



CITY OF MYRTLE BEACH

SOUTH CAROLINA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2019**

CITY of MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

CITY COUNCIL

MAYOR BRENDA BETHUNE

MICHAEL CHESTNUT

PHILIP RENDER

MIKE LOWDER

GREGG SMITH

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CITY OFFICIALS

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CITY MANAGER

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CHIEF FINANCIAL OFFICER

MICHELLE B. SHUMPERT
DIRECTOR OF FINANCIAL MANAGEMENT & REPORTING



First in Service

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2019**

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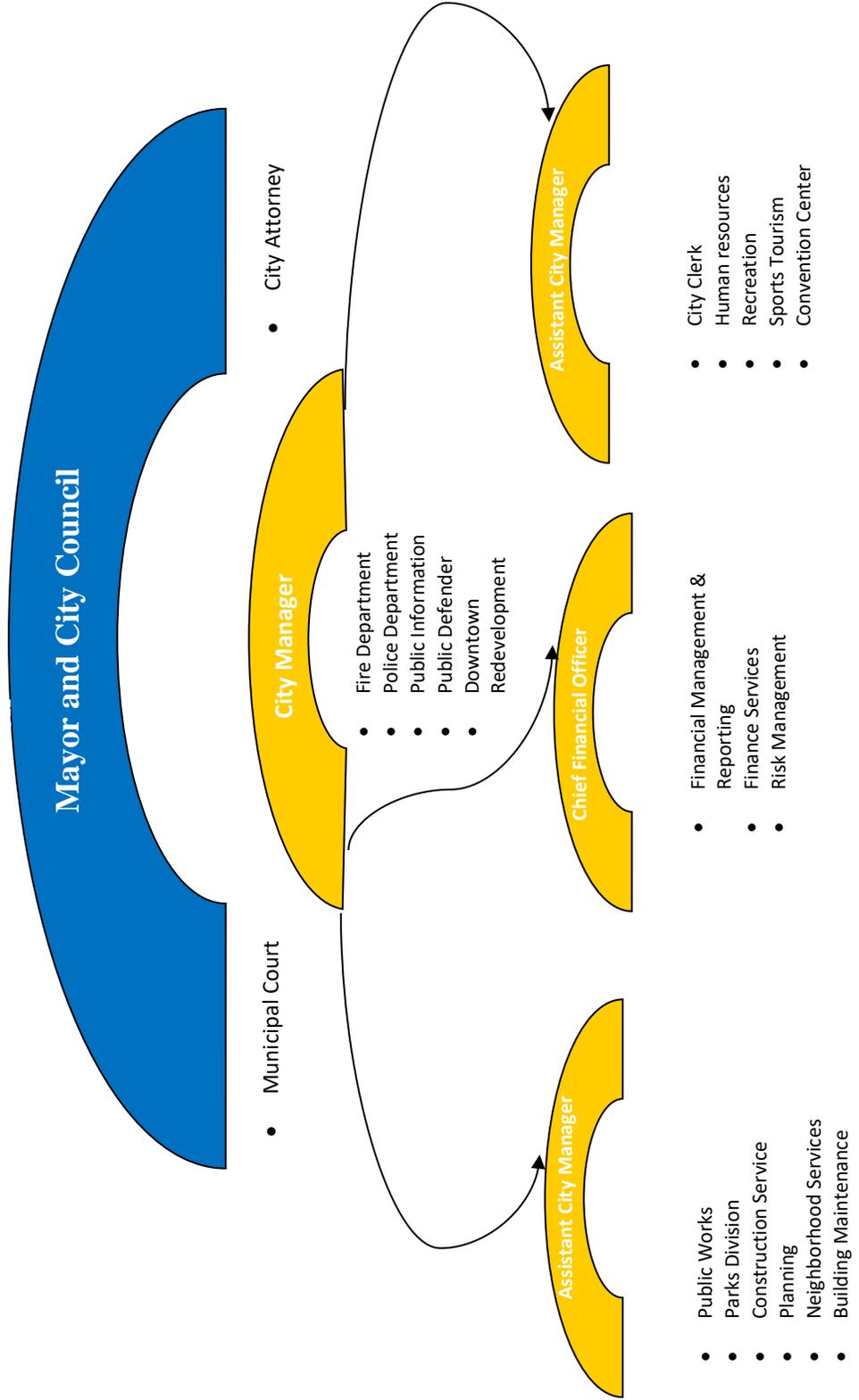
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Organizational Chart





City of Myrtle Beach SOUTH CAROLINA

DEPARTMENT OF FINANCIAL MANAGEMENT & REPORTING

November 27, 2019

The Honorable Mayor Brenda Bethune, City Council, and
City Manager of the City of Myrtle Beach, South Carolina

The Comprehensive Annual Financial Report of the City of Myrtle Beach, South Carolina, for the fiscal year ended June 30, 2019, is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy of the data and the completeness and reliability of the totality of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Generally accepted accounting principles (GAAP) dictate that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the narrative. The City's MD&A can be found immediately following the report of the independent auditor.

GENERAL INFORMATION

Community Profile

Myrtle Beach is in the center of an expanse of coastal shoreline known as the Grand Strand. The Grand Strand is a 60 mile long stretch of beach towns and barrier islands that run from Little River to Georgetown, South Carolina and consists of a populated area ranging from only a few blocks to a couple of miles wide. The City is oriented in the northeastern most corner of the state and is approximately 23 miles south of the North Carolina border. The land is low and the entire section is quite flat, with no elevations exceeding 50 feet above sea level. There are many more trees and wooded regions than are usually found in a beach area. The beaches are of white sand and the coastal water is very clean, as there are no harbors, shipping, or major industries in the area. No rivers or streams drain into the Atlantic for a distance of nearly 30 miles and the warm Gulf Stream current moves slowly northeastwardly along the coast.

A party of Spaniards from Hispaniola landed about 50 miles north of Myrtle Beach in 1526, and eventually established the first European settlement in the United States about 30 miles south of Myrtle Beach. The settlement, San Miguel de Caudape, was abandoned the next year and the group returned to Hispaniola. Later settled by landowners, the area was gradually developed into a very large plantation, with rice as the principal crop. The town of Myrtle Beach was incorporated in 1938, and became a City in 1957. Its name is taken from the wax myrtle shrub, which grows abundantly in the area. The development of the area into a large tourism destination, which Myrtle Beach has become, has taken place over the last several decades. Mild temperatures and the gentle ocean breezes create the ideal climate for a vacation destination any time of the year.

Because of the location on the northeastern South Carolina coast, its climate is much closer to that of subtropical Florida than to the more rigorous conditions that prevail in the North Atlantic States. Mild winters and warm summers are the rule. The Atlantic Ocean has a moderating effect, often mitigating extremely high or low temperatures because land and water heat and cool at different rates. Situated along the coast provides for cooling sea breezes during the summer and warms the immediate coast during the winter. The average air temperature varies from a low of 57°F in January to a high of 88°F in July. The average water temperature varies from a low of 49°F in January to a high of 83°F in July.

The Myrtle Beach Metropolitan Statistical Area was ranked among the fastest growing metropolitan areas in the nation, coming in second on the US Census list for 2018. US News & World Report recognized Myrtle Beach as the number one destination in the country where people are choosing to move in 2018. Since 1950, the population in Myrtle Beach alone has grown approximately 710% as shown in the following exhibit:

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

City Government

The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the governing body, the mayor and city council members. The six members of the City Council are elected on an at-large basis to serve four-year overlapping terms of office. The Mayor is elected on an at-large basis to serve a four-year term of office. The Mayor presides at City Council meetings and a Mayor Pro-Tempore is elected by City Council members from their body for a period of two years to serve in the Mayor’s place during periods of absence or disability.

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

FACTORS AFFECTING FINANCIAL CONDITION

During 2019, property values remained stable and growth continued at a strong pace in the Northern and Southernmost sections of the City. Revenues derived from business conducted in the City continued to rise. Revenue derived from City businesses includes general revenues such as business licenses as well as special purpose revenues that are restricted primarily for capital projects or the promotion of tourism.

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

of a tax credit. The net result was a reduction of the percentage of total revenue represented by property tax. From 2010 to 2019, property taxes accounted for 29.4% and 23.3% of total governmental revenue respectively. When the local option tourism fee tax credit is considered along with property tax and the effect of the local tourism fee is removed from total revenues, property tax revenue represents 32.2% of total governmental revenues for 2019. While the 2019 percentage of 32.2% of overall revenue is less than 2009's 34.1%, revenue actually grew by \$14.1 million over following the 10-year period. Growth in property tax revenue since the recession is a product of the recovery, growth in the northernmost and southernmost areas of the City, and strategic management by City leadership.

Property tax rates were kept at 66.1 mills from 2009 through 2014. In 2015, City leadership recognized that, while most other funds had recovered or substantially recovered following the recession, the General Fund had lost its structural balance when looked at over a five-year planning horizon. At the time, the tax rate was adjusted to the statutory equivalent rate (as adjusted for reassessment) of 67.4 mills. Council then adopted the first rate increase in six years in 2015, when the rate went from the baseline rate of 67.4 mills to 74.5 mills. The increase was enacted in an effort to restore the structural balance in the General Fund and to meet the increasing demand for services fueled by a growing population, record tourism numbers, and operation of new facilities. Since 2015, population and tourism expansion have continued and the service demands of the community have increased. In 2017, Council recognized the need to increase tax millage from 74.5 mills to 77.5 mills. The increase allowed for the addition of a number of positions and services to address the growth and community needs outlined in the City's strategic plan. The Public Safety component of the City's Strategic plan calls for the addition of 10 police positions per year for 7 years. In furtherance of the plan, Council adopted a 3 mill tax increase in 2019 to fund 10 new police officers, bringing the City's total millage rate to 80.5 mills.

Revenues from the business license fees, local option tourism fees, hospitality fees, and accommodations taxes further evidence the strength of the local economy. All of the aforementioned revenues are derived from business conducted in the City limits and, with the exception of the business license fee, all are special purpose revenues that are restricted primarily for capital projects or the promotion of tourism. Business license fee revenues represent the largest funding source in the General Fund, comprising 39.0% of general revenues and making up 17.5% of total governmental revenue. Just as City leadership adjusted property tax rates to address the structural balance of the General Fund and meet community needs, a modest increase in business license rates for businesses situated outside the corporate limits and elimination of the exemption for the long-term rental of private residences were enacted in 2016. Collections surpassed precession levels as a result of growth and strategic Council action.

In 2018, Council further explored options to maintain balance in the General Fund and minimize city-wide tax and fee increases. To that end, the City recognized that franchise funds allocated for underground utility conversion projects were more than sufficient to manage future conversion projects and renegotiated the franchise fee agreement with Santee Cooper, a large utility provider. Per the amended terms of the agreement, the franchise fee allocated to underground conversion projects was reduced by 50%, resulting in approximately \$900,000 of general purpose revenue for the General Fund beginning in 2019. Additionally, the City began working closely with the Myrtle Beach Air Force Base Redevelopment Authority (Redevelopment Authority) to review and revise the project list associated with the Myrtle Beach Air Force Base Tax Increment District. The Redevelopment Authority has the statutory authority to declare surplus for distribution to participating taxing agencies once projects identified in the district plan have been addressed. In October 2019, the Authority did declare a surplus for tax year 2018, and a distribution of \$1.4 million was made to the General Fund for Fiscal Year 2019. The distribution represents additional general purpose revenues in the General fund and are expected to exceed \$1.0 million going forward.

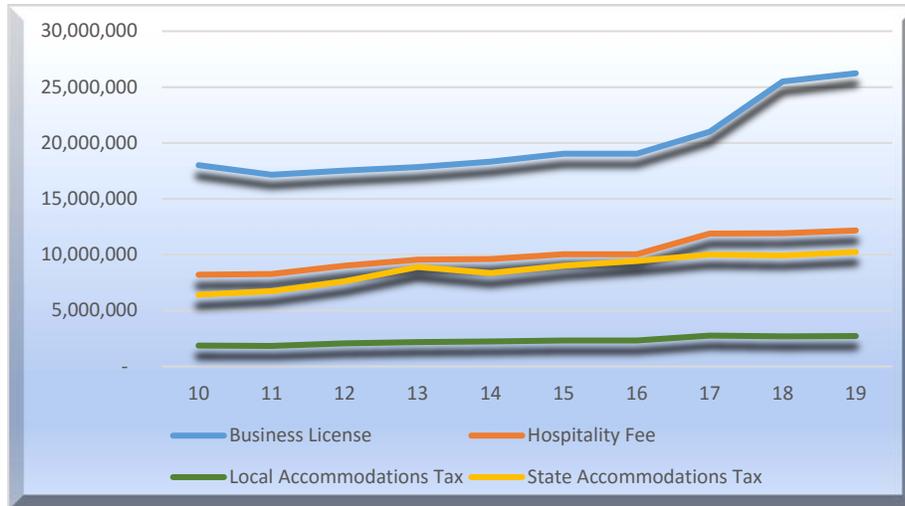
Growth in tourism and residential expansion result in increased revenues, however they also create pressure for public services and result in greater operating expenditures. Residential expansion in particular increases service demand and necessitated the addition of solid waste, parks, public safety, and recreational program staffing over the last several years. Those front line positions are relatively easy to associate with growth, however administrative and technical functions also see an increase in demand. For 2019, an information systems security specialist and two building ambassadors in City Hall and the City Services building were added to address both the changing threat environment and growing service level demands.

Tourism drives expenditure growth in a slightly different manner. The cost of ensuring the safety of visitors to our beachfront, the City's biggest tourism draw and consequently its most valuable resource, continues to grow as the number of visitors increase and the season expands. In order to provide the safest environment possible for beach-going residents and visitors alike, the City invested in beach safety equipment and expanded the presence of emergency personnel in 2018 to provide a higher level of coverage on the oceanfront during the peak season. Due to the success of the expanded beach service program, a beach services supervisor position was added in 2019 to further enhance beachfront emergency services.

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

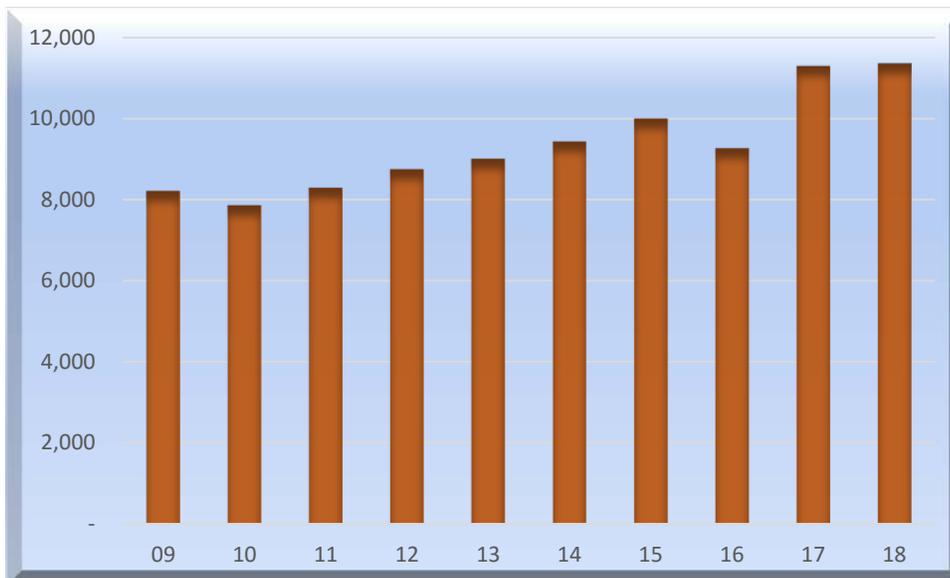
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, Fiscal Year 2010 - 2019



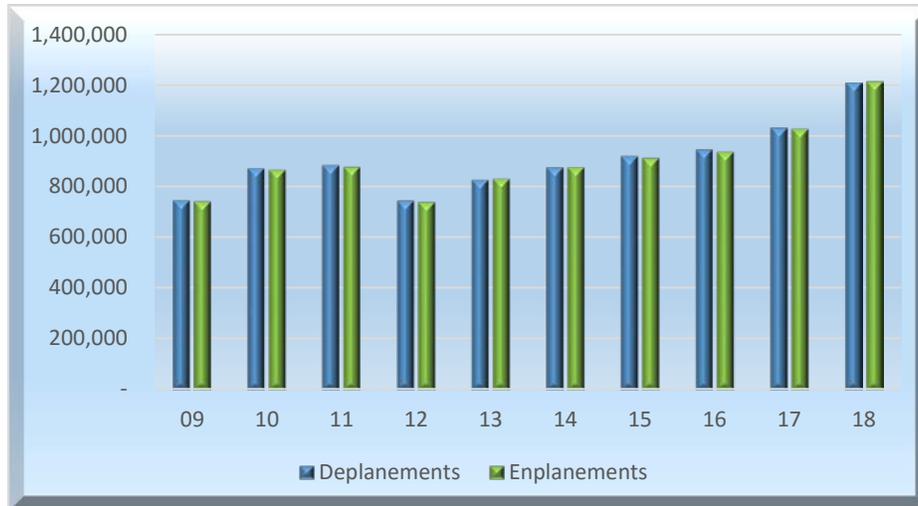
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008, 2009, and 2010, retail sales began to recover in 2011 and have demonstrated improved numbers through 2018. The graph below appears to show a very slight decrease in sales reported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

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



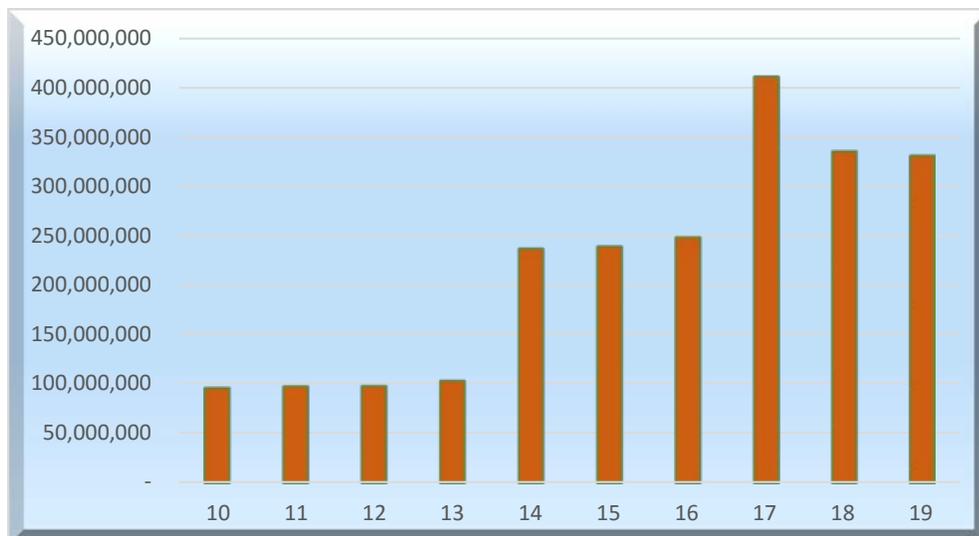
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

Passengers’ Handled - Myrtle Beach International Airport, Calendar Year 2009 – 2018



Another revenue group that reflects the economic condition is construction permits. Figures for the fiscal year ended June 30, 2019, indicate that buildings permitted by the City totaled \$331,281,528, which is the fifth highest annual construction value ever. The record is \$489.7 million, set in 2006, followed by \$427.3 million in 2007, both before the Great Recession. Based upon the 10-year horizon presented in the chart below, construction activity declined from 2009 through 2013 and stabilized from 2014 through 2016. Permit values were the third highest on record in 2017 at \$411,450,395, the result of a few high dollar commercial projects. Looked at over a 20-year period or longer, though, the record numbers seen in 2005-2007 obviously represented a bubble. The current level of construction is well above the long term growth trend and included 530 new single family homes (down from 585 the year before), nine new multi-family residential buildings and 40 new commercial buildings.

Construction Permitted Inside Corporate Limit, Fiscal Year 2010-2019



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 15% based upon the City's historical cash flows and the asynchronous nature of cash inflows and outflows. The City also retains a reserve of working capital to provide some cushion against possible interruption of cash inflows in the event of a natural disaster.

MAJOR INITIATIVES FOR THE YEAR

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

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



The financial plan for fiscal year 2019 was developed to support the furtherance of those initiatives identified by Council through both service enhancements and continuation of services. With regard to service enhancements, a total of sixteen new positions were included in the budget for the fiscal year, each intended to address the major initiatives identified by City Council. While all of the positions added represent furtherance of the Unparalleled Quality of Life initiative, certain enhancements specifically address the remaining initiatives as well.



Supporting the Crime Initiative, ten Police Officer positions were added in 2019, providing additional resources for the Police Department and allowing for the deployment of those resources throughout the City. During 2019, City Council approved the continued support for the Seven Year Staffing and Deployment Plan and the Police Recruitment and Retention Plan, both developed in 2018 with the goal of creating and retaining a police force properly sized for our community. In addition to the ten new sworn officer positions as a part of the Staffing and Deployment Plan, the K-9 unit was expanded to add an explosives detection program. The Myrtle Beach Police Department also partnered with RING for the Neighbors app, a community watch program where law enforcement and neighbors can share videos, crime prevention warnings, and public safety information. The partnership allowed law enforcement to distribute 30 free RING video-recording doorbells to residents at community meetings. Ring users and neighbors can also grant the department permission to access video footage regarding open investigations and suspicious activity.

Efforts associated with the Downtown Initiative include the unanimous adoption the Downtown Master Plan, downtown property acquisition, and partnering with Coastal Carolina University for the renovation of three properties to house a downtown performing arts theater. In addition, the Downtown Redevelopment Corporation (DRC) partnered with the City to achieve state designation of Historic District(s) to qualify for Historic Tax Credits and inclusion on the National Register was achieved in the fall of 2019. In conjunction with City staff, the DRC also helped identify and promote Opportunity zones and hosted the Myrtle Beach Opportunity Zone Forum for interested investors. Other efforts include the City Council created Technology Advisory Group, which is working to create a new co-working and tech hub downtown on Ninth Avenue North. Beautification of the area continues the DRC funded revitalization of Nance Plaza and the Storefront Facade Grant Program.



As mentioned earlier in the narrative, several other positions were added to meet service demands associated with economic and residential growth. A Sales and Marketing Manager was added in Sports Tourism to promote the City and bring in more track and field events in the Spring. The sports tourism market continues to grow and has been a strong economic engine in the community with the Myrtle Beach Sports Center generating an estimated \$23.9 million in direct spending for FY19.

To meet the needs of a growing tourist and residential population, a sidewalk maintenance position was added in Public Works. Commitment to maintaining the appearance and safety of infrastructure and the community requires an investment in staffing. To that end, the City also added two Ambassador positions in the City Services building and at City Hall and increased security measures by adding locked doors to secure areas in those buildings. The Ambassadors offer assistance to the public entering the facilities and control the flow of traffic to allow staff members to concentrate on the business of the City. While each of the positions added for 2019 play a different role in the organization, their underlying purpose is meeting the needs of our customers and creating experiences that contribute to an unparalleled quality of life in the City.

To implement the action steps required to address the major initiatives identified, ensuring the continuity of service at the highest level possible, and meeting the capital and maintenance needs of the City, a 3 mill increase in property tax millage was included in the 2019 budget, with the proceeds of the increase directly funding the Police Recruitment and Retention Plan. Water and Sewer utility charges were increased to offset rising service costs and meet infrastructure needs of the utility fund. The blended water and sewer rate increase was 3.9% and amounted to approximately \$1.89 per month for residential users of

an average of 7,500 gallons per month. Stormwater fees were increased by \$.50 per ERU to cover increasing operational costs and fund storm water infrastructure. The increase amounts to approximately \$6.00 per year for a residential customer.



In addition to the efforts dedicated to the major initiatives and service enhancements identified for 2019, several significant projects and capital improvements were completed throughout the City. The Public Information team launched online streaming function for City Council workshops and meetings at the Ted C. Collins Law Enforcement Center. Live streams can be found on the City’s website and includes an archive library of recordings. The City also began the process of implementing a new Enterprise Resource Management (ERP) system to replace the existing software system, which is over twenty years old. The ERP project will create efficiencies in information accumulation and reporting, support accountability and transparency and allow for a higher level of on-line processing and information sharing.

Recreational spaces are an important part of a community. In 2019 the Withers Swash Park observation pier and gazebo were renovated, completing a multi-year project in the park, which stretches from Third Avenue South to Broadway and Collins Streets. Myrtle Beach was known as New Town (Conway was Old Town) for a while before 1900. The park features a trail with a wooden boardwalk that parallels one of Myrtle Beach's oldest waterways, Withers Swash, and connects with Horry County's New Town Park and picnic area.



The second phase of Savannah’s Playground, an enabling recreational area was completed during the fiscal year. The playground is built for children of all ages and abilities, with soft surfaces and design planning that enhances the safety and experience for all. The second phase enhancements to Myrtle Beach’s most unique playground included equipment, four permanent restrooms, a water fountain, a bottle-refilling station and a fence around the pond. The restrooms are handicapped-accessible and all have changing stations.

A small dog park section was added to Barc Park South. Myrtle Beach has two off-leash dog parks where owners may let their pets run and play. Both parks are fully fenced and now offer separate areas for large and small dogs. Other recreational improvements completed during the year include replacement of the Crain Woods Fishing Pier at Futrell Park, equipment replacement along the Cabana Section Fitness Trail, and the installation of several Little Libraries throughout the City. The Little Free Libraries project was undertaken by Eagle Scout, Cody King. King, who is a part of Eagle Scout Troop 801, constructed the libraries as part of a community service project for an Eagle Scout award. The Friends of Chapin Memorial Library sponsored the materials needed for the building and installation of the Little Free Libraries. The libraries are located at Myrtle’s Market, Mary C. Canty Rec Center, Crabtree Memorial Gymnasium, and Pepper-Geddings Recreation Center.



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

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



FOR THE FUTURE

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

- The City anticipates the issuance of up to \$15,000,000 of tax increment financing bonds in 2020 to finance parking improvements, public infrastructure improvements to support development, park improvements, and the renovation and expansion of the Law Enforcement Center within the Myrtle Beach Air Base Redevelopment District.
- The City anticipates the issuance of \$16,000,000 of long-term bonds to finance the construction of a Performing Arts Theater and a new Library in the downtown redevelopment area by 2022.
- Pursuit of enabling statutory legislation to provide funding assistance for the addition of 70 Police officers and support staff over five to seven years.
- Continued focus on the surveillance cameras project and utilization of Real Time Crime Analyst to monitor and analyze information obtained through the system.
- Continued focus on quality of life issues in center city neighborhoods, including community watch programs, aggressive code enforcement, affordable housing, and multi-year CDBG programming.
- Continued redevelopment and revitalization of the downtown area to create a vibrant district that is appealing to visitors and businesses.
- Continued support for local businesses through symposiums, “How To” workshops, local vendor preferences, Myrtle Beach Shopping Days, and Grand Opening Signage allowances.
- Continued growth of Sports Tourism to increase direct visitor spending and economic impact and enhance revenue generation for sports tourism programs.
- City-wide storm water modeling to identify infrastructure improvements needed to address storm water flood control system maintenance and construction, ocean outfall projects, and drainage maintenance improvements.
- Continued installation of cycling lanes and pedestrian improvements consistent with development of the East Coast Greenway and multi-modal transportation objectives.
- Continued landscaping, storm water, underground utility conversion, and roadway realignment projects.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration, and signage.

INTERNAL CONTROL STRUCTURE

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including those controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The result of the City's single audit for the fiscal year ended June 30, 2019, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

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

OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Smith Sapp P.A. was selected to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

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

Sincerely yours,

A handwritten signature in cursive script that reads "Michelle Shumpert". The signature is written in black ink and is positioned above the typed name and title.

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



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, 2018

Christopher P. Morill

Executive Director/CEO



First in Service



**SMITH
SAPP**

Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 11), pension plan information (pages 78 - 81) and budgetary comparison information (pages 82 - 86) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, 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 PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
November 27, 2019



**CITY OF MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019**

Management’s discussion and analysis of the City of Myrtle Beach, South Carolina’s (the City) financial performance provides an overview of the City’s financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter, which begins on page v, and the City’s financial statements, which begin on page 13.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$230,758,766 (net position).
- The City’s total net position increased by \$4,921,700. This is the result of an increase in net position of governmental activities of \$4,629,336, or 4.8%, and an increase in net position of our business-type activities of \$292,364, or 0.2%.
- During the year ended June 30, 2019, the City’s total revenues amounted to \$201,681,205. Revenues of governmental activities totaled \$161,418,563, an increase of 10.2%, and revenues of business-type activities were \$40,262,642, a decrease of 0.4%.
- During the year ended June 30, 2019, the City’s total expenses amounted to \$196,759,505. Expenses of governmental activities totaled \$157,176,602, an increase of 6.7%, and expenses of business-type activities were \$39,582,903, an increase of 6.7%.
- At June 30, 2019, the City’s governmental funds reported combined fund balances of \$72,428,493, an increase of \$8,182,887 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 \$795,042, or 0.3%, for governmental activities and an increase of \$2,851,602, or 2.0%, for business-type activities.
- At year-end, the City had \$200,935,325 in outstanding bonds payable and capital lease obligations compared to \$203,198,441 last year, a decrease of 1.1%.

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 13 - 18) provide information about the activities of the City as a whole and present a long-term view of the City’s finances. Fund financial statements start on page 19. For governmental activities, the statements present how services were financed in the short term as well as what remains at the end of the period for future appropriation. Fund financial statements traditionally report the City’s operations in more detail than government-wide statements by providing information about the City’s most significant funds. The fiduciary fund financial statement on page 43 provides financial information about an activity for which the City acts as an agent on behalf of the City’s firefighters. The notes to the financial statements are an integral part of the financial statements and begin on page 44. This report also contains other information in addition to the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 5. One of the most important questions regarding the City’s finances is, “Is the City as a whole better or worse off as a result of the year’s activities?” The statement of net position and the statement of activities report information about the City as a whole and its activities in a way that answers the question. The aforementioned statements present all assets and liabilities using the accrual basis of accounting, which is similar to the application of accounting in most private-sector companies. All current year revenues and expenses are recognized, regardless of when cash is received or paid.

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

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

- *Governmental Activities* - The majority of the City's basic services are reported under governmental activities, including general government, public safety, transportation, community and economic development, culture and recreation, and public works. Property taxes, local accommodations taxes, business license taxes, franchise taxes, hospitality fee taxes, local option tourism taxes, user fees, and state and federal grants are the primary financing sources for these activities.
- *Business-Type Activities* - Business-type activities encompass funds where fees are charged to customers to offset all or most of the cost of provision of certain services. The City's water and sewer, baseball stadium, municipal golf course, and solid waste management activities are reported as business-type activities.
- *Component Units* - The Myrtle Beach Downtown Redevelopment Corporation and the Myrtle Beach Convention Center Hotel Corporation are component units of the City. Although legally separate, these "component units" are incorporated herein because the City is financially accountable for the entities.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 19 and provide detailed information about the most significant funds as opposed to the City as a whole. Funds are established either to comply with State law or bond covenants, or City Council may establish funds to control and manage revenues for particular purposes or to demonstrate adherence to legal obligations associated with the use of certain taxes, grants, and other funding sources. The two fund types utilized, governmental and proprietary, apply different accounting approaches.

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

The City as an Agent

The City is an agent, or fiduciary, for certain funds held on behalf of the City's firefighters. The fiduciary fund financial statement can be found on page 43 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 44.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension plans and budgetary information beginning on page 78. Combining and individual fund statements and schedules and other supplementary information can be found on pages 88 - 122.

The City as a Whole

Condensed statements of net position at June 30, 2019 and 2018 are shown below.

THE CITY'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 145,503,046	\$ 130,101,496	\$ 29,516,453	\$ 32,221,260	\$ 175,019,499	\$ 162,322,756
Capital Assets (Net)	<u>260,587,005</u>	<u>261,382,047</u>	<u>144,290,923</u>	<u>141,439,321</u>	<u>404,877,928</u>	<u>402,821,368</u>
Total Assets	<u>\$ 406,090,051</u>	<u>\$ 391,483,543</u>	<u>\$ 173,807,376</u>	<u>\$ 173,660,581</u>	<u>\$ 579,897,427</u>	<u>\$ 565,144,124</u>
Deferred Outflows of Resources	\$ <u>22,890,599</u>	\$ <u>28,199,637</u>	\$ <u>1,642,499</u>	\$ <u>2,164,210</u>	\$ <u>24,533,098</u>	\$ <u>30,363,847</u>
Long-Term Liabilities	\$ 272,191,324	\$ 269,012,394	\$ 38,198,704	\$ 38,082,290	\$ 310,390,028	\$ 307,094,684
Other Liabilities	<u>55,172,356</u>	<u>48,327,530</u>	<u>7,763,764</u>	<u>8,146,717</u>	<u>62,936,120</u>	<u>56,474,247</u>
Total Liabilities	<u>\$ 327,363,680</u>	<u>\$ 317,339,924</u>	<u>\$ 45,962,468</u>	<u>\$ 46,229,007</u>	<u>\$ 373,326,148</u>	<u>\$ 363,568,931</u>
Deferred Inflows of Resources	\$ <u>290,244</u>	\$ <u>5,645,866</u>	\$ <u>55,367</u>	\$ <u>456,108</u>	\$ <u>345,611</u>	\$ <u>6,101,974</u>
Net Position:						
Net Investment in Capital Assets	\$ 133,376,414	\$ 128,663,994	\$ 113,318,702	\$ 111,884,829	\$ 246,695,116	\$ 240,548,823
Restricted	35,788,591	35,519,383	741,803	1,504,625	36,530,394	37,024,008
Unrestricted	<u>(67,838,279)</u>	<u>(67,485,987)</u>	<u>15,371,535</u>	<u>15,750,222</u>	<u>(52,466,744)</u>	<u>(51,735,765)</u>
Total Net Position	<u>\$ 101,326,726</u>	<u>\$ 96,697,390</u>	<u>\$ 129,432,040</u>	<u>\$ 129,139,676</u>	<u>\$ 230,758,766</u>	<u>\$ 225,837,066</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, 2019 was \$230,758,766, an increase of \$4,921,700, or 2.2%, from a year ago.

The largest portion of the City's net position, \$246,695,116 reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$36,530,394, represents resources that are subject to external restrictions how they may be used. The remaining balance of unrestricted net position amounts to \$(52,466,744).

Changes in the City's net position during the years ended June 30, 2019 and 2018 follows.

THE CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 21,286,060	\$ 21,302,259	\$ 34,963,750	\$ 34,008,194	\$ 56,249,810	\$ 55,310,453
Operating Grants and Contributions	3,162,865	1,727,051	39,665	59,308	3,202,530	1,786,359
Capital Grants and Contributions	11,034,268	4,488,807	5,062,764	6,197,304	16,097,032	10,686,111
General Revenues:						
Property Taxes	36,868,630	33,638,840			36,868,630	33,638,840
Local Accommodations Taxes	2,729,372	2,697,237			2,729,372	2,697,237
Business License Taxes	26,234,896	25,508,342			26,234,896	25,508,342
Franchise Taxes	4,942,516	4,049,530			4,942,516	4,049,530
Hospitality Fee Taxes	12,157,102	11,923,034			12,157,102	11,923,034
Local Option Tourism Taxes	29,699,386	28,763,094			29,699,386	28,763,094
Grants and Contributions not Restricted to Specific Programs	12,091,191	11,698,916			12,091,191	11,698,916
Investment Earnings	1,212,277	645,460	196,463	141,039	1,408,740	786,499
Total Revenues	\$ 161,418,563	\$ 146,442,570	\$ 40,262,642	\$ 40,405,845	\$ 201,681,205	\$ 186,848,415
Expenses:						
General Government	\$ 15,035,878	\$ 14,672,604	\$	\$	\$ 15,035,878	\$ 14,672,604
Public Safety	53,574,303	50,078,581			53,574,303	50,078,581
Transportation	13,029,012	11,212,952			13,029,012	11,212,952
Community and Economic Development	38,649,385	34,791,477			38,649,385	34,791,477
Culture and Recreation	22,587,554	22,021,828			22,587,554	22,021,828
Public Works	7,588,750	7,529,646			7,588,750	7,529,646
Interest and Fiscal Charges	6,711,720	6,992,235			6,711,720	6,992,235
Water			17,317,321	16,092,999	17,317,321	16,092,999
Sewer			15,581,841	14,696,594	15,581,841	14,696,594
Baseball Stadium			634,356	699,873	634,356	699,873
Municipal Golf Course			341,617	324,196	341,617	324,196
Solid Waste Management			5,707,768	5,271,564	5,707,768	5,271,564
Total Expenses	\$ 157,176,602	\$ 147,299,323	\$ 39,582,903	\$ 37,085,226	\$ 196,759,505	\$ 184,384,549
Increase (Decrease) In Net Position						
Before Transfers	\$ 4,241,961	\$ (856,753)	\$ 679,739	\$ 3,320,619	\$ 4,921,700	\$ 2,463,866
Transfers	387,375	268,600	(387,375)	(268,600)		
Change in Net Position	\$ 4,629,336	\$ (588,153)	\$ 292,364	\$ 3,052,019	\$ 4,921,700	\$ 2,463,866
Net Position - Beginning	96,697,390	97,285,543	129,139,676	126,087,657	225,837,066	223,373,200
Net Position - Ending	\$ 101,326,726	\$ 96,697,390	\$ 129,432,040	\$ 129,139,676	\$ 230,758,766	\$ 225,837,066

The City's total revenues amounted to \$201,681,205 for the year ended June 30, 2019. This is an increase of \$14,832,790, or 7.9%. The largest increase was in capital grants and contributions, which increased by \$5,410,921, or 50.6%. A number of large residential development projects were completed last year and the contributed public infrastructure (water and sewer lines, roadways, storm water improvements) was accepted into the system and recorded in 2019. The second largest revenue growth area was in property taxes, which increased by \$3,229,790, or 9.6%. Growth in property tax revenue was due to residential growth in the northernmost and southernmost areas of the City and the effect of a 3 mill tax increase. Operating grants and contributions, the third largest growth area, increased by \$1,416,171, or 79.3%. The largest contributor to the increase was in the storm water fund and resulted from a grant for ocean outfall construction and maintenance. Additionally, the City received a Community Oriented Policing (COPS) grant that partially funded 10 new Police Officers. The fourth largest increase was in charges for services, increasing \$939,357 or 1.7%. The City saw the most significant increases in the business-type funds, specifically in revenues from water and sewer charges and solid waste fees. Coming in fifth in revenue growth, the local option tourism development fee increased by \$936,292, or 3.3%. This fee is imposed on gross sales of items that are subject to State sales tax and the continued growth is indicative of a strong economy. City franchise tax demonstrated the sixth largest growth in revenue and increased by \$892,986, or 22.1%, as a result of the renegotiation of the franchise agreement between the City and the Santee Cooper electric utility. Business license fee revenue increased by \$726,554, or 2.8%. Much like the local tourism development fee, growth in business license fee revenue was a result of continued economic growth and prosperity in the City. Investment earnings increased by \$622,241, or 79.1%, due to an increase in cash invested throughout the year, with the largest revenue growth in the Myrtle Beach Air Force Base Tax Increment Fund. Grants and contributions not restricted to specific programs increased by \$392,275, or 3.4%, primarily as a result of an increase in state-wide accommodations tax collections. Hospitality fee revenue increased by \$234,068, or 2.0% and local accommodations tax revenues increased by \$32,135, or 1.2%. As with the local option tourism fee, the increase in these business driven revenues is indicative of a strong local economy, which likely would have demonstrated greater growth had it not been for the effects of flooding in the City's environs following Hurricane Florence, which disrupted business for several weeks in September and October 2018.

The total cost of all programs and services was \$196,759,505, increasing by \$12,374,956, or 6.7%, over the previous year. The largest governmental increase, \$3,857,908, was experienced in community and economic development and occurred in the Myrtle Beach Air Force Base Tax Increment Fund. The Air Force Base Redevelopment Authority declared a tax surplus for tax year 2018, resulting in the distribution of surplus property tax to the various taxing jurisdictions. The second largest increase was in public safety. Public safety expenses increased by \$3,495,722, or 7.0%, as a result of the police recruitment and retention plan and a heightened oceanfront presence by both the police and fire departments. The third largest increase was \$1,816,060 in the transportation division and represented growth of 16.2% over the prior year. Expenses associated with storm water infrastructure were responsible for the growth in the transportation division. Culture and recreation expenditures increased by \$565,726, or 2.6%. Facility maintenance and improvements drove the increase in expenses associated with culture and recreation services. General government expenses increased by \$363,274 or 2.5%. Contributing factors include costs associated with the first full year of operation of the Public Defender's department and legal fees in the attorney's office. Public works expenses increased by only \$59,104, or 0.8%. The largest decrease occurred in interest and fiscal charges. The decrease of \$280,515, or 4.0%, resulted from reducing interest payments on long term debt obligations. The largest increase in business-type activity expense occurred in the Water and Sewer fund where operations experienced a combined increase of \$2,109,569, or 6.9%. The increase can be attributed to cost associated with the wholesale purchase of water and wastewater handling and distribution system maintenance. Solid Waste expenses increased by \$436,204 or 8.3%. Fuel costs, maintenance and repair, and tipping fees contributed to the expense increase, each driven by growth in the customer base. Municipal Golf Course expenses increased \$17,421, or 5.4%, due to increased depreciation on capital assets and interest costs. Baseball Stadium expenses decreased by \$65,517, or 9.4%, as a result of lower maintenance costs than experienced in the prior year.

Governmental Activities

The City's net position from governmental activities increased \$4,629,336, or 4.8%. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased from \$(67,485,987) at June 30, 2018 to \$(67,838,279) at the end of this year.

The City's programs for governmental activities include general government, public safety, transportation, community and economic development, culture and recreation, and public works. Revenues for the City's governmental activities increased 10.2% (\$14,975,993) and total expenses increased 6.7% (\$9,877,279).

The cost of all governmental activities this year was \$157,176,602. However, as shown in the statement of activities beginning on page 17, the amount that our taxpayers ultimately financed for these activities was only \$121,693,409 because some of the cost was paid by those who directly benefited from the programs (\$21,286,060) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14,197,133). Overall, the City's governmental program revenues were \$35,483,193. 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 \$125,935,370.

Business-Type Activities

The City's net position from business-type activities increased \$292,364, 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 decreased by 0.4% (\$143,203) and expenses increased by 6.7% (\$2,497,677).

The cost of all business-type activities this year was \$39,582,903. As shown in the statement of activities that starts on page 17, the amounts paid by users of the activities were \$34,963,750 and grants and contributions totaled \$5,102,429. Investment earnings were \$196,463.

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 \$72,428,493, an increase of \$8,182,887 in comparison with the prior year. Of this amount, \$11,302,645, or 15.6%, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not available for spending or restricted for specific purposes by external or self-imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12,243,154, while the total fund balance amounted to \$13,553,918. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 14.2% of total expenditures, while total fund balance represents 15.7% of that same amount. The General Fund's total fund balance decreased by \$298,309 during the current fiscal year. While still showing growth, property tax and business license revenue came in slightly below budget. Additionally, the first full year of operation of the Public Defender's office and the continuation of the police recruitment and retention plan contributed to the decrease.

The Convention Center Fund has a total fund balance of (\$108,500), a decrease of \$889,926 from the prior year. This was primarily due to a decrease in the hotel ground lease and an increase in capital expenditures for improvements at the facility.

The Local Option Tourism Fee Fund has a total fund balance of \$1,010, a decrease of \$183,121 from the prior year. While there was an excess of revenues over expenditures in the amount of \$5,974,417, transfers out to other funds were \$6,157,538. These transfers represent a planned use of this fee for capital improvements in the Baseball Stadium Fund and for property tax credits to owner occupied primary homes in the City that were transferred to the General Fund, the Air Base Tax Increment Revenue Fund, and the Debt Service Fund.

The Air Base Tax Increment Revenue Fund has a total fund balance of \$22,051,234, an increase of \$2,670,746 from the prior year. Fund balance growth was a product of increased property tax revenue in the district which has been driven by rapid residential development.

The Capital Improvements Fund's total fund balance increased by \$7,456,266 to \$25,896,443 at June 30, 2019. Of this total, \$9,780,034 is restricted for capital projects and tourism promotion and support and \$16,116,409 is assigned for disaster recovery and capital projects. Project budgets are fully funded in the year of adoption, however project costs may span several years. Growth in the fund balance is a product of the adoption of a number of large long-term projects that will be completed in coming years.

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 \$16,133,600. Total net position decreased \$102,428 over the prior year. The decrease was due to distribution maintenance expenses incurred during the period.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(753,226). The increase in total net position in the Baseball Stadium Fund was \$281,562, which was due to a decrease in maintenance expenses and a decrease in interest expense.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(2,167,889). The decrease in total net position in the Municipal Golf Course Fund was \$196,774, which is attributable to depreciation and interest costs. A management company was contracted in 2016 to operate the Whispering Pines Golf Course with the goal of reducing annual cash losses in the fund.

Unrestricted net position of the Solid Waste Management Fund at the end of the year amounted to \$(2,267,575). The decrease in total net position in the Solid Waste Management Fund of \$120,219 was due to increased maintenance costs and a reduction of Transfer Station revenues. Due to the growth in the customer waste stream, the Transfer Station was closed to the public through the workweek to retain capacity for residential and commercial customer volume.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$1,998,592 under the final budgeted amounts. This decrease was attributable to a decrease in property tax revenue, which is in part a result of an increase in owner occupied 4% property and the corresponding local tourism development fee tax credit. Business License revenue, while up over prior year collections, fell short of projections. Fines and Forfeitures and Charges for Services were also below budgeted estimates. Slower than expected growth in Business License and Charges for Services are likely a result of the flooding associated with Hurricane Florence, which adversely affected local travel to the City for nearly a month in the Fall of 2018.

Budget to actual comparisons for the General Fund can be found on page 82.

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, 2019 amounted to \$404,877,928 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 \$795,042, or 0.3%, for governmental activities and an increase of \$2,851,602, or 2.0%, for business-type activities. The decrease in governmental activities was primarily due to depreciation, however the City did acquire several downtown properties and complete a number of facility improvements. The increase in business-type activities was primarily due to the dedication of transportation infrastructure from commercial and residential developers and distribution system improvements.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 32,702,171	\$ 29,003,903	\$ 18,685,751	\$ 18,685,751	\$ 51,387,922	\$ 47,689,654
Land Improvements	61,511,289	59,916,067	9,213,531	9,024,525	70,724,820	68,940,592
Buildings and Improvements	122,447,020	120,239,538	11,824,866	11,789,646	134,271,886	132,029,184
Distribution Systems			213,072,135	201,850,859	213,072,135	201,850,859
Furniture, Vehicles, and Equipment	73,064,425	68,466,292	6,358,406	5,940,457	79,422,831	74,406,749
Infrastructure	215,857,861	211,229,835			215,857,861	211,229,835
Construction-in-Progress	259,554	1,213,173	843,971	4,319,939	1,103,525	5,533,112
Accumulated Depreciation	<u>(245,255,315)</u>	<u>(228,686,761)</u>	<u>(115,707,737)</u>	<u>(110,171,856)</u>	<u>(360,963,052)</u>	<u>(338,858,617)</u>
	<u>\$ 260,587,005</u>	<u>\$ 261,382,047</u>	<u>\$ 144,290,923</u>	<u>\$ 141,439,321</u>	<u>\$ 404,877,928</u>	<u>\$ 402,821,368</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 \$200,935,325 in outstanding bonds payable and capital lease obligations compared to \$203,198,441 last year, a decrease of 1.1%.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 41,971,000	\$ 37,765,000	\$	\$	\$ 41,971,000	\$ 37,765,000
Revenue Bonds			29,138,193	29,218,107	29,138,193	29,218,107
Certificates of Participation				770,000		770,000
Tax Increment Revenue						
Bonds	43,560,000	45,280,000			43,560,000	45,280,000
Storm Water Revenue						
Bonds	15,508,776	16,651,060			15,508,776	16,651,060
Hospitality Fee Revenue						
Bonds	65,235,000	66,790,000			65,235,000	66,790,000
Capital Lease						
Obligations	<u>5,522,356</u>	<u>6,724,274</u>	<u>29,138,193</u>	<u>29,988,107</u>	<u>5,522,356</u>	<u>6,724,274</u>
	<u>\$ 171,797,132</u>	<u>\$ 173,210,334</u>	<u>\$ 29,138,193</u>	<u>\$ 29,988,107</u>	<u>\$ 200,935,325</u>	<u>\$ 203,198,441</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, 2019, the amount of new debt, which could be issued without referendum, was \$7,719,160.

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

Economic Factors and Next Year's Budgets and Rates

The City's financial condition remained strong during fiscal year 2019 as a result of two primary factors. Property values have stabilized and are growing at a moderate pace and revenues deriving from business conducted in the City show continued strength. Business license receipts surpassed the previous 2008 high in 2015, continued to steadily grow through 2018, and remained at peak levels in 2019. Likewise, the local option tourism fee, hospitality fee, and accommodations taxes, all special purpose revenues that are restricted primarily for capital projects or the promotion of tourism, evidence the strength of the local economy. The City's elected and appointed officials considered the current financial condition as well as several other factors when setting the fiscal year 2020 budget, particularly tax rates and fees charged for business-type activities. The economy, the population growth rate, and inflation rates were also contemplated.

When management formulated the 2020 budget, it did so with three major objectives: (1) restore structural balance to the General Fund, (2) examine the mix of services the City offers, and (3) in the capital improvements program, focus on existing infrastructure before expanding facilities and services. The 2020 budget includes a 3 mill increase in the *ad valorem* tax rate, however South Carolina law mandates that counties conduct a reassessment of all real properties every five years and 2019 is a reassessment year for Horry County, inclusive of the City of Myrtle Beach. Reassessing the real property values every five years assures that taxes are levied fairly on the current value of the property. In other words, the tax burden is more fairly distributed to properties based on their current value, rather than an old value which may be greater or lesser than the property's true current value. In a reassessment year, governments must adjust millage rates so that they collect no more than one percent over what they would have collected from taxes before the reassessment. The result of the 2019 reassessment was a reduction of 4.6 mills for operating, leaving a total millage rate for fiscal year 2020 of 78.9 mills. The millage for ad valorem taxes is comprised of 72.9 mills for operating, inclusive of the 3 mill increase, and 6 mills for debt service. Properties that are used as primary residences receive a credit under the terms of legislation authorizing the City's local option tourism fee. The local option tourism fee credit offsets approximately 79.9% of the tax on owner occupied property resulting in net property taxes due of approximately \$64.00 per \$100,000 of market value per year. Amounts available for appropriation in the General Fund budget for fiscal year 2020 are \$90,591,574, an increase of 3.5% from the final fiscal year 2019 budget of \$87,554,040.

For the City's business-type activities, a blended water and sewer rate increase of 5.9% was incorporated into the 2020 budget. The increase amounts to \$2.90 per month for a residential user of an average of 7,500 gallons per month. Solid Waste fees were also increased to fund operational costs and prepare for a number of large capital projects planned in the near future. An increase of \$ 4.75 per month for a residential customer, \$2.00 per month for a commercial rollout customer, and \$7.25 per month for a commercial 8 cubic yard container customer were incorporated into the fiscal year 2020 budget.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be directed to the City's Department of Financial Management and Reporting at Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1139.



First in Service

BASIC FINANCIAL STATEMENTS

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 53,984,944	\$ 16,960,103	\$ 70,945,047
Receivables (Net)	23,743,181	2,942,738	26,685,919
Due From Component Units	29,479,136		29,479,136
Internal Balances	(4,426,625)	4,426,625	
Inventories	339,460	1,262,399	1,601,859
Prepaid Assets	41,558		41,558
Restricted Cash and Temporary Investments	42,341,392	3,924,588	46,265,980
Land and Construction in Progress	32,961,725	19,529,722	52,491,447
Other Capital Assets (Net)	227,625,280	124,761,201	352,386,481
Total Assets	\$ 406,090,051	\$ 173,807,376	\$ 579,897,427
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refundings Related to Pension Plans	\$ 2,616,543	\$ 422,955	\$ 3,039,498
	20,274,056	1,219,544	21,493,600
Total Deferred Outflows of Resources	\$ 22,890,599	\$ 1,642,499	\$ 24,533,098
LIABILITIES			
Accounts Payable and Accrued Expenses Due to Primary Government	\$ 36,527,076	\$ 2,721,404	\$ 39,248,480
Unearned Revenue	700,910	150,005	850,915
Liabilities Payable From Restricted Assets	5,360,168	4,892,355	10,252,523
Noncurrent Liabilities:			
Due Within One Year	12,584,202		12,584,202
Due in More Than One Year	272,191,324	38,198,704	310,390,028
Total Liabilities	\$ 327,363,680	\$ 45,962,468	\$ 373,326,148
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plans	\$ 290,244	\$ 55,367	\$ 345,611

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

<u>Component Units</u>	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 1,929,376 648,560	\$ 4,248,373 529,536
	51,070 201,836 2,770,930
1,022,049 <u>744,491</u>	<u>28,205,289</u>
\$ <u>4,344,476</u>	\$ <u>36,007,034</u>
\$ _____	\$ 566,517 _____
\$ _____	\$ <u>566,517</u>
\$ 31,200 46,352 28,652	\$ 1,329,398 29,432,784 169,115 497,816
4,083 <u>1,718,954</u>	<u>14,469,748</u>
\$ <u>1,829,241</u>	\$ <u>45,898,861</u>
\$ _____	\$ _____

A-1 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 133,376,414	\$ 113,318,702	\$ 246,695,116
Restricted for:			
Capital Projects	15,790,253		15,790,253
Capital Replacements			
Community Development	10,076,248		10,076,248
Debt Service	7,429,871	531,803	7,961,674
Library	111,623		111,623
Narcotics Law Enforcement	442,708		442,708
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	1,931,370		1,931,370
Victims Assistance	6,518		6,518
Unrestricted	(67,838,279)	15,371,535	(52,466,744)
Total Net Position	\$ 101,326,726	\$ 129,432,040	\$ 230,758,766

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

<u>Component Units</u>	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 706,616	\$ 13,947,058
	353,649
	1,788,937
	485,528
<u>1,808,619</u>	<u>(25,900,482)</u>
<u>\$ 2,515,235</u>	<u>\$ (9,325,310)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 15,035,878	\$ 3,237,617	\$	\$
Public Safety	53,574,303	2,547,392	1,077,529	192,010
Transportation	13,029,012	2,608,680	1,080,431	4,954,509
Community and Economic Development	38,649,385	3,203,028	382,306	5,781,530
Culture and Recreation	22,587,554	9,689,343	561,140	106,219
Public Works	7,588,750		61,459	
Interest and Fiscal Charges	6,711,720			
Total Governmental Activities	<u>\$ 157,176,602</u>	<u>\$ 21,286,060</u>	<u>\$ 3,162,865</u>	<u>\$ 11,034,268</u>
Business-Type Activities:				
Water	\$ 17,317,321	\$ 14,922,271	\$	\$ 2,581,956
Sewer	15,581,841	14,223,700		2,480,808
Baseball Stadium	634,356	59,073		
Municipal Golf Course	341,617	141,977		
Solid Waste Management	5,707,768	5,616,729	39,665	
Total Business Type Activities	<u>\$ 39,582,903</u>	<u>\$ 34,963,750</u>	<u>\$ 39,665</u>	<u>\$ 5,062,764</u>
Total Primary Government	<u>\$ 196,759,505</u>	<u>\$ 56,249,810</u>	<u>\$ 3,202,530</u>	<u>\$ 16,097,032</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,995,168	\$ 2,019,936	\$	\$
MB Convention Center Hotel Corporation	17,881,069	16,647,323		
Total Component Units	<u>\$ 19,876,237</u>	<u>\$ 18,667,259</u>	<u>\$</u>	<u>\$</u>

General Revenues:

Property Taxes

Local Accommodations Taxes

Business License Taxes

Franchise Taxes

Hospitality Fee Taxes

Local Option Tourism Taxes

Grants and Contributions not Restricted to Specific Programs

Investment Earnings

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (11,798,261)		\$ (11,798,261)		
(49,757,372)		(49,757,372)		
(4,385,392)		(4,385,392)		
(29,282,521)		(29,282,521)		
(12,230,852)		(12,230,852)		
(7,527,291)		(7,527,291)		
(6,711,720)		(6,711,720)		
<u>\$ (121,693,409)</u>		<u>\$ (121,693,409)</u>		
	\$ 186,906	\$ 186,906		
	1,122,667	1,122,667		
	(575,283)	(575,283)		
	(199,640)	(199,640)		
	(51,374)	(51,374)		
	<u>\$ 483,276</u>	<u>\$ 483,276</u>		
<u>\$ (121,693,409)</u>	<u>\$ 483,276</u>	<u>\$ (121,210,133)</u>		
			\$ 24,768	\$ (1,233,746)
			<u>\$ 24,768</u>	<u>\$ (1,233,746)</u>
\$ 36,868,630		\$ 36,868,630	\$	
2,729,372		2,729,372		
26,234,896		26,234,896		
4,942,516		4,942,516		
12,157,102		12,157,102		
29,699,386		29,699,386		
12,091,191		12,091,191		
1,212,277	196,463	1,408,740	3,654	101,741
387,375	(387,375)			
<u>\$ 126,322,745</u>	<u>\$ (190,912)</u>	<u>\$ 126,131,833</u>	<u>\$ 3,654</u>	<u>\$ 101,741</u>
\$ 4,629,336	\$ 292,364	\$ 4,921,700	\$ 28,422	\$ (1,132,005)
<u>96,697,390</u>	<u>129,139,676</u>	<u>225,837,066</u>	<u>2,486,813</u>	<u>(8,193,305)</u>
<u>\$ 101,326,726</u>	<u>\$ 129,432,040</u>	<u>\$ 230,758,766</u>	<u>\$ 2,515,235</u>	<u>\$ (9,325,310)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 489,974	\$ 9,700	\$
Receivables (Net):			
Property Taxes	1,133,052		
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Accounts	3,253,561	175,759	
Intergovernmental	2,458,967		8,194,036
Loans	29,505		
Due From Other Funds	10,443,558		
Due From Component Units	46,352	29,432,784	
Inventories	161,331	15,678	
Prepaid Assets	4,430		
Restricted Cash and Temporary Investments	1,355,966		
Total Assets	\$ 19,376,696	\$ 29,633,921	\$ 8,194,036
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 3,881,062	\$ 313,438	\$ 6,555,229
Due to Other Funds		103,359	1,637,797
Payable From Restricted Assets:			
Court Bonds	533,583		
Refundable Deposits	200,030		
Surplus Funds - Overlapping Governments			
Other	68,022		
Unearned Revenue	7,490	188,525	
Total Liabilities	\$ 4,690,187	\$ 605,322	\$ 8,193,026
Deferred Inflows of Resources:			
Unavailable Revenue	\$ 1,132,591	\$ 29,137,099	\$

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 15,367,043	\$ 6,865,575	\$ 22,732,292
290,927		8,705	1,432,684
		468,658	468,658
		1,939,902	1,939,902
		97,422	97,422
		26,684	3,456,004
	1,557,707	3,829,813	16,040,523
		192,685	222,190
		2,759,981	13,203,539
			29,479,136
		38,699	215,708
		37,128	41,558
<u>26,645,314</u>	<u>11,080,030</u>	<u>3,260,082</u>	<u>42,341,392</u>
<u>\$ 26,936,241</u>	<u>\$ 28,004,780</u>	<u>\$ 19,525,334</u>	<u>\$ 131,671,008</u>
\$ 17,273	\$ 808,340	\$ 1,755,022	\$ 13,330,364
1,503,311		6,137,189	9,381,656
			533,583
	1,299,997		1,500,027
3,258,536			3,258,536
			68,022
		504,895	700,910
<u>\$ 4,779,120</u>	<u>\$ 2,108,337</u>	<u>\$ 8,397,106</u>	<u>\$ 28,773,098</u>
<u>\$ 105,887</u>	<u>\$</u>	<u>\$ 93,840</u>	<u>\$ 30,469,417</u>

A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (continued)			
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 161,331	\$ 15,678	
Long-Term Receivables	29,505		
Prepaid Assets	4,430		
Restricted for:			
Capital Projects			
Community Development			
Debt Service			
Library	111,623		
Narcotics Law Enforcement	442,708		
Tourism Promotion and Support			1,010
Victims Assistance			
Committed for:			
Demolition Loans	2,750		
Redevelopment Incentive Projects	558,417		
Assigned for:			
Capital Projects			
Disaster Recovery			
Unassigned	<u>12,243,154</u>	<u>(124,178)</u>	
Total Fund Balances (Deficit)	<u>\$ 13,553,918</u>	<u>\$ (108,500)</u>	<u>\$ 1,010</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 19,376,696</u>	 <u>\$ 29,633,921</u>	 <u>\$ 8,194,036</u>

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$ 38,699	\$ 215,708
			29,505
		37,128	41,558
13,615,060	9,450,273		23,065,333
5,394,535		4,681,713	10,076,248
3,041,639		5,571,197	8,612,836
			111,623
			442,708
	329,761	1,515,464	1,846,235
		6,518	6,518
			2,750
			558,417
	13,216,409		13,216,409
	2,900,000		2,900,000
		(816,331)	11,302,645
\$ <u>22,051,234</u>	\$ <u>25,896,443</u>	\$ <u>11,034,388</u>	\$ <u>72,428,493</u>
\$ <u>26,936,241</u>	\$ <u>28,004,780</u>	\$ <u>19,525,334</u>	\$ <u>131,671,008</u>



First in Service

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2019**

Total Fund Balances - Total Governmental Funds	\$ 72,428,493
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.	247,403,660
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	30,469,417
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.	5,789,864
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(254,764,708)</u>
Net Position of Governmental Activities	\$ <u>101,326,726</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, 2019

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property Taxes	\$ 22,823,173	\$	\$
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Local Option Tourism Taxes			29,699,386
Licenses and Permits	32,803,766		
Fines and Forfeitures	1,081,298		
Intergovernmental	4,298,003		
Charges for Services	2,672,845	3,573,220	
Miscellaneous	3,602,448	2,003,993	109,015
Total Revenues	<u>\$ 67,281,533</u>	<u>\$ 5,577,213</u>	<u>\$ 29,808,401</u>
EXPENDITURES			
Current:			
General Government	\$ 11,909,464	\$ 525,108	\$
Public Safety	49,424,726		
Transportation	4,571,972		
Community and Economic Development	3,836,551		23,833,984
Culture and Recreation	8,134,789	5,291,527	
Public Works	7,430,976		
Capital Outlay	849,514	116,335	
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Total Expenditures	<u>\$ 86,157,992</u>	<u>\$ 5,932,970</u>	<u>\$ 23,833,984</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (18,876,459)</u>	<u>\$ (355,757)</u>	<u>\$ 5,974,417</u>

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,506,842	\$ 535,677	\$ 1,801,814	\$ 36,667,506
		2,722,785	2,722,785
		12,159,412	12,159,412
		2,619,359	2,619,359
			29,699,386
	1,146,489	49,606	33,999,861
		107,608	1,188,906
93,893	3,451,720	11,581,269	19,424,885
		1,562,412	7,808,477
398,388	4,440,679	447,876	11,002,399
<u>\$ 11,999,123</u>	<u>\$ 9,574,565</u>	<u>\$ 33,052,141</u>	<u>\$ 157,292,976</u>
\$	\$ 754,375	\$ 904,648	\$ 14,093,595
	31,890		49,456,616
	323,010	3,733,011	8,627,993
4,522,127	53,325	2,925,073	35,171,060
	712,354	2,768,599	16,907,269
			7,430,976
	9,255,253	1,073,590	11,294,692
1,355,000		6,337,499	7,692,499
1,605,158		5,063,105	6,668,263
	176,386		176,386
<u>\$ 7,482,285</u>	<u>\$ 11,306,593</u>	<u>\$ 22,805,525</u>	<u>\$ 157,519,349</u>
<u>\$ 4,516,838</u>	<u>\$ (1,732,028)</u>	<u>\$ 10,246,616</u>	<u>\$ (226,373)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 19,002,291	\$ 750,000	\$
Transfers Out	(428,366)	(1,368,535)	(6,157,538)
General Obligation Bonds Issued			
Premium on General Obligation Bonds			
Capital Lease Obligation		84,366	
Sale of Capital Assets	4,225		
Total Other Financing Sources (Uses)	<u>\$ 18,578,150</u>	<u>\$ (534,169)</u>	<u>\$ (6,157,538)</u>
Net Change in Fund Balances	\$ (298,309)	\$ (889,926)	\$ (183,121)
Fund Balances - Beginning	<u>13,852,227</u>	<u>781,426</u>	<u>184,131</u>
Fund Balances - Ending	<u><u>\$ 13,553,918</u></u>	<u><u>\$ (108,500)</u></u>	<u><u>\$ 1,010</u></u>

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

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 1,255,000	\$ 9,894,476	\$ 30,901,767
(1,846,092)		(20,713,861)	(30,514,392)
	7,000,000		7,000,000
	933,294		933,294
			84,366
			4,225
<u>\$ (1,846,092)</u>	<u>\$ 9,188,294</u>	<u>\$ (10,819,385)</u>	<u>\$ 8,409,260</u>
\$ 2,670,746	\$ 7,456,266	\$ (572,769)	\$ 8,182,887
<u>19,380,488</u>	<u>18,440,177</u>	<u>11,607,157</u>	<u>64,245,606</u>
<u>\$ 22,051,234</u>	<u>\$ 25,896,443</u>	<u>\$ 11,034,388</u>	<u>\$ 72,428,493</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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 8,182,887
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which depreciation (\$14,883,242) exceeded capital outlays (\$11,294,692) in the current period.	(3,588,550)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,740,041
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(325,161)
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.	(5,115,443)
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	<u>1,735,562</u>
Change in Net Position of Governmental Activities	\$ <u>4,629,336</u>

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 16,900,247	\$ 59,656	\$
Receivables (Net):			
Accounts	1,262,377	1,947	137,198
Intergovernmental	60,000	241,328	
Due From Other Funds	3,721,735		
Inventories	1,209,076		
Total Current Assets	\$ 23,153,435	\$ 302,931	\$ 137,198
Noncurrent Assets:			
Restricted Cash and Temporary Investments	\$ 3,624,588	\$ 300,000	\$
Land and Construction in Progress	3,544,242	5,600,000	10,385,480
Other Capital Assets (Net)	116,819,790	3,933,997	3,312,694
Total Noncurrent Assets	\$ 123,988,620	\$ 9,833,997	\$ 13,698,174
Total Assets	\$ 147,142,055	\$ 10,136,928	\$ 13,835,372
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refunding Related to Pension Plan	\$ 422,955	\$	\$
	738,534		
Total Deferred Outflows of Resources	\$ 1,161,489	\$	\$

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 200	\$ 16,960,103	\$ 31,252,652
222,339	1,623,861	85,798
1,017,549	1,318,877	
	3,721,735	
53,323	1,262,399	123,752
<u>\$ 1,293,411</u>	<u>\$ 24,886,975</u>	<u>\$ 31,462,202</u>
\$	\$ 3,924,588	\$
	19,529,722	
694,720	124,761,201	13,183,345
<u>\$ 694,720</u>	<u>\$ 148,215,511</u>	<u>\$ 13,183,345</u>
<u>\$ 1,988,131</u>	<u>\$ 173,102,486</u>	<u>\$ 44,645,547</u>
\$	\$ 422,955	\$
481,010	1,219,544	130,518
<u>\$ 481,010</u>	<u>\$ 1,642,499</u>	<u>\$ 130,518</u>

A-7 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,428,695	\$ 10,070	\$ 234
Due to Other Fund		1,046,087	2,304,853
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Refundable Deposits	2,750,099		
Interest Payable	342,686		
County Renewal and Replacement Fund		90,000	
Revenue Bonds	1,709,570		
Total Current Liabilities	\$ 7,231,050	\$ 1,146,157	\$ 2,305,087
Noncurrent Liabilities:			
Compensated Absences	\$ 103,358		\$
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	29,685,606		
Net Pension Liability	5,042,752		
Unearned Revenue	150,005		
Total Noncurrent Liabilities	\$ 34,981,721	\$	\$
Total Liabilities	\$ 42,212,771	\$ 1,146,157	\$ 2,305,087
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plan	\$ 33,559	\$	\$

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 282,405	\$ 2,721,404	\$ 22,013,747
370,795	3,721,735	3,821,883
		600,335
		672,321
	2,750,099	
	342,686	
	90,000	
	<u>1,709,570</u>	
<u>\$ 653,200</u>	<u>\$ 11,335,494</u>	<u>\$ 27,108,286</u>
\$ 89,978	\$ 193,336	\$ 24,599
		3,505,722
		3,063,590
	29,685,606	
3,277,010	8,319,762	851,711
	<u>150,005</u>	
<u>\$ 3,366,988</u>	<u>\$ 38,348,709</u>	<u>\$ 7,445,622</u>
\$ 4,020,188	\$ 49,684,203	\$ 34,553,908
<u>\$ 21,808</u>	<u>\$ 55,367</u>	<u>\$ 5,668</u>

A-7 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
NET POSITION			
Net Investment in Capital Assets	\$ 89,391,811	\$ 9,533,997	\$ 13,698,174
Restricted for:			
Debt Service	531,803		
Renewal and Replacement		210,000	
Unrestricted	16,133,600	(753,226)	(2,167,889)
Total Net Position	\$ 106,057,214	\$ 8,990,771	\$ 11,530,285

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

Net Position of Business-Type Activities

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 694,720	\$ 113,318,702	\$ 9,447,434
	531,803	
	210,000	
<u>(2,267,575)</u>	<u>10,944,910</u>	<u>769,055</u>
\$ <u><u>(1,572,855)</u></u>	\$ 125,005,415	\$ <u><u>10,216,489</u></u>
	<u>4,426,625</u>	
	\$ <u><u>129,432,040</u></u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 29,012,260	\$ 55,183	\$ 141,977
OPERATING EXPENSES			
Administration	\$ 5,140,805	\$	\$
Operations	22,221,972	180,921	54,731
Depreciation	4,788,286	449,409	269,316
Total Operating Expenses	<u>\$ 32,151,063</u>	<u>\$ 630,330</u>	<u>\$ 324,047</u>
Operating Income (Loss)	<u>\$ (3,138,803)</u>	<u>\$ (575,147)</u>	<u>\$ (182,070)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 193,644	\$ 2,819	\$
Operating Grant Revenue			
Miscellaneous Revenue	133,711	3,890	
Gain on Disposal of Capital Assets	5,300		
Interest and Fiscal Charges	<u>(871,669)</u>		<u>(14,704)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (539,014)</u>	<u>\$ 6,709</u>	<u>\$ (14,704)</u>
Income (Loss) Before Contributions and Transfers	\$ (3,677,817)	\$ (568,438)	\$ (196,774)
Capital Contributions	5,062,764		
Transfers In		850,000	
Transfers Out	<u>(1,487,375)</u>		
Change in Net Position	\$ (102,428)	\$ 281,562	\$ (196,774)
Total Net Position - Beginning	<u>106,159,642</u>	<u>8,709,209</u>	<u>11,727,059</u>
Total Net Position - Ending	<u><u>\$ 106,057,214</u></u>	<u><u>\$ 8,990,771</u></u>	<u><u>\$ 11,530,285</u></u>

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

Change in Net Position of Business-Type Activities

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ <u>5,616,729</u>	\$ <u>34,826,149</u>	\$ <u>24,188,893</u>
\$ 831,309	\$ 5,972,114	\$ 622,516
5,118,492	27,576,116	19,093,037
73,962	5,580,973	2,751,603
\$ <u>6,023,763</u>	\$ <u>39,129,203</u>	\$ <u>22,467,156</u>
\$ <u>(407,034)</u>	\$ <u>(4,303,054)</u>	\$ <u>1,721,737</u>
\$	\$ 196,463	\$ 385,546
39,665	39,665	
	137,601	3,556
	5,300	54,097
<u>(2,850)</u>	<u>(889,223)</u>	<u>(99,151)</u>
\$ <u>36,815</u>	\$ <u>(510,194)</u>	\$ <u>344,048</u>
\$ (370,219)	\$ (4,813,248)	\$ 2,065,785
	5,062,764	100,000
250,000	1,100,000	
	<u>(1,487,375)</u>	
\$ (120,219)	\$ (137,859)	\$ 2,165,785
<u>(1,452,636)</u>		<u>8,050,704</u>
\$ <u>(1,572,855)</u>		\$ <u>10,216,489</u>
	<u>430,223</u>	
\$	<u>292,364</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 29,851,973	\$ 57,126	\$ 142,904
Receipts From Interfund Services Provided			
Payments to Suppliers	(23,014,973)	(148,463)	(26,609)
Payments to Employees	(2,338,313)		
Payments for Interfund Services Used	(2,292,392)	(39,650)	(28,359)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 2,206,295</u>	<u>\$ (130,987)</u>	<u>\$ 87,936</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$	\$ 850,000	\$
Transfers Out	(1,487,375)		
Operating Grants	167,730		
Proceeds From Interfund Loan	1,364,111		130,774
Payments on Interfund Loans		(136,520)	
Interest Payments on Interfund Loan			(14,704)
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$ 44,466</u>	<u>\$ 713,480</u>	<u>\$ 116,070</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 1,966,406	\$	\$
Payments for Intergovernmental Receivable		(127,238)	
Proceeds From Long-Term Debt	1,594,769		
Principal Payments on Long-Term Debt	(1,674,682)	(770,000)	
Interest Payments on Long-Term Debt	(966,896)	(19,250)	
Payment of Bond Administration Fees	(5,200)		
Purchases of Capital Assets	(4,648,949)	(456,477)	(204,006)
Proceeds From Disposal of Capital Assets	5,300		
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (3,729,252)</u>	<u>\$ (1,372,965)</u>	<u>\$ (204,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>\$ 193,644</u>	<u>\$ 2,819</u>	<u>\$</u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 193,644</u>	<u>\$ 2,819</u>	<u>\$</u>

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 5,617,528	\$ 35,669,531	\$
		24,188,893
(2,559,594)	(25,749,639)	(4,925,508)
(1,511,953)	(3,850,266)	(392,955)
(1,658,392)	(4,018,793)	
		<u>(11,860,065)</u>
<u>\$ (112,411)</u>	<u>\$ 2,050,833</u>	<u>\$ 7,010,365</u>
\$ 250,000	\$ 1,100,000	\$
	(1,487,375)	
1,250,410	1,418,140	
	1,494,885	868,550
(1,358,365)	(1,494,885)	
<u>(2,850)</u>	<u>(17,554)</u>	
<u>\$ 139,195</u>	<u>\$ 1,013,211</u>	<u>\$ 868,550</u>
\$	\$ 1,966,406	\$ 100,000
	(127,238)	
	1,594,769	
	(2,444,682)	(805,069)
	(986,146)	(114,896)
	(5,200)	
(26,784)	(5,336,216)	(3,639,614)
	<u>5,300</u>	<u>108,600</u>
<u>\$ (26,784)</u>	<u>\$ (5,333,007)</u>	<u>\$ (4,350,979)</u>
<u>\$</u>	<u>\$ 196,463</u>	<u>\$ 385,546</u>
<u>\$</u>	<u>\$ 196,463</u>	<u>\$ 385,546</u>

A-9 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,284,847)	\$ (787,653)	\$
Cash and Cash Equivalents - Beginning	21,809,682	1,147,309	
Cash and Cash Equivalents - Ending	\$ 20,524,835	\$ 359,656	\$

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

Operating Income (Loss)	\$ (3,138,803)	\$ (575,147)	\$ (182,070)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,788,286	449,409	269,316
(Increase) Decrease in Accounts Receivable (Net)	(86,570)	(1,947)	927
(Increase) Decrease in Inventories	(70,602)		
Decrease in Prepaid Assets			
Increase (Decrease) in Accounts Payable and Accrued Expenses	(434,311)	(7,192)	(237)
Increase in Refundable Deposits Payable	795,897		
(Decrease) in Unreported Insurance Claims			
Increase in Net Pension Liability and Related Amounts	222,012		
(Decrease) in Unearned Revenue	(3,325)		
Miscellaneous Receipts	133,711	3,890	
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 2,206,295	\$ (130,987)	\$ 87,936

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$	\$ (2,072,500)	\$ 3,913,482
<u>200</u>	<u>22,957,191</u>	<u>27,339,170</u>
\$ <u>200</u>	\$ <u>20,884,691</u>	\$ <u>31,252,652</u>
\$ (407,034)	\$ (4,303,054)	\$ 1,721,737
73,962	5,580,973	2,751,603
799	(86,791)	289,360
(31,314)	(101,916)	20,819
		40,000
43,438	(398,302)	2,151,281
	795,897	(3,283)
207,738	429,750	35,292
	(3,325)	
<u> </u>	<u>137,601</u>	<u>3,556</u>
\$ <u>(112,411)</u>	\$ <u>2,050,833</u>	\$ <u>7,010,365</u>

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	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	\$ 3,096,358		\$
Book Value of Capital Asset Disposals			
Capitalized Interest	153,249		

Reconciliation of Cash and Cash Equivalents

Unrestricted Cash and Temporary Investments	\$ 16,900,247	\$ 59,656	\$
Restricted Cash and Temporary Investments	3,624,588	300,000	
	\$ 20,524,835	\$ 359,656	\$

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$	\$ 3,096,358	\$
	153,249	54,503
\$ 200	\$ 16,960,103	\$ 31,252,652
	3,924,588	
<u>\$ 200</u>	<u>\$ 20,884,691</u>	<u>\$ 31,252,652</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2019

ASSETS

Cash and Temporary Investments \$ 25,503

LIABILITIES

Due to Firemen's Association \$ 25,503

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

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

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

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

B. Government-Wide Financial Statements

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

C. Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Fiduciary Funds

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City's major proprietary funds were as follows:

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

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

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

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Cash and Temporary Investments

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

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

Investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The fair value of the City's position in the South Carolina Local Government Investment Pool (SCLGIP) is determined using the net asset value per share practical expedient. The SCLGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the SCLGIP.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

F. Receivables

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

G. Interfund Activity

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

H. Inventories

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

I. Prepaid Assets

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

J. Restricted Assets

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

K. Capital Assets

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

L. Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The City currently has two items which qualify for reporting in this category. The deferred amounts on advance refundings result from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension plans represents the City's proportionate share of the plans' deferred outflows of resources.

M. Deferred Inflows of Resources

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

N. Compensated Absences

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

O. Long-Term Obligations

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

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

P. Equity Classifications

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The government-wide statement of net position reports \$36,530,394 of total restricted net position, of which \$5,748,140 is restricted by enabling legislation.

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

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

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

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

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

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

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

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

Q. Revenues and Expenses

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, \$254,764,708, follows:

Bonds Payable (Net)	\$ 175,642,187
Capital Lease Obligations	1,786,445
Compensated Absences	5,327,266
Net Pension Liability and Related Amounts	73,442,388
Accrued Interest Payable	1,182,965
Deferred Amounts on Advance Refundings	<u>(2,616,543)</u>
	<u>\$ 254,764,708</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, \$325,161, is comprised of the following:

General Obligation Bonds Issued	\$ 7,000,000
Premium on General Obligation Bonds	933,294
Capital Lease Obligation	84,366
Principal Repayments	<u>(7,692,499)</u>
	<u>\$ 325,161</u>

The details of another element in the reconciliation that relates to expenses, \$5,115,443, follows:

Compensated Absences	\$ 658,176
Net Pension Liability	4,689,347
Accrued Interest	(53,751)
Amortization of Bond Premiums	(555,259)
Amortization of Deferred Amounts on Advance Refundings	<u>376,930</u>
	<u>\$ 5,115,443</u>

Note 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2019, 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, 2019 were as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Convention Center Fund	\$ 108,500
Solid Waste Management Fund	1,572,855
Nonmajor Governmental Funds:	
Local Accommodations Tax Fund	183,159
Sports Tourism Fund	557,345
Internal Service Fund:	
Health Insurance Fund	4,507,412

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 \$28,177,367 and the financial institutions' balances totaled \$32,228,264. Of that balance, \$1,265,396 was covered by federal depository insurance and \$30,962,868 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$38,940 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 \$1,922,876 and the financial institutions' balances totaled \$2,021,834. Of that balance, \$488,494 was covered by federal depository insurance and \$1,533,340 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name. At year-end, the MBDRC had \$6,500 in cash in hand.

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

At year-end, the MBCCHC's carrying amount of deposits in financial institutions was \$1,374,299 and the financial institutions' balances totaled \$927,177. Of that balance, \$250,000 was covered by federal depository insurance and \$677,177 was uninsured and uncollateralized. At year-end, cash on hand totaled \$40,000.

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

B. Investments

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	3 Days	Not Rated	\$ 20,000,822	22.47%
U.S. Treasury Bill	0.25 Years	N/A	667,082	0.75
Money Market Mutual Funds	Not Available	AAA	47,100,158	52.91
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>21,252,161</u>	<u>23.87</u>
			<u>\$ 89,020,223</u>	<u>100.00%</u>

At June 30, 2019, fair value measurements of the City's investments are as follows:

	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
Repurchase Agreement	\$ 20,000,822	\$	\$	\$ 20,000,822
U.S. Treasury Bill	667,082			667,082
Money Market Mutual Funds	<u>47,100,158</u>			<u>47,100,158</u>
	<u>\$ 67,768,062</u>	<u>\$</u>	<u>\$</u>	<u>\$ 67,768,062</u>
Investments Measured at Net Asset Value				
State Treasurer's Investment Pool				<u>21,252,161</u>
				<u>\$ 89,020,223</u>

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

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

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Money Market Mutual Funds	Not Available	AAA	<u>\$ 5,605,004</u>	<u>100.00%</u>

At June 30, 2019, fair value measurements of the MBCCHC's investments are based on Level 1 inputs.

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

Note 5 - RECEIVABLES (NET)

Receivables at June 30, 2019, including the applicable allowances for doubtful accounts, are as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
Property Taxes	\$ 3,985,809	\$	\$	\$ 316,225
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	3,827,969	175,759		
Intergovernmental	2,484,148		8,194,036	
Loans	<u>29,505</u>			
	\$ 10,327,431	\$ 175,759	\$ 8,194,036	\$ 316,225
Allowances for Doubtful Accounts	<u>(3,452,346)</u>			<u>(25,298)</u>
	<u>\$ 6,875,085</u>	<u>\$ 175,759</u>	<u>\$ 8,194,036</u>	<u>\$ 290,927</u>
	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts		1,750,184	1,947	137,198
Intergovernmental	1,557,707	60,000	241,328	
Loans				
	\$ 1,557,707	\$ 1,810,184	\$ 243,275	\$ 137,198
Allowances for Doubtful Accounts		<u>(487,807)</u>		
	<u>\$ 1,557,707</u>	<u>\$ 1,322,377</u>	<u>\$ 243,275</u>	<u>\$ 137,198</u>
	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>	
Property Taxes	\$	\$ 9,462	\$ 4,311,496	
Local Accommodations Taxes		476,404	476,404	
Hospitality Fee Taxes		1,982,604	1,982,604	
Storm Water Fees		199,780	199,780	
Accounts	373,098	112,482	6,378,637	
Intergovernmental	1,270,285	3,829,813	17,637,317	
Loans		<u>192,685</u>	<u>222,190</u>	
	\$ 1,643,383	\$ 6,803,230	\$ 31,208,428	
Allowances for Doubtful Accounts	<u>(403,495)</u>	<u>(153,563)</u>	<u>(4,522,509)</u>	
	<u>\$ 1,239,888</u>	<u>\$ 6,649,667</u>	<u>\$ 26,685,919</u>	

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2019, amounts due to/from other funds were as follows:

	Receivable	Payable
General Fund	\$ 10,443,558	\$
Convention Center Fund		103,359
Local Option Tourism Fee Fund		1,637,797
Air Base Tax Increment Revenue Fund		1,503,311
Nonmajor Governmental Funds	2,759,981	6,137,189
Internal Service Funds		3,821,883
Water and Sewer Fund	3,721,735	
Baseball Stadium Fund		1,046,087
Municipal Golf Course Fund		2,304,853
Solid Waste Management Fund		370,795
	\$ 16,925,274	\$ 16,925,274

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Local Option Tourism Fee Fund (\$1,637,797), the Air Base Tax Increment Revenue Fund (\$1,503,311) and three nonmajor governmental funds (\$5,369,128) 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, 2019 were as follows:

Transfers In	Transfers Out			
	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Air Base Tax Increment Revenue Fund
General Fund	\$	\$	\$ 4,484,898	\$ 1,641,092
Convention Center Fund				
Capital Improvements Fund				
Nonmajor Governmental Funds	428,366	1,368,535	1,422,640	205,000
Baseball Stadium Fund			250,000	
Solid Waste Management Fund				
	\$ 428,366	\$ 1,368,535	\$ 6,157,538	\$ 1,846,092

Transfers In	Transfers Out		
	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
General Fund	\$ 11,388,926	\$ 1,487,375	\$ 19,002,291
Convention Center Fund	750,000		750,000
Capital Improvements Fund	1,255,000		1,255,000
Nonmajor Governmental Funds	6,469,935		9,894,476
Baseball Stadium Fund	600,000		850,000
Solid Waste Management Fund	250,000		250,000
	\$ 20,713,861	\$ 1,487,375	\$ 32,001,767

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, 2019, amounts due to the City from its discretely presented component units were as follows:

	Receivable	Payable
Primary Government:		
General Fund	\$ 46,352	\$
Convention Center Fund	29,432,784	
MBDRC		46,352
MBCCHC		29,432,784
	\$ 29,479,136	\$ 29,479,136

The MBCCHC entered into a site lease with the City for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires during April 2036 and requires annual rental payments equal to a fixed rental component plus 3.0% of the MBCCHC's gross revenues. The rental payments are to be remitted to the City in accordance with the terms of the revenue bond trust indenture. During the year ended June 30, 2019, rent expense for this lease amounted to \$3,462,469. Minimum future rental payments for the fixed component of this lease as of June 30, 2019 are as follows:

Year Ending June 30, 2020	\$ 3,848,382
2021	3,843,888
2022	3,839,826
2023	3,840,926
2024	3,836,650
2025 - 2029	19,030,750
2030 - 2034	19,039,250
2035 - 2036	7,610,000
	\$ 64,889,672

The MBCCHC entered into a support facilities sublease with the City for a portion of the convention center facilities. The support facilities sublease expires during April 2036 and requires the MBCCHC to make a \$1 annual rental payment to the City.

During the year ended June 30, 2019, the City purchased various land parcels from the MBDRC. The purchase price was \$3,275,247.

Note 8 - RESTRICTED CASH AND TEMPORARY INVESTMENTS

The City's restricted cash and temporary investments consisted of the following at June 30, 2019:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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June 30, 2019

Governmental Activities:

General Fund:

Court Bonds	\$ 533,583
Confiscated and Seized Funds	452,230
Refundable Deposits	200,030
Other	170,123

Air Base Tax Increment Revenue Fund:

Air Base Tax Increment Revenue Bond Accounts	26,645,314
----------------------------------------------	------------

Capital Improvements Fund:

Bond Proceeds	7,275,080
PUD Improvements	1,710,192
Hospitality Fee Taxes	329,761
Refundable Deposits	1,299,997
Road Projects	465,000

Nonmajor Governmental Funds:

Grant Funds	279,296
Hospitality Fee Taxes	561,542
Local Option Tourism Taxes	544,862
Storm Water Revenue Bond Accounts	<u>1,874,382</u>
	<u>\$ 42,341,392</u>

Business-Type Activities:

Water and Sewer Fund:

Refundable Deposits	\$ 2,750,099
Waterworks and Sewer System Revenue Bond Accounts	874,489

Baseball Stadium Fund:

Renewal and Replacement Accounts	<u>300,000</u>
	<u>\$ 3,924,588</u>

At June 30, 2019, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$2,770,930.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 29,003,903	\$ 3,698,268	\$	\$ 32,702,171
Construction-in-Progress	<u>1,213,173</u>	<u>259,554</u>	<u>1,213,173</u>	<u>259,554</u>
	<u>\$ 30,217,076</u>	<u>\$ 3,957,822</u>	<u>\$ 1,213,173</u>	<u>\$ 32,961,725</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 59,916,067	\$ 1,595,222	\$	\$ 61,511,289
Buildings and Improvements	120,239,538	2,207,482		122,447,020
Furniture, Vehicles and Equipment	68,466,292	5,718,927	1,120,794	73,064,425
Infrastructure	<u>211,229,835</u>	<u>4,628,026</u>		<u>215,857,861</u>
	<u>\$ 459,851,732</u>	<u>\$ 14,149,657</u>	<u>\$ 1,120,794</u>	<u>\$ 472,880,595</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities (continued):				
Accumulated Depreciation for:				
Land Improvements	\$ (22,047,585)	\$ (3,014,440)	\$	\$ (25,062,025)
Buildings and Improvements	(58,385,094)	(4,120,971)		(62,506,065)
Furniture, Vehicles and Equipment	(48,267,479)	(4,634,576)	(1,066,291)	(51,835,764)
Infrastructure	<u>(99,986,603)</u>	<u>(5,864,858)</u>		<u>(105,851,461)</u>
	<u>\$ (228,686,761)</u>	<u>\$ (17,634,845)</u>	<u>\$ (1,066,291)</u>	<u>\$ (245,255,315)</u>
Capital Assets (Net)	<u>\$ 261,382,047</u>	<u>\$ 472,634</u>	<u>\$ 1,267,676</u>	<u>\$ 260,587,005</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>4,319,939</u>	<u>843,971</u>	<u>4,319,939</u>	<u>843,971</u>
	<u>\$ 23,005,690</u>	<u>\$ 843,971</u>	<u>\$ 4,319,939</u>	<u>\$ 19,529,722</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 9,024,525	\$ 189,006	\$	\$ 9,213,531
Buildings and Improvements	11,789,646	35,220		11,824,866
Distribution System	201,850,859	11,221,276		213,072,135
Furniture, Vehicles and Equipment	<u>5,940,457</u>	<u>463,041</u>	<u>45,092</u>	<u>6,358,406</u>
	<u>\$ 228,605,487</u>	<u>\$ 11,908,543</u>	<u>\$ 45,092</u>	<u>\$ 240,468,938</u>
Accumulated Depreciation for:				
Land Improvements	\$ (5,197,587)	\$ (333,543)	\$	\$ (5,531,130)
Buildings and Improvements	(7,786,330)	(410,629)		(8,196,959)
Distribution System	(91,928,894)	(4,688,846)		(96,617,740)
Furniture, Vehicles and Equipment	<u>(5,259,045)</u>	<u>(147,955)</u>	<u>(45,092)</u>	<u>(5,361,908)</u>
	<u>\$ (110,171,856)</u>	<u>\$ (5,580,973)</u>	<u>\$ (45,092)</u>	<u>\$ (115,707,737)</u>
Capital Assets (Net)	<u>\$ 141,439,321</u>	<u>\$ 7,171,541</u>	<u>\$ 4,319,939</u>	<u>\$ 144,290,923</u>

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

Governmental Activities:	
General Government	\$ 356,733
Public Safety	1,340,854
Transportation	4,544,497
Community and Economic Development	3,360,626
Culture and Recreation	5,208,670
Public Works	71,862
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>2,751,603</u>
	<u>\$ 17,634,845</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Business-Type Activities:		
Water		\$ 2,145,720
Sewer		2,642,566
Baseball Stadium		449,409
Municipal Golf Course		269,316
Solid Waste Management		<u>73,962</u>
		<u>\$ 5,580,973</u>

The MBDRC's capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ <u>3,278,745</u>	\$ <u>1,022,049</u>	\$ <u>3,278,745</u>	\$ <u>1,022,049</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 435,542	\$	\$	\$ 435,542
Building and Improvements	233,294			233,294
Equipment	<u>1,184,274</u>		<u>36,904</u>	<u>1,147,370</u>
	\$ <u>1,853,110</u>	\$	\$ <u>36,904</u>	\$ <u>1,816,206</u>
Accumulated Depreciation for:				
Land Improvements	\$ (59,640)	\$ (29,037)	\$	\$ (88,677)
Building and Improvements	(62,212)	(15,552)		(77,764)
Equipment	<u>(867,598)</u>	<u>(64,915)</u>	<u>(27,239)</u>	<u>(905,274)</u>
	\$ <u>(989,450)</u>	\$ <u>(109,504)</u>	\$ <u>(27,239)</u>	\$ <u>(1,071,715)</u>
Capital Assets (Net)	\$ <u>4,142,405</u>	\$ <u>912,545</u>	\$ <u>3,288,410</u>	\$ <u>1,766,540</u>

The MBCCHC's capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Land Improvements	\$ 549,458	\$	\$	\$ 549,458
Building and Improvements	42,280,619			42,280,619
Furnishings and Equipment	<u>16,388,641</u>	<u>1,251,293</u>	<u>933,052</u>	<u>16,706,882</u>
	\$ <u>59,218,718</u>	\$ <u>1,251,293</u>	\$ <u>933,052</u>	\$ <u>59,536,959</u>
Accumulated Depreciation for:				
Land Improvements	\$ (418,121)	\$ (27,473)	\$	\$ (445,594)
Building and Improvements	(16,295,656)	(1,057,015)		(17,352,671)
Furnishings and Equipment	<u>(13,748,152)</u>	<u>(718,305)</u>	<u>(933,052)</u>	<u>(13,533,405)</u>
	\$ <u>(30,461,929)</u>	\$ <u>(1,802,793)</u>	\$ <u>(933,052)</u>	\$ <u>(31,331,670)</u>
Capital Assets (Net)	\$ <u>28,756,789</u>	\$ <u>(551,500)</u>	\$	\$ <u>28,205,289</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2019:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
Trade Accounts Payable	\$ 2,783,066	\$ 253,828	\$ 6,555,229	\$ 17,273
Accrued Salaries and Wages	1,097,996	59,610		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				
	<u>\$ 3,881,062</u>	<u>\$ 313,438</u>	<u>\$ 6,555,229</u>	<u>\$ 17,273</u>
	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Trade Accounts Payable	\$ 797,115	\$ 2,196,435	\$ 10,070	\$ 234
Accrued Salaries and Wages		57,953		
Compensated Absences		124,000		
Accrued Interest Payable				
Retainage Payable				
	<u>11,225</u>	<u>50,307</u>		
	<u>\$ 808,340</u>	<u>\$ 2,428,695</u>	<u>\$ 10,070</u>	<u>\$ 234</u>
	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>	
Trade Accounts Payable	\$ 186,489	\$ 23,604,024	\$ 36,403,763	
Accrued Salaries and Wages	36,198	50,587	1,302,344	
Compensated Absences	59,718	23,239	206,957	
Accrued Interest Payable		90,919	90,919	
Retainage Payable			61,532	
	<u>\$ 282,405</u>	<u>\$ 23,768,769</u>	<u>\$ 38,065,515</u>	

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

1,182,965
\$ 39,248,480

Note 11 - UNAVAILABLE REVENUE

At June 30, 2019, unavailable revenue consisted of the following:

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	General Fund	Convention Center Fund	Air Base Tax Increment Revenue Fund	Nonmajor Governmental Funds
Property Taxes	\$ 973,146	\$	\$ 105,887	\$ 8,705
Ambulance Fees	159,445			
Lease Revenues		29,124,066		
Other		13,033		85,135
	\$ 1,132,591	\$ 29,137,099	\$ 105,887	\$ 93,840
<u>Totals</u>				
Property Taxes	\$ 1,087,738			
Ambulance Fees	159,445			
Lease Revenues	29,124,066			
Other	98,168			
	\$ 30,469,417			

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2019, long-term debt of the City's governmental activities was as follows:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
General Obligation Bonds:				
Refunding Series 2011B	\$ 15,800,000	3.00 - 5.00%	03/01/28	\$ 10,220,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	3,040,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	6,960,000
Refunding Series 2015A	7,553,000	2.38	09/01/30	6,239,000
Refunding Series 2015B	1,560,000	1.99	09/01/25	1,121,000
Refunding Series 2015C	8,349,000	2.38	09/01/30	7,391,000
Series 2019	7,000,000	3.00 - 5.00	03/01/34	7,000,000
				\$ 41,971,000
Tax Increment Revenue Bonds:				
Refunding Series 2016	43,280,000	3.00 - 5.00	10/01/35	\$ 36,315,000
Refunding Series 2017B	7,245,000	3.00 - 5.00	04/01/34	7,245,000
				\$ 43,560,000
Storm Water Revenue Bonds:				
Series 2004	10,499,052	2.25	05/01/27	\$ 4,866,636
Series 2010	2,773,380	1.67	02/01/30	1,597,340
Series 2014	10,609,640	2.00	02/01/36	9,044,800
				\$ 15,508,776

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June 30, 2019

	<u>Original</u> <u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final</u> <u>Maturity Date</u>	<u>Amount</u>
Hospitality Fee Revenue Bonds:				
Refunding Series 2014A	\$ 17,400,000	1.05 - 5.90%	06/01/39	\$ 13,075,000
Refunding Series 2014B	44,515,000	2.00 - 5.00	06/01/36	42,895,000
Series 2017A	9,575,000	3.00 - 5.00	06/01/38	<u>9,265,000</u>
				<u>\$ 65,235,000</u>
Capital Lease Obligations:				
2014	3,636,423	2.68	08/01/22	\$ 2,577,315
2015	210,000	1.60	02/20/20	43,341
2016	1,072,398	2.32	08/05/21	658,163
2016	427,602	2.32	08/05/21	262,432
2017	1,132,228	2.55	07/15/24	852,823
2017	1,400,000	1.94	07/15/22	<u>1,128,281</u>
				<u>\$ 5,522,355</u>

General Obligation Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2020	\$ 3,218,000	\$ 1,267,396	\$ 4,485,396
2021	3,247,000	1,241,000	4,488,000
2022	3,354,000	1,125,183	4,479,183
2023	3,466,000	1,016,382	4,482,382
2024	3,591,000	903,592	4,494,592
2025 - 2029	17,064,000	2,711,403	19,775,403
2030 - 2034	<u>8,031,000</u>	<u>504,184</u>	<u>8,535,184</u>
	<u>\$ 41,971,000</u>	<u>\$ 8,769,140</u>	<u>\$ 50,740,140</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:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2020	\$ 1,775,000	\$ 1,828,775	\$ 3,603,775
2021	1,860,000	1,741,650	3,601,650
2022	1,945,000	1,650,500	3,595,500
2023	2,035,000	1,551,500	3,586,500
2024	2,150,000	1,447,375	3,597,375
2025 - 2029	12,445,000	5,481,875	17,926,875
2030 - 2034	15,630,000	2,271,200	17,901,200
2035 - 2036	<u>5,720,000</u>	<u>172,800</u>	<u>5,892,800</u>
	<u>\$ 43,560,000</u>	<u>\$ 16,145,675</u>	<u>\$ 59,705,675</u>

Storm Water Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2020	\$ 1,166,067	\$ 308,722	\$ 1,474,789
2021	1,190,392	284,397	1,474,789
2022	1,215,274	259,515	1,474,789
2023	1,240,724	234,065	1,474,789
2024	1,266,757	208,032	1,474,789
2025 - 2029	5,386,241	654,852	6,041,093
2030 - 2034	3,092,617	254,652	3,347,269
2035 - 2036	<u>950,704</u>	<u>16,706</u>	<u>967,410</u>
	<u>\$ 15,508,776</u>	<u>\$ 2,220,941</u>	<u>\$ 17,729,717</u>

Hospitality Fee Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2020	\$ 2,600,000	\$ 3,151,351	\$ 5,751,351
2021	2,720,000	3,029,018	5,749,018
2022	2,850,000	2,899,908	5,749,908
2023	2,980,000	2,760,353	5,740,353
2024	2,945,000	2,656,897	5,601,897
2025 - 2029	16,315,000	10,963,691	27,278,691
2030 - 2034	20,690,000	6,592,964	27,282,964
2035 - 2039	<u>14,135,000</u>	<u>1,650,450</u>	<u>15,785,450</u>
	<u>\$ 65,235,000</u>	<u>\$ 33,704,632</u>	<u>\$ 98,939,632</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2019, the gross amount of equipment recorded under capital leases totaled \$7,878,651. 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, 2019 are as follows:

Year Ending June 30, 2020	\$ 1,295,541
2021	1,251,509
2022	1,251,509
2023	1,799,736
2024	155,110
2025	<u>155,110</u>
Total Minimum Lease Payments	\$ 5,908,515
Amount Representing Interest	<u>(386,160)</u>
Present Value of Minimum Lease Payments	<u>\$ 5,522,355</u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2019:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2011	\$ 8,900,000	2.00 - 4.13%	03/01/32	\$ 6,690,000
Series 2016	18,440,000	2.00 - 5.00	03/01/36	16,675,000
Series 2017	6,345,371	1.80	08/01/37	<u>5,773,193</u>
				<u>\$ 29,138,193</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, 2020	\$ 1,709,570	\$ 1,079,157	\$ 2,788,727
2021	1,774,545	1,010,731	2,785,276
2022	1,829,611	960,816	2,790,427
2023	1,909,769	882,808	2,792,577
2024	1,950,020	839,469	2,789,489
2025 - 2029	12,362,259	2,249,543	14,611,802
2030 - 2034	5,683,569	666,327	6,349,896
2035 - 2038	<u>1,918,850</u>	<u>89,343</u>	<u>2,008,193</u>
	<u>\$ 29,138,193</u>	<u>\$ 7,778,194</u>	<u>\$ 36,916,387</u>

Proceeds of the waterworks and sewer system revenue bonds, series 2017 are received when eligible project costs are incurred. Accordingly, an additional \$103,388 of proceeds will be received by the City.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

C. MBDRC

Long-term debt outstanding at June 30, 2019 in the MBDRC was as follows:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
Revolving Line of Credit	\$ 10,000,000	4.25%	03/04/21	\$ <u>1,708,484</u>

Revolving Line of Credit

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

	Principal	Interest	Total
Year Ending June 30, 2020	\$	\$ 72,611	\$ 72,611
2021	<u>1,708,484</u>	<u>48,407</u>	<u>1,756,891</u>
	<u>\$ 1,708,484</u>	<u>\$ 121,018</u>	<u>\$ 1,829,502</u>

D. MBCCHC

Long-term debt outstanding at June 30, 2019 in the MBCCHC was as follows:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
Revenue Bonds: Refunding Series 2015	\$ 16,405,000	2.00 - 5.00%	04/01/36	\$ <u>13,475,000</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:

	Principal	Interest	Total
Year Ending June 30, 2020	\$ 355,000	\$ 571,263	\$ 926,263
2021	380,000	553,512	933,512
2022	395,000	534,513	929,513
2023	410,000	526,613	936,613
2024	575,000	506,112	1,081,112
2025 - 2029	4,130,000	2,008,962	6,138,962
2030 - 2034	4,940,000	1,203,600	6,143,600
2035 - 2036	<u>2,290,000</u>	<u>173,250</u>	<u>2,463,250</u>
	<u>\$ 13,475,000</u>	<u>\$ 6,077,825</u>	<u>\$ 19,552,825</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

E. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2019 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	\$ 37,765,000	\$ 7,000,000	\$ 2,794,000	\$ 41,971,000	\$ 3,218,000
Tax Increment Revenue Bonds	45,280,000		1,720,000	43,560,000	1,775,000
Storm Water Revenue Bonds	16,651,060		1,142,284	15,508,776	1,166,067
Hospitality Fee Revenue Bonds	66,790,000		1,555,000	65,235,000	2,600,000
Unamortized Bond Premiums	<u>8,989,376</u>	<u>933,294</u>	<u>555,259</u>	<u>9,367,411</u>	
	\$ 175,475,436	\$ 7,933,294	\$ 7,766,543	\$ 175,642,187	\$ 8,759,067
Capital Lease Obligations	6,724,274	84,366	1,286,284	5,522,356	1,160,664
Unreported Insurance Claims	4,109,340	11,639,995	11,643,278	4,106,057	600,335
Compensated Absences	<u>4,711,599</u>	<u>3,246,690</u>	<u>2,583,185</u>	<u>5,375,104</u>	<u>2,087,375</u>
	<u>\$ 191,020,649</u>	<u>\$ 22,904,345</u>	<u>\$ 23,279,290</u>	\$ 190,645,704	\$ 12,607,441

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(23,239)	(23,239)
Net Pension Liability	<u>94,153,061</u>	
	<u>\$ 284,775,526</u>	<u>\$ 12,584,202</u>

Business-Type Activities:

Bonds Payable:					
Revenue Bonds	\$ 29,218,107	\$ 1,594,769	\$ 1,674,683	\$ 29,138,193	\$ 1,709,570
Certificates of Participation	770,000		770,000		
Unamortized Bond Premiums	<u>2,393,349</u>		<u>136,366</u>	<u>2,256,983</u>	
	\$ 32,381,456	\$ 1,594,769	\$ 2,581,049	\$ 31,395,176	\$ 1,709,570
Compensated Absences	<u>332,684</u>	<u>268,892</u>	<u>224,522</u>	<u>377,054</u>	<u>183,718</u>
	<u>\$ 32,714,140</u>	<u>\$ 1,863,661</u>	<u>\$ 2,805,571</u>	\$ 31,772,230	\$ 1,893,288

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(183,718)	(183,718)
Bonds Payable Included in Liabilities Payable From Restricted Assets	(1,709,570)	(1,709,570)
Net Pension Liability	<u>8,319,762</u>	
	<u>\$ 38,198,704</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 \$47,838, capital lease obligations of \$3,735,911, unreported insurance claims of \$4,106,057 and net pension liability of \$851,711 are included in the above amounts.

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

The MBDRC's long-term liability activity for the year ended June 30, 2019 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revolving Line of Credit	\$ 3,981,711	\$ 1,002,019	\$ 3,275,246	\$ 1,708,484	\$
Compensated Absences	<u>8,617</u>	<u>10,925</u>	<u>4,989</u>	<u>14,553</u>	<u>4,083</u>
	<u>\$ 3,990,328</u>	<u>\$ 1,012,944</u>	<u>\$ 3,280,235</u>	<u>\$ 1,723,037</u>	<u>\$ 4,083</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 14,245,000	\$	\$ 770,000	\$ 13,475,000	\$ 355,000
Unamortized Bond Premium	<u>1,430,328</u>	<u></u>	<u>80,580</u>	<u>1,349,748</u>	<u></u>
	<u>\$ 15,675,328</u>	<u>\$</u>	<u>\$ 850,580</u>	<u>\$ 14,824,748</u>	<u>\$ 355,000</u>

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(355,000)</u>	<u>(355,000)</u>
	<u>\$ 14,469,748</u>	<u>\$</u>

F. Pledged Revenues

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

	Pledged Revenue	Purpose	Debt Service Remaining	Term (Year Ending June 30)
Tax Increment Revenue Bonds	Property Taxes	Construction	\$ 59,705,675	2036
Storm Water Revenue Bonds	Storm Water Fees	Construction	17,729,717	2036
Waterworks and Sewer System Revenue Bonds	Water and Sewer Fees	Construction	36,916,387	2038
Hospitality Fee Revenue Bonds	Hospitality Fee Taxes	Debt Extinguishment and Construction	98,939,632	2039

Current year pledged revenue and the relationship between the current year debt service payments and the pledged revenue for the year ended June 30, 2019 follows:

	Current Year Pledged Revenue	Percentage of Total Revenue Stream	Current Year Principal and Interest Paid	Percentage of Pledged Revenue
Tax Increment Revenue Bonds	\$ 11,506,842	100.00%	\$ 3,632,875	31.57%
Storm Water Revenue Bonds	2,619,359	100.00	1,474,789	56.30
Waterworks and Sewer System Revenue Bonds	31,118,076	100.00	2,794,826	8.98
Hospitality Fee Revenue Bonds	12,159,412	100.00	4,755,201	39.11

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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G. Debt Defeasance

On September 13, 2017, the City issued \$7,245,000 in Tax Increment Revenue Refunding Bonds, Series 2017B (2017B bonds) with interest rates ranging from 3.0% to 5.0%. The City issued the 2017B bonds to advance refund \$7,780,000 of the outstanding Tax Increment Bonds, Series 2009 (2009 bonds), with interest rates ranging from 4.0% to 5.0%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2009 bonds. As a result, the 2009 bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$1,487,640. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$838,920. At June 30, 2019, the unmatured and outstanding principal balance on the defeased 2009 bonds is \$0.

Note 13 - OPERATING LEASES

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in 2025. At June 30, 2019, 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, 2019 are shown below.

Year Ending June 30, 2020	\$	260,000
2021		320,000
2022		320,000
2023		320,000
2024		320,000
2025		240,000
		\$ 1,780,000

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2019 amounted to \$2,933,328. In accordance with an agreement entered into on May 5, 2004, the City is required to remit 75% of the proceeds from these leases to Horry County, South Carolina.

The City is the lessor of a baseball stadium facility under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Baseball Stadium Fund. The lease expires in 2021 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, 2019, rental income from this lease amounted to \$55,211.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2019:

Land	\$	5,600,000
Land Improvements		1,311,928
Buildings		9,112,051
Equipment		1,398,498
Accumulated Depreciation		(7,888,480)
		\$ 9,533,997

The City is the lessor of a golf course under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Municipal Golf Course Fund. The lease expires in 2029 and requires annual rental payments equal to 3.5% of gross revenues, when annual gross revenue exceeds \$1,100,000, on June 30 of each year. During the year ended June 30, 2019, rental income from this lease amounted to \$141,977.

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The following is an analysis of the property being leased by the Municipal Golf Course Fund at June 30, 2019:

Land	\$ 10,385,480
Land Improvements	7,793,612
Buildings	369,726
Equipment	377,775
Accumulated Depreciation	<u>(5,228,419)</u>
	<u>\$ 13,698,174</u>

Note 14 - PENSION PLANS

A. Plan Description

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

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit pension plan administered by PEBA. The PORS was established pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. The PORS also covers peace officers, coroners, probate judges and magistrates.

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

B. Membership

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

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

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

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C. Benefits Provided

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

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

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

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

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

D. Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the Board, are insufficient to maintain the amortization period set in statute, the Board shall increase employer contribution rates as necessary.

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

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9.0% and 9.75% for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1.0% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for the SCRS and 21.24% for the PORS. The amortization period is scheduled to be reduced one year for each of the next ten years to a twenty year amortization period.

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

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

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

	SCRS	PORS
Class Two Member	14.41%	16.84%
Class Three Member	14.41	16.84
Incidental Death Benefit	0.15	0.20
Accidental Death Benefit	N/A	0.20

The City's contributions to the SCRS and the PORS for the fiscal year ended June 30, 2019 were \$3,593,301 and \$4,593,183, respectively. The contributions made by the City were equal to the required contributions for the year.

E. Net Pension Liability and Pension Expense

SCRS - At June 30, 2019, the City reported a liability of \$51,933,594 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the SCRS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.231776%, which is an increase of 0.006924% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$5,513,687.

PORS - At June 30, 2019, the City reported a liability of \$50,539,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the PORS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 1.783606%, which is an increase of 0.091756% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$7,834,555.

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

At June 30, 2019, the City reported deferred outflows of resources related to pension plans from the following sources:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	SCRS	PORS
Differences Between Expected and Actual Pension Liability Experience	\$ 93,746	\$ 1,557,195
Changes of Assumptions	2,060,435	3,332,298
Differences Between Projected and Actual Earnings on Plan Investments	824,966	1,010,664
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	1,373,028	3,054,784
City Contributions Subsequent to the Measurement Date	<u>3,593,301</u>	<u>4,593,183</u>
	<u>\$ 7,945,476</u>	<u>\$ 13,548,124</u>

At June 30, 2019, the City reported deferred inflows of resources related to pension plans from the following sources:

	SCRS	PORS
Differences Between Expected and Actual Pension Liability Experience	\$ 305,615	\$
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>39,996</u>	<u></u>
	<u>\$ 345,611</u>	<u>\$</u>

The \$8,186,484 amount reported as deferred outflows of resources related to pension plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension plans will be recognized in pension expense as follows:

	SCRS	PORS
Year Ended June 30, 2020	\$ 2,617,766	\$ 4,349,987
2021	1,679,343	3,282,428
2022	(232,338)	1,084,515
2023	<u>(58,207)</u>	<u>238,011</u>
	<u>\$ 4,006,564</u>	<u>\$ 8,954,941</u>

G. Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality Table, was developed using the SCRS's and PORS's mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Global Equity		
Global Public Equity	33.0%	6.99%
Private Equity	9.0	8.73
Equity Options Strategies	5.0	5.52
Real Assets		
Real Estate (Private)	6.0	3.54
Real Estate (REITs)	2.0	5.46
Infrastructure	2.0	5.09
Opportunistic		
GTAA/Risk Parity	8.0	3.75
Hedge Funds (non-PA)	2.0	3.45
Other Opportunistic Strategies	3.0	3.75
Diversified Credit		
Mixed Credit	6.0	3.05
Emerging Markets Debt	5.0	3.94
Private Debt	7.0	3.89
Conservative Fixed Income		
Core Fixed Income	10.0	0.94
Cash and Short Duration (Net)	2.0	0.34
	<u>100.0%</u>	

H. Discount Rate

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

	SCRS		
	1.0% Decrease (6.25%)	Current Rate (7.25%)	1.0% Increase (8.25%)
City’s Proportionate Share of the Net Pension Liability	\$ <u>66,631,489</u>	\$ <u>51,933,594</u>	\$ <u>44,619,031</u>

	PORS		
	1.0% Decrease (6.25%)	Current Rate (7.25%)	1.0% Increase (8.25%)
City’s Proportionate Share of the Net Pension Liability	\$ <u>68,133,196</u>	\$ <u>50,539,229</u>	\$ <u>36,128,292</u>

J. SCRS and PORS Fiduciary Net Position

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

Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN

The City retiree health care plan is a defined contribution OPEB plan administered by Planned Administrators, Inc. The plan provides eligible retirees with a health reimbursement account which can be used to fund medical and dental costs. An eligible retiree has completed at least twenty years of service as an employee of the City and is receiving benefits from the South Carolina Retirement System. Benefit provisions are established and may be amended by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

The City’s OPEB expense for the year ended June 30, 2019 was \$2,722,323, net of forfeitures totaling \$0. During the year ended June 30, 2019, the City paid \$1,329,594 for OPEB as benefits came due. At June 30, 2019, the City’s OPEB liability amounted to \$19,732,680.

Note 16 - RISK MANAGEMENT

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, 2019, the Self Insurance Fund has a claim liability of \$3,505,722. 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, 2019 and 2018 follows:

	2019	2018
Beginning Balance	\$ 3,418,735	\$ 2,974,885
Claims Incurred and Change in Estimate	2,204,585	2,275,158
Claim Payments	<u>(2,117,598)</u>	<u>(1,831,308)</u>
Ending Balance	<u>\$ 3,505,722</u>	<u>\$ 3,418,735</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, 2019, the Health Insurance Fund has a claim liability of \$600,335, 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, 2019 and 2018 follows:

	2019	2018
Beginning Balance	\$ 690,605	\$ 591,439
Claims Incurred and Change in Estimate	9,435,410	11,572,430
Claim Payments	<u>(9,525,680)</u>	<u>(11,473,264)</u>
Ending Balance	<u>\$ 600,335</u>	<u>\$ 690,605</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

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, 2019, water and wastewater treatment service charges totaled \$15,534,932.

Prior to June 30, 2019, the City entered into various construction contracts. The approximate costs of the contracts were \$1,891,000 of which roughly \$878,000 has been incurred as of year-end.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 18 - CONTINGENCIES

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

Note 19 - SUBSEQUENT EVENT

Subsequent to June 30, 2019, the City accepted a proposal to enter into a \$1,825,000 capital lease obligation to acquire thirty compactors for its solid waste operations and an HVAC system at the Myrtle Beach Convention Center. The interest rate on the capital lease is 1.96% and the final maturity date is during December 2029.



First in Service

REQUIRED SUPPLEMENTARY INFORMATION

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

<u>Fiscal Year</u>	<u>City's Proportion of the Net Pension Liability (NPL)</u>	<u>City's Proportionate Share of the NPL</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the NPL as a % of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
6/30/19	0.231776 %	\$ 51,933,594	\$ 23,979,867	216.57 %	54.10 %
6/30/18	0.224852	50,617,801	22,658,685	223.39	53.34
6/30/17	0.224973	48,053,900	21,785,588	220.58	52.91
6/30/16	0.218921	41,519,423	20,527,897	202.26	56.99
6/30/15	0.222439	38,296,621	20,200,850	189.58	59.92
6/30/14	0.222439	39,897,622	19,805,654	201.45	56.39

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

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

<u>Fiscal Year</u>	<u>City's Proportion of the Net Pension Liability (NPL)</u>	<u>City's Proportionate Share of the NPL</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the NPL as a % of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
6/30/19	1.783606 %	\$ 50,539,229	\$ 24,674,606	204.82 %	61.73 %
6/30/18	1.691850	46,349,287	22,781,426	203.45	60.94
6/30/17	1.650090	41,854,141	21,036,463	198.96	60.44
6/30/16	1.535500	33,466,167	19,022,717	175.93	64.57
6/30/15	1.531860	29,326,348	18,421,173	159.20	67.55
6/30/14	1.531860	31,755,037	18,463,306	171.99	62.98

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

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

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
6/30/19	\$ 3,593,301	\$ 3,593,301	\$ 0	\$ 24,679,265	14.56 %
6/30/18	3,251,670	3,251,670	0	23,979,867	13.56
6/30/17	2,619,344	2,619,344	0	22,658,685	11.56
6/30/16	2,409,486	2,409,486	0	21,785,588	11.06
6/30/15	2,237,541	2,237,541	0	20,527,897	10.90
6/30/14	2,141,290	2,141,290	0	20,200,850	10.60

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

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

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
6/30/19	\$ 4,593,183	\$ 4,593,183	\$ 0	\$ 26,642,593	17.24 %
6/30/18	4,007,156	4,007,156	0	24,674,606	16.24
6/30/17	3,244,075	3,244,075	0	22,781,426	14.24
6/30/16	2,890,410	2,890,410	0	21,036,463	13.74
6/30/15	2,550,946	2,550,946	0	19,022,717	13.41
6/30/14	2,365,279	2,365,279	0	18,421,173	12.84

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 25,185,000	\$ 25,185,000	\$ 22,823,173	\$ (2,361,827)
Licenses and Permits	33,072,185	33,072,185	32,803,766	(268,419)
Fines and Forfeitures	1,229,000	1,229,000	1,081,298	(147,702)
Intergovernmental	2,985,440	3,412,319	4,298,003	885,684
Charges for Services	2,979,020	2,989,020	2,672,845	(316,175)
Miscellaneous	3,391,101	3,392,601	3,602,448	209,847
Total Revenues	<u>\$ 68,841,746</u>	<u>\$ 69,280,125</u>	<u>\$ 67,281,533</u>	<u>\$ (1,998,592)</u>
EXPENDITURES				
Current:				
General Government	\$ 11,171,893	\$ 11,176,203	\$ 11,909,464	\$ (733,261)
Public Safety	49,925,386	50,331,736	49,424,726	907,010
Transportation	4,770,821	4,770,821	4,571,972	198,849
Community and Economic Development	3,441,297	3,443,246	3,836,551	(393,305)
Culture and Recreation	8,210,112	8,188,998	8,134,789	54,209
Public Works	8,921,801	8,927,201	7,430,976	1,496,225
Capital Outlay	674,351	715,835	849,514	(133,679)
Total Expenditures	<u>\$ 87,115,661</u>	<u>\$ 87,554,040</u>	<u>\$ 86,157,992</u>	<u>\$ 1,396,048</u>
Deficiency of Revenues Under Expenditures	<u>\$ (18,273,915)</u>	<u>\$ (18,273,915)</u>	<u>\$ (18,876,459)</u>	<u>\$ (602,544)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 18,728,549	\$ 18,728,549	\$ 19,002,291	\$ 273,742
Transfers Out	(436,482)	(436,482)	(428,366)	8,116
Sale of Capital Assets			4,225	4,225
Total Other Financing Sources (Uses)	<u>\$ 18,292,067</u>	<u>\$ 18,292,067</u>	<u>\$ 18,578,150</u>	<u>\$ 286,083</u>
Net Change in Fund Balances	\$ 18,152	\$ 18,152	\$ (298,309)	\$ (316,461)
Fund Balances - Beginning	<u>13,852,227</u>	<u>13,852,227</u>	<u>13,852,227</u>	
Fund Balances - Ending	<u>\$ 13,870,379</u>	<u>\$ 13,870,379</u>	<u>\$ 13,553,918</u>	<u>\$ (316,461)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CONVENTION CENTER FUND
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for Services	\$ 3,942,000	\$ 3,573,220	\$ (368,780)
Miscellaneous	<u>3,100,000</u>	<u>2,003,993</u>	<u>(1,096,007)</u>
Total Revenues	<u>\$ 7,042,000</u>	<u>\$ 5,577,213</u>	<u>\$ (1,464,787)</u>
EXPENDITURES			
Current:			
General Government	\$ 563,408	\$ 525,108	\$ 38,300
Culture and Recreation	5,718,536	5,291,527	427,009
Capital Outlay	<u>197,500</u>	<u>116,335</u>	<u>81,165</u>
Total Expenditures	<u>\$ 6,479,444</u>	<u>\$ 5,932,970</u>	<u>\$ 546,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 562,556</u>	<u>\$ (355,757)</u>	<u>\$ (918,313)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 750,000	\$ 750,000	\$
Transfers Out	(1,284,169)	(1,368,535)	(84,366)
Capital Lease Obligation		84,366	84,366
Total Other Financing Sources (Uses)	<u>\$ (534,169)</u>	<u>\$ (534,169)</u>	<u>\$</u>
Net Change in Fund Balances	<u>\$ 28,387</u>	<u>\$ (889,926)</u>	<u>\$ (918,313)</u>
Fund Balances - Beginning	<u>781,426</u>	<u>781,426</u>	<u></u>
Fund Balances (Deficit) - Ending	<u><u>\$ 809,813</u></u>	<u><u>\$ (108,500)</u></u>	<u><u>\$ (918,313)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL OPTION TOURISM FEE FUND
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Local Option Tourism Taxes	\$ 29,560,000	\$ 29,699,386	\$ 139,386
Miscellaneous	80,000	109,015	29,015
Total Revenues	<u>\$ 29,640,000</u>	<u>\$ 29,808,401</u>	<u>\$ 168,401</u>
EXPENDITURES			
Current:			
Community and Economic Development	<u>\$ 23,590,000</u>	<u>\$ 23,833,984</u>	<u>\$ (243,984)</u>
Excess of Revenues Over Expenditures	\$ 6,050,000	\$ 5,974,417	\$ (75,583)
OTHER FINANCING USES			
Transfers Out	<u>(6,714,000)</u>	<u>(6,157,538)</u>	<u>556,462</u>
Net Change in Fund Balance	\$ (664,000)	\$ (183,121)	\$ 480,879
Fund Balance - Beginning	<u>184,131</u>	<u>184,131</u>	
Fund Balance (Deficit) - Ending	<u><u>\$ (479,869)</u></u>	<u><u>\$ 1,010</u></u>	<u><u>\$ 480,879</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AIR BASE TAX INCREMENT REVENUE FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 10,595,000	\$ 10,595,000	\$ 11,506,842	\$ 911,842
Intergovernmental			93,893	93,893
Miscellaneous			398,388	398,388
Total Revenues	<u>\$ 10,595,000</u>	<u>\$ 10,595,000</u>	<u>\$ 11,999,123</u>	<u>\$ 1,404,123</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 895,000	\$ 4,351,743	\$ 4,522,127	\$ (170,384)
Capital Outlay	2,500,000			
Debt Service:				
Principal	1,355,000	1,355,000	1,355,000	
Interest and Fiscal Charges	1,636,925	1,636,925	1,605,158	31,767
Total Expenditures	<u>\$ 6,386,925</u>	<u>\$ 7,343,668</u>	<u>\$ 7,482,285</u>	<u>\$ (138,617)</u>
Excess of Revenues Over Expenditures	<u>\$ 4,208,075</u>	<u>\$ 3,251,332</u>	<u>\$ 4,516,838</u>	<u>\$ 1,265,506</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 900,000	\$ 900,000	\$	\$ (900,000)
Transfers Out	(1,984,709)	(1,984,709)	(1,846,092)	138,617
Total Other Financing Sources (Uses)	<u>\$ (1,084,709)</u>	<u>\$ (1,084,709)</u>	<u>\$ (1,846,092)</u>	<u>\$ (761,383)</u>
Net Change in Fund Balances	<u>\$ 3,123,366</u>	<u>\$ 2,166,623</u>	<u>\$ 2,670,746</u>	<u>\$ 504,123</u>
Fund Balances - Beginning	<u>19,380,488</u>	<u>19,380,488</u>	<u>19,380,488</u>	
Fund Balances - Ending	<u><u>\$ 22,503,854</u></u>	<u><u>\$ 21,547,111</u></u>	<u><u>\$ 22,051,234</u></u>	<u><u>\$ 504,123</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to June 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30th, the budget is legally enacted through passage of an ordinance.
4. The Chief Financial Officer, as designee of the City Manager, is authorized to transfer budgeted amounts between departments; however, revisions that alter the total expenditures of any fund must be approved by the City Council. Thus, the legal level of control is at the fund level.
5. The City employs formal budgetary integration as a management control device during the year and generally adopts an annual appropriated budget for all funds other than fiduciary funds. The budgets are adopted annually on a basis consistent with generally accepted accounting principles. For the year ended June 30, 2019, 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, 2019, 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, 2019 as follows:

General Fund	\$ 438,379
Air Base Tax Increment Revenue Fund	956,743
Capital Improvements Fund	18,995,937
Water and Sewer Fund	966,530
Municipal Golf Course Fund	6,818
Solid Waste Management Fund	39,770
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	4,435
Community Development Block Grant Fund	194,724
Ocean Front Tax Increment Revenue Fund	19,900
Product Development Fund	480,000

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



First in Service

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Local Accommodations Tax Fund - This fund is used to account for additional 0.5% sales taxes collected on rentals of transient accommodations for the purpose of tourism related expenditures.

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

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

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

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

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

Workforce Housing Fund - This fund is used to account for a 0.25% building permit fee imposed on construction values in excess of \$100,000 for the purpose of funding projects to support and develop workforce housing.

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, 2019

	Special Revenue Funds					
	Accommodations Tax	Public Facilities Corporation	Community Development Block Grant	Victims Advocate	Local Accommodations Tax	Storm Water
ASSETS						
Cash and Temporary Investments	\$	\$ 4,125	\$ 358,928	\$ 17,622	\$	\$ 2,108,958
Receivables (Net):						
Property Taxes						
Local Accommodations Taxes					468,658	
Hospitality Fee Taxes						
Storm Water Fees						97,422
Accounts						
Intergovernmental	3,777,998		6,815			45,000
Loans			192,685			
Due From Other Funds						2,626,396
Inventories						
Prepaid Assets						
Restricted Cash and Temporary Investments						3,260,082
Total Assets	\$ 3,777,998	\$ 4,125	\$ 558,428	\$ 17,622	\$ 468,658	\$ 8,137,858
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued						
Expenditures	\$ 566,700	\$	\$	\$ 11,104	\$	\$ 957,911
Due to Other Funds	3,108,203				644,396	
Unearned Revenue						279,296
Total Liabilities	\$ 3,674,903	\$	\$	\$ 11,104	\$ 644,396	\$ 1,237,207
Deferred Inflows of Resources:						
Unavailable Revenue	\$	\$	\$	\$	\$ 7,421	\$
Fund Balances (Deficit):						
Nonspendable:						
Inventories	\$	\$	\$	\$	\$	\$
Prepaid Assets						
Restricted for:						
Community Development		4,125	558,428			3,919,865
Debt Service						1,874,382
Tourism Promotion and Support	103,095					1,106,404
Victims Assistance				6,518		
Unassigned					(183,159)	
Total Fund Balances (Deficit)	\$ 103,095	\$ 4,125	\$ 558,428	\$ 6,518	\$ (183,159)	\$ 6,900,651
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,777,998	\$ 4,125	\$ 558,428	\$ 17,622	\$ 468,658	\$ 8,137,858

Special Revenue Funds

Ocean Front Tax Increment Revenue	Hospitality Fee	Sports Tourism	Product Development	Workforce Housing	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 149,658	\$ 264	\$ 545,933	\$ 60,970	\$ 49,637	\$ 3,296,095	\$ 3,569,480	\$ 6,865,575
	8,705				8,705		8,705
					468,658		468,658
	1,939,902				1,939,902		1,939,902
					97,422		97,422
		26,684			26,684		26,684
					3,829,813		3,829,813
					192,685		192,685
					2,626,396	133,585	2,759,981
		38,699			38,699		38,699
		37,128			37,128		37,128
					3,260,082		3,260,082
<u>\$ 158,363</u>	<u>\$ 1,940,166</u>	<u>\$ 648,444</u>	<u>\$ 60,970</u>	<u>\$ 49,637</u>	<u>\$ 15,822,269</u>	<u>\$ 3,703,065</u>	<u>\$ 19,525,334</u>
\$	\$ 928	\$ 212,129	\$	\$	\$ 1,748,772	\$ 6,250	\$ 1,755,022
	1,616,529	768,061			6,137,189		6,137,189
		225,599			504,895		504,895
<u>\$</u>	<u>\$ 1,617,457</u>	<u>\$ 1,205,789</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,390,856</u>	<u>\$ 6,250</u>	<u>\$ 8,397,106</u>
<u>\$ 8,705</u>	<u>\$ 77,714</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 93,840</u>	<u>\$</u>	<u>\$ 93,840</u>
\$	\$	\$ 38,699	\$	\$	\$ 38,699	\$	\$ 38,699
		37,128			37,128		37,128
149,658				49,637	4,681,713		4,681,713
					1,874,382	3,696,815	5,571,197
	244,995		60,970		1,515,464		1,515,464
					6,518		6,518
		(633,172)			(816,331)		(816,331)
<u>\$ 149,658</u>	<u>\$ 244,995</u>	<u>\$ (557,345)</u>	<u>\$ 60,970</u>	<u>\$ 49,637</u>	<u>\$ 7,337,573</u>	<u>\$ 3,696,815</u>	<u>\$ 11,034,388</u>
<u>\$ 158,363</u>	<u>\$ 1,940,166</u>	<u>\$ 648,444</u>	<u>\$ 60,970</u>	<u>\$ 49,637</u>	<u>\$ 15,822,269</u>	<u>\$ 3,703,065</u>	<u>\$ 19,525,334</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Special Revenue Funds					
	Accommodations Tax	Public Facilities Corporation	Community Development Block Grant	Victims Advocate	Local Accommodations Tax	Storm Water
REVENUES						
Property Taxes	\$	\$	\$	\$	\$	\$
Local Accommodations Taxes					2,722,785	
Hospitality Fee Taxes						
Storm Water Fees						2,619,359
Licenses and Permits						
Fines and Forfeitures				107,608		
Intergovernmental	10,242,815		635,449			703,005
Charges for Services						
Miscellaneous	31,568				6,984	373,151
Total Revenues	<u>\$ 10,274,383</u>	<u>\$</u>	<u>\$ 635,449</u>	<u>\$ 107,608</u>	<u>\$ 2,729,769</u>	<u>\$ 3,695,515</u>
EXPENDITURES						
Current:						
General Government	\$	\$ 4,435	\$	\$ 275,017	\$	\$ 399,682
Transportation						3,733,011
Community and Economic Development	2,329,672		364,925			
Culture and Recreation						
Capital Outlay			279,799			568,576
Debt Service:						
Principal						1,142,283
Interest and Fiscal Charges						337,069
Total Expenditures	<u>\$ 2,329,672</u>	<u>\$ 4,435</u>	<u>\$ 644,724</u>	<u>\$ 275,017</u>	<u>\$</u>	<u>\$ 6,180,621</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>\$ 7,944,711</u>	<u>\$ (4,435)</u>	<u>\$ (9,275)</u>	<u>\$ (167,409)</u>	<u>\$ 2,729,769</u>	<u>\$ (2,485,106)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	\$	\$ 700,000	\$	\$ 167,490	\$	\$ 5,462,000
Transfers Out	(7,944,711)				(3,461,800)	
Total Other Financing Sources (Uses)	<u>\$ (7,944,711)</u>	<u>\$ 700,000</u>	<u>\$</u>	<u>\$ 167,490</u>	<u>\$ (3,461,800)</u>	<u>\$ 5,462,000</u>
Net Change in Fund Balances	\$	\$ 695,565	\$ (9,275)	\$ 81	\$ (732,031)	\$ 2,976,894
Fund Balances (Deficit) - Beginning	<u>103,095</u>	<u>(691,440)</u>	<u>567,703</u>	<u>6,437</u>	<u>548,872</u>	<u>3,923,757</u>
Fund Balances (Deficit) - Ending	<u>\$ 103,095</u>	<u>\$ 4,125</u>	<u>\$ 558,428</u>	<u>\$ 6,518</u>	<u>\$ (183,159)</u>	<u>\$ 6,900,651</u>

Special Revenue Funds

Ocean Front Tax Increment Revenue	Hospitality Fee	Sports Tourism	Product Development	Workforce Housing	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$	\$ 1,801,814	\$ 1,801,814
					2,722,785		2,722,785
	12,159,412				12,159,412		12,159,412
					2,619,359		2,619,359
				49,606	49,606		49,606
					107,608		107,608
					11,581,269		11,581,269
		1,562,412			1,562,412		1,562,412
5,843	1,226		810	31	419,613	28,263	447,876
<u>\$ 5,843</u>	<u>\$ 12,160,638</u>	<u>\$ 1,562,412</u>	<u>\$ 810</u>	<u>\$ 49,637</u>	<u>\$ 31,222,064</u>	<u>\$ 1,830,077</u>	<u>\$ 33,052,141</u>
\$	\$	\$	\$	\$	\$ 679,134	\$ 225,514	\$ 904,648
					3,733,011		3,733,011
			230,476		2,925,073		2,925,073
		2,768,599			2,768,599		2,768,599
		17,051	208,164		1,073,590		1,073,590
365,000	1,555,000				3,062,283	3,275,216	6,337,499
314,250	3,206,806				3,858,125	1,204,980	5,063,105
<u>\$ 679,250</u>	<u>\$ 4,761,806</u>	<u>\$ 2,785,650</u>	<u>\$ 438,640</u>	<u>\$</u>	<u>\$ 18,099,815</u>	<u>\$ 4,705,710</u>	<u>\$ 22,805,525</u>
<u>\$ (673,407)</u>	<u>\$ 7,398,832</u>	<u>\$ (1,223,238)</u>	<u>\$ (437,830)</u>	<u>\$ 49,637</u>	<u>\$ 13,122,249</u>	<u>\$ (2,875,633)</u>	<u>\$ 10,246,616</u>
\$ 659,350	\$	\$ 1,275,876	\$	\$	\$ 8,264,716	\$ 1,629,760	\$ 9,894,476
	(7,907,350)		(1,400,000)		(20,713,861)		(20,713,861)
<u>\$ 659,350</u>	<u>\$ (7,907,350)</u>	<u>\$ 1,275,876</u>	<u>\$ (1,400,000)</u>	<u>\$</u>	<u>\$ (12,449,145)</u>	<u>\$ 1,629,760</u>	<u>\$ (10,819,385)</u>
\$ (14,057)	\$ (508,518)	\$ 52,638	\$ (1,837,830)	\$ 49,637	\$ 673,104	\$ (1,245,873)	\$ (572,769)
163,715	753,513	(609,983)	1,898,800		6,664,469	4,942,688	11,607,157
<u>\$ 149,658</u>	<u>\$ 244,995</u>	<u>\$ (557,345)</u>	<u>\$ 60,970</u>	<u>\$ 49,637</u>	<u>\$ 7,337,573</u>	<u>\$ 3,696,815</u>	<u>\$ 11,034,388</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, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 10,600,000	\$ 10,242,815	\$ (357,185)
Miscellaneous	275,000	31,568	(243,432)
Total Revenues	<u>\$ 10,875,000</u>	<u>\$ 10,274,383</u>	<u>\$ (600,617)</u>
 EXPENDITURES			
Current:			
Community and Economic Development	<u>\$ 2,382,750</u>	<u>\$ 2,329,672</u>	<u>\$ 53,078</u>
Excess of Revenues Over Expenditures	\$ 8,492,250	\$ 7,944,711	\$ (547,539)
 OTHER FINANCING USES			
Transfers Out	<u>(8,492,250)</u>	<u>(7,944,711)</u>	<u>547,539</u>
 Net Change in Fund Balance	\$	\$	\$
 Fund Balance - Beginning	<u>103,095</u>	<u>103,095</u>	
 Fund Balance - Ending	<u>\$ 103,095</u>	<u>\$ 103,095</u>	<u>\$</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PUBLIC FACILITIES CORPORATION FUND
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
General Government	\$ _____	\$ 4,435	\$ 4,435	\$ _____
OTHER FINANCING SOURCES				
Transfers In	\$ 700,000	\$ 700,000	\$ 700,000	\$ _____
Net Change in Fund Balance	\$ 700,000	\$ 695,565	\$ 695,565	\$ _____
Fund Balance (Deficit) - Beginning	(691,440)	(691,440)	(691,440)	_____
Fund Balance - Ending	<u>\$ 8,560</u>	<u>\$ 4,125</u>	<u>\$ 4,125</u>	<u>_____</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 450,000	\$ 635,449	\$ 635,449	\$
EXPENDITURES				
Current:				
Community and Economic Development	\$ 450,000	\$ 364,925	\$ 364,925	\$
Capital Outlay		279,799	279,799	
Total Expenditures	\$ 450,000	\$ 644,724	\$ 644,724	\$
Net Change in Fund Balance	\$	\$ (9,275)	\$ (9,275)	\$
Fund Balance - Beginning	567,703	567,703	567,703	
Fund Balance - Ending	\$ 567,703	\$ 558,428	\$ 558,428	\$

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, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fines and Forfeitures	\$ <u>125,000</u>	\$ <u>107,608</u>	\$ <u>(17,392)</u>
EXPENDITURES			
Current:			
General Government	\$ <u>300,606</u>	\$ <u>275,017</u>	\$ <u>25,589</u>
Deficiency of Revenues Under Expenditures	\$ (175,606)	\$ (167,409)	\$ 8,197
OTHER FINANCING SOURCES			
Transfers In	<u>175,606</u>	<u>167,490</u>	<u>(8,116)</u>
Net Change in Fund Balance	\$	\$ 81	\$ 81
Fund Balance - Beginning	<u>6,437</u>	<u>6,437</u>	<u></u>
Fund Balance - Ending	<u><u>\$ 6,437</u></u>	<u><u>\$ 6,518</u></u>	<u><u>\$ 81</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Local Accommodations Taxes	\$ 3,181,550	\$ 2,722,785	\$ (458,765)
Miscellaneous	3,500	6,984	3,484
Total Revenues	<u>\$ 3,185,050</u>	<u>\$ 2,729,769</u>	<u>\$ (455,281)</u>
 OTHER FINANCING USES			
Transfers Out	<u>\$ (3,861,800)</u>	<u>\$ (3,461,800)</u>	<u>\$ 400,000</u>
 Net Change in Fund Balance	 \$ (676,750)	 \$ (732,031)	 \$ (55,281)
 Fund Balance - Beginning	 <u>548,872</u>	 <u>548,872</u>	 <u> </u>
 Fund Balance (Deficit) - Ending	 <u><u>\$ (127,878)</u></u>	 <u><u>\$ (183,159)</u></u>	 <u><u>\$ (55,281)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
STORM WATER FUND
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Storm Water Fees	\$ 2,798,785	\$ 2,619,359	\$ (179,426)
Intergovernmental		703,005	703,005
Miscellaneous	11,000	373,151	362,151
Total Revenues	<u>\$ 2,809,785</u>	<u>\$ 3,695,515</u>	<u>\$ 885,730</u>
EXPENDITURES			
Current:			
General Government	\$ 399,682	\$ 399,682	
Transportation	3,733,011	3,733,011	
Capital Outlay	1,421,589	568,576	853,013
Debt Service:			
Principal	1,142,283	1,142,283	
Interest and Fiscal Charges	337,069	337,069	
Total Expenditures	<u>\$ 7,033,634</u>	<u>\$ 6,180,621</u>	<u>\$ 853,013</u>
Deficiency of Revenues Under Expenditures	\$ (4,223,849)	\$ (2,485,106)	\$ 1,738,743
OTHER FINANCING SOURCES			
Transfers In	<u>5,862,000</u>	<u>5,462,000</u>	<u>(400,000)</u>
Net Change in Fund Balances	\$ 1,638,151	\$ 2,976,894	\$ 1,338,743
Fund Balances - Beginning	<u>3,923,757</u>	<u>3,923,757</u>	
Fund Balances - Ending	<u>\$ 5,561,908</u>	<u>\$ 6,900,651</u>	<u>\$ 1,338,743</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
OCEAN FRONT TAX INCREMENT REVENUE FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 160,000	\$ 160,000	\$	\$ (160,000)
Miscellaneous	2,000	2,000	5,843	3,843
Total Revenues	<u>\$ 162,000</u>	<u>\$ 162,000</u>	<u>\$ 5,843</u>	<u>\$ (156,157)</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 360,000	\$ 365,000	\$ 365,000	\$
Interest and Fiscal Charges	299,350	314,250	314,250	
Total Expenditures	<u>\$ 659,350</u>	<u>\$ 679,250</u>	<u>\$ 679,250</u>	<u>\$</u>
Deficiency of Revenues Under Expenditures	\$ (497,350)	\$ (517,250)	\$ (673,407)	\$ (156,157)
OTHER FINANCING SOURCES				
Transfers In	<u>659,350</u>	<u>659,350</u>	<u>659,350</u>	
Net Change in Fund Balance	\$ 162,000	\$ 142,100	\$ (14,057)	\$ (156,157)
Fund Balance - Beginning	<u>163,715</u>	<u>163,715</u>	<u>163,715</u>	
Fund Balance - Ending	<u>\$ 325,715</u>	<u>\$ 305,815</u>	<u>\$ 149,658</u>	<u>\$ (156,157)</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Hospitality Fee Taxes	\$ 12,610,000	\$ 12,159,412	\$ (450,588)
Miscellaneous	30,000	1,226	(28,774)
Total Revenues	\$ 12,640,000	\$ 12,160,638	\$ (479,362)
EXPENDITURES			
Debt Service:			
Principal	\$ 1,555,000	\$ 1,555,000	\$
Interest and Fiscal Charges	3,212,500	3,206,806	5,694
Total Expenditures	\$ 4,767,500	\$ 4,761,806	\$ 5,694
Excess of Revenues Over Expenditures	\$ 7,872,500	\$ 7,398,832	\$ (473,668)
OTHER FINANCING USES			
Transfers Out	(8,007,350)	(7,907,350)	100,000
Net Change in Fund Balance	\$ (134,850)	\$ (508,518)	\$ (373,668)
Fund Balance - Beginning	753,513	753,513	
Fund Balance - Ending	\$ 618,663	\$ 244,995	\$ (373,668)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
SPORTS TOURISM FUND
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for Services	\$ 1,919,850	\$ 1,562,412	\$ (357,438)
EXPENDITURES			
Current:			
Culture and Recreation	\$ 2,949,558	\$ 2,768,599	\$ 180,959
Capital Outlay	260,876	17,051	243,825
Total Expenditures	<u>\$ 3,210,434</u>	<u>\$ 2,785,650</u>	<u>\$ 424,784</u>
Deficiency of Revenues Under Expenditures	\$ (1,290,584)	\$ (1,223,238)	\$ 67,346
OTHER FINANCING SOURCES			
Transfers In	<u>1,250,876</u>	<u>1,275,876</u>	<u>25,000</u>
Net Change in Fund Balances	\$ (39,708)	\$ 52,638	\$ 92,346
Fund Balances (Deficit) - Beginning	<u>(609,983)</u>	<u>(609,983)</u>	<u></u>
Fund Balances (Deficit) - Ending	<u><u>\$ (649,691)</u></u>	<u><u>\$ (557,345)</u></u>	<u><u>\$ 92,346</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PRODUCT DEVELOPMENT FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 810	\$ (1,690)
EXPENDITURES				
Current:				
Community and Economic Development	\$	\$ 216,000	\$ 230,476	\$ (14,476)
Capital Outlay		264,000	208,164	55,836
Total Expenditures	\$	\$ 480,000	\$ 438,640	\$ 41,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,500	\$ (477,500)	\$ (437,830)	\$ 39,670
OTHER FINANCING USES				
Transfers Out	(1,400,000)	(1,400,000)	(1,400,000)	
Net Change in Fund Balance	\$ (1,397,500)	\$ (1,877,500)	\$ (1,837,830)	\$ 39,670
Fund Balance - Beginning	1,898,800	1,898,800	1,898,800	
Fund Balance - Ending	\$ 501,300	\$ 21,300	\$ 60,970	\$ 39,670

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
WORKFORCE HOUSING FUND
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Licenses and Permits	\$	\$ 49,606	\$ 49,606
Miscellaneous		31	31
Total Revenues	\$	\$ 49,637	\$ 49,637
Net Change in Fund Balance	\$	\$ 49,637	\$ 49,637
Fund Balance - Beginning			
Fund Balance - Ending	\$	\$ 49,637	\$ 49,637

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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,926,897	\$ 1,801,814	\$ (125,083)
Miscellaneous	7,500	28,263	20,763
Total Revenues	<u>\$ 1,934,397</u>	<u>\$ 1,830,077</u>	<u>\$ (104,320)</u>
EXPENDITURES			
Current:			
General Government	\$ 188,014	\$ 225,514	\$ (37,500)
Debt Service:			
Principal	3,334,721	3,275,216	59,505
Interest and Fiscal Charges	1,217,061	1,204,980	12,081
Total Expenditures	<u>\$ 4,739,796</u>	<u>\$ 4,705,710</u>	<u>\$ 34,086</u>
Deficiency of Revenues Under Expenditures	\$ (2,805,399)	\$ (2,875,633)	\$ (70,234)
OTHER FINANCING SOURCES			
Transfers In	<u>1,216,754</u>	<u>1,629,760</u>	<u>413,006</u>
Net Change in Fund Balance	\$ (1,588,645)	\$ (1,245,873)	\$ 342,772
Fund Balance - Beginning	<u>4,942,688</u>	<u>4,942,688</u>	
Fund Balance - Ending	<u><u>\$ 3,354,043</u></u>	<u><u>\$ 3,696,815</u></u>	<u><u>\$ 342,772</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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 610,000	\$ 610,000	\$ 535,677	\$ (74,323)
Licenses and Permits	1,000,000	1,000,000	1,146,489	146,489
Intergovernmental	1,272,750	2,514,280	3,451,720	937,440
Miscellaneous	4,252,000	5,315,601	4,440,679	(874,922)
Total Revenues	<u>\$ 7,134,750</u>	<u>\$ 9,439,881</u>	<u>\$ 9,574,565</u>	<u>\$ 134,684</u>
EXPENDITURES				
Current:				
General Government	\$ 1,259,750	\$ 754,375	\$ 754,375	\$
Public Safety		31,890	31,890	
Transportation		323,010	323,010	
Community and Economic Development		53,325	53,325	
Culture and Recreation		712,354	712,354	
Capital Outlay	8,087,000	26,291,347	9,255,253	17,036,094
Debt Service:				
Bond Issuance Costs		176,386	176,386	
Total Expenditures	<u>\$ 9,346,750</u>	<u>\$ 28,342,687</u>	<u>\$ 11,306,593</u>	<u>\$ 17,036,094</u>
Deficiency of Revenues Under Expenditures	<u>\$ (2,212,000)</u>	<u>\$ (18,902,806)</u>	<u>\$ (1,732,028)</u>	<u>\$ 17,170,778</u>
OTHER FINANCING SOURCES				
Transfers In	\$ 2,325,000	\$ 2,325,000		\$ (2,325,000)
General Obligation Bonds Issued		10,032,048	9,188,294	(843,754)
Premium on General Obligation Bonds		933,294	7,456,266	6,522,972
Total Other Financing Sources	<u>\$ 2,325,000</u>	<u>\$ 13,290,342</u>	<u>\$ 16,644,560</u>	<u>\$ 3,354,218</u>
Net Change in Fund Balances	\$ 113,000	\$ (5,612,464)	\$ 14,912,532	\$ 20,524,996
Fund Balances - Beginning	<u>18,440,177</u>	<u>18,440,177</u>	<u>18,440,177</u>	
Fund Balances - Ending	<u>\$ 18,553,177</u>	<u>\$ 12,827,713</u>	<u>\$ 33,352,709</u>	<u>\$ 20,524,996</u>

INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 4,803,049	\$ 5,610,752	\$ 20,838,851	\$ 31,252,652
Accounts Receivable	9	16,858	68,931	85,798
Inventories	123,752			123,752
Total Current Assets	\$ 4,926,810	\$ 5,627,610	\$ 20,907,782	\$ 31,462,202
Noncurrent Assets:				
Other Capital Assets (Net)	13,183,345			13,183,345
Total Assets	\$ 18,110,155	\$ 5,627,610	\$ 20,907,782	\$ 44,645,547
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension Plan	\$ 130,518	\$	\$	\$ 130,518
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 553,496	\$ 329,877	\$ 21,130,374	\$ 22,013,747
Due to Other Fund		137,398	3,684,485	3,821,883
Unreported Insurance Claims			600,335	600,335
Capital Lease Obligations	672,321			672,321
Total Current Liabilities	\$ 1,225,817	\$ 467,275	\$ 25,415,194	\$ 27,108,286
Noncurrent Liabilities:				
Compensated Absences	\$ 24,599	\$	\$	\$ 24,599
Unreported Insurance Claims		3,505,722		3,505,722
Capital Lease Obligations	3,063,590			3,063,590
Net Pension Liability	851,711			851,711
Total Noncurrent Liabilities	\$ 3,939,900	\$ 3,505,722	\$	\$ 7,445,622
Total Liabilities	\$ 5,165,717	\$ 3,972,997	\$ 25,415,194	\$ 34,553,908
DEFERRED INFLOWS OF RESOURCES				
Related to Pension Plan	\$ 5,668	\$	\$	\$ 5,668

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019**

NET POSITION	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
Net Investment in Capital Assets	\$ 9,447,434	\$	\$	\$ 9,447,434
Unrestricted	<u>3,621,854</u>	<u>1,654,613</u>	<u>(4,507,412)</u>	<u>769,055</u>
Total Net Position	<u>\$ 13,069,288</u>	<u>\$ 1,654,613</u>	<u>\$ (4,507,412)</u>	<u>\$ 10,216,489</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 6,187,773	\$ 3,629,065	\$ 14,372,055	\$ 24,188,893
OPERATING EXPENSES				
Administration	\$ 622,516	\$	\$	\$ 622,516
Operations	1,422,791	3,970,292	13,699,954	19,093,037
Depreciation	2,751,603			2,751,603
Total Operating Expenses	<u>\$ 4,796,910</u>	<u>\$ 3,970,292</u>	<u>\$ 13,699,954</u>	<u>\$ 22,467,156</u>
Operating Income (Loss)	<u>\$ 1,390,863</u>	<u>\$ (341,227)</u>	<u>\$ 672,101</u>	<u>\$ 1,721,737</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 26,724	\$ 7,564	\$ 351,258	\$ 385,546
Miscellaneous Revenue	3,556			3,556
Gain on Disposal of Capital Assets	54,097			54,097
Interest Expense	(99,151)			(99,151)
Total Nonoperating Revenues (Expenses)	<u>\$ (14,774)</u>	<u>\$ 7,564</u>	<u>\$ 351,258</u>	<u>\$ 344,048</u>
Income (Loss) Before Contributions	\$ 1,376,089	\$ (333,663)	\$ 1,023,359	\$ 2,065,785
Capital Contributions	<u>100,000</u>			<u>100,000</u>
Change in Net Position	\$ 1,476,089	\$ (333,663)	\$ 1,023,359	\$ 2,165,785
Total Net Position - Beginning	<u>11,593,199</u>	<u>1,988,276</u>	<u>(5,530,771)</u>	<u>8,050,704</u>
Total Net Position - Ending	<u><u>\$ 13,069,288</u></u>	<u><u>\$ 1,654,613</u></u>	<u><u>\$ (4,507,412)</u></u>	<u><u>\$ 10,216,489</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 6,187,773	\$ 3,629,065	\$ 14,372,055	\$ 24,188,893
Payments to Suppliers	(1,682,922)	(1,725,707)	(1,516,879)	(4,925,508)
Payments to Employees	(392,955)			(392,955)
Payments of Claims		(1,976,542)	(9,883,523)	(11,860,065)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 4,111,896</u>	<u>\$ (73,184)</u>	<u>\$ 2,971,653</u>	<u>\$ 7,010,365</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	<u>\$</u>	<u>\$ 137,398</u>	<u>\$ 731,152</u>	<u>\$ 868,550</u>
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$</u>	<u>\$ 137,398</u>	<u>\$ 731,152</u>	<u>\$ 868,550</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	\$ 100,000	\$	\$	\$ 100,000
Principal Payments on Capital Lease Obligations	(805,069)			(805,069)
Interest Payments on Capital Lease Obligations	(114,896)			(114,896)
Purchases of Capital Assets	(3,639,614)			(3,639,614)
Proceeds From Disposal of Capital Assets	108,600			108,600
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (4,350,979)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (4,350,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>\$ 26,724</u>	<u>\$ 7,564</u>	<u>\$ 351,258</u>	<u>\$ 385,546</u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 26,724</u>	<u>\$ 7,564</u>	<u>\$ 351,258</u>	<u>\$ 385,546</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (212,359)</u>	<u>\$ 71,778</u>	<u>\$ 4,054,063</u>	<u>\$ 3,913,482</u>
Cash and Cash Equivalents - Beginning	<u>5,015,408</u>	<u>5,538,974</u>	<u>16,784,788</u>	<u>27,339,170</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 4,803,049</u></u>	<u><u>\$ 5,610,752</u></u>	<u><u>\$ 20,838,851</u></u>	<u><u>\$ 31,252,652</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019**

	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u>				
Operating Income (Loss)	\$ 1,390,863	\$ (341,227)	\$ 672,101	\$ 1,721,737
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:				
Depreciation	2,751,603			2,751,603
Decrease in Accounts Receivable	7	7,252	282,101	289,360
Decrease in Inventories	20,819			20,819
Decrease in Prepaid Assets		40,000		40,000
Increase (Decrease) in Accounts Payable and Accrued Expenses	(90,244)	133,804	2,107,721	2,151,281
Increase (Decrease) in Unreported Insurance Claims		86,987	(90,270)	(3,283)
Increase in Net Pension Liability and Related Amounts	35,292			35,292
Miscellaneous Receipts	<u>3,556</u>			<u>3,556</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 4,111,896</u>	<u>\$ (73,184)</u>	<u>\$ 2,971,653</u>	<u>\$ 7,010,365</u>

Noncash Capital and Related Financing Activities

Book Value of Capital Asset Disposals	\$ 54,503	\$	\$	\$ 54,503
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AGENCY FUND

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FIREMEN'S FUND
Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
ASSETS				
Cash and Temporary Investments	\$ <u>16,745</u>	\$ <u>389,348</u>	\$ <u>380,590</u>	\$ <u>25,503</u>
LIABILITIES				
Due to Firemen's Association	\$ <u>16,745</u>	\$ <u>389,348</u>	\$ <u>380,590</u>	\$ <u>25,503</u>

DISCRETELY PRESENTED COMPONENT UNIT

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2019**

ASSETS

Cash and Temporary Investments	\$ 1,929,376
Loans Receivable	<u>648,560</u>
Total Assets	<u><u>\$ 2,577,936</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable and Accrued Expenditures	\$ 7,447
Due to Primary Government	46,352
Unearned Revenue	<u>28,652</u>
Total Liabilities	<u>\$ 82,451</u>

Fund Balances:

Nonspendable:

Long-Term Receivables	\$ 648,560
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Assigned for:

Redevelopment Loans	250,710
Unassigned	<u>1,596,215</u>
Total Fund Balances	<u>\$ 2,495,485</u>

Total Liabilities and Fund Balances	<u><u>\$ 2,577,936</u></u>
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Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 2,495,485
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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.	1,766,540
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Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(1,746,790)</u>
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Net Position Reported in the Statement of Net Position	<u><u>\$ 2,515,235</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, 2019

REVENUES

Charges for Services	\$ 1,812,993
Miscellaneous	210,597
Total Revenues	<u>\$ 2,023,590</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 1,749,149
Capital Outlay	1,022,049
Debt Service:	
Principal	3,275,246
Interest	146,344
Total Expenditures	<u>\$ 6,192,788</u>

Deficiency of Revenues Under Expenditures	<u>\$ (4,169,198)</u>
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OTHER FINANCING SOURCES

Revolving Line of Credit	\$ 1,002,019
Sale of Capital Assets	3,279,207
Total Other Financing Sources	<u>\$ 4,281,226</u>

Net Change in Fund Balances	\$ 112,028
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Fund Balances - Beginning	<u>2,383,457</u>
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Fund Balances - Ending	<u><u>\$ 2,495,485</u></u>
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Reconciliation to the Statement of Activities

Net Change in Fund Balances	\$ 112,028
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Amounts reported in the statement of activities are different because:

The fund financial statements report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense.	(2,375,865)
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The issuance of long-term debt provides current financial resources in the fund financial statements, while the repayment of long-term debt consumes the current financial resources in the fund financial statements. Neither transaction, however, has any effect on net position.	2,273,227
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund financial statements.	<u>19,032</u>
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Change in Net Position Reported in the Statement of Activities	<u><u>\$ 28,422</u></u>
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First in Service

OTHER SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
WATER AND SEWER FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 29,747,500	\$ 29,747,500	\$ 29,012,260	\$ (735,240)
OPERATING EXPENSES				
Administration	\$ 4,091,487	\$ 5,140,805	\$ 5,140,805	\$
Operations	22,493,047	22,221,972	22,221,972	
Depreciation	4,600,000	4,788,286	4,788,286	
Total Operating Expenses	<u>\$ 31,184,534</u>	<u>\$ 32,151,063</u>	<u>\$ 32,151,063</u>	<u>\$</u>
Operating Loss	<u>\$ (1,437,034)</u>	<u>\$ (2,403,563)</u>	<u>\$ (3,138,803)</u>	<u>\$ (735,240)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 80,000	\$ 80,000	\$ 193,644	\$ 113,644
Miscellaneous Revenue	230,000	230,000	133,711	(96,289)
Gain on Disposal of Capital Assets			5,300	5,300
Interest and Fiscal Charges	(1,125,145)	(1,125,146)	(871,669)	253,477
Total Nonoperating Revenues (Expenses)	<u>\$ (815,145)</u>	<u>\$ (815,146)</u>	<u>\$ (539,014)</u>	<u>\$ 276,132</u>
Loss Before Contributions and Transfers	\$ (2,252,179)	\$ (3,218,709)	\$ (3,677,817)	\$ (459,108)
Capital Contributions	3,725,000	3,725,000	5,062,764	1,337,764
Transfers Out	<u>(1,487,375)</u>	<u>(1,487,375)</u>	<u>(1,487,375)</u>	<u></u>
Change in Net Position	\$ (14,554)	\$ (981,084)	\$ (102,428)	\$ 878,656
Total Net Position - Beginning	<u>106,159,642</u>	<u>106,159,642</u>	<u>106,159,642</u>	<u></u>
Total Net Position - Ending	<u>\$ 106,145,088</u>	<u>\$ 105,178,558</u>	<u>\$ 106,057,214</u>	<u>\$ 878,656</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, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for Services	\$ 57,890	\$ 55,183	\$ (2,707)
OPERATING EXPENSES			
Operations	\$ 232,820	\$ 180,921	\$ 51,899
Depreciation	425,000	449,409	(24,409)
Total Operating Expenses	<u>\$ 657,820</u>	<u>\$ 630,330</u>	<u>\$ 27,490</u>
Operating Loss	<u>\$ (599,930)</u>	<u>\$ (575,147)</u>	<u>\$ 24,783</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 28,000	\$ 2,819	\$ (25,181)
Miscellaneous Revenue	180,000	3,890	(176,110)
Interest and Fiscal Charges	(23,700)		23,700
Amortization of Bond Insurance	(3,900)		3,900
Total Nonoperating Revenues (Expenses)	<u>\$ 180,400</u>	<u>\$ 6,709</u>	<u>\$ (173,691)</u>
Loss Before Transfers	\$ (419,530)	\$ (568,438)	\$ (148,908)
Transfers In	<u>850,000</u>	<u>850,000</u>	
Change in Net Position	\$ 430,470	\$ 281,562	\$ (148,908)
Total Net Position - Beginning	<u>8,709,209</u>	<u>8,709,209</u>	
Total Net Position - Ending	<u><u>\$ 9,139,679</u></u>	<u><u>\$ 8,990,771</u></u>	<u><u>\$ (148,908)</u></u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 115,000	\$ 115,000	\$ 141,977	\$ 26,977
OPERATING EXPENSES				
Operations	\$ 56,933	\$ 54,731	\$ 54,731	\$
Depreciation	275,000	269,316	269,316	
Total Operating Expenses	\$ 331,933	\$ 324,047	\$ 324,047	\$
Operating Loss	\$ (216,933)	\$ (209,047)	\$ (182,070)	\$ 26,977
NONOPERATING EXPENSES				
Interest Expense		(14,704)	(14,704)	
Change in Net Position	\$ (216,933)	\$ (223,751)	\$ (196,774)	\$ 26,977
Total Net Position - Beginning	11,727,059	11,727,059	11,727,059	
Total Net Position - Ending	\$ 11,510,126	\$ 11,503,308	\$ 11,530,285	\$ 26,977

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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 5,517,238	\$ 5,517,238	\$ 5,616,729	\$ 99,491
OPERATING EXPENSES				
Administration	\$ 856,023	\$ 855,088	\$ 831,309	\$ 23,779
Operations	5,057,960	5,111,993	5,118,492	(6,499)
Depreciation	65,000	65,000	73,962	(8,962)
Total Operating Expenses	\$ 5,978,983	\$ 6,032,081	\$ 6,023,763	\$ 8,318
Operating Loss	\$ (461,745)	\$ (514,843)	\$ (407,034)	\$ 107,809
NONOPERATING REVENUES (EXPENSES)				
Operating Grant Revenue	\$	\$ 39,770	\$ 39,665	\$ (105)
Miscellaneous Revenue	240,000	240,000		(240,000)
Interest Expense	(16,178)	(2,850)	(2,850)	
Total Nonoperating Revenues (Expenses)	\$ 223,822	\$ 276,920	\$ 36,815	\$ (240,105)
Loss Before Transfers	\$ (237,923)	\$ (237,923)	\$ (370,219)	\$ (132,296)
Transfers In	250,000	250,000	250,000	
Change in Net Position	\$ 12,077	\$ 12,077	\$ (120,219)	\$ (132,296)
Total Net Position - Beginning	(1,452,636)	(1,452,636)	(1,452,636)	
Total Net Position - Ending	\$ (1,440,559)	\$ (1,440,559)	\$ (1,572,855)	\$ (132,296)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2019

Court Fines

Court Fines Collected	\$ 505,268
Court Fines Retained by City	(505,268)
Court Fines Remitted to State Treasurer	<u>\$ 0</u>

Court Assessments

Court Assessments Collected	\$ 802,095
Court Assessments Retained by City	(60,365)
Court Assessments Remitted to State Treasurer	<u>\$ 741,730</u>

Court Surcharges

Court Surcharges Collected	\$ 47,243
Court Surcharges Retained by City	(47,243)
Court Surcharges Remitted to State Treasurer	<u>\$ 0</u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 60,365
Court Surcharges Allocated to Victim Services	47,243
Total Funds Allocated to Victim Services	<u>\$ 107,608</u>
Victim Services Expenditures	(107,608)
Funds Available for Carryforward From Year Ended June 30, 2019	<u>\$ 0</u>
Funds Carried Forward From Year Ended June 30, 2018	0
Funds Available for Carryforward at June 30, 2019	<u>\$ 0</u>

STATISTICAL SECTION

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

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

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

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

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

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

Schedule 1

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

	Fiscal Year		
	2010	2011	2012
Governmental Activities			
Net Investment in Capital Assets	\$ 100,633,044	\$ 100,702,801	\$ 97,005,660
Restricted	14,971,016	15,425,677	18,344,550
Unrestricted	(11,955,064)	(5,211,110)	(3,006,353)
Total Governmental Activities Net Position	\$ 103,648,996	\$ 110,917,368	\$ 112,343,857
 Business-Type Activities			
Net Investment in Capital Assets	\$ 120,443,730	\$ 116,137,286	\$ 113,536,973
Restricted	736,834	760,011	1,165,853
Unrestricted	12,934,193	14,079,646	15,845,740
Total Business-Type Activities Net Position	\$ 134,114,757	\$ 130,976,943	\$ 130,548,566
 Primary Government			
Net Investment in Capital Assets	\$ 221,076,774	\$ 216,840,087	\$ 210,542,633
Restricted	15,707,850	16,185,688	19,510,403
Unrestricted	979,129	8,868,536	12,839,387
Total Primary Government Net Position	\$ 237,763,753	\$ 241,894,311	\$ 242,892,423

Note:

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

UNAUDITED

Fiscal Year						
2013	2014	2015 ⁽¹⁾	2016	2017	2018	2019
\$ 97,019,979	\$ 100,612,540	\$ 110,367,487	\$ 123,676,431	\$ 131,515,817	\$ 128,663,994	\$ 133,376,414
18,904,389	19,761,397	22,418,493	23,929,521	32,597,681	35,519,383	35,788,591
(1,323,284)	1,316,485	(61,203,024)	(61,247,710)	(66,827,955)	(67,485,987)	(67,838,279)
<u>\$ 114,601,084</u>	<u>\$ 121,690,422</u>	<u>\$ 71,582,956</u>	<u>\$ 86,358,242</u>	<u>\$ 97,285,543</u>	<u>\$ 96,697,390</u>	<u>\$ 101,326,726</u>
\$ 114,142,625	\$ 114,506,690	\$ 116,288,674	\$ 111,740,507	\$ 110,922,505	\$ 111,884,829	\$ 113,318,702
1,088,242	945,308	876,221	910,117	1,407,580	1,504,625	741,803
15,033,204	13,655,977	6,055,696	10,998,291	13,757,572	15,750,222	15,371,535
<u>\$ 130,264,071</u>	<u>\$ 129,107,975</u>	<u>\$ 123,220,591</u>	<u>\$ 123,648,915</u>	<u>\$ 126,087,657</u>	<u>\$ 129,139,676</u>	<u>\$ 129,432,040</u>
\$ 211,162,604	\$ 215,119,230	\$ 226,656,161	\$ 235,416,938	\$ 242,438,322	\$ 240,548,823	\$ 246,695,116
19,992,631	20,706,705	23,294,714	24,839,638	34,005,261	37,024,008	36,530,394
13,709,920	14,972,462	(55,147,328)	(50,249,419)	(53,070,383)	(51,735,765)	(52,466,744)
<u>\$ 244,865,155</u>	<u>\$ 250,798,397</u>	<u>\$ 194,803,547</u>	<u>\$ 210,007,157</u>	<u>\$ 223,373,200</u>	<u>\$ 225,837,066</u>	<u>\$ 230,758,766</u>

Schedule 2

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

	Fiscal Year		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses			
Governmental Activities:			
General Government	\$ 12,243,661	\$ 11,296,314	\$ 11,390,173
Public Safety	33,225,681	31,177,095	32,547,208
Transportation	8,055,196	8,028,096	8,508,590
Community and Economic Development	21,708,312	26,563,059	30,332,521
Culture and Recreation	17,593,171	17,676,164	18,014,892
Public Works	1,568,038	1,434,430	1,423,483
Interest and Fiscal Charges	9,039,543	9,007,944	8,701,138
Total Governmental Activities Expenses	<u>\$ 103,433,602</u>	<u>\$ 105,183,102</u>	<u>\$ 110,918,005</u>
Business-Type Activities:			
Water	\$ 12,376,562	\$ 12,493,346	\$ 13,040,513
Sewer	12,434,859	12,382,088	12,257,261
Baseball Stadium	761,567	707,597	731,004
Municipal Golf Course	1,885,640	1,819,724	1,502,589
Solid Waste Management	4,092,051	4,048,935	4,061,301
Total Business-Type Activities Expenses	<u>\$ 31,550,679</u>	<u>\$ 31,451,690</u>	<u>\$ 31,592,668</u>
 Total Primary Government Expenses	 <u>\$ 134,984,281</u>	 <u>\$ 136,634,792</u>	 <u>\$ 142,510,673</u>
 Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 13,808,024	\$ 15,251,585	\$ 16,576,103
Operating Grants and Contributions	1,578,798	1,347,905	2,012,316
Capital Grants and Contributions	17,293,904	8,822,685	2,974,778
Total Governmental Activities Program Revenues	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>
Business-Type Activities:			
Charges for Services	\$ 26,171,502	\$ 27,349,428	\$ 28,824,814
Operating Grants and Contributions			
Capital Grants and Contributions	4,786,961	1,121,501	2,005,888
Total Business-Type Activities Program Revenues	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>
 Total Primary Government Program Revenues	 <u>\$ 63,639,189</u>	 <u>\$ 53,893,104</u>	 <u>\$ 52,393,899</u>
 Net (Expense) Revenue			
Governmental Activities	\$ (70,752,876)	\$ (79,760,927)	\$ (89,354,808)
Business-Type Activities	(592,216)	(2,980,761)	(761,966)
Total Primary Government Net Expense	<u>\$ (71,345,092)</u>	<u>\$ (82,741,688)</u>	<u>\$ (90,116,774)</u>

UNAUDITED

		Fiscal Year						
		2013	2014	2015	2016	2017	2018	2019
\$	11,883,348	\$ 11,319,984	\$ 12,890,054	\$ 12,822,309	\$ 13,470,951	\$ 14,672,604	\$ 15,035,878	
	33,115,671	33,247,797	35,816,223	40,622,972	44,940,928	50,078,581	53,574,303	
	8,642,907	8,666,134	8,714,950	9,388,613	10,506,212	11,212,952	13,029,012	
	28,021,204	28,377,759	29,802,944	32,180,219	34,386,272	34,791,477	38,649,385	
	18,881,858	20,110,668	21,563,521	18,495,957	20,613,590	22,021,828	22,587,554	
	1,437,647	1,399,578	1,455,959	6,594,968	7,305,309	7,529,646	7,588,750	
	8,513,225	8,779,399	8,302,467	8,030,037	7,564,990	6,992,235	6,711,720	
\$	<u>110,495,860</u>	<u>111,901,319</u>	<u>118,546,118</u>	<u>128,135,075</u>	<u>138,788,252</u>	<u>147,299,323</u>	<u>157,176,602</u>	
\$	13,262,481	\$ 14,235,486	\$ 14,151,418	\$ 15,328,683	\$ 15,921,581	\$ 16,092,999	\$ 17,317,321	
	12,587,819	13,068,631	13,910,465	14,157,157	14,160,187	14,696,594	15,581,841	
	639,314	616,989	631,698	662,068	679,415	699,873	634,356	
	1,455,492	1,474,824	969,918	321,713	334,440	324,196	341,617	
	4,072,052	4,194,082	4,205,444	4,386,728	7,401,276	5,271,564	5,707,768	
\$	<u>32,017,158</u>	<u>33,590,012</u>	<u>33,868,943</u>	<u>34,856,349</u>	<u>38,496,899</u>	<u>37,085,226</u>	<u>39,582,903</u>	
\$	<u>142,513,018</u>	<u>145,491,331</u>	<u>152,415,061</u>	<u>162,991,424</u>	<u>177,285,151</u>	<u>184,384,549</u>	<u>196,759,505</u>	
\$	15,910,400	\$ 16,942,434	\$ 17,621,758	\$ 18,204,459	\$ 20,943,663	\$ 21,302,259	\$ 21,286,060	
	1,573,924	1,577,629	1,985,466	1,508,330	3,189,507	1,727,051	3,162,865	
	1,628,940	8,155,866	5,959,255	13,083,574	8,568,753	4,488,807	11,034,268	
\$	<u>19,113,264</u>	<u>26,675,929</u>	<u>25,566,479</u>	<u>32,796,363</u>	<u>32,701,923</u>	<u>27,518,117</u>	<u>35,483,193</u>	
\$	28,383,410	\$ 29,686,659	\$ 29,735,755	\$ 30,781,010	\$ 33,721,529	\$ 34,008,194	\$ 34,963,750	
	4,574			3,402	2,428,959	59,308	39,665	
	3,350,634	3,184,138	4,436,233	4,644,940	4,981,673	6,197,304	5,062,764	
\$	<u>31,738,618</u>	<u>32,870,797</u>	<u>34,171,988</u>	<u>35,429,352</u>	<u>41,132,161</u>	<u>40,264,806</u>	<u>40,066,179</u>	
\$	<u>50,851,882</u>	<u>59,546,726</u>	<u>59,738,467</u>	<u>68,225,715</u>	<u>73,834,084</u>	<u>67,782,923</u>	<u>75,549,372</u>	
\$	(91,382,596)	\$ (85,225,390)	\$ (92,979,639)	\$ (95,338,712)	\$ (106,086,329)	\$ (119,781,206)	\$ (121,693,409)	
	(278,540)	(719,215)	303,045	573,003	2,635,262	3,179,580	483,276	
\$	<u>(91,661,136)</u>	<u>(85,944,605)</u>	<u>(92,676,594)</u>	<u>(94,765,709)</u>	<u>(103,451,067)</u>	<u>(116,601,626)</u>	<u>(121,210,133)</u>	

Schedule 2 (Continued)

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

	Fiscal Year		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 27,607,156	\$ 25,567,159	\$ 24,836,200
Local Accommodations Taxes	1,827,916	2,064,510	2,219,406
Business License Taxes	17,149,465	17,516,219	17,795,885
Franchise Taxes	3,422,821	3,575,049	3,409,048
Hospitality Fee Taxes	8,275,596	9,028,583	9,548,517
Local Option Tourism Taxes	14,195,983	20,440,454	23,500,801
Grants and Contributions not Restricted to Specific Programs	7,904,766	8,177,320	9,311,329
Investment Earnings	313,682	361,705	361,811
Transfers	(51,700)	298,300	(201,700)
Total Governmental Activities	<u>\$ 80,645,685</u>	<u>\$ 87,029,299</u>	<u>\$ 90,781,297</u>
Business-Type Activities:			
Investment Earnings	\$ 177,051	\$ 141,247	\$ 131,889
Transfers	51,700	(298,300)	201,700
Total Business-Type Activities	<u>\$ 228,751</u>	<u>\$ (157,053)</u>	<u>\$ 333,589</u>
Total Primary Government	<u>\$ 80,874,436</u>	<u>\$ 86,872,246</u>	<u>\$ 91,114,886</u>
Change in Net Position			
Governmental Activities	\$ 9,892,809	\$ 7,268,372	\$ 1,426,489
Business-Type Activities	(363,465)	(3,137,814)	(428,377)
Total Primary Government	<u>\$ 9,529,344</u>	<u>\$ 4,130,558</u>	<u>\$ 998,112</u>

Note:

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

UNAUDITED

		Fiscal Year											
		2013	2014	2015	2016	2017	2018	2019					
\$	25,113,459	\$	25,796,261	\$	30,191,056	\$	31,603,241	\$	32,715,024	\$	33,638,840	\$	36,868,630
	2,238,681		2,333,117		2,538,276		2,628,349		2,756,944		2,697,237		2,729,372
	18,354,589		19,050,722		20,579,202		22,133,249		25,121,700		25,508,342		26,234,896
	3,469,046		3,755,715		3,847,643		3,763,771		3,894,935		4,049,530		4,942,516
	9,791,483		10,077,734		10,859,463		11,333,703		11,882,628		11,923,034		12,157,102
	23,508,832		23,298,736		24,952,836		27,187,371		28,316,017		28,763,094		29,699,386
	10,833,688		10,501,165		10,619,104		11,017,066		11,716,163		11,698,916		12,091,191
	223,895		168,740		152,962		225,010		314,946		645,460		1,212,277
	106,150		179,000		112,276		222,238		295,273		268,600		387,375
\$	<u>93,639,823</u>	\$	<u>95,161,190</u>	\$	<u>103,852,818</u>	\$	<u>110,113,998</u>	\$	<u>117,013,630</u>	\$	<u>119,193,053</u>	\$	<u>126,322,745</u>
\$	100,195	\$	82,602	\$	68,522	\$	77,559	\$	98,753	\$	141,039	\$	196,463
	(106,150)		(179,000)		(112,276)		(222,238)		(295,273)		(268,600)		(387,375)
\$	<u>(5,955)</u>	\$	<u>(96,398)</u>	\$	<u>(43,754)</u>	\$	<u>(144,679)</u>	\$	<u>(196,520)</u>	\$	<u>(127,561)</u>	\$	<u>(190,912)</u>
\$	<u>93,633,868</u>	\$	<u>95,064,792</u>	\$	<u>103,809,064</u>	\$	<u>109,969,319</u>	\$	<u>116,817,110</u>	\$	<u>119,065,492</u>	\$	<u>126,131,833</u>
\$	2,257,227	\$	9,935,800	\$	10,873,179	\$	14,775,286	\$	10,927,301	\$	(588,153)	\$	4,629,336
	(284,495)		(815,613)		259,291		428,324		2,438,742		3,052,019		292,364
\$	<u>1,972,732</u>	\$	<u>9,120,187</u>	\$	<u>11,132,470</u>	\$	<u>15,203,610</u>	\$	<u>13,366,043</u>	\$	<u>2,463,866</u>	\$	<u>4,921,700</u>

Schedule 3

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

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year		
	2010	2011	2012
Governmental Activities			
Charges for Services:			
General Government	\$ 2,428,261	\$ 2,978,554	\$ 3,483,073
Public Safety	2,533,875	2,127,885	2,098,517
Transportation	1,565,710	1,832,000	1,858,628
Community and Economic Development	838,055	989,939	1,532,753
Culture and Recreation	6,442,123	7,323,207	7,603,132
Operating Grants and Contributions:			
General Government			22,987
Public Safety	852,149	753,599	600,239
Transportation	57,200	62,900	86,131
Community and Economic Development	426,249	355,978	582,646
Culture and Recreation	243,200	175,428	720,313
Public Works			
Capital Grants and Contributions:			
Public Safety	238,477		
Transportation	6,649,087	4,724,714	1,670,650
Community and Economic Development	9,455,094	3,472,003	1,289,648
Culture and Recreation	951,246	625,968	14,480
Total Governmental Activities	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>
Business-Type Activities			
Charges for Services:			
Water	\$ 11,955,128	\$ 12,462,158	\$ 13,017,157
Sewer	9,392,479	9,725,734	10,710,657
Baseball Stadium	30,056	32,573	39,980
Municipal Golf Course	1,078,862	1,167,064	1,101,990
Solid Waste Management	3,714,977	3,961,899	3,955,030
Operating Grants and Contributions:			
Water			
Sewer			
Solid Waste Management			
Capital Grants and Contributions:			
Water	2,699,330	556,656	973,416
Sewer	2,087,631	564,845	1,032,472
Total Business-Type Activities	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>
Total Primary Government	<u><u>\$ 63,639,189</u></u>	<u><u>\$ 53,893,104</u></u>	<u><u>\$ 52,393,899</u></u>

UNAUDITED

		Fiscal Year											
		2013	2014	2015	2016	2017	2018	2019					
\$	2,671,727	\$	2,695,365	\$	2,731,274	\$	2,930,087	\$	3,150,622	\$	3,324,103	\$	3,237,617
	2,068,023		2,052,795		1,872,412		2,064,558		2,859,641		2,513,149		2,547,392
	1,880,137		2,177,007		2,227,724		2,260,620		2,314,872		2,366,895		2,608,680
	1,673,700		2,510,118		2,393,360		2,314,586		3,014,585		3,255,925		3,203,028
	7,616,813		7,507,149		8,396,988		8,634,608		9,603,943		9,842,187		9,689,343
	42,866												
	561,291		435,211		937,561		702,446		1,713,263		1,007,915		1,077,529
	104,631		88,006		87,631		78,256		206,082		57,583		1,080,431
	365,921		329,212		273,962		136,778		352,434		216,734		382,306
	499,215		513,358		649,601		518,915		597,851		444,819		561,140
			211,842		36,711		71,935		319,877				61,459
													192,010
	868,161		7,221,160		4,765,947		11,609,972		6,336,507		1,945,468		4,954,509
	660,328		931,986		1,081,888		1,072,973		1,975,239		2,526,754		5,781,530
	100,451		2,720		111,420		400,629		257,007		16,585		106,219
\$	<u>19,113,264</u>	\$	<u>26,675,929</u>	\$	<u>25,566,479</u>	\$	<u>32,796,363</u>	\$	<u>32,701,923</u>	\$	<u>27,518,117</u>	\$	<u>35,483,193</u>
\$	12,185,831	\$	12,425,117	\$	12,546,737	\$	12,993,723	\$	14,482,382	\$	14,436,891	\$	14,922,271
	11,143,958		12,109,673		12,377,975		12,910,985		13,845,349		13,871,568		14,223,700
	27,581		36,841		45,364		53,347		55,226		69,023		59,073
	1,012,506		938,737		310,621		53,635		156,784		136,726		141,977
	4,013,534		4,176,291		4,455,058		4,769,320		5,181,788		5,493,986		5,616,729
							1,701		77,166				
							1,701		77,167				
	4,574								2,274,626		59,308		39,665
	1,614,974		1,394,906		1,610,026		2,107,498		2,300,020		3,073,289		2,581,956
	1,735,660		1,789,232		2,826,207		2,537,442		2,681,653		3,124,015		2,480,808
\$	<u>31,738,618</u>	\$	<u>32,870,797</u>	\$	<u>34,171,988</u>	\$	<u>35,429,352</u>	\$	<u>41,132,161</u>	\$	<u>40,264,806</u>	\$	<u>40,066,179</u>
\$	<u>50,851,882</u>	\$	<u>59,546,726</u>	\$	<u>59,738,467</u>	\$	<u>68,225,715</u>	\$	<u>73,834,084</u>	\$	<u>67,782,923</u>	\$	<u>75,549,372</u>

Schedule 4

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

	Fiscal Year		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund			
Nonspendable	\$ 134,008	\$ 116,144	\$ 113,066
Restricted	354,057	443,940	413,516
Committed			
Assigned	410,202	411,724	412,924
Unassigned	7,067,216	7,664,002	7,804,956
Total General Fund	<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>	<u>\$ 8,744,462</u>
 All Other Governmental Funds			
Nonspendable	\$ 781,858	\$ 722,066	\$ 722,066
Restricted	19,332,009	27,003,280	21,018,349
Assigned	12,579,733	15,124,193	13,891,602
Unassigned	(1,661,318)	(2,349,160)	(2,340,971)
Total All Other Governmental Funds	<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>	<u>\$ 33,291,046</u>

UNAUDITED

		Fiscal Year											
		2013	2014	2015	2016	2017	2018	2019					
\$	136,844	\$	145,116	\$	147,712	\$	115,756	\$	146,664	\$	199,060	\$	195,266
	396,275		406,711		1,044,520		429,343		361,423		425,970		554,331
	40,000		14,667		1,077,273		202,419		561,167		618,667		561,167
	413,928		414,605		931,947		667,884						
	9,237,691		10,324,445		10,221,505		12,050,165		14,564,933		12,608,530		12,243,154
\$	<u>10,224,738</u>	\$	<u>11,305,544</u>	\$	<u>13,422,957</u>	\$	<u>13,465,567</u>	\$	<u>15,634,187</u>	\$	<u>13,852,227</u>	\$	<u>13,553,918</u>
\$	722,066	\$	722,066	\$	785,408	\$	793,725	\$	276,717	\$	89,286	\$	91,505
	29,148,074		33,329,174		26,786,092		27,217,933		33,320,557		37,702,601		43,607,170
	11,789,372		12,019,861		12,404,860		12,137,656		8,529,539		14,199,140		16,116,409
	(2,369,580)		(698,740)		(2,303,269)		(2,544,905)		(2,678,440)		(1,597,648)		(940,509)
\$	<u>39,289,932</u>	\$	<u>45,372,361</u>	\$	<u>37,673,091</u>	\$	<u>37,604,409</u>	\$	<u>39,448,373</u>	\$	<u>50,393,379</u>	\$	<u>58,874,575</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		
	2010	2011	2012
Revenues			
Property Taxes	\$ 27,416,733	\$ 25,551,735	\$ 24,819,308
Local Accommodations Taxes	1,832,395	2,065,000	2,217,299
Hospitality Fee Taxes	8,283,197	9,023,986	9,463,883
Storm Water Fees	1,569,986	1,836,316	1,858,628
Local Option Tourism Taxes	14,195,983	20,440,454	23,500,801
Licenses and Permits	21,228,785	21,898,534	22,424,426
Fines and Forfeitures	1,841,296	1,345,154	1,087,407
Intergovernmental	14,148,733	12,062,703	12,193,869
Charges for Services	4,448,104	4,738,294	5,090,013
Miscellaneous	11,929,100	7,294,945	5,941,373
Total Revenues	\$ 106,894,312	\$ 106,257,121	\$ 108,597,007
Expenditures			
Current:			
General Government	\$ 12,402,953	\$ 12,278,801	\$ 11,262,374
Public Safety	30,753,182	29,269,778	31,211,230
Transportation	5,107,803	4,812,339	5,272,855
Community and Economic Development	19,257,564	23,703,541	27,426,638
Culture and Recreation	14,843,882	14,940,894	15,126,615
Public Works	1,477,446	1,382,108	1,428,340
Capital Outlay	23,560,905	6,240,529	9,882,501
Debt Service:			
Principal	5,242,898	4,765,145	5,875,367
Interest and Fiscal Charges	7,887,970	8,105,283	7,645,965
Bond Issuance Costs	416,512	40,728	222,967
Payment to Escrow Agent	1,367,000		443,633
Total Expenditures	\$ 122,318,115	\$ 105,539,146	\$ 115,798,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (15,423,803)	\$ 717,975	\$ (7,201,478)
Other Financing Sources (Uses)			
Transfers In	\$ 22,411,692	\$ 20,010,406	\$ 27,348,960
Transfers Out	(22,463,392)	(19,712,106)	(27,550,660)
Proceeds From Borrowing	14,234,034	9,108,923	
Proceeds From Refunding	10,037,469		20,455,585
Payment to Escrow Agent	(9,820,624)		(20,235,669)
Sale of Capital Assets	13,836	13,226	82,581
Total Other Financing Sources (Uses)	\$ 14,413,015	\$ 9,420,449	\$ 100,797
Net Change in Fund Balances	\$ (1,010,788)	\$ 10,138,424	\$ (7,100,681)

UNAUDITED

		Fiscal Year						
		2013	2014	2015	2016	2017	2018	2019
\$	25,112,930	\$ 25,842,751	\$ 29,807,247	\$ 30,913,506	\$ 33,450,822	\$ 33,999,652	\$ 36,667,506	
	2,240,593	2,333,163	2,536,515	2,629,777	2,755,560	2,698,332	2,722,785	
	9,867,341	10,075,280	10,850,942	11,310,659	11,874,960	11,908,883	12,159,412	
	1,883,706	2,181,517	2,227,724	2,267,128	2,319,629	2,360,916	2,619,359	
	23,508,832	23,298,736	24,952,836	27,187,371	28,316,017	28,763,094	29,699,386	
	23,052,056	24,807,744	26,426,225	27,847,941	31,692,036	32,460,299	33,999,861	
	1,151,814	1,203,940	1,101,609	1,211,362	1,429,939	1,255,638	1,188,906	
	13,365,569	14,631,456	14,028,776	15,163,681	17,934,520	16,535,412	19,424,885	
	4,970,196	5,221,830	6,250,252	6,506,212	7,570,602	7,778,873	7,808,477	
	5,493,214	6,994,794	6,359,649	6,807,139	8,098,964	7,961,344	11,002,399	
\$	<u>110,646,251</u>	<u>116,591,211</u>	<u>124,541,775</u>	<u>131,844,776</u>	<u>145,443,049</u>	<u>145,722,443</u>	<u>157,292,976</u>	
\$	11,065,359	\$ 11,366,081	\$ 12,905,368	\$ 12,328,947	\$ 12,694,369	\$ 13,148,637	\$ 14,093,595	
	32,189,301	32,761,895	35,413,969	39,613,821	41,947,516	45,719,606	49,456,616	
	5,516,042	5,532,740	5,573,199	5,837,513	6,256,190	6,750,406	8,627,993	
	25,097,090	25,446,577	26,768,505	29,041,665	31,053,204	31,220,689	35,171,060	
	15,764,818	16,904,085	17,789,917	13,897,123	15,537,265	16,200,606	16,907,269	
	1,403,396	1,394,960	1,429,807	6,452,736	7,117,694	7,190,325	7,430,976	
	9,379,603	13,506,372	21,926,817	11,517,165	12,262,257	12,946,366	11,294,692	
	6,975,385	8,229,829	7,451,254	8,170,475	11,912,278	8,797,084	7,692,499	
	7,420,312	7,031,794	7,643,041	8,775,010	6,025,448	6,809,784	6,668,263	
	181,294	590,288	9,822	89,527	554,946	342,821	176,386	
		1,507,567			7,387,801	364,030		
\$	<u>114,992,600</u>	<u>124,272,188</u>	<u>136,911,699</u>	<u>135,723,982</u>	<u>152,748,968</u>	<u>149,490,354</u>	<u>157,519,349</u>	
\$	<u>(4,346,349)</u>	<u>(7,680,977)</u>	<u>(12,369,924)</u>	<u>(3,879,206)</u>	<u>(7,305,919)</u>	<u>(3,767,911)</u>	<u>(226,373)</u>	
\$	24,686,462	\$ 41,514,957	\$ 25,913,703	\$ 27,740,220	\$ 28,561,689	\$ 39,154,969	\$ 30,901,767	
	(24,580,312)	(41,335,957)	(25,801,427)	(27,517,982)	(28,266,416)	(38,886,369)	(30,514,392)	
	11,708,341	290,000	6,491,485	3,495,038	3,138,385	12,470,221	8,017,660	
		64,557,129		17,462,000	47,949,194	7,978,922		
		(50,181,917)		(17,374,195)	(40,086,136)	(7,809,536)		
	11,020		184,306	48,053	21,787	22,750	4,225	
\$	<u>11,825,511</u>	<u>14,844,212</u>	<u>6,788,067</u>	<u>3,853,134</u>	<u>11,318,503</u>	<u>12,930,957</u>	<u>8,409,260</u>	
\$	<u>7,479,162</u>	<u>7,163,235</u>	<u>(5,581,857)</u>	<u>(26,072)</u>	<u>4,012,584</u>	<u>9,163,046</u>	<u>8,182,887</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		
	2010	2011	2012
Debt Service as a Percentage of Noncapital Expenditures ⁽¹⁾	13.30%	12.96%	12.77%

Note:

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

UNAUDITED

Fiscal Year						
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>13.63%</u>	<u>13.78%</u>	<u>13.13%</u>	<u>13.64%</u>	<u>12.77%</u>	<u>11.43%</u>	<u>9.82%</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			
2010	\$ 388,933	\$ 58,741	\$ 447,674	\$ 62.90	\$ 8,037,235	5.57 %
2011	320,393	49,924	370,317	64.40	6,648,420	5.57
2012	324,830	54,212	379,042	66.10	6,805,063	5.57
2013	323,918	56,616	380,534	66.10	6,831,849	5.57
2014	327,387	58,026	385,413	66.10	6,919,443	5.57
2015	356,708	62,948	419,656	74.50	7,534,219	5.57
2016	360,779	60,767	421,546	74.50	7,568,151	5.57
2017	372,667	61,138	433,805	77.50	7,788,241	5.57
2018	378,070	61,026	439,096	77.50	7,883,232	5.57
2019	457,646	54,961	512,607	80.50	9,202,998	5.57

Source: Horry County Assessor's Office

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

UNAUDITED

Schedule 7

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

Fiscal Year	City Direct Rates				Overlapping Rates		
	Basic Rate	Debt Service	Convention Center	Total Direct Rate	Horry County	Horry County School District	HC Higher Education Commission
2010	\$ 52.20	\$ 7.30	\$ 3.40	\$ 62.90	\$ 46.60	\$ 143.30	\$ 0.70
2011	53.70	7.30	3.40	64.40	44.20	132.20	0.70
2012	55.00	7.60	3.50	66.10	44.50	130.20	0.70
2013	58.50	7.60		66.10	44.50	130.20	0.70
2014	58.50	7.60		66.10	44.50	130.20	0.70
2015	68.50	6.00		74.50	44.50	130.20	0.70
2016	68.50	6.00		74.50	51.70	133.10	0.70
2017	71.50	6.00		77.50	51.70	133.10	0.70
2018	71.50	6.00		77.50	51.70	133.10	0.70
2019	74.50	6.00		80.50	51.70	133.10	0.70

Source: Horry County Treasurer

UNAUDITED

Schedule 8

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

Taxpayer	Type of Business	Fiscal Year 2019	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 9,273,660	1.81 %
Marriott Ownership Resort, Inc.	Real Estate and Accommodations	4,069,270	0.79
Coastal Grand CMBS, LLC	Retail, Restaurants & Amusement	3,278,070	0.64
Westgate Myrtle Beach, LLC	Real Estate and Accommodations	2,972,330	0.58
Grand Strand General Hospital	Hospital	2,955,320	0.58
Broadway at the Beach	Retail, Restaurants & Amusement	2,785,960	0.54
Grand Strand Regional Medical Center	Medical Facilities	2,733,880	0.53
Columbia Prop Myrtle Beach, LLC	Real Estate and Accommodations	2,448,630	0.48
Ocean Club Vacations	Real Estate and Accommodations	2,324,160	0.45
BEI - Beach, LLC	Real Estate Developers	2,306,140	0.45
		<u>\$ 35,147,420</u>	<u>6.85 %</u>

Taxpayer	Type of Business	Fiscal Year 2010	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 17,283,479	3.86 %
Broadway at the Beach	Retail, Restaurants & Amusement	4,385,100	0.98
Marriott Ownership Resort, Inc.	Real Estate & Accommodations	3,853,080	0.86
Luk-MB, LLC	Real Estate Developers	3,227,358	0.72
Anderson Ocean Club Dev., LLC	Real Estate & Accommodations	3,024,814	0.68
Bluegreen Vacations Unlimited, Inc.	Real Estate & Accommodations	2,613,522	0.58
Grand Strand Regional Medical Center	Medical Facilities	2,393,676	0.53
Coastal Grand, LLC	Retail	2,229,420	0.50
Columbia Properties MB, LLC	Real Estate & Accommodations	2,213,724	0.49
Dunes Village Properties, LLC	Real Estate & Accommodations	2,037,720	0.46
		<u>\$ 43,261,893</u>	<u>9.66 %</u>

Source: Horry County Finance Department

UNAUDITED

Schedule 9

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

Fiscal Year	Taxes Levied for the Fiscal Year ⁽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
2010	\$ 28,212,861	\$ 26,392,479	93.55 %	\$ 1,523,311	\$ 27,915,790	98.95 %
2011	25,515,334	24,215,741	94.91	965,749	25,181,490	98.69
2012	22,332,207	20,799,291	93.14	1,159,626	21,958,917	98.33
2013	21,349,973	20,322,154	95.19	612,633	20,934,787	98.06
2014	20,949,044	19,802,198	94.53	620,357	20,422,555	97.49
2015	29,150,922	26,078,950	89.46	496,037	26,574,987	91.16
2016	30,256,332	27,672,451	91.46	464,376	28,136,827	92.99
2017	31,768,391	30,387,362	95.65	215,888	30,603,250	96.33
2018	32,073,726	31,025,247	96.73	687,222	31,712,469	98.87
2019	34,216,518	33,788,791	98.75		33,788,791	98.75

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.

UNAUDITED

Schedule 10

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

Fiscal Year	Water				Sewer	Number of Customers
	Gallons Purchased	Gallons Billed	Gallons Unbilled	Percentage Billed	Gallons Billed	
2010	4,371,075	3,582,817	788,258	81.97 %	2,841,570	16,087
2011	4,379,003	3,670,280	708,723	83.82	2,910,581	16,054
2012	4,363,322	3,745,853	617,469	85.85	3,012,325	16,279
2013	4,165,479	3,491,341	674,138	83.82	2,890,461	16,570
2014	4,486,208	3,498,921	987,287	77.99	2,931,832	16,946
2015	4,323,282	3,479,813	843,469	80.49	2,946,555	17,432
2016	4,650,190	3,667,086	983,104	78.86	3,056,214	19,396
2017	4,724,473	3,736,860	987,613	79.10	3,083,136	20,356
2018	4,647,503	3,624,676	1,022,827	77.99	3,005,090	20,831
2019	4,649,483	3,632,763	1,016,720	78.13	2,972,846	21,309

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

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

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

UNAUDITED

Total Direct Rate

Water		Sewer	
Base Rate ⁽¹⁾	Usage Rate ⁽²⁾	Base Rate ⁽¹⁾	Usage Rate ⁽²⁾
\$ 2.43	\$ 2.56	\$ 2.60	\$ 2.53
2.43	2.56	2.60	2.53
2.43	2.56	2.83	2.76
2.43	2.56	3.04	2.97
2.43	2.56	3.26	3.19
2.47	2.60	3.38	3.24
2.51	2.64	3.50	3.35
2.69	2.72	3.59	3.44
2.74	2.77	3.70	3.54
2.85	2.88	3.84	3.68

Schedule 11

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

	Fiscal Year			
	2010	2011	2012	2013
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43
1"	4.05	4.05	4.05	4.05
1 1/2"	8.10	8.10	8.10	8.10
2"	12.96	12.96	12.96	12.96
3"	28.35	28.35	28.35	28.35
4"	40.50	40.50	40.50	40.50
6"	81.00	81.00	81.00	81.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	1.35	1.35	1.35	1.35
5,000 to 15,000 gallons	2.56	2.56	2.56	2.56
16,000 to 30,000 gallons	2.56	2.56	2.56	2.56
31,000 gallons and over	2.89	2.89	2.89	2.89
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	4.86	4.86	4.86	4.86
1"	8.10	8.10	8.10	8.10
1 1/2"	16.20	16.20	16.20	16.20
2"	25.92	25.92	25.92	25.92
3"	56.70	56.70	56.70	56.70
4"	81.00	81.00	81.00	81.00
6"	162.00	162.00	162.00	162.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	2.70	2.70	2.70	2.70
5,000 to 15,000 gallons	5.12	5.12	5.12	5.12
16,000 to 30,000 gallons	5.12	5.12	5.12	5.12
31,000 gallons and over	5.78	5.78	5.78	5.78
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	2.60	2.60	2.83	3.04
1"	4.34	4.34	4.73	5.08
1 1/2"	8.67	8.67	9.45	10.16
2"	13.88	13.88	15.12	16.25
3"	30.37	30.37	33.10	35.59
4"	43.38	43.38	47.28	50.83
6"	86.76	86.76	94.56	101.65
Usage Rate (<i>per 1,000 gallons</i>)				
	2.53	2.53	2.76	2.97
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	5.20	5.20	5.66	6.08
1"	8.68	8.68	9.46	10.16
1 1/2"	17.34	17.34	18.90	20.32
2"	27.76	27.76	30.24	32.50
3"	60.74	60.74	66.20	71.18
4"	86.76	86.76	94.56	101.66
6"	173.52	173.52	189.12	203.30
Usage Rate (<i>per 1,000 gallons</i>)				
	5.06	5.06	5.52	5.94

Source: City Water and Sewer Department

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Fiscal Year						
	2014	2015	2016	2017	2018	2019
\$	2.43	\$ 2.47	\$ 2.51	\$ 2.69	\$ 2.74	2.85
	4.05	4.12	4.18	4.48	4.57	4.75
	8.10	8.23	8.35	8.95	9.13	9.49
	12.96	13.16	13.36	14.32	14.61	15.18
	28.35	28.78	29.21	31.31	31.94	33.19
	40.50	41.11	41.73	44.73	45.62	47.40
	81.00	82.22	83.45	89.44	91.23	94.79
	1.35	1.38	1.40	1.44	1.47	1.53
	2.56	2.60	2.64	2.72	2.77	2.88
	2.56	2.60	2.64	3.05	3.11	3.23
	2.89	2.94	2.98	3.25	3.31	3.44
	4.86	4.94	5.02	5.38	5.49	5.70
	8.10	8.24	8.36	8.96	9.14	9.50
	16.20	16.46	16.70	17.90	18.26	18.98
	25.92	26.32	26.72	28.64	29.21	30.36
	56.70	57.56	58.42	62.62	63.87	66.38
	81.00	82.22	83.46	89.46	91.25	94.80
	162.00	164.44	166.90	178.88	182.46	189.58
	2.70	2.76	2.80	2.88	2.94	3.06
	5.12	5.20	5.28	5.44	5.55	5.76
	5.12	5.20	5.28	6.10	6.22	6.46
	5.78	5.88	5.96	6.50	6.63	6.88
	3.26	3.38	3.50	3.59	3.70	3.84
	5.46	5.66	5.86	6.02	6.20	6.44
	10.92	11.31	11.71	12.02	12.38	12.86
	17.46	18.08	18.71	19.20	19.78	20.55
	38.25	39.59	40.98	42.04	43.30	44.99
	54.64	56.56	58.54	60.05	61.85	64.26
	109.27	113.10	117.06	120.09	123.68	128.50
	3.19	3.24	3.35	3.44	3.54	3.68
	6.52	6.76	7.00	7.18	7.40	7.68
	10.92	11.32	11.72	12.04	12.40	12.88
	21.84	22.62	23.42	24.04	24.76	25.72
	34.92	36.16	37.42	38.40	39.55	41.10
	76.50	79.18	81.96	84.08	86.60	89.98
	109.28	113.12	117.08	120.10	123.70	128.52
	218.34	226.20	234.12	240.18	247.36	257.00
	6.38	6.48	6.70	6.88	7.09	7.36

Schedule 12

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

Customer	Fiscal Year 2019			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 271,147	1.93 %	\$ 224,969	1.60 %
Myrtle Beach Travel Park	225,955	1.61	242,466	1.73
Magnolia Pointe HOA	153,208	1.09	146,999	1.05
Sea Mist Resort	151,060	1.07	148,064	1.06
Grand Strand Regional Medical Center	130,422	0.93	139,923	1.00
Crown Reef Resort, LLC	128,811	0.92	102,343	0.73
Apache Family Campground	126,720	0.90	136,313	0.97
Dunes Village Phase II	99,851	0.71	75,994	0.54
Landmark Hotel	96,866	0.69	53,141	0.38
Ocean Watch Timeshare	92,825	0.66	72,847	0.52
	<u>\$ 1,476,865</u>	<u>10.51 %</u>	<u>\$ 1,343,059</u>	<u>9.58 %</u>

Customer	Fiscal Year 2010			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 266,892	2.25 %	\$ 217,325	2.33 %
Myrtle Beach Travel Park	201,762	1.70	177,129	1.90
AVX Corporation	112,248	0.94	68,905	0.74
Grand Strand Regional Medical Center	94,030	0.79	67,469	0.72
Dunes Village	85,274	0.72	74,873	0.80
Marriot at Grande Dunes	84,997	0.72	66,300	0.71
Apache Family Campground	74,024	0.62	65,303	0.70
The Margate Tower	73,446	0.62	64,797	0.70
Myrtle Beach Mall	72,827	0.61	64,239	0.69
Seawatch Plantation	67,666	0.57	59,737	0.64
	<u>\$ 1,133,166</u>	<u>9.54 %</u>	<u>\$ 926,077</u>	<u>9.93 %</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
2010	\$ 46,209,058	\$ 13,041,292	\$ 50,288,644	\$ 12,053,225	\$ 48,778,518	\$ 1,947,500	\$ 5,087,663
2011	43,731,592	12,831,055	58,812,380	11,528,152	48,261,725	1,847,500	4,218,420
2012	42,102,888	11,800,818	57,758,334	10,965,237	47,714,932	1,847,500	4,196,053
2013	51,021,173	10,200,581	56,359,288	10,361,530	47,138,139	1,847,500	3,537,465
2014	48,130,346	6,303,023	54,900,242	9,745,237	64,517,098		6,784,649
2015	45,515,934	4,791,956	53,381,196	13,387,538	63,252,001		8,452,948
2016	43,961,620	3,230,889	51,792,150	15,996,027	61,971,904		5,717,553
2017	41,326,958	1,625,000	51,896,004	17,200,193	60,666,807		5,513,902
2018	38,938,533		50,209,888	16,651,060	69,675,955		6,724,274
2019	43,969,796		48,200,969	15,508,776	67,962,646		5,522,356

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>Water and Sewer Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>	<u>Per Capita ⁽¹⁾</u>	
\$ 11,726,280	\$ 5,719,473	\$ 194,851,653	22.96 %	\$ 6,095	
11,275,359	5,199,539	197,705,722	29.55	7,293	
19,782,202	4,654,604	200,822,568	31.73	7,221	
19,292,326	4,084,670	203,842,672	30.39	7,205	
18,437,450	3,484,736	212,302,781	29.91	7,277	
17,557,575	2,854,802	209,193,950	29.44	6,975	
30,112,621	2,194,868	214,977,632	25.70	6,927	
28,680,331	1,499,933	208,409,128	23.37	6,711	
31,611,456	770,000	214,581,166	24.09	6,543	
31,395,176		212,559,719	22.17	6,269	

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		
2010	\$ 46,209,058	\$ 2,093,066	\$ 44,115,992	0.55 %	\$ 1,380
2011	43,731,592	4,224,209	39,507,383	0.59	1,457
2012	42,102,888	4,372,526	37,730,362	0.55	1,357
2013	51,021,173	4,814,711	46,206,462	0.68	1,633
2014	48,130,346	4,654,838	43,475,508	0.63	1,490
2015	45,515,934	4,792,438	40,723,496	0.54	1,358
2016	43,961,620	4,747,128	39,214,492	0.52	1,264
2017	41,326,958	4,630,835	36,696,123	0.47	1,182
2018	38,938,533	4,942,688	33,995,845	0.43	1,037
2019	43,969,796	3,696,815	40,272,981	0.44	1,188

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

⁽¹⁾ See Schedule 6 for property value data.

⁽²⁾ See Schedule 18 for population data.

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Schedule 15

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2019**

	<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	\$ 63,007,710	22.0%	\$ 13,861,696
Horry County School District:			
General Obligation Bonds	617,966,000	22.0%	<u>135,952,520</u>
Total Overlapping Governmental Activities Debt			\$ 149,814,216
City Direct Governmental Activities Debt			<u>181,164,543</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u><u>330,978,759</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			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 36,086,483	\$ 29,897,923	\$ 29,546,805	\$ 30,715,283
Total Net Debt Applicable to Debt Limit	<u>(18,230,000)</u>	<u>(16,760,000)</u>	<u>(15,160,000)</u>	<u>(25,165,000)</u>
Legal Debt Margin	<u>\$ 17,856,483</u>	<u>\$ 13,137,923</u>	<u>\$ 14,386,805</u>	<u>\$ 5,550,283</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>50.52%</u>	<u>56.06%</u>	<u>51.31%</u>	<u>81.93%</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					
2014	2015	2016	2017	2018	2019
\$ 30,833,102	\$ 26,955,443	\$ 28,933,854	\$ 29,618,254	\$ 29,544,118	\$ 33,231,160
<u>(23,525,000)</u>	<u>(22,175,000)</u>	<u>(21,995,000)</u>	<u>(20,814,000)</u>	<u>(19,901,000)</u>	<u>(25,512,000)</u>
<u>\$ 7,308,102</u>	<u>\$ 4,780,443</u>	<u>\$ 6,938,854</u>	<u>\$ 8,804,254</u>	<u>\$ 9,643,118</u>	<u>\$ 7,719,160</u>
<u>76.30%</u>	<u>82.27%</u>	<u>76.02%</u>	<u>70.27%</u>	<u>67.36%</u>	<u>76.77%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 512,607,321
Assessed Value of Property in TIF Districts	(100,624,852)
Exempt Merchants Inventory (1987 Valuation)	3,407,035
Adjusted Assessed Value of Taxable Property	<u>\$ 415,389,504</u>
Debt Limit (8.0% of Adjusted Assessed Value)	\$ 33,231,160
Debt Applicable to Limit:	
General Obligation Bonds	(41,971,000)
Bonds Issued Under Referendum	<u>16,459,000</u>
Legal Debt Margin	<u>\$ 7,719,160</u>

Schedule 17

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

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service			
				Principal	Interest		
2010	\$ 21,819,786	\$ 19,917,775	\$ 1,902,011	\$ 0	\$ 506,362	3.76	
2011	22,839,515	19,906,533	2,932,982	450,000	506,362	3.07	
2012	25,031,913	19,569,333	5,462,580	470,000	569,972	5.25	
2013	24,170,369	19,611,954	4,558,415	485,000	796,000	3.56	
2014	25,978,549	21,369,816	4,608,733	850,000	776,600	2.83	
2015	26,466,807	22,057,417	4,409,390	875,000	749,500	2.71	
2016	27,898,982	22,916,777	4,982,205	905,000	548,881	3.43	
2017	31,081,872	23,543,023	7,538,849	1,295,000	1,170,975	3.06	
2018	30,616,111	23,671,154	6,944,957	1,579,107	1,141,869	2.55	
2019	31,118,076	25,706,354	5,411,722	1,674,682	1,120,144	1.94	

Fiscal Year	Hospitality Fee Revenue Bonds				Coverage
	Hospitality Fees	Debt Service			
		Principal	Interest		
2010	\$ 8,283,197	\$ 0	\$ 2,545,325	3.25	
2011	9,023,986	555,000	2,545,325	2.91	
2012	9,463,883	585,000	2,516,525	3.05	
2013	9,867,341	615,000	2,486,081	3.18	
2014	10,075,280	0	1,930,741	5.22	
2015	10,850,942	1,145,000	2,912,187	2.67	
2016	11,310,659	1,160,000	2,897,267	2.79	
2017	11,874,960	1,185,000	2,876,408	2.92	
2018	11,908,883	1,210,000	3,125,395	2.75	
2019	12,159,412	1,555,000	3,200,201	2.56	

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, indirect cost transfers and transfers out.

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Tax Increment Revenue Bonds

Property Tax		Debt Service		Coverage		
Increment		Principal	Interest			
\$	3,601,569	\$	0	\$	1,851,153	1.95
	4,210,980		580,000		2,516,563	1.36
	3,777,540		1,060,000		2,824,652	0.97
	3,670,339		1,405,000		2,380,002	0.97
	4,435,844		1,465,000		2,310,644	1.17
	6,026,391		1,525,000		2,430,067	1.52
	7,239,204		1,595,000		3,732,934	1.36
	7,994,053		4,655,000		1,277,054	1.35
	9,448,139		1,640,000		2,032,990	2.57
	11,506,842		1,720,000		1,912,875	3.17

Storm Water Revenue Bonds

Storm		Debt Service		Coverage		
Water Fees		Principal	Interest			
\$	1,569,986	\$	436,895	\$	325,276	2.06
	1,836,316		536,214		338,566	2.10
	1,858,628		562,915		304,094	2.14
	1,883,706		603,707		226,141	2.27
	2,181,517		616,292		213,556	2.63
	2,227,724		629,185		200,664	2.68
	2,267,128		886,548		367,808	1.81
	2,319,629		1,151,603		404,184	1.49
	2,360,916		1,036,481		316,811	1.74
	2,619,359		1,142,283		332,506	1.78

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>
2009	31,968	\$ 26,542	\$ 848,495	37.6	11.90 %
2010	27,109	24,683	669,131	37.9	12.10
2011	27,810	22,758	632,900	38.3	11.60
2012	28,292	23,710	670,803	39.2	10.10
2013	29,175	24,329	709,799	40.2	8.50
2014	29,992	23,696	710,690	40.3	7.70
2015	31,035	26,949	836,362	40.3	7.10
2016	31,053	28,712	891,594	40.3	5.60
2017	32,795	27,166	890,909	41.0	5.10
2018	33,908	28,280	958,918	42.4	4.30

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

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Schedule 19

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

Employer	Type of Business	Calendar Year 2018	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,808	4.26 %
Wal-Mart	Retail Sales	3,100	2.27
Coastal Carolina University	Education	2,548	1.87
Horry County Government	County Government	2,250	1.65
Conway Medical Center	Hospital	1,500	1.10
Grand Strand Regional Medical Center	Hospital	1,425	1.05
Food Lion	Retail Sales	1,204	0.88
McLoud Health System	Hospital	984	0.72
City of Myrtle Beach	Municipal Government	948	0.70
Horry Telephone Cooperative	Telephone Utility	694	0.51
		<u>20,461</u>	<u>15.01 %</u>

Employer	Type of Business	Calendar Year 2009	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,419	3.18 %
Horry County Government	County Government	2,330	1.68
Wal-Mart	Retail Sales	2,061	1.48
Coastal Carolina University	Education	1,292	0.93
Conway Hospital	Hospital	1,250	0.90
Grand Strand Regional Medical Center	Hospital	1,200	0.86
Myrtle Beach National	Golf Course and Accommodations	980	0.71
City of Myrtle Beach	Municipal Government	902	0.65
Loris Community Hospital District	Hospital	900	0.65
Blue Cross/Blue Shield	Health Insurance	827	0.60
		<u>16,161</u>	<u>11.64 %</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**

	Fiscal Year			
	2010	2011	2012	2013
Full-Time Equivalent Employees				
General Government	89	89	81	80
Public Safety	422	410	431	431
Transportation	26	27	26	26
Community and Economic Development	27	28	26	27
Culture and Recreation	136	139	145	145
Public Works	25	23	25	25
Water	29	29	30	30
Sewer	26	26	26	26
Municipal Golf Course	15	13	10	8
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	<u>825</u>	<u>814</u>	<u>830</u>	<u>828</u>

Source: City Finance Department

Note: Full-time equivalent employment is based on the number of full time positions approved in the annual budget.

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Fiscal Year					
2014	2015	2016	2017	2018	2019
80	81	83	84	84	91
429	453	467	478	478	488
26	26	26	27	29	28
27	33	38	40	42	42
165	160	165	178	178	182
25	25	28	29	29	30
30	30	30	30	30	30
26	26	26	23	23	23
10	10				
30	32	32	34	34	34
<u>848</u>	<u>876</u>	<u>895</u>	<u>923</u>	<u>927</u>	<u>948</u>

Schedule 21

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

	Fiscal Year			
	2010	2011	2012	2013
General Government				
New Business Licenses Issued	1,971	1,481	1,463	1,190
Public Safety				
Calls for Services - Police	141,191	110,773	104,907	96,527
Total Arrests	27,020	21,620	22,998	21,635
Fire Calls per Engine Company	301	346	349	374
Transportation ⁽¹⁾				
Square Yards of City Streets Resurfaced	32,400	56,000	54,000	81,279
Community and Economic Development				
Building Permits Issued	2,986	3,468	4,180	4,569
Culture and Recreation				
Admissions to Recreation Centers	217,125	220,372	218,120	206,788
Exhibition Hall Occupancy Percentage	63%	62%	65%	63%
Number of Library Volumes	87,961	146,027	144,757	125,563
Water				
Average Daily Consumption (<i>millions of gallons</i>)	9.8	10.1	10.3	9.6
Sewer				
Average Daily Treatment (<i>millions of gallons</i>)	7.8	8.0	8.3	7.9
Municipal Golf Course				
Number of Rounds Played	32,989	37,224	36,695	35,887
Solid Waste Management				
Tons of Refuse Collected	27,937	28,099	26,876	26,369

Sources: Various City departments

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

⁽¹⁾ Includes Ride III paving.

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Fiscal Year					
2014	2015	2016	2017	2018	2019
1,157	1,414	1,518	1,361	1,824	1,555
110,102	115,233	133,761	134,508	121,644	124,511
22,417	24,639	23,919	23,718	27,401	26,516
393	400	448	494	423	418
39,480	37,319	39,877	36,315	39,283	230,547
5,232	5,696	5,814	6,230	7,064	7,178
198,673	181,669	181,968	187,002	194,352	209,478
62%	65%	70%	65%	65%	65%
117,296	140,885	134,627	131,982	130,508	131,840
9.6	9.5	10.0	10.2	9.9	10.0
8.0	8.1	8.4	8.4	8.2	8.1
34,010	34,050	46,597	50,149	50,763	48,608
27,979	25,887	29,167	29,860	30,560	29,303

Schedule 22

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

	Fiscal Year			
	2010	2011	2012	2013
Public Safety				
Police Stations	3	3	3	3
Fire Stations	6	6	6	6
Transportation				
Streets (<i>miles</i>)	130	141	142	142
Traffic Signals	70	71	72	72
Culture and Recreation				
Parks	45	45	45	45
Park Acreage	653	653	653	653
Recreation Centers	4	4	4	4
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	375	376	376	378
Sewer				
Gravity Sewers (<i>miles</i>)	230	230	231	233
Storm Sewers (<i>miles</i>)	151	153	161	164
Baseball Stadium				
Baseball Stadiums	1	1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

Sources: Various City departments

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

UNAUDITED

Fiscal Year						
2014	2015	2016	2017	2018	2019	
3	3	3	3	3	3	3
6	6	6	6	6	6	6
142	142	142	142	142	167	169
72	72	72	72	72	73	76
45	45	45	45	45	45	45
653	653	653	653	653	653	653
4	4	4	4	4	4	4
1	1	1	1	1	1	1
2	2	2	2	2	2	2
380	382	382	388	394	399	
235	237	237	242	247	250	
170	173	173	178	179	181	
1	1	1	1	1	1	1
18	18	18	18	18	18	18
1	1	1	1	1	1	1
26	26	26	26	27	32	



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CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-15-UC-45006	\$ 31,373
		B-16-UC-45006	80,732
		B-17-UC-45006	211,940
		B-18-UC-45006	320,679
Total U.S. Department of Housing and Urban Development			\$ <u>644,724</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 12,390
Public Safety Partnership and Community Policing Grant	16.710		453,405
Edward Byrne Memorial Justice Assistance Grant	16.738		74,204
Total U.S. Department of Justice			\$ <u>539,999</u>
U.S. Department of Transportation:			
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC18015	\$ 1,698
		2JC19015	6,386
Total U.S. Department of Transportation			\$ <u>8,084</u>
U.S. Department of Energy:			
Passed Through the State Office of Regulatory Staff:			
State Energy Program Grant	81.041	A-005-18MG	\$ <u>4,759</u>
U.S. Department of Homeland Security:			
Passed Through the State Emergency Management Division:			
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4286-PA-SC	\$ 1,080,949
		FEMA-4394-PA-SC	42,471
Assistance to Firefighters Grant	97.044		192,010
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	16SHSP47	8,820
		17SHSP21	68,417
		17SHSP31	67,000
		17SHSP43	6,711

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, 2019**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security: (continued)			
Staffing for Adequate Fire and Emergency Response Grant	97.083		\$ <u>252,717</u>
Total U.S. Department of Homeland Security			\$ <u>1,719,095</u>
Total Expenditures of Federal Awards			\$ <u>2,916,661</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, 2019

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Myrtle Beach, South Carolina (the City) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3 - INDIRECT COST RATE

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

Note 4 - DISASTER GRANT

During the year ended June 30, 2017, the City incurred expenditures in the amount of \$3,894,045 in conjunction with Hurricane Matthew (FEMA-4286-PA-SC). As of June 30, 2019, the Federal Emergency Management Agency (FEMA) has not approved all of the project worksheets related to the disaster. In accordance with the instructions included in the *OMB Compliance Supplement*, the federal portion of the expenditures are reported on the Schedule in the year the project worksheets are approved by FEMA. Expenditures in the amount of \$1,445,558 are anticipated to be approved and included on the Schedule during the year ending June 30, 2020.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina as of and for the year ended June 30, 2019, 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, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
November 27, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Myrtle Beach, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Myrtle Beach, South Carolina's major federal program for the year ended June 30, 2019. The City of Myrtle Beach, South Carolina's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Myrtle Beach, South Carolina's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Myrtle Beach, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, the City of Myrtle Beach, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

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

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

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

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

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



SMITH SAPP PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
November 27, 2019



CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Summary of Auditors' Results

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

U.S. Department of Homeland Security - Disaster Grant - Public Assistance (Presidentially Declared Disasters) - CFDA No. 97.036
8. The threshold used for distinguishing between type A and B programs was \$750,000.
9. The City of Myrtle Beach, South Carolina was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None



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