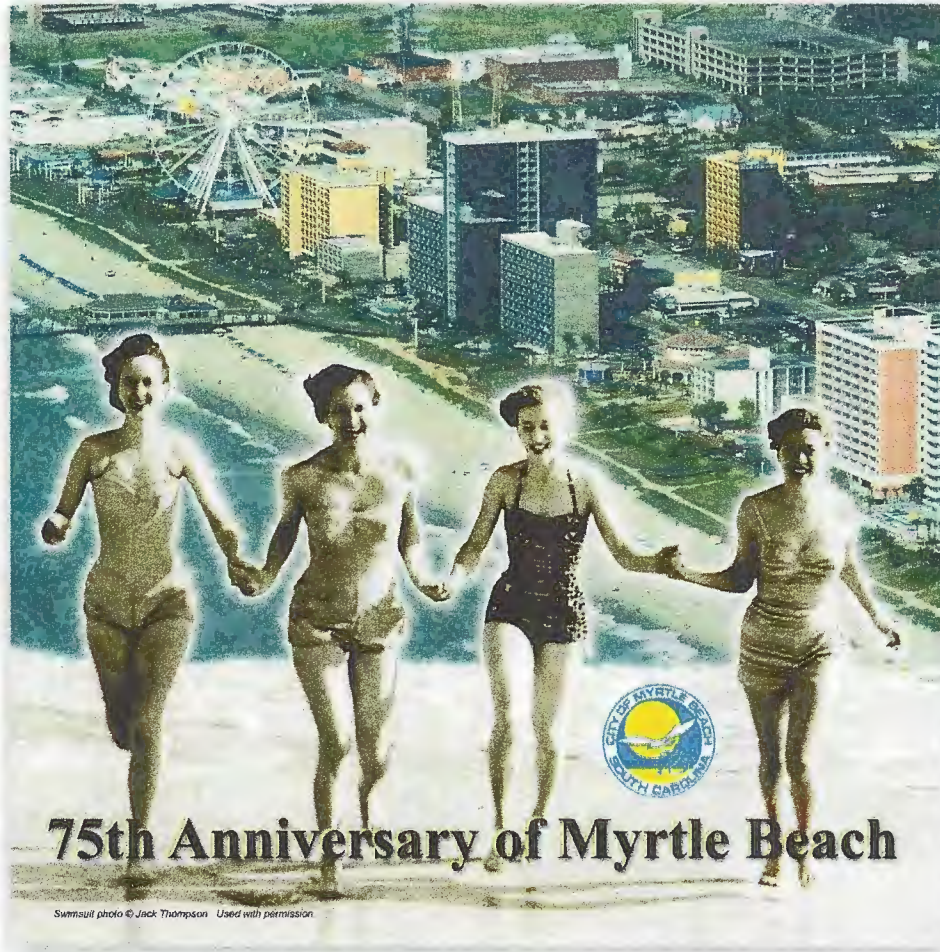


CITY OF MYRTLE BEACH SOUTH CAROLINA



Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2013



First In Service

CITY of MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

MIKE LOWDER

WAYNE GRAY

SUSAN MEANS

CITY OFFICIALS

THOMAS E. LEATH
CITY MANAGER

MARIA E. BAISDEN
DIRECTOR OF FINANCE



First in Service

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2013**

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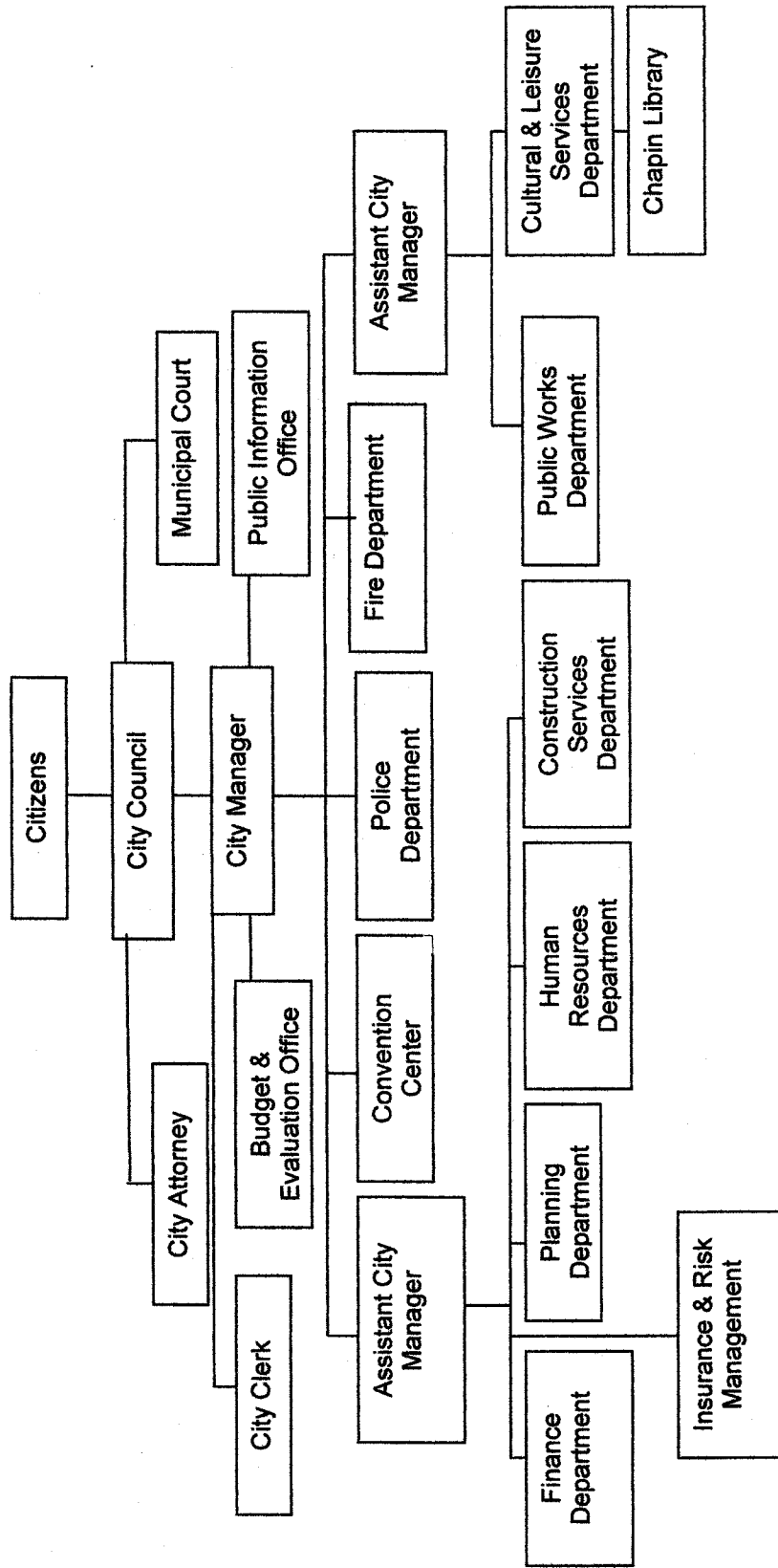
**CITY OF MYRTLE BEACH, SOUTH CAROLINA
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City of Myrtle Beach

Organizational Chart





City of Myrtle Beach **SOUTH CAROLINA**

OFFICE OF THE FINANCE DIRECTOR

November 27, 2013

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, 2013, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

GENERAL INFORMATION

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

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

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

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

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

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

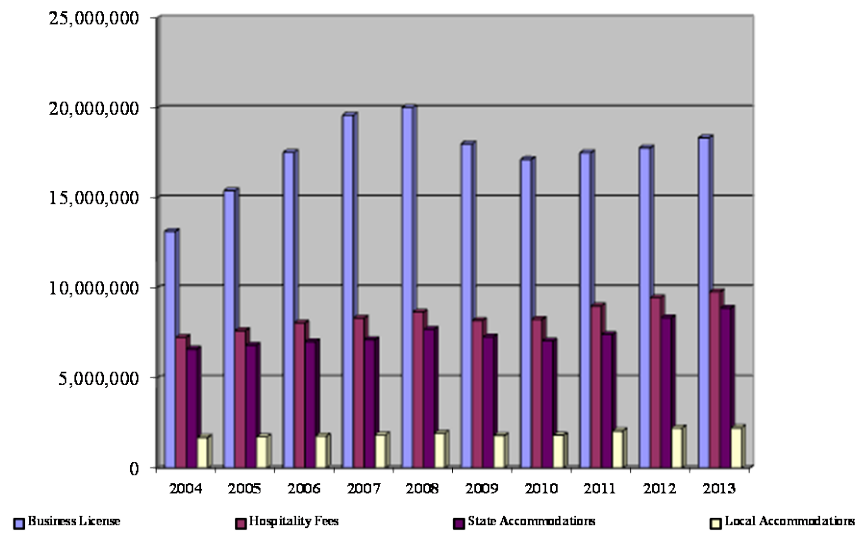
The City Council appoints the City Manager to serve as the City's chief executive officer and head of the administrative branch of City government. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental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

FACTORS AFFECTING FINANCIAL CONDITION

Since the first quarter of 2010, Myrtle Beach has seen a significant recovery in the hospitality and retail sectors and in revenues that come directly from those sectors. The City entered the recession of 2007-09 with a fund balance in its General Fund that was greater than 20% of annual revenues. During and immediately following the recession, Council and management employed a strategy that involved judicious use of fund balance, minor adjustments to some service levels and deferral of certain capital projects and major expenditures on certain other projects that helped position the City to take advantage of the recovery when it came. In this way, the City has been able to operate without interruptions in major services and without layoffs or furloughs. As of the fiscal year ended June 30, 2013, we are now back to fiscal year 2009 levels for the first time.

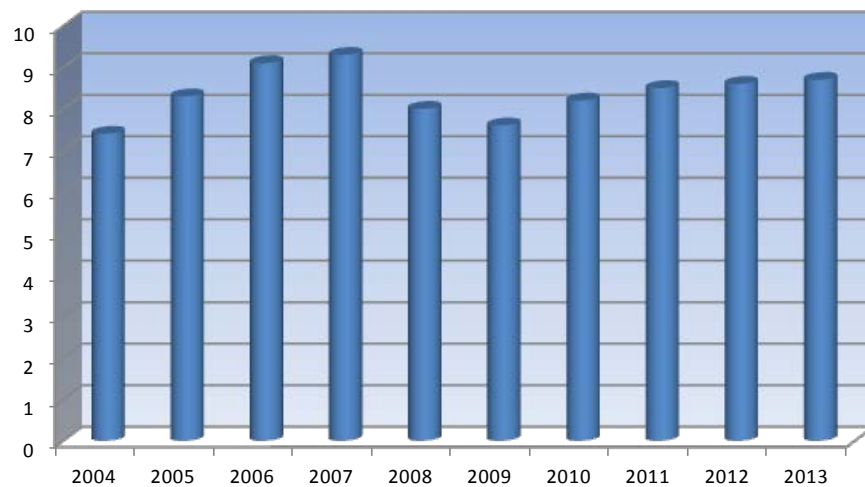
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

Business License, Hospitality Fees, Local and State Accommodations Tax Revenues, 2004 - 2013



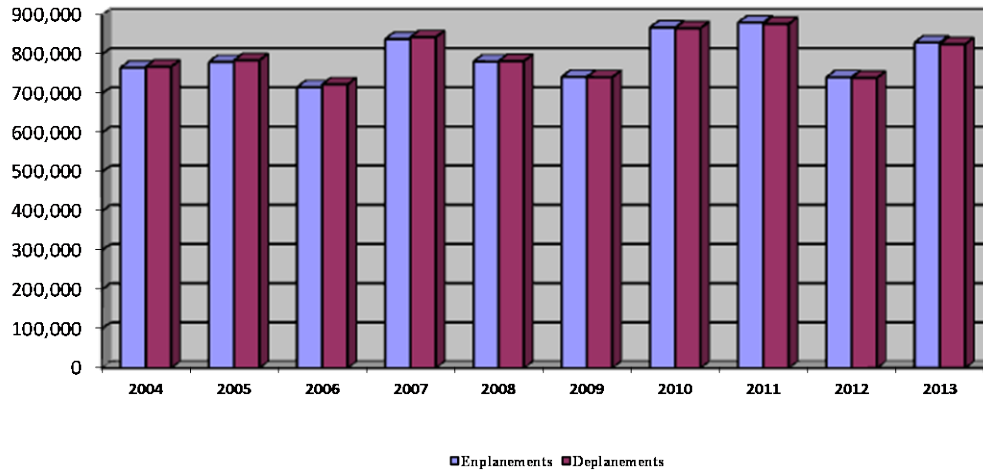
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008 and 2009, retail sales began the recovery in 2010 and have demonstrated improved numbers through 2013.

Horry County Retail Sales, 2004 - 2013 (\$ billions)



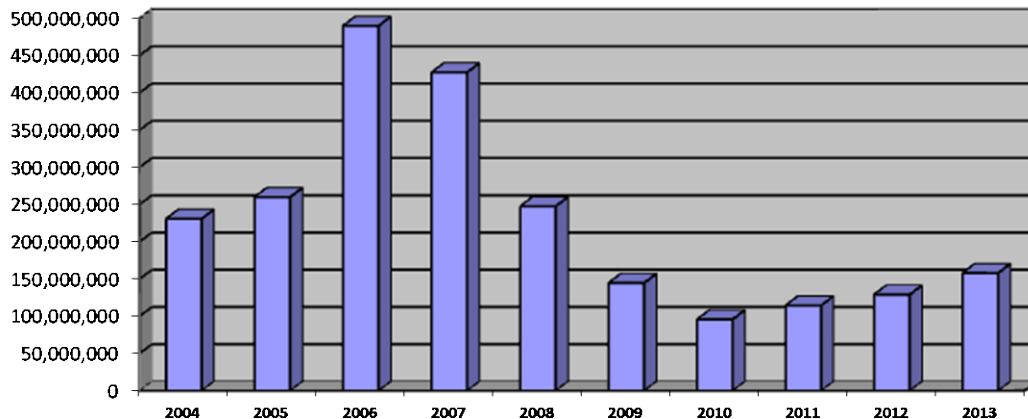
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

Passengers' Handled - Myrtle Beach International Airport, 2004 - 2013



Another revenue group that reflects the economic conditions is construction permits. Figures for the fiscal year ended June 30, 2013, indicate that buildings permitted by the City totaled \$157,902,981, an increase of 22%. This level of activity is closer to a long-term “normal” rate, but still represents a significant decline in construction from the “bubble” the City experienced in 2004-2008.

Construction Permitted Inside Corporate Limit, 2004 - 2013



Generally speaking, financial condition has been improving since 2010, thanks mainly to increases in revenues from the hospitality sector. Most of these revenues are restricted and must be used either to expand tourism or to build capital projects. For those revenue sources available to finance operations, growth continues to be slow. This is especially true of property taxes and business licenses, which are the two major sources of support for General Fund operations. In fact, property taxes have actually declined in total since before the last reassessment, which was implemented in FY 2010-11. While there is considerable construction activity going on in and around the air base tax increment district, all new property taxes arising within that area through 2036 are committed to the redevelopment plan for the former Air Base and must be used to service the tax increment debt or to build capital projects.

Revenues available to fund governmental operations have not kept pace with either previous trends or with demands for service since about 2009. There are several reasons for this:

- Impacts of the housing bust and an artificially low reassessment rate for the 2010-11 reassessment.
- Significant write-offs of business personal property given the combination of accelerated depreciation rules and greater disposals of business assets than in prior years.
- Limited business license recovery. This source has recovered in several sectors but volatility in the largest sectors (finance, insurance and real estate) keeps growth at moderate levels overall.
- The declining business license scale relative to gross receipts, given that the pattern of the economic recovery has been one of greater concentration of gross receipt.

In general, the prospects for continued growth of operating revenues are that the trajectory is positive again, but the revenues are growing slowly and new revenue options will have to be explored in order to keep pace with the demand of operations.

LONG TERM FINANCIAL PLANNING

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

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

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

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

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

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

MAJOR INITIATIVES FOR THE YEAR

The City issued \$7,560,000 in federally taxable general obligation bonds to undertake improvements to public facilities consisting of the acquisition and installation of a more energy efficient central energy plant at the Myrtle Beach Convention Center. The City also issued \$4,030,000 in general obligation bonds to finish the final phase of construction of the multi-field complex at Grand Park (including concession, restrooms and parking facilities).

Construction continued on Grand Park Phase IV and V projects at a combined cost of \$2,175,768 for FY 2013.

A 425 foot extension of the Myrtle Beach Boardwalk is underway, with completion expected by early July 2014. The work will extend the raised wooden boardwalk about a block farther north, to 15th Avenue North, where it will connect with a new oceanfront park. Currently, the boardwalk stretches from Pier 14 to the Second Avenue Pier, a distance of 1.2 miles.

The City performed various repair and maintenance projects such as:

- Completed renovation of the rescue building at the Law Enforcement Center.
- Convention Center HVAC and roof repair.
- Added a video conference room in the Law Enforcement Center.
- Continued intersection improvement and signalization throughout the City.
- Installed underground conduits along 3rd Avenue South.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Tennis court resurfacing and playground improvements.
- Continued storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.
- Continued improvements to construction, replacement and extension of the water delivery system. Also, continued construction and replacement of the sewer system infrastructure and pump station upgrades.

FOR THE FUTURE

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

- The City will enter into a five year capital lease agreement in the amount of \$290,000. This lease will be for the purchase and installation of local area network equipment, a PBX upgrade and fiber construction between the telecommunications room in the law enforcement center and the new server in the same building.
- The City anticipates the issuance of \$8.9 million of water and sewer revenue bonds to fund major system improvements.
- The City anticipates the issuance of \$12.6 million limited obligation bonds for the development of facilities in pursuit of sports tourism initiatives, currently, the addition of a sports complex adjacent to the Convention Center. This issuance will also be used to refund the Hospitality Fee Revenue Bonds, Series 2004B and the Certificates of Participation, Series 2002.
- The City anticipates the issuance of \$10 million in general obligation bonds for the development of a performing arts center.
- The City anticipates the issuance of \$11.5 million in storm water revenue bonds to finance construction of the ocean outfall component of the 4th avenue north storm drainage system.
- 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 installation of underground utilities.
- 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, 2013, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

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

OTHER INFORMATION

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

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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,



Maria E. Baisden
Director of Finance



First in Service



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, 2012



Executive Director/CEO



First in Service



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Trusted Advisors For Over 60 Years

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4728 Jenn Drive
Suite 100
Myrtle Beach, SC 29577

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

CONWAY

1109 Main Street
Suite A
Conway, SC 29526

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

PAWLEYS ISLAND

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina, as of and for the year ended June 30, 2013, 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, 2013, 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 & Callihan
A Professional Association of Certified Public Accountants & Consultants

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 68 through 71 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 27, 2013, 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 27, 2013



**CITY OF MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013**

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, 2013. 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 \$244,865,155 (net position).
- The City's total net position increased by \$1,972,732. This is the result of an increase in net position of our governmental-type activities of \$2,257,227, or 2.0%, and a decrease in net position of our business-type activities of \$284,495, or 0.2%.
- The City's total revenues amounted to \$144,485,750 during the year ended June 30, 2013. Revenues of governmental activities totaled \$112,646,937, an increase of 0.1%, and revenues of business-type activities were \$31,838,813, an increase of 2.8%.
- During the year ended June 30, 2013, the City's total expenses amounted to \$142,513,018. Expenses of governmental activities totaled \$110,495,860, a decrease of 0.4%, and expenses of business-type activities were \$32,017,158, an increase of 1.3%.
- At June 30, 2013, the City's governmental funds reported combined fund balances of \$49,514,670 an increase of \$7,479,162 in comparison to the prior year.
- There was a decrease in the City's investment in capital assets for the current fiscal year in the amount of \$1,699,422, or 0.8%, for governmental activities and an increase of \$2,398,175, or 1.8%, for business-type activities.
- At year-end, the City had \$202,454,098 in outstanding bonds payable, note payable and capital lease obligations compared to \$199,421,393 last year, an increase of 1.5%.

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 - 15) 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 16. 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 38 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 39. This report also contains other information in addition to the basic financial statements.

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 16 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 38 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 39.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information beginning on page 68. Combining and individual fund statements and schedules and other supplementary information can be found on pages 73 - 104.

The City as a Whole

Condensed statements of net position at June 30, 2013 and 2012 are shown below.

THE CITY'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 103,497,838	\$ 91,250,629	\$ 25,717,333	\$ 28,778,497	\$ 129,215,171	\$ 120,029,126
Capital Assets (Net)	<u>222,622,564</u>	<u>224,321,986</u>	<u>133,489,542</u>	<u>131,091,367</u>	<u>356,112,106</u>	<u>355,413,353</u>
Total Assets	<u>\$ 326,120,402</u>	<u>\$ 315,572,615</u>	<u>\$ 159,206,875</u>	<u>\$ 159,869,864</u>	<u>\$ 485,327,277</u>	<u>\$ 475,442,479</u>
Long-Term Liabilities	\$ 173,414,438	\$ 170,524,439	\$ 21,959,992	\$ 23,474,623	\$ 195,374,430	\$ 193,999,062
Other Liabilities	<u>38,104,880</u>	<u>32,704,319</u>	<u>6,982,812</u>	<u>5,846,675</u>	<u>45,087,692</u>	<u>38,550,994</u>
Total Liabilities	<u>\$ 211,519,318</u>	<u>\$ 203,228,758</u>	<u>\$ 28,942,804</u>	<u>\$ 29,321,298</u>	<u>\$ 240,462,122</u>	<u>\$ 232,550,056</u>
Net Position:						
Net Investment in						
Capital Assets	\$ 97,019,979	\$ 97,005,660	\$ 114,142,625	\$ 113,536,973	\$ 211,162,604	\$ 210,542,633
Restricted	18,904,389	18,344,550	1,088,242	1,165,853	19,992,631	19,510,403
Unrestricted	<u>(1,323,284)</u>	<u>(3,006,353)</u>	<u>15,033,204</u>	<u>15,845,740</u>	<u>13,709,920</u>	<u>12,839,387</u>
Total Net Position	<u>\$ 114,601,084</u>	<u>\$ 112,343,857</u>	<u>\$ 130,264,071</u>	<u>\$ 130,548,566</u>	<u>\$ 244,865,155</u>	<u>\$ 242,892,423</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, 2013 was \$244,865,155, an increase of \$1,972,732, or 0.8%, from a year ago.

The largest portion of the City's net position, \$211,162,604 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, \$19,992,631, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$13,709,920 may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in the City's net position during the years ended June 30, 2013 and 2012 follows.

THE CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,910,400	\$ 16,576,103	\$ 28,383,410	\$ 28,824,814	\$ 44,293,810	\$ 45,400,917
Operating Grants and Contributions	1,573,924	2,012,316	4,574		1,578,498	2,012,316
Capital Grants and Contributions	1,628,940	2,974,778	3,350,634	2,005,888	4,979,574	4,980,666
General Revenues:						
Property Taxes	25,113,459	24,836,200			25,113,459	24,836,200
Local Accommodations Taxes	2,238,681	2,219,406			2,238,681	2,219,406
Business License Taxes	18,354,589	17,795,885			18,354,589	17,795,885
Franchise Taxes	3,469,046	3,409,048			3,469,046	3,409,048
Hospitality Fee Taxes	9,791,483	9,548,517			9,791,483	9,548,517
Local Option Tourism Taxes	23,508,832	23,500,801			23,508,832	23,500,801
Grants and Contributions not Restricted to Specific Programs	10,833,688	9,311,329			10,833,688	9,311,329
Investment Earnings	223,895	361,811	100,195	131,889	324,090	493,700
Total Revenues	<u>\$ 112,646,937</u>	<u>\$ 112,546,194</u>	<u>\$ 31,838,813</u>	<u>\$ 30,962,591</u>	<u>\$ 144,485,750</u>	<u>\$ 143,508,785</u>
Expenses:						
General Government	\$ 11,883,348	\$ 11,390,173	\$	\$	\$ 11,883,348	\$ 11,390,173
Public Safety	33,115,671	32,547,208			33,115,671	32,547,208
Transportation	8,642,907	8,508,590			8,642,907	8,508,590
Community and Economic Development	28,021,204	30,332,521			28,021,204	30,332,521
Culture and Recreation	18,881,858	18,014,892			18,881,858	18,014,892
Public Works	1,437,647	1,423,483			1,437,647	1,423,483
Interest and Fiscal Charges	8,513,225	8,701,138			8,513,225	8,701,138
Water			13,262,481	13,040,513	13,262,481	13,040,513
Sewer			12,587,819	12,257,261	12,587,819	12,257,261
Baseball Stadium			639,314	731,004	639,314	731,004
Municipal Golf Course			1,455,492	1,502,589	1,455,492	1,502,589
Solid Waste Management			4,072,052	4,061,301	4,072,052	4,061,301
Total Expenses	<u>\$ 110,495,860</u>	<u>\$ 110,918,005</u>	<u>\$ 32,017,158</u>	<u>\$ 31,592,668</u>	<u>\$ 142,513,018</u>	<u>\$ 142,510,673</u>
Increase (Decrease) in Net Position Before Transfers	\$ 2,151,077	\$ 1,628,189	\$ (178,345)	\$ (630,077)	\$ 1,972,732	\$ 998,112
Transfers	<u>106,150</u>	<u>(201,700)</u>	<u>(106,150)</u>	<u>201,700</u>		
Increase (Decrease) in Net Position	\$ 2,257,227	\$ 1,426,489	\$ (284,495)	\$ (428,377)	\$ 1,972,732	\$ 998,112
Net Position - Beginning	<u>112,343,857</u>	<u>110,917,368</u>	<u>130,548,566</u>	<u>130,976,943</u>	<u>242,892,423</u>	<u>241,894,311</u>
Net Position - Ending	<u>\$ 114,601,084</u>	<u>\$ 112,343,857</u>	<u>\$ 130,264,071</u>	<u>\$ 130,548,566</u>	<u>\$ 244,865,155</u>	<u>\$ 242,892,423</u>

The City's total revenues amounted to \$144,485,750 for the year ended June 30, 2013. This is an increase of \$976,965, or 0.7%. The largest increase was in grants and contributions not restricted to specific programs, which increased by \$1,522,359, or 16.3%, primarily due to increased collections in state accommodations taxes. The state embarked on an aggressive collection program on previously uncollected revenue. The next largest revenue increase was in business license taxes, which increased \$558,704, or 3.1%, primarily due to increased collections in tourist related businesses and insurance revenue. Another increase was in property taxes, which increased \$277,259, or 1.1%. There were increases in automotive taxes, penalties and fees in lieu of taxes. There was also a decrease in refunds and abatements on delinquent taxes. Other increases were in hospitality fee taxes and local accommodations taxes, which increased a combined \$262,241, or 2.2%, primarily due to increases in revenue in the hospitality industry. There was a \$59,998, or 1.8%, increase in franchise taxes which was primarily due to an increase in one of our utility franchises. Lastly, there was a small increase in the local option tourism tax in the amount of \$8,031. Charges for services showed a decrease of \$1,107,107, or 2.4%, primarily due to a one-time alley way trade revenue received in the prior year and a decrease in water revenue due to the amount of rain in the current year reducing the need for water usage. Operating grants and contributions decreased \$433,818, or 21.6%, primarily due to a decrease in the advertising support contribution received from the Chamber of Commerce. Investment earnings decreased \$169,610, or 34.4%, and capital grants and contributions decreased \$1,092.

The total cost of all programs and services was \$142,513,018 (increasing by \$2,345). The largest increase was experienced in the culture and recreation category in the amount of \$866,966, or 4.8%. The largest contributing factors to this increase were increased personnel costs (including fringe benefits) and increased depreciation. Another large increase was in the public safety category in the amount of \$568,463, or 1.7%. This increase was primarily due to increased personnel costs (including fringe benefits) and new operating grant expenditures in the fire department. Water and sewer expenses had a combined increase of \$552,526, or 2.2%, due to increased interest and fiscal charges and an increase in the adjustment to reflect the consolidation of internal service fund activities. The next largest increase was in the general government category which was due to an increase in the adjustment to reflect the consolidation of internal service fund activities. Transportation, public works and solid waste management categories showed a combined increase of \$159,232, or 1.1%. This increase can be attributed to increased personnel costs (including fringe benefits). The largest decrease was in the community and economic development category in the amount of \$2,311,317, or 7.6%. The largest contributing factor was a decrease in reimbursements to Horry County for the business park development funding commitment. Another decrease occurred in interest and fiscal charges in the amount of \$187,913, or 2.2%. There were decreases in the baseball stadium category in the amount of \$91,690, or 12.5%, and in the municipal golf course category in the amount of \$47,097, or 3.1%. The decrease in the baseball stadium category was due to overall reductions in various expenses and in the indirect costs charged. The decrease in the municipal golf course category was due to a decrease in the indirect costs charged.

Governmental Activities

The City's net position from governmental activities increased \$2,257,227. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from \$(3,006,353) at June 30, 2012 to \$(1,323,284) 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 0.1% (\$100,743) and total expenses decreased 0.4% (\$422,145).

The cost of all governmental activities this year was \$110,495,860. However, as shown in the statement of activities beginning on page 14, the amount that our taxpayers ultimately financed for these activities was only \$91,382,596 because some of the cost was paid by those who directly benefited from the programs (\$15,910,400) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3,202,864). Overall, the City's governmental program revenues were \$19,113,264. 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 \$93,533,673.

Business-Type Activities

The City's net position from business-type activities decreased \$284,495, or 0.2%.

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 2.8% (\$876,222) and expenses increased by 1.3% (\$424,490).

The cost of all business-type activities this year was \$32,017,158. As shown in the statement of activities that starts on page 14, the amounts paid by users of the activities were \$28,383,410 and grants and contributions totaled \$3,355,208. Investment earnings were \$100,195.

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 \$49,514,670, an increase of \$7,479,162 in comparison with the prior year. Of this amount, \$6,868,111, or 13.9%, 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 \$9,237,691, while total fund balance amounted to \$10,224,738. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 15.3% of total expenditures, while total fund balance represents 16.9% of that same amount. The General Fund's total fund balance increased by \$1,480,276 during the current fiscal year. This increase resulted primarily from increased collections in property taxes, increased transfers in from the Accommodations Tax Fund (as a result of increased revenue received in the fund) and increased collections in business licenses.

The Convention Center Fund has a total fund balance of \$(118,558), a decrease of \$169,583 from the prior year. This was primarily due to a decrease in property taxes (taxes were distributed between the General Fund and the Capital Improvements Fund and none to the Convention Center Fund) and a decrease in charges for services due to shows either leaving the venue or on alternative years on the schedule.

The Local Option Tourism Fee Fund has a total fund balance of \$2,273,347, an increase of \$494,907 from the prior year. While there was an excess of revenues over expenditures in the amount of \$4,729,432, transfers out to other funds increased by \$1,011,655, or 31.4%. The primary factor in the increase of transfers out can be attributed to the planned use of this fee as a revenue source for capital projects in the Capital Improvements Fund and the Air Base Tax Increment Revenue Fund.

The Capital Improvements Fund's total fund balance increased by \$4,881,259 to \$20,700,479 at June 30, 2013. Of this total, (a) \$8,911,107 is restricted for capital projects and tourism promotion and support and (b) \$11,789,372 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 \$16,119,225. Total net position decreased \$102,072 from the prior year.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(919,245). The increase in total net position in the Baseball Stadium Fund was \$298,999, which was primarily due to a decrease in indirect cost charges.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(1,492,412). The decrease in total net position in the Municipal Golf Course Fund was \$435,452, 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 \$(604,694). The increase in total net position in the Solid Waste Management Fund was \$89,709, which was primarily due to a transfer in from the Hospitality Fee Fund.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$1,137,631 over the final budgeted amounts. This net increase was primarily the result of decreased property tax collections and increased transfers in. The actual charges to appropriations (expenditures) were under the final budgeted amounts by \$375,413.

Budget to actual comparisons for the General Fund can be found on page 68.

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, 2013 amounted to \$356,112,106 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 a decrease of \$1,699,422, or 0.8%, for governmental activities and an increase of \$2,398,175, or 1.8%, for business-type activities. The decrease in governmental activities was primarily due to current year depreciation expense 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 28,546,743	\$ 28,546,743	\$ 18,685,751	\$ 18,685,751	\$ 47,232,494	\$ 47,232,494
Land Improvements	48,124,462	43,913,733	8,864,339	8,851,598	56,988,801	52,765,331
Buildings and Improvements	85,701,350	84,896,671	10,525,748	10,525,748	96,227,098	95,422,419
Distribution Systems			174,230,147	167,787,892	174,230,147	167,787,892
Furniture, Vehicles and Equipment	48,466,238	46,777,691	4,917,811	4,937,254	53,384,049	51,714,945
Infrastructure	171,533,102	170,843,595			171,533,102	170,843,595
Construction-in-Progress	4,217,112	1,477,574	753,367	116,429	4,970,479	1,594,003
Accumulated Depreciation	(163,966,443)	(152,134,021)	(84,487,621)	(79,813,305)	(248,454,064)	(231,947,326)
	<u>\$ 222,622,564</u>	<u>\$ 224,321,986</u>	<u>\$ 133,489,542</u>	<u>\$ 131,091,367</u>	<u>\$ 356,112,106</u>	<u>\$ 355,413,353</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 \$202,454,098 in outstanding bonds payable, note payable and capital lease obligations compared to \$199,421,393 last year, an increase of 1.5%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General Obligation Bonds \$	48,910,000	\$ 39,965,000	\$	\$	\$ 48,910,000	\$ 39,965,000
Revenue Bonds			19,205,000	19,690,000	19,205,000	19,690,000
Certificates of Participation	10,090,000	11,660,000	4,110,000	4,685,000	14,200,000	16,345,000
Tax Increment Revenue Bonds	56,487,603	57,892,603			56,487,603	57,892,603
Storm Water Revenue Bonds	10,361,530	10,965,237			10,361,530	10,965,237
Hospitality Fee Revenue Bonds	47,905,000	48,520,000			47,905,000	48,520,000
Note Payable	1,847,500	1,847,500			1,847,500	1,847,500
Capital Lease Obligations	<u>3,537,465</u>	<u>4,196,053</u>			<u>3,537,465</u>	<u>4,196,053</u>
	<u>\$ 179,139,098</u>	<u>\$ 175,046,393</u>	<u>\$ 23,315,000</u>	<u>\$ 24,375,000</u>	<u>\$ 202,454,098</u>	<u>\$ 199,421,393</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, 2013, the amount of new debt, which could be issued without referendum, was \$5,550,283.

Other long-term obligations of the City include unreported insurance claims and compensated absences. 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 2014 budget, tax rates and fees that will be charged for the business-type activities. Some of those factors are the economy, the population growth rate and inflation rates. The City's financial condition has been improving mainly as a result of increases in revenues from the hospitality sector. Most of these revenues are restricted and must be used either to expand tourism or build capital projects. For those sources available for operations such as property taxes and business licenses, revenue growth continues to be slow. Volatility in the construction and insurance sectors has caused business license revenue to grow at a moderate level. The City has also seen the erosion of property tax revenue as housing values have fallen.

These indicators were taken into account when adopting the General Fund budget for fiscal year 2014. The millage rate for ad valorem taxes is 66.1 mills. The rate includes 58.5 mills for the General Fund and 7.6 mills for the Debt Service Fund. The debt service millage will only be billed for properties that are used as primary residences. The credit for operating millage for these properties will be offset by transfers from collections of the tourism development fee occurring on July 1, 2013 and thereafter. Amounts available for appropriation in the General Fund budget for fiscal year 2014 are \$62,738,159, an increase of 2.8% from the final fiscal year 2013 budget of \$61,057,314. In order to accommodate this increase, the 2014 budget includes a 2.4% growth in licenses and permits primarily as a result of more ambitious growth expected in the hospitality industry and a 18.6% growth in charges for services primarily as a result of increased revenue expected from the new fire inspection fee and increased ambulance fee collections as a result of a new collection agency. These increases in revenues and the normal rates of savings in departmental budgets during the year should allow the budgetary General Fund balance to remain intact by the close of 2014.

As for the City's business-type activities, there was an increase in sewer rates of 7.4%.

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) 918-1100.

BASIC FINANCIAL STATEMENTS

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 39,091,710	\$ 14,095,600	\$ 53,187,310
Receivables (Net)	18,916,527	2,350,960	21,267,487
Due From Component Units	24,297,022		24,297,022
Internal Balances	(1,930,330)	1,930,330	
Inventories	261,515	891,397	1,152,912
Prepaid Assets	92,504	1,056	93,560
Restricted Cash and Temporary Investments	19,227,892	6,018,727	25,246,619
Land and Construction in Progress	32,763,855	19,439,118	52,202,973
Other Capital Assets (Net)	189,858,709	114,050,424	303,909,133
Deferred Bond Issuance Costs (Net)	3,540,998	429,263	3,970,261
Total Assets	\$ 326,120,402	\$ 159,206,875	\$ 485,327,277
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 24,954,876	\$ 3,225,021	\$ 28,179,897
Due to Primary Government			
Unearned Revenue	261,874	169,385	431,259
Liabilities Payable From Restricted Assets	585,573	3,588,406	4,173,979
Noncurrent Liabilities:			
Due Within One Year	12,302,557		12,302,557
Due in More Than One Year	173,414,438	21,959,992	195,374,430
Total Liabilities	\$ 211,519,318	\$ 28,942,804	\$ 240,462,122
NET POSITION			
Net Investment in Capital Assets	\$ 97,019,979	\$ 114,142,625	\$ 211,162,604
Restricted for:			
Capital Projects	1,968,857	218,825	2,187,682
Capital Replacements			
Community Development	5,126,543		5,126,543
Debt Service	6,390,882	659,417	7,050,299
Library	108,339		108,339
Narcotics Law Enforcement	287,936		287,936
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	5,021,694		5,021,694
Victims Assistance	138		138
Unrestricted	(1,323,284)	15,033,204	13,709,920
Total Net Position	\$ 114,601,084	\$ 130,264,071	\$ 244,865,155

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

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 1,237,425	\$ 2,831,982
1,831	596,829
	67,119
	460,672
	4,312,524
150,184	33,302,600
	875,122
<u>\$ 1,389,440</u>	<u>\$ 42,446,848</u>
\$ 92,095	\$ 888,548
57,704	24,239,318
32,462	170,368
	727,106
7,627	250,000
13,789	19,430,499
<u>\$ 203,677</u>	<u>\$ 45,705,839</u>
\$ 150,184	\$ 13,902,101
	377,027
	3,276,534
	401,857
<u>1,035,579</u>	<u>(21,216,510)</u>
<u>\$ 1,185,763</u>	<u>\$ (3,258,991)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 11,883,348	\$ 2,671,727	\$ 42,866	\$
Public Safety	33,115,671	2,068,023	561,291	
Transportation	8,642,907	1,880,137	104,631	868,161
Community and Economic Development	28,021,204	1,673,700	365,921	660,328
Culture and Recreation	18,881,858	7,616,813	499,215	100,451
Public Works	1,437,647			
Interest and Fiscal Charges	8,513,225			
Total Governmental Activities	<u>\$ 110,495,860</u>	<u>\$ 15,910,400</u>	<u>\$ 1,573,924</u>	<u>\$ 1,628,940</u>
Business-Type Activities:				
Water	\$ 13,262,481	\$ 12,185,831	\$	\$ 1,614,974
Sewer	12,587,819	11,143,958		1,735,660
Baseball Stadium	639,314	27,581		
Municipal Golf Course	1,455,492	1,012,506		
Solid Waste Management	4,072,052	4,013,534	4,574	
Total Business Type Activities	<u>\$ 32,017,158</u>	<u>\$ 28,383,410</u>	<u>\$ 4,574</u>	<u>\$ 3,350,634</u>
Total Primary Government	<u>\$ 142,513,018</u>	<u>\$ 44,293,810</u>	<u>\$ 1,578,498</u>	<u>\$ 4,979,574</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,719,460	\$ 1,613,509	\$	\$
MB Convention Center Hotel Corporation	17,075,315	14,650,716		
Total Component Units	<u>\$ 18,794,775</u>	<u>\$ 16,264,225</u>	<u>\$</u>	<u>\$</u>

General Revenues:

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (9,168,755)		\$ (9,168,755)		
(30,486,357)		(30,486,357)		
(5,789,978)		(5,789,978)		
(25,321,255)		(25,321,255)		
(10,665,379)		(10,665,379)		
(1,437,647)		(1,437,647)		
(8,513,225)		(8,513,225)		
<u>\$ (91,382,596)</u>	<u>\$</u>	<u>\$ (91,382,596)</u>		
	\$ 538,324	\$ 538,324		
	291,799	291,799		
	(611,733)	(611,733)		
	(442,986)	(442,986)		
	(53,944)	(53,944)		
<u>\$</u>	<u>\$ (278,540)</u>	<u>\$ (278,540)</u>		
<u>\$ (91,382,596)</u>	<u>\$ (278,540)</u>	<u>\$ (91,661,136)</u>		
			\$ (105,951)	\$ (2,424,599)
			<u>\$ (105,951)</u>	<u>\$ (2,424,599)</u>
\$ 25,113,459		\$ 25,113,459	\$	
2,238,681		2,238,681		
18,354,589		18,354,589		
3,469,046		3,469,046		
9,791,483		9,791,483		
23,508,832		23,508,832		
10,833,688		10,833,688		
223,895	100,195	324,090	2,809	113,249
106,150	(106,150)			
<u>\$ 93,639,823</u>	<u>\$ (5,955)</u>	<u>\$ 93,633,868</u>	<u>\$ 2,809</u>	<u>\$ 113,249</u>
\$ 2,257,227	\$ (284,495)	\$ 1,972,732	\$ (103,142)	\$ (2,311,350)
<u>112,343,857</u>	<u>130,548,566</u>	<u>242,892,423</u>	<u>1,288,905</u>	<u>(947,641)</u>
<u>\$ 114,601,084</u>	<u>\$ 130,264,071</u>	<u>\$ 244,865,155</u>	<u>\$ 1,185,763</u>	<u>\$ (3,258,991)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 4,662	\$ 1,500	\$ 1,066,516
Receivables (Net):			
Property Taxes	1,049,288		
Local Accommodations Taxes			
Hospitality Fees			
Storm Water Fees			
Accounts	3,590,480	227,166	
Intergovernmental	703,653		6,034,157
Loans	26,500		
Due From Other Funds	9,144,748		
Due From Component Units	57,704	24,239,318	
Inventories	109,744		
Prepaid Assets	600		
Restricted Cash and Temporary Investments	983,427		
Total Assets	\$ <u>15,670,806</u>	\$ <u>24,467,984</u>	\$ <u>7,100,673</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 2,851,949	\$ 206,079	\$ 4,827,326
Due to Other Fund		195,647	
Payable From Restricted Assets:			
Court Bonds	220,731		
Refundable Deposits	237,148		
Other	127,694		
Deferred Revenue	2,008,546	24,184,816	
Total Liabilities	\$ <u>5,446,068</u>	\$ <u>24,586,542</u>	\$ <u>4,827,326</u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 12,985,578	\$ 7,037,157	\$ 21,095,413
	97,272	1,146,560
	389,928	389,928
	1,505,860	1,505,860
	72,277	72,277
248,800	207,319	4,273,765
566,284	3,386,400	10,690,494
	722,066	748,566
		9,144,748
		24,297,022
		109,744
		600
<u>8,911,107</u>	<u>9,333,358</u>	<u>19,227,892</u>
\$ <u>22,711,769</u>	\$ <u>22,751,637</u>	\$ <u>92,702,869</u>

\$ 2,011,290	\$ 1,201,623	\$ 11,098,267
	4,996,392	5,192,039
		220,731
		237,148
		127,694
	118,958	26,312,320
\$ <u>2,011,290</u>	\$ <u>6,316,973</u>	\$ <u>43,188,199</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
LIABILITIES AND FUND BALANCES (continued)			
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 109,744	\$	\$
Long-Term Receivables	26,500		
Prepaid Assets	600		
Restricted for:			
Capital Projects			
Community Development			
Debt Service			
Library	108,339		
Narcotics Law Enforcement	287,936		
Tourism Promotion and Support			2,273,347
Victims Assistance			
Committed for:			
Demolition Loans	40,000		
Assigned for:			
Capital Projects			
Disaster Recovery			
Ocean Front Improvements	413,928		
Unassigned	9,237,691	(118,558)	
Total Fund Balances (Deficit)	\$ 10,224,738	\$ (118,558)	\$ 2,273,347
Total Liabilities and Fund Balances	\$ 15,670,806	\$ 24,467,984	\$ 7,100,673

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
		109,744
	722,066	748,566
		600
7,911,107	767,003	8,678,110
	4,404,477	4,404,477
	11,068,099	11,068,099
		108,339
		287,936
1,000,000	1,723,903	4,997,250
	138	138
		40,000
10,714,112		10,714,112
1,075,260		1,075,260
		413,928
	(2,251,022)	6,868,111
\$ 20,700,479	\$ 16,434,664	\$ 49,514,670
\$ 22,711,769	\$ 22,751,637	\$ 92,702,869



First in Service

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013

Total Fund Balances - Total Governmental Funds	\$ 49,514,670
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.	216,414,865
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	26,050,446
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,191,901
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(180,570,798)</u>
Net Position of Governmental Activities	\$ <u>114,601,084</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, 2013

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
REVENUES			
Property Taxes	\$ 18,578,685	\$	\$
Local Accommodations Taxes			
Hospitality Fees			
Storm Water Fees			
Local Option Tourism Fee			23,508,832
Licenses and Permits	22,952,056		
Fines and Forfeitures	1,011,354		
Intergovernmental	2,561,079	60,000	
Charges for Services	2,677,081	2,293,115	
Miscellaneous	3,020,736	2,017,160	86,745
Total Revenues	\$ 50,800,991	\$ 4,370,275	\$ 23,595,577
EXPENDITURES			
Current:			
General Government	\$ 9,232,183	\$ 357,766	\$
Public Safety	32,188,149		
Transportation	3,441,234		
Community and Economic Development	2,433,237		18,866,145
Culture and Recreation	11,459,680	4,170,017	
Public Works	1,403,396		
Capital Outlay	358,419		
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Total Expenditures	\$ 60,516,298	\$ 4,527,783	\$ 18,866,145
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ (9,715,307)	\$ (157,508)	\$ 4,729,432

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 540,000	\$ 5,994,245	\$ 25,112,930
	2,240,593	2,240,593
	9,867,341	9,867,341
	1,883,706	1,883,706
		23,508,832
100,000		23,052,056
	140,460	1,151,814
739,327	10,005,163	13,365,569
		4,970,196
167,429	201,144	5,493,214
<u>\$ 1,546,756</u>	<u>\$ 30,332,652</u>	<u>\$ 110,646,251</u>
\$ 756,086	\$ 719,324	\$ 11,065,359
1,152		32,189,301
258,846	1,815,962	5,516,042
4,652	3,793,056	25,097,090
135,121		15,764,818
		1,403,396
7,969,687	1,051,497	9,379,603
	6,975,385	6,975,385
	7,420,312	7,420,312
181,294		181,294
<u>\$ 9,306,838</u>	<u>\$ 21,775,536</u>	<u>\$ 114,992,600</u>
<u>\$ (7,760,082)</u>	<u>\$ 8,557,116</u>	<u>\$ (4,346,349)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 11,382,934	\$ 1,665,000	\$
Transfers Out	(198,371)	(1,677,075)	(4,234,525)
General Obligation Bonds Issued			
Premium on General Obligation Bonds			
Sale of Capital Assets	11,020		
Total Other Financing Sources (Uses)	<u>\$ 11,195,583</u>	<u>\$ (12,075)</u>	<u>\$ (4,234,525)</u>
Net Change in Fund Balances	\$ 1,480,276	\$ (169,583)	\$ 494,907
Fund Balances - Beginning	<u>8,744,462</u>	<u>51,025</u>	<u>1,778,440</u>
Fund Balances - Ending	<u><u>\$ 10,224,738</u></u>	<u><u>\$ (118,558)</u></u>	<u><u>\$ 2,273,347</u></u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,660,000	\$ 9,978,528	\$ 24,686,462
(727,000)	(17,743,341)	(24,580,312)
11,590,000		11,590,000
118,341		118,341
		11,020
<u>\$ 12,641,341</u>	<u>\$ (7,764,813)</u>	<u>\$ 11,825,511</u>
\$ 4,881,259	\$ 792,303	\$ 7,479,162
<u>15,819,220</u>	<u>15,642,361</u>	<u>42,035,508</u>
<u>\$ 20,700,479</u>	<u>\$ 16,434,664</u>	<u>\$ 49,514,670</u>



First in Service

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 7,479,162

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which depreciation (\$10,265,852) and the book value of capital asset disposals (\$20,198) exceeded capital outlays (\$9,379,603) in the current period. (906,447)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,977,057

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (4,551,662)

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. (1,228,508)

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. (512,375)

Change in Net Position of Governmental Activities \$ 2,257,227

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, 2013

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 14,083,438	\$	\$ 12,127
Receivables (Net):			
Accounts	1,113,343		8,615
Intergovernmental		225,538	
Due From Other Funds	2,924,328		
Inventories	727,956		144,034
Prepaid Assets		1,056	
Total Current Assets	<u>\$ 18,849,065</u>	<u>\$ 226,594</u>	<u>\$ 164,776</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 861,000	\$
Restricted Cash and Temporary Investments	4,792,603	1,226,124	
Land and Construction in Progress	3,453,638	5,600,000	10,385,480
Other Capital Assets (Net)	104,338,605	4,427,197	4,664,720
Deferred Bond Issuance Costs (Net)	337,760	91,503	
Total Noncurrent Assets	<u>\$ 112,922,606</u>	<u>\$ 12,205,824</u>	<u>\$ 15,050,200</u>
Total Assets	<u>\$ 131,771,671</u>	<u>\$ 12,432,418</u>	<u>\$ 15,214,976</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,898,215	\$ 1,128	\$ 102,249
Due to Other Fund		864,214	1,553,479
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Customer Deposits	1,682,244		
Interest Payable	258,866	102,296	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	850,000		
Certificates of Participation		605,000	
Total Current Liabilities	<u>\$ 5,689,325</u>	<u>\$ 1,662,638</u>	<u>\$ 1,655,728</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 35	\$ 14,095,600	\$ 17,996,297
142,464	1,264,422	89,077
	225,538	
	2,924,328	
19,407	891,397	151,771
	1,056	91,904
<u>\$ 161,906</u>	<u>\$ 19,402,341</u>	<u>\$ 18,329,049</u>
\$	\$ 861,000	\$
	6,018,727	
	19,439,118	
619,902	114,050,424	6,207,699
	429,263	
<u>\$ 619,902</u>	<u>\$ 140,798,532</u>	<u>\$ 6,207,699</u>
<u>\$ 781,808</u>	<u>\$ 160,200,873</u>	<u>\$ 24,536,748</u>
\$ 223,429	\$ 3,225,021	\$ 9,179,392
506,635	2,924,328	3,952,709
		487,646
		538,202
	1,682,244	
	361,162	
	90,000	
	850,000	
	605,000	
<u>\$ 730,064</u>	<u>\$ 9,737,755</u>	<u>\$ 14,157,949</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$	\$	\$ 1,460
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	18,442,326		
Certificates of Participation (Net)		3,479,670	
Unearned Revenue	169,385		
Total Noncurrent Liabilities	\$ 18,611,711	\$ 3,479,670	\$ 1,460
Total Liabilities	\$ 24,301,036	\$ 5,142,308	\$ 1,657,188
NET POSITION			
Net Investment in Capital Assets	\$ 91,296,996	\$ 7,175,527	\$ 15,050,200
Restricted for:			
Capital Projects		218,825	
Debt Service	54,414	605,003	
Renewal and Replacement		210,000	
Unrestricted	16,119,225	(919,245)	(1,492,412)
Total Net Position	\$ 107,470,635	\$ 7,290,110	\$ 13,557,788

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

Net Position of Business-Type Activities

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 36,536	\$ 37,996	\$ 10,871
		2,533,007
		2,712,690
	18,442,326	
	3,479,670	
	169,385	
\$ 36,536	\$ 22,129,377	\$ 5,256,568
\$ 766,600	\$ 31,867,132	\$ 19,414,517
\$ 619,902	\$ 114,142,625	\$ 2,956,807
	218,825	
	659,417	
	210,000	
(604,694)	13,102,874	2,165,424
\$ 15,208	\$ 128,333,741	\$ 5,122,231
	1,930,330	
	\$ 130,264,071	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 23,202,101	\$ 27,581	\$ 1,010,935
OPERATING EXPENSES			
Administration	\$ 3,967,888	\$	\$ 535,568
Operations	16,900,385	92,726	637,614
Depreciation	4,113,406	302,541	274,487
Total Operating Expenses	\$ 24,981,679	\$ 395,267	\$ 1,447,669
Operating Loss	\$ (1,779,578)	\$ (367,686)	\$ (436,734)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 40,099	\$ 60,096	\$
Operating Grant Revenue			
Miscellaneous Revenue	127,688		1,571
Gain on Disposal of Capital Assets			
Interest and Fiscal Charges	(625,893)	(213,110)	(289)
Amortization of Bond Issuance Costs	(20,872)	(18,301)	
Total Nonoperating Revenues (Expenses)	\$ (478,978)	\$ (171,315)	\$ 1,282
Loss Before Contributions and Transfers	\$ (2,258,556)	\$ (539,001)	\$ (435,452)
Capital Contributions	3,350,634		
Transfers In		838,000	
Transfers Out	(1,194,150)		
Change in Net Position	\$ (102,072)	\$ 298,999	\$ (435,452)
Total Net Position - Beginning	107,572,707	6,991,111	13,993,240
Total Net Position - Ending	\$ 107,470,635	\$ 7,290,110	\$ 13,557,788

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
\$ 4,013,534	\$ 28,254,151	\$ 17,137,785
\$ 629,471	\$ 5,132,927	\$ 485,370
3,502,476	21,133,201	15,230,500
54,424	4,744,858	2,087,862
\$ 4,186,371	\$ 31,010,986	\$ 17,803,732
\$ (172,837)	\$ (2,756,835)	\$ (665,947)
\$	\$ 100,195	\$ 23,629
4,574	4,574	
	129,259	2,632
8,050	8,050	73,581
(78)	(839,370)	(131,949)
	(39,173)	
\$ 12,546	\$ (636,465)	\$ (32,107)
\$ (160,291)	\$ (3,393,300)	\$ (698,054)
	3,350,634	50,000
250,000	1,088,000	
	(1,194,150)	
\$ 89,709	\$ (148,816)	\$ (648,054)
(74,501)		5,770,285
\$ 15,208		\$ 5,122,231
	(135,679)	
\$	(284,495)	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 23,551,785	\$ 46,446	\$ 1,015,920
Receipts From Interfund Services Provided			
Payments to Suppliers	(16,099,738)	(56,443)	(599,311)
Payments to Employees	(2,127,404)	(2,363)	(481,164)
Payments for Interfund Services Used	(1,961,234)	(36,475)	(103,918)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 3,363,409	\$ (48,835)	\$ (168,473)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	\$ (1,194,150)	\$ 838,000	\$
Proceeds From Interfund Loan	3,914		168,763
Payments on Interfund Loans		(33,695)	
Operating Grant			
Interest Payments on Interfund Loans			(290)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	\$ (1,190,236)	\$ 804,305	\$ 168,473
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 928,169	\$	\$
Collections on Intergovernmental Receivable		206,998	
Principal Payments on Long-Term Debt	(485,000)	(575,000)	
Interest Payments on Long-Term Debt	(632,161)	(218,392)	
Payment of Bond Administration Fees	(5,074)	(3,452)	
Purchases of Capital Assets	(4,691,328)	(29,239)	
Proceeds From Disposal of Capital Assets			
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	\$ (4,885,394)	\$ (619,085)	\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	\$ 40,099	\$ 60,096	\$
Net Cash and Cash Equivalents Provided by Investing Activities	\$ 40,099	\$ 60,096	\$

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 3,997,145	\$ 28,611,296	\$ 17,137,785
(1,712,900)	(18,468,392)	(4,266,163)
(1,115,463)	(3,726,394)	(354,596)
(1,292,346)	(3,393,973)	(9,062,174)
<u>\$ (123,564)</u>	<u>\$ 3,022,537</u>	<u>\$ 3,454,852</u>
\$ 250,000	\$ (106,150)	\$ 594,459
(138,982)	172,677	
4,574	(172,677)	
(78)	4,574	
<u>(78)</u>	<u>(368)</u>	
<u>\$ 115,514</u>	<u>\$ (101,944)</u>	<u>\$ 594,459</u>
\$	\$ 928,169	\$ 50,000
	206,998	
	(1,060,000)	(521,911)
	(850,553)	(146,729)
	(8,526)	
	(4,720,567)	(1,215,711)
8,050	8,050	88,655
<u>8,050</u>	<u>(5,496,429)</u>	<u>(1,745,696)</u>
\$	\$ 100,195	\$ 23,629
\$	\$ 100,195	\$ 23,629

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (2,672,122)	\$ 196,481	\$
Cash and Cash Equivalents - Beginning	21,548,163	1,029,643	12,127
Cash and Cash Equivalents - Ending	<u>\$ 18,876,041</u>	<u>\$ 1,226,124</u>	<u>\$ 12,127</u>

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

Operating Loss	\$ (1,779,578)	\$ (367,686)	\$ (436,734)
Adjustments to Reconcile Operating Loss to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,113,406	302,541	274,487
(Increase) Decrease in Accounts Receivable (Net)	147,674	18,865	3,459
(Increase) Decrease in Inventories	44,207		8,328
Decrease in Prepaid Assets			
Increase (Decrease) in Accounts Payable and Accrued Expenses	635,690	(2,555)	(19,539)
Increase (Decrease) in Customer Deposits Payable	76,032		(45)
Increase in Unreported Insurance Claims			
(Decrease) in Unearned Revenue	(1,710)		
Miscellaneous Receipts	127,688		1,571
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 3,363,409</u>	<u>\$ (48,835)</u>	<u>\$ (168,473)</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ (2,475,641)	\$ 2,327,244
35	22,589,968	15,669,053
\$ 35	\$ 20,114,327	\$ 17,996,297

\$ (172,837) \$ (2,756,835) \$ (665,947)

54,424	4,744,858	2,087,862
(16,389)	153,609	(33,119)
(2,472)	50,063	(4,517)
		33,770
13,710	627,306	1,556,182
	75,987	
		477,989
	(1,710)	
	129,259	2,632
\$ (123,564)	\$ 3,022,537	\$ 3,454,852

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	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	\$ 2,422,465	\$	\$
Book Value of Capital Asset Disposals			
Capitalized Interest	163,839		

Reconciliation of Cash and Cash Equivalents

Unrestricted Cash and Temporary Investments	\$ 14,083,438	\$	\$ 12,127
Restricted Cash and Temporary Investments	4,792,603	1,226,124	
	<u>\$ 18,876,041</u>	<u>\$ 1,226,124</u>	<u>\$ 12,127</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ 2,422,465	\$
	163,839	15,074

\$	35	\$	14,095,600	\$	17,996,297
			6,018,727		
\$	<u>35</u>	\$	<u>20,114,327</u>	\$	<u>17,996,297</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2013

ASSETS

Cash and Temporary Investments	\$ <u>11,730</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>11,730</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, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's financial statements have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant GASB pronouncements.

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

A. Reporting Entity

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

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

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

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

B. Government-Wide Financial Statements

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

C. Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

The City reports the following major governmental funds:

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

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

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

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

The City's major proprietary funds were as follows:

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

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

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

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

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

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

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Cash and Temporary Investments

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

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

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

F. Receivables

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

G. Interfund Activity

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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. 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.

M. 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 issuance 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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

N. 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 \$19,992,631 of total restricted net position, of which \$6,396,055 is restricted by enabling legislation.

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

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

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

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

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

Unassigned - Consists of all amounts not included in other spendable classifications.

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.

O. 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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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 deferred revenue.

In proprietary fund financial statements, capital contributions, which consist of contributed capital assets and grant revenues restricted to capital purposes, are reported as nonoperating revenues based on GASB Statement No. 33.

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, \$180,570,798, follows:

Bonds Payable (Net)	\$ 174,065,012
Note Payable	1,847,500
Capital Lease Obligation	286,573
Compensated Absences	3,235,494
Accrued Interest Payable	4,677,217
Deferred Bond Issuance Costs (Net)	<u>(3,540,998)</u>
	<u>\$ 180,570,798</u>

The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. The element of the reconciliation that relates to long-term debt and related items, \$4,551,662, is comprised of the following:

General Obligation Bonds Issued	\$ 11,590,000
Premium on General Obligation Bonds	118,341
Principal Repayments	(6,975,385)
Bond Issuance Costs	<u>(181,294)</u>
	<u>\$ 4,551,662</u>

The details of another element in the reconciliation that relates to expenses, \$1,228,508, follows:

Compensated Absences	\$ 267,544
Accrued Interest	765,622
Amortization of Bond Issuance Costs	212,779
Amortization of Bond Discounts and Premiums	(131,131)
Amortization of Loss on Advance Refunding	<u>113,694</u>
	<u>\$ 1,228,508</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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, 2013, 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, 2013 were as follows:

Convention Center Fund	\$ 118,558
Nonmajor Governmental Fund:	
Public Facilities Corporation Fund	702,797
Internal Service Fund:	
Health Insurance Fund	5,291,673

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 \$22,393,634 and the financial institutions' balances totaled \$23,475,281. Of that balance, \$356,762 was covered by federal depository insurance and \$23,118,519 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$16,714 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 \$1,237,425 and the financial institutions' balances totaled \$1,368,729. Of that balance, \$250,000 was covered by federal depository insurance and \$1,118,729 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 \$409,246 and the financial institutions' balances totaled \$185,164, which was entirely covered by federal depository insurance. At year-end, cash on hand totaled \$40,000.

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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B. Investments

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

	<u>Maturities</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	07/01/13	Not Rated	\$ 24,168,950	43.13%
U.S. Treasury Bill	08/01/13	N/A	665,986	1.19
Money Market Mutual Funds	Not Available	AAA	19,307,852	34.46
State Treasurer's Investment Pool	2 Months Average	Not Rated	11,892,523	21.22
			<u>\$ 56,035,311</u>	<u>100.00%</u>

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

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

	<u>Maturities</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Federal National Mortgage Association	07/01/13	AAA	\$ 1,521,000	22.72%
Money Market Mutual Funds	Not Available	AAA	5,174,260	77.28
			<u>\$ 6,695,260</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, 2013, 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	\$ 3,890,592	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts	4,240,505	227,166		248,800
Intergovernmental	703,653		6,034,157	566,284
Loans	26,500			
	<u>\$ 8,861,250</u>	<u>\$ 227,166</u>	<u>\$ 6,034,157</u>	<u>\$ 815,084</u>
Allowances for Doubtful Accounts	(3,491,329)			
	<u>\$ 5,369,921</u>	<u>\$ 227,166</u>	<u>\$ 6,034,157</u>	<u>\$ 815,084</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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June 30, 2013

	<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 Fees				
Storm Water Fees				
Accounts	1,370,354		8,615	219,987
Intergovernmental		1,086,538		
Loans				
	<u>\$ 1,370,354</u>	<u>\$ 1,086,538</u>	<u>\$ 8,615</u>	<u>\$ 219,987</u>
Allowances for Doubtful Accounts	(257,011)			(77,523)
	<u>\$ 1,113,343</u>	<u>\$ 1,086,538</u>	<u>\$ 8,615</u>	<u>\$ 142,464</u>

	<u>Nonmajor and Other Fund</u>	<u>Totals</u>
Property Taxes	\$ 102,206	\$ 3,992,798
Local Accommodations Taxes	397,244	397,244
Hospitality Fees	1,551,645	1,551,645
Storm Water Fees	123,161	123,161
Accounts	296,396	6,611,823
Intergovernmental	3,386,400	11,777,032
Loans	722,066	748,566
	<u>\$ 6,579,118</u>	<u>\$ 25,202,269</u>
Allowances for Doubtful Accounts	(108,919)	(3,934,782)
	<u>\$ 6,470,199</u>	<u>\$ 21,267,487</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, 2013, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2014	\$ 190,500
2015	199,500
2016	210,000
2017	220,500
2018	231,000
	<u>\$ 1,051,500</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).

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2013, amounts due to/from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 9,144,748	\$
Convention Center Fund		195,647
Nonmajor Governmental Funds		4,996,392
Internal Service Funds		3,952,709
Water and Sewer Fund	2,924,328	
Baseball Stadium Fund		864,214
Municipal Golf Course Fund		1,553,479
Solid Waste Management Fund		506,635
	<u>\$ 12,069,076</u>	<u>\$ 12,069,076</u>

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Convention Center Fund, three nonmajor governmental funds (\$2,745,370) and the internal service funds are expected to be repaid shortly after the end of the fiscal year. All other amounts are expected to be repaid in more than one year, as resources become available.

Interfund transfers during the year ended June 30, 2013 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>			
	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Capital Improvements Fund</u>
General Fund	\$	\$	\$ 2,391,150	\$
Convention Center Fund				
Capital Improvements Fund			1,310,000	
Nonmajor Governmental Funds	198,371	1,677,075	533,375	489,000
Baseball Stadium Fund				238,000
Solid Waste Management Fund				
	<u>\$ 198,371</u>	<u>\$ 1,677,075</u>	<u>\$ 4,234,525</u>	<u>\$ 727,000</u>

<u>Transfers In</u>	<u>Transfers Out</u>		
	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
General Fund	\$ 7,797,634	\$ 1,194,150	\$ 11,382,934
Convention Center Fund	1,665,000		1,665,000
Capital Improvements Fund	350,000		1,660,000
Nonmajor Governmental Funds	7,080,707		9,978,528
Baseball Stadium Fund	600,000		838,000
Solid Waste Management Fund	250,000		250,000
	<u>\$ 17,743,341</u>	<u>\$ 1,194,150</u>	<u>\$ 25,774,462</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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, 2013, amounts due to the City from its discretely presented component unit were as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government:		
General Fund	\$ 57,704	\$
Convention Center Fund	24,239,318	
MBDRC		57,704
MBCCHC		24,239,318
	<u>\$ 24,297,022</u>	<u>\$ 24,297,022</u>

On June 1, 2001, the MBCCHC entered into a site lease with the City, which was subsequently amended on May 1, 2004. The site lease is for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires April 1, 2036 and requires annual rental payments equal to a fixed rental component plus 3.0% of the MBCCHC's gross revenues. The rental payments are to be remitted to the City in accordance with the terms of the revenue bond trust indenture. During the year ended June 30, 2013, rent expense for this lease amounted to \$3,394,584. Minimum future rental payments for the fixed component of this lease as of June 30, 2013 are as follows:

Year Ending June 30, 2014	\$ 2,961,988
2015	2,966,188
2016	2,963,462
2017	2,963,306
2018	2,966,182
2019 - 2023	18,338,954
2024 - 2028	19,062,150
2029 - 2033	19,036,250
2034 - 2036	<u>11,418,250</u>
	<u>\$ 82,676,730</u>

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

Note 8 - RESTRICTED CASH AND TEMPORARY INVESTMENTS

The City's restricted cash and temporary investments consisted of the following at June 30, 2013:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Governmental Activities:

General Fund:

Court Bonds	\$ 220,731
Confiscated and Seized Funds	397,102
Grant Funds	1,579
Refundable Deposits	237,148
Other	126,867

Capital Improvements Fund:

Bond Proceeds	6,709,253
PUD Improvements	989,854
Hospitality Fees	1,000,000
Other	212,000

Nonmajor Governmental Funds:

Certificates of Participation Accounts	1,548,225
Storm Water Revenue Bond Accounts	987,146
Ocean Front Tax Increment Revenue Bond Accounts	739,660
Air Base Tax Increment Revenue Bond Accounts	<u>6,058,327</u>
	<u>\$ 19,227,892</u>

Business-Type Activities:

Water and Sewer Fund:

Customer Deposits	\$ 1,682,244
Waterworks and Sewer System Revenue Bond Accounts	3,110,359

Baseball Stadium Fund:

Certificates of Participation Accounts	707,299
Renewal and Replacement Accounts	300,000
Other	<u>218,825</u>
	<u>\$ 6,018,727</u>

At June 30, 2013, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$4,312,524.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,546,743	\$	\$	\$ 28,546,743
Construction-in-Progress	<u>1,477,574</u>	<u>4,217,113</u>	<u>1,477,575</u>	<u>4,217,112</u>
	<u>\$ 30,024,317</u>	<u>\$ 4,217,113</u>	<u>\$ 1,477,575</u>	<u>\$ 32,763,855</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 43,913,733	\$ 4,210,729	\$	\$ 48,124,462
Buildings and Improvements	84,896,671	804,679		85,701,350
Furniture, Vehicles and Equipment	46,777,691	2,229,492	540,945	48,466,238
Infrastructure	<u>170,843,595</u>	<u>689,507</u>		<u>171,533,102</u>
	<u>\$ 346,431,690</u>	<u>\$ 7,934,407</u>	<u>\$ 540,945</u>	<u>\$ 353,825,152</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities (continued):				
Accumulated Depreciation for:				
Land Improvements	\$ (6,769,310)	\$ (2,200,175)	\$	\$ (8,969,485)
Buildings and Improvements	(38,318,662)	(2,693,028)		(41,011,690)
Furniture, Vehicles and Equipment	(37,477,682)	(2,888,623)	(521,292)	(39,845,013)
Infrastructure	(69,568,367)	(4,571,888)		(74,140,255)
	<u>\$ (152,134,021)</u>	<u>\$ (12,353,714)</u>	<u>\$ (521,292)</u>	<u>\$ (163,966,443)</u>
Capital Assets (Net)	<u>\$ 224,321,986</u>	<u>\$ (202,194)</u>	<u>\$ 1,497,228</u>	<u>\$ 222,622,564</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>116,429</u>	<u>753,367</u>	<u>116,429</u>	<u>753,367</u>
	<u>\$ 18,802,180</u>	<u>\$ 753,367</u>	<u>\$ 116,429</u>	<u>\$ 19,439,118</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,851,598	\$ 12,741	\$	\$ 8,864,339
Buildings and Improvements	10,525,748			10,525,748
Distribution System	167,787,892	6,442,255		174,230,147
Furniture, Vehicles and Equipment	<u>4,937,254</u>	<u>51,099</u>	<u>70,542</u>	<u>4,917,811</u>
	<u>\$ 192,102,492</u>	<u>\$ 6,506,095</u>	<u>\$ 70,542</u>	<u>\$ 198,538,045</u>
Accumulated Depreciation for:				
Land Improvements	\$ (3,217,692)	\$ (328,524)	\$	\$ (3,546,216)
Buildings and Improvements	(5,634,062)	(308,611)		(5,942,673)
Distribution System	(66,213,386)	(4,065,421)		(70,278,807)
Furniture, Vehicles and Equipment	<u>(4,748,165)</u>	<u>(42,302)</u>	<u>(70,542)</u>	<u>(4,719,925)</u>
	<u>\$ (79,813,305)</u>	<u>\$ (4,744,858)</u>	<u>\$ (70,542)</u>	<u>\$ (84,487,621)</u>
Capital Assets (Net)	<u>\$ 131,091,367</u>	<u>\$ 2,514,604</u>	<u>\$ 116,429</u>	<u>\$ 133,489,542</u>

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

Governmental Activities:	
General Government	\$ 181,322
Public Safety	844,233
Transportation	3,207,977
Community and Economic Development	2,936,262
Culture and Recreation	3,077,388
Public Works	18,670
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>2,087,862</u>
	<u>\$ 12,353,714</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Business-Type Activities:

Water	\$ 1,968,681
Sewer	2,144,725
Baseball Stadium	302,541
Municipal Golf Course	274,487
Solid Waste Management	<u>54,424</u>
	<u>\$ 4,744,858</u>

The MBDRC's capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 76,388	\$ 23,318	\$	\$ 99,706
Equipment	<u>706,007</u>	<u>33,772</u>	<u></u>	<u>739,779</u>
	<u>\$ 782,395</u>	<u>\$ 57,090</u>	<u>\$</u>	<u>\$ 839,485</u>
Accumulated Depreciation for:				
Land Improvements	\$ (4,805)	\$ (5,870)	\$	\$ (10,675)
Equipment	<u>(651,088)</u>	<u>(27,538)</u>	<u></u>	<u>(678,626)</u>
	<u>\$ (655,893)</u>	<u>\$ (33,408)</u>	<u>\$</u>	<u>\$ (689,301)</u>
Capital Assets (Net)	<u>\$ 126,502</u>	<u>\$ 23,682</u>	<u>\$</u>	<u>\$ 150,184</u>

The MBCCHC's capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 538,708	\$ 10,750	\$	\$ 549,458
Building	42,280,619			42,280,619
Furnishings and Equipment	<u>13,467,160</u>	<u>482,265</u>	<u></u>	<u>13,949,425</u>
	<u>\$ 56,286,487</u>	<u>\$ 493,015</u>	<u>\$</u>	<u>\$ 56,779,502</u>
Accumulated Depreciation for:				
Land Improvements	\$ (253,642)	\$ (27,115)	\$	\$ (280,757)
Building	(9,953,562)	(1,057,015)		(11,010,577)
Furnishings and Equipment	<u>(11,456,424)</u>	<u>(729,144)</u>	<u></u>	<u>(12,185,568)</u>
	<u>\$ (21,663,628)</u>	<u>\$ (1,813,274)</u>	<u>\$</u>	<u>\$ (23,476,902)</u>
Capital Assets (Net)	<u>\$ 34,622,859</u>	<u>\$ (1,320,259)</u>	<u>\$</u>	<u>\$ 33,302,600</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2013:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Capital Improvements Fund</u>
Trade Accounts Payable	\$ 1,396,054	\$ 132,523	\$ 4,827,326	\$ 1,713,644
Accrued Salaries and Wages	1,455,895	73,556		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				297,646
	<u>\$ 2,851,949</u>	<u>\$ 206,079</u>	<u>\$ 4,827,326</u>	<u>\$ 2,011,290</u>

	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>
Trade Accounts Payable	\$ 2,373,474	\$ 1,128	\$ 43,343	\$ 110,978
Accrued Salaries and Wages	85,586		20,133	45,185
Compensated Absences	160,369		38,773	67,266
Accrued Interest Payable				
Retainage Payable	278,786			
	<u>\$ 2,898,215</u>	<u>\$ 1,128</u>	<u>\$ 102,249</u>	<u>\$ 223,429</u>

	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 10,060,879	\$ 20,659,349
Accrued Salaries and Wages	47,217	1,727,572
Compensated Absences	21,263	287,671
Accrued Interest Payable	120,680	120,680
Retainage Payable	130,976	707,408
	<u>\$ 10,381,015</u>	<u>\$ 23,502,680</u>

Reconciliation to the Government-Wide
Statement of Net Position:
Accrued Interest Payable

4,677,217
\$ 28,179,897

Note 11 - UNEARNED / DEFERRED REVENUE

At June 30, 2013, unearned / deferred revenue was comprised of the following:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Water and Sewer Fund</u>	<u>Nonmajor and Other Funds</u>
Property Taxes	\$ 861,654	\$	\$	\$ 94,515
Ambulance Fees	1,080,877			
Grant Revenues	1,579			
Lease Revenues	48,000	23,931,550		
Deposits		194,785		
Tap Fees			169,385	
Other	16,436	58,481		24,443
	<u>\$ 2,008,546</u>	<u>\$ 24,184,816</u>	<u>\$ 169,385</u>	<u>\$ 118,958</u>

	<u>Totals</u>
Property Taxes	\$ 956,169
Ambulance Fees	1,080,877
Grant Revenues	1,579
Lease Revenues	23,979,550
Deposits	194,785
Tap Fees	169,385
Other	99,360
	<u>\$ 26,481,705</u>

Reconciliation to the Government-Wide
Statement of Net Position:

Property Taxes	(956,169)
Ambulance Fees	(1,080,877)
Lease Revenues	(23,931,550)
Other	(81,850)
	<u>\$ 431,259</u>

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2013, long-term debt of the City's governmental activities was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
General Obligation Bonds:				
Refunding Series 2003B	\$ 4,800,000	2.00 - 4.00%	03/01/14	\$ 540,000
Series 2006A	6,950,000	4.00 - 5.00	03/01/31	5,970,000
Series 2006B	2,730,000	4.00 - 5.00	03/01/31	2,345,000
Series 2006C	2,500,000	4.00 - 6.00	03/01/26	1,865,000
Series 2008A	12,300,000	4.50 - 5.13	03/01/33	9,180,000
Series 2009A	625,000	3.41	03/01/17	345,000

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	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
General Obligation Bonds (continued):				
Refunding Series 2011A	\$ 2,800,000	2.00 - 3.00%	03/01/17	\$ 1,645,000
Refunding Series 2011B	15,800,000	3.00 - 5.00	03/01/28	15,430,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	4,030,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	7,560,000
				<u>\$ 48,910,000</u>
Certificates of Participation:				
Series 2002	4,130,000	3.00 - 4.75	06/01/23	\$ 2,460,000
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	7,630,000
				<u>\$ 10,090,000</u>
Tax Increment Revenue Bonds:				
Series 2006A	30,795,000	5.25 - 5.30	10/01/35	\$ 28,960,000
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	9,770,000
Series 2010	8,850,000	3.70	10/01/25	7,935,000
				<u>\$ 56,487,603</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	2.25	05/01/27	\$ 7,984,273
Series 2010	2,773,380	1.67	02/01/30	2,377,257
				<u>\$ 10,361,530</u>
Hospitality Fee Revenue Bonds:				
Series 2004A	44,260,000	4.00 - 5.38	06/01/36	\$ 44,025,000
Series 2004B	5,400,000	5.38 - 5.75	06/01/19	3,880,000
				<u>\$ 47,905,000</u>
Note Payable:				
2006	2,897,500	4.88	11/07/13	\$ 1,847,500
Capital Lease Obligations:				
2007	3,712,713	4.15	08/01/18	\$ 2,499,484
2010	685,000	3.19	10/01/14	286,573
2011	687,758	3.48	07/15/17	583,143
2012	225,111	3.83	07/15/15	168,265
				<u>\$ 3,537,465</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:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2014	\$ 2,745,000	\$ 1,975,487	\$ 4,720,487
2015	2,470,000	1,874,109	4,344,109
2016	2,095,000	1,787,567	3,882,567
2017	2,230,000	1,701,323	3,931,323
2018	2,020,000	1,609,035	3,629,035
2019 - 2023	13,530,000	6,477,743	20,007,743
2024 - 2028	15,320,000	3,559,661	18,879,661
2029 - 2033	8,500,000	947,466	9,447,466
	<u>\$ 48,910,000</u>	<u>\$ 19,932,391</u>	<u>\$ 68,842,391</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 and infrastructure improvements. The certificates of participation are to be repaid by the Public Facilities Corporation Fund with lease payments and hospitality fees 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, 2014	\$ 1,615,000	\$ 349,000	\$ 1,964,000
2015	1,690,000	283,100	1,973,100
2016	1,750,000	225,713	1,975,713
2017	1,810,000	173,537	1,983,537
2018	1,860,000	107,275	1,967,275
2019 - 2023	1,365,000	199,488	1,564,488
	<u>\$ 10,090,000</u>	<u>\$ 1,338,113</u>	<u>\$ 11,428,113</u>

Tax Increment Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2014	\$ 1,465,000	\$ 2,966,391	\$ 4,431,391
2015	1,525,000	2,902,570	4,427,570
2016	1,595,000	2,834,432	4,429,432
2017	1,665,000	2,761,398	4,426,398
2018	1,740,000	2,685,123	4,425,123
2019 - 2023	9,970,000	12,148,169	22,118,169
2024 - 2028	10,880,000	9,657,706	20,537,706
2029 - 2033	20,972,603	6,290,035	27,262,638
2034 - 2036	6,675,000	520,877	7,195,877
	<u>\$ 56,487,603</u>	<u>\$ 42,766,701</u>	<u>\$ 99,254,304</u>

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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, 2014	\$ 616,292	\$ 213,557	\$ 829,849
2015	629,185	200,664	829,849
2016	642,391	187,458	829,849
2017	655,922	173,927	829,849
2018	669,782	160,067	829,849
2019 - 2023	3,569,005	580,238	4,149,243
2024 - 2028	3,298,182	184,635	3,482,817
2029 - 2030	280,771	5,220	285,991
	<u>\$ 10,361,530</u>	<u>\$ 1,705,766</u>	<u>\$ 12,067,296</u>

Hospitality Fee Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2014	\$ 645,000	\$ 2,453,925	\$ 3,098,925
2015	685,000	2,419,406	3,104,406
2016	720,000	2,382,631	3,102,631
2017	760,000	2,343,200	3,103,200
2018	800,000	2,301,450	3,101,450
2019 - 2023	8,405,000	10,508,913	18,913,913
2024 - 2028	11,285,000	7,893,063	19,178,063
2029 - 2033	14,240,000	4,796,250	19,036,250
2034 - 2036	10,365,000	1,053,250	11,418,250
	<u>\$ 47,905,000</u>	<u>\$ 36,152,088</u>	<u>\$ 84,057,088</u>

Note Payable

The note payable was issued in conjunction with the purchase of a forty acre parcel of land. The note is secured by a portion of the purchased acreage and is to be repaid by the Capital Improvements Fund. Annual debt service requirements to maturity for the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2014	\$ 1,847,500	\$ 250,621	\$ 2,098,121

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Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2013, the gross amount of equipment recorded under capital leases totaled \$5,310,582. 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, 2013 are as follows:

Year Ending June 30, 2014	\$ 818,818
2015	818,818
2016	668,640
2017	608,201
2018	608,201
2019	<u>479,137</u>
Total Minimum Lease Payments	\$ 4,001,815
Amount Representing Interest	<u>(464,350)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,537,465</u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2013:

	<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	\$ 10,305,000
Series 2011	8,900,000	2.00 - 4.13	03/01/32	<u>8,900,000</u>
				<u>\$ 19,205,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	<u>\$ 4,110,000</u>

Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2014	\$ 850,000	\$ 776,600	\$ 1,626,600
2015	875,000	749,500	1,624,500
2016	905,000	718,000	1,623,000
2017	940,000	685,400	1,625,400
2018	975,000	647,800	1,622,800
2019 - 2023	5,515,000	2,620,700	8,135,700
2024 - 2028	6,720,000	1,391,150	8,111,150
2029 - 2032	<u>2,425,000</u>	<u>255,131</u>	<u>2,680,131</u>
	<u>\$ 19,205,000</u>	<u>\$ 7,844,281</u>	<u>\$ 27,049,281</u>

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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, 2014	\$ 605,000	\$ 189,921	\$ 794,921
2015	635,000	159,375	794,375
2016	665,000	126,875	791,875
2017	700,000	92,750	792,750
2018	735,000	56,875	791,875
2019	770,000	19,250	789,250
	<u>\$ 4,110,000</u>	<u>\$ 645,046</u>	<u>\$ 4,755,046</u>

C. MBCCHC

Long-term debt outstanding at June 30, 2013 in the MBCCHC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds: Series 2001B	\$ 23,500,000	4.00 - 5.25%	04/01/36	<u>\$ 19,755,000</u>
Notes Payable:				
Operator Loan	1,000,000	0.00	09/27/15	\$ 600,000
Key Money Loan	500,000	0.00	09/27/15	<u>150,000</u>
				<u>\$ 750,000</u>

Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2014	\$ 470,000	\$ 1,028,426	\$ 1,498,426
2015	490,000	1,005,866	1,495,866
2016	515,000	981,856	1,496,856
2017	540,000	956,106	1,496,106
2018	570,000	929,106	1,499,106
2019 - 2023	3,310,000	4,174,844	7,484,844
2024 - 2028	4,280,000	3,211,950	7,491,950
2029 - 2033	5,520,000	1,964,813	7,484,813
2034 - 2036	4,060,000	433,650	4,493,650
	<u>\$ 19,755,000</u>	<u>\$ 14,686,617</u>	<u>\$ 34,441,617</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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, 2014	\$ 250,000	\$	\$ 250,000
2015	250,000		250,000
2016	250,000		250,000
	<u>\$ 750,000</u>	<u>\$</u>	<u>\$ 750,000</u>

D. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2013 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	\$ 39,965,000	\$ 11,590,000	\$ 2,645,000	\$ 48,910,000	\$ 2,745,000
Certificates of Participation	11,660,000		1,570,000	10,090,000	1,615,000
Tax Increment Revenue Bonds	57,892,603		1,405,000	56,487,603	1,465,000
Storm Water Revenue Bonds	10,965,237		603,707	10,361,530	616,292
Hospitality Fee Revenue Bonds	48,520,000		615,000	47,905,000	645,000
Unamortized Bond Discount	(948,676)		(44,991)	(993,667)	
Unamortized Bond Premium	2,288,045	118,341	176,122	2,230,264	
Unamortized Loss on Advance Refunding	(1,129,393)		(113,694)	(1,015,699)	
	<u>\$ 169,212,816</u>	<u>\$ 11,708,341</u>	<u>\$ 6,856,144</u>	<u>\$ 174,065,013</u>	<u>\$ 7,086,292</u>
Note Payable	1,847,500			1,847,500	1,847,500
Capital Lease Obligations	4,196,053		658,588	3,537,465	679,239
Unreported Insurance Claims	2,542,664	8,426,374	7,948,385	3,020,653	487,646
Compensated Absences	3,001,353	2,383,357	2,117,083	3,267,627	2,223,143
	<u>\$ 180,800,386</u>	<u>\$ 22,518,072</u>	<u>\$ 17,580,200</u>	<u>\$ 185,738,258</u>	<u>\$ 12,323,820</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	<u>(21,263)</u>	<u>(21,263)</u>
	<u>\$ 185,716,995</u>	<u>\$ 12,302,557</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	\$ 19,690,000	\$	\$ 485,000	\$ 19,205,000	\$ 850,000
Certificates of Participation	4,685,000		575,000	4,110,000	605,000
Unamortized Bond Discount	(30,396)		(5,066)	(25,330)	
Unamortized Bond Premium	92,202		4,876	87,326	
	<u>\$ 24,436,806</u>	<u>\$</u>	<u>\$ 1,059,810</u>	<u>\$ 23,376,996</u>	<u>\$ 1,455,000</u>
Compensated Absences	337,037	227,622	260,255	304,404	266,408
	<u>\$ 24,773,843</u>	<u>\$ 227,622</u>	<u>\$ 1,320,065</u>	<u>\$ 23,681,400</u>	<u>\$ 1,721,408</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(266,408)	(266,408)
Bonds Payable Included in Liabilities Payable From Restricted Assets	(1,455,000)	(1,455,000)
	<u>\$ 21,959,992</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 \$32,134, capital lease obligations of \$3,250,892 and unreported insurance claims of \$3,020,653 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, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 18,820</u>	<u>\$ 9,860</u>	<u>\$ 7,264</u>	<u>\$ 21,416</u>	<u>\$ 7,627</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 20,205,000	\$	\$ 450,000	\$ 19,755,000	\$ 470,000
Unamortized Bond Discount	(370,083)		(15,582)	(354,501)	
	<u>\$ 19,834,917</u>	<u>\$</u>	<u>\$ 434,418</u>	<u>\$ 19,400,499</u>	<u>\$ 470,000</u>
Notes Payable	1,000,000		250,000	750,000	250,000
	<u>\$ 20,834,917</u>	<u>\$</u>	<u>\$ 684,418</u>	<u>\$ 20,150,499</u>	<u>\$ 720,000</u>

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	(470,000)	(470,000)
	<u>\$ 19,680,499</u>	<u>\$ 250,000</u>

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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, 2013, 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, 2013 are shown below.

Year Ending June 30, 2014	\$ 240,000
2015	240,000
2016	240,000
2017	240,000
2018	240,000
2019 - 2020	<u>360,000</u>
	<u>\$ 1,560,000</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, 2013 amounted to \$2,180,796. In accordance with an agreement entered into on May 5, 2004, the City is required to remit 75% of the proceeds from these leases to Horry County, South Carolina.

The City is also the lessor of a baseball stadium facility under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Baseball Stadium Fund. The lease expires in 2018 and requires annual rental payments equal to 4.0% of adjusted gross revenues in excess of \$3,250,000 on December 31 of each year. During the year ended June 30, 2013, rental income from this lease amounted to \$26,817.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2013:

Land	\$ 5,600,000
Land Improvements	1,151,742
Buildings	7,858,273
Equipment	977,241
Accumulated Depreciation	<u>(5,560,059)</u>
	<u>\$ 10,027,197</u>

Note 14 - RETIREMENT PLANS

A. Plan Description

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

B. Funding Policy

Members of the PORS and SCRS are required to contribute 7.0% of their covered wages. The City is required to contribute at actuarially determined rates, currently 12.3% of PORS member wages and 10.6% of SCRS member wages. The contribution requirements of plan members and the City are established and may be amended by the South Carolina Retirement Systems. The City's contributions to the PORS for the years ended June 30, 2013, 2012 and 2011 were \$2,270,986, \$2,099,048 and \$2,029,701, respectively. The City's contributions to the SCRS for the years ended June 30, 2013, 2012 and 2011 were

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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\$2,099,399, \$1,813,825 and \$1,788,412, respectively. The contributions made by the City to the PORS and SCRS, as shown above, were equal to the required contributions for each year.

Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN

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

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The City's required contribution for the year ended June 30, 2013 was \$2,639,232. During the year ended June 30, 2013, the City contributed \$782,516 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, 2013, the Self Insurance Fund has a claim liability of \$2,533,007. 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, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Beginning Balance	\$ 1,978,361	\$ 2,266,102
Claims Incurred and Change in Estimate	1,893,951	1,074,399
Claim Payments	<u>(1,339,305)</u>	<u>(1,362,140)</u>
Ending Balance	<u>\$ 2,533,007</u>	<u>\$ 1,978,361</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, 2013, the Health Insurance Fund has a claim liability of \$487,646, which is based on the requirements of Governmental Accounting Standards Board Statement No. 10. A summary of changes in the Health Insurance Fund's claims liability during the years ended June 30, 2013 and 2012 follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

	<u>2013</u>	<u>2012</u>
Beginning Balance	\$ 564,303	\$ 525,759
Claims Incurred and Change in Estimate	6,532,423	7,175,738
Claim Payments	<u>(6,609,080)</u>	<u>(7,137,194)</u>
Ending Balance	<u>\$ 487,646</u>	<u>\$ 564,303</u>

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

Note 17 - COMMITMENTS

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

The facilities lease agreement was subsequently amended on April 1, 2010 as a result of the advance refunding of the certificates of participation, series 1992. A schedule of the remaining lease payments provided for in the amended facilities lease agreement, as of June 30, 2013, follows. The amounts provided for each year are sufficient to fund the required debt service on the certificates of participation.

Year Ending June 30, 2014	\$ 1,689,850
2015	1,680,650
2016	1,692,400
2017	<u>1,690,000</u>
	<u>\$ 6,752,900</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, 2014	\$ 567,175
2015	565,950
2016	567,175
2017	567,175
2018	<u>565,950</u>
	<u>\$ 2,833,425</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

A portion of the City's future hospitality fee collections have been pledged for the repayment of the certificates of participation, series 2002. The pledged hospitality fees are to be transferred annually from the Hospitality Fee Fund to the Public Facilities Corporation Fund for the debt service payments on the certificates of participation. Hospitality fee collections have been pledged through the fiscal year ending June 30, 2023 as follows:

Year Ending June 30, 2014	\$ 310,850
2015	312,850
2016	314,187
2017	314,837
2018	309,775
2019 - 2023	<u>1,564,489</u>
	<u>\$ 3,126,988</u>

In accordance with a water and wastewater service agreement dated June 30, 2006, the City is purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority. The agreement requires the City to pay a monthly volumetric service charge. During the year ended June 30, 2013, water and wastewater treatment service charges totaled \$12,266,255.

Prior to June 30, 2013, the City entered into various construction contracts. The approximate costs of the contracts were \$13,653,000 of which roughly \$7,135,000 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 19,345,315	\$ 19,299,057	\$ 18,578,685	\$ (720,372)
Licenses and Permits	23,109,000	23,018,390	22,952,056	(66,334)
Fines and Forfeitures	1,201,500	986,500	1,011,354	24,854
Intergovernmental	1,793,403	2,144,868	2,561,079	416,211
Charges for Services	2,620,500	2,501,700	2,677,081	175,381
Miscellaneous	2,761,960	2,854,460	3,020,736	166,276
Total Revenues	<u>\$ 50,831,678</u>	<u>\$ 50,804,975</u>	<u>\$ 50,800,991</u>	<u>\$ (3,984)</u>
EXPENDITURES				
Current:				
General Government	\$ 9,653,926	\$ 9,432,297	\$ 9,232,183	\$ 200,114
Public Safety	32,467,152	32,296,601	32,188,149	108,452
Transportation	3,479,741	3,509,741	3,441,234	68,507
Community and Economic Development	2,376,004	2,433,237	2,433,237	
Culture and Recreation	11,402,427	11,459,680	11,459,680	
Public Works	1,442,654	1,442,654	1,403,396	39,258
Capital Outlay	146,641	306,180	358,419	(52,239)
Total Expenditures	<u>\$ 60,968,545</u>	<u>\$ 60,880,390</u>	<u>\$ 60,516,298</u>	<u>\$ 364,092</u>
Deficiency of Revenues Under Expenditures	<u>\$ (10,136,867)</u>	<u>\$ (10,075,415)</u>	<u>\$ (9,715,307)</u>	<u>\$ 360,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 10,346,559	\$ 10,252,339	\$ 11,382,934	\$ 1,130,595
Transfer Out	(209,692)	(209,692)	(198,371)	11,321
Sale of Capital Assets			11,020	11,020
Total Other Financing Sources (Uses)	<u>\$ 10,136,867</u>	<u>\$ 10,042,647</u>	<u>\$ 11,195,583</u>	<u>\$ 1,152,936</u>
Net Change in Fund Balances	<u>\$</u>	<u>\$ (32,768)</u>	<u>\$ 1,480,276</u>	<u>\$ 1,513,044</u>
Fund Balances - Beginning	<u>8,744,462</u>	<u>8,744,462</u>	<u>8,744,462</u>	
Fund Balances - Ending	<u>\$ 8,744,462</u>	<u>\$ 8,711,694</u>	<u>\$ 10,224,738</u>	<u>\$ 1,513,044</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 1,295,000	\$	\$	\$
Licenses and Permits	850,000			
Intergovernmental			60,000	60,000
Charges for Services	2,610,000	2,610,000	2,293,115	(316,885)
Miscellaneous	1,093,500	2,017,747	2,017,160	(587)
Total Revenues	\$ 5,848,500	\$ 4,627,747	\$ 4,370,275	\$ (257,472)
EXPENDITURES				
Current:				
General Government	\$ 356,746	\$ 357,766	\$ 357,766	\$
Culture and Recreation	4,095,603	4,170,017	4,170,017	
Total Expenditures	\$ 4,452,349	\$ 4,527,783	\$ 4,527,783	
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ 1,396,151	\$ 99,964	\$ (157,508)	\$ (257,472)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,335,000	\$ 1,665,000	\$ 1,665,000	\$
Transfers Out	(2,477,075)	(1,677,075)	(1,677,075)	
Total Other Financing Sources (Uses)	\$ (1,142,075)	\$ (12,075)	\$ (12,075)	
Net Change in Fund Balance	\$ 254,076	\$ 87,889	\$ (169,583)	\$ (257,472)
Fund Balance - Beginning	51,025	51,025	51,025	
Fund Balance - Ending	\$ 305,101	\$ 138,914	\$ (118,558)	\$ (257,472)

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Local Option Tourism Fee	\$ 21,060,000	\$ 23,850,000	\$ 23,508,832	\$ (341,168)
Miscellaneous	85,000	85,000	86,745	1,745
Total Revenues	<u>\$ 21,145,000</u>	<u>\$ 23,935,000</u>	<u>\$ 23,595,577</u>	<u>\$ (339,423)</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 16,916,000	\$ 19,148,000	\$ 18,866,145	\$ 281,855
Excess of Revenues Over Expenditures	\$ 4,229,000	\$ 4,787,000	\$ 4,729,432	\$ (57,568)
OTHER FINANCING USES				
Transfers Out	<u>(4,112,000)</u>	<u>(4,014,217)</u>	<u>(4,234,525)</u>	<u>(220,308)</u>
Net Change in Fund Balance	\$ 117,000	\$ 772,783	\$ 494,907	\$ (277,876)
Fund Balance - Beginning	<u>1,778,440</u>	<u>1,778,440</u>	<u>1,778,440</u>	
Fund Balance - Ending	<u>\$ 1,895,440</u>	<u>\$ 2,551,223</u>	<u>\$ 2,273,347</u>	<u>\$ (277,876)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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, 2013, 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, 2013, 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, 2013 as follows:

Local Option Tourism Fee Fund	\$ 2,134,217
Capital Improvements Fund	13,504,931
Nonmajor Governmental Funds:	
Accommodations Tax Fund	1,756,550
Community Block Development Fund	245,528
Storm Water Fund	186,469
Local Accommodations Tax Fund	293,800
Ocean Front Tax Increment Revenue Fund	1,665,145
Hospitality Fee Fund	137,780



First in Service

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



First in Service

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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, 2013

	Special Revenue Funds				
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Storm Water
ASSETS					
Cash and Temporary Investments	\$	\$	\$	\$ 11,009	\$ 1,373,171
Receivables (Net):					
Property Taxes					
Local Accommodations Taxes					
Hospitality Fees					
Storm Water Fees					72,277
Accounts			10,771		
Intergovernmental	3,242,217		127,723		
Loans			722,066		
Restricted Cash and Temporary Investments		1,548,225			987,146
Total Assets	\$ 3,242,217	\$ 1,548,225	\$ 860,560	\$ 11,009	\$ 2,432,594
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued					
Expenditures	\$ 881,902	\$	\$ 119,951	\$ 10,871	\$ 71,087
Due to Other Fund	2,360,315	2,251,022	16,958		
Deferred Revenue					
Total Liabilities	\$ 3,242,217	\$ 2,251,022	\$ 136,909	\$ 10,871	\$ 71,087
Fund Balances (Deficit):					
Nonspendable:					
Long-Term Receivables	\$	\$	\$ 722,066	\$	\$
Restricted for:					
Capital Projects					
Community Development			1,585		1,374,361
Debt Service		1,548,225			987,146
Tourism Promotion and Support					
Victims Assistance				138	
Unassigned		(2,251,022)			
Total Fund Balances (Deficit)	\$	\$ (702,797)	\$ 723,651	\$ 138	\$ 2,361,507
Total Liabilities and Fund Balances	\$ 3,242,217	\$ 1,548,225	\$ 860,560	\$ 11,009	\$ 2,432,594

Special Revenue Funds						
Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 220,655	\$ 307,165	\$	\$ 310,446	\$ 2,222,446	\$ 4,814,711	\$ 7,037,157
	6,992		90,280	97,272		97,272
389,928				389,928		389,928
		1,505,860		1,505,860		1,505,860
				72,277		72,277
	196,548			207,319		207,319
			16,460	3,386,400		3,386,400
				722,066		722,066
	739,660		6,058,327	9,333,358		9,333,358
<u>\$ 610,583</u>	<u>\$ 1,250,365</u>	<u>\$ 1,505,860</u>	<u>\$ 6,475,513</u>	<u>\$ 17,936,926</u>	<u>\$ 4,814,711</u>	<u>\$ 22,751,637</u>

\$	\$ 116,577	\$	\$ 1,235	\$ 1,201,623	\$	\$ 1,201,623
		368,097		4,996,392		4,996,392
257	5,351	24,186	89,164	118,958		118,958
<u>\$ 257</u>	<u>\$ 121,928</u>	<u>\$ 392,283</u>	<u>\$ 90,399</u>	<u>\$ 6,316,973</u>	<u>\$</u>	<u>\$ 6,316,973</u>

\$	\$	\$	\$	\$ 722,066	\$	\$ 722,066
			767,003	767,003		767,003
	388,777		2,639,754	4,404,477		4,404,477
	739,660		2,978,357	6,253,388	4,814,711	11,068,099
610,326		1,113,577		1,723,903		1,723,903
				138		138
				(2,251,022)		(2,251,022)
<u>\$ 610,326</u>	<u>\$ 1,128,437</u>	<u>\$ 1,113,577</u>	<u>\$ 6,385,114</u>	<u>\$ 11,619,953</u>	<u>\$ 4,814,711</u>	<u>\$ 16,434,664</u>
<u>\$ 610,583</u>	<u>\$ 1,250,365</u>	<u>\$ 1,505,860</u>	<u>\$ 6,475,513</u>	<u>\$ 17,936,926</u>	<u>\$ 4,814,711</u>	<u>\$ 22,751,637</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Special Revenue Funds				
	Accommodations	Public	Community	Victims	Storm
	Tax	Facilities Corporation	Block Development	Advocate	Water
REVENUES					
Property Taxes	\$	\$	\$	\$	\$
Local Accommodations Taxes					
Hospitality Fees					
Storm Water Fees					1,883,706
Fines and Forfeitures				140,460	
Intergovernmental	8,888,879		665,210		
Miscellaneous	12,671	2,875	379		1,174
Total Revenues	<u>\$ 8,901,550</u>	<u>\$ 2,875</u>	<u>\$ 665,589</u>	<u>\$ 140,460</u>	<u>\$ 1,884,880</u>
EXPENDITURES					
Current:					
General Government	\$	\$	\$	\$ 232,244	\$ 259,232
Transportation					1,815,962
Community and Economic Development	2,659,164		365,921		
Capital Outlay			299,607		
Debt Service:					
Principal					603,708
Interest and Fiscal Charges					229,289
Total Expenditures	<u>\$ 2,659,164</u>	<u>\$</u>	<u>\$ 665,528</u>	<u>\$ 232,244</u>	<u>\$ 2,908,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,242,386</u>	<u>\$ 2,875</u>	<u>\$ 61</u>	<u>\$ (91,784)</u>	<u>\$ (1,023,311)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	\$	\$ 1,992,880	\$	\$ 198,371	\$ 1,342,000
Transfers Out	(6,242,386)	(1,992,880)			
Total Other Financing Sources (Uses)	<u>\$ (6,242,386)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 198,371</u>	<u>\$ 1,342,000</u>
Net Change in Fund Balances	<u>\$</u>	<u>\$ 2,875</u>	<u>\$ 61</u>	<u>\$ 106,587</u>	<u>\$ 318,689</u>
Fund Balances - Beginning		(705,672)	723,590	(106,449)	2,042,818
Fund Balances - Ending	<u>\$</u>	<u>\$ (702,797)</u>	<u>\$ 723,651</u>	<u>\$ 138</u>	<u>\$ 2,361,507</u>

Special Revenue Funds

Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 2,240,593			\$ 3,670,339	\$ 3,670,339	\$ 2,323,906	\$ 5,994,245
				2,240,593		2,240,593
		9,867,341		9,867,341		9,867,341
				1,883,706		1,883,706
				140,460		140,460
			451,074	10,005,163		10,005,163
2,326	151,587	14,917	4,904	190,833	10,311	201,144
<u>\$ 2,242,919</u>	<u>\$ 151,587</u>	<u>\$ 9,882,258</u>	<u>\$ 4,126,317</u>	<u>\$ 27,998,435</u>	<u>\$ 2,334,217</u>	<u>\$ 30,332,652</u>
\$	\$	\$	\$	\$ 491,476	\$ 227,848	\$ 719,324
				1,815,962		1,815,962
			767,971	3,793,056		3,793,056
	751,890			1,051,497		1,051,497
	295,000	615,000	1,110,000	2,623,708	4,351,677	6,975,385
	444,031	2,492,946	1,946,432	5,112,698	2,307,614	7,420,312
<u>\$</u>	<u>\$ 1,490,921</u>	<u>\$ 3,107,946</u>	<u>\$ 3,824,403</u>	<u>\$ 14,888,397</u>	<u>\$ 6,887,139</u>	<u>\$ 21,775,536</u>
<u>\$ 2,242,919</u>	<u>\$ (1,339,334)</u>	<u>\$ 6,774,312</u>	<u>\$ 301,914</u>	<u>\$ 13,110,038</u>	<u>\$ (4,552,922)</u>	<u>\$ 8,557,116</u>
\$	\$ 1,227,510	\$	\$ 222,660	\$ 4,983,421	\$ 4,995,107	\$ 9,978,528
(2,258,427)		(6,969,939)	(279,709)	(17,743,341)		(17,743,341)
<u>\$ (2,258,427)</u>	<u>\$ 1,227,510</u>	<u>\$ (6,969,939)</u>	<u>\$ (57,049)</u>	<u>\$ (12,759,920)</u>	<u>\$ 4,995,107</u>	<u>\$ (7,764,813)</u>
\$ (15,508)	\$ (111,824)	\$ (195,627)	\$ 244,865	\$ 350,118	\$ 442,185	\$ 792,303
625,834	1,240,261	1,309,204	6,140,249	11,269,835	4,372,526	15,642,361
<u>\$ 610,326</u>	<u>\$ 1,128,437</u>	<u>\$ 1,113,577</u>	<u>\$ 6,385,114</u>	<u>\$ 11,619,953</u>	<u>\$ 4,814,711</u>	<u>\$ 16,434,664</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,130,000	\$ 8,888,879	\$ 8,888,879	\$
Miscellaneous	15,000	15,000	12,671	(2,329)
Total Revenues	<u>\$ 7,145,000</u>	<u>\$ 8,903,879</u>	<u>\$ 8,901,550</u>	<u>\$ (2,329)</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 2,040,000	\$ 2,659,164	\$ 2,659,164	\$
Excess of Revenues Over Expenditures	\$ 5,105,000	\$ 6,244,715	\$ 6,242,386	\$ (2,329)
OTHER FINANCING USES				
Transfers Out	<u>(5,105,000)</u>	<u>(6,242,386)</u>	<u>(6,242,386)</u>	
Net Change in Fund Balance	\$	\$ 2,329	\$	\$ (2,329)
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$</u>	<u>\$ 2,329</u>	<u>\$</u>	<u>\$ (2,329)</u>

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ _____	\$ 2,875	\$ 2,875
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 1,992,880	\$ 1,992,880	\$ _____
Transfers Out	(1,992,880)	(1,992,880)	_____
Total Other Financing Sources (Uses)	\$ _____	\$ _____	\$ _____
Net Change in Fund Balances	\$ _____	\$ 2,875	\$ 2,875
Fund Balances - Beginning	(705,672)	(705,672)	_____
Fund Balances - Ending	<u><u>\$ (705,672)</u></u>	<u><u>\$ (702,797)</u></u>	<u><u>\$ 2,875</u></u>

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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 420,000	\$ 665,528	\$ 665,210	\$ (318)
Miscellaneous	1,750	1,750	379	(1,371)
Total Revenues	<u>\$ 421,750</u>	<u>\$ 667,278</u>	<u>\$ 665,589</u>	<u>\$ (1,689)</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 420,000	\$ 365,921	\$ 365,921	\$
Capital Outlay		299,607	299,607	
Total Expenditures	<u>\$ 420,000</u>	<u>\$ 665,528</u>	<u>\$ 665,528</u>	<u>\$</u>
Net Change in Fund Balances	\$ 1,750	\$ 1,750	\$ 61	\$ (1,689)
Fund Balances - Beginning	<u>723,590</u>	<u>723,590</u>	<u>723,590</u>	<u></u>
Fund Balances - Ending	<u><u>\$ 725,340</u></u>	<u><u>\$ 725,340</u></u>	<u><u>\$ 723,651</u></u>	<u><u>\$ (1,689)</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 115,000	\$ 140,000	\$ 140,460	\$ 460
EXPENDITURES				
Current:				
General Government	\$ 243,206	\$ 242,559	\$ 232,244	\$ 10,315
Deficiency of Revenues Under Expenditures	\$ (128,206)	\$ (102,559)	\$ (91,784)	\$ 10,775
OTHER FINANCING SOURCES				
Transfers In	209,692	209,692	198,371	(11,321)
Net Change in Fund Balance	\$ 81,486	\$ 107,133	\$ 106,587	\$ (546)
Fund Balance - Beginning	(106,449)	(106,449)	(106,449)	
Fund Balance - Ending	\$ (24,963)	\$ 684	\$ 138	\$ (546)

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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Storm Water Fees	\$ 1,850,000	\$ 1,867,901	\$ 1,883,706	\$ 15,805
Miscellaneous	20,000	20,000	1,174	(18,826)
Total Revenues	<u>\$ 1,870,000</u>	<u>\$ 1,887,901</u>	<u>\$ 1,884,880</u>	<u>\$ (3,021)</u>
EXPENDITURES				
Current:				
General Government	\$ 259,232	\$ 259,232	\$ 259,232	\$
Transportation	1,804,142	1,815,962	1,815,962	
Capital Outlay		171,500		171,500
Debt Service:				
Principal	603,708	603,708	603,708	
Interest and Fiscal Charges	226,140	229,289	229,289	
Total Expenditures	<u>\$ 2,893,222</u>	<u>\$ 3,079,691</u>	<u>\$ 2,908,191</u>	<u>\$ 171,500</u>
Deficiency of Revenues Under Expenditures	\$ (1,023,222)	\$ (1,191,790)	\$ (1,023,311)	\$ 168,479
OTHER FINANCING SOURCES				
Transfers In	<u>1,342,000</u>	<u>1,342,000</u>	<u>1,342,000</u>	
Net Change in Fund Balances	<u>\$ 318,778</u>	<u>\$ 150,210</u>	<u>\$ 318,689</u>	<u>\$ 168,479</u>
Fund Balances - Beginning	<u>2,042,818</u>	<u>2,042,818</u>	<u>2,042,818</u>	
Fund Balances - Ending	<u><u>\$ 2,361,596</u></u>	<u><u>\$ 2,193,028</u></u>	<u><u>\$ 2,361,507</u></u>	<u><u>\$ 168,479</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
LOCAL ACCOMMODATIONS TAX FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Local Accommodations Taxes	\$ 2,212,500	\$ 2,212,500	\$ 2,240,593	\$ 28,093
Miscellaneous	2,500	2,500	2,326	(174)
Total Revenues	<u>\$ 2,215,000</u>	<u>\$ 2,215,000</u>	<u>\$ 2,242,919</u>	<u>\$ 27,919</u>
OTHER FINANCING USES				
Transfers Out	<u>\$ (1,964,627)</u>	<u>\$ (2,258,427)</u>	<u>\$ (2,258,427)</u>	<u>\$</u>
Net Change in Fund Balance	\$ 250,373	\$ (43,427)	\$ (15,508)	\$ 27,919
Fund Balance - Beginning	<u>625,834</u>	<u>625,834</u>	<u>625,834</u>	<u></u>
Fund Balance - Ending	<u><u>\$ 876,207</u></u>	<u><u>\$ 582,407</u></u>	<u><u>\$ 610,326</u></u>	<u><u>\$ 27,919</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 291,800	\$	\$	\$
Miscellaneous	2,000	151,587	151,587	
Total Revenues	<u>\$ 293,800</u>	<u>\$ 151,587</u>	<u>\$ 151,587</u>	<u>\$</u>
EXPENDITURES				
Capital Outlay	\$	\$ 1,665,145	\$ 751,890	\$ 913,255
Debt Service:				
Principal	295,000	295,000	295,000	
Interest and Fiscal Charges	443,510	443,510	444,031	(521)
Total Expenditures	<u>\$ 738,510</u>	<u>\$ 2,403,655</u>	<u>\$ 1,490,921</u>	<u>\$ 912,734</u>
Deficiency of Revenues Under Expenditures	\$ (444,710)	\$ (2,252,068)	\$ (1,339,334)	\$ 912,734
OTHER FINANCING SOURCES				
Transfers In	<u>444,710</u>	<u>1,227,510</u>	<u>1,227,510</u>	
Net Change in Fund Balances	\$	\$ (1,024,558)	\$ (111,824)	\$ 912,734
Fund Balances - Beginning	<u>1,240,261</u>	<u>1,240,261</u>	<u>1,240,261</u>	
Fund Balances - Ending	<u>\$ 1,240,261</u>	<u>\$ 215,703</u>	<u>\$ 1,128,437</u>	<u>\$ 912,734</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
HOSPITALITY FEE FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Hospitality Fees	\$ 9,515,000	\$ 9,920,823	\$ 9,867,341	\$ (53,482)
Miscellaneous	30,000	30,000	14,917	(15,083)
Total Revenues	<u>\$ 9,545,000</u>	<u>\$ 9,950,823</u>	<u>\$ 9,882,258</u>	<u>\$ (68,565)</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 615,000	\$ 615,000	\$ 615,000	\$
Interest and Fiscal Charges	2,494,701	2,494,701	2,492,946	1,755
Total Expenditures	<u>\$ 3,109,701</u>	<u>\$ 3,109,701</u>	<u>\$ 3,107,946</u>	<u>\$ 1,755</u>
Excess of Revenues Over Expenditures	<u>\$ 6,435,299</u>	<u>\$ 6,841,122</u>	<u>\$ 6,774,312</u>	<u>\$ (66,810)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 800,000	\$	\$	\$
Transfers Out	(6,832,159)	(6,969,939)	(6,969,939)	
Total Other Financing Sources (Uses)	<u>\$ (6,032,159)</u>	<u>\$ (6,969,939)</u>	<u>\$ (6,969,939)</u>	<u>\$</u>
Net Change in Fund Balance	<u>\$ 403,140</u>	<u>\$ (128,817)</u>	<u>\$ (195,627)</u>	<u>\$ (66,810)</u>
Fund Balance - Beginning	<u>1,309,204</u>	<u>1,309,204</u>	<u>1,309,204</u>	<u></u>
Fund Balance - Ending	<u><u>\$ 1,712,344</u></u>	<u><u>\$ 1,180,387</u></u>	<u><u>\$ 1,113,577</u></u>	<u><u>\$ (66,810)</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 3,865,000	\$ 3,865,000	\$ 3,670,339	\$ (194,661)
Intergovernmental			451,074	451,074
Miscellaneous	287,000	287,000	4,904	(282,096)
Total Revenues	<u>\$ 4,152,000</u>	<u>\$ 4,152,000</u>	<u>\$ 4,126,317</u>	<u>\$ (25,683)</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 895,000	\$ 895,000	\$ 767,971	\$ 127,029
Debt Service:				
Principal	1,110,000	1,110,000	1,110,000	
Interest and Fiscal Charges	1,867,291	1,867,291	1,946,432	(79,141)
Total Expenditures	<u>\$ 3,872,291</u>	<u>\$ 3,872,291</u>	<u>\$ 3,824,403</u>	<u>\$ 47,888</u>
Excess of Revenues Over Expenditures	<u>\$ 279,709</u>	<u>\$ 279,709</u>	<u>\$ 301,914</u>	<u>\$ 22,205</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$ 222,660	\$ 222,660	\$
Transfers Out	(279,709)	(279,709)	(279,709)	
Total Other Financing Sources (Uses)	<u>\$ (279,709)</u>	<u>\$ (57,049)</u>	<u>\$ (57,049)</u>	
Net Change in Fund Balances	\$	\$ 222,660	\$ 244,865	\$ 22,205
Fund Balances - Beginning	<u>6,140,249</u>	<u>6,140,249</u>	<u>6,140,249</u>	
Fund Balances - Ending	<u>\$ 6,140,249</u>	<u>\$ 6,362,909</u>	<u>\$ 6,385,114</u>	<u>\$ 22,205</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 2,565,000	\$ 2,260,783	\$ 2,323,906	\$ 63,123
Miscellaneous	20,000	20,000	10,311	(9,689)
Total Revenues	<u>\$ 2,585,000</u>	<u>\$ 2,280,783</u>	<u>\$ 2,334,217</u>	<u>\$ 53,434</u>
EXPENDITURES				
Current:				
General Government	\$ 216,181	\$ 216,181	\$ 227,848	\$ (11,667)
Debt Service:				
Principal	4,351,677	4,351,677	4,351,677	
Interest and Fiscal Charges	2,611,755	2,611,755	2,307,614	304,141
Total Expenditures	<u>\$ 7,179,613</u>	<u>\$ 7,179,613</u>	<u>\$ 6,887,139</u>	<u>\$ 292,474</u>
Deficiency of Revenues Under Expenditures	\$ (4,594,613)	\$ (4,898,830)	\$ (4,552,922)	\$ 345,908
OTHER FINANCING SOURCES				
Transfers In	<u>4,686,451</u>	<u>4,990,668</u>	<u>4,995,107</u>	<u>4,439</u>
Net Change in Fund Balance	\$ 91,838	\$ 91,838	\$ 442,185	\$ 350,347
Fund Balance - Beginning	<u>4,372,526</u>	<u>4,372,526</u>	<u>4,372,526</u>	
Fund Balance - Ending	<u><u>\$ 4,464,364</u></u>	<u><u>\$ 4,464,364</u></u>	<u><u>\$ 4,814,711</u></u>	<u><u>\$ 350,347</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 540,000	\$ 540,000	\$ 540,000	\$
Licenses and Permits	100,000	100,000	100,000	
Intergovernmental	592,250	4,125,290	739,327	(3,385,963)
Miscellaneous	128,000	173,015	167,429	(5,586)
Total Revenues	\$ 1,360,250	\$ 4,938,305	\$ 1,546,756	\$ (3,391,549)
EXPENDITURES				
Current:				
General Government	\$ 888,220	\$ 820,169	\$ 756,086	\$ 64,083
Public Safety		1,152	1,152	
Transportation		258,846	258,846	
Community and Economic Development		4,652	4,652	
Culture and Recreation		135,121	135,121	
Capital Outlay	8,360,000	20,862,917	7,969,687	12,893,230
Debt Service:				
Bond Issuance Costs		181,294	181,294	
Total Expenditures	\$ 9,248,220	\$ 22,264,151	\$ 9,306,838	\$ 12,957,313
Deficiency of Revenues Under Expenditures	\$ (7,887,970)	\$ (17,325,846)	\$ (7,760,082)	\$ 9,565,764
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,160,000	\$ 1,660,000	\$ 1,660,000	\$
Transfers Out	(238,000)	(727,000)	(727,000)	
General Obligation Bonds Issued	5,553,000	11,500,000	11,590,000	90,000
Premium on General Obligation Bonds		118,341	118,341	
Total Other Financing Sources (Uses)	\$ 7,475,000	\$ 12,551,341	\$ 12,641,341	\$ 90,000
Net Change in Fund Balances	\$ (412,970)	\$ (4,774,505)	\$ 4,881,259	\$ 9,655,764
Fund Balances - Beginning	15,819,220	15,819,220	15,819,220	
Fund Balances - Ending	\$ 15,406,250	\$ 11,044,715	\$ 20,700,479	\$ 9,655,764

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, 2013

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 2,999,644	\$ 7,895,496	\$ 7,101,157	\$ 17,996,297
Accounts Receivable	2,251		86,826	89,077
Inventories	151,771			151,771
Prepaid Assets		91,904		91,904
Total Current Assets	\$ 3,153,666	\$ 7,987,400	\$ 7,187,983	\$ 18,329,049
Noncurrent Assets:				
Other Capital Assets (Net)	6,207,699			6,207,699
Total Assets	\$ 9,361,365	\$ 7,987,400	\$ 7,187,983	\$ 24,536,748
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 279,611	\$ 111,753	\$ 8,788,028	\$ 9,179,392
Due to Other Fund		748,727	3,203,982	3,952,709
Unreported Insurance Claims			487,646	487,646
Capital Lease Obligations	538,202			538,202
Total Current Liabilities	\$ 817,813	\$ 860,480	\$ 12,479,656	\$ 14,157,949
Noncurrent Liabilities:				
Compensated Absences	\$ 10,871	\$	\$	\$ 10,871
Unreported Insurance Claims		2,533,007		2,533,007
Capital Lease Obligations	2,712,690			2,712,690
Total Noncurrent Liabilities	\$ 2,723,561	\$ 2,533,007	\$	\$ 5,256,568
Total Liabilities	\$ 3,541,374	\$ 3,393,487	\$ 12,479,656	\$ 19,414,517
NET POSITION				
Net Investment in Capital Assets	\$ 2,956,807	\$	\$	\$ 2,956,807
Unrestricted	2,863,184	4,593,913	(5,291,673)	2,165,424
Total Net Position	\$ 5,819,991	\$ 4,593,913	\$ (5,291,673)	\$ 5,122,231

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 4,326,234	\$ 2,825,316	\$ 9,986,235	\$ 17,137,785
OPERATING EXPENSES				
Administration	\$ 485,370	\$	\$	\$ 485,370
Operations	1,322,866	3,857,814	10,049,820	15,230,500
Depreciation	2,087,862			2,087,862
Total Operating Expenses	\$ 3,896,098	\$ 3,857,814	\$ 10,049,820	\$ 17,803,732
Operating Income (Loss)	\$ 430,136	\$ (1,032,498)	\$ (63,585)	\$ (665,947)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 7,407	\$ 14,595	\$ 1,627	\$ 23,629
Miscellaneous Revenues	2,632			2,632
Gain on Disposal of Capital Assets	73,581			73,581
Interest Expense	(131,949)			(131,949)
Total Nonoperating Revenues (Expenses)	\$ (48,329)	\$ 14,595	\$ 1,627	\$ (32,107)
Income (Loss) Before Contributions	\$ 381,807	\$ (1,017,903)	\$ (61,958)	\$ (698,054)
Capital Contributions	50,000			50,000
Change in Net Position	\$ 431,807	\$ (1,017,903)	\$ (61,958)	\$ (648,054)
Total Net Position - Beginning	5,388,184	5,611,816	(5,229,715)	5,770,285
Total Net Position - Ending	\$ 5,819,991	\$ 4,593,913	\$ (5,291,673)	\$ 5,122,231

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 4,326,234	\$ 2,825,316	\$ 9,986,235	\$ 17,137,785
Payments to Suppliers	(1,530,606)	(1,857,392)	(878,165)	(4,266,163)
Payments to Employees	(354,596)			(354,596)
Payments of Claims		(1,727,007)	(7,335,167)	(9,062,174)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 2,441,032	\$ (759,083)	\$ 1,772,903	\$ 3,454,852
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	\$	\$ 515,974	\$ 78,485	\$ 594,459
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	\$	\$ 515,974	\$ 78,485	\$ 594,459
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	\$ 50,000	\$	\$	\$ 50,000
Principal Payments on Capital Lease Obligations	(521,911)			(521,911)
Interest Payments on Capital Lease Obligations	(146,729)			(146,729)
Purchases of Capital Assets	(1,215,711)			(1,215,711)
Proceeds From Disposal of Capital Assets	88,655			88,655
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	\$ (1,745,696)	\$	\$	\$ (1,745,696)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 7,407	\$ 14,595	\$ 1,627	\$ 23,629
Net Cash and Cash Equivalents Provided by Investing Activities	\$ 7,407	\$ 14,595	\$ 1,627	\$ 23,629
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 702,743	\$ (228,514)	\$ 1,853,015	\$ 2,327,244
Cash and Cash Equivalents - Beginning	2,296,901	8,124,010	5,248,142	15,669,053
Cash and Cash Equivalents - Ending	\$ 2,999,644	\$ 7,895,496	\$ 7,101,157	\$ 17,996,297

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u>				
Operating Income (Loss)	\$ 430,136	\$ (1,032,498)	\$ (63,585)	\$ (665,947)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:				
Depreciation	2,087,862			2,087,862
(Increase) Decrease in Accounts Receivable	(420)	24,303	(57,002)	(33,119)
(Increase) in Inventories	(4,517)			(4,517)
Decrease in Prepaid Assets		33,770		33,770
Increase (Decrease) in Accounts Payable and Accrued Expenses	(74,661)	(339,304)	1,970,147	1,556,182
Increase (Decrease) in Unreported Insurance Claims		554,646	(76,657)	477,989
Miscellaneous Receipts	2,632			2,632
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 2,441,032</u>	<u>\$ (759,083)</u>	<u>\$ 1,772,903</u>	<u>\$ 3,454,852</u>

Noncash Capital and Related Financing Activities

Book Value of Capital Asset Disposals	\$ 15,074	\$	\$	\$ 15,074
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First in Service

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, 2013

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and Temporary Investments	\$ 5,959	\$ 328,809	\$ 323,038	\$ 11,730
LIABILITIES				
Due to Firemen's Association	\$ 5,959	\$ 328,809	\$ 323,038	\$ 11,730

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2013

ASSETS

Cash and Temporary Investments	\$ 1,237,425
Loans Receivable	<u>1,831</u>
Total Assets	<u><u>\$ 1,239,256</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable and Accrued Expenditures	\$ 92,095
Due to Primary Government	57,704
Unearned Revenue	<u>32,462</u>
Total Liabilities	<u><u>\$ 182,261</u></u>

Fund Balances:

Nonspendable:

Long-Term Receivables	\$ 1,831
-----------------------	----------

Assigned for:

Vehicle Replacement	15,000
Redevelopment Loans	52,501

Unassigned	<u>987,663</u>
Total Fund Balances	<u><u>\$ 1,056,995</u></u>

Total Liabilities and Fund Balances	<u><u>\$ 1,239,256</u></u>
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Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 1,056,995
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Amounts reported in the statement of net position are different because:

Capital assets are not financial resources and, therefore, are not reported in the fund financial statements.	150,184
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(21,416)</u>
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Net Position Reported in the Statement of Net Position	<u><u>\$ 1,185,763</u></u>
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CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
Year Ended June 30, 2013

REVENUES

Charges for Services	\$ 1,523,073
Miscellaneous	93,245
Total Revenues	<u>\$ 1,616,318</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 1,683,456
Capital Outlay	57,090
Total Expenditures	<u>\$ 1,740,546</u>

Net Change in Fund Balances \$ (124,228)

Fund Balances - Beginning 1,181,223

Fund Balances - Ending \$ 1,056,995

Reconciliation to the Statement of Activities

Net Change in Fund Balances \$ (124,228)

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. 23,682

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. (2,596)

Change in Net Position Reported in the Statement of Activities \$ (103,142)



First in Service

OTHER SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
WATER AND SEWER FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 23,883,000	\$ 23,883,000	\$ 23,202,101	\$ (680,899)
OPERATING EXPENSES				
Administration	\$ 4,190,280	\$ 4,080,729	\$ 3,967,888	\$ 112,841
Operations	18,285,070	18,285,070	16,900,385	1,384,685
Depreciation	4,375,000	4,375,000	4,113,406	261,594
Total Operating Expenses	\$ 26,850,350	\$ 26,740,799	\$ 24,981,679	\$ 1,759,120
Operating Loss	\$ (2,967,350)	\$ (2,857,799)	\$ (1,779,578)	\$ 1,078,221
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 65,000	\$ 65,000	\$ 40,099	\$ (24,901)
Miscellaneous Revenue	205,000	205,000	127,688	(77,312)
Interest and Fiscal Charges	(796,000)	(796,000)	(625,893)	170,107
Amortization of Bond Issuance Costs	(12,964)	(12,964)	(20,872)	(7,908)
Total Nonoperating Revenues (Expenses)	\$ (538,964)	\$ (538,964)	\$ (478,978)	\$ 59,986
Loss Before Contributions and Transfers	\$ (3,506,314)	\$ (3,396,763)	\$ (2,258,556)	\$ 1,138,207
Capital Contributions	1,700,000	1,700,000	3,350,634	1,650,634
Transfers Out	(1,194,150)	(1,194,150)	(1,194,150)	
Change in Net Position	\$ (3,000,464)	\$ (2,890,913)	\$ (102,072)	\$ 2,788,841
Total Net Position - Beginning	<u>107,572,707</u>	<u>107,572,707</u>	<u>107,572,707</u>	
Total Net Position - Ending	<u>\$ 104,572,243</u>	<u>\$ 104,681,794</u>	<u>\$ 107,470,635</u>	<u>\$ 2,788,841</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
BASEBALL STADIUM FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 147,000	\$ 147,000	\$ 27,581	\$ (119,419)
OPERATING EXPENSES				
Operations	\$ 186,762	\$ 181,386	\$ 92,726	\$ 88,660
Depreciation	252,500	252,500	302,541	(50,041)
Total Operating Expenses	\$ 439,262	\$ 433,886	\$ 395,267	\$ 38,619
Operating Loss	\$ (292,262)	\$ (286,886)	\$ (367,686)	\$ (80,800)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 70,000	\$ 70,000	\$ 60,096	\$ (9,904)
Miscellaneous Revenue	5,300	5,300		(5,300)
Interest and Fiscal Charges	(218,392)	(218,392)	(213,110)	5,282
Amortization of Bond Issuance Costs	(18,301)	(18,301)	(18,301)	
Total Nonoperating Revenues (Expenses)	\$ (161,393)	\$ (161,393)	\$ (171,315)	\$ (9,922)
Loss Before Transfers	\$ (453,655)	\$ (448,279)	\$ (539,001)	\$ (90,722)
Transfers In	838,000	838,000	838,000	
Change in Net Position	\$ 384,345	\$ 389,721	\$ 298,999	\$ (90,722)
Total Net Position - Beginning	6,991,111	6,991,111	6,991,111	
Total Net Position - Ending	\$ 7,375,456	\$ 7,380,832	\$ 7,290,110	\$ (90,722)

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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 1,230,500	\$ 1,230,500	\$ 1,010,935	\$ (219,565)
OPERATING EXPENSES				
Administration	\$ 604,946	\$ 602,195	\$ 535,568	\$ 66,627
Operations	695,666	695,666	637,614	58,052
Depreciation	275,000	275,000	274,487	513
Total Operating Expenses	\$ 1,575,612	\$ 1,572,861	\$ 1,447,669	\$ 125,192
Operating Loss	\$ (345,112)	\$ (342,361)	\$ (436,734)	\$ (94,373)
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous Revenue	\$	\$	\$ 1,571	\$ 1,571
Interest Expense			(289)	(289)
Total Nonoperating Revenues (Expenses)	\$	\$	\$ 1,282	\$ 1,282
Change in Net Position	\$ (345,112)	\$ (342,361)	\$ (435,452)	\$ (93,091)
Total Net Position - Beginning	13,993,240	13,993,240	13,993,240	
Total Net Position - Ending	\$ 13,648,128	\$ 13,650,879	\$ 13,557,788	\$ (93,091)

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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 3,973,000	\$ 3,973,000	\$ 4,013,534	\$ 40,534
OPERATING EXPENSES				
Administration	\$ 652,230	\$ 646,065	\$ 629,471	\$ 16,594
Operations	3,474,010	3,479,010	3,502,476	(23,466)
Depreciation	63,000	63,000	54,424	8,576
Total Operating Expenses	\$ 4,189,240	\$ 4,188,075	\$ 4,186,371	\$ 1,704
Operating Loss	\$ (216,240)	\$ (215,075)	\$ (172,837)	\$ 42,238
NONOPERATING REVENUES (EXPENSES)				
Operating Grant Revenue	\$	\$ 5,000	\$ 4,574	\$ (426)
Gain on Disposal of Capital Assets			8,050	8,050
Interest Expense			(78)	(78)
Total Nonoperating Revenues (Expenses)	\$	\$ 5,000	\$ 12,546	\$ 7,546
Loss Before Transfers	\$ (216,240)	\$ (210,075)	\$ (160,291)	\$ 49,784
Transfers In	250,000	250,000	250,000	
Change in Net Position	\$ 33,760	\$ 39,925	\$ 89,709	\$ 49,784
Total Net Position - Beginning	(74,501)	(74,501)	(74,501)	
Total Net Position - Ending	\$ (40,741)	\$ (34,576)	\$ 15,208	\$ 49,784

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2013

Court Fines

Court Fines Collected	\$ 651,304
Court Fines Retained by City	(651,304)
Court Fines Remitted to State Treasurer	\$ <u><u> </u></u>

Court Assessments

Court Assessments Collected	\$ 1,020,097
Court Assessments Retained by City	(77,458)
Court Assessments Remitted to State Treasurer	\$ <u><u>942,639</u></u>

Court Surcharges

Court Surcharges Collected	\$ 63,002
Court Surcharges Retained by City	(63,002)
Court Surcharges Remitted to State Treasurer	\$ <u><u> </u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 77,458
Court Surcharges Allocated to Victim Services	63,002
Total Funds Allocated to Victim Services	\$ <u>140,460</u>
Victim Services Expenditures	(33,873)
Funds Available for Carryforward From Year Ended June 30, 2013	\$ <u>106,587</u>
Funds Carried Forward From Year Ended June 30, 2012	(106,449)
Funds Available for Carryforward at June 30, 2013	\$ <u><u>138</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		
	2004	2005	2006
Governmental Activities			
Net Investment in Capital Assets ⁽¹⁾	\$ 28,513,438	\$ 41,885,142	\$ 56,706,374
Restricted	19,990,360	18,832,653	18,735,355
Unrestricted	(38,382,577)	(37,813,548)	(29,804,581)
Total Governmental Activities Net Position	<u>\$ 10,121,221</u>	<u>\$ 22,904,247</u>	<u>\$ 45,637,148</u>
Business-Type Activities			
Net Investment in Capital Assets	\$ 111,130,130	\$ 115,181,644	\$ 92,853,491
Restricted	5,038,312	4,230,018	662,576
Unrestricted	4,041,601	5,965,513	17,928,546
Total Business-Type Activities Net Position	<u>\$ 120,210,043</u>	<u>\$ 125,377,175</u>	<u>\$ 111,444,613</u>
Primary Government			
Net Investment in Capital Assets	\$ 139,643,568	\$ 157,066,786	\$ 149,559,865
Restricted	25,028,672	23,062,671	19,397,931
Unrestricted	(34,340,976)	(31,848,035)	(11,876,035)
Total Primary Government Net Position	<u>\$ 130,331,264</u>	<u>\$ 148,281,422</u>	<u>\$ 157,081,761</u>

Note:

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

UNAUDITED

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 82,814,567	\$ 80,637,852	\$ 89,378,581	\$ 100,633,044	\$ 100,702,801	\$ 97,005,660	\$ 97,019,979
20,948,781	19,189,175	15,082,475	14,971,016	15,425,677	18,344,550	18,904,389
(20,442,305)	(8,786,494)	(10,704,869)	(11,955,064)	(5,211,110)	(3,006,353)	(1,323,284)
<u>\$ 83,321,043</u>	<u>\$ 91,040,533</u>	<u>\$ 93,756,187</u>	<u>\$ 103,648,996</u>	<u>\$ 110,917,368</u>	<u>\$ 112,343,857</u>	<u>\$ 114,601,084</u>
\$ 111,244,256	\$ 113,617,180	\$ 115,610,693	\$ 120,443,730	\$ 116,137,286	\$ 113,536,973	\$ 114,142,625
690,813	1,149,853	718,588	736,834	760,011	1,165,853	1,088,242
19,320,470	20,292,291	18,148,941	12,934,193	14,079,646	15,845,740	15,033,204
<u>\$ 131,255,539</u>	<u>\$ 135,059,324</u>	<u>\$ 134,478,222</u>	<u>\$ 134,114,757</u>	<u>\$ 130,976,943</u>	<u>\$ 130,548,566</u>	<u>\$ 130,264,071</u>
\$ 194,058,823	\$ 194,255,032	\$ 204,989,274	\$ 221,076,774	\$ 216,840,087	\$ 210,542,633	\$ 211,162,604
21,639,594	20,339,028	15,801,063	15,707,850	16,185,688	19,510,403	19,992,631
(1,121,835)	11,505,797	7,444,072	979,129	8,868,536	12,839,387	13,709,920
<u>\$ 214,576,582</u>	<u>\$ 226,099,857</u>	<u>\$ 228,234,409</u>	<u>\$ 237,763,753</u>	<u>\$ 241,894,311</u>	<u>\$ 242,892,423</u>	<u>\$ 244,865,155</u>

Schedule 2

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

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental Activities:			
General Government	\$ 8,387,703	\$ 10,850,596	\$ 8,335,752
Public Safety	22,566,818	23,923,641	26,163,070
Transportation	3,477,051	3,935,585	4,338,760
Community and Economic Development	6,152,280	5,299,484	6,146,463
Culture and Recreation	11,921,985	13,250,600	13,985,339
Public Works	1,110,524	1,210,590	1,263,193
Interest and Fiscal Charges	3,321,684	5,709,771	5,756,278
Total Governmental Activities Expenses	<u>\$ 56,938,045</u>	<u>\$ 64,180,267</u>	<u>\$ 65,988,855</u>
Business-Type Activities:			
Water	\$ 12,034,998	\$ 11,977,618	\$ 11,977,403
Sewer	11,574,612	12,387,391	12,539,283
Baseball Stadium	1,046,460	1,042,756	960,144
Municipal Golf Course	1,397,699	1,332,383	1,372,601
Solid Waste Management	3,204,738	3,435,661	3,495,721
Total Business-Type Activities Expenses	<u>\$ 29,258,507</u>	<u>\$ 30,175,809</u>	<u>\$ 30,345,152</u>
Total Primary Government Expenses	<u>\$ 86,196,552</u>	<u>\$ 94,356,076</u>	<u>\$ 96,334,007</u>
Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 10,395,502	\$ 13,901,047	\$ 14,932,956
Operating Grants and Contributions	976,751	889,036	803,000
Capital Grants and Contributions	10,240,717	10,341,671	14,808,105
Total Governmental Activities Program Revenues	<u>\$ 21,612,970</u>	<u>\$ 25,131,754</u>	<u>\$ 30,544,061</u>
Business-Type Activities:			
Charges for Services	\$ 27,452,195	\$ 27,914,368	\$ 28,936,831
Operating Grants and Contributions		114,119	
Capital Grants and Contributions	6,008,065	6,068,800	6,295,323
Total Business-Type Activities Program Revenues	<u>\$ 33,460,260</u>	<u>\$ 34,097,287</u>	<u>\$ 35,232,154</u>
Total Primary Government Program Revenues	<u>\$ 55,073,230</u>	<u>\$ 59,229,041</u>	<u>\$ 65,776,215</u>
Net (Expense) Revenue			
Governmental Activities	\$ (35,325,075)	\$ (39,048,513)	\$ (35,444,794)
Business-Type Activities	4,201,753	3,921,478	4,887,002
Total Primary Government Net Expense	<u>\$ (31,123,322)</u>	<u>\$ (35,127,035)</u>	<u>\$ (30,557,792)</u>

UNAUDITED

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 9,537,675	\$ 11,008,546	\$ 12,392,348	\$ 12,243,661	\$ 11,296,314	\$ 11,390,173	\$ 11,883,348
27,214,495	29,125,428	30,868,253	33,225,681	31,177,095	32,547,208	33,115,671
6,499,966	6,982,818	7,056,526	8,055,196	8,028,096	8,508,590	8,642,907
6,363,577	7,676,507	9,303,043	21,708,312	26,563,059	30,332,521	28,021,204
19,588,846	16,316,643	16,791,874	17,593,171	17,676,164	18,014,892	18,881,858
1,229,671	1,471,987	1,542,924	1,568,038	1,434,430	1,423,483	1,437,647
7,535,019	8,652,337	8,905,688	9,039,543	9,007,944	8,701,138	8,513,225
<u>\$ 77,969,249</u>	<u>\$ 81,234,266</u>	<u>\$ 86,860,656</u>	<u>\$ 103,433,602</u>	<u>\$ 105,183,102</u>	<u>\$ 110,918,005</u>	<u>\$ 110,495,860</u>
\$ 12,961,816	\$ 13,093,627	\$ 12,217,805	\$ 12,376,562	\$ 12,493,346	\$ 13,040,513	\$ 13,262,481
12,761,392	12,794,701	13,285,343	12,434,859	12,382,088	12,257,261	12,587,819
922,727	937,873	904,874	761,567	707,597	731,004	639,314
1,713,721	1,847,933	1,954,651	1,885,640	1,819,724	1,502,589	1,455,492
3,584,314	3,606,480	3,598,647	4,092,051	4,048,935	4,061,301	4,072,052
<u>\$ 31,943,970</u>	<u>\$ 32,280,614</u>	<u>\$ 31,961,320</u>	<u>\$ 31,550,679</u>	<u>\$ 31,451,690</u>	<u>\$ 31,592,668</u>	<u>\$ 32,017,158</u>
<u>\$ 109,913,219</u>	<u>\$ 113,514,880</u>	<u>\$ 118,821,976</u>	<u>\$ 134,984,281</u>	<u>\$ 136,634,792</u>	<u>\$ 142,510,673</u>	<u>\$ 142,513,018</u>
\$ 15,540,554	\$ 14,428,822	\$ 14,641,045	\$ 13,808,024	\$ 15,251,585	\$ 16,576,103	\$ 15,910,400
3,197,987	751,685	1,282,644	1,578,798	1,347,905	2,012,316	1,573,924
9,962,742	5,802,135	4,468,548	17,293,904	8,822,685	2,974,778	1,628,940
<u>\$ 28,701,283</u>	<u>\$ 20,982,642</u>	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>	<u>\$ 19,113,264</u>
\$ 27,582,007	\$ 27,068,070	\$ 26,431,642	\$ 26,171,502	\$ 27,349,428	\$ 28,824,814	\$ 28,383,410
		39,786				4,574
5,274,881	8,471,966	4,448,534	4,786,961	1,121,501	2,005,888	3,350,634
<u>\$ 32,856,888</u>	<u>\$ 35,540,036</u>	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>	<u>\$ 31,738,618</u>
<u>\$ 61,558,171</u>	<u>\$ 56,522,678</u>	<u>\$ 51,312,199</u>	<u>\$ 63,639,189</u>	<u>\$ 53,893,104</u>	<u>\$ 52,393,899</u>	<u>\$ 50,851,882</u>
\$ (49,267,966)	\$ (60,251,624)	\$ (66,468,419)	\$ (70,752,876)	\$ (79,760,927)	\$ (89,354,808)	\$ (91,382,596)
912,918	3,259,422	(1,041,358)	(592,216)	(2,980,761)	(761,966)	(278,540)
<u>\$ (48,355,048)</u>	<u>\$ (56,992,202)</u>	<u>\$ (67,509,777)</u>	<u>\$ (71,345,092)</u>	<u>\$ (82,741,688)</u>	<u>\$ (90,116,774)</u>	<u>\$ (91,661,136)</u>

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

	Fiscal Year		
	2004	2005	2006
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 16,491,359	\$ 16,746,337	\$ 19,793,135
Local Accommodations Taxes	1,709,878	1,748,313	1,781,748
Business License Taxes	13,158,555	15,405,237	17,585,457
Franchise Taxes	2,382,525	2,520,579	2,966,514
Hospitality Fee Taxes	7,336,273	7,708,776	8,075,180
Local Option Tourism Taxes			
Grants and Contributions not Restricted to Specific Programs	7,499,247	7,973,606	7,811,218
Investment Earnings	349,655	604,479	1,091,738
Gain on Disposal of Capital Assets	4,100		
Extraordinary Item - Payment to Component Unit ⁽²⁾	(42,443,983)		
Transfers	(671,575)	(875,788)	(927,295)
Total Governmental Activities	\$ 5,816,034	\$ 51,831,539	\$ 58,177,695
Business-Type Activities:			
Investment Earnings	\$ 233,235	\$ 369,866	\$ 674,814
Special Item - Loss on Sale of Water and Wastewater Plant ⁽³⁾			(18,577,670)
Extraordinary Item - Loss on Extinguishment of Debt ⁽⁴⁾			(1,844,003)
Transfers	671,575	875,788	927,295
Total Business-Type Activities	\$ 904,810	\$ 1,245,654	\$ (18,819,564)
Total Primary Government	\$ 6,720,844	\$ 53,077,193	\$ 39,358,131
Change in Net Position			
Governmental Activities	\$ (29,509,041)	\$ 12,783,026	\$ 22,732,901
Business-Type Activities	5,106,563	5,167,132	(13,932,562)
Total Primary Government	\$ (24,402,478)	\$ 17,950,158	\$ 8,800,339

Notes:

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

⁽²⁾ In 2004, the City made a \$42,443,983 payment to the Myrtle Beach Convention Center Hotel Corporation, a component unit. The payment was used to extinguish a portion of the component unit's revenue bonds.

⁽³⁾ In 2006, the City sold its water and wastewater plant, which resulted in an \$18,577,670 loss being recognized.

⁽⁴⁾ 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						
2007	2008	2009	2010	2011	2012	2013
\$ 20,734,404	\$ 23,296,800	\$ 29,172,569	\$ 27,607,156	\$ 25,567,159	\$ 24,836,200	\$ 25,113,459
1,850,781	1,945,899	1,818,175	1,827,916	2,064,510	2,219,406	2,238,681
19,610,478	20,026,343	18,016,823	17,149,465	17,516,219	17,795,885	18,354,589
3,224,468	3,250,404	3,394,445	3,422,821	3,575,049	3,409,048	3,469,046
8,341,066	8,689,093	8,226,153	8,275,596	9,028,583	9,548,517	9,791,483
			14,195,983	20,440,454	23,500,801	23,508,832
8,072,328	8,672,736	8,232,659	7,904,766	8,177,320	9,311,329	10,833,688
2,281,674	1,853,449	478,649	313,682	361,705	361,811	223,895
(1,142,346)	236,390	(155,400)	(51,700)	298,300	(201,700)	106,150
\$ 62,972,853	\$ 67,971,114	\$ 69,184,073	\$ 80,645,685	\$ 87,029,299	\$ 90,781,297	\$ 93,639,823
\$ 1,230,210	\$ 780,753	\$ 304,856	\$ 177,051	\$ 141,247	\$ 131,889	\$ 100,195
1,142,346	(236,390)	155,400	51,700	(298,300)	201,700	(106,150)
\$ 2,372,556	\$ 544,363	\$ 460,256	\$ 228,751	\$ (157,053)	\$ 333,589	\$ (5,955)
\$ 65,345,409	\$ 68,515,477	\$ 69,644,329	\$ 80,874,436	\$ 86,872,246	\$ 91,114,886	\$ 93,633,868
\$ 13,704,887	\$ 7,719,490	\$ 2,715,654	\$ 9,892,809	\$ 7,268,372	\$ 1,426,489	\$ 2,257,227
3,285,474	3,803,785	(581,102)	(363,465)	(3,137,814)	(428,377)	(284,495)
\$ 16,990,361	\$ 11,523,275	\$ 2,134,552	\$ 9,529,344	\$ 4,130,558	\$ 998,112	\$ 1,972,732

Schedule 3

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

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
Governmental Activities			
Charges for Services:			
General Government	\$ 160,914	\$ 1,873,673	\$ 1,946,968
Public Safety	3,081,545	3,069,848	3,031,083
Transportation	2,773,294	1,196,286	1,263,102
Community and Economic Development	1,324,819	2,052,556	2,755,499
Culture and Recreation	3,054,930	5,708,684	5,936,304
Operating Grants and Contributions:			
General Government			
Public Safety	112,372	154,764	40,716
Transportation	63,570	109,077	64,865
Community and Economic Development	278,207	226,836	187,372
Culture and Recreation	522,602	398,359	510,047
Capital Grants and Contributions:			
General Government		105,000	
Public Safety	222,031	168,109	242,675
Transportation	7,741,061	6,149,033	1,962,517
Community and Economic Development	1,478,138	3,916,649	2,630,616
Culture and Recreation	799,487	2,880	9,972,297
Total Governmental Activities	\$ 21,612,970	\$ 25,131,754	\$ 30,544,061
Business-Type Activities			
Charges for Services:			
Water	\$ 14,231,213	\$ 14,257,194	\$ 14,687,054
Sewer	9,284,526	9,418,118	9,754,058
Baseball Stadium	24,548	30,406	22,064
Municipal Golf Course	1,014,696	1,159,275	1,336,523
Solid Waste Management	2,897,212	3,049,375	3,137,132
Operating Grants and Contributions:			
Water		13,302	
Sewer		13,302	
Baseball Stadium		131	
Solid Waste Management		87,384	
Capital Grants and Contributions:			
Water	3,623,553	3,019,862	2,559,116
Sewer	2,384,512	3,048,938	3,736,207
Total Business-Type Activities	\$ 33,460,260	\$ 34,097,287	\$ 35,232,154
Total Primary Government	\$ 55,073,230	\$ 59,229,041	\$ 65,776,215

UNAUDITED

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 2,670,293	\$ 2,304,761	\$ 2,847,392	\$ 2,428,261	\$ 2,978,554	\$ 3,483,073	\$ 2,671,727
2,525,607	2,419,234	2,576,715	2,533,875	2,127,885	2,098,517	2,068,023
1,244,736	1,276,761	1,554,391	1,565,710	1,832,000	1,858,628	1,880,137
2,832,062	1,883,724	1,146,380	838,055	989,939	1,532,753	1,673,700
6,267,856	6,544,342	6,516,167	6,442,123	7,323,207	7,603,132	7,616,813
					22,987	42,866
195,923	225,514	606,341	852,149	753,599	600,239	561,291
86,005	74,170	58,400	57,200	62,900	86,131	104,631
243,492	78,671	293,469	426,249	355,978	582,646	365,921
2,672,567	373,330	324,434	243,200	175,428	720,313	499,215
129,130	79,263		238,477			
7,449,998	1,569,770	2,826,606	6,649,087	4,724,714	1,670,650	868,161
2,367,176	4,056,658	1,158,694	9,455,094	3,472,003	1,289,648	660,328
16,438	96,444	483,248	951,246	625,968	14,480	100,451
<u>\$ 28,701,283</u>	<u>\$ 20,982,642</u>	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>	<u>\$ 19,113,264</u>
\$ 13,234,314	\$ 12,975,888	\$ 11,998,665	\$ 11,955,128	\$ 12,462,158	\$ 13,017,157	\$ 12,185,831
9,664,631	9,150,570	9,458,220	9,392,479	9,725,734	10,710,657	11,143,958
23,351	25,315	40,647	30,056	32,573	39,980	27,581
1,514,858	1,557,886	1,328,859	1,078,862	1,167,064	1,101,990	1,012,506
3,144,853	3,358,411	3,605,251	3,714,977	3,961,899	3,955,030	4,013,534
		39,786				4,574
2,158,556	3,990,773	2,773,106	2,699,330	556,656	973,416	1,614,974
3,116,325	4,481,193	1,675,428	2,087,631	564,845	1,032,472	1,735,660
<u>\$ 32,856,888</u>	<u>\$ 35,540,036</u>	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>	<u>\$ 31,738,618</u>
<u>\$ 61,558,171</u>	<u>\$ 56,522,678</u>	<u>\$ 51,312,199</u>	<u>\$ 63,639,189</u>	<u>\$ 53,893,104</u>	<u>\$ 52,393,899</u>	<u>\$ 50,851,882</u>

Schedule 4

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

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
General Fund			
Nonspendable	\$ 87,435	\$ 98,485	\$ 98,454
Restricted	473,854	414,190	429,689
Committed			
Assigned	345,052	352,010	367,029
Unassigned	6,794,255	7,937,053	8,370,090
Total General Fund	<u>\$ 7,700,596</u>	<u>\$ 8,801,738</u>	<u>\$ 9,265,262</u>
 All Other Governmental Funds			
Nonspendable	\$ 1,085,494	\$ 1,229,222	\$ 1,186,174
Restricted	24,311,408	18,884,832	22,877,031
Assigned	3,631,201	4,729,013	8,409,694
Unassigned	(1,919,336)	(3,121,216)	(3,650,561)
Total All Other Governmental Funds	<u>\$ 27,108,767</u>	<u>\$ 21,721,851</u>	<u>\$ 28,822,338</u>

UNAUDITED

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 111,909	\$ 112,506	\$ 129,478	\$ 134,008	\$ 116,144	\$ 113,066	\$ 136,844
368,950	339,160	355,234	354,057	443,940	413,516	396,275
						40,000
387,112	403,244	658,806	410,202	411,724	412,924	413,928
11,025,243	11,327,195	9,446,434	7,067,216	7,664,002	7,804,956	9,237,691
<u>\$ 11,893,214</u>	<u>\$ 12,182,105</u>	<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>	<u>\$ 8,744,462</u>	<u>\$ 10,224,738</u>
\$ 1,136,861	\$ 1,090,907	\$ 836,468	\$ 781,858	\$ 722,066	\$ 722,066	\$ 722,066
39,092,890	25,128,547	18,175,290	19,332,009	27,003,280	21,018,349	29,148,074
4,451,785	13,612,743	13,494,243	12,579,733	15,124,193	13,891,602	11,789,372
(779,899)	(937,228)	(3,087,400)	(1,661,318)	(2,349,160)	(2,340,971)	(2,369,580)
<u>\$ 43,901,637</u>	<u>\$ 38,894,969</u>	<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>	<u>\$ 33,291,046</u>	<u>\$ 39,289,932</u>

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		
	2004	2005	2006
Revenues			
Property Taxes	\$ 16,551,980	\$ 16,857,489	\$ 19,673,810
Local Accommodations Taxes	1,715,805	1,750,012	1,781,272
Hospitality Fees	7,334,838	7,716,371	8,074,246
Storm Water Fees	1,128,407	1,184,488	1,211,924
Local Option Tourism Fees			
Licenses and Permits	16,809,981	19,920,457	23,188,731
Fines and Forfeitures	2,250,250	2,344,080	2,282,006
Intergovernmental	9,729,686	11,200,217	17,817,520
Charges for Services	3,213,206	3,497,092	3,846,763
Miscellaneous	3,837,285	4,192,709	5,186,358
Total Revenues	\$ 62,571,438	\$ 68,662,915	\$ 83,062,630
Expenditures			
Current:			
General Government	\$ 7,947,348	\$ 7,282,506	\$ 9,555,366
Public Safety	21,940,883	23,170,735	25,409,173
Transportation	3,007,219	3,078,302	3,334,165
Community and Economic Development	5,971,795	4,948,187	5,767,752
Culture and Recreation	10,524,012	11,569,589	12,177,294
Public Works	1,074,709	1,148,640	1,222,358
Capital Outlay	15,726,835	15,291,296	27,117,413
Debt Service:			
Principal	3,325,601	3,882,363	4,468,925
Interest and Fiscal Charges	2,499,941	5,436,004	5,196,919
Bond Issuance Costs	1,869,131	130,301	241,372
Payment to Escrow Agent	361,493		
Total Expenditures	\$ 74,248,967	\$ 75,937,923	\$ 94,490,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (11,677,529)	\$ (7,275,008)	\$ (11,428,107)
Other Financing Sources (Uses)			
Transfers In	\$ 21,386,430	\$ 19,871,393	\$ 21,959,087
Transfers Out	(22,358,005)	(20,747,181)	(22,886,382)
Proceeds From Borrowing	59,882,006	3,865,022	19,919,413
Proceeds From Refunding	4,821,230		
Payment to Escrow Agent	(4,775,297)		
Sale of Capital Assets	4,100		
Total Other Financing Sources (Uses)	\$ 58,960,464	\$ 2,989,234	\$ 18,992,118

UNAUDITED

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 20,746,700	\$ 23,216,684	\$ 29,015,342	\$ 27,416,733	\$ 25,551,735	\$ 24,819,308	\$ 25,112,930
1,850,628	1,946,018	1,813,785	1,832,395	2,065,000	2,217,299	2,240,593
8,348,376	8,678,672	8,222,570	8,283,197	9,023,986	9,463,883	9,867,341
1,250,928	1,276,753	1,552,585	1,569,986	1,836,316	1,858,628	1,883,706
			14,195,983	20,440,454	23,500,801	23,508,832
25,518,446	25,070,983	22,323,790	21,228,785	21,898,534	22,424,426	23,052,056
1,762,358	1,623,642	1,851,103	1,841,296	1,345,154	1,087,407	1,151,814
15,100,856	11,300,877	11,655,581	14,148,733	12,062,703	12,193,869	13,365,569
4,033,761	4,313,817	4,493,502	4,448,104	4,738,294	5,090,013	4,970,196
6,870,075	7,688,050	4,271,439	11,929,100	7,294,945	5,941,373	5,493,214
<u>\$ 85,482,128</u>	<u>\$ 85,115,496</u>	<u>\$ 85,199,697</u>	<u>\$ 106,894,312</u>	<u>\$ 106,257,121</u>	<u>\$ 108,597,007</u>	<u>\$ 110,646,251</u>
\$ 9,696,471	\$ 12,465,011	\$ 12,949,430	\$ 12,402,953	\$ 12,278,801	\$ 11,262,374	\$ 11,065,359
26,431,765	27,845,760	30,229,155	30,753,182	29,269,778	31,211,230	32,189,301
3,768,054	4,238,826	4,388,767	5,107,803	4,812,339	5,272,855	5,516,042
5,800,482	6,622,112	7,070,253	19,257,564	23,703,541	27,426,638	25,097,090
17,717,319	14,566,336	15,085,928	14,843,882	14,940,894	15,126,615	15,764,818
1,215,074	1,418,502	1,536,728	1,477,446	1,382,108	1,428,340	1,403,396
25,249,606	26,681,432	14,205,845	23,560,905	6,240,529	9,882,501	9,379,603
3,909,406	4,444,163	6,952,501	5,242,898	4,765,145	5,875,367	6,975,385
6,594,514	7,567,295	8,158,842	7,887,970	8,105,283	7,645,965	7,420,312
1,459,150	302,618		416,512	40,728	222,967	181,294
			1,367,000		443,633	
<u>\$ 101,841,841</u>	<u>\$ 106,152,055</u>	<u>\$ 100,577,449</u>	<u>\$ 122,318,115</u>	<u>\$ 105,539,146</u>	<u>\$ 115,798,485</u>	<u>\$ 114,992,600</u>
<u>\$ (16,359,713)</u>	<u>\$ (21,036,559)</u>	<u>\$ (15,377,752)</u>	<u>\$ (15,423,803)</u>	<u>\$ 717,975</u>	<u>\$ (7,201,478)</u>	<u>\$ (4,346,349)</u>
\$ 24,997,275	\$ 21,143,338	\$ 21,526,309	\$ 22,411,692	\$ 20,010,406	\$ 27,348,960	\$ 24,686,462
(26,139,621)	(20,906,948)	(21,681,709)	(22,463,392)	(19,712,106)	(27,550,660)	(24,580,312)
35,209,310	16,082,392	4,437,440	14,234,034	9,108,923		11,708,341
			10,037,469		20,455,585	
			(9,820,624)		(20,235,669)	
		27,191	13,836	13,226	82,581	11,020
<u>\$ 34,066,964</u>	<u>\$ 16,318,782</u>	<u>\$ 4,309,231</u>	<u>\$ 14,413,015</u>	<u>\$ 9,420,449</u>	<u>\$ 100,797</u>	<u>\$ 11,825,511</u>

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		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 47,282,935	\$ (4,285,774)	\$ 7,564,011
Extraordinary Item Payment to Component Unit ⁽¹⁾	<u>(42,443,983)</u>	<u> </u>	<u> </u>
Net Change in Fund Balances	<u>\$ 4,838,952</u>	<u>\$ (4,285,774)</u>	<u>\$ 7,564,011</u>
Debt Service as a Percentage of Noncapital Expenditures ⁽²⁾	<u>9.95%</u>	<u>15.37%</u>	<u>14.35%</u>

Notes:

⁽¹⁾ In 2004, the City made a \$42,443,983 payment to the Myrtle Beach Convention Center Hotel Corporation, a component unit. The payment was used to extinguish a portion of the component unit's revenue bonds.

⁽²⁾ Debt service does not include bond issuance costs and payments to escrow agents.

UNAUDITED

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 17,707,251	\$ (4,717,777)	\$ (11,068,521)	\$ (1,010,788)	\$ 10,138,424	\$ (7,100,681)	\$ 7,479,162
<u>\$ 17,707,251</u>	<u>\$ (4,717,777)</u>	<u>\$ (11,068,521)</u>	<u>\$ (1,010,788)</u>	<u>\$ 10,138,424</u>	<u>\$ (7,100,681)</u>	<u>\$ 7,479,162</u>
<u>13.71%</u>	<u>15.11%</u>	<u>17.50%</u>	<u>13.30%</u>	<u>12.96%</u>	<u>12.77%</u>	<u>13.63%</u>

Schedule 6

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

Fiscal Year	Assessed Value			Total Direct Tax Rate	Estimated Actual Value	Total Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Personal Property	Total			
2004	\$ 192,487	\$ 55,857	\$ 248,344	\$ 63.20	\$ 4,966,876	5 %
2005	191,745	54,908	246,653	63.20	4,933,078	5
2006	224,807	53,796	278,603	61.40	5,655,000	5
2007	250,165	55,929	306,094	61.40	6,121,899	5
2008	321,477	60,927	382,404	61.40	7,648,099	5
2009	362,622	64,650	427,272	64.40	8,650,440	5
2010	388,933	58,741	447,674	62.90	8,953,480	5
2011	320,393	49,924	370,317	64.40	7,406,340	5
2012	324,830	54,212	379,042	66.10	7,580,840	5
2013	323,918	56,616	380,534	66.10	7,610,680	5

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
2004	\$ 53.70	\$ 6.00	\$ 3.50	\$ 63.20	\$ 50.20	\$ 129.70	\$ 0.70
2005	53.70	6.00	3.50	63.20	50.20	130.40	0.70
2006	50.70	7.30	3.40	61.40	45.60	129.70	0.70
2007	50.70	7.30	3.40	61.40	46.30	135.30	0.70
2008	50.70	7.30	3.40	61.40	46.60	143.30	0.70
2009	53.70	7.30	3.40	64.40	46.60	143.30	0.70
2010	52.20	7.30	3.40	62.90	46.60	143.30	0.70
2011	53.70	7.30	3.40	64.40	44.20	132.20	0.70
2012	55.00	7.60	3.50	66.10	44.50	130.20	0.70
2013	58.50	7.60		66.10	44.50	130.20	0.70

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 2013	
		Assessed Value	Percentage of Total Assessed Value
Burroughs & Chapin, Inc. ⁽¹⁾	Real Estate, Retail & Amusement	\$ 19,979,323	5.25 %
Marriott Ownership Resorts, Inc.	Real Estate & Accommodations	4,606,110	1.21
Westgate Myrtle Beach, LLC	Real Estate & Accommodations	3,210,548	0.84
Grand Strand Regional Medical Center	Hospital	2,493,390	0.66
Ocean Club Vacations, LLC	Real Estate & Accommodations	2,362,500	0.62
BEI - Beach, LLC	Real Estate Developer	2,280,000	0.60
Coastal Grand, LLC	Retail	2,229,426	0.59
Frontier Communications	Communications	2,151,320	0.57
Columbia Property Myrtle Beach, LLC	Real Estate & Accommodations	2,129,244	0.56
South Beach Resort Myrtle Beach, LLC	Real Estate & Accommodations	1,978,866	0.52
		<u>\$ 43,420,727</u>	<u>11.42 %</u>

Taxpayer	Type of Business	Fiscal Year 2004	
		Assessed Value	Percentage of Total Assessed Value
Burroughs & Chapin, Inc. ⁽¹⁾	Real Estate, Retail & Amusement	\$ 25,932,350	10.44 %
AVX Corporation	Manufacturer	5,660,000	2.28
Verizon South, Inc.	Communications	3,928,360	1.58
Grand Strand Regional Medical Center	Hospital	2,088,579	0.84
Patricia Grand	Real Estate & Accommodations	1,975,946	0.80
Sea Mist Association	Real Estate & Accommodations	1,967,682	0.79
Landmark Associates	Real Estate & Accommodations	1,913,130	0.77
Triton PCS Holdings Co., LLC	Communications	1,492,630	0.60
Swamp Fox Resort, LLC	Real Estate & Accommodations	1,138,228	0.46
Coral Beach Real Estate Holding, LLC	Real Estate & Accommodations	1,081,500	0.44
		<u>\$ 47,178,405</u>	<u>19.00 %</u>

Source: Horry County Assessor's Office

Note:

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

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Schedule 9

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

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 15,740,323	\$ 15,161,238	96.32 %	\$ 479,562	\$ 15,640,800	99.37 %
2005	16,974,192	16,512,395	97.28	348,014	16,860,409	99.33
2006	19,077,739	18,836,751	98.74	110,553	18,947,304	99.32
2007	18,585,884	17,925,151	96.44	496,673	18,421,824	99.12
2008	21,224,036	20,386,232	96.05	595,339	20,981,571	98.86
2009	25,806,131	24,158,849	93.62	1,295,007	25,453,856	98.63
2010	28,253,425	26,392,479	93.41	1,461,596	27,854,075	98.59
2011	25,575,900	24,215,741	94.68	874,113	25,089,854	98.10
2012	22,391,427	20,799,291	92.89	1,085,486	21,884,777	97.74
2013	21,569,678	20,322,154	94.22		20,322,154	94.22

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	
2004	5,487,493	4,964,894	522,599	90.48 %	3,401,650	14,419
2005	5,577,940	5,015,733	562,207	89.92	3,172,031	15,123
2006	5,734,843	4,864,647	870,196	84.83	3,035,386	15,725
2007	5,178,597	3,852,401	1,326,196	74.39	3,003,553	16,778
2008	5,410,470	3,794,090	1,616,380	70.12	2,978,891	17,012
2009	4,803,692	3,556,891	1,246,801	74.04	2,868,466	16,579
2010	4,371,075	3,582,817	788,258	81.97	2,841,570	16,087
2011	4,379,003	3,670,280	708,723	83.82	2,910,581	16,054
2012	4,363,322	3,745,853	617,469	85.85	3,012,325	16,279
2013	4,165,479	3,491,341	674,138	83.82	2,890,461	16,570

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⁾	
\$ 9.92	\$ 2.48	\$ 9.36	\$ 2.34	
10.08	2.52	9.52	2.38	
10.08	2.52	9.52	2.38	
2.43	2.56	2.41	2.34	
2.43	2.56	2.41	2.34	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.83	2.76	
2.43	2.56	3.04	2.97	

Schedule 11

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

	Fiscal Year			
	2004	2005	2006	2007
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 9.92	\$ 10.08	\$ 10.08	\$ 2.43
1"	19.84	20.16	20.16	4.05
1 1/2"	37.20	37.80	37.80	8.10
2"	49.60	50.39	50.39	12.96
3"	124.00	125.98	125.98	28.35
4"	248.00	251.97	251.97	40.50
6"	744.00	755.90	755.90	81.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	2.48	2.52	2.52	1.35
5,000 to 30,000 gallons	2.48	2.52	2.52	2.56
31,000 gallons and over	2.48	2.52	2.52	2.89
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	19.84	20.16	20.16	4.86
1"	39.68	40.32	40.32	8.10
1 1/2"	74.40	75.60	75.60	16.20
2"	99.20	100.80	100.80	25.92
3"	248.00	252.00	252.00	56.70
4"	496.00	504.00	504.00	81.00
6"	1,488.00	1,512.00	1,512.00	162.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	4.96	5.04	5.04	2.70
5,000 to 30,000 gallons	4.96	5.04	5.04	5.12
31,000 gallons and over	4.96	5.04	5.04	5.78
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	9.36	9.52	9.52	2.41
1"	18.72	19.02	19.02	4.02
1 1/2"	35.10	35.66	35.66	8.03
2"	46.80	47.55	47.55	12.85
3"	117.00	118.87	118.87	28.12
4"	234.00	237.74	237.74	40.17
6"	702.00	713.23	713.23	80.33
Usage Rate (<i>per 1,000 gallons</i>)	2.34	2.38	2.38	2.34
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	18.72	19.04	19.04	4.82
1"	37.44	38.08	38.08	8.04
1 1/2"	70.20	71.40	71.40	16.06
2"	93.60	95.20	95.20	25.70
3"	234.00	238.00	238.00	56.24
4"	468.00	476.00	476.00	80.34
6"	1,404.00	1,428.00	1,428.00	160.66
Usage Rate (<i>per 1,000 gallons</i>)	4.68	4.76	4.76	4.68

Source: City Water and Sewer Department

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Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	
4.05	4.05	4.05	4.05	4.05	4.05	
8.10	8.10	8.10	8.10	8.10	8.10	
12.96	12.96	12.96	12.96	12.96	12.96	
28.35	28.35	28.35	28.35	28.35	28.35	
40.50	40.50	40.50	40.50	40.50	40.50	
81.00	81.00	81.00	81.00	81.00	81.00	
1.35	1.35	1.35	1.35	1.35	1.35	
2.56	2.56	2.56	2.56	2.56	2.56	
2.89	2.89	2.89	2.89	2.89	2.89	
4.86	4.86	4.86	4.86	4.86	4.86	
8.10	8.10	8.10	8.10	8.10	8.10	
16.20	16.20	16.20	16.20	16.20	16.20	
25.92	25.92	25.92	25.92	25.92	25.92	
56.70	56.70	56.70	56.70	56.70	56.70	
81.00	81.00	81.00	81.00	81.00	81.00	
162.00	162.00	162.00	162.00	162.00	162.00	
2.70	2.70	2.70	2.70	2.70	2.70	
5.12	5.12	5.12	5.12	5.12	5.12	
5.78	5.78	5.78	5.78	5.78	5.78	
2.41	2.60	2.60	2.60	2.83	3.04	
4.02	4.34	4.34	4.34	4.73	5.08	
8.03	8.67	8.67	8.67	9.45	10.16	
12.85	13.88	13.88	13.88	15.12	16.25	
28.12	30.37	30.37	30.37	33.10	35.59	
40.17	43.38	43.38	43.38	47.28	50.83	
80.33	86.76	86.76	86.76	94.56	101.65	
2.34	2.53	2.53	2.53	2.76	2.97	
4.82	5.20	5.20	5.20	5.66	6.08	
8.04	8.68	8.68	8.68	9.46	10.16	
16.06	17.34	17.34	17.34	18.90	20.32	
25.70	27.76	27.76	27.76	30.24	32.50	
56.24	60.74	60.74	60.74	66.20	71.18	
80.34	86.76	86.76	86.76	94.56	101.66	
160.66	173.52	173.52	173.52	189.12	203.30	
4.68	5.06	5.06	5.06	5.52	5.94	

Schedule 12

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

Customer	Fiscal Year 2013			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total	Amount	Percentage of Total
		Water Revenue		Sewer Revenue
Felcor-Hilton	\$ 247,916	2.14 %	\$ 211,935	1.91 %
Myrtle Beach Travel Park	172,284	1.49	175,531	1.58
Seawatch Plantation	167,798	1.45	164,630	1.49
Sea Mist Resort	140,263	1.21	135,998	1.23
Grand Strand Regional Medical Center	131,600	1.14	119,194	1.08
Magnolia Point HOA	110,959	0.96	106,756	0.96
Ocean Dunes/Sand Dunes	108,312	0.94	108,063	0.98
Best Western Landmark Hotel	104,533	0.90	82,045	0.74
Sands Properties Homeowners 1&2	102,976	0.89	92,301	0.83
Ocean Watch Timeshare	98,042	0.85	82,561	0.75
	<u>\$ 1,384,683</u>	<u>11.97 %</u>	<u>\$ 1,279,014</u>	<u>11.55 %</u>

Customer	Fiscal Year 2004			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total	Amount	Percentage of Total
		Water Revenue		Sewer Revenue
City of North Myrtle Beach	\$ 2,279,045	16.94 %	\$	%
Rank Development	162,656	1.21	153,312	1.69
Myrtle Beach Travel Park	138,608	1.03	130,548	1.44
Djont Leasing, LLC	85,952	0.64	67,061	0.74
Grand Strand General Hospital	82,088	0.61	58,633	0.65
Coral Beach Resort	68,232	0.51	51,439	0.57
AVX Corporation	56,546	0.42	37,894	0.42
Ocean Reef	46,976	0.35	42,345	0.47
Long Bay Resort	46,712	0.35	44,026	0.48
Best Western Landmark Hotel	45,968	0.34	43,324	0.48
The Palace Resort			43,324	0.48
	<u>\$ 3,012,783</u>	<u>22.40 %</u>	<u>\$ 671,906</u>	<u>7.42 %</u>

Source: City Water and Sewer Department

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First in Service

Schedule 13

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Tax Increment Revenue Bonds	Storm Water Revenue Bonds	Hospitality Fee Revenue Bonds	Note Payable	Capital Lease Obligations
2004	\$ 34,220,000	\$ 20,825,000	\$ 5,370,000	\$	\$ 49,660,000	\$	\$ 3,145,437
2005	32,400,000	19,790,000	4,370,000	3,115,022	49,660,000		4,526,482
2006	42,365,000	18,715,000	3,345,000	7,788,768	49,660,000	2,897,500	3,947,635
2007	40,795,000	17,600,000	34,870,345	10,499,052	49,660,000	2,897,500	3,334,603
2008	51,460,000	16,430,000	37,307,882	10,119,706	49,660,000	2,897,500	6,761,379
2009	48,135,000	15,210,000	39,584,835	9,727,881	49,660,000	2,897,500	4,978,682
2010	45,780,000	12,840,000	50,434,821	12,053,225	49,660,000	1,947,500	5,087,663
2011	43,325,000	12,660,000	58,952,603	11,528,152	49,105,000	1,847,500	4,218,420
2012	39,965,000	11,660,000	57,892,603	10,965,237	48,520,000	1,847,500	4,196,053
2013	48,910,000	10,090,000	56,487,603	10,361,530	47,905,000	1,847,500	3,537,465

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

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

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<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>		<u>Per Capita ⁽¹⁾</u>
<u>Water and Sewer Revenue</u>	<u>Certificates of Participation</u>				
<u>Bonds</u>					
\$ 46,372,299	\$ 8,485,000	\$ 168,077,736	20.42	% \$	5,448
41,568,571	8,075,000	163,505,075	18.99		5,300
	7,650,000	136,368,903	15.13		4,420
	7,205,000	166,861,500	17.49		5,408
11,710,000	6,745,000	193,091,467	19.60		6,259
11,710,000	6,265,000	188,168,898	18.77		6,099
11,710,000	5,760,000	195,273,209	19.90		6,329
11,260,000	5,235,000	198,131,675	25.11		7,309
19,690,000	4,685,000	199,421,393	25.37		7,171
19,205,000	4,110,000	202,454,098	24.55		7,156

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		
2004	\$ 34,220,000	\$ 828,308	\$ 33,391,692	0.67 %	\$ 1,082
2005	32,400,000	546,585	31,853,415	0.65	1,032
2006	42,365,000	998,652	41,366,348	0.73	1,341
2007	40,795,000	1,752,836	39,042,164	0.64	1,265
2008	51,460,000	2,953,599	48,506,401	0.63	1,572
2009	48,135,000	884,164	47,250,836	0.55	1,531
2010	45,780,000	2,093,066	43,686,934	0.49	1,416
2011	43,325,000	4,224,209	39,100,791	0.53	1,442
2012	39,965,000	4,372,526	35,592,474	0.47	1,280
2013	48,910,000	4,814,711	44,095,289	0.58	1,559

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

⁽¹⁾ See Schedule 6 for property value data.

⁽²⁾ See Schedule 18 for population data.

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CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2013

	<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	\$ 95,339,000	22.0%	\$ 20,974,580
Horry County School District:			
General Obligation Bonds	357,575,000	22.0%	<u>78,666,500</u>
Total Overlapping Governmental Activities Debt			\$ 99,641,080
City Direct Governmental Activities Debt			<u>179,139,098</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 278,780,178</u></u>

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

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

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

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Schedule 16

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

	Fiscal Year			
	2004	2005	2006	2007
Debt Limit	\$ 20,140,066	\$ 20,004,876	\$ 22,560,818	\$ 24,760,083
Total Net Debt Applicable to Debt Limit	<u>(12,365,000)</u>	<u>(10,820,000)</u>	<u>(11,705,000)</u>	<u>(10,750,000)</u>
Legal Debt Margin	<u>\$ 7,775,066</u>	<u>\$ 9,184,876</u>	<u>\$ 10,855,818</u>	<u>\$ 14,010,083</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>61.40%</u>	<u>54.09%</u>	<u>51.88%</u>	<u>43.42%</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					
2008	2009	2010	2011	2012	2013
\$ 30,864,883	\$ 34,454,323	\$ 36,086,483	\$ 29,897,923	\$ 30,595,923	\$ 30,715,283
<u>(22,050,000)</u>	<u>(19,635,000)</u>	<u>(18,230,000)</u>	<u>(16,760,000)</u>	<u>(15,160,000)</u>	<u>(25,165,000)</u>
\$ <u>8,814,883</u>	\$ <u>14,819,323</u>	\$ <u>17,856,483</u>	\$ <u>13,137,923</u>	\$ <u>15,435,923</u>	\$ <u>5,550,283</u>
<u>71.44%</u>	<u>56.99%</u>	<u>50.52%</u>	<u>56.06%</u>	<u>49.55%</u>	<u>81.93%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 380,534,000
Exempt Merchants Inventory (1987 Valuation)	3,407,035
Adjusted Assessed Value of Taxable Property	\$ <u>383,941,035</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 30,715,283

Debt Applicable to Limit:

General Obligation Bonds	(48,910,000)
Bonds Issued Under Referendum	<u>23,745,000</u>

Legal Debt Margin \$ 5,550,283

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	
2004	\$ 25,385,506	\$ 13,761,641	\$ 11,623,865	\$ 5,198,692	\$ 2,324,444	1.55
2005	27,078,842	13,284,569	13,794,273	5,418,555	2,113,443	1.83
2006	28,930,884	13,510,646	15,420,238	2,394,844	2,113,118	3.42
2007	25,601,227	19,834,291	5,766,936	0	0	N/A
2008	24,345,555	20,869,473	3,476,082	0	101,273	34.32
2009	21,826,203	21,160,184	666,019	0	506,363	1.32
2010	21,819,786	19,917,775	1,902,011	0	506,362	3.76
2011	22,839,515	19,906,533	2,932,982	450,000	506,362	3.07
2012	25,031,913	19,569,333	5,462,580	470,000	569,972	5.25
2013	24,170,369	19,611,954	4,558,415	485,000	796,000	3.56

Fiscal Year	Hospitality Fee Revenue Bonds				
	Hospitality Fees	Debt Service		Coverage	
		Principal	Interest		
2004	\$ 7,334,838	\$ 0	\$ 0	N/A	
2005	7,716,371	0	2,658,451	2.90	
2006	8,074,246	0	2,545,325	3.17	
2007	8,348,376	0	2,545,325	3.28	
2008	8,678,672	0	2,545,325	3.41	
2009	8,222,570	0	2,545,325	3.23	
2010	8,283,197	0	2,545,325	3.25	
2011	9,023,986	555,000	2,545,325	2.91	
2012	9,463,883	585,000	2,516,525	3.05	
2013	9,867,341	615,000	2,486,081	3.18	

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.

⁽³⁾ The City's storm water revenue bonds were first issued in 2005.

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Tax Increment Revenue Bonds

Property Tax		Debt Service		Coverage
Increment		Principal	Interest	
\$ 2,020,411	\$	830,000	\$ 254,150	1.86
2,020,451		1,000,000	237,550	1.63
2,317,492		1,025,000	197,550	1.90
2,136,089		1,070,000	887,562	1.09
2,318,289		1,110,000	1,738,220	0.81
5,210,870		1,165,000	1,682,720	1.83
3,601,569		0	1,851,153	1.95
4,210,980		580,000	2,516,563	1.36
3,777,540		1,060,000	2,824,652	0.97
3,670,339		1,405,000	2,380,002	0.97

Storm Water Revenue Bonds ⁽³⁾

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

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>
2003	30,852	\$ 26,684	\$ 823,254	36.2	4.64 %
2004	30,852	27,903	860,863	36.4	6.00
2005	30,852	29,223	901,587	36.7	5.30
2006	30,852	30,927	954,159	36.9	5.40
2007	30,852	31,925	984,950	37.1	5.20
2008	30,852	32,495	1,002,535	37.4	5.80
2009	30,852	31,799	981,062	37.6	9.56
2010	27,109	29,101	788,899	37.9	11.36
2011	27,810	28,265	786,100	38.3	10.20
2012	28,292	29,148	824,665	39.2	9.10

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 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 2012	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,400	4.18 %
Wal-Mart	Retail Sales	2,276	1.76
Horry County Government	County Government	2,003	1.55
Coastal Carolina University	Education	1,382	1.07
Conway Medical Center	Hospital	1,325	1.03
Grand Strand Regional Medical Center	Hospital	1,134	0.88
Food Lion	Retail Sales	929	0.72
McLoud Health System	Hospital	916	0.71
Blue Cross/Blue Shield	Health Insurance	900	0.70
City of Myrtle Beach	Municipal Government	830	0.64
		<u>17,095</u>	<u>13.24 %</u>

Employer	Type of Business	Calendar Year 2003	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,298	4.02 %
Wal-Mart	Retail Sales	1,845	1.73
AVX Corporation	Manufacturer	1,634	1.53
Horry County Government	County Government	1,608	1.50
Blue Cross/Blue Shield	Health Insurance	1,409	1.32
Grand Strand Regional Medical Center	Hospital	934	0.87
Conway Medical Center	Hospital	914	0.85
City of Myrtle Beach	Municipal Government	835	0.80
Loris Community Hospital	Hospital	818	0.76
Food Lion	Retail Sales	790	0.74
		<u>15,085</u>	<u>14.12 %</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,			
	2004	2005	2006	2007
Full-Time Equivalent Employees				
General Government	70	71	72	76
Public Safety	362	385	395	400
Transportation	26	26	27	25
Community and Economic Development	26	27	30	29
Culture and Recreation	127	136	136	134
Public Works	27	27	27	27
Water	52	52	52	31
Sewer	56	56	56	32
Municipal Golf Course	15	15	15	14
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	791	825	840	798

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,					
2008	2009	2010	2011	2012	2013
87	90	89	89	81	80
400	426	422	410	431	431
25	25	26	27	26	26
29	29	27	28	26	27
137	144	136	139	145	145
30	26	25	23	25	25
30	27	29	29	30	30
27	27	26	26	26	26
14	16	15	13	10	8
30	30	30	30	30	30
809	840	825	814	830	828

Schedule 21

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

	Fiscal Year			
	2004	2005	2006	2007
General Government				
New Business Licenses Issued	1,553	1,626	1,470	1,361
Public Safety				
Calls for Services - Police	97,775	101,488	102,482	102,670
Total Arrests	33,901	35,529	34,517	37,817
Fire Calls per Engine Company	386	408	339	368
Transportation				
Square Yards of City Streets Resurfaced	68,432	48,273	32,230	39,860
Community and Economic Development				
Building Permits Issued	2,309	3,407	4,525	4,516
Culture and Recreation				
Admissions to Recreation Centers ⁽¹⁾	88,250	41,899	147,397	180,272
Exhibition Hall Occupancy Percentage	62%	67%	73%	67%
Number of Library Volumes	72,232	79,440	79,298	77,089
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	13,602	13,742	13,328	10,555
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	9,320	8,690	8,316	8,229
Municipal Golf Course				
Number of Rounds Played	36,408	39,025	41,928	46,621
Solid Waste Management				
Tons of Refuse Collected	17,526	20,179	17,711	29,129

Sources: Various City departments

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

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

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Fiscal Year					
2008	2009	2010	2011	2012	2013
1,234	1,403	1,094	1,092	1,449	1,211
107,136	117,116	141,191	110,773	104,907	96,527
39,436	26,322	27,020	21,620	22,998	21,635
364	346	301	346	349	373
40,000	39,000	31,920	61,661	45,265	40,000
5,121	2,966	2,986	3,468	4,180	4,569
177,910	209,326	217,125	250,046	263,417	260,751
66%	66%	63%	61%	64%	64%
77,089	84,116	87,961	146,027	144,757	125,563
10,395	9,745	9,816	10,056	10,263	9,565
8,161	7,859	7,785	7,974	8,253	7,919
45,633	40,236	32,989	37,224	36,695	35,887
27,931	27,689	27,937	28,099	26,876	26,369

Schedule 22

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

	Fiscal Year			
	2004	2005	2006	2007
Public Safety				
Police Stations	2	2	2	3
Fire Stations	5	5	6	6
Transportation				
Streets (<i>miles</i>)	102	102	103	126
Traffic Signals	57	60	62	64
Culture and Recreation				
Parks	31	37	37	37
Park Acreage	180	332	332	332
Recreation Centers	3	3	3	3
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	333	336	341	350
Sewer				
Gravity Sewers (<i>miles</i>)	205	206	206	214
Storm Sewers (<i>miles</i>)	57	58	58	65
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					
2008	2009	2010	2011	2012	2013
3	3	3	3	3	3
6	6	6	6	6	6
127	130	130	141	142	142
70	70	70	71	72	78
37	45	45	45	45	45
332	653	653	653	653	653
3	4	4	4	4	4
1	1	1	1	1	1
2	2	2	2	2	2
372	375	375	376	376	378
219	219	230	230	231	233
126	141	151	153	161	164
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
26	26	26	26	26	26



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CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

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-10-UC-45006	\$ 500
		B-11-UC-45006	100,209
		B-12-UC-45006	92,705
		B-13-UC-45006	371,796
Total U.S. Department of Housing and Urban Development			\$ <u>565,210</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 20,393
ARRA - Public Safety Partnership and Community Policing Grant	16.710		76,246
Edward Byrne Memorial Justice Assistance Grant	16.738		37,330
Total U.S. Department of Justice			\$ <u>133,969</u>
U.S. Department of Transportation:			
Passed Through the State Department of Transportation:			
Highway Planning and Construction Grant	20.205	26L200SU26(008)	\$ 68
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC12015	11,200
		2JC13015	15,032
Total U.S. Department of Transportation			\$ <u>26,300</u>
U.S. Department of Homeland Security:			
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	7SHSP42	\$ 80,029
		9SHSP50	104,937
		11SHSP11	39,619
		11SHSP19	99,849
		11SHSP49	6,400

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, 2013

Page 2 of 2

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security: (continued)			
Assistance to Firefighters Grant	97.044		\$ <u>13,599</u>
Total U.S. Department of Homeland Security			\$ <u>344,433</u>
Total Expenditures of Federal Awards			\$ <u><u>1,069,912</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, 2013

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, 2013. 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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4728 Jenn Drive
Suite 100
Myrtle Beach, SC 29577

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

CONWAY

1109 Main Street
Suite A
Conway, SC 29526

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

PAWLEYS ISLAND

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina as of and for the year ended June 30, 2013, 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 27, 2013.

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

Purpose of this Report

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



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

Myrtle Beach, South Carolina
November 27, 2013



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4728 Jenn Drive
Suite 100
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1109 Main Street
Suite A
Conway, SC 29526

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

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Myrtle Beach, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Myrtle Beach, South Carolina's major federal programs for the year ended June 30, 2013. The City of Myrtle Beach, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Myrtle Beach, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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

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

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

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



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

Myrtle Beach, South Carolina
November 27, 2013

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Myrtle Beach, South Carolina.
2. No significant deficiencies in internal control were disclosed during the audit of the basic financial statements of the City of Myrtle Beach, South Carolina.
3. No instances of noncompliance material to the basic financial statements of the City of Myrtle Beach, South Carolina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs of the City of Myrtle Beach, South Carolina expresses an unmodified opinion on the major federal programs.
6. There are no audit findings for the major programs, which are required to be reported.
7. The programs tested as major programs were:
 - U.S. Department of Housing and Urban Development, Community Development Block Grant - CFDA No. 14.218
 - U.S. Department of Homeland Security, Homeland Security Grant - CFDA No. 97.067
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



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CITY OF MYRTLE BEACH SOUTH CAROLINA

Comprehensive Annual Financial Report

Fiscal Year Ended • June 30, 2013