3,074,824. During the year ended June 30, 2015, the City contributed \$931,975 to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

Note 16 - RISK MANAGEMENT

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

The Self Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2015, the Self Insurance Fund has a claim liability of \$2,236,424. 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, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 2,070,483	\$ 2,533,007
Claims Incurred and Change in Estimate	1,069,092	778,920
Claim Payments	<u>(903,151)</u>	<u>(1,241,444)</u>
Ending Balance	<u>\$ 2,236,424</u>	<u>\$ 2,070,483</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, 2015, the Health Insurance Fund has a claim liability of \$540,311, which is based on the requirements of Governmental Accounting Standards

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Board Statement No. 10. A summary of changes in the Health Insurance Fund's claims liability during the years ended June 30, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 457,417	\$ 487,646
Claims Incurred and Change in Estimate	8,747,393	6,627,534
Claim Payments	<u>(8,664,499)</u>	<u>(6,657,763)</u>
Ending Balance	<u>\$ 540,311</u>	<u>\$ 457,417</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.

The facilities lease agreement was subsequently amended on April 1, 2010 as a result of the advance refunding of the certificates of participation, series 1992. A schedule of the remaining lease payments provided for in the amended facilities lease agreement, as of June 30, 2015, follows. The amounts provided for each year are sufficient to fund the required debt service on the certificates of participation.

Year Ending June 30, 2016	\$ 1,692,400
2017	<u>1,690,000</u>
	<u>\$ 3,382,400</u>

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

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

Year Ending June 30, 2016	\$ 567,175
2017	567,175
2018	<u>565,950</u>
	<u>\$ 1,700,300</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015, water and wastewater treatment service charges totaled \$14,168,669.

Prior to June 30, 2015, the City entered into various construction contracts. The approximate costs of the contracts were \$13,262,000 of which roughly \$8,424,000 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 - SPECIAL ITEM

The MBCCHC received \$570,000 in consideration for the termination of its debt service reserve forward delivery agreement.

Note 20 - ADOPTION OF GASB STATEMENT NO. 68

During the year ended June 30, 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. GASB 68 requires an employer participating in a cost-sharing multiple-employer defined benefit pension plan to report its proportionate share of the plan's net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense in its statement of net position and statement of revenues, expenses and changes in net position. As a result, beginning net position has been decreased in order to recognize the cumulative effect of the City's proportionate share of the pension plan amounts as follows:

Governmental Activities	\$ 60,980,645
Business-Type Activities	6,146,675
Water and Sewer Fund	3,885,091
Solid Waste Management Fund	2,261,584

Note 21 - SUBSEQUENT EVENTS

Subsequent to June 30, 2015, the City issued \$7,553,000 of refunding general obligation bonds. The interest rate on the bonds is 2.38% and the final maturity date is September 1, 2030.

Subsequent to June 30, 2015, the City issued \$1,560,000 of refunding general obligation bonds. The interest rate on the bonds is 1.99% and the final maturity date is September 1, 2025.

Subsequent to June 30, 2015, the City issued \$8,349,000 of refunding general obligation bonds. The interest rate on the bonds is 2.38% and the final maturity date is September 1, 2030.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE SCRS NET PENSION LIABILITY
Last Two 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>
6/30/15	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 Two 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>
6/30/15	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 Two 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>
6/30/15	\$ 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 Two 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>
6/30/15	\$ 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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 20,688,000	\$ 21,353,980	\$ 21,541,694	\$ 187,714
Licenses and Permits	24,371,700	24,371,700	25,426,954	1,055,254
Fines and Forfeitures	1,051,575	1,051,575	968,832	(82,743)
Intergovernmental	1,977,400	3,327,498	3,219,799	(107,699)
Charges for Services	3,036,981	3,046,981	3,070,289	23,308
Miscellaneous	3,378,375	3,473,166	3,045,032	(428,134)
Total Revenues	<u>\$ 54,504,031</u>	<u>\$ 56,624,900</u>	<u>\$ 57,272,600</u>	<u>\$ 647,700</u>
EXPENDITURES				
Current:				
General Government	\$ 9,821,897	\$ 10,166,301	\$ 10,990,108	\$ (823,807)
Public Safety	34,176,001	36,751,337	35,410,807	1,340,530
Transportation	3,963,675	3,979,951	3,555,023	424,928
Community and Economic Development	2,394,339	2,480,997	2,454,462	26,535
Culture and Recreation	13,278,702	13,282,158	12,884,810	397,348
Public Works	1,464,235	1,464,235	1,429,807	34,428
Capital Outlay	186,534	2,288,635	2,288,636	(1)
Total Expenditures	<u>\$ 65,285,383</u>	<u>\$ 70,413,614</u>	<u>\$ 69,013,653</u>	<u>\$ 1,399,961</u>
Deficiency of Revenues Under Expenditures	<u>\$ (10,781,352)</u>	<u>\$ (13,788,714)</u>	<u>\$ (11,741,053)</u>	<u>\$ 2,047,661</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 10,707,269	\$ 11,494,631	\$ 11,767,446	\$ 272,815
Transfer Out	(112,451)	(112,451)	(294,286)	(181,835)
Capital Lease Obligations		2,220,000	2,220,000	
Sale of Capital Assets			165,306	165,306
Total Other Financing Sources (Uses)	<u>\$ 10,594,818</u>	<u>\$ 13,602,180</u>	<u>\$ 13,858,466</u>	<u>\$ 256,286</u>
Net Change in Fund Balances	<u>\$ (186,534)</u>	<u>\$ (186,534)</u>	<u>\$ 2,117,413</u>	<u>\$ 2,303,947</u>
Fund Balances - Beginning	<u>11,305,544</u>	<u>11,305,544</u>	<u>11,305,544</u>	
Fund Balances - Ending	<u><u>\$ 11,119,010</u></u>	<u><u>\$ 11,119,010</u></u>	<u><u>\$ 13,422,957</u></u>	<u><u>\$ 2,303,947</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 2,575,000	\$ 2,575,000	\$ 2,758,433	\$ 183,433
Miscellaneous	2,507,500	2,507,500	2,703,577	196,077
Total Revenues	<u>\$ 5,082,500</u>	<u>\$ 5,082,500</u>	<u>\$ 5,462,010</u>	<u>\$ 379,510</u>
EXPENDITURES				
Current:				
General Government	\$ 356,746	\$ 356,746	\$ 356,746	\$
Culture and Recreation	4,187,224	4,212,097	4,212,097	
Total Expenditures	<u>\$ 4,543,970</u>	<u>\$ 4,568,843</u>	<u>\$ 4,568,843</u>	
Excess of Revenues Over Expenditures	<u>\$ 538,530</u>	<u>\$ 513,657</u>	<u>\$ 893,167</u>	<u>\$ 379,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,422,293	\$ 2,422,293	\$ 2,472,293	\$ 50,000
Transfers Out	(2,432,543)	(2,432,543)	(2,432,543)	
Total Other Financing Sources (Uses)	<u>\$ (10,250)</u>	<u>\$ (10,250)</u>	<u>\$ 39,750</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	<u>\$ 528,280</u>	<u>\$ 503,407</u>	<u>\$ 932,917</u>	<u>\$ 429,510</u>
Fund Balance - Beginning	<u>98,355</u>	<u>98,355</u>	<u>98,355</u>	
Fund Balance - Ending	<u><u>\$ 626,635</u></u>	<u><u>\$ 601,762</u></u>	<u><u>\$ 1,031,272</u></u>	<u><u>\$ 429,510</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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Local Option Tourism Taxes	\$ 24,650,000	\$ 24,952,836	\$ 24,952,836	\$
Miscellaneous	50,000	55,310	55,310	
Total Revenues	<u>\$ 24,700,000</u>	<u>\$ 25,008,146</u>	<u>\$ 25,008,146</u>	<u>\$</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 19,760,000	\$ 19,999,454	\$ 19,999,454	\$
Excess of Revenues Over Expenditures	\$ 4,940,000	\$ 5,008,692	\$ 5,008,692	\$
OTHER FINANCING USES				
Transfers Out	<u>(5,083,600)</u>	<u>(5,306,618)</u>	<u>(5,306,618)</u>	<u></u>
Net Change in Fund Balance	\$ (143,600)	\$ (297,926)	\$ (297,926)	\$
Fund Balance - Beginning	<u>1,724,215</u>	<u>1,724,215</u>	<u>1,724,215</u>	<u></u>
Fund Balance - Ending	<u>\$ 1,580,615</u>	<u>\$ 1,426,289</u>	<u>\$ 1,426,289</u>	<u>\$</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to June 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30th, the budget is legally enacted through passage of an ordinance.
4. The Budget Officer, as designee of the City Manager, is authorized to transfer budgeted amounts between departments; however, revisions that alter the total expenditures of any fund must be approved by the City Council. Thus, the legal level of control is at the fund level.
5. The City employs formal budgetary integration as a management control device during the year and generally adopts an annual appropriated budget for all funds other than fiduciary funds. The budgets are adopted annually on a basis consistent with generally accepted accounting principles. For the year ended June 30, 2015, 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, 2015, 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, 2015 as follows:

General Fund	\$ 5,128,231
Convention Center Fund	24,873
Local Option Tourism Fee Fund	462,472
Capital Improvements Fund	17,276,369
Water and Sewer Fund	867,386
Solid Waste Management Fund	180,191
Nonmajor Governmental Funds:	
Accommodations Tax Fund	1,457,741
Community Block Development Fund	99,211
Storm Water Fund	11,945,957
Local Accommodations Tax Fund	19,463
Ocean Front Tax Increment Revenue Fund	150,528
Hospitality Fee Fund	9,059
Air Base Tax Increment Revenue Fund	174,182
Sports Tourism Fund	364,272

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Sports Tourism Fund - This fund is used to accumulate funds from the Myrtle Beach Sports Center 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, 2015

	Special Revenue Funds				
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Storm Water
ASSETS					
Cash and Temporary Investments	\$	\$	\$	\$ 9,628	\$ 2,221,802
Receivables (Net):					
Property Taxes					
Local Accommodations Taxes					
Hospitality Fee Taxes					
Storm Water Fees					62,099
Accounts			10,771		
Intergovernmental	3,134,018		48,384		
Loans			722,066		
Prepaid Assets					
Restricted Cash and Temporary Investments		1,605,325			1,714,472
Total Assets	\$ 3,134,018	\$ 1,605,325	\$ 781,221	\$ 9,628	\$ 3,998,373
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Expenditures	\$ 780,705	\$	\$ 4,408	\$ 9,628	\$ 1,867,797
Due to Other Fund	2,353,313	2,303,269	51,493		
Unearned Revenue					
Total Liabilities	\$ 3,134,018	\$ 2,303,269	\$ 55,901	\$ 9,628	\$ 1,867,797
Deferred Inflows of Resources:					
Unavailable Revenue	\$	\$	\$	\$	\$
Fund Balances (Deficit):					
Nonspendable:					
Long-Term Receivables	\$	\$	\$ 722,066	\$	\$
Prepaid Assets					
Restricted for:					
Capital Projects					
Community Development			3,254		416,104
Debt Service		1,605,325			1,714,472
Tourism Promotion and Support					
Unassigned		(2,303,269)			
Total Fund Balances (Deficit)	\$	\$ (697,944)	\$ 725,320	\$	\$ 2,130,576
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,134,018	\$ 1,605,325	\$ 781,221	\$ 9,628	\$ 3,998,373

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		
\$ 884,141	\$ 539,029	\$	\$	\$ 303,606	\$ 3,958,206	\$ 4,793,860	\$ 8,752,066
	187,716		46,776		234,492		234,492
463,401					463,401		463,401
		1,730,947			1,730,947		1,730,947
					62,099		62,099
	95,272			74,626	180,669		180,669
	2,632		44,878		3,229,912		3,229,912
					722,066		722,066
				63,342	63,342		63,342
	1,367,824	12,713	9,560,763		14,261,097		14,261,097
<u>\$ 1,347,542</u>	<u>\$ 2,192,473</u>	<u>\$ 1,743,660</u>	<u>\$ 9,652,417</u>	<u>\$ 441,574</u>	<u>\$ 24,906,231</u>	<u>\$ 4,793,860</u>	<u>\$ 29,700,091</u>
\$ 17	\$ 26,676	\$ 26	\$ 7,007	\$ 80,572	\$ 2,776,836	\$ 1,422	\$ 2,778,258
		1,150,026	168,075		6,026,176		6,026,176
				113,744	113,744		113,744
<u>\$ 17</u>	<u>\$ 26,676</u>	<u>\$ 1,150,052</u>	<u>\$ 175,082</u>	<u>\$ 194,316</u>	<u>\$ 8,916,756</u>	<u>\$ 1,422</u>	<u>\$ 8,918,178</u>
<u>\$ 1,973</u>	<u>\$ 182,086</u>	<u>\$ 35,161</u>	<u>\$ 40,419</u>	<u>\$</u>	<u>\$ 259,639</u>	<u>\$</u>	<u>\$ 259,639</u>
\$	\$	\$	\$	\$	\$ 722,066	\$	\$ 722,066
				63,342	63,342		63,342
	628,128		901,188		1,529,316		1,529,316
	615,887		5,557,383		6,592,628		6,592,628
	739,696	12,713	2,978,345		7,050,551	4,792,438	11,842,989
1,345,552		545,734		183,916	2,075,202		2,075,202
					(2,303,269)		(2,303,269)
<u>\$ 1,345,552</u>	<u>\$ 1,983,711</u>	<u>\$ 558,447</u>	<u>\$ 9,436,916</u>	<u>\$ 247,258</u>	<u>\$ 15,729,836</u>	<u>\$ 4,792,438</u>	<u>\$ 20,522,274</u>
<u>\$ 1,347,542</u>	<u>\$ 2,192,473</u>	<u>\$ 1,743,660</u>	<u>\$ 9,652,417</u>	<u>\$ 441,574</u>	<u>\$ 24,906,231</u>	<u>\$ 4,793,860</u>	<u>\$ 29,700,091</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue Funds				
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Storm Water
REVENUES					
Property Taxes	\$	\$	\$	\$	\$
Local Accommodations Taxes					
Hospitality Fee Taxes					
Storm Water Fees					2,227,724
Fines and Forfeitures				132,777	
Intergovernmental	9,023,879		515,499		
Charges for Services					
Miscellaneous	10,727	796			
Total Revenues	<u>\$ 9,034,606</u>	<u>\$ 796</u>	<u>\$ 515,499</u>	<u>\$ 132,777</u>	<u>\$ 2,227,724</u>
EXPENDITURES					
Current:					
General Government	\$	\$	155	237,064	260,272
Transportation					1,816,151
Community and Economic Development	3,201,852		271,926		
Culture and Recreation					
Capital Outlay			241,537		6,049,842
Debt Service:					
Principal					629,184
Interest and Fiscal Charges					205,329
Bond Issuance Costs					9,822
Total Expenditures	<u>\$ 3,201,852</u>	<u>\$</u>	<u>\$ 513,618</u>	<u>\$ 237,064</u>	<u>\$ 8,970,600</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ 5,832,754</u>	<u>\$ 796</u>	<u>\$ 1,881</u>	<u>\$ (104,287)</u>	<u>\$ (6,742,876)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	\$	\$ 1,675,250	\$	\$ 104,287	\$ 1,662,000
Transfers Out	(6,155,889)	(1,675,250)			
Storm Water Revenue Bonds Issued					4,271,485
Sale of Capital Assets					19,000
Total Other Financing Sources (Uses)	<u>\$ (6,155,889)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 104,287</u>	<u>\$ 5,952,485</u>
Net Change in Fund Balances	<u>\$ (323,135)</u>	<u>\$ 796</u>	<u>\$ 1,881</u>	<u>\$</u>	<u>\$ (790,391)</u>
Fund Balances - Beginning	<u>323,135</u>	<u>(698,740)</u>	<u>723,439</u>	<u></u>	<u>2,920,967</u>
Fund Balances - Ending	<u><u>\$</u></u>	<u><u>\$ (697,944)</u></u>	<u><u>\$ 725,320</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,130,576</u></u>

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	
\$ 2,536,515			\$ 6,026,391		\$ 6,026,391	\$ 1,863,253	\$ 7,889,644
					2,536,515		2,536,515
		10,850,942			10,850,942		10,850,942
					2,227,724		2,227,724
					132,777		132,777
					9,539,378		9,539,378
				421,530	421,530		421,530
2,754	148,605	6,194	2,937		172,013	9,468	181,481
<u>\$ 2,539,269</u>	<u>\$ 148,605</u>	<u>\$ 10,857,136</u>	<u>\$ 6,029,328</u>	<u>\$ 421,530</u>	<u>\$ 31,907,270</u>	<u>\$ 1,872,721</u>	<u>\$ 33,779,991</u>
\$	\$	\$	\$	\$	\$ 497,491	\$ 222,627	\$ 720,118
					1,816,151		1,816,151
	3,000		777,970		4,254,748		4,254,748
				364,272	364,272		364,272
	1,070,089				7,361,468		7,361,468
	310,000	1,145,000	1,215,000		3,299,184	4,152,070	7,451,254
	426,011	2,921,246	2,015,872		5,568,458	2,074,583	7,643,041
					9,822		9,822
<u>\$</u>	<u>\$ 1,809,100</u>	<u>\$ 4,066,246</u>	<u>\$ 4,008,842</u>	<u>\$ 364,272</u>	<u>\$ 23,171,594</u>	<u>\$ 6,449,280</u>	<u>\$ 29,620,874</u>
<u>\$ 2,539,269</u>	<u>\$ (1,660,495)</u>	<u>\$ 6,790,890</u>	<u>\$ 2,020,486</u>	<u>\$ 57,258</u>	<u>\$ 8,735,676</u>	<u>\$ (4,576,559)</u>	<u>\$ 4,159,117</u>
\$	\$ 1,123,100	\$ 757,293	\$ 412,875	\$ 190,000	\$ 5,924,805	\$ 4,714,159	\$ 10,638,964
(2,075,380)		(7,183,777)	(654,522)		(17,744,818)		(17,744,818)
					4,271,485		4,271,485
					19,000		19,000
<u>\$ (2,075,380)</u>	<u>\$ 1,123,100</u>	<u>\$ (6,426,484)</u>	<u>\$ (241,647)</u>	<u>\$ 190,000</u>	<u>\$ (7,529,528)</u>	<u>\$ 4,714,159</u>	<u>\$ (2,815,369)</u>
\$ 463,889	\$ (537,395)	\$ 364,406	\$ 1,778,839	\$ 247,258	\$ 1,206,148	\$ 137,600	\$ 1,343,748
881,663	2,521,106	194,041	7,658,077		14,523,688	4,654,838	19,178,526
<u>\$ 1,345,552</u>	<u>\$ 1,983,711</u>	<u>\$ 558,447</u>	<u>\$ 9,436,916</u>	<u>\$ 247,258</u>	<u>\$ 15,729,836</u>	<u>\$ 4,792,438</u>	<u>\$ 20,522,274</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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 7,890,000	\$ 9,023,879	\$ 9,023,879	\$
Miscellaneous	10,000	10,000	10,727	727
Total Revenues	\$ 7,900,000	\$ 9,033,879	\$ 9,034,606	\$ 727
EXPENDITURES				
Current:				
Community and Economic Development	\$ 3,531,250	\$ 3,201,852	\$ 3,201,852	\$
Excess of Revenues Over Expenditures	\$ 4,368,750	\$ 5,832,027	\$ 5,832,754	\$ 727
OTHER FINANCING USES				
Transfers Out	(4,368,750)	(6,155,889)	(6,155,889)	
Net Change in Fund Balance	\$	\$ (323,862)	\$ (323,135)	\$ 727
Fund Balance - Beginning	323,135	323,135	323,135	
Fund Balance - Ending	\$ 323,135	\$ (727)	\$	\$ 727

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$	\$ 796	\$ 796
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 1,675,250	\$ 1,675,250	\$
Transfers Out	(1,675,250)	(1,675,250)	
Total Other Financing Sources (Uses)	\$	\$	\$
Net Change in Fund Balances	\$	\$ 796	\$ 796
Fund Balances - Beginning	(698,740)	(698,740)	
Fund Balances - Ending	\$ (698,740)	\$ (697,944)	\$ 796

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 420,000	\$ 519,211	\$ 515,499	\$ (3,712)
Miscellaneous	1,750	1,750		(1,750)
Total Revenues	<u>\$ 421,750</u>	<u>\$ 520,961</u>	<u>\$ 515,499</u>	<u>\$ (5,462)</u>
EXPENDITURES				
Current:				
General Government	\$	\$	\$ 155	\$ (155)
Community and Economic Development	421,750	279,424	271,926	7,498
Capital Outlay		241,537	241,537	
Total Expenditures	<u>\$ 421,750</u>	<u>\$ 520,961</u>	<u>\$ 513,618</u>	<u>\$ 7,343</u>
Net Change in Fund Balances	\$	\$	\$ 1,881	\$ 1,881
Fund Balances - Beginning	<u>723,439</u>	<u>723,439</u>	<u>723,439</u>	
Fund Balances - Ending	<u><u>\$ 723,439</u></u>	<u><u>\$ 723,439</u></u>	<u><u>\$ 725,320</u></u>	<u><u>\$ 1,881</u></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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 140,000	\$ 132,777	\$ (7,223)
EXPENDITURES			
Current:			
General Government	\$ 252,451	\$ 237,064	\$ 15,387
Deficiency of Revenues Under Expenditures	\$ (112,451)	\$ (104,287)	\$ 8,164
OTHER FINANCING SOURCES			
Transfers In	112,451	104,287	(8,164)
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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Storm Water Fees	\$ 2,215,000	\$ 2,215,000	\$ 2,227,724	\$ 12,724
EXPENDITURES				
Current:				
General Government	\$ 259,231	\$ 259,231	\$ 260,272	\$ (1,041)
Transportation	1,906,017	1,906,017	1,816,151	89,866
Capital Outlay		11,936,135	6,049,842	5,886,293
Debt Service:				
Principal	629,185	629,185	629,184	1
Interest and Fiscal Charges	203,964	203,964	205,329	(1,365)
Bond Issuance Costs		9,822	9,822	
Total Expenditures	\$ 2,998,397	\$ 14,944,354	\$ 8,970,600	\$ 5,973,754
Deficiency of Revenues Under Expenditures	\$ (783,397)	\$ (12,729,354)	\$ (6,742,876)	\$ 5,986,478
OTHER FINANCING SOURCES				
Transfers In	\$ 1,342,000	\$ 1,662,000	\$ 1,662,000	\$
Storm Water Revenue Bonds Issued		11,625,957	4,271,485	(7,354,472)
Sale of Capital Assets			19,000	19,000
Total Other Financing Sources	\$ 1,342,000	\$ 13,287,957	\$ 5,952,485	\$ (7,335,472)
Net Change in Fund Balances	\$ 558,603	\$ 558,603	\$ (790,391)	\$ (1,348,994)
Fund Balances - Beginning	2,920,967	2,920,967	2,920,967	
Fund Balances - Ending	\$ 3,479,570	\$ 3,479,570	\$ 2,130,576	\$ (1,348,994)

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Local Accommodations Taxes	\$ 2,525,000	\$ 2,544,463	\$ 2,536,515	\$ (7,948)
Miscellaneous			2,754	2,754
Total Revenues	\$ <u>2,525,000</u>	\$ <u>2,544,463</u>	\$ <u>2,539,269</u>	\$ <u>(5,194)</u>
OTHER FINANCING USES				
Transfers Out	\$ <u>(2,075,380)</u>	\$ <u>(2,094,843)</u>	\$ <u>(2,075,380)</u>	\$ <u>19,463</u>
Net Change in Fund Balance	\$ 449,620	\$ 449,620	\$ 463,889	\$ 14,269
Fund Balance - Beginning	<u>881,663</u>	<u>881,663</u>	<u>881,663</u>	
Fund Balance - Ending	\$ <u><u>1,331,283</u></u>	\$ <u><u>1,331,283</u></u>	\$ <u><u>1,345,552</u></u>	\$ <u><u>14,269</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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$	\$ 150,528	\$ 148,605	\$ (1,923)
EXPENDITURES				
Current:				
Community and Economic Development	\$	\$	\$ 3,000	\$ (3,000)
Capital Outlay	1,533,500	1,684,028	1,070,089	613,939
Debt Service:				
Principal	310,000	310,000	310,000	
Interest and Fiscal Charges	427,160	427,160	426,011	1,149
Total Expenditures	\$ 2,270,660	\$ 2,421,188	\$ 1,809,100	\$ 612,088
Deficiency of Revenues Under Expenditures	\$ (2,270,660)	\$ (2,270,660)	\$ (1,660,495)	\$ 610,165
OTHER FINANCING SOURCES				
Transfers In	1,115,501	1,115,501	1,123,100	7,599
Net Change in Fund Balances	\$ (1,155,159)	\$ (1,155,159)	\$ (537,395)	\$ 617,764
Fund Balances - Beginning	2,521,106	2,521,106	2,521,106	
Fund Balances - Ending	\$ 1,365,947	\$ 1,365,947	\$ 1,983,711	\$ 617,764

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Hospitality Fee Taxes	\$ 10,460,000	\$ 10,460,000	\$ 10,850,942	\$ 390,942
Miscellaneous	30,000	30,000	6,194	(23,806)
Total Revenues	<u>\$ 10,490,000</u>	<u>\$ 10,490,000</u>	<u>\$ 10,857,136</u>	<u>\$ 367,136</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$
Interest and Fiscal Charges	2,912,187	2,921,246	2,921,246	
Total Expenditures	<u>\$ 4,057,187</u>	<u>\$ 4,066,246</u>	<u>\$ 4,066,246</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 6,432,813</u>	<u>\$ 6,423,754</u>	<u>\$ 6,790,890</u>	<u>\$ 367,136</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 757,293	\$ 757,293	\$ 757,293	\$
Transfers Out	(7,183,777)	(7,183,777)	(7,183,777)	
Total Other Financing Sources (Uses)	<u>\$ (6,426,484)</u>	<u>\$ (6,426,484)</u>	<u>\$ (6,426,484)</u>	<u>\$</u>
Net Change in Fund Balances	\$ 6,329	\$ (2,730)	\$ 364,406	\$ 367,136
Fund Balances - Beginning	<u>194,041</u>	<u>194,041</u>	<u>194,041</u>	<u></u>
Fund Balances - Ending	<u><u>\$ 200,370</u></u>	<u><u>\$ 191,311</u></u>	<u><u>\$ 558,447</u></u>	<u><u>\$ 367,136</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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 4,260,000	\$ 4,260,000	\$ 6,026,391	\$ 1,766,391
Intergovernmental	435,000	435,000		(435,000)
Miscellaneous			2,937	2,937
Total Revenues	<u>\$ 4,695,000</u>	<u>\$ 4,695,000</u>	<u>\$ 6,029,328</u>	<u>\$ 1,334,328</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 895,000	\$ 895,000	\$ 777,970	\$ 117,030
Debt Service:				
Principal	1,215,000	1,215,000	1,215,000	
Interest and Fiscal Charges	1,850,366	2,024,548	2,015,872	8,676
Total Expenditures	<u>\$ 3,960,366</u>	<u>\$ 4,134,548</u>	<u>\$ 4,008,842</u>	<u>\$ 125,706</u>
Excess of Revenues Over Expenditures	<u>\$ 734,634</u>	<u>\$ 560,452</u>	<u>\$ 2,020,486</u>	<u>\$ 1,460,034</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 231,708	\$ 231,708	\$ 412,875	\$ 181,167
Transfers Out	(654,522)	(654,522)	(654,522)	
Total Other Financing Sources (Uses)	<u>\$ (422,814)</u>	<u>\$ (422,814)</u>	<u>\$ (241,647)</u>	<u>\$ 181,167</u>
Net Change in Fund Balances	<u>\$ 311,820</u>	<u>\$ 137,638</u>	<u>\$ 1,778,839</u>	<u>\$ 1,641,201</u>
Fund Balances - Beginning	<u>7,658,077</u>	<u>7,658,077</u>	<u>7,658,077</u>	
Fund Balances - Ending	<u><u>\$ 7,969,897</u></u>	<u><u>\$ 7,795,715</u></u>	<u><u>\$ 9,436,916</u></u>	<u><u>\$ 1,641,201</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
SPORTS TOURISM FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$	\$ 364,272	\$ 421,530	\$ 57,258
EXPENDITURES				
Current:				
Culture and Recreation	\$	\$ 364,272	\$ 364,272	\$
Excess of Revenues Over Expenditures	\$	\$	\$ 57,258	\$ 57,258
OTHER FINANCING SOURCES				
Transfers In		190,000	190,000	
Net Change in Fund Balances	\$	\$ 190,000	\$ 247,258	\$ 57,258
Fund Balances - Beginning				
Fund Balances - Ending	\$	\$ 190,000	\$ 247,258	\$ 57,258

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,741,000	\$ 1,863,253	\$ 122,253
Miscellaneous	7,500	9,468	1,968
Total Revenues	<u>\$ 1,748,500</u>	<u>\$ 1,872,721</u>	<u>\$ 124,221</u>
EXPENDITURES			
Current:			
General Government	\$ 216,181	\$ 222,627	\$ (6,446)
Debt Service:			
Principal	4,152,762	4,152,070	692
Interest and Fiscal Charges	2,101,711	2,074,583	27,128
Total Expenditures	<u>\$ 6,470,654</u>	<u>\$ 6,449,280</u>	<u>\$ 21,374</u>
Deficiency of Revenues Under Expenditures	\$ (4,722,154)	\$ (4,576,559)	\$ 145,595
OTHER FINANCING SOURCES			
Transfers In	<u>4,718,534</u>	<u>4,714,159</u>	<u>(4,375)</u>
Net Change in Fund Balance	\$ (3,620)	\$ 137,600	\$ 141,220
Fund Balance - Beginning	<u>4,654,838</u>	<u>4,654,838</u>	
Fund Balance - Ending	<u><u>\$ 4,651,218</u></u>	<u><u>\$ 4,792,438</u></u>	<u><u>\$ 141,220</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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 485,000	\$ 485,000	\$ 375,909	\$ (109,091)
Licenses and Permits	500,000	500,000	999,271	499,271
Intergovernmental	583,200	1,802,750	1,269,599	(533,151)
Miscellaneous	212,000	212,000	374,249	162,249
Total Revenues	<u>\$ 1,780,200</u>	<u>\$ 2,999,750</u>	<u>\$ 3,019,028</u>	<u>\$ 19,278</u>
EXPENDITURES				
Current:				
General Government	\$ 738,220	\$ 738,220	\$ 838,396	\$ (100,176)
Public Safety		3,162	3,162	
Transportation		202,025	202,025	
Community and Economic Development		59,841	59,841	
Culture and Recreation		328,738	328,738	
Capital Outlay	4,475,000	21,157,603	12,276,713	8,880,890
Total Expenditures	<u>\$ 5,213,220</u>	<u>\$ 22,489,589</u>	<u>\$ 13,708,875</u>	<u>\$ 8,780,714</u>
Deficiency of Revenues Under Expenditures	<u>\$ (3,433,020)</u>	<u>\$ (19,489,839)</u>	<u>\$ (10,689,847)</u>	<u>\$ 8,799,992</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,035,000	\$ 1,035,000	\$ 1,035,000	\$
Transfers Out			(23,162)	(23,162)
General Obligation Bonds Issued	200,000	200,000		(200,000)
Capital Lease Obligations	1,750,000	1,750,000		(1,750,000)
Total Other Financing Sources (Uses)	<u>\$ 2,985,000</u>	<u>\$ 2,985,000</u>	<u>\$ 1,011,838</u>	<u>\$ (1,973,162)</u>
Net Change in Fund Balances	<u>\$ (448,020)</u>	<u>\$ (16,504,839)</u>	<u>\$ (9,678,009)</u>	<u>\$ 6,826,830</u>
Fund Balances - Beginning	<u>24,371,265</u>	<u>24,371,265</u>	<u>24,371,265</u>	
Fund Balances - Ending	<u>\$ 23,923,245</u>	<u>\$ 7,866,426</u>	<u>\$ 14,693,256</u>	<u>\$ 6,826,830</u>

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, 2015

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 4,361,537	\$ 8,240,084	\$ 10,244,754	\$ 22,846,375
Accounts Receivable	1,838	4,099	129,375	135,312
Inventories	130,017			130,017
Total Current Assets	\$ 4,493,392	\$ 8,244,183	\$ 10,374,129	\$ 23,111,704
Noncurrent Assets:				
Other Capital Assets (Net)	9,702,723			9,702,723
Total Assets	\$ 14,196,115	\$ 8,244,183	\$ 10,374,129	\$ 32,814,427
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension Plan	\$ 59,288			\$ 59,288
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 307,533	\$ 723,133	\$ 13,359,627	\$ 14,390,293
Due to Other Fund		23,935	1,679,627	1,703,562
Unreported Insurance Claims			540,311	540,311
Capital Lease Obligations	622,596			622,596
Total Current Liabilities	\$ 930,129	\$ 747,068	\$ 15,579,565	\$ 17,256,762
Noncurrent Liabilities:				
Compensated Absences	\$ 15,977			\$ 15,977
Unreported Insurance Claims		2,236,424		2,236,424
Capital Lease Obligations	5,376,886			5,376,886
Net Pension Liability	689,339			689,339
Total Noncurrent Liabilities	\$ 6,082,202	\$ 2,236,424		\$ 8,318,626
Total Liabilities	\$ 7,012,331	\$ 2,983,492	\$ 15,579,565	\$ 25,575,388

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
DEFERRED INFLOWS OF RESOURCES				
Related to Pension Plan	\$ 58,116	\$	\$	\$ 58,116
NET POSITION				
Net Investment in Capital Assets	\$ 3,703,241	\$	\$	\$ 3,703,241
Unrestricted	<u>3,481,715</u>	<u>5,260,691</u>	<u>(5,205,436)</u>	<u>3,536,970</u>
Total Net Position	<u><u>\$ 7,184,956</u></u>	<u><u>\$ 5,260,691</u></u>	<u><u>\$ (5,205,436)</u></u>	<u><u>\$ 7,240,211</u></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, 2015

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 4,816,468	\$ 3,275,699	\$ 12,916,493	\$ 21,008,660
OPERATING EXPENSES				
Administration	\$ 524,062	\$	\$	\$ 524,062
Operations	1,395,485	3,021,205	12,937,182	17,353,872
Depreciation	1,720,757			1,720,757
Total Operating Expenses	\$ 3,640,304	\$ 3,021,205	\$ 12,937,182	\$ 19,598,691
Operating Income (Loss)	\$ 1,176,164	\$ 254,494	\$ (20,689)	\$ 1,409,969
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 10,458	\$ 9,393	\$ 281	\$ 20,132
Miscellaneous Revenues	1,754			1,754
Gain on Disposal of Capital Assets	342,000			342,000
Interest Expense	(189,601)			(189,601)
Total Nonoperating Revenues (Expenses)	\$ 164,611	\$ 9,393	\$ 281	\$ 174,285
Income (Loss) Before Contributions	\$ 1,340,775	\$ 263,887	\$ (20,408)	\$ 1,584,254
Capital Contributions	50,000			50,000
Change in Net Position	\$ 1,390,775	\$ 263,887	\$ (20,408)	\$ 1,634,254
Total Net Position - Beginning, as Previously Reported	\$ 6,473,788	\$ 4,996,804	\$ (5,185,028)	\$ 6,285,564
Cumulative Effect of Adopting GASB Statement No. 68	(679,607)			(679,607)
Total Net Position - Beginning, as Restated	\$ 5,794,181	\$ 4,996,804	\$ (5,185,028)	\$ 5,605,957
Total Net Position - Ending	\$ 7,184,956	\$ 5,260,691	\$ (5,205,436)	\$ 7,240,211

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2015

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 4,816,468	\$ 3,275,699	\$ 12,916,493	\$ 21,008,660
Payments to Suppliers	(1,510,351)	(1,778,756)	(1,115,409)	(4,404,516)
Payments to Employees	(355,446)			(355,446)
Payments of Claims		(582,721)	(9,364,595)	(9,947,316)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,950,671</u>	<u>\$ 914,222</u>	<u>\$ 2,436,489</u>	<u>\$ 6,301,382</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	\$	\$ 23,935	\$	\$ 23,935
Payments on Interfund Loan			(1,591,165)	(1,591,165)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$</u>	<u>\$ 23,935</u>	<u>\$ (1,591,165)</u>	<u>\$ (1,567,230)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	\$ 50,000	\$	\$	\$ 50,000
Principal Payments on Capital Lease Obligations	(559,631)			(559,631)
Interest Payments on Capital Lease Obligations	(109,009)			(109,009)
Purchases of Capital Assets	(5,750,262)			(5,750,262)
Proceeds From Disposal of Capital Assets	342,456			342,456
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (6,026,446)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (6,026,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 10,458	\$ 9,393	\$ 281	\$ 20,132
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 10,458</u>	<u>\$ 9,393</u>	<u>\$ 281</u>	<u>\$ 20,132</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (3,065,317)</u>	<u>\$ 947,550</u>	<u>\$ 845,605</u>	<u>\$ (1,272,162)</u>
Cash and Cash Equivalents - Beginning	<u>7,426,854</u>	<u>7,292,534</u>	<u>9,399,149</u>	<u>24,118,537</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 4,361,537</u></u>	<u><u>\$ 8,240,084</u></u>	<u><u>\$ 10,244,754</u></u>	<u><u>\$ 22,846,375</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2015

	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 by Operating Activities</u>				
Operating Income (Loss)	\$ 1,176,164	\$ 254,494	\$ (20,689)	\$ 1,409,969
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	1,720,757			1,720,757
(Increase) in Accounts Receivable	(7)	(4,015)	(37,420)	(41,442)
Decrease in Inventories	31,975			31,975
Decrease in Prepaid Assets		88,097		88,097
Increase in Accounts Payable and Accrued Expenses	11,468	409,705	2,411,704	2,832,877
Increase in Unreported Insurance Claims		165,941	82,894	248,835
Increase in Net Pension Liability and Related Amounts	8,560			8,560
Miscellaneous Receipts	1,754			1,754
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,950,671</u>	<u>\$ 914,222</u>	<u>\$ 2,436,489</u>	<u>\$ 6,301,382</u>

Noncash Capital and Related Financing Activities

Book Value of Capital Asset Disposals	\$ 456	\$	\$	456
Other Capital Assets (Net) / Capital Lease Obligation	210,000			210,000

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, 2015

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and Temporary Investments	\$ 11,401	\$ 353,329	\$ 352,771	\$ 11,959
LIABILITIES				
Due to Firemen's Association	\$ 11,401	\$ 353,329	\$ 352,771	\$ 11,959

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2015

ASSETS

Cash and Temporary Investments	\$ <u><u>1,053,817</u></u>
--------------------------------	----------------------------

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable and Accrued Expenditures	\$ 122,196
Due to Primary Government	192,223
Unearned Revenue	<u>32,322</u>
Total Liabilities	\$ <u><u>346,741</u></u>

Fund Balances:

Assigned for:

Vehicle Replacement	\$ 20,015
Redevelopment Loans	65,072
Unassigned	<u>621,989</u>
Total Fund Balances	\$ <u><u>707,076</u></u>

Total Liabilities and Fund Balances	\$ <u><u>1,053,817</u></u>
-------------------------------------	----------------------------

Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 707,076
---------------------	------------

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.	456,834
---	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(21,391)</u>
--	-----------------

Net Position Reported in the Statement of Net Position	\$ <u><u>1,142,519</u></u>
--	----------------------------

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
Year Ended June 30, 2015

REVENUES

Charges for Services	\$ 1,452,787
Miscellaneous	95,187
Total Revenues	\$ <u>1,547,974</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 1,544,252
Capital Outlay	227,912
Total Expenditures	\$ <u>1,772,164</u>

Net Change in Fund Balances \$ (224,190)

Fund Balances - Beginning 931,266

Fund Balances - Ending \$ 707,076

Reconciliation to the Statement of Activities

Net Change in Fund Balances \$ (224,190)

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. 179,301

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. 802

Change in Net Position Reported in the Statement of Activities \$ (44,087)

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 25,185,525	\$ 25,185,525	\$ 24,812,052	\$ (373,473)
OPERATING EXPENSES				
Administration	\$ 4,178,315	\$ 4,178,315	\$ 4,140,359	\$ 37,956
Operations	18,349,218	19,140,733	19,108,251	32,482
Depreciation	4,275,000	4,350,871	4,350,871	
Total Operating Expenses	\$ 26,802,533	\$ 27,669,919	\$ 27,599,481	\$ 70,438
Operating Loss	\$ (1,617,008)	\$ (2,484,394)	\$ (2,787,429)	\$ (303,035)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 40,000	\$ 40,000	\$ 24,404	\$ (15,596)
Miscellaneous Revenue	200,000	200,000	112,660	(87,340)
Interest and Fiscal Charges	(762,340)	(762,340)	(738,198)	24,142
Amortization of Bond Insurance	(4,737)	(4,737)	(4,737)	
Total Nonoperating Revenues (Expenses)	\$ (527,077)	\$ (527,077)	\$ (605,871)	\$ (78,794)
Loss Before Contributions and Transfers	\$ (2,144,085)	\$ (3,011,471)	\$ (3,393,300)	\$ (381,829)
Capital Contributions	3,125,000	3,125,000	4,436,233	1,311,233
Transfers Out	(1,259,276)	(1,259,276)	(1,259,276)	
Change in Net Position	\$ (278,361)	\$ (1,145,747)	\$ (216,343)	\$ 929,404
Total Net Position - Beginning, as Previously Reported	\$ 106,166,246	\$ 106,166,246	\$ 106,166,246	\$
Cumulative Effect of Adopting GASB Statement No. 68	(3,885,091)	(3,885,091)	(3,885,091)	
Total Net Position - Beginning, as Restated	\$ 102,281,155	\$ 102,281,155	\$ 102,281,155	\$
Total Net Position - Ending	\$ 102,002,794	\$ 101,135,408	\$ 102,064,812	\$ 929,404

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 213,000	\$ 45,364	\$ (167,636)
OPERATING EXPENSES			
Operations	\$ 196,501	\$ 155,293	\$ 41,208
Depreciation	285,000	323,470	(38,470)
Total Operating Expenses	\$ 481,501	\$ 478,763	\$ 2,738
Operating Loss	\$ (268,501)	\$ (433,399)	\$ (164,898)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$	\$ 43,796	\$ 43,796
Interest and Fiscal Charges	(170,515)	(152,307)	18,208
Amortization of Bond Insurance	(3,860)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (174,375)	\$ (112,371)	\$ 62,004
Loss Before Transfers	\$ (442,876)	\$ (545,770)	\$ (102,894)
Transfers In	897,000	897,000	
Change in Net Position	\$ 454,124	\$ 351,230	\$ (102,894)
Total Net Position - Beginning	7,503,114	7,503,114	
Total Net Position - Ending	\$ 7,957,238	\$ 7,854,344	\$ (102,894)

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 1,224,000	\$ 260,901	\$ (963,099)
OPERATING EXPENSES			
Administration	\$ 504,143	\$ 367,786	\$ 136,357
Operations	692,294	334,852	357,442
Depreciation	275,000	270,360	4,640
Total Operating Expenses	\$ 1,471,437	\$ 972,998	\$ 498,439
Operating Loss	\$ (247,437)	\$ (712,097)	\$ (464,660)
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Revenue	\$	\$ 49,720	\$ 49,720
Interest Expense		(599)	(599)
Total Nonoperating Revenues (Expenses)	\$	\$ 49,121	\$ 49,121
Change in Net Position	\$ (247,437)	\$ (662,976)	\$ (415,539)
Total Net Position - Beginning	13,016,433	13,016,433	
Total Net Position - Ending	\$ 12,768,996	\$ 12,353,457	\$ (415,539)

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
OPERATING REVENUES				
Charges for Services	\$ 4,437,750	\$ 4,437,750	\$ 4,455,058	\$ 17,308
OPERATING EXPENSES				
Administration	\$ 647,646	\$ 643,260	\$ 643,260	\$
Operations	3,653,523	3,883,676	3,883,676	
Depreciation	100,000	54,424	54,424	
Total Operating Expenses	\$ 4,401,169	\$ 4,581,360	\$ 4,581,360	\$
Operating Income (Loss)	\$ 36,581	\$ (143,610)	\$ (126,302)	\$ 17,308
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$	\$	\$ 322	\$ 322
Interest Expense	(10,200)	(10,200)		10,200
Total Nonoperating Revenues (Expenses)	\$ (10,200)	\$ (10,200)	\$ 322	\$ 10,522
Income (Loss) Before Transfers	\$ 26,381	\$ (153,810)	\$ (125,980)	\$ 27,830
Transfers In	250,000	250,000	250,000	
Change in Net Position	\$ 276,381	\$ 96,190	\$ 124,020	\$ 27,830
Total Net Position - Beginning, as				
Previously Reported	\$ 58,835	\$ 58,835	\$ 58,835	\$
Cumulative Effect of Adopting GASB				
Statement No. 68	(2,261,584)	(2,261,584)	(2,261,584)	
Total Net Position - Beginning, as Restated	\$ (2,202,749)	\$ (2,202,749)	\$ (2,202,749)	\$
Total Net Position - Ending	\$ (1,926,368)	\$ (2,106,559)	\$ (2,078,729)	\$ 27,830

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2015

Court Fines

Court Fines Collected	\$ 629,360
Court Fines Retained by City	(629,360)
Court Fines Remitted to State Treasurer	\$ <u><u>0</u></u>

Court Assessments

Court Assessments Collected	\$ 1,005,489
Court Assessments Retained by City	(74,506)
Court Assessments Remitted to State Treasurer	\$ <u><u>930,983</u></u>

Court Surcharges

Court Surcharges Collected	\$ 58,271
Court Surcharges Retained by City	(58,271)
Court Surcharges Remitted to State Treasurer	\$ <u><u>0</u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 74,506
Court Surcharges Allocated to Victim Services	58,271
Total Funds Allocated to Victim Services	\$ <u>132,777</u>
Victim Services Expenditures	(132,777)
Funds Available for Carryforward From Year Ended June 30, 2015	\$ <u>0</u>
Funds Carried Forward From Year Ended June 30, 2014	0
Funds Available for Carryforward at June 30, 2015	\$ <u><u>0</u></u>

STATISTICAL SECTION

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

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

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

Debt Capacity (*Schedules 13 through 17*) - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (*Schedules 18 through 19*) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (*Schedules 20 through 22*) - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Schedule 1

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
NET POSITION BY COMPONENT**

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2006	2007 (1)	2008
Governmental Activities			
Net Investment in Capital Assets	\$ 56,706,374	\$ 82,814,567	\$ 80,637,852
Restricted	18,735,355	20,948,781	19,189,175
Unrestricted	(29,804,581)	(20,442,305)	(8,786,494)
Total Governmental Activities Net Position	<u>\$ 45,637,148</u>	<u>\$ 83,321,043</u>	<u>\$ 91,040,533</u>
Business-Type Activities			
Net Investment in Capital Assets	\$ 92,853,491	\$ 111,244,256	\$ 113,617,180
Restricted	662,576	690,813	1,149,853
Unrestricted	17,928,546	19,320,470	20,292,291
Total Business-Type Activities Net Position	<u>\$ 111,444,613</u>	<u>\$ 131,255,539</u>	<u>\$ 135,059,324</u>
Primary Government			
Net Investment in Capital Assets	\$ 149,559,865	\$ 194,058,823	\$ 194,255,032
Restricted	19,397,931	21,639,594	20,339,028
Unrestricted	(11,876,035)	(1,121,835)	11,505,797
Total Primary Government Net Position	<u>\$ 157,081,761</u>	<u>\$ 214,576,582</u>	<u>\$ 226,099,857</u>

Notes:

(1) In 2007, the City implemented the retroactive general infrastructure reporting provisions of GASB Statement No. 34.

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

UNAUDITED

⁽¹⁾ In 2007, the City implemented the retroactive general infrastructure reporting provisions of GASB Statement No. 34.

⁽²⁾ In 2015, the City adopted the provisions of GASB Statement No. 68.

UNAUDITED

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015 (2)
\$ 89,378,581	\$ 100,633,044	\$ 100,702,801	\$ 97,005,660	\$ 97,019,979	\$ 100,612,540	\$ 110,367,487
15,082,475	14,971,016	15,425,677	18,344,550	18,904,389	19,761,397	22,418,493
(10,704,869)	(11,955,064)	(5,211,110)	(3,006,353)	(1,323,284)	1,316,485	(61,203,024)
<u>\$ 93,756,187</u>	<u>\$ 103,648,996</u>	<u>\$ 110,917,368</u>	<u>\$ 112,343,857</u>	<u>\$ 114,601,084</u>	<u>\$ 121,690,422</u>	<u>\$ 71,582,956</u>
\$ 115,610,693	\$ 120,443,730	\$ 116,137,286	\$ 113,536,973	\$ 114,142,625	\$ 114,506,690	\$ 116,288,674
718,588	736,834	760,011	1,165,853	1,088,242	945,308	876,221
18,148,941	12,934,193	14,079,646	15,845,740	15,033,204	13,655,977	6,055,696
<u>\$ 134,478,222</u>	<u>\$ 134,114,757</u>	<u>\$ 130,976,943</u>	<u>\$ 130,548,566</u>	<u>\$ 130,264,071</u>	<u>\$ 129,107,975</u>	<u>\$ 123,220,591</u>
\$ 204,989,274	\$ 221,076,774	\$ 216,840,087	\$ 210,542,633	\$ 211,162,604	\$ 215,119,230	\$ 226,656,161
15,801,063	15,707,850	16,185,688	19,510,403	19,992,631	20,706,705	23,294,714
7,444,072	979,129	8,868,536	12,839,387	13,709,920	14,972,462	(55,147,328)
<u>\$ 228,234,409</u>	<u>\$ 237,763,753</u>	<u>\$ 241,894,311</u>	<u>\$ 242,892,423</u>	<u>\$ 244,865,155</u>	<u>\$ 250,798,397</u>	<u>\$ 194,803,547</u>

Schedule 2

CITY OF MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year		
	2006	2007	2008
Expenses			
Governmental Activities:			
General Government	\$ 8,335,752	\$ 9,537,675	\$ 11,008,546
Public Safety	26,163,070	27,214,495	29,125,428
Transportation	4,338,760	6,499,966	6,982,818
Community and Economic Development	6,146,463	6,363,577	7,676,507
Culture and Recreation	13,985,339	19,588,846	16,316,643
Public Works	1,263,193	1,229,671	1,471,987
Interest and Fiscal Charges	5,756,278	7,535,019	8,652,337
Total Governmental Activities Expenses	<u>\$ 65,988,855</u>	<u>\$ 77,969,249</u>	<u>\$ 81,234,266</u>
Business-Type Activities:			
Water	\$ 11,977,403	\$ 12,961,816	\$ 13,093,627
Sewer	12,539,283	12,761,392	12,794,701
Baseball Stadium	960,144	922,727	937,873
Municipal Golf Course	1,372,601	1,713,721	1,847,933
Solid Waste Management	3,495,721	3,584,314	3,606,480
Total Business-Type Activities Expenses	<u>\$ 30,345,152</u>	<u>\$ 31,943,970</u>	<u>\$ 32,280,614</u>
Total Primary Government Expenses	<u>\$ 96,334,007</u>	<u>\$ 109,913,219</u>	<u>\$ 113,514,880</u>
Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 14,932,956	\$ 15,540,554	\$ 14,428,822
Operating Grants and Contributions	803,000	3,197,987	751,685
Capital Grants and Contributions	14,808,105	9,962,742	5,802,135
Total Governmental Activities Program Revenues	<u>\$ 30,544,061</u>	<u>\$ 28,701,283</u>	<u>\$ 20,982,642</u>
Business-Type Activities:			
Charges for Services	\$ 28,936,831	\$ 27,582,007	\$ 27,068,070
Operating Grants and Contributions			
Capital Grants and Contributions	6,295,323	5,274,881	8,471,966
Total Business-Type Activities Program Revenues	<u>\$ 35,232,154</u>	<u>\$ 32,856,888</u>	<u>\$ 35,540,036</u>
Total Primary Government Program Revenues	<u>\$ 65,776,215</u>	<u>\$ 61,558,171</u>	<u>\$ 56,522,678</u>
Net (Expense) Revenue			
Governmental Activities	\$ (35,444,794)	\$ (49,267,966)	\$ (60,251,624)
Business-Type Activities	4,887,002	912,918	3,259,422
Total Primary Government Net Expense	<u>\$ (30,557,792)</u>	<u>\$ (48,355,048)</u>	<u>\$ (56,992,202)</u>

UNAUDITED

		Fiscal Year				
2009	2010	2011	2012	2013	2014	2015
\$ 12,392,348	\$ 12,243,661	\$ 11,296,314	\$ 11,390,173	\$ 11,883,348	\$ 11,319,984	\$ 12,890,054
30,868,253	33,225,681	31,177,095	32,547,208	33,115,671	33,247,797	35,816,223
7,056,526	8,055,196	8,028,096	8,508,590	8,642,907	8,666,134	8,714,950
9,303,043	21,708,312	26,563,059	30,332,521	28,021,204	28,377,759	29,802,944
16,791,874	17,593,171	17,676,164	18,014,892	18,881,858	20,110,668	21,563,521
1,542,924	1,568,038	1,434,430	1,423,483	1,437,647	1,399,578	1,455,959
8,905,688	9,039,543	9,007,944	8,701,138	8,513,225	8,779,399	8,302,467
\$ 86,860,656	\$ 103,433,602	\$ 105,183,102	\$ 110,918,005	\$ 110,495,860	\$ 111,901,319	\$ 118,546,118
\$ 12,217,805	\$ 12,376,562	\$ 12,493,346	\$ 13,040,513	\$ 13,262,481	\$ 14,235,486	\$ 14,151,418
13,285,343	12,434,859	12,382,088	12,257,261	12,587,819	13,068,631	13,910,465
904,874	761,567	707,597	731,004	639,314	616,989	631,698
1,954,651	1,885,640	1,819,724	1,502,589	1,455,492	1,474,824	969,918
3,598,647	4,092,051	4,048,935	4,061,301	4,072,052	4,194,082	4,205,444
\$ 31,961,320	\$ 31,550,679	\$ 31,451,690	\$ 31,592,668	\$ 32,017,158	\$ 33,590,012	\$ 33,868,943
\$ 118,821,976	\$ 134,984,281	\$ 136,634,792	\$ 142,510,673	\$ 142,513,018	\$ 145,491,331	\$ 152,415,061
\$ 14,641,045	\$ 13,808,024	\$ 15,251,585	\$ 16,576,103	\$ 15,910,400	\$ 16,942,434	\$ 17,621,758
1,282,644	1,578,798	1,347,905	2,012,316	1,573,924	1,577,629	1,985,466
4,468,548	17,293,904	8,822,685	2,974,778	1,628,940	8,155,866	5,959,255
\$ 20,392,237	\$ 32,680,726	\$ 25,422,175	\$ 21,563,197	\$ 19,113,264	\$ 26,675,929	\$ 25,566,479
\$ 26,431,642	\$ 26,171,502	\$ 27,349,428	\$ 28,824,814	\$ 28,383,410	\$ 29,686,659	\$ 29,735,755
39,786				4,574		
4,448,534	4,786,961	1,121,501	2,005,888	3,350,634	3,184,138	4,436,233
\$ 30,919,962	\$ 30,958,463	\$ 28,470,929	\$ 30,830,702	\$ 31,738,618	\$ 32,870,797	\$ 34,171,988
\$ 51,312,199	\$ 63,639,189	\$ 53,893,104	\$ 52,393,899	\$ 50,851,882	\$ 59,546,726	\$ 59,738,467
\$ (66,468,419)	\$ (70,752,876)	\$ (79,760,927)	\$ (89,354,808)	\$ (91,382,596)	\$ (85,225,390)	\$ (92,979,639)
(1,041,358)	(592,216)	(2,980,761)	(761,966)	(278,540)	(719,215)	303,045
\$ (67,509,777)	\$ (71,345,092)	\$ (82,741,688)	\$ (90,116,774)	\$ (91,661,136)	\$ (85,944,605)	\$ (92,676,594)

Schedule 2 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year		
	2006	2007	2008
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 19,793,135	\$ 20,734,404	\$ 23,296,800
Local Accommodations Taxes	1,781,748	1,850,781	1,945,899
Business License Taxes	17,585,457	19,610,478	20,026,343
Franchise Taxes	2,966,514	3,224,468	3,250,404
Hospitality Fee Taxes	8,075,180	8,341,066	8,689,093
Local Option Tourism Taxes			
Grants and Contributions not Restricted to Specific Programs	7,811,218	8,072,328	8,672,736
Investment Earnings	1,091,738	2,281,674	1,853,449
Transfers	(927,295)	(1,142,346)	236,390
Total Governmental Activities	\$ 58,177,695	\$ 62,972,853	\$ 67,971,114
Business-Type Activities:			
Investment Earnings	\$ 674,814	\$ 1,230,210	\$ 780,753
Special Item - Loss on Sale of Water and Wastewater Plant ⁽²⁾	(18,577,670)		
Extraordinary Item - Loss on Extinguishment of Debt ⁽³⁾	(1,844,003)		
Transfers	927,295	1,142,346	(236,390)
Total Business-Type Activities	\$ (18,819,564)	\$ 2,372,556	\$ 544,363
Total Primary Government	\$ 39,358,131	\$ 65,345,409	\$ 68,515,477
Change in Net Position			
Governmental Activities	\$ 22,732,901	\$ 13,704,887	\$ 7,719,490
Business-Type Activities	(13,932,562)	3,285,474	3,803,785
Total Primary Government	\$ 8,800,339	\$ 16,990,361	\$ 11,523,275

Notes:

⁽¹⁾ See Schedule 3 for program revenues by function/program.⁽²⁾ In 2006, the City sold its water and wastewater plant, which resulted in an \$18,577,670 loss being recognized.⁽³⁾ In 2006, the City extinguished all of its outstanding Waterworks and Sewer System Revenue Bonds, which resulted in a \$1,844,003 loss being recognized.

UNAUDITED

		Fiscal Year					
	2009	2010	2011	2012	2013	2014	2015
\$	29,172,569	\$ 27,607,156	\$ 25,567,159	\$ 24,836,200	\$ 25,113,459	\$ 25,796,261	\$ 30,191,056
	1,818,175	1,827,916	2,064,510	2,219,406	2,238,681	2,333,117	2,538,276
	18,016,823	17,149,465	17,516,219	17,795,885	18,354,589	19,050,722	20,579,202
	3,394,445	3,422,821	3,575,049	3,409,048	3,469,046	3,755,715	3,847,643
	8,226,153	8,275,596	9,028,583	9,548,517	9,791,483	10,077,734	10,859,463
		14,195,983	20,440,454	23,500,801	23,508,832	23,298,736	24,952,836
	8,232,659	7,904,766	8,177,320	9,311,329	10,833,688	10,501,165	10,619,104
	478,649	313,682	361,705	361,811	223,895	168,740	152,962
	(155,400)	(51,700)	298,300	(201,700)	106,150	179,000	112,276
\$	<u>69,184,073</u>	\$ <u>80,645,685</u>	\$ <u>87,029,299</u>	\$ <u>90,781,297</u>	\$ <u>93,639,823</u>	\$ <u>95,161,190</u>	\$ <u>103,852,818</u>
\$	304,856	\$ 177,051	\$ 141,247	\$ 131,889	\$ 100,195	\$ 82,602	\$ 68,522
	155,400	51,700	(298,300)	201,700	(106,150)	(179,000)	(112,276)
\$	<u>460,256</u>	\$ <u>228,751</u>	\$ <u>(157,053)</u>	\$ <u>333,589</u>	\$ <u>(5,955)</u>	\$ <u>(96,398)</u>	\$ <u>(43,754)</u>
\$	<u>69,644,329</u>	\$ <u>80,874,436</u>	\$ <u>86,872,246</u>	\$ <u>91,114,886</u>	\$ <u>93,633,868</u>	\$ <u>95,064,792</u>	\$ <u>103,809,064</u>
\$	2,715,654	\$ 9,892,809	\$ 7,268,372	\$ 1,426,489	\$ 2,257,227	\$ 9,935,800	\$ 10,873,179
	(581,102)	(363,465)	(3,137,814)	(428,377)	(284,495)	(815,613)	259,291
\$	<u>2,134,552</u>	\$ <u>9,529,344</u>	\$ <u>4,130,558</u>	\$ <u>998,112</u>	\$ <u>1,972,732</u>	\$ <u>9,120,187</u>	\$ <u>11,132,470</u>

Schedule 3

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

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2006	2007	2008
Governmental Activities			
Charges for Services:			
General Government	\$ 1,946,968	\$ 2,670,293	\$ 2,304,761
Public Safety	3,031,083	2,525,607	2,419,234
Transportation	1,263,102	1,244,736	1,276,761
Community and Economic Development	2,755,499	2,832,062	1,883,724
Culture and Recreation	5,936,304	6,267,856	6,544,342
Operating Grants and Contributions:			
General Government			
Public Safety	40,716	195,923	225,514
Transportation	64,865	86,005	74,170
Community and Economic Development	187,372	243,492	78,671
Culture and Recreation	510,047	2,672,567	373,330
Public Works			
Capital Grants and Contributions:			
Public Safety	242,675	129,130	79,263
Transportation	1,962,517	7,449,998	1,569,770
Community and Economic Development	2,630,616	2,367,176	4,056,658
Culture and Recreation	9,972,297	16,438	96,444
Total Governmental Activities	<u>\$ 30,544,061</u>	<u>\$ 28,701,283</u>	<u>\$ 20,982,642</u>
Business-Type Activities			
Charges for Services:			
Water	\$ 14,687,054	\$ 13,234,314	\$ 12,975,888
Sewer	9,754,058	9,664,631	9,150,570
Baseball Stadium	22,064	23,351	25,315
Municipal Golf Course	1,336,523	1,514,858	1,557,886
Solid Waste Management	3,137,132	3,144,853	3,358,411
Operating Grants and Contributions:			
Solid Waste Management			
Capital Grants and Contributions:			
Water	2,559,116	2,158,556	3,990,773
Sewer	3,736,207	3,116,325	4,481,193
Total Business-Type Activities	<u>\$ 35,232,154</u>	<u>\$ 32,856,888</u>	<u>\$ 35,540,036</u>
Total Primary Government	<u>\$ 65,776,215</u>	<u>\$ 61,558,171</u>	<u>\$ 56,522,678</u>

UNAUDITED

		Fiscal Year					
2009		2010	2011	2012	2013	2014	2015
\$	2,847,392	\$ 2,428,261	\$ 2,978,554	\$ 3,483,073	\$ 2,671,727	\$ 2,695,365	\$ 2,731,274
	2,576,715	2,533,875	2,127,885	2,098,517	2,068,023	2,052,795	1,872,412
	1,554,391	1,565,710	1,832,000	1,858,628	1,880,137	2,177,007	2,227,724
	1,146,380	838,055	989,939	1,532,753	1,673,700	2,510,118	2,393,360
	6,516,167	6,442,123	7,323,207	7,603,132	7,616,813	7,507,149	8,396,988
				22,987	42,866		
	606,341	852,149	753,599	600,239	561,291	435,211	937,561
	58,400	57,200	62,900	86,131	104,631	88,006	87,631
	293,469	426,249	355,978	582,646	365,921	329,212	273,962
	324,434	243,200	175,428	720,313	499,215	513,358	649,601
						211,842	36,711
		238,477					
	2,826,606	6,649,087	4,724,714	1,670,650	868,161	7,221,160	4,765,947
	1,158,694	9,455,094	3,472,003	1,289,648	660,328	931,986	1,081,888
	483,248	951,246	625,968	14,480	100,451	2,720	111,420
\$	<u>20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>	<u>\$ 19,113,264</u>	<u>\$ 26,675,929</u>	<u>\$ 25,566,479</u>
\$	11,998,665	\$ 11,955,128	\$ 12,462,158	\$ 13,017,157	\$ 12,185,831	\$ 12,425,117	\$ 12,546,737
	9,458,220	9,392,479	9,725,734	10,710,657	11,143,958	12,109,673	12,377,975
	40,647	30,056	32,573	39,980	27,581	36,841	45,364
	1,328,859	1,078,862	1,167,064	1,101,990	1,012,506	938,737	310,621
	3,605,251	3,714,977	3,961,899	3,955,030	4,013,534	4,176,291	4,455,058
	39,786				4,574		
	2,773,106	2,699,330	556,656	973,416	1,614,974	1,394,906	1,610,026
	1,675,428	2,087,631	564,845	1,032,472	1,735,660	1,789,232	2,826,207
\$	<u>30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>	<u>\$ 31,738,618</u>	<u>\$ 32,870,797</u>	<u>\$ 34,171,988</u>
\$	<u>51,312,199</u>	<u>\$ 63,639,189</u>	<u>\$ 53,893,104</u>	<u>\$ 52,393,899</u>	<u>\$ 50,851,882</u>	<u>\$ 59,546,726</u>	<u>\$ 59,738,467</u>

Schedule 4

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

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2006	2007	2008
General Fund			
Nonspendable	\$ 98,454	\$ 111,909	\$ 112,506
Restricted	429,689	368,950	339,160
Committed			
Assigned	367,029	387,112	403,244
Unassigned	8,370,090	11,025,243	11,327,195
Total General Fund	<u>\$ 9,265,262</u>	<u>\$ 11,893,214</u>	<u>\$ 12,182,105</u>
 All Other Governmental Funds			
Nonspendable	\$ 1,186,174	\$ 1,136,861	\$ 1,090,907
Restricted	22,877,031	39,092,890	25,128,547
Assigned	8,409,694	4,451,785	13,612,743
Unassigned	(3,650,561)	(779,899)	(937,228)
Total All Other Governmental Funds	<u>\$ 28,822,338</u>	<u>\$ 43,901,637</u>	<u>\$ 38,894,969</u>

UNAUDITED

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 129,478	\$ 134,008	\$ 116,144	\$ 113,066	\$ 136,844	\$ 145,116	\$ 147,712
355,234	354,057	443,940	413,516	396,275	406,711	1,044,520
				40,000	14,667	1,077,273
658,806	410,202	411,724	412,924	413,928	414,605	931,947
9,446,434	7,067,216	7,664,002	7,804,956	9,237,691	10,324,445	10,221,505
<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>	<u>\$ 8,744,462</u>	<u>\$ 10,224,738</u>	<u>\$ 11,305,544</u>	<u>\$ 13,422,957</u>
\$ 836,468	\$ 781,858	\$ 722,066	\$ 722,066	\$ 722,066	\$ 722,066	\$ 785,408
18,175,290	19,332,009	27,003,280	21,018,349	29,148,074	33,329,174	26,786,092
13,494,243	12,579,733	15,124,193	13,891,602	11,789,372	12,019,861	12,404,860
(3,087,400)	(1,661,318)	(2,349,160)	(2,340,971)	(2,369,580)	(698,740)	(2,303,269)
<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>	<u>\$ 33,291,046</u>	<u>\$ 39,289,932</u>	<u>\$ 45,372,361</u>	<u>\$ 37,673,091</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		
	2006	2007	2008
Revenues			
Property Taxes	\$ 19,673,810	\$ 20,746,700	\$ 23,216,684
Local Accommodations Taxes	1,781,272	1,850,628	1,946,018
Hospitality Fee Taxes	8,074,246	8,348,376	8,678,672
Storm Water Fees	1,211,924	1,250,928	1,276,753
Local Option Tourism Taxes			
Licenses and Permits	23,188,731	25,518,446	25,070,983
Fines and Forfeitures	2,282,006	1,762,358	1,623,642
Intergovernmental	17,817,520	15,100,856	11,300,877
Charges for Services	3,846,763	4,033,761	4,313,817
Miscellaneous	5,186,358	6,870,075	7,688,050
Total Revenues	<u>\$ 83,062,630</u>	<u>\$ 85,482,128</u>	<u>\$ 85,115,496</u>
Expenditures			
Current:			
General Government	\$ 9,555,366	\$ 9,696,471	\$ 12,465,011
Public Safety	25,409,173	26,431,765	27,845,760
Transportation	3,334,165	3,768,054	4,238,826
Community and Economic Development	5,767,752	5,800,482	6,622,112
Culture and Recreation	12,177,294	17,717,319	14,566,336
Public Works	1,222,358	1,215,074	1,418,502
Capital Outlay	27,117,413	25,249,606	26,681,432
Debt Service:			
Principal	4,468,925	3,909,406	4,444,163
Interest and Fiscal Charges	5,196,919	6,594,514	7,567,295
Bond Issuance Costs	241,372	1,459,150	302,618
Payment to Escrow Agent			
Total Expenditures	<u>\$ 94,490,737</u>	<u>\$ 101,841,841</u>	<u>\$ 106,152,055</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (11,428,107)</u>	<u>\$ (16,359,713)</u>	<u>\$ (21,036,559)</u>
Other Financing Sources (Uses)			
Transfers In	\$ 21,959,087	\$ 24,997,275	\$ 21,143,338
Transfers Out	(22,886,382)	(26,139,621)	(20,906,948)
Proceeds From Borrowing	19,919,413	35,209,310	16,082,392
Proceeds From Refunding			
Payment to Escrow Agent			
Sale of Capital Assets			
Total Other Financing Sources (Uses)	<u>\$ 18,992,118</u>	<u>\$ 34,066,964</u>	<u>\$ 16,318,782</u>
Net Change in Fund Balances	<u><u>\$ 7,564,011</u></u>	<u><u>\$ 17,707,251</u></u>	<u><u>\$ (4,717,777)</u></u>

UNAUDITED

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 29,015,342	\$ 27,416,733	\$ 25,551,735	\$ 24,819,308	\$ 25,112,930	\$ 25,842,751	\$ 29,807,247
1,813,785	1,832,395	2,065,000	2,217,299	2,240,593	2,333,163	2,536,515
8,222,570	8,283,197	9,023,986	9,463,883	9,867,341	10,075,280	10,850,942
1,552,585	1,569,986	1,836,316	1,858,628	1,883,706	2,181,517	2,227,724
	14,195,983	20,440,454	23,500,801	23,508,832	23,298,736	24,952,836
22,323,790	21,228,785	21,898,534	22,424,426	23,052,056	24,807,744	26,426,225
1,851,103	1,841,296	1,345,154	1,087,407	1,151,814	1,203,940	1,101,609
11,655,581	14,148,733	12,062,703	12,193,869	13,365,569	14,631,456	14,028,776
4,493,502	4,448,104	4,738,294	5,090,013	4,970,196	5,221,830	6,250,252
4,271,439	11,929,100	7,294,945	5,941,373	5,493,214	6,994,794	6,359,649
<u>\$ 85,199,697</u>	<u>\$ 106,894,312</u>	<u>\$ 106,257,121</u>	<u>\$ 108,597,007</u>	<u>\$ 110,646,251</u>	<u>\$ 116,591,211</u>	<u>\$ 124,541,775</u>
\$ 12,949,430	\$ 12,402,953	\$ 12,278,801	\$ 11,262,374	\$ 11,065,359	\$ 11,366,081	\$ 12,905,368
30,229,155	30,753,182	29,269,778	31,211,230	32,189,301	32,761,895	35,413,969
4,388,767	5,107,803	4,812,339	5,272,855	5,516,042	5,532,740	5,573,199
7,070,253	19,257,564	23,703,541	27,426,638	25,097,090	25,446,577	26,768,505
15,085,928	14,843,882	14,940,894	15,126,615	15,764,818	16,904,085	17,789,917
1,536,728	1,477,446	1,382,108	1,428,340	1,403,396	1,394,960	1,429,807
14,205,845	23,560,905	6,240,529	9,882,501	9,379,603	13,506,372	21,926,817
6,952,501	5,242,898	4,765,145	5,875,367	6,975,385	8,229,829	7,451,254
8,158,842	7,887,970	8,105,283	7,645,965	7,420,312	7,031,794	7,643,041
	416,512	40,728	222,967	181,294	590,288	9,822
	1,367,000		443,633		1,507,567	
<u>\$ 100,577,449</u>	<u>\$ 122,318,115</u>	<u>\$ 105,539,146</u>	<u>\$ 115,798,485</u>	<u>\$ 114,992,600</u>	<u>\$ 124,272,188</u>	<u>\$ 136,911,699</u>
<u>\$ (15,377,752)</u>	<u>\$ (15,423,803)</u>	<u>\$ 717,975</u>	<u>\$ (7,201,478)</u>	<u>\$ (4,346,349)</u>	<u>\$ (7,680,977)</u>	<u>\$ (12,369,924)</u>
\$ 21,526,309	\$ 22,411,692	\$ 20,010,406	\$ 27,348,960	\$ 24,686,462	\$ 41,514,957	\$ 25,913,703
(21,681,709)	(22,463,392)	(19,712,106)	(27,550,660)	(24,580,312)	(41,335,957)	(25,801,427)
4,437,440	14,234,034	9,108,923		11,708,341	290,000	6,491,485
	10,037,469		20,455,585		64,557,129	
	(9,820,624)		(20,235,669)		(50,181,917)	
27,191	13,836	13,226	82,581	11,020		184,306
<u>\$ 4,309,231</u>	<u>\$ 14,413,015</u>	<u>\$ 9,420,449</u>	<u>\$ 100,797</u>	<u>\$ 11,825,511</u>	<u>\$ 14,844,212</u>	<u>\$ 6,788,067</u>
<u>\$ (11,068,521)</u>	<u>\$ (1,010,788)</u>	<u>\$ 10,138,424</u>	<u>\$ (7,100,681)</u>	<u>\$ 7,479,162</u>	<u>\$ 7,163,235</u>	<u>\$ (5,581,857)</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		
	2006	2007	2008
Debt Service as a Percentage of Noncapital Expenditures ⁽¹⁾	14.35%	13.71%	15.11%

Note:

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

UNAUDITED

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
17.50%	13.30%	12.96%	12.77%	13.63%	13.78%	13.13%

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			
2006	\$ 224,807	\$ 53,796	\$ 278,603	\$ 61.40	\$ 5,655,000	5 %
2007	250,165	55,929	306,094	61.40	6,121,899	5
2008	321,477	60,927	382,404	61.40	7,648,099	5
2009	362,622	64,650	427,272	64.40	8,650,440	5
2010	388,933	58,741	447,674	62.90	8,953,480	5
2011	320,393	49,924	370,317	64.40	7,406,340	5
2012	324,830	54,212	379,042	66.10	7,580,840	5
2013	323,918	56,616	380,534	66.10	7,610,680	5
2014	327,387	58,026	385,413	66.10	7,708,260	5
2015	356,708	62,948	419,656	74.50	8,393,120	5

Source: Horry County Assessor's Office

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

UNAUDITED

Schedule 7

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

Fiscal Year	City Direct Rates				Overlapping Rates		
	Basic Rate	Debt Service	Convention Center	Total Direct Rate	Horry County	Horry County School District	HC Higher Education Commission
2006	\$ 50.70	\$ 7.30	\$ 3.40	\$ 61.40	\$ 45.60	\$ 129.70	\$ 0.70
2007	50.70	7.30	3.40	61.40	46.30	135.30	0.70
2008	50.70	7.30	3.40	61.40	46.60	143.30	0.70
2009	53.70	7.30	3.40	64.40	46.60	143.30	0.70
2010	52.20	7.30	3.40	62.90	46.60	143.30	0.70
2011	53.70	7.30	3.40	64.40	44.20	132.20	0.70
2012	55.00	7.60	3.50	66.10	44.50	130.20	0.70
2013	58.50	7.60		66.10	44.50	130.20	0.70
2014	58.50	7.60		66.10	44.50	130.20	0.70
2015	68.50	6.00		74.50	44.50	130.20	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 2015	
		Assessed Value	Percentage of Total Assessed Value
Burroughs & Chapin, Inc. ⁽¹⁾	Real Estate, Retail & Amusement	\$ 20,455,952	4.87 %
Marriott Ownership Resorts, Inc.	Real Estate & Accommodations	4,606,110	1.10
AVX Corporation	Manufacturer	3,645,251	0.87
Grand Strand Regional Medical Center	Hospital	3,536,910	0.84
Coastal Grand, LLC	Retail	3,278,070	0.78
Westgate Myrtle Beach, LLC	Real Estate & Accommodations	2,974,020	0.71
Columbia Property Myrtle Beach, LLC	Real Estate & Accommodations	2,448,630	0.58
Ocean Club Vacations, LLC	Real Estate & Accommodations	2,357,251	0.56
BEI - Beach, LLC	Real Estate Developer	2,319,880	0.55
South Beach Resort Myrtle Beach, LLC	Real Estate & Accommodations	1,994,933	0.48
		<u>\$ 47,617,007</u>	<u>11.34 %</u>

Taxpayer	Type of Business	Fiscal Year 2006	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms	Real Estate Developer	\$ 16,382,948	5.88 %
Broadway at the Beach, Inc.	Mixed-Use Commercial Development	4,355,958	1.56
Patricia Grand	Real Estate & Accommodations	3,921,498	1.41
Grand Dunes Development, LLC	Real Estate & Accommodations	3,518,800	1.26
Grand Strand Regional Medical Center	Hospital	3,353,000	1.20
AVX Corporation	Manufacturer	3,280,270	1.18
Coastal Grand, LLC	Retail	2,229,420	0.80
Sea Mist Association	Real Estate & Accommodations	1,974,126	0.71
Marriot Ownership Resorts, Inc.	Real Estate & Accommodations	1,931,550	0.69
Landmark, LLC	Real Estate & Accommodations	1,913,826	0.69
		<u>\$ 42,861,396</u>	<u>15.38 %</u>

Source: Horry County Assessor's Office

Note:

⁽¹⁾ Includes Myrtle Beach Farms, Broadway at the Beach, Inc. and Grande Dunes Development, LLC.

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Schedule 9

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

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Percentage			Percentage
		Amount	of Levy		Amount	of Levy
2006	\$ 19,060,835	\$ 18,836,751	98.82 %	\$ 115,046	\$ 18,951,797	99.43 %
2007	18,572,636	17,925,151	96.51	501,806	18,426,957	99.22
2008	21,200,474	20,386,232	96.16	605,349	20,991,581	99.01
2009	25,768,469	24,158,849	93.75	1,323,337	25,482,186	98.89
2010	28,212,861	26,392,479	93.55	1,503,672	27,896,151	98.88
2011	25,515,334	24,215,741	94.91	940,558	25,156,299	98.59
2012	22,332,207	20,799,291	93.14	1,142,276	21,941,567	98.25
2013	21,349,973	20,322,154	95.19	605,258	20,927,412	98.02
2014	20,949,044	19,802,198	94.53	561,185	20,363,383	97.20
2015	29,150,922	26,078,950	89.46		26,078,950	89.46

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 Produced / Purchased ⁽¹⁾	Gallons Billed	Gallons Unbilled	Percentage Billed	Gallons Billed	
2006	5,734,843	4,864,647	870,196	84.83 %	3,035,386	15,725
2007	5,178,597	3,852,401	1,326,196	74.39	3,003,553	16,778
2008	5,410,470	3,794,090	1,616,380	70.12	2,978,891	17,012
2009	4,803,692	3,556,891	1,246,801	74.04	2,868,466	16,579
2010	4,371,075	3,582,817	788,258	81.97	2,841,570	16,087
2011	4,379,003	3,670,280	708,723	83.82	2,910,581	16,054
2012	4,363,322	3,745,853	617,469	85.85	3,012,325	16,279
2013	4,165,479	3,491,341	674,138	83.82	2,890,461	16,570
2014	4,486,208	3,498,921	987,287	77.99	2,931,832	16,946
2015	4,323,282	3,479,813	843,469	80.49	2,946,555	17,432

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

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

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

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

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Total Direct Rate				
Water		Sewer		
Base Rate ⁽²⁾	Usage Rate ⁽³⁾	Base Rate ⁽²⁾	Usage Rate ⁽³⁾	
\$ 10.08	\$ 2.52	\$ 9.52	\$ 2.38	
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	

Schedule 11

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

	Fiscal Year			
	2006	2007	2008	2009
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 10.08	\$ 2.43	\$ 2.43	\$ 2.43
1"	20.16	4.05	4.05	4.05
1 1/2"	37.80	8.10	8.10	8.10
2"	50.39	12.96	12.96	12.96
3"	125.98	28.35	28.35	28.35
4"	251.97	40.50	40.50	40.50
6"	755.90	81.00	81.00	81.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	2.52	1.35	1.35	1.35
5,000 to 30,000 gallons	2.52	2.56	2.56	2.56
31,000 gallons and over	2.52	2.89	2.89	2.89
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	20.16	4.86	4.86	4.86
1"	40.32	8.10	8.10	8.10
1 1/2"	75.60	16.20	16.20	16.20
2"	100.80	25.92	25.92	25.92
3"	252.00	56.70	56.70	56.70
4"	504.00	81.00	81.00	81.00
6"	1,512.00	162.00	162.00	162.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	5.04	2.70	2.70	2.70
5,000 to 30,000 gallons	5.04	5.12	5.12	5.12
31,000 gallons and over	5.04	5.78	5.78	5.78
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	9.52	2.41	2.41	2.60
1"	19.02	4.02	4.02	4.34
1 1/2"	35.66	8.03	8.03	8.67
2"	47.55	12.85	12.85	13.88
3"	118.87	28.12	28.12	30.37
4"	237.74	40.17	40.17	43.38
6"	713.23	80.33	80.33	86.76
Usage Rate (<i>per 1,000 gallons</i>)	2.38	2.34	2.34	2.53
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	19.04	4.82	4.82	5.20
1"	38.08	8.04	8.04	8.68
1 1/2"	71.40	16.06	16.06	17.34
2"	95.20	25.70	25.70	27.76
3"	238.00	56.24	56.24	60.74
4"	476.00	80.34	80.34	86.76
6"	1,428.00	160.66	160.66	173.52
Usage Rate (<i>per 1,000 gallons</i>)	4.76	4.68	4.68	5.06

Source: City Water and Sewer Department

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Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.47	
4.05	4.05	4.05	4.05	4.05	4.12	
8.10	8.10	8.10	8.10	8.10	8.23	
12.96	12.96	12.96	12.96	12.96	13.16	
28.35	28.35	28.35	28.35	28.35	28.78	
40.50	40.50	40.50	40.50	40.50	41.11	
81.00	81.00	81.00	81.00	81.00	82.22	
1.35	1.35	1.35	1.35	1.35	1.38	
2.56	2.56	2.56	2.56	2.56	2.60	
2.89	2.89	2.89	2.89	2.89	2.94	
4.86	4.86	4.86	4.86	4.86	4.94	
8.10	8.10	8.10	8.10	8.10	8.24	
16.20	16.20	16.20	16.20	16.20	16.46	
25.92	25.92	25.92	25.92	25.92	26.32	
56.70	56.70	56.70	56.70	56.70	57.56	
81.00	81.00	81.00	81.00	81.00	82.22	
162.00	162.00	162.00	162.00	162.00	164.44	
2.70	2.70	2.70	2.70	2.70	2.76	
5.12	5.12	5.12	5.12	5.12	5.20	
5.78	5.78	5.78	5.78	5.78	5.88	
2.60	2.60	2.83	3.04	3.26	3.38	
4.34	4.34	4.73	5.08	5.46	5.66	
8.67	8.67	9.45	10.16	10.92	11.31	
13.88	13.88	15.12	16.25	17.46	18.08	
30.37	30.37	33.10	35.59	38.25	39.59	
43.38	43.38	47.28	50.83	54.64	56.56	
86.76	86.76	94.56	101.65	109.27	113.10	
2.53	2.53	2.76	2.97	3.19	3.24	
5.20	5.20	5.66	6.08	6.52	6.76	
8.68	8.68	9.46	10.16	10.92	11.32	
17.34	17.34	18.90	20.32	21.84	22.62	
27.76	27.76	30.24	32.50	34.92	36.16	
60.74	60.74	66.20	71.18	76.50	79.18	
86.76	86.76	94.56	101.66	109.28	113.12	
173.52	173.52	189.12	203.30	218.34	226.20	
5.06	5.06	5.52	5.94	6.38	6.48	

Schedule 12

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

Customer	Fiscal Year 2015			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 255,543	2.18 %	\$ 235,237	1.93 %
Myrtle Beach Travel Park	175,986	1.50	194,656	1.59
Sea Mist Resort	156,967	1.34	165,440	1.36
Breakers Resort	144,264	1.23	140,865	1.15
Magnolia Pointe HOA	139,918	1.19	151,745	1.24
Ocean Watch Timeshare	118,386	1.01	118,207	0.97
Ocean Dunes/Sand Dunes	117,792	1.01	122,800	1.01
Grand Strand Regional Medical Center	111,992	0.96	112,681	0.92
Sands Properties	99,834	0.85	89,066	0.73
Seawatch Plantation	90,883	0.78	101,803	0.83
	<u>\$ 1,411,565</u>	<u>12.05 %</u>	<u>\$ 1,432,500</u>	<u>11.73 %</u>

Customer	Fiscal Year 2006			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
City of North Myrtle Beach	\$ 2,040,631	14.74 %	\$	%
Kingston Plantation	177,414	1.28	162,602	1.70
Myrtle Beach Travel Park	161,781	1.17	152,796	1.60
Djont Leasing, LLC	106,577	0.77	74,004	0.77
AVX Corporation	105,576	0.76	88,257	0.92
Magnolia Place POA	104,000	0.75	98,246	1.03
Grand Dunes Marriott	77,150	0.56	58,960	0.62
Grand Strand Regional Medical Center	72,564	0.52	56,787	0.59
Apache Family Campground	69,723	0.50	65,803	0.69
Sands Properties Homeowners 1&2	64,556	0.47	54,271	0.57
Coral Beach Resort			46,719	0.49
	<u>\$ 2,979,972</u>	<u>21.52 %</u>	<u>\$ 858,445</u>	<u>8.98 %</u>

Source: City Water and Sewer Department

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Schedule 13

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Tax Increment Revenue Bonds	Storm Water Revenue Bonds	Hospitality Fee Revenue Bonds	Note Payable	Capital Lease Obligations
2006	\$ 42,633,405	\$ 18,700,681	\$ 3,541,558	\$ 7,788,768	\$ 48,625,690	\$ 2,897,500	\$ 3,947,635
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

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>				
\$	\$				
	7,589,210	\$ 135,724,447	18.73	% \$	4,964
	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	27.90		6,975

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		
2006	\$ 42,633,405	\$ 998,652	\$ 41,634,753	0.74 %	\$ 1,523
2007	41,050,334	1,752,836	39,297,498	0.64	1,350
2008	51,933,987	2,953,599	48,980,388	0.64	1,616
2009	48,586,522	884,164	47,702,358	0.55	1,537
2010	46,209,058	2,093,066	44,115,992	0.49	1,380
2011	43,731,592	4,224,209	39,507,383	0.53	1,457
2012	42,102,888	4,372,526	37,730,362	0.50	1,357
2013	51,021,173	4,814,711	46,206,462	0.61	1,633
2014	48,130,346	4,654,838	43,475,508	0.56	1,490
2015	45,515,934	4,792,438	40,723,496	0.49	1,358

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.

UNAUDITED

Schedule 15

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2015**

	<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	\$ 91,310,000	22.0%	\$ 20,088,200
Horry County School District:			
General Obligation Bonds	330,620,000	22.0%	<u>72,736,400</u>
Total Overlapping Governmental Activities Debt			\$ 92,824,600
City Direct Governmental Activities Debt			<u>188,781,573</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u>281,606,173</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			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 22,560,818	\$ 24,760,083	\$ 30,864,883	\$ 34,454,323
Total Net Debt Applicable to Debt Limit	<u>(11,705,000)</u>	<u>(10,750,000)</u>	<u>(22,050,000)</u>	<u>(19,635,000)</u>
Legal Debt Margin	\$ <u>10,855,818</u>	\$ <u>14,010,083</u>	\$ <u>8,814,883</u>	\$ <u>14,819,323</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>51.88%</u>	<u>43.42%</u>	<u>71.44%</u>	<u>56.99%</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					
2010	2011	2012	2013	2014	2015
\$ 36,086,483	\$ 29,897,923	\$ 30,595,923	\$ 30,715,283	\$ 31,105,603	\$ 33,845,043
<u>(18,230,000)</u>	<u>(16,760,000)</u>	<u>(15,160,000)</u>	<u>(25,165,000)</u>	<u>(23,515,000)</u>	<u>(22,175,000)</u>
<u>\$ 17,856,483</u>	<u>\$ 13,137,923</u>	<u>\$ 15,435,923</u>	<u>\$ 5,550,283</u>	<u>\$ 7,590,603</u>	<u>\$ 11,670,043</u>
<u>50.52%</u>	<u>56.06%</u>	<u>49.55%</u>	<u>81.93%</u>	<u>75.60%</u>	<u>65.52%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 419,656,000
Exempt Merchants Inventory (1987 Valuation)	<u>3,407,035</u>
Adjusted Assessed Value of Taxable Property	<u>\$ 423,063,035</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 33,845,043

Debt Applicable to Limit:

General Obligation Bonds	(43,695,000)
Bonds Issued Under Referendum	<u>21,520,000</u>

Legal Debt Margin \$ 11,670,043

Schedule 17

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

Fiscal Year	Water and Sewer Revenue Bonds					
	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 28,930,884	\$ 13,510,646	\$ 15,420,238	\$ 2,394,844	\$ 2,113,118	3.42
2007	25,601,227	19,834,291	5,766,936	0	0	N/A
2008	24,345,555	20,869,473	3,476,082	0	101,273	34.32
2009	21,826,203	21,160,184	666,019	0	506,363	1.32
2010	21,819,786	19,917,775	1,902,011	0	506,362	3.76
2011	22,839,515	19,906,533	2,932,982	450,000	506,362	3.07
2012	25,031,913	19,569,333	5,462,580	470,000	569,972	5.25
2013	24,170,369	19,611,954	4,558,415	485,000	796,000	3.56
2014	25,978,549	21,369,816	4,608,733	850,000	776,600	2.83
2015	26,466,807	22,057,417	4,409,390	875,000	749,500	2.71

Fiscal Year	Hospitality Fee Revenue Bonds				
	Hospitality Fees	Debt Service		Coverage	
		Principal	Interest		
2006	\$ 8,074,246	\$ 0	\$ 2,545,325	3.17	
2007	8,348,376	0	2,545,325	3.28	
2008	8,678,672	0	2,545,325	3.41	
2009	8,222,570	0	2,545,325	3.23	
2010	8,283,197	0	2,545,325	3.25	
2011	9,023,986	555,000	2,545,325	2.91	
2012	9,463,883	585,000	2,516,525	3.05	
2013	9,867,341	615,000	2,486,081	3.18	
2014	10,075,280	0	1,930,741	5.22	
2015	10,850,942	1,145,000	2,912,187	2.67	

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

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

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

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Tax Increment Revenue Bonds

Property Tax Increment		Debt Service		Coverage
		Principal	Interest	
\$	2,317,492	\$ 1,025,000	\$ 197,550	1.90
	2,136,089	1,070,000	887,562	1.09
	2,318,289	1,110,000	1,738,220	0.81
	5,210,870	1,165,000	1,682,720	1.83
	3,601,569	0	1,851,153	1.95
	4,210,980	580,000	2,516,563	1.36
	3,777,540	1,060,000	2,824,652	0.97
	3,670,339	1,405,000	2,380,002	0.97
	4,435,844	1,465,000	2,310,644	1.17
	6,026,391	1,525,000	2,430,067	1.52

Storm Water Revenue Bonds

Storm Water Fees		Debt Service		Coverage
		Principal	Interest	
\$	1,211,924	\$ 0	\$ 0	N/A
	1,250,928	0	436,924	2.86
	1,276,753	379,346	336,627	1.78
	1,552,585	391,825	324,147	2.17
	1,569,986	436,895	325,276	2.06
	1,836,316	536,214	338,566	2.10
	1,858,628	562,915	304,094	2.14
	1,883,706	603,707	226,141	2.27
	2,181,517	616,292	213,556	2.63
	2,227,724	629,185	200,664	2.68

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>
2005	27,343	\$ 26,496	\$ 724,480	36.7	5.80 %
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	24,998	749,740	40.3	7.70

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

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Schedule 19

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

Employer	Type of Business	Calendar Year 2014	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,590	4.50 %
Wal-Mart	Retail Sales	2,623	2.13
Horry County Government	County Government	2,178	1.77
Coastal Carolina University	Education	1,582	1.28
Conway Medical Center	Hospital	1,400	1.14
Grand Strand Regional Medical Center	Hospital	1,200	0.97
Food Lion	Retail Sales	1,040	0.84
McCloud Health System	Hospital	940	0.76
City of Myrtle Beach	Municipal Government	862	0.70
Blue Cross/Blue Shield	Health Insurance	837	0.68
		<u>18,252</u>	<u>14.77 %</u>

Employer	Type of Business	Calendar Year 2005	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,441	4.17 %
Burroughs and Chapin, Inc.	Developer	2,400	2.26
Wal-Mart	Retail Sales	2,105	1.98
Horry County Government	County Government	1,500	1.41
AVX Corporation	Manufacturer	1,500	1.41
Conway Medical Center	Hospital	1,100	1.03
Coastal Carolina University	Education	1,033	0.97
Grand Strand Regional Medical Center	Hospital	1,000	0.94
Blue Cross/Blue Shield	Health Insurance	1,000	0.94
Myrtle Beach National	Golf Courses and Accommodations	1,000	0.94
		<u>17,079</u>	<u>16.05 %</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,			
	2006	2007	2008	2009
Full-Time Equivalent Employees				
General Government	72	76	87	90
Public Safety	395	400	400	426
Transportation	27	25	25	25
Community and Economic Development	30	29	29	29
Culture and Recreation	136	134	137	144
Public Works	27	27	30	26
Water	52	31	30	27
Sewer	56	32	27	27
Municipal Golf Course	15	14	14	16
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	840	798	809	840

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,					
2010	2011	2012	2013	2014	2015
89	89	81	80	80	81
422	410	431	431	429	453
26	27	26	26	26	26
27	28	26	27	27	33
136	139	145	145	165	160
25	23	25	25	25	25
29	29	30	30	30	30
26	26	26	26	26	26
15	13	10	8	10	10
30	30	30	30	30	32
825	814	830	828	848	876

Schedule 21

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

	Fiscal Year			
	2006	2007	2008	2009
General Government				
New Business Licenses Issued	1,470	1,361	1,234	1,403
Public Safety				
Calls for Services - Police	102,482	102,670	107,136	117,116
Total Arrests	34,517	37,817	39,436	26,322
Fire Calls per Engine Company	339	368	364	346
Transportation				
Square Yards of City Streets Resurfaced	33,000	40,000	50,330	38,700
Community and Economic Development				
Building Permits Issued	4,525	4,516	5,121	2,966
Culture and Recreation				
Admissions to Recreation Centers	147,397	180,272	177,910	209,326
Exhibition Hall Occupancy Percentage	73%	67%	66%	66%
Number of Library Volumes	79,298	77,089	77,089	84,116
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	13,328	10,555	10,395	9,745
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	8,316	8,229	8,161	7,859
Municipal Golf Course				
Number of Rounds Played	41,928	46,621	45,633	40,236
Solid Waste Management				
Tons of Refuse Collected	17,711	29,129	27,931	27,689

Sources: Various City departments

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

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Fiscal Year					
2010	2011	2012	2013	2014	2015
1,094	1,092	1,449	1,211	1,179	1,417
141,191	110,773	104,907	96,527	110,102	115,233
27,020	21,620	22,998	21,635	22,417	24,639
301	346	349	374	393	400
32,400	56,000	54,000	81,279	39,480	37,319
2,986	3,468	4,180	4,569	5,232	5,696
217,125	220,372	218,120	206,788	198,673	181,669
63%	62%	65%	63%	62%	65%
87,961	146,027	144,757	125,563	117,296	140,885
9,816	10,056	10,263	9,565	9,586	9,534
7,785	7,974	8,253	7,919	8,032	8,073
32,989	37,224	36,695	35,887	34,010	34,050
27,937	28,099	26,876	26,369	27,979	25,887

Schedule 22

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

	Fiscal Year			
	2006	2007	2008	2009
Public Safety				
Police Stations	2	3	3	3
Fire Stations	6	6	6	6
Transportation				
Streets (<i>miles</i>)	103	126	127	130
Traffic Signals	62	64	70	70
Culture and Recreation				
Parks	37	37	37	45
Park Acreage	332	332	332	653
Recreation Centers	3	3	3	4
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	341	350	372	375
Sewer				
Gravity Sewers (<i>miles</i>)	206	214	219	219
Storm Sewers (<i>miles</i>)	58	65	126	141
Baseball Stadium				
Baseball Stadiums	1	1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

Sources: Various City departments

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

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Fiscal Year					
2010	2011	2012	2013	2014	2015
3	3	3	3	3	3
6	6	6	6	6	6
130	141	142	142	142	142
70	71	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
375	376	376	378	380	382
230	230	231	233	235	237
151	153	161	164	170	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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Page 1 of 2

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-12-UC-45006	\$ 912
		B-13-UC-45006	224,615
		B-14-UC-45006	287,934
Total U.S. Department of Housing and Urban Development			\$ <u>513,461</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 21,703
ARRA - Public Safety Partnership and Community Policing Grant	16.710		240,567
Edward Byrne Memorial Justice Assistance Grant	16.738		68,664
Paul Coverdell Forensic Sciences Improvement Grant	16.742		113,749
Total U.S. Department of Justice			\$ <u>444,683</u>
U.S. Department of Transportation:			
Passed Through the State Department of Transportation:			
Highway Planning and Construction Grant	20.205	26L200SU26(008)	\$ 105,104
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC14015	21,659
		2JC15015	18,970
Total U.S. Department of Transportation			\$ <u>145,733</u>
U.S. Department of Homeland Security:			
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	12SHSP12	\$ 31,577
		13SHSP20	37,143
		13SHSP25	35,974

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Page 2 of 2

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security: (continued)			
Passed Through the State Emergency Management Division:			
Pre-Disaster Mitigation Grant	97.047	PDMC-PL-04-SC-2014-001	\$ 4,270
Total U.S. Department of Homeland Security			\$ <u>108,964</u>
Total Expenditures of Federal Awards			\$ <u><u>1,212,841</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, 2015

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Myrtle Beach, South Carolina (the City) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTUNG POLICIES

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

Pass-through entity identifying members are presented where available.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina as of and for the year ended June 30, 2015, 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 25, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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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 25, 2015



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

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

Report on Compliance for Major Federal Program

We have audited the City of Myrtle Beach, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Myrtle Beach, South Carolina's major federal program for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Myrtle Beach, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2015.

Report on Internal Control Over Compliance

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

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

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

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

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



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

Myrtle Beach, South Carolina
November 25, 2015

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Myrtle Beach, South Carolina.
2. No significant deficiencies in internal control were disclosed during the audit of the basic financial statements of the City of Myrtle Beach, South Carolina.
3. No instances of noncompliance material to the basic financial statements of the City of Myrtle Beach, South Carolina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program of the City of Myrtle Beach, South Carolina expresses an unmodified opinion on the major federal program.
6. There are no audit findings for the major program, which are required to be reported.
7. The program tested as a major program was:

U.S. Department of Housing and Urban Development, Community Development Block Grant -
CFDA No. 14.218
8. The threshold used for distinguishing between type A and B programs was \$300,000.
9. The City of Myrtle Beach, South Carolina was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None