

CITY OF MYRTLE BEACH

SOUTH CAROLINA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FISCAL YEAR ENDED
JUNE 30, 2017



CITY of MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

MIKE LOWDER

WAYNE GRAY

MARY JEFFCOAT

CITY OFFICIALS

JOHN G. PEDERSEN
CITY MANAGER

MICHAEL W. SHELTON
CHIEF FINANCIAL OFFICER

MICHELLE B. SHUMPERT
DIRECTOR OF FINANCIAL MANAGEMENT & REPORTING



First in Service

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2017**

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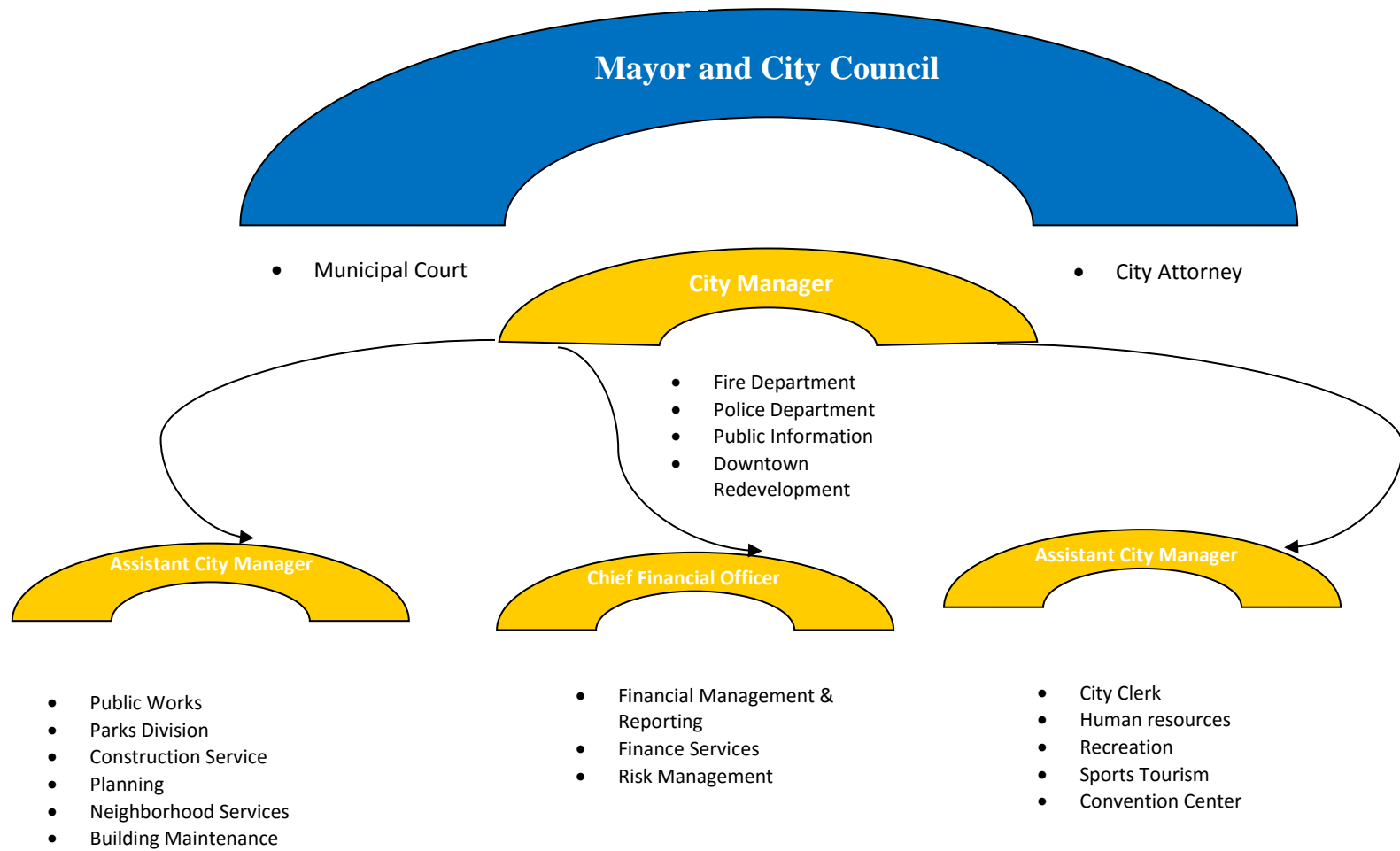
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Organizational Chart





City of Myrtle Beach **SOUTH CAROLINA**

DEPARTMENT OF FINANCIAL MANAGEMENT & REPORTING

November 22, 2017

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

The Comprehensive Annual Financial Report of the City of Myrtle Beach, South Carolina, for the fiscal year ended June 30, 2017, is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy of the data and the completeness and reliability of the totality of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

GENERAL INFORMATION

Community Profile

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

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

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

The Myrtle Beach Metropolitan Statistical Area was ranked among the fastest growing metropolitan areas in the nation, coming in second on the list for 2017. 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

The continued growth of the City's financial capacity during fiscal year 2017 is attributable to two primary factors. First, property values stabilized and growth continued at a moderate pace and, second, revenues derived from business conducted in the City continued to rise to levels not seen since prior to the recession. Revenue derived from City businesses includes general revenues such as business licenses as well as special purpose revenues that are restricted primarily for capital projects or the promotion of tourism.

In 2008, property taxes accounted for 34.4% of total governmental revenues. In 2009 the Local Option Tourism Development Fee was enacted by the State Legislature to bolster tourism following the great recession. The fee acts as a 1% tax applied to retail sales within the corporate limits of the City and the allocation of the revenue source is mandated by the State Legislature. The first 80% collected must be used for out-of-market tourism targeted advertising and the remaining balance may be used to offset property taxes and for tourism related capital equipment and infrastructure. In 2011, the first full

year of collections, the City utilized the tourism fee to offset 82.5% of owner occupied residential property taxes through the application of a tax credit. The net result was a reduction of the percentage of total revenue represented by property tax. From 2011 to 2017, property taxes accounted for 29.4% and 28.0% 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 31.3% of total governmental revenues for 2017. While the 2017 percentage 31.3% of overall revenue is less than 2008's 34.4%, revenue actually grew by \$13.2 million over the 10-year period. Growth in property tax revenue since the recession is a product of the recovery, growth in the northernmost and southernmost areas of the City, and strategic management by City leadership.

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

Revenues from the business license fees, local option tourism fees, hospitality fees, and accommodations taxes further evidence the growth 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 38% of general revenues and making up 21.5% 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 prerecession levels as a result of growth and strategic Council action.

In 2017, Council further explored options to maintain balance in the General Fund and minimize city-wide tax and fee increases. To that end, certain fees were enacted or increased to allow for the allocation of the cost of certain services to those benefitting from the services. Permit Review fees were increased from 50% of building permit fees to 60%, a \$150 fee was imposed on re-reviews after the eighth submission, and a \$250 commercial stormwater inspection fee was added. Additionally, rental fees for parks, picnic shelters, and the Train Depot were increased to cover costs associated with making those venues available for rental.

City leadership, in their effort to maintain structural balance in the General Fund, also considered expenditures. Council was able to significantly reduce subsidies to Special Revenue Funds, thereby making more resources available for operations accounted for in the General Fund.

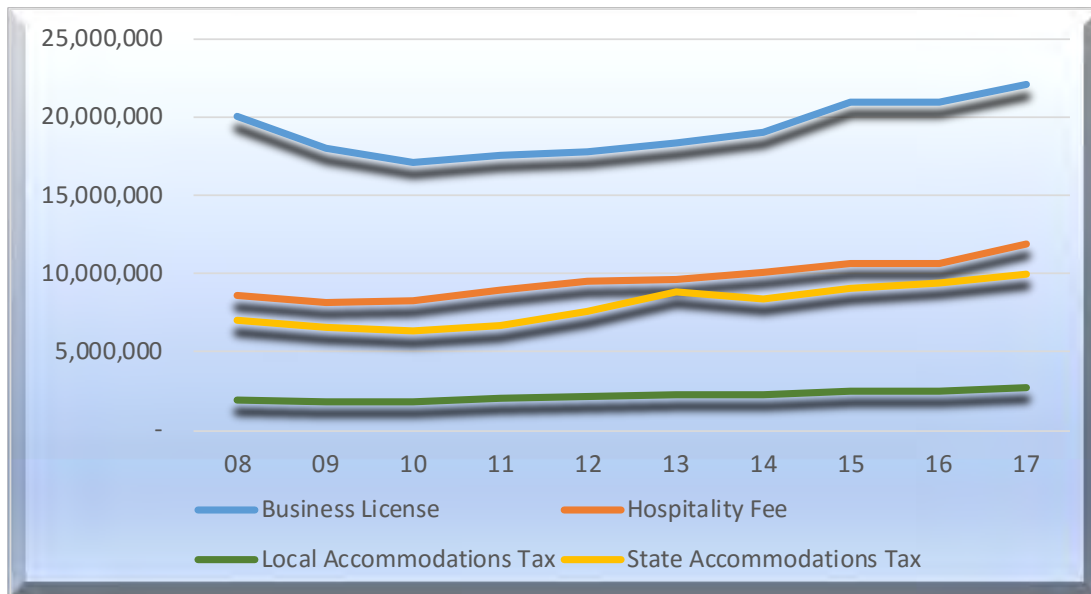
Growth in tourism and residential expansion result in increased revenues, however they also create pressure for public services and result in greater operating expenditures. Residential expansion in particular increases service demand. Community input led to the expansion of hours at both the Base Recreation Center and the Library in 2017. Residential growth also created the need to add a sanitation crew in the Solid Waste Fund and a street sweeper in the Stormwater Fund.

Tourism drives expenditure growth in a slightly different manner. In 2017, servicing and managing the growing number of special events required the addition of a special events crew. Sports tourism, a large segment of the tourist demographic, increased to the level that warranted the addition of a field maintenance supervisor. The cost of maintaining and monitoring the beach, 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 maintain the health and safety of the beachfront, the City added a beach coordinator to oversee and coordinate maintenance efforts and increased the presence of both Police and Fire personnel to enhance the safety of beachgoers.

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

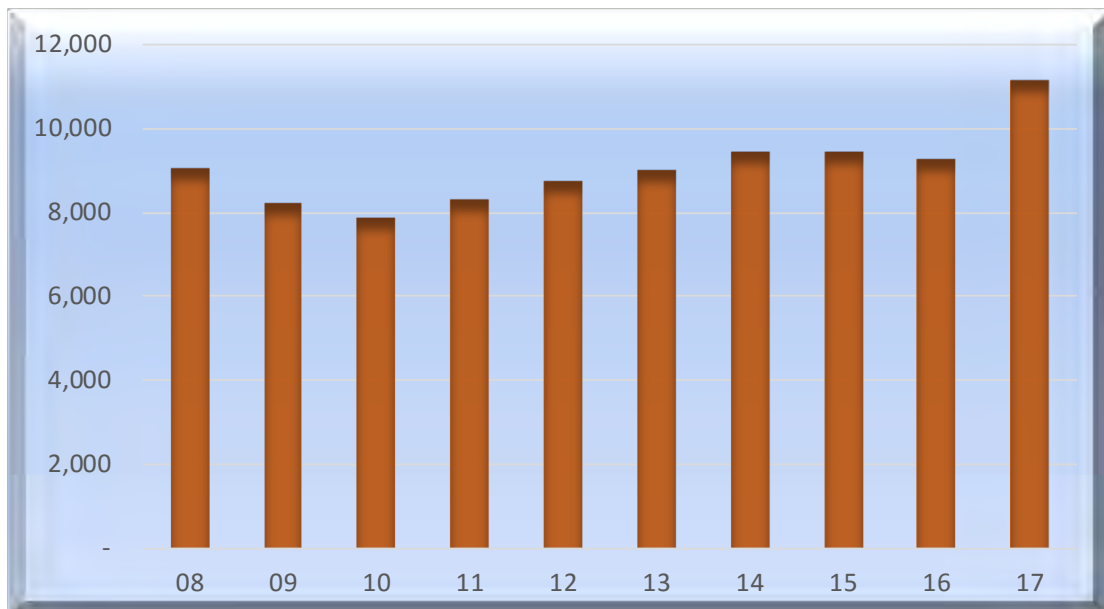
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, 2008 - 2017



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 2017. 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 revenues and the growth experienced in Local Option Tourism Fee collections.

Horry County Retail Sales, 2008 - 2017 (\$ billions)



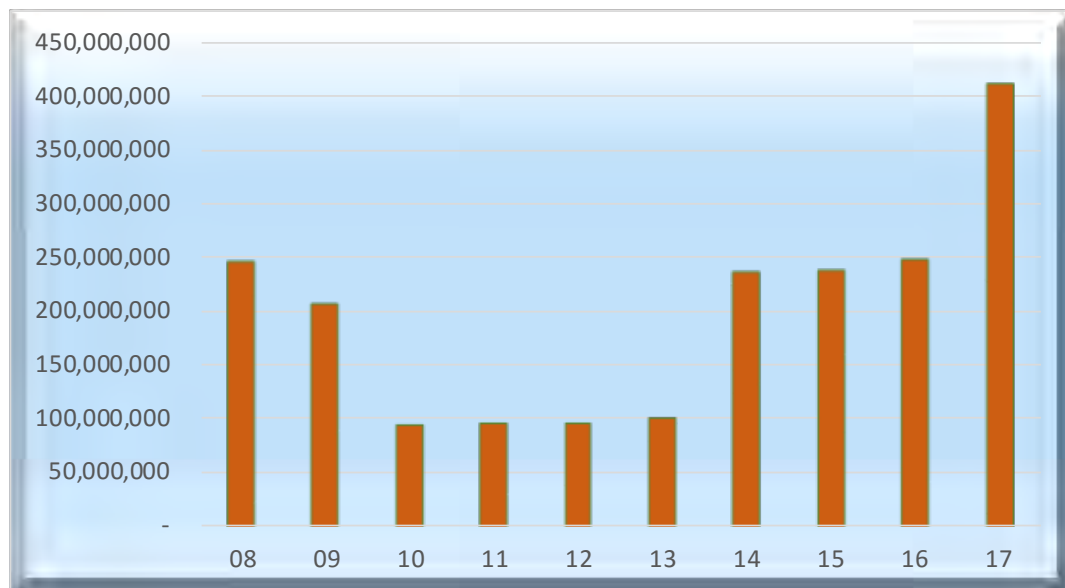
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

Passengers' Handled - Myrtle Beach International Airport, 2008 – 2017



Another revenue group that reflects the economic conditions is construction permits. Figures for the fiscal year ended June 30, 2017, indicate that buildings permitted by the City totaled \$411,450,395, which is the third highest annual construction value ever. The record is \$489.7 million, set in 2005-06, followed by \$427.3 million in 2006-07, both before the Great Recession. Based upon the 10-year horizon presented in the chart below, construction activity declined from 2008 through 2013 and stabilized from 2014 through 2016. 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 445 new single family homes (up from 385 the year before), four new multi-family residential buildings and 34 new commercial buildings.

Construction Permitted Inside Corporate Limit, 2008-2017



LONG TERM FINANCIAL PLANNING

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

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

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

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

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

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

MAJOR INITIATIVES FOR THE YEAR

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

- **Crime Initiative** to include efforts to train, equip and retain qualified officers, improve community relations, deploy body cams, and increase use of surveillance cameras
- **Neighborhood Initiative** to deal with quality of life issues in center city neighborhoods, including community watch, more aggressive code enforcement, affordable housing, and multi-year CDBG programming
- **Downtown Redevelopment Initiative** to include improvements to Chapin Park, clean-up efforts, more aggressive code enforcement, Hwy. 501 realignment, and loan pool
- **Product Development** to position the community to enhance its competitive advantage vs. other resort cities
- **Organizational Development Initiative** to identify and equip the next generation of team members to be highly qualified candidates for leadership positions as senior staff members retire
- **Sports Tourism Initiative** to increase direct visitor spending and economic impact and to enhance revenue generation for sports tourism programs





- **Communications** to increase communication through multiple modes of media communication and increase internal communications
- **Business Support** to promote and support local business through symposiums, “How To” workshops, local vendor preferences, Myrtle Beach Shopping Days, and Grand Opening Signage allowances

Several new positions were added in 2017 in an effort to respond to the major initiatives identified during the budget process. The Municipal Court Bailiff and Crime Analyst positions were added to address the Crime Initiative, providing additional resources to the Police Department. Specifically, the civilian Crime Analyst will assist with reporting and enhancing officer effectiveness. Other action steps taken to address the Crime Initiative include departmental re-organization designed to reduce and equalize spans of control, expanded community policing efforts, and the addition of surveillance cameras throughout the City.

The addition of the Youth Coordinator position addresses the Youth Initiative component of Neighborhood Initiative. The Youth Coordinator implemented a program for at risk youth in the City that consists of summer programs, partnerships with Coastal Carolina University, Horry Georgetown Technical College, literacy and art programs, and summer employment training.

Efforts associated with the Downtown Initiative include continued streetscape and boardwalk improvements and the establishment of the redevelopment loan pool by the Downtown Redevelopment Corporation (DRC). The \$10 million loan pool was established to help revitalize the downtown area and make it more attractive for development. DRC uses the pool to acquire blighted or nuisance properties for demolition and redevelopment, either by resale to a private developer under a development agreement or as public space to be acquired by the City. The program is designed so that DRC pays the interest on the outstanding loan amounts from parking revenues while it owns the property. The loans are extinguished and the pool replenished when the property is sold to a developer or a public body. The loan pool was also used by the DRC during FY2016-17 to purchase a number of properties in the Superblock for future development. In addition to its redevelopment efforts, the DRC has increased its involvement in Special Event development and coordination, creating more special events and festivals to bring visitors to the downtown area. The addition of three Special Event Staff members in the Parks department directly addressed the increasing number of special events both downtown and associated with Sports Tourism.

In an additional effort to support the Sports Tourism Initiative, a Field Maintenance Supervisor position was added in the Recreation department. The additional staffing will provide the supervisory staff necessary to maintain the City’s sports fields to the level expected by our visitors, enhancing their overall experience and impression of Myrtle Beach.

Six other positions were added to meet service demands associated with economic and residential growth. A Facilities Maintenance Technician in the Myrtle Beach Convention Center was added to manage the maintenance needs at the facility. A sanitation crew consisting of a Trades Worker and an Equipment Operator in the Solid Waste fund, and a Street Sweeper in the Stormwater Management fund were added to respond to residential growth and the addition of roadways into the City’s transportation system. To address community demand for expanded library hours, a Library Technician and two part time positions were added in 2017. Finally, the City added a beach coordinator to oversee and coordinate beachfront maintenance efforts. The new position allocations were incorporated into the budget to address the workload required to maintain the quality of life and level of service that residents and visitors expect from the City.



Funding 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 required an increase in property taxes and charges for services. A 3 Mill tax increase was implemented in 2017, bringing total millage to 77.5. For city residents, the tax increase on qualifying owner-occupied residential property is offset by the local option tourism fee. The increase can, at least in part, be associated with the Crime Initiative and the Organizational Development Initiative. In addition to funding many of the new

positions mentioned above, a portion of the increase in expenditure appropriations is attributable to the implementation of compensation study recommendations. Public Safety salaries increased by 5% in FY16 and an additional 4.25% in 2017. A 4.25% increase was implemented in 2017 for non-public safety employees, with the exception of executive leadership staff and department heads for whom the increase was capped at 3%. The goal of the compensation study was to place employees in the 75th percentile of comparable benchmark entities, particularly for Public Safety, to allow for successful recruiting and retention of staff members.

To minimize the city-wide impact of providing certain services, a number of fees and charges directly associated with the provision of particular services were increased to allow for the allocation of the cost of service to those benefitting from their utilization. Permit Review fees were increased from 50% of building permit fees to 60%, a \$150 fee was imposed on re-reviews after the eighth submission, and a \$250 commercial stormwater inspection fee was added. Additionally, rental fees for large parks, picnic shelters, and the Train Depot were increased to cover costs associated with making those venues available for rental. The Train Depot rental fee increased from \$30 to \$50/hour for City residents.

The City also made adjustments to the rate schedule for the Myrtle Beach Convention Center. In order to maintain the fiscal health of the Convention Center, the maximum rate for Exhibition, Ballroom, and Meeting Room rental was increased to accommodate a “peak season” rate structure and in recognition of the fact that events may be booked as many as 10 years in advance.

To offset rising service costs and meet infrastructure needs in the Water and Sewer utility fund, the City implemented a blended water and sewer rate increase of 4.1% to 4.7%, depending upon usage (6.9% - water, 2.5% - sewer). The increase amounted to approximately \$2.15 per month for a residential user of an average of 7,500 gallons per month.

A \$2 monthly container fee was implemented in the Solid Waste Fund. The fee covers the cost of up to two trash receptacles, recycling bins, or pelicans, and replaced the initial charge for trash receptacles charged at the inception of service. The change was implemented to encourage recycling by eliminating the initial cost of purchasing a separate recycling container.

The City is continually monitoring outstanding debt and market conditions to determine whether or not there may be an opportunity for financing cost savings. On September 29, 2016, \$43,280,000 in Tax Increment Revenue Refunding Bonds were issued. The Series 2016 (2016 bonds) carry interest rates ranging from 3.0% to 5.0% and were issued to advance refund \$26,825,000 of outstanding Tax Increment Bonds, Series 2006A (2006A bonds), with interest rates ranging from 5.25% to 5.30%, \$9,822,603 of the outstanding Tax Increment Bonds, Series 2006B (2006B bonds), with interest rates at 7.50%, and \$6,425,000 of the outstanding Tax Increment Bonds, Series 2010 (2010 bonds), with interest rates at 3.70%. The refunded series 2006 bonds were originally issued to finance public improvements for the redevelopment of the former Myrtle Beach Air Force Base and the 2010 bonds originally funded the Third phase of the Grand Park Sports Complex and improvements to ITAP business park.



In addition to the efforts dedicated to the major initiatives and service enhancements identified for 2017, several significant capital improvement projects were completed throughout the City. One of the most notable projects completed was the East Coast Greenway bike path through the City, marking Myrtle Beach as the first in the nation to fully complete its segment of the path. The East Coast Greenway is a 3,000-mile biking and walking route designed to link the major cities along the Atlantic coast from Calais, Maine, to Key West, Florida. The main pathway and complementary routes are designed to accommodate non-motorized human transportation for everything from local commutes to long-distance trips. The City utilized a number of funding sources to accomplish the border to border Greenway connection. General revenues, governmental grants, and local agency participation enabled the City to enjoy the distinction of being first in the nation.

The City also completed the installation of the 4th Avenue North ocean outfall pipe during 2017. The project included the installation of twin 84” diameter concrete pipes under the ocean floor to convey treated stormwater according to Best Management Practices (BMP’s) approximately 1100 feet offshore into the Atlantic Ocean. Header pipes and collection systems were installed to convey the stormwater to the ocean outfall for final disposal. As a result of the installation, 8 drainage pipes located directly on the beachfront were removed, moving the City closer to its goal of removing all oceanfront pipes. Low interest State Revolving Loan proceeds were used to finance the outfall and the City intends to use state-wide accommodations tax revenues to service the debt.





The streetscape project involving the stretch of Ocean Boulevard from 2nd to 9th Avenue North was completed in 2017. The 3- year project consisted of the removal of utility poles and the burial of utility lines, streetscape enhancements, curb and gutter restorations, and other roadway improvements. Ocean Boulevard runs parallel to the ocean and is surrounded by hotels, eateries, and attractions in the most visited area of the City. With the completion of the 2nd to 9th Avenue segment, the entire stretch of Ocean Boulevard from 29th South to 31st North is free of above ground utility poles. In addition to the esthetic benefit of removing utility poles from the public right of way, pedestrians enjoy a larger unencumbered walkway that accommodates heavier foot traffic with less congestion. The project was funded through a variety of sources. Local Option Tourism fees, Santee Cooper Franchise funds, parking revenues from the Downtown Redevelopment Corporation, and water and sewer utility funds made up the mix of revenues necessary to bring the project to completion.

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 197 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 \$9,575,000 of hospitality fee revenue bonds to finance the renovation of Doug Shaw Stadium and the Mary C. Canty recreation center.
- The City anticipates the issuance of \$7,245,000 of tax increment revenue bonds to refund the 2009 Limited Obligation Bonds originally issued to fund the boardwalk and downtown streetscape improvements.
- The City anticipates the execution of a \$2,535,000 capital lease obligation to acquire telescopic seating and a ladder truck for the fire department.
- 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, 2017, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

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

OTHER INFORMATION

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

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

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

Sincerely yours,



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



Government Finance Officers Association

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South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



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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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 - 10), pension plan information (pages 77 - 80) and budgetary comparison information (pages 81 - 84) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

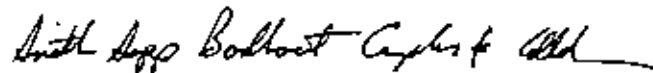
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary information and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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the City of Myrtle Beach, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to disclose the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Myrtle Beach, South Carolina's internal control over financial reporting and compliance.



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

Myrtle Beach, South Carolina
November 22, 2017

CITY OF MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2017

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, 2017. Please read it in conjunction with the transmittal letter, which begins on page v, and the City's financial statements, which begin on page 12.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$223,373,200 (net position).
- The City's total net position increased by \$13,366,043. This is the result of an increase in net position of our governmental activities of \$10,927,301, or 12.7%, and an increase in net position of our business-type activities of \$2,438,742, or 2.0%.
- During the year ended June 30, 2017, the City's total revenues amounted to \$190,651,194. Revenues of governmental activities totaled \$149,420,280, an increase of 4.7%, and revenues of business-type activities were \$41,230,914, an increase of 16.1%.
- During the year ended June 30, 2017, the City's total expenses amounted to \$177,285,151. Expenses of governmental activities totaled \$138,788,252, an increase of 8.3%, and expenses of business-type activities were \$38,496,899, an increase of 10.4%.
- At June 30, 2017, the City's governmental funds reported combined fund balances of \$55,082,560, an increase of \$4,012,584 in comparison to the prior year.
- There was an increase in the City's investment in capital assets for the current fiscal year in the amount of \$4,332,154, or 1.7%, for governmental activities and an increase of \$227,392, or 0.2%, for business-type activities.
- At year-end, the City had \$197,910,095 in outstanding bonds payable and capital lease obligations compared to \$208,601,183 last year, a decrease of 5.1%.

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 12 - 17) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, the statements present how services were financed in the short term as well as what remains at the end of the period for future appropriation. Fund financial statements traditionally report the City's operations in more detail than government-wide statements by providing information about the City's most significant funds. The fiduciary fund financial statement on page 42 provides financial information about an activity for which the City acts as an agent on behalf of the City's firemen. The notes to the financial statements are an integral part of the financial statements and begin on page 43. This report also contains other information in addition to the basic financial statements.

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 18 and provide detailed information about the most significant funds as opposed to the City as a whole. Funds are established either to comply with State law or bond covenants, or City Council may establish funds to control and manage revenues for particular purposes or to demonstrate adherence to legal obligations associated with the use of certain taxes, grants, and other funding sources. The two fund types utilized, governmental and proprietary, apply different accounting approaches.

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

The City as an Agent

The City is an agent, or fiduciary, for certain funds held on behalf of the City's firemen. The fiduciary fund financial statement can be found on page 42 of this report. We exclude this activity from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 43.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension plans and budgetary information beginning on page 77. Combining and individual fund statements and schedules and other supplementary information can be found on pages 86 - 120.

The City as a Whole

Condensed statements of net position at June 30, 2017 and 2016 are shown below.

THE CITY'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 120,762,764	\$ 114,233,920	\$ 31,363,689	\$ 31,791,064	\$ 152,126,453	\$ 146,024,984
Capital Assets (Net)	<u>260,832,576</u>	<u>256,500,422</u>	<u>136,976,079</u>	<u>136,748,687</u>	<u>397,808,655</u>	<u>393,249,109</u>
Total Assets	<u>\$ 381,595,340</u>	<u>\$ 370,734,342</u>	<u>\$ 168,339,768</u>	<u>\$ 168,539,751</u>	<u>\$ 549,935,108</u>	<u>\$ 539,274,093</u>
Deferred Outflows of Resources	\$ <u>23,422,381</u>	\$ <u>14,377,828</u>	\$ <u>2,051,667</u>	\$ <u>1,486,356</u>	\$ <u>25,474,048</u>	\$ <u>15,864,184</u>
Long-Term Liabilities	\$ 256,909,053	\$ 246,183,072	\$ 35,926,950	\$ 36,997,872	\$ 292,836,003	\$ 283,180,944
Other Liabilities	<u>47,300,351</u>	<u>47,543,459</u>	<u>8,054,175</u>	<u>8,911,481</u>	<u>55,354,526</u>	<u>56,454,940</u>
Total Liabilities	<u>\$ 304,209,404</u>	<u>\$ 293,726,531</u>	<u>\$ 43,981,125</u>	<u>\$ 45,909,353</u>	<u>\$ 348,190,529</u>	<u>\$ 339,635,884</u>
Deferred Inflows of Resources	\$ <u>3,522,774</u>	\$ <u>5,027,397</u>	\$ <u>322,653</u>	\$ <u>467,839</u>	\$ <u>3,845,427</u>	\$ <u>5,495,236</u>
Net Position:						
Net Investment in Capital Assets	\$ 131,515,817	\$ 123,676,431	\$ 110,922,505	\$ 111,740,507	\$ 242,438,322	\$ 235,416,938
Restricted	32,597,681	23,929,521	1,407,580	910,117	34,005,261	24,839,638
Unrestricted	<u>(66,827,955)</u>	<u>(61,247,710)</u>	<u>13,757,572</u>	<u>10,998,291</u>	<u>(53,070,383)</u>	<u>(50,249,419)</u>
Total Net Position	<u>\$ 97,285,543</u>	<u>\$ 86,358,242</u>	<u>\$ 126,087,657</u>	<u>\$ 123,648,915</u>	<u>\$ 223,373,200</u>	<u>\$ 210,007,157</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, 2017 was \$223,373,200, an increase of \$13,366,043, or 6.4%, from a year ago.

The largest portion of the City's net position, \$242,438,322 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, \$34,005,261, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$(53,070,383).

Changes in the City's net position during the years ended June 30, 2017 and 2016 follows.

THE CITY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 20,943,663	\$ 18,204,459	\$ 33,721,529	\$ 30,781,010	\$ 54,665,192	\$ 48,985,469
Operating Grants and Contributions	3,189,507	1,508,330	2,428,959	3,402	5,618,466	1,511,732
Capital Grants and Contributions	8,568,753	13,083,574	4,981,673	4,644,940	13,550,426	17,728,514
General Revenues:						
Property Taxes	32,715,024	31,603,241			32,715,024	31,603,241
Local Accommodations Taxes	2,756,944	2,628,349			2,756,944	2,628,349
Business License Taxes	25,121,700	22,133,249			25,121,700	22,133,249
Franchise Taxes	3,894,935	3,763,771			3,894,935	3,763,771
Hospitality Fee Taxes	11,882,628	11,333,703			11,882,628	11,333,703
Local Option Tourism Taxes	28,316,017	27,187,371			28,316,017	27,187,371
Grants and Contributions not Restricted to Specific Programs	11,716,163	11,017,066			11,716,163	11,017,066
Investment Earnings	314,946	225,010	98,753	77,559	413,699	302,569
Total Revenues	<u>\$ 149,420,280</u>	<u>\$ 142,688,123</u>	<u>\$ 41,230,914</u>	<u>\$ 35,506,911</u>	<u>\$ 190,651,194</u>	<u>\$ 178,195,034</u>
Expenses:						
General Government	\$ 13,470,951	\$ 12,822,309	\$	\$	\$ 13,470,951	\$ 12,822,309
Public Safety	44,940,928	40,622,972			44,940,928	40,622,972
Transportation	10,506,212	9,388,613			10,506,212	9,388,613
Community and Economic Development	34,386,272	32,180,219			34,386,272	32,180,219
Culture and Recreation	20,613,590	18,495,957			20,613,590	18,495,957
Public Works	7,305,309	6,594,968			7,305,309	6,594,968
Interest and Fiscal Charges	7,564,990	8,030,037			7,564,990	8,030,037
Water			15,921,581	15,328,683	15,921,581	15,328,683
Sewer			14,160,187	14,157,157	14,160,187	14,157,157
Baseball Stadium			679,415	662,068	679,415	662,068
Municipal Golf Course			334,440	321,713	334,440	321,713
Solid Waste Management			7,401,276	4,386,728	7,401,276	4,386,728
Total Expenses	<u>\$ 138,788,252</u>	<u>\$ 128,135,075</u>	<u>\$ 38,496,899</u>	<u>\$ 34,856,349</u>	<u>\$ 177,285,151</u>	<u>\$ 162,991,424</u>
Increase in Net Position Before Transfers	\$ 10,632,028	\$ 14,553,048	\$ 2,734,015	\$ 650,562	\$ 13,366,043	\$ 15,203,610
Transfers	<u>295,273</u>	<u>222,238</u>	<u>(295,273)</u>	<u>(222,238)</u>		
Change in Net Position	\$ 10,927,301	\$ 14,775,286	\$ 2,438,742	\$ 428,324	\$ 13,366,043	\$ 15,203,610
Net Position - Beginning	<u>86,358,242</u>	<u>71,582,956</u>	<u>123,648,915</u>	<u>123,220,591</u>	<u>210,007,157</u>	<u>194,803,547</u>
Net Position - Ending	<u>\$ 97,285,543</u>	<u>\$ 86,358,242</u>	<u>\$ 126,087,657</u>	<u>\$ 123,648,915</u>	<u>\$ 223,373,200</u>	<u>\$ 210,007,157</u>

The City's total revenues amounted to \$190,651,194 for the year ended June 30, 2017. This is an increase of \$12,456,160, or 7.0%. The largest increase was in charges for services. Charges for services increased \$5,679,723, or 11.6%. There were increases in revenues from building permits, water and sewer charges, solid waste fees, convention center charges, parks and recreation, and sports tourism fees. The next largest increase was in operating grants and contributions, which grew by \$4,106,734, or 271.7%, primarily due to the accrual of FEMA grant revenue for reimbursable debris removal and eligible costs associated with Hurricane Matthew. The third largest increase was in the business license taxes, which increased by \$2,988,451, or 13.5%. This increase was due to a combination of increased revenues reported by accommodations and food services, insurance and construction activities, and the engagement of a firm to assist in identifying businesses operating within the City without obtaining a license. Local option tourism taxes increased by \$1,128,646, or 4.2%. This tax is imposed on gross sales of items that are subject to State sales tax and the increase is indicative of a strong, growing economy. Property taxes increased by \$1,111,783, or 3.5%. Growth in property tax revenue was primarily due to a 3 mil tax increase and residential growth in the northernmost and southernmost areas of the City. The combination of local accommodations taxes and hospitality fee taxes provided an increase of \$677,520, or 4.9%. As with the local option tourism fee, the increase is indicative of a growing economy. Growth of \$699,097, or 6.4%, in grants and contributions not restricted to specific programs occurred primarily as a result of an increase in accommodations tax collections. City franchise tax revenue increased by \$131,164, or 3.5%, because of an increase in franchise receipts from electric and gas utility providers. Investment earnings increased \$111,130, or 36.7%, due to an increase in cash invested throughout the year. Revenues decreased in capital grants and contributions category. The decrease of \$4,178,088, or 23.6%, is a result of fewer dedications of transportation infrastructure assets to the City during the fiscal year.

The total cost of all programs and services was \$177,285,151, increasing by \$14,293,727, or 8.8%, over the previous year. The largest increase was experienced in public safety. Public safety expenditures increased by \$4,317,956, or 10.6%, as a result of increased personnel costs and a heightened oceanfront presence by both the Police and Fire departments. Solid waste expenditures demonstrated the second largest increase with expenses coming in \$3,014,548, or 68.7%, above the prior year. The increase was a result of debris removal and disposal costs associated with Hurricane Matthew. Community and economic development expenditures grew by \$2,206,053, or 6.9%, primarily as a result of an increase in local option tourism fees. Increased local option tourism fees mandated increased remittances to the Myrtle Beach Chamber of Commerce for out-of-market advertising. The next largest increase was \$2,117,633 in the culture and recreation division and represented growth of 11.5% over the prior year. The Myrtle Beach Convention Center and Sports Tourism operations began managing concessions operations in City facilities, resulting in increased costs for staffing and concessions inventory and supplies. Transportation costs increased \$1,117,599, or 11.9%. Contributing factors include costs associated with Hurricane Matthew, depreciation expense on capital assets, street lighting costs, and an increase in road resurfacing. Public works expenditures were \$710,341, or 10.8%, over the prior year. The largest contributing factors to the increase include personnel costs associated with the addition of special event staff members and increased contractual costs associated with right of way maintenance and landscaping. The next largest increase was in general government and those expenditures grew by \$648,642, or 5.1%. Growth in general government resulted from a 6.2% increase in property & casualty insurance, professional fees, and depreciation on general capital assets. Water and Sewer operations experienced a combined increase of \$595,928, or 2.0%. The increase can be attributed to cost associated with the wholesale purchase of water and wastewater handling. Baseball stadium expenses increased \$17,347, or 2.6%, due to increased depreciation on capital assets and maintenance costs. The municipal golf course expenses increased by \$12,727, or 4.0%, as a result of increased depreciation costs and lease expenses. The largest decrease in expenses occurred in interest and fiscal charges. The decrease of \$465,047, or 5.8%, was due to reduced interest expenditures in the Myrtle Beach Air Base Tax Increment Financing District as a result of the debt refunding.

Governmental Activities

The City's net position from governmental activities increased \$10,927,301. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased from \$(61,247,710) at June 30, 2016 to \$(66,827,955) 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 4.7% (\$6,732,157) and total expenses increased 8.3% (\$10,653,177).

The cost of all governmental activities this year was \$138,788,252. However, as shown in the statement of activities beginning on page 16, the amount that our taxpayers ultimately financed for these activities was only \$106,086,329 because some of the cost was paid by those who directly benefited from the programs (\$20,943,663) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11,758,260). Overall, the City's governmental program revenues were \$32,701,923. 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 \$116,718,357.

Business-Type Activities

The City's net position from business-type activities increased \$2,438,742, or 2.0%.

The City's programs for business-type activities include water and sewer, baseball stadium, municipal golf course, and solid waste management activities. Revenues of the City's business-type activities increased by 16.1% (\$5,724,003) and expenses increased by 10.4% (\$3,640,550).

The cost of all business-type activities this year was \$38,496,899. As shown in the statement of activities that starts on page 16, the amounts paid by users of the activities were \$33,721,529 and grants and contributions totaled \$7,410,632. Investment earnings were \$98,753.

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 \$55,082,560, an increase of \$4,012,584 in comparison with the prior year. Of this amount, \$11,886,493, or 21.6%, 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 \$14,564,933, while the total fund balance amounted to \$15,634,871. 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 19.2% of total expenditures, while total fund balance represents 20.7% of that same amount. The General Fund's total fund balance increased by \$2,168,620 during the current fiscal year. This increase resulted primarily from increased collections in business licenses.

The Convention Center Fund has a total fund balance of \$2,097,364, an increase of \$751,613 from the prior year. This was primarily due to an increase in the hotel ground lease and the assumption of concessions management.

The Local Option Tourism Fee Fund has a total fund balance of \$513,941, a decrease of \$396,480 from the prior year. While there was an excess of revenues over expenditures in the amount of \$5,685,664, transfers out to other funds were \$6,082,144. These transfers represent a planned use of this fee as a revenue source for capital projects in the Capital Improvements Fund and the Baseball Stadium Fund, for debt service in the Convention Center Fund, and for property tax credits to owner occupied primary homes in the City that were transferred to the General Fund, the Air Base Tax Increment Revenue Fund, and the Debt Service Fund.

The Capital Improvements Fund's total fund balance decreased by \$3,762,556 to \$10,939,199 at June 30, 2017. Of this total, \$2,409,660 is restricted for capital projects and tourism promotion and support and \$8,529,539 is assigned for disaster recovery and capital projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$15,798,800. Total net position increased \$1,960,754 over the prior year. The increase was due to strong water and sewer charges for service and capital contributions.

Unrestricted net position of the Baseball Stadium Fund at the end of the year amounted to \$(1,321,282). The increase in total net position in the Baseball Stadium Fund was \$234,399, which was primarily due to transfers from the Local Option Tourism Fee Fund.

Unrestricted net position of the Municipal Golf Course Fund at the end of the year amounted to \$(2,068,687). The decrease in total net position in the Municipal Golf Course Fund was \$177,765, which was due to the demand decline in the golf industry. A management company was contracted in 2016 to operate 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 \$(2,566,806). The increase in total net position in the Solid Waste Management Fund of \$77,526 was primarily due to the implementation of the \$2 container fee.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$1,772,456 over the final budgeted amounts. This increase was primarily the result of an increase in intergovernmental revenue associated with FEMA grant reimbursement revenue for Hurricane Matthew and business license collections. The actual charges to appropriations (expenditures) were under the final budgeted amounts by \$445,315.

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

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$397,808,655 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, distribution systems, furniture, vehicles, equipment, and infrastructure. The change in the City's investment in capital assets for the current fiscal year was an increase of \$4,332,154, or 1.7%, for governmental activities and an increase of \$227,392, or 0.2%, for business-type activities. The increase in governmental activities was primarily due to the dedication of transportation infrastructure from commercial and residential developers, completion of a number of bike path and sidewalk projects, and several major roof renovations. The increase in business-type activities was primarily due to additions to the distribution systems.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 28,967,783	\$ 28,967,783	\$ 18,685,751	\$ 18,685,751	\$ 47,653,534	\$ 47,653,534
Land Improvements	57,073,987	53,664,300	9,024,525	9,024,525	66,098,512	62,688,825
Buildings and Improvements	109,925,558	108,842,380	11,618,629	11,505,501	121,544,187	120,347,881
Distribution Systems			194,531,671	188,753,065	194,531,671	188,753,065
Furniture, Vehicles, and Equipment	63,975,816	59,866,904	5,940,457	5,524,564	69,916,273	65,391,468
Infrastructure	208,241,341	198,179,831			208,241,341	198,179,831
Construction-in-Progress	7,491,704	7,418,840	1,940,882	2,761,069	9,432,586	10,179,909
Accumulated Depreciation	(214,843,613)	(200,439,616)	(104,765,836)	(99,505,788)	(319,609,449)	(299,945,404)
	<u>\$ 260,832,576</u>	<u>\$ 256,500,422</u>	<u>\$ 136,976,079</u>	<u>\$ 136,748,687</u>	<u>\$ 397,808,655</u>	<u>\$ 393,249,109</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 \$197,910,095 in outstanding bonds payable and capital lease obligations compared to \$208,601,183 last year, a decrease of 5.1%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Obligation Bonds \$	40,036,000	\$ 42,520,000	\$	\$	\$ 40,036,000	\$ 42,520,000
Revenue Bonds			26,150,000	27,445,000	26,150,000	27,445,000
Certificates of Participation	1,625,000	3,205,000	1,505,000	2,205,000	3,130,000	5,410,000
Tax Increment Revenue						
Bonds	47,455,000	51,902,603			47,455,000	51,902,603
Storm Water Revenue						
Bonds	17,200,193	15,996,027			17,200,193	15,996,027
Hospitality Fee Revenue						
Bonds	58,425,000	59,610,000			58,425,000	59,610,000
Capital Lease						
Obligations	<u>5,513,902</u>	<u>5,717,553</u>	<u></u>	<u></u>	<u>5,513,902</u>	<u>5,717,553</u>
	<u>\$ 170,255,095</u>	<u>\$ 178,951,183</u>	<u>\$ 27,655,000</u>	<u>\$ 29,650,000</u>	<u>\$ 197,910,095</u>	<u>\$ 208,601,183</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, 2017, the amount of new debt, which could be issued without referendum, was \$8,804,254.

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 continued to improve during fiscal year 2017 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 strengthening. Business license receipts surpassed the previous 2008 high in 2015 and have continued to steadily grow. 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 through their continued growth. The City's elected and appointed officials considered the current financial condition as well as several other factors when setting the fiscal year 2018 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 2018 budget, it did so with three major objectives: (1) restore structural balance to the General Fund, (2) examine the mix of services the City offers, and (3) in the capital improvements program, focus on existing infrastructure before expanding facilities and services. The millage rate for ad valorem taxes is 77.5 mills. The rate includes 71.5 mills for the General Fund and 6.0 mills for the Debt Service Fund. Properties that are used as primary residences receive a credit under the terms of legislation authorizing the City's local option tourism fee. The local option tourism fee credit offsets approximately 82.5% of the tax on owner occupied property resulting in net property taxes due of approximately \$54.00 per \$100,000 of market value per year. Amounts available for appropriation in the General Fund budget for fiscal year 2018 are \$80,605,428, an increase of 5.6% from the final fiscal year 2017 budget of \$76,338,062.

For the City's business-type activities, a blended water and sewer rate increase of between 2.5% - 2.8%, depending on usage, was incorporated into the 2018 budget. The increase amounts to \$1.23 per month for a residential user of an average of 7,500 gallons per month. Solid waste fees were also increased to offset the increase imposed upon the City by the Solid Waste Authority. The increase of 24.14% equates to \$1.15 per month for a residential customer.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 52,957,350	\$ 14,901,511	\$ 67,858,861
Receivables (Net)	21,704,115	4,467,704	26,171,819
Due From Component Units	27,544,741		27,544,741
Internal Balances	(3,915,547)	3,915,547	
Inventories	299,593	1,121,311	1,420,904
Prepaid Assets	91,792		91,792
Restricted Cash and Temporary Investments	22,080,720	6,950,597	29,031,317
Land and Construction in Progress	36,459,487	20,626,633	57,086,120
Other Capital Assets (Net)	224,373,089	116,349,446	340,722,535
Bond Insurance (Net)		7,019	7,019
Total Assets	\$ 381,595,340	\$ 168,339,768	\$ 549,935,108
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refundings Related to Pension Plans	\$ 2,932,955 20,489,426	\$ 520,560 1,531,107	\$ 3,453,515 22,020,533
Total Deferred Outflows of Resources	\$ 23,422,381	\$ 2,051,667	\$ 25,474,048
LIABILITIES			
Accounts Payable and Accrued Expenses Due to Primary Government	\$ 34,494,665	\$ 3,390,999	\$ 37,885,664
Unearned Revenue	334,470	159,790	494,260
Liabilities Payable From Restricted Assets	1,287,119	4,503,386	5,790,505
Noncurrent Liabilities:			
Due Within One Year	11,184,097		11,184,097
Due in More Than One Year	256,909,053	35,926,950	292,836,003
Total Liabilities	\$ 304,209,404	\$ 43,981,125	\$ 348,190,529
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plans	\$ 3,522,774	\$ 322,653	\$ 3,845,427

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

Component Units	
MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 1,945,861	\$ 3,242,876
648,560	811,419
	59,515
	425,157
	3,088,587
3,278,745	
464,742	29,955,866
<u>6,337,908</u>	<u>37,583,420</u>
\$	\$
	634,149
<u>634,149</u>	<u>634,149</u>
\$	\$
46,708	1,131,272
197,348	27,347,393
34,200	317,877
	897,916
2,170	
<u>3,986,026</u>	<u>15,755,908</u>
\$ 4,266,452	\$ 45,450,366
\$	\$

A-1 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 131,515,817	\$ 110,922,505	\$ 242,438,322
Restricted for:			
Capital Projects	4,754,252		4,754,252
Capital Replacements			
Community Development	10,008,730		10,008,730
Debt Service	10,515,518	1,197,580	11,713,098
Library	111,086		111,086
Narcotics Law Enforcement	250,337		250,337
Renewal and Replacement		210,000	210,000
Taxes and Insurance			
Tourism Promotion and Support	6,957,758		6,957,758
Unrestricted	<u>(66,827,955)</u>	<u>13,757,572</u>	<u>(53,070,383)</u>
Total Net Position	\$ <u>97,285,543</u>	\$ <u>126,087,657</u>	\$ <u>223,373,200</u>

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

Component Units	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 410,336	\$ 14,094,107
	305,384
	2,380,042
	245,245
<u>1,661,120</u>	<u>(24,257,575)</u>
\$ <u><u>2,071,456</u></u>	\$ <u><u>(7,232,797)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 13,470,951	\$ 3,150,622	\$	\$
Public Safety	44,940,928	2,859,641	1,713,263	
Transportation	10,506,212	2,314,872	206,082	6,336,507
Community and Economic Development	34,386,272	3,014,585	352,434	1,975,239
Culture and Recreation	20,613,590	9,603,943	597,851	257,007
Public Works	7,305,309		319,877	
Interest and Fiscal Charges	7,564,990			
Total Governmental Activities	\$ 138,788,252	\$ 20,943,663	\$ 3,189,507	\$ 8,568,753
Business-Type Activities:				
Water	\$ 15,921,581	\$ 14,482,382	\$ 77,166	\$ 2,300,020
Sewer	14,160,187	13,845,349	77,167	2,681,653
Baseball Stadium	679,415	55,226		
Municipal Golf Course	334,440	156,784		
Solid Waste Management	7,401,276	5,181,788	2,274,626	
Total Business Type Activities	\$ 38,496,899	\$ 33,721,529	\$ 2,428,959	\$ 4,981,673
Total Primary Government	\$ 177,285,151	\$ 54,665,192	\$ 5,618,466	\$ 13,550,426
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,891,514	\$ 2,295,791	\$	\$
MB Convention Center Hotel Corporation	17,571,982	16,984,565		
Total Component Units	\$ 19,463,496	\$ 19,280,356	\$	\$

General Revenues:

Property Taxes

Local Accommodations Taxes

Business License Taxes

Franchise Taxes

Hospitality Fee Taxes

Local Option Tourism Taxes

Grants and Contributions not Restricted to Specific Programs

Investment Earnings

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation	
\$ (10,320,329)	\$	\$ (10,320,329)			
(40,368,024)		(40,368,024)			
(1,648,751)		(1,648,751)			
(29,044,014)		(29,044,014)			
(10,154,789)		(10,154,789)			
(6,985,432)		(6,985,432)			
(7,564,990)		(7,564,990)			
<u>\$ (106,086,329)</u>	<u>\$</u>	<u>\$ (106,086,329)</u>			
	\$ 937,987	\$ 937,987			
	2,443,982	2,443,982			
	(624,189)	(624,189)			
	(177,656)	(177,656)			
	55,138	55,138			
<u>\$</u>	<u>\$ 2,635,262</u>	<u>\$ 2,635,262</u>			
<u>\$ (106,086,329)</u>	<u>\$ 2,635,262</u>	<u>\$ (103,451,067)</u>			
			\$ 404,277	\$	
				(587,417)	
			<u>\$ 404,277</u>	<u>\$ (587,417)</u>	
\$ 32,715,024	\$	\$ 32,715,024	\$		
2,756,944		2,756,944			
25,121,700		25,121,700			
3,894,935		3,894,935			
11,882,628		11,882,628			
28,316,017		28,316,017			
11,716,163		11,716,163			
314,946	98,753	413,699	2,229	10,438	
295,273	(295,273)				
<u>\$ 117,013,630</u>	<u>\$ (196,520)</u>	<u>\$ 116,817,110</u>	<u>\$ 2,229</u>	<u>\$ 10,438</u>	
\$ 10,927,301	\$ 2,438,742	\$ 13,366,043	\$ 406,506	\$ (576,979)	
<u>86,358,242</u>	<u>123,648,915</u>	<u>210,007,157</u>	<u>1,664,950</u>	<u>(6,655,818)</u>	
<u>\$ 97,285,543</u>	<u>\$ 126,087,657</u>	<u>\$ 223,373,200</u>	<u>\$ 2,071,456</u>	<u>\$ (7,232,797)</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 6,432,410	\$ 9,701	\$
Receivables (Net):			
Property Taxes	1,217,217		
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Accounts	3,001,125	249,884	
Intergovernmental	2,233,211		7,454,242
Loans	37,250		
Due From Other Funds	7,341,521	2,109,236	
Due From Component Units	197,348	27,347,393	
Inventories	109,354	17,166	
Prepaid Assets	60		
Restricted Cash and Temporary Investments	881,945		
Total Assets	\$ <u>21,451,441</u>	\$ <u>29,733,380</u>	\$ <u>7,454,242</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 3,969,364	\$ 441,707	\$ 5,963,393
Due to Other Fund			976,908
Payable From Restricted Assets:			
Court Bonds	278,001		
Refundable Deposits	226,752		
Other	15,769		
Unearned Revenue	13,875	150,495	
Total Liabilities	\$ <u>4,503,761</u>	\$ <u>592,202</u>	\$ <u>6,940,301</u>
Deferred Inflows of Resources:			
Unavailable Revenue	\$ <u>1,313,493</u>	\$ <u>27,043,814</u>	\$ _____

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 10,264,074	\$ 9,535,481	\$ 26,241,666
	84,256	1,301,473
	451,110	451,110
	1,751,816	1,751,816
	77,214	77,214
55,832	187,840	3,494,681
862,768	3,755,162	14,305,383
	192,685	229,935
	812,679	10,263,436
		27,544,741
	30,134	156,654
	36,732	36,792
<u>3,176,257</u>	<u>18,022,518</u>	<u>22,080,720</u>
<u>\$ 14,358,931</u>	<u>\$ 34,937,627</u>	<u>\$ 107,935,621</u>

\$ 2,653,135	\$ 2,329,188	\$ 15,356,787
	6,390,929	7,367,837
		278,001
766,597		993,349
		15,769
	170,100	334,470
<u>\$ 3,419,732</u>	<u>\$ 8,890,217</u>	<u>\$ 24,346,213</u>

\$ _____	\$ 149,541	\$ 28,506,848
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A-3 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (continued)			
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 109,354	\$ 17,166	\$
Long-Term Receivables	37,250		
Prepaid Assets	60		
Restricted for:			
Capital Projects			
Community Development			
Debt Service			
Library	111,086		
Narcotics Law Enforcement	250,337		
Tourism Promotion and Support		2,080,198	513,941
Committed for:			
Demolition Loans	2,750		
Redevelopment Incentive Projects	558,417		
Assigned for:			
Capital Projects			
Disaster Recovery			
Unassigned	14,564,933		
Total Fund Balances	\$ <u>15,634,187</u>	\$ <u>2,097,364</u>	\$ <u>513,941</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>21,451,441</u></u>	\$ <u><u>29,733,380</u></u>	\$ <u><u>7,454,242</u></u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$	\$ 30,134	\$ 156,654
	192,685	229,935
	36,732	36,792
1,939,420	2,851,521	4,790,941
	9,816,045	9,816,045
	11,840,453	11,840,453
		111,086
		250,337
470,240	3,808,739	6,873,118
		2,750
		558,417
6,029,539		6,029,539
2,500,000		2,500,000
	(2,678,440)	11,886,493
\$ <u>10,939,199</u>	\$ <u>25,897,869</u>	\$ <u>55,082,560</u>
\$ <u><u>14,358,931</u></u>	\$ <u><u>34,937,627</u></u>	\$ <u><u>107,935,621</u></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, 2017

Total Fund Balances - Total Governmental Funds	\$ 55,082,560
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	249,804,692
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	28,506,848
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.	5,189,539
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(241,298,096)</u>
Net Position of Governmental Activities	\$ <u>97,285,543</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, 2017

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
REVENUES			
Property Taxes	\$ 22,913,423	\$	\$
Local Accommodations Taxes			
Hospitality Fee Taxes			
Storm Water Fees			
Local Option Tourism Taxes			28,316,017
Licenses and Permits	30,602,649		
Fines and Forfeitures	1,311,156		
Intergovernmental	5,046,774	27,300	
Charges for Services	2,805,491	3,515,490	
Miscellaneous	3,452,858	3,419,174	72,012
Total Revenues	\$ <u>66,132,351</u>	\$ <u>6,961,964</u>	\$ <u>28,388,029</u>
EXPENDITURES			
Current:			
General Government	\$ 10,938,210	\$ 414,590	\$
Public Safety	41,944,606		
Transportation	4,012,764		
Community and Economic Development	3,388,724		22,702,365
Culture and Recreation	7,723,599	5,300,344	
Public Works	7,117,694		
Capital Outlay	571,568	264,764	
Debt Service:			
Principal			
Interest and Fiscal Charges			
Bond Issuance Costs			
Payments to Escrow Agent			
Total Expenditures	\$ <u>75,697,165</u>	\$ <u>5,979,698</u>	\$ <u>22,702,365</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ <u>(9,564,814)</u>	\$ <u>982,266</u>	\$ <u>5,685,664</u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 675,789	\$ 9,861,610	\$ 33,450,822
	2,755,560	2,755,560
	11,874,960	11,874,960
	2,319,629	2,319,629
		28,316,017
1,089,387		31,692,036
	118,783	1,429,939
2,367,721	10,492,725	17,934,520
	1,249,621	7,570,602
897,036	257,884	8,098,964
<u>\$ 5,029,933</u>	<u>\$ 38,930,772</u>	<u>\$ 145,443,049</u>

\$ 519,012	\$ 822,557	\$ 12,694,369
2,910		41,947,516
192,387	2,051,039	6,256,190
237,424	4,724,691	31,053,204
95,315	2,418,007	15,537,265
		7,117,694
10,203,057	1,222,868	12,262,257
	11,912,278	11,912,278
	6,025,448	6,025,448
	554,946	554,946
	7,387,801	7,387,801
<u>\$ 11,250,105</u>	<u>\$ 37,119,635</u>	<u>\$ 152,748,968</u>

<u>\$ (6,220,172)</u>	<u>\$ 1,811,137</u>	<u>\$ (7,305,919)</u>
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A-5 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 11,956,380	\$ 2,250,000	\$
Transfers Out	(244,733)	(2,480,653)	(6,082,144)
Refunding Tax Increment Revenue Bonds Issued			
Premium on Refunding Tax Increment Revenue Bonds			
Payments to Escrow Agent			
Storm Water Revenue Bonds Issued			
Capital Lease Obligation			
Sale of Capital Assets	21,787		
Total Other Financing Sources (Uses)	\$ <u>11,733,434</u>	\$ <u>(230,653)</u>	\$ <u>(6,082,144)</u>
Net Change in Fund Balances	\$ 2,168,620	\$ 751,613	\$ (396,480)
Fund Balances - Beginning	<u>13,465,567</u>	<u>1,345,751</u>	<u>910,421</u>
Fund Balances - Ending	\$ <u><u>15,634,187</u></u>	\$ <u><u>2,097,364</u></u>	\$ <u><u>513,941</u></u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,675,000	\$ 12,680,309	\$ 28,561,689
	(19,458,886)	(28,266,416)
	43,280,000	43,280,000
	4,669,194	4,669,194
	(40,086,136)	(40,086,136)
	2,355,769	2,355,769
782,616		782,616
		21,787
<u>\$ 2,457,616</u>	<u>\$ 3,440,250</u>	<u>\$ 11,318,503</u>
\$ (3,762,556)	\$ 5,251,387	\$ 4,012,584
<u>14,701,755</u>	<u>20,646,482</u>	<u>51,069,976</u>
<u><u>\$ 10,939,199</u></u>	<u><u>\$ 25,897,869</u></u>	<u><u>\$ 55,082,560</u></u>



First in Service

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 4,012,584
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 (\$13,510,444) exceeded capital outlays (\$12,262,257) in the current period.	(1,248,187)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,900,074
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.	8,298,636
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,382,573)
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>346,767</u>
Change in Net Position of Governmental Activities	\$ <u>10,927,301</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, 2017

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 14,855,510	\$ 45,801	\$
Receivables (Net):			
Accounts	1,272,947		135,483
Intergovernmental	249,933	326,663	
Due From Other Funds	5,731,371		
Inventories	1,106,136		
Prepaid Assets			
Total Current Assets	\$ <u>23,215,897</u>	\$ <u>372,464</u>	\$ <u>135,483</u>
Noncurrent Assets:			
Restricted Cash and Temporary Investments	\$ 5,876,478	\$ 1,074,119	\$
Land and Construction in Progress	4,641,153	5,600,000	10,385,480
Other Capital Assets (Net)	107,717,402	4,226,389	3,591,357
Bond Insurance (Net)	3,159	3,860	
Total Noncurrent Assets	\$ <u>118,238,192</u>	\$ <u>10,904,368</u>	\$ <u>13,976,837</u>
Total Assets	\$ <u>141,454,089</u>	\$ <u>11,276,832</u>	\$ <u>14,112,320</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Advance Refunding	\$ 520,560	\$	\$
Related to Pension Plan	<u>957,747</u>		
Total Deferred Outflows of Resources	\$ <u>1,478,307</u>	\$	\$

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 200	\$ 14,901,511	\$ 26,715,684
208,053	1,616,483	92,503
2,274,625	2,851,221	
	5,731,371	
15,175	1,121,311	142,939
		55,000
\$ <u>2,498,053</u>	\$ <u>26,221,897</u>	\$ <u>27,006,126</u>
\$	\$ 6,950,597	\$
	20,626,633	
814,298	116,349,446	11,027,884
	7,019	
\$ <u>814,298</u>	\$ <u>143,933,695</u>	\$ <u>11,027,884</u>
\$ <u>3,312,351</u>	\$ <u>170,155,592</u>	\$ <u>38,034,010</u>
\$	\$ 520,560	\$
<u>573,360</u>	<u>1,531,107</u>	<u>168,748</u>
\$ <u>573,360</u>	\$ <u>2,051,667</u>	\$ <u>168,748</u>

A-7 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 3,088,898	\$ 1,395	\$ 226
Due to Other Fund		1,244,712	2,203,944
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Refundable Deposits	1,908,395		
Interest Payable	352,366	37,625	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	1,380,000		
Certificates of Participation		735,000	
Total Current Liabilities	\$ <u>6,729,659</u>	\$ <u>2,108,732</u>	\$ <u>2,204,170</u>
Noncurrent Liabilities:			
Compensated Absences	\$ 112,127	\$	\$
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	27,300,331		
Certificates of Participation (Net)		764,933	
Net Pension Liability	4,815,000		
Unearned Revenue	159,790		
Total Noncurrent Liabilities	\$ <u>32,387,248</u>	\$ <u>764,933</u>	\$
Total Liabilities	\$ <u>39,116,907</u>	\$ <u>2,873,665</u>	\$ <u>2,204,170</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pension Plan	\$ <u>202,188</u>	\$	\$

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$ 300,480	\$ 3,390,999	\$ 17,812,943
2,282,715	5,731,371	2,895,599
		591,439
		512,670
	1,908,395	
	389,991	
	90,000	
	1,380,000	
	735,000	
\$ <u>2,583,195</u>	\$ <u>13,625,756</u>	\$ <u>21,812,651</u>
\$ 65,741	\$ 177,868	\$ 30,136
		2,974,885
		3,408,752
	27,300,331	
	764,933	
2,868,818	7,683,818	836,138
	159,790	
\$ <u>2,934,559</u>	\$ <u>36,086,740</u>	\$ <u>7,249,911</u>
\$ <u>5,517,754</u>	\$ <u>49,712,496</u>	\$ <u>29,062,562</u>
\$ <u>120,465</u>	\$ <u>322,653</u>	\$ <u>35,110</u>

A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
NET POSITION			
Net Investment in Capital Assets	\$ 87,353,415	\$ 8,777,955	\$ 13,976,837
Restricted for:			
Debt Service	461,086	736,494	
Renewal and Replacement		210,000	
Unrestricted	<u>15,798,800</u>	<u>(1,321,282)</u>	<u>(2,068,687)</u>
Total Net Position	<u>\$ 103,613,301</u>	<u>\$ 8,403,167</u>	<u>\$ 11,908,150</u>

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

Net Position of Business-Type Activities

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 814,298	\$ 110,922,505	\$ 7,106,462
	1,197,580	
	210,000	
<u>(2,566,806)</u>	<u>9,842,025</u>	<u>1,998,624</u>
\$ <u><u>(1,752,508)</u></u>	\$ 122,172,110	\$ <u><u>9,105,086</u></u>
	<u>3,915,547</u>	
	\$ <u><u>126,087,657</u></u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 28,088,666	\$ 55,226	\$ 156,784
OPERATING EXPENSES			
Administration	\$ 4,798,452	\$	\$
Operations	20,126,337	177,000	73,901
Depreciation	4,532,875	414,847	260,744
Total Operating Expenses	\$ 29,457,664	\$ 591,847	\$ 334,645
Operating Income (Loss)	\$ (1,368,998)	\$ (536,621)	\$ (177,861)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 71,481	\$ 27,176	\$ 96
Operating Grant Revenue	154,333		
Miscellaneous Revenue	239,065		
Gain on Disposal of Capital Assets			
Interest and Fiscal Charges	(735,090)	(83,996)	
Amortization of Bond Insurance	(4,737)	(3,860)	
Total Nonoperating Revenues (Expenses)	\$ (274,948)	\$ (60,680)	\$ 96
Income (Loss) Before Contributions and Transfers	\$ (1,643,946)	\$ (597,301)	\$ (177,765)
Capital Contributions	4,981,673		
Transfers In		831,700	
Transfers Out	(1,376,973)		
Change in Net Position	\$ 1,960,754	\$ 234,399	\$ (177,765)
Total Net Position - Beginning	101,652,547	8,168,768	12,085,915
Total Net Position - Ending	\$ 103,613,301	\$ 8,403,167	\$ 11,908,150

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

Change in Net Position of Business-Type Activities

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 5,181,788	\$ 33,482,464	\$ 21,627,603
\$ 744,083	\$ 5,542,535	\$ 573,163
6,833,203	27,210,441	18,170,333
51,582	5,260,048	2,412,606
\$ 7,628,868	\$ 38,013,024	\$ 21,156,102
\$ (2,447,080)	\$ (4,530,560)	\$ 471,501
\$ 2,274,626	\$ 98,753	\$ 77,157
	2,428,959	
	239,065	2,814
		197,237
(20)	(819,106)	(108,114)
	(8,597)	
\$ 2,274,606	\$ 1,939,074	\$ 169,094
\$ (172,474)	\$ (2,591,486)	\$ 640,595
	4,981,673	50,000
250,000	1,081,700	2,500,000
	(1,376,973)	(2,500,000)
\$ 77,526	\$ 2,094,914	\$ 690,595
(1,830,034)		8,414,491
\$ (1,752,508)		\$ 9,105,086
	343,828	
\$ 2,438,742		

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 27,662,478	\$ 55,715	\$ 74,535
Receipts From Interfund Services Provided			
Payments to Suppliers	(21,384,259)	(141,857)	(45,316)
Payments to Employees	(2,204,274)		
Payments for Interfund Services Used	(2,101,474)	(39,650)	(28,359)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,972,471</u>	<u>\$ (125,792)</u>	<u>\$ 860</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$	\$ 831,700	\$
Transfers Out	(1,376,973)		
Operating Grant	4,400		
Proceeds From Interfund Loan			
Payments on Interfund Loans	(2,164,847)	(116,912)	(956)
Interest Payments on Interfund Loan			
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (3,537,420)</u>	<u>\$ 714,788</u>	<u>\$ (956)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 2,936,078	\$	\$
Collections on Intergovernmental Receivable		315,455	
Principal Payments on Long-Term Debt	(1,295,000)	(700,000)	
Interest Payments on Long-Term Debt	(897,173)	(92,750)	
Payment of Bond Administration Fees	(8,683)	(3,680)	
Purchases of Capital Assets	(2,921,025)	(113,130)	
Proceeds From Disposal of Capital Assets			
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (2,185,803)</u>	<u>\$ (594,105)</u>	<u>\$</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	\$ 71,481	\$ 27,176	\$ 96
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 71,481</u>	<u>\$ 27,176</u>	<u>\$ 96</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 5,125,881	\$ 32,918,609	\$ 21,627,603
(4,485,322)	(26,056,754)	(4,223,535)
(1,351,636)	(3,555,910)	(385,533)
(1,515,166)	(3,684,649)	(11,852,188)
<u>\$ (2,226,243)</u>	<u>\$ (378,704)</u>	<u>\$ 5,166,347</u>
\$ 250,000	\$ 1,081,700	\$ 2,500,000
	(1,376,973)	(2,500,000)
	4,400	
2,282,715	2,282,715	99,290
	(2,282,715)	(703,802)
<u>(20)</u>	<u>(20)</u>	
<u>\$ 2,532,695</u>	<u>\$ (290,893)</u>	<u>\$ (604,512)</u>
\$	\$ 2,936,078	\$ 100,000
	315,455	
	(1,995,000)	(557,193)
	(989,923)	(224,215)
	(12,363)	
(407,690)	(3,441,845)	(3,346,675)
		197,237
<u>(407,690)</u>	<u>(3,187,598)</u>	<u>(3,830,846)</u>
\$	\$ 98,753	\$ 77,157
<u></u>	<u></u>	<u></u>
\$	\$ 98,753	\$ 77,157
<u></u>	<u></u>	<u></u>

A-9 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (3,679,271)	\$ 22,067	\$
Cash and Cash Equivalents - Beginning	24,411,259	1,097,853	
Cash and Cash Equivalents - Ending	<u>\$ 20,731,988</u>	<u>\$ 1,119,920</u>	<u>\$</u>

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

Operating Income (Loss)	\$ (1,368,998)	\$ (536,621)	\$ (177,861)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	4,532,875	414,847	260,744
(Increase) Decrease in Accounts Receivable (Net)	(572,776)	489	(82,249)
(Increase) in Intergovernmental Receivable	(100,000)		
(Increase) Decrease in Inventories	(95,557)		
(Increase) in Prepaid Assets			
Increase (Decrease) in Accounts Payable and Accrued Expenses	(880,072)	(4,507)	226
Increase in Refundable Deposits Payable	13,698		
Increase in Unreported Insurance Claims			
Increase in Net Pension Liability and Related Amounts	210,411		
(Decrease) in Unearned Revenue	(6,175)		
Miscellaneous Receipts	239,065		
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,972,471</u>	<u>\$ (125,792)</u>	<u>\$ 860</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ (101,238)	\$ (3,758,442)	\$ 808,146
<u>101,438</u>	<u>25,610,550</u>	<u>25,907,538</u>
\$ <u><u>200</u></u>	\$ <u><u>21,852,108</u></u>	\$ <u><u>26,715,684</u></u>

\$ (2,447,080) \$ (4,530,560) \$ 471,501

51,582	5,260,048	2,412,606
(55,907)	(710,443)	112,664
	(100,000)	
19,267	(76,290)	(17,404)
		(55,000)
89,224	(795,129)	1,844,327
	13,698	
		377,301
116,671	327,082	17,538
	(6,175)	
<u> </u>	<u>239,065</u>	<u>2,814</u>
\$ <u><u>(2,226,243)</u></u>	\$ <u><u>(378,704)</u></u>	\$ <u><u>5,166,347</u></u>

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<u>Noncash Capital and Related Financing Activities</u>			
Fair Value of Capital Asset Contributions	\$ 2,045,595	\$	\$
Capitalized Interest	273,802		
Other Capital Assets (Net) / Capital Lease Obligation			
<u>Reconciliation of Cash and Cash Equivalents</u>			
Unrestricted Cash and Temporary Investments	\$ 14,855,510	\$ 45,801	\$
Restricted Cash and Temporary Investments	5,876,478	1,074,119	
	<u>\$ 20,731,988</u>	<u>\$ 1,119,920</u>	<u>\$</u>

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

Enterprise Funds		Internal Service Funds
Solid Waste Management Fund	Total	
\$	\$ 2,045,595	\$
	273,802	427,602
\$ 200	\$ 14,901,511	\$ 26,715,684
	6,950,597	
\$ <u>200</u>	\$ <u>21,852,108</u>	\$ <u>26,715,684</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2017

ASSETS

Cash and Temporary Investments	\$ <u>28,798</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>28,798</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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

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

C. Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Fiduciary Funds

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

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

The City reports the following major governmental funds:

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

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

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

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

The City's major proprietary funds were as follows:

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

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

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

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

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Cash and Temporary Investments

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

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

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

The fair value of the City's position in the South Carolina Local Government Investment Pool (SCLGIP) is the same as the value of the pool shares. The SCLGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the SCLGIP.

F. Receivables

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

G. Interfund Activity

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

H. Inventories

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

I. Prepaid Assets

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

J. Restricted Assets

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

K. Capital Assets

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

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

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

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

L. Deferred Outflows of Resources

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

M. Deferred Inflows of Resources

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

N. Compensated Absences

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

O. Long-Term Obligations

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

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

P. Equity Classifications

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

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

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

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

The government-wide statement of net position reports \$34,005,261 of total restricted net position, of which \$6,904,001 is restricted by enabling legislation.

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

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

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

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

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

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

Q. Revenues and Expenses

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

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

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

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

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

The governmental funds balance sheet is followed by a reconciliation between total fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the element in the reconciliation that relates to long-term liabilities, \$241,298,096, follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Bonds Payable (Net)	\$ 172,714,962
Capital Lease Obligations	1,592,480
Compensated Absences	4,043,603
Net Pension Liability and Related Amounts	64,555,071
Accrued Interest Payable	1,324,935
Deferred Amounts on Advance Refundings	<u>(2,932,955)</u>
	<u>\$ 241,298,096</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, \$8,298,636, is comprised of the following:

Refunding Tax Increment Revenue Bonds Issued	\$ (43,280,000)
Premium on Refunding Tax Increment Revenue Bonds	(4,669,194)
Storm Water Revenue Bonds Issued	(2,355,769)
Capital Lease Obligation	(782,616)
Payments to Escrow Agents	47,473,937
Principal Repayments	<u>11,912,278</u>
	<u>\$ 8,298,636</u>

The details of another element in the reconciliation that relates to expenses, \$4,382,573, follows:

Compensated Absences	\$ 263,254
Net Pension Liability	3,242,837
Accrued Interest	978,102
Amortization of Bond Discounts and Premiums	(478,325)
Amortization of Deferred Amounts on Advance Refundings	<u>376,705</u>
	<u>\$ 4,382,573</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, 2017, 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, 2017 were as follows:

Solid Waste Management Fund	\$ 1,752,508
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	689,197
Internal Service Fund:	
Health Insurance Fund	3,686,072

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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 \$27,077,686 and the financial institutions' balances totaled \$31,029,107. Of that balance, \$1,265,277 was covered by federal depository insurance and \$29,763,830 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$102,337 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 \$1,939,361 and the financial institutions' balances totaled \$2,369,972. Of that balance, \$500,000 was covered by federal depository insurance, \$1,854,596 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name and \$15,376 was uninsured and uncollateralized. 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 \$932,903 and the financial institutions' balances totaled \$707,723. Of that balance, \$250,000 was covered by federal depository insurance and \$457,723 was uninsured and uncollateralized. At year-end, cash on hand totaled \$40,000.

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

B. Investments

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

	<u>Weighted Ave. Maturity</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	3 Days	Not Rated	\$ 20,049,646	28.75 %
U.S. Treasury Bill	0.25 Years	N/A	664,943	0.95
Money Market Mutual Funds	Not Available	AAA	36,167,820	51.86
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>12,856,544</u>	<u>18.44</u>
			<u>\$ 69,738,953</u>	<u>100.00 %</u>

At June 30, 2017, fair value measurements of the City's investments are as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

	Fair Value Measurements Using		
	Level 1 Inputs	Level 2 Inputs	Total
Repurchase Agreement	\$ 20,049,646	\$	\$ 20,049,646
U.S. Treasury Bill	664,943		664,943
Money Market Mutual Funds	36,167,820		36,167,820
State Treasurer's Investment Pool		12,856,544	12,856,544
	<u>\$ 56,882,409</u>	<u>\$ 12,856,544</u>	<u>\$ 69,738,953</u>

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

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

	Weighted Ave. Maturity	S&P Credit Rating	Fair Value	% of Total Investments
Money Market Mutual Funds	Not Available	AAA	\$ <u>5,358,560</u>	<u>100.00%</u>

At June 30, 2017, 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, 2017, including the applicable allowances for doubtful accounts, are as follows:

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
Property Taxes	\$ 4,356,441	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	3,596,369	249,884		55,832
Intergovernmental	2,339,786		7,454,242	862,768
Loans	<u>37,250</u>			
	\$ 10,329,846	\$ 249,884	\$ 7,454,242	\$ 918,600
Allowances for Doubtful Accounts	<u>(3,841,043)</u>			
	<u>\$ 6,488,803</u>	<u>\$ 249,884</u>	<u>\$ 7,454,242</u>	<u>\$ 918,600</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fee Taxes				
Storm Water Fees				
Accounts	1,653,675		135,483	320,841
Intergovernmental	266,592	326,663		2,527,361
Loans				
	<u>\$ 1,920,267</u>	<u>\$ 326,663</u>	<u>\$ 135,483</u>	<u>\$ 2,848,202</u>
Allowances for Doubtful Accounts	<u>(397,387)</u>			<u>(365,524)</u>
	<u><u>\$ 1,522,880</u></u>	<u><u>\$ 326,663</u></u>	<u><u>\$ 135,483</u></u>	<u><u>\$ 2,482,678</u></u>

	<u>Nonmajor and Other Fund</u>	<u>Totals</u>
Property Taxes	\$ 91,583	\$ 4,448,024
Local Accommodations Taxes	458,555	458,555
Hospitality Fee Taxes	1,789,624	1,789,624
Storm Water Fees	163,448	163,448
Accounts	280,343	6,292,427
Intergovernmental	3,768,596	17,546,008
Loans	192,685	229,935
	<u>\$ 6,744,834</u>	<u>\$ 30,928,021</u>
Allowances for Doubtful Accounts	<u>(152,248)</u>	<u>(4,756,202)</u>
	<u><u>\$ 6,592,586</u></u>	<u><u>\$ 26,171,819</u></u>

On September 1, 1998, the City entered into a hospitality fee agreement with Horry County, South Carolina (County) in conjunction with the construction of a baseball stadium facility. The agreement is for a period of twenty years and requires the County to make annual payments of principal and interest to the City for its 30% interest in the baseball stadium facility. At June 30, 2017, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected during the year ending June 30, 2018.

Loans receivable in the Community Block Development Fund in the amount of \$192,685 are due in conjunction with the development of low-income housing within the City. The loans are non-interest bearing and are due February 15, 2031.

Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2017, amounts due to/from other funds were as follows:

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	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 7,341,521	\$
Convention Center Fund	2,109,236	
Local Option Tourism Fee Fund		976,908
Nonmajor Governmental Funds	812,679	6,390,929
Internal Service Funds		2,895,599
Water and Sewer Fund	5,731,371	
Baseball Stadium Fund		1,244,712
Municipal Golf Course Fund		2,203,944
Solid Waste Management Fund		2,282,715
	<u>\$ 15,994,807</u>	<u>\$ 15,994,807</u>

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Local Option Tourism Fee Fund (\$976,908) and three nonmajor governmental funds (\$3,279,776) 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, 2017 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>			
	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$	\$	\$ 2,953,856	\$ 7,625,551
Convention Center Fund			750,000	1,500,000
Capital Improvements Fund			875,000	800,000
Nonmajor and Other Funds	244,733	2,480,653	1,271,588	11,183,335
Baseball Stadium Fund			231,700	600,000
Solid Waste Management Fund				250,000
	<u>\$ 244,733</u>	<u>\$ 2,480,653</u>	<u>\$ 6,082,144</u>	<u>\$ 21,958,886</u>

<u>Transfers In</u>	<u>Transfers Out</u>	
	<u>Water and Sewer Fund</u>	<u>Totals</u>
General Fund	\$ 1,376,973	\$ 11,956,380
Convention Center Fund		2,250,000
Capital Improvements Fund		1,675,000
Nonmajor and Other Funds		15,180,309
Baseball Stadium Fund		831,700
Solid Waste Management Fund		250,000
	<u>\$ 1,376,973</u>	<u>\$ 32,143,389</u>

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

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Note 7 - TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2017, amounts due to the City from its discretely presented component units were as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government:		
General Fund	\$ 197,348	\$
Convention Center Fund	27,347,393	
MBDRC		197,348
MBCCHC		<u>27,347,393</u>
	<u>\$ 27,544,741</u>	<u>\$ 27,544,741</u>

The MBCCHC entered into a site lease with the City for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires during April 2036 and requires annual rental payments equal to a fixed rental component plus 3.0% of the MBCCHC's gross revenues. The rental payments are to be remitted to the City in accordance with the terms of the revenue bond trust indenture. During the year ended June 30, 2017, rent expense for this lease amounted to \$3,468,904. Minimum future rental payments for the fixed component of this lease as of June 30, 2017 are as follows:

Year Ending June 30, 2018	\$ 2,966,182
2019	2,965,932
2020	3,848,382
2021	3,843,888
2022	3,839,826
2023 - 2027	19,100,326
2028 - 2032	19,034,250
2033 - 2036	<u>15,223,000</u>
	<u>\$ 70,821,786</u>

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

Note 8 - RESTRICTED CASH AND TEMPORARY INVESTMENTS

The City's restricted cash and temporary investments consisted of the following at June 30, 2017:

Governmental Activities:	
General Fund:	
Court Bonds	\$ 278,001
Confiscated and Seized Funds	252,078
Refundable Deposits	226,752
Other	125,114
Capital Improvements Fund:	
Bond Proceeds	36,689
PUD Improvements	1,902,731
Hospitality Fee Taxes	287,092
Refundable Deposits	766,597
Local Option Tourism Taxes	183,148

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Governmental Activities (continued):

Nonmajor Governmental Funds:

Certificates of Participation Accounts	\$ 1,657,500
Storm Water Revenue Bond Accounts	1,846,896
Ocean Front Tax Increment Revenue Bond Accounts	742,656
Air Base Tax Increment Revenue Bond Accounts	<u>13,775,466</u>
	<u>\$ 22,080,720</u>

Business-Type Activities:

Water and Sewer Fund:

Refundable Deposits	\$ 1,908,395
Waterworks and Sewer System Revenue Bond Accounts	3,968,083

Baseball Stadium Fund:

Certificates of Participation Accounts	774,119
Renewal and Replacement Accounts	<u>300,000</u>
	<u>\$ 6,950,597</u>

At June 30, 2017, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$3,088,587.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,967,783	\$	\$	\$ 28,967,783
Construction-in-Progress	<u>7,418,840</u>	<u>7,491,704</u>	<u>7,418,840</u>	<u>7,491,704</u>
	<u>\$ 36,386,623</u>	<u>\$ 7,491,704</u>	<u>\$ 7,418,840</u>	<u>\$ 36,459,487</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 53,664,300	\$ 3,409,687	\$	\$ 57,073,987
Buildings and Improvements	108,842,380	1,083,178		109,925,558
Furniture, Vehicles and Equipment	59,866,904	5,627,965	1,519,053	63,975,816
Infrastructure	<u>198,179,831</u>	<u>10,061,510</u>		<u>208,241,341</u>
	<u>\$ 420,553,415</u>	<u>\$ 20,182,340</u>	<u>\$ 1,519,053</u>	<u>\$ 439,216,702</u>
Accumulated Depreciation for:				
Land Improvements	\$ (16,438,335)	\$ (2,745,483)	\$	\$ (19,183,818)
Buildings and Improvements	(50,703,705)	(3,748,001)		(54,451,706)
Furniture, Vehicles and Equipment	(44,690,799)	(3,823,141)	(1,519,053)	(46,994,887)
Infrastructure	<u>(88,606,777)</u>	<u>(5,606,425)</u>		<u>(94,213,202)</u>
	<u>\$ (200,439,616)</u>	<u>\$ (15,923,050)</u>	<u>\$ (1,519,053)</u>	<u>\$ (214,843,613)</u>
Capital Assets (Net)	<u>\$ 256,500,422</u>	<u>\$ 11,750,994</u>	<u>\$ 7,418,840</u>	<u>\$ 260,832,576</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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June 30, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>2,761,069</u>	<u>1,940,882</u>	<u>2,761,069</u>	<u>1,940,882</u>
	<u>\$ 21,446,820</u>	<u>\$ 1,940,882</u>	<u>\$ 2,761,069</u>	<u>\$ 20,626,633</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 9,024,525	\$	\$	\$ 9,024,525
Buildings and Improvements	11,505,501	113,128		11,618,629
Distribution System	188,753,065	5,778,606		194,531,671
Furniture, Vehicles and Equipment	<u>5,524,564</u>	<u>415,893</u>		<u>5,940,457</u>
	<u>\$ 214,807,655</u>	<u>\$ 6,307,627</u>	<u>\$</u>	<u>\$ 221,115,282</u>
Accumulated Depreciation for:				
Land Improvements	\$ (4,539,652)	\$ (330,465)	\$	\$ (4,870,117)
Buildings and Improvements	(6,980,978)	(404,924)		(7,385,902)
Distribution System	(82,977,948)	(4,410,132)		(87,388,080)
Furniture, Vehicles and Equipment	<u>(5,007,210)</u>	<u>(114,527)</u>		<u>(5,121,737)</u>
	<u>\$ (99,505,788)</u>	<u>\$ (5,260,048)</u>	<u>\$</u>	<u>\$ (104,765,836)</u>
Capital Assets (Net)	<u>\$ 136,748,687</u>	<u>\$ 2,988,461</u>	<u>\$ 2,761,069</u>	<u>\$ 136,976,079</u>

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

Governmental Activities:	
General Government	\$ 248,650
Public Safety	1,233,788
Transportation	4,278,883
Community and Economic Development	3,170,391
Culture and Recreation	4,559,783
Public Works	18,949
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>2,412,606</u>
	<u>\$ 15,923,050</u>
Business-Type Activities:	
Water	\$ 2,075,975
Sewer	2,456,900
Baseball Stadium	414,847
Municipal Golf Course	260,744
Solid Waste Management	<u>51,582</u>
	<u>\$ 5,260,048</u>

The MBDRC's capital asset activity for the year ended June 30, 2017 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$	\$ 3,278,745	\$	\$ 3,278,745
Capital Assets Being Depreciated:				
Land Improvements	\$ 141,300	\$ 8,277	\$	\$ 149,577
Building and Improvements	233,294			233,294
Equipment	929,177	56,656		985,833
	<u>\$ 1,303,771</u>	<u>\$ 64,933</u>	<u>\$</u>	<u>\$ 1,368,704</u>
Accumulated Depreciation for:				
Land Improvements	\$ (33,415)	\$ (9,420)	\$	\$ (42,835)
Building and Improvements	(31,106)	(15,553)		(46,659)
Equipment	(773,870)	(40,598)		(814,468)
	<u>\$ (838,391)</u>	<u>\$ (65,571)</u>	<u>\$</u>	<u>\$ (903,962)</u>
Capital Assets (Net)	<u>\$ 465,380</u>	<u>\$ 3,278,107</u>	<u>\$</u>	<u>\$ 3,743,487</u>

The MBCCHC's capital asset activity for the year ended June 30, 2017 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	16,455,416	856,225	745,117	16,566,524
	<u>\$ 59,285,493</u>	<u>\$ 856,225</u>	<u>\$ 745,117</u>	<u>\$ 59,396,601</u>
Accumulated Depreciation for:				
Land Improvements	\$ (363,175)	\$ (27,473)	\$	\$ (390,648)
Building and Improvements	(14,181,624)	(1,057,016)		(15,238,640)
Furnishings and Equipment	(13,899,471)	(657,093)	(745,117)	(13,811,447)
	<u>\$ (28,444,270)</u>	<u>\$ (1,741,582)</u>	<u>\$ (745,117)</u>	<u>\$ (29,440,735)</u>
Capital Assets (Net)	<u>\$ 30,841,223</u>	<u>\$ (885,357)</u>	<u>\$</u>	<u>\$ 29,955,866</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2017:

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	Capital Improvements Fund
Trade Accounts Payable	\$ 2,989,160	\$ 386,215	\$ 5,963,393	\$ 2,095,662
Accrued Salaries and Wages	980,204	55,492		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				557,473
	<u>\$ 3,969,364</u>	<u>\$ 441,707</u>	<u>\$ 5,963,393</u>	<u>\$ 2,653,135</u>

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	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>
Trade Accounts Payable	\$ 2,738,751	\$ 1,395	\$ 226	\$ 245,062
Accrued Salaries and Wages	52,813			30,109
Compensated Absences	65,972			25,309
Accrued Interest Payable				
Retainage Payable	<u>231,362</u>			
	<u>\$ 3,088,898</u>	<u>\$ 1,395</u>	<u>\$ 226</u>	<u>\$ 300,480</u>

	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 19,928,328	\$ 34,348,192
Accrued Salaries and Wages	47,046	1,165,664
Compensated Absences	10,976	102,257
Accrued Interest Payable	93,278	93,278
Retainage Payable	<u>62,503</u>	<u>851,338</u>
	<u>\$ 20,142,131</u>	<u>\$ 36,560,729</u>

Reconciliation to the Government-Wide Statement of Net Position:	
Accrued Interest Payable	<u>1,324,935</u>
	<u>\$ 37,885,664</u>

Note 11 - UNAVAILABLE REVENUE

At June 30, 2017, unavailable revenue consisted of the following:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$ 1,165,687	\$	\$ 81,740	\$ 1,247,427
Ambulance Fees	147,806			147,806
Lease Revenues		27,038,675		27,038,675
Other		<u>5,139</u>	<u>67,801</u>	<u>72,940</u>
	<u>\$ 1,313,493</u>	<u>\$ 27,043,814</u>	<u>\$ 149,541</u>	<u>\$ 28,506,848</u>

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2017, long-term debt of the City's governmental activities was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
General Obligation Bonds:				
Series 2008A	\$ 12,300,000	4.50 - 5.13%	03/01/18	\$ 350,000
Refunding Series 2011B	15,800,000	3.00 - 5.00	03/01/28	12,115,000
Series 2012A	4,030,000	1.50 - 2.38	03/01/32	3,445,000
Series 2012B	7,560,000	2.00 - 3.50	03/01/32	7,510,000
Refunding Series 2015A	7,553,000	2.38	09/01/30	7,107,000
Refunding Series 2015B	1,560,000	1.99	09/01/25	1,413,000
Refunding Series 2015C	8,349,000	2.38	09/01/30	8,096,000
				<u>\$ 40,036,000</u>
Certificates of Participation:				
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	\$ <u>1,625,000</u>
Tax Increment Revenue Bonds:				
Series 2009	10,065,000	3.00 - 5.00	03/01/34	\$ 8,495,000
Refunding Series 2016	43,280,000	3.00 - 5.00	10/01/35	38,960,000
				<u>\$ 47,455,000</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	2.25	05/01/27	\$ 5,952,815
Series 2010	2,773,380	1.67	02/01/30	1,864,925
Series 2014	11,942,107	2.00	02/01/36	9,382,453
				<u>\$ 17,200,193</u>
Hospitality Fee Revenue Bonds:				
Refunding Series 2014A	17,400,000	1.05 - 5.90	06/01/39	\$ 14,860,000
Refunding Series 2014B	44,515,000	2.00 - 5.00	06/01/36	43,565,000
				<u>\$ 58,425,000</u>
Capital Lease Obligations:				
2013	290,000	1.28	07/02/18	\$ 59,485
2014	3,636,423	2.68	08/01/22	3,365,830
2015	210,000	1.60	02/20/20	127,990
2015	930,000	1.35	02/20/18	314,149
2015	1,290,000	1.46	04/24/18	436,230
2016	1,072,398	2.32	08/05/21	782,616
2016	427,602	2.32	08/05/21	427,602
				<u>\$ 5,513,902</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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, 2018	\$ 2,271,000	\$ 1,240,195	\$ 3,511,195
2019	2,794,000	1,155,256	3,949,256
2020	2,808,000	1,062,622	3,870,622
2021	2,902,000	967,800	3,869,800
2022	2,994,000	869,233	3,863,233
2023 - 2027	16,284,000	2,918,981	19,202,981
2028 - 2032	<u>9,983,000</u>	<u>723,631</u>	<u>10,706,631</u>
	<u>\$ 40,036,000</u>	<u>\$ 8,937,718</u>	<u>\$ 48,973,718</u>

Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ <u>1,625,000</u>	\$ <u>32,500</u>	\$ <u>1,657,500</u>

Tax Increment Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ 1,640,000	\$ 2,049,860	\$ 3,689,860
2019	1,720,000	1,976,185	3,696,185
2020	1,805,000	1,892,085	3,697,085
2021	1,890,000	1,803,760	3,693,760
2022	1,980,000	1,711,410	3,691,410
2023 - 2027	11,425,000	6,987,257	18,412,257
2028 - 2032	14,515,000	3,841,255	18,356,255
2033 - 2036	<u>12,480,000</u>	<u>782,400</u>	<u>13,262,400</u>
	<u>\$ 47,455,000</u>	<u>\$ 21,044,212</u>	<u>\$ 68,499,212</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Storm Water Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ 1,175,452	\$ 380,335	\$ 1,555,787
2019	1,199,842	355,945	1,555,787
2020	1,224,784	331,003	1,555,787
2021	1,250,294	305,493	1,555,787
2022	1,276,382	279,405	1,555,787
2023 - 2027	6,794,492	984,443	7,778,935
2028 - 2032	3,650,769	428,337	4,079,106
2033	628,178	43,866	672,044
	<u>\$ 17,200,193</u>	<u>\$ 3,108,827</u>	<u>\$ 20,309,020</u>

Proceeds of the storm water revenue bonds, series 2014 are received when eligible project costs are incurred. Accordingly, an additional \$1,819,815 of proceeds will be received by the City.

Hospitality Fee Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ 1,210,000	\$ 2,850,692	\$ 4,060,692
2019	1,245,000	2,816,894	4,061,894
2020	2,275,000	2,780,444	5,055,444
2021	2,385,000	2,671,112	5,056,112
2022	2,500,000	2,555,402	5,055,402
2023 - 2027	13,200,000	11,048,581	24,248,581
2028 - 2032	16,310,000	7,503,473	23,813,473
2033 - 2037	17,160,000	3,040,732	20,200,732
2038 - 2039	2,140,000	191,225	2,331,225
	<u>\$ 58,425,000</u>	<u>\$ 35,458,555</u>	<u>\$ 93,883,555</u>

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2017, the gross amount of equipment recorded under capital leases totaled \$7,856,423. 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, 2017 are as follows:

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Year Ending June 30, 2018	\$ 1,543,420
2019	842,711
2020	782,465
2021	738,433
2022	738,433
2023	<u>1,348,716</u>
Total Minimum Lease Payments	\$ 5,994,178
Amount Representing Interest	<u>(480,276)</u>
Present Value of Minimum Lease Payments	<u>\$ 5,513,902</u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2017:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2007	\$ 11,710,000	4.00 - 5.00%	03/01/18	\$ 590,000
Series 2011	8,900,000	2.00 - 4.13	03/01/32	7,475,000
Series 2016	18,440,000	2.00 - 5.00	03/01/36	<u>18,085,000</u>
				<u>\$ 26,150,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	<u>\$ 1,505,000</u>

Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ 1,380,000	\$ 1,057,100	\$ 2,437,100
2019	1,405,000	1,011,325	2,416,325
2020	1,435,000	975,225	2,410,225
2021	1,495,000	911,775	2,406,775
2022	1,545,000	866,925	2,411,925
2023 - 2027	12,965,000	3,062,437	16,027,437
2028 - 2032	4,365,000	805,531	5,170,531
2033 - 2036	<u>1,560,000</u>	<u>125,650</u>	<u>1,685,650</u>
	<u>\$ 26,150,000</u>	<u>\$ 8,815,968</u>	<u>\$ 34,965,968</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ 735,000	\$ 56,875	\$ 791,875
2019	<u>770,000</u>	<u>19,250</u>	<u>789,250</u>
	<u>\$ 1,505,000</u>	<u>\$ 76,125</u>	<u>\$ 1,581,125</u>

C. MBDRC

Long-term debt outstanding at June 30, 2017 in the MBDRC was as follows:

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

Revolving Line of Credit

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$	\$ 169,223	\$ 169,223
2019		169,223	169,223
2020		169,223	169,223
2021	<u>3,981,711</u>	<u>112,815</u>	<u>4,094,526</u>
	<u>\$ 3,981,711</u>	<u>\$ 620,484</u>	<u>\$ 4,602,195</u>

D. MBCCHC

Long-term debt outstanding at June 30, 2017 in the MBCCHC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds: Refunding Series 2015	\$ 16,405,000	2.00 - 5.00%	04/01/36	\$ <u>14,985,000</u>

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Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2018	\$ 740,000	\$ 631,663	\$ 1,371,663
2019	770,000	602,062	1,372,062
2020	355,000	571,263	926,263
2021	380,000	553,512	933,512
2022	395,000	534,513	929,513
2023 - 2027	3,350,000	2,349,563	5,699,563
2028 - 2032	4,615,000	1,526,913	6,141,913
2033 - 2036	4,380,000	542,061	4,922,061
	<u>\$ 14,985,000</u>	<u>\$ 7,311,550</u>	<u>\$ 22,296,550</u>

E. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2017 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	\$ 42,520,000	\$	\$ 2,484,000	\$ 40,036,000	\$ 2,271,000
Certificates of Participation	3,205,000		1,580,000	1,625,000	1,625,000
Tax Increment Revenue Bonds	51,902,603	43,280,000	47,727,603	47,455,000	1,640,000
Storm Water Revenue Bonds	15,996,027	2,355,769	1,151,603	17,200,193	1,175,452
Hospitality Fee Revenue Bonds	59,610,000		1,185,000	58,425,000	1,210,000
Unamortized Bond Discount	(110,453)		(66,572)	(43,881)	
Unamortized Bond Premium	3,829,413	4,669,194	480,957	8,017,650	
	<u>\$ 176,952,590</u>	<u>\$ 50,304,963</u>	<u>\$ 54,542,591</u>	<u>\$ 172,714,962</u>	<u>\$ 7,921,452</u>
Capital Lease Obligations	5,717,553	1,210,218	1,413,869	5,513,902	1,412,467
Unreported Insurance Claims	3,189,023	10,861,871	10,484,570	3,566,324	591,439
Compensated Absences	3,817,002	1,727,439	1,459,726	4,084,715	1,269,715
	<u>\$ 189,676,168</u>	<u>\$ 64,104,491</u>	<u>\$ 67,900,756</u>	<u>\$ 185,879,903</u>	<u>\$ 11,195,073</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(10,976)	(10,976)
Net Pension Liability	82,224,223	
	<u>\$ 268,093,150</u>	<u>\$ 11,184,097</u>

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 27,445,000	\$	\$ 1,295,000	\$ 26,150,000	\$ 1,380,000
Certificates of Participation	2,205,000		700,000	1,505,000	735,000
Unamortized Bond Discount	(10,132)		(5,065)	(5,067)	
Unamortized Bond Premium	<u>2,667,621</u>		<u>137,290</u>	<u>2,530,331</u>	
	\$ 32,307,489	\$	\$ 2,127,225	\$ 30,180,264	\$ 2,115,000
Compensated Absences	<u>261,556</u>	<u>111,227</u>	<u>103,634</u>	<u>269,149</u>	<u>91,281</u>
	<u>\$ 32,569,045</u>	<u>\$ 111,227</u>	<u>\$ 2,230,859</u>	<u>\$ 30,449,413</u>	<u>\$ 2,206,281</u>

Reconciliation to the Government-Wide Statement of Net Position:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(91,281)	(91,281)
Bonds Payable Included in Liabilities Payable From Restricted Assets	(2,115,000)	(2,115,000)
Net Pension Liability	<u>7,683,818</u>	
	<u>\$ 35,926,950</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 \$41,112, capital lease obligations of \$3,921,422, unreported insurance claims of \$3,566,324 and net pension liability of \$836,138 are included in the above amounts.

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

The MBDRC's long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revolving Line of Credit	\$	\$ 3,981,711	\$	\$ 3,981,711	\$
Compensated Absences	<u>24,720</u>	<u>6,580</u>	<u>24,815</u>	<u>6,485</u>	<u>2,170</u>
	<u>\$ 24,720</u>	<u>\$ 3,988,291</u>	<u>\$ 24,815</u>	<u>\$ 3,988,196</u>	<u>\$ 2,170</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 15,700,000	\$	\$ 715,000	\$ 14,985,000	\$ 740,000
Unamortized Bond Premium	<u>1,591,488</u>		<u>80,580</u>	<u>1,510,908</u>	
	<u>\$ 17,291,488</u>	<u>\$</u>	<u>\$ 795,580</u>	<u>\$ 16,495,908</u>	<u>\$ 740,000</u>

Reconciliation to the Government-Wide Statement of Net Position:

Bonds Payable Included in Liabilities Payable From Restricted Assets	(740,000)	(740,000)
	<u>\$ 15,755,908</u>	<u>\$</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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F. Pledged Revenues

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

	<u>Pledged Revenue</u>	<u>Purpose</u>	<u>Debt Service Remaining</u>	<u>Term (Year Ending June 30)</u>
Tax Increment Revenue Bonds	Property Taxes	Construction	\$ 68,499,212	2036
Storm Water Revenue Bonds	Storm Water Fees	Construction	20,309,020	2033
Waterworks and Sewer System Revenue Bonds	Water and Sewer Fees	Construction	34,965,968	2036
Hospitality Fee Revenue Bonds	Hospitality Fee Taxes	Debt Extinguishment and Construction	93,883,555	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, 2017 follows:

	<u>Current Year Pledged Revenue</u>	<u>Percentage of Total Revenue Stream</u>	<u>Current Year Principal and Interest Paid</u>	<u>Percentage of Pledged Revenue</u>
Tax Increment Revenue Bonds	\$ 7,994,053	100.00%	\$ 5,932,054	74.21%
Storm Water Revenue Bonds	2,319,629	100.00	1,555,787	67.07
Waterworks and Sewer System Revenue Bonds	31,081,872	100.00	2,465,975	7.93
Hospitality Fee Revenue Bonds	11,874,960	100.00	4,061,408	34.20

G. Debt Defeasance

On September 22, 2015, the City issued \$8,349,000 in Refunding General Obligation Bonds, Series 2015C (2015C bonds) with interest rates at 2.38%. The City issued the 2015C bonds to advance refund \$7,550,000 of the outstanding General Obligation Bonds, Series 2008A (2008A bonds), with interest rates ranging from 4.50% to 5.13%. The City used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2008A bonds. As a result, the 2008A bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$1,648,637. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,149,308. At June 30, 2017, the unmatured and outstanding principal balance on the defeased 2008A bonds is \$8,349,000.

On January 28, 2016, the City issued \$18,440,000 in Refunding and Improvement Waterworks and Sewer System Revenue Bonds, Series 2016 (2016 bonds) with interest rates ranging from 2.00% to 5.00%. The City issued the 2016 bonds to advance refund \$7,570,000 of the outstanding Waterworks and Sewer System Revenue Bonds, Series 2007 (2007 bonds), with interest rates ranging from 4.00% to 4.50%, and to improve the water and sewer system. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2007 bonds. As a result, the 2007 bonds are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$763,768. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$651,992. At June 30, 2017, the unmatured and outstanding principal balance on the defeased 2007 bonds is \$7,570,000.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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On September 29, 2016, the City issued \$43,280,000 in Tax Increment Revenue Refunding Bonds, Series 2016 (2016 bonds) with interest rates ranging from 3.0% to 5.0%. The City issued the 2016 bonds to advance refund \$26,825,000 of the outstanding Tax Increment Bonds, Series 2006A (2006A bonds), with interest rates ranging from 5.25% to 5.30%, \$9,822,603 of the outstanding Tax Increment Bonds, Series 2006B (2006B bonds), with interest rates at 7.50%, and \$6,425,000 of the outstanding Tax Increment Bonds, Series 2010 (2010 bonds), with interest rates at 3.70%. 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 2006A bonds, 2006B bonds and 2010 bonds. As a result, the 2006A, 2006B bonds and 2010 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 \$12,644,745. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$8,274,294. At June 30, 2017, the unmatured and outstanding principal balance on the defeased 2006A bonds, 2006B bonds and 2010 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 various years though the year 2020. At June 30, 2017, 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, 2017 are shown below.

Year Ending June 30, 2018	\$ 240,000
2019	240,000
2020	<u>120,000</u>
	<u>\$ 600,000</u>

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2017 amounted to \$2,710,870. In accordance with an agreement entered into on May 5, 2004, the City is required to remit 75% of the proceeds from these leases to Horry County, South Carolina.

The City is the lessor of a baseball stadium facility under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Baseball Stadium Fund. The lease expires in 2018 and requires annual rental payments equal to 4.0% of adjusted gross revenues in excess of \$3,250,000 on December 31 of each year. During the year ended June 30, 2017, rental income from this lease amounted to \$55,447.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2017:

Land	\$ 5,600,000
Land Improvements	1,311,928
Buildings	8,951,154
Equipment	977,241
Accumulated Depreciation	<u>(7,013,934)</u>
	<u>\$ 9,826,389</u>

The City is the lessor of a golf course under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Municipal Golf Course Fund. The lease expires in 2019 and requires annual rental payments equal to 3.5% of gross revenues, when annual gross revenue exceeds \$1,100,000, on June 30 of each year. During the year ended June 30, 2017, rental income from this lease amounted to \$156,784.

The following is an analysis of the property being leased by the Municipal Golf Course Fund at June 30, 2017:

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Land	\$ 10,385,480
Land Improvements	7,604,606
Buildings	324,386
Equipment	362,776
Accumulated Depreciation	<u>(4,700,411)</u>
	<u>\$ 13,976,837</u>

Note 14 - PENSION PLANS

A. Plan Description

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

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

PEBA issues a publicly available comprehensive annual financial report that can be obtained at www.peba.sc.gov or by writing to PEBA, 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.

C. Benefits Provided

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

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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. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the State Fiscal Accountability Authority for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation for the SCRS and 5.0% for the PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

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

	<u>SCRS</u>	<u>PORS</u>
Class Two Member	8.66%	9.24%
Class Three Member	8.66	9.24

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

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	<u>SCRS</u>	<u>PORS</u>
Class Two Member	11.41 %	13.84 %
Class Three Member	11.41	13.84
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, 2017 were \$2,619,344 and \$3,244,075, 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, 2017, the City reported a liability of \$48,053,900 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the SCRS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.224973%, which is an increase of 0.006052% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$4,396,188.

PORS - At June 30, 2017, the City reported a liability of \$41,854,141 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the PORS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 1.650090%, which is an increase of 0.11459% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$5,054,690.

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

At June 30, 2017, the City reported deferred outflows of resources related to pension plans from the following sources:

	<u>SCRS</u>	<u>PORS</u>
Differences Between Expected and Actual Pension Liability Experience	\$ 498,135	\$ 621,035
Differences Between Projected and Actual Earnings on Plan Investments	5,675,610	6,573,477
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	846,424	1,942,433
City Contributions Subsequent to the Measurement Date	<u>2,619,344</u>	<u>3,244,075</u>
	<u>\$ 9,639,513</u>	<u>\$ 12,381,020</u>

At June 30, 2017, the City reported deferred inflows of resources related to pension plans from the following sources:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

	<u>SCRS</u>	<u>PORS</u>
Differences Between Expected and Actual Pension Liability Experience	\$ 52,187	\$
Differences Between Projected and Actual Earnings on Plan Investments	1,632,733	1,827,585
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>332,922</u>	<u></u>
	<u>\$ 2,017,842</u>	<u>\$ 1,827,585</u>

The \$5,863,419 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension plans will be recognized in pension expense as follows:

Year Ended June 30, 2018	\$ 2,974,033
2019	2,682,173
2020	4,287,102
2021	<u>2,368,379</u>
	<u>\$ 12,311,687</u>

G. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the thirty year capital markets outlook at the end of the third quarter 2015. The long-term expected rates of return 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 revised target asset allocation adopted beginning January 1, 2016. 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 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% percent inflation component. The target assets allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Global Equity		
Global Public Equity	34.0%	6.52%
Private Equity	9.0	9.30
Real Assets		
Real Estate	5.0	4.32
Commodities	3.0	4.53
Opportunistic		
GTAA/Risk Parity	10.0	3.90
HF (Low Beta)	10.0	3.87
Diversified Credit		
Mixed Credit	5.0	3.52
Emerging Markets Debt	5.0	4.91
Private Debt	7.0	4.47
Conservative Fixed Income		
Core Fixed Income	10.0	1.72
Cash and Short Duration (Net)	<u>2.0</u>	0.71
	<u>100.0%</u>	

H. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina Code of Laws will remain unchanged in future years. Based on those assumptions, the SCRS's and the PORS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	<u>SCRS</u>		
	<u>1.0% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1.0% Increase (8.5%)</u>
City's Proportionate Share of the Net Pension Liability	\$ <u>59,945,925</u>	\$ <u>48,053,900</u>	\$ <u>38,154,238</u>

	<u>PORS</u>		
	<u>1.0% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1.0% Increase (8.5%)</u>
City's Proportionate Share of the Net Pension Liability	\$ <u>54,853,437</u>	\$ <u>41,854,141</u>	\$ <u>30,171,836</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

J. SCRS and PORS Fiduciary Net Position

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

Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN

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

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The City's required contribution for the year ended June 30, 2017 was \$2,928,277. During the year ended June 30, 2017, the City contributed \$1,339,546 to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

Note 16 - RISK MANAGEMENT

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

The Self Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2017, the Self Insurance Fund has a claim liability of \$2,974,885. 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, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 2,635,344	\$ 2,236,424
Claims Incurred and Change in Estimate	1,586,379	1,494,565
Claim Payments	<u>(1,246,838)</u>	<u>(1,095,645)</u>
Ending Balance	<u>\$ 2,974,885</u>	<u>\$ 2,635,344</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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017, the Health Insurance Fund has a claim liability of \$591,439, 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, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 553,679	\$ 540,311
Claims Incurred and Change in Estimate	9,275,492	8,712,415
Claim Payments	<u>(9,237,732)</u>	<u>(8,699,047)</u>
Ending Balance	\$ <u>591,439</u>	\$ <u>553,679</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, 2017, water and wastewater treatment service charges totaled \$14,876,209.

Prior to June 30, 2017, the City entered into various construction contracts. The approximate costs of the contracts were \$23,333,000 of which roughly \$17,243,000 has been incurred as of year-end.

Note 18 - CONTINGENCIES

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

Note 19 - SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the City issued \$9,575,000 of hospitality fee revenue bonds. The interest rates on the bonds range from 3.0% to 5.0% and the final maturity date is June 1, 2038.

Subsequent to June 30, 2017, the City issued \$7,245,000 of tax increment revenue bonds. The interest rates on the bonds range from 3.0% to 5.0% and the final maturity date is April 1, 2034.

Subsequent to June 30, 2017, the City entered into a \$2,535,000 capital lease obligation to acquire telescopic seating and a fire truck. The interest rate on the capital lease is 1.94% and the final maturity date is during September 2022.



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 Four 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>
6/30/17	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 Four 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>
6/30/17	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 Four 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>
6/30/17	\$ 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 Four 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>
6/30/17	\$ 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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 23,520,000	\$ 23,520,000	\$ 22,913,423	\$ (606,577)
Licenses and Permits	27,708,100	27,708,100	30,602,649	2,894,549
Fines and Forfeitures	1,116,575	1,116,575	1,311,156	194,581
Intergovernmental	2,760,924	3,387,424	5,046,774	1,659,350
Charges for Services	3,147,631	3,157,631	2,805,491	(352,140)
Miscellaneous	3,214,700	3,221,950	3,452,858	230,908
Total Revenues	\$ 61,467,930	\$ 62,111,680	\$ 66,132,351	\$ 4,020,671
EXPENDITURES				
Current:				
General Government	\$ 10,371,124	\$ 10,368,344	\$ 10,938,210	\$ (569,866)
Public Safety	41,248,993	41,899,698	41,944,606	(44,908)
Transportation	4,333,399	4,333,399	4,012,764	320,635
Community and Economic Development	3,627,219	3,627,219	3,388,724	238,495
Culture and Recreation	7,771,033	7,791,160	7,723,599	67,561
Public Works	7,548,733	7,557,233	7,117,694	439,539
Capital Outlay	580,054	565,427	571,568	(6,141)
Total Expenditures	\$ 75,480,555	\$ 76,142,480	\$ 75,697,165	\$ 445,315
Deficiency of Revenues Under Expenditures	\$ (14,012,625)	\$ (14,030,800)	\$ (9,564,814)	\$ 4,465,986
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 14,050,926	\$ 14,226,382	\$ 11,956,380	\$ (2,270,002)
Transfers Out	(138,301)	(244,733)	(244,733)	
Sale of Capital Assets			21,787	21,787
Total Other Financing Sources (Uses)	\$ 13,912,625	\$ 13,981,649	\$ 11,733,434	\$ (2,248,215)
Net Change in Fund Balances	\$ (100,000)	\$ (49,151)	\$ 2,168,620	\$ 2,217,771
Fund Balances - Beginning	13,465,567	13,465,567	13,465,567	
Fund Balances - Ending	\$ 13,365,567	\$ 13,416,416	\$ 15,634,187	\$ 2,217,771

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$	\$	\$ 27,300	\$ 27,300
Charges for Services	3,205,000	3,621,463	3,515,490	(105,973)
Miscellaneous	2,600,000	2,600,000	3,419,174	819,174
Total Revenues	\$ 5,805,000	\$ 6,221,463	\$ 6,961,964	\$ 740,501
EXPENDITURES				
Current:				
General Government	\$ 433,982	\$ 433,982	\$ 414,590	\$ 19,392
Culture and Recreation	4,962,261	5,368,177	5,300,344	67,833
Capital Outlay	460,000	470,547	264,764	205,783
Total Expenditures	\$ 5,856,243	\$ 6,272,706	\$ 5,979,698	\$ 293,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (51,243)	\$ (51,243)	\$ 982,266	\$ 1,033,509
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$
Transfers Out	(2,480,653)	(2,480,653)	(2,480,653)	
Total Other Financing Sources (Uses)	\$ (230,653)	\$ (230,653)	\$ (230,653)	\$
Net Change in Fund Balances	\$ (281,896)	\$ (281,896)	\$ 751,613	\$ 1,033,509
Fund Balances - Beginning	1,345,751	1,345,751	1,345,751	
Fund Balances - Ending	\$ 1,063,855	\$ 1,063,855	\$ 2,097,364	\$ 1,033,509

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Local Option Tourism Taxes	\$ 26,190,000	\$ 28,316,017	\$ 28,316,017	\$
Miscellaneous	45,000	45,000	72,012	27,012
Total Revenues	<u>\$ 26,235,000</u>	<u>\$ 28,361,017</u>	<u>\$ 28,388,029</u>	<u>\$ 27,012</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 20,988,000	\$ 22,702,365	\$ 22,702,365	\$
Excess of Revenues Over Expenditures	\$ 5,247,000	\$ 5,658,652	\$ 5,685,664	\$ 27,012
OTHER FINANCING USES				
Transfers Out	<u>(5,692,458)</u>	<u>(6,082,144)</u>	<u>(6,082,144)</u>	
Net Change in Fund Balance	\$ (445,458)	\$ (423,492)	\$ (396,480)	\$ 27,012
Fund Balance - Beginning	<u>910,421</u>	<u>910,421</u>	<u>910,421</u>	
Fund Balance - Ending	<u>\$ 464,963</u>	<u>\$ 486,929</u>	<u>\$ 513,941</u>	<u>\$ 27,012</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

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, 2017, 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, 2017, 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, 2017 as follows:

General Fund	\$ 768,357
Convention Center Fund	416,463
Local Option Tourism Fee Fund	2,104,051
Capital Improvements Fund	21,215,203
Water and Sewer Fund	924,926
Baseball Stadium Fund	89,847
Municipal Golf Course Fund	5,786
Solid Waste Management Fund	2,676,922
Nonmajor Governmental Funds:	
Accommodations Tax Fund	92,259
Community Block Development Fund	154,371
Ocean Front Tax Increment Revenue Fund	300,132
Air Base Tax Increment Revenue Fund	48,547,315
Sports Tourism Fund	417,891



First in Service

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



First in Service

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund

The **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue Funds					
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate	Local Accommodations Tax	Storm Water
ASSETS						
Cash and Temporary Investments	\$	\$	\$ 292,475	\$ 9,009	\$ 735,425	\$ 2,516,142
Receivables (Net):						
Property Taxes						
Local Accommodations Taxes					451,110	
Hospitality Fee Taxes						
Storm Water Fees						77,214
Accounts						
Intergovernmental	3,545,650		88,605			120,907
Loans			192,685			
Due From Other Funds						
Inventories						
Prepaid Assets						
Restricted Cash and Temporary Investments		1,657,500				1,846,896
Total Assets	\$ 3,545,650	\$ 1,657,500	\$ 573,765	\$ 9,009	\$ 1,186,535	\$ 4,561,159
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued						
Expenditures	\$ 1,063,695	\$	\$ 6,062	\$ 9,009	\$ 18	\$ 597,234
Due to Other Funds	2,466,955	2,346,697			205,598	
Unearned Revenue						
Total Liabilities	<u>\$ 3,530,650</u>	<u>\$ 2,346,697</u>	<u>\$ 6,062</u>	<u>\$ 9,009</u>	<u>\$ 205,616</u>	<u>\$ 597,234</u>
Deferred Inflows of Resources:						
Unavailable Revenue	\$	\$	\$	\$	\$ 1,929	\$
Fund Balances (Deficit):						
Nonspendable:						
Inventories	\$	\$	\$	\$	\$	\$
Long-Term Receivables			192,685			
Prepaid Assets						
Restricted for:						
Capital Projects						
Community Development			375,018			2,117,029
Debt Service		1,657,500				1,846,896
Tourism Promotion and Support	15,000				978,990	
Unassigned		(2,346,697)				
Total Fund Balances (Deficit)	<u>\$ 15,000</u>	<u>\$ (689,197)</u>	<u>\$ 567,703</u>	<u>\$</u>	<u>\$ 978,990</u>	<u>\$ 3,963,925</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,545,650	\$ 1,657,500	\$ 573,765	\$ 9,009	\$ 1,186,535	\$ 4,561,159

Special Revenue Funds							
Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Sports Tourism	Product Development	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$ 597,685	\$	\$ 419,470	\$ 325,690	\$ 4,895,896	\$ 4,639,585	\$ 9,535,481
15,858		68,398			84,256		84,256
					451,110		451,110
	1,751,816				1,751,816		1,751,816
					77,214		77,214
61,067			126,773		187,840		187,840
					3,755,162		3,755,162
					192,685		192,685
				812,679	812,679		812,679
			30,134		30,134		30,134
			36,732		36,732		36,732
742,656		13,775,466			18,022,518		18,022,518
<u>\$ 819,581</u>	<u>\$ 2,349,501</u>	<u>\$ 13,843,864</u>	<u>\$ 613,109</u>	<u>\$ 1,138,369</u>	<u>\$ 30,298,042</u>	<u>\$ 4,639,585</u>	<u>\$ 34,937,627</u>
\$ 241,807	\$ 26	\$ 18,000	\$ 384,587	\$	\$ 2,320,438	\$ 8,750	\$ 2,329,188
145,075	607,223	619,381			6,390,929		6,390,929
			170,100		170,100		170,100
<u>\$ 386,882</u>	<u>\$ 607,249</u>	<u>\$ 637,381</u>	<u>\$ 554,687</u>	<u>\$</u>	<u>\$ 8,881,467</u>	<u>\$ 8,750</u>	<u>\$ 8,890,217</u>
<u>\$ 13,342</u>	<u>\$ 65,872</u>	<u>\$ 68,398</u>	<u>\$</u>	<u>\$</u>	<u>\$ 149,541</u>	<u>\$</u>	<u>\$ 149,541</u>
\$	\$	\$	\$ 30,134	\$	\$ 30,134	\$	\$ 30,134
					192,685		192,685
			36,732		36,732		36,732
		2,851,521			2,851,521		2,851,521
		7,323,998			9,816,045		9,816,045
742,656		2,962,566			7,209,618	4,630,835	11,840,453
	1,676,380			1,138,369	3,808,739		3,808,739
(323,299)			(8,444)		(2,678,440)		(2,678,440)
<u>\$ 419,357</u>	<u>\$ 1,676,380</u>	<u>\$ 13,138,085</u>	<u>\$ 58,422</u>	<u>\$ 1,138,369</u>	<u>\$ 21,267,034</u>	<u>\$ 4,630,835</u>	<u>\$ 25,897,869</u>
<u>\$ 819,581</u>	<u>\$ 2,349,501</u>	<u>\$ 13,843,864</u>	<u>\$ 613,109</u>	<u>\$ 1,138,369</u>	<u>\$ 30,298,042</u>	<u>\$ 4,639,585</u>	<u>\$ 34,937,627</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	Special Revenue Funds					
	Accommodations	Public	Community	Victims	Local	Storm
	Tax	Facilities	Block	Advocate	Accommodations	
		Corporation	Development		Tax	Water
REVENUES						
Property Taxes	\$	\$	\$	\$	\$	\$
Local Accommodations Taxes					2,755,560	
Hospitality Fee Taxes						
Storm Water Fees						2,319,629
Fines and Forfeitures				118,783		
Intergovernmental	9,999,524		361,799			131,402
Charges for Services						
Miscellaneous	17,735	6,192			3,825	14,660
Total Revenues	\$ 10,017,259	\$ 6,192	\$ 361,799	\$ 118,783	\$ 2,759,385	\$ 2,465,691
EXPENDITURES						
Current:						
General Government	\$	\$	\$	\$ 269,009	\$	\$ 322,944
Transportation						2,051,039
Community and Economic Development	3,416,357		506,805			
Culture and Recreation						
Capital Outlay			9,365			922,025
Debt Service:						
Principal						1,151,603
Interest and Fiscal Charges						405,848
Bond Issuance Costs						
Payments to Escrow Agent						
Total Expenditures	\$ 3,416,357	\$	\$ 516,170	\$ 269,009	\$	\$ 4,853,459
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	\$ 6,600,902	\$ 6,192	\$ (154,371)	\$ (150,226)	\$ 2,759,385	\$ (2,387,768)
OTHER FINANCING SOURCES (USES)						
Transfers In	\$	\$ 1,677,200	\$	\$ 150,226	\$	\$ 1,662,000
Transfers Out	(6,585,902)	(1,677,200)			(2,909,514)	
Refunding Tax Increment Revenue Bonds Issued						
Premium on Refunding Tax Increment						
Revenue Bonds						
Payments to Escrow Agent						
Storm Water Revenue Bonds Issued						2,355,769
Total Other Financing Sources (Uses)	\$ (6,585,902)	\$	\$	\$ 150,226	\$ (2,909,514)	\$ 4,017,769
Net Change in Fund Balances	\$ 15,000	\$ 6,192	\$ (154,371)	\$	\$ (150,129)	\$ 1,630,001
Fund Balances - Beginning		(695,389)	722,074		1,129,119	2,333,924
Fund Balances - Ending	\$ 15,000	\$ (689,197)	\$ 567,703	\$	\$ 978,990	\$ 3,963,925

Special Revenue Funds							Total Nonmajor Governmental Funds
Ocean Front Tax Increment Revenue	Hospitality Fee	Air Base Tax Increment Revenue	Sports Tourism	Product Development	Total	Debt Service Fund	
\$	\$	\$ 7,994,053	\$	\$	\$ 7,994,053	\$ 1,867,557	\$ 9,861,610
					2,755,560		2,755,560
	11,874,960				11,874,960		11,874,960
					2,319,629		2,319,629
					118,783		118,783
					10,492,725		10,492,725
			1,249,621		1,249,621		1,249,621
172,157	9,793	20,795	31	1,053	246,241	11,643	257,884
<u>\$ 172,157</u>	<u>\$ 11,884,753</u>	<u>\$ 8,014,848</u>	<u>\$ 1,249,652</u>	<u>\$ 1,053</u>	<u>\$ 37,051,572</u>	<u>\$ 1,879,200</u>	<u>\$ 38,930,772</u>
\$	\$	\$	\$	\$	\$ 591,953	\$ 230,604	\$ 822,557
					2,051,039		2,051,039
		801,529			4,724,691		4,724,691
			2,418,007		2,418,007		2,418,007
265,857			25,621		1,222,868		1,222,868
335,000	1,185,000	4,320,000			6,991,603	4,920,675	11,912,278
403,808	2,883,328	878,976			4,571,960	1,453,488	6,025,448
		554,946			554,946		554,946
		7,387,801			7,387,801		7,387,801
<u>\$ 1,004,665</u>	<u>\$ 4,068,328</u>	<u>\$ 13,943,252</u>	<u>\$ 2,443,628</u>	<u>\$</u>	<u>\$ 30,514,868</u>	<u>\$ 6,604,767</u>	<u>\$ 37,119,635</u>
<u>\$ (832,508)</u>	<u>\$ 7,816,425</u>	<u>\$ (5,928,404)</u>	<u>\$ (1,193,976)</u>	<u>\$ 1,053</u>	<u>\$ 6,536,704</u>	<u>\$ (4,725,567)</u>	<u>\$ 1,811,137</u>
\$ 637,235	\$ 803,453	\$ 735,039	\$ 1,268,566	\$ 1,137,316	\$ 8,071,035	\$ 4,609,274	\$ 12,680,309
	(7,805,382)	(480,888)			(19,458,886)		(19,458,886)
		43,280,000			43,280,000		43,280,000
		4,669,194			4,669,194		4,669,194
		(40,086,136)			(40,086,136)		(40,086,136)
					2,355,769		2,355,769
<u>\$ 637,235</u>	<u>\$ (7,001,929)</u>	<u>\$ 8,117,209</u>	<u>\$ 1,268,566</u>	<u>\$ 1,137,316</u>	<u>\$ (1,169,024)</u>	<u>\$ 4,609,274</u>	<u>\$ 3,440,250</u>
\$ (195,273)	\$ 814,496	\$ 2,188,805	\$ 74,590	\$ 1,138,369	\$ 5,367,680	\$ (116,293)	\$ 5,251,387
614,630	861,884	10,949,280	(16,168)		15,899,354	4,747,128	20,646,482
<u>\$ 419,357</u>	<u>\$ 1,676,380</u>	<u>\$ 13,138,085</u>	<u>\$ 58,422</u>	<u>\$ 1,138,369</u>	<u>\$ 21,267,034</u>	<u>\$ 4,630,835</u>	<u>\$ 25,897,869</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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 9,900,000	\$ 9,999,524	\$ 9,999,524	\$
Miscellaneous	10,000	17,735	17,735	
Total Revenues	\$ 9,910,000	\$ 10,017,259	\$ 10,017,259	\$
EXPENDITURES				
Current:				
Community and Economic Development	\$ 3,343,501	\$ 3,416,357	\$ 3,416,357	\$
Excess of Revenues Over Expenditures	\$ 6,566,499	\$ 6,600,902	\$ 6,600,902	\$
OTHER FINANCING USES				
Transfers Out	(6,566,499)	(6,585,902)	(6,585,902)	
Net Change in Fund Balance	\$	\$ 15,000	\$ 15,000	\$
Fund Balance - Beginning				
Fund Balance - Ending	\$	\$ 15,000	\$ 15,000	\$

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PUBLIC FACILITIES CORPORATION FUND
Year Ended June 30, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ _____	\$ 6,192	\$ 6,192
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 1,677,200	\$ 1,677,200	\$ _____
Transfers Out	(1,677,200)	(1,677,200)	_____
Total Other Financing Sources (Uses)	\$ _____	\$ _____	\$ _____
Net Change in Fund Balances	\$ _____	\$ 6,192	\$ 6,192
Fund Balances - Beginning	(695,389)	(695,389)	_____
Fund Balances - Ending	\$ (695,389)	\$ (689,197)	\$ 6,192

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
COMMUNITY BLOCK DEVELOPMENT FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 494,357	\$ 494,357	\$ 361,799	\$ (132,558)
EXPENDITURES				
Current:				
Community and Economic Development	\$	\$ 506,805	\$ 506,805	\$
Capital Outlay	494,357	141,923	9,365	132,558
Total Expenditures	\$ 494,357	\$ 648,728	\$ 516,170	\$ 132,558
Net Change in Fund Balances	\$	\$ (154,371)	\$ (154,371)	\$
Fund Balances - Beginning	722,074	722,074	722,074	
Fund Balances - Ending	\$ 722,074	\$ 567,703	\$ 567,703	\$

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
VICTIMS ADVOCATE FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Fines and Forfeitures	\$ 135,000	\$ 123,075	\$ 118,783	\$ (4,292)
EXPENDITURES				
Current:				
General Government	\$ 273,301	\$ 273,301	\$ 269,009	\$ 4,292
Deficiency of Revenues Under Expenditures	\$ (138,301)	\$ (150,226)	\$ (150,226)	\$
OTHER FINANCING SOURCES				
Transfers In	138,301	150,226	150,226	
Net Change in Fund Balance	\$	\$	\$	\$
Fund Balance - Beginning				
Fund Balance - Ending	\$	\$	\$	\$

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
LOCAL ACCOMMODATIONS TAX FUND
Year Ended June 30, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Local Accommodations Taxes	\$ 2,760,950	\$ 2,755,560	\$ (5,390)
Miscellaneous	2,000	3,825	1,825
Total Revenues	<u>\$ 2,762,950</u>	<u>\$ 2,759,385</u>	<u>\$ (3,565)</u>
OTHER FINANCING USES			
Transfers Out	\$ <u>(3,670,474)</u>	\$ <u>(2,909,514)</u>	<u>\$ 760,960</u>
Net Change in Fund Balance	\$ (907,524)	\$ (150,129)	\$ 757,395
Fund Balance - Beginning	<u>1,129,119</u>	<u>1,129,119</u>	
Fund Balance - Ending	<u><u>\$ 221,595</u></u>	<u><u>\$ 978,990</u></u>	<u><u>\$ 757,395</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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Storm Water Fees	\$ 2,468,000	\$ 2,468,000	\$ 2,319,629	\$ (148,371)
Intergovernmental			131,402	131,402
Miscellaneous			14,660	14,660
Total Revenues	<u>\$ 2,468,000</u>	<u>\$ 2,468,000</u>	<u>\$ 2,465,691</u>	<u>\$ (2,309)</u>
EXPENDITURES				
Current:				
General Government	\$ 338,050	\$ 338,050	\$ 322,944	\$ 15,106
Transportation	2,208,615	2,208,615	2,051,039	157,576
Capital Outlay	1,776,146	1,776,146	922,025	854,121
Debt Service:				
Principal	1,148,922	1,148,922	1,151,603	(2,681)
Interest and Fiscal Charges	409,227	409,227	405,848	3,379
Total Expenditures	<u>\$ 5,880,960</u>	<u>\$ 5,880,960</u>	<u>\$ 4,853,459</u>	<u>\$ 1,027,501</u>
Deficiency of Revenues Under Expenditures	<u>\$ (3,412,960)</u>	<u>\$ (3,412,960)</u>	<u>\$ (2,387,768)</u>	<u>\$ 1,025,192</u>
OTHER FINANCING SOURCES				
Transfers In	\$ 1,662,000	\$ 1,662,000	\$ 1,662,000	\$
Storm Water Revenue Bonds Issued		2,355,769	2,355,769	
Total Other Financing Sources	<u>\$ 1,662,000</u>	<u>\$ 4,017,769</u>	<u>\$ 4,017,769</u>	<u>\$</u>
Net Change in Fund Balances	<u>\$ (1,750,960)</u>	<u>\$ 604,809</u>	<u>\$ 1,630,001</u>	<u>\$ 1,025,192</u>
Fund Balances - Beginning	<u>2,333,924</u>	<u>2,333,924</u>	<u>2,333,924</u>	<u></u>
Fund Balances - Ending	<u>\$ 582,964</u>	<u>\$ 2,938,733</u>	<u>\$ 3,963,925</u>	<u>\$ 1,025,192</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
OCEAN FRONT TAX INCREMENT REVENUE FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 200,000	\$ 200,000	\$	\$ (200,000)
Miscellaneous	2,000	2,000	172,157	170,157
Total Revenues	<u>\$ 202,000</u>	<u>\$ 202,000</u>	<u>\$ 172,157</u>	<u>\$ (29,843)</u>
EXPENDITURES				
Capital Outlay	\$	\$ 300,132	\$ 265,857	\$ 34,275
Debt Service:				
Principal	335,000	335,000	335,000	
Interest and Fiscal Charges	402,235	402,235	403,808	(1,573)
Total Expenditures	<u>\$ 737,235</u>	<u>\$ 1,037,367</u>	<u>\$ 1,004,665</u>	<u>\$ 32,702</u>
Deficiency of Revenues Under Expenditures	\$ (535,235)	\$ (835,367)	\$ (832,508)	\$ 2,859
OTHER FINANCING SOURCES				
Transfers In	<u>637,235</u>	<u>637,235</u>	<u>637,235</u>	
Net Change in Fund Balances	\$ 102,000	\$ (198,132)	\$ (195,273)	\$ 2,859
Fund Balances - Beginning	<u>614,630</u>	<u>614,630</u>	<u>614,630</u>	
Fund Balances - Ending	<u>\$ 716,630</u>	<u>\$ 416,498</u>	<u>\$ 419,357</u>	<u>\$ 2,859</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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Hospitality Fee Taxes	\$ 11,620,000	\$ 11,620,000	\$ 11,874,960	\$ 254,960
Miscellaneous	30,000	30,000	9,793	(20,207)
Total Revenues	<u>\$ 11,650,000</u>	<u>\$ 11,650,000</u>	<u>\$ 11,884,753</u>	<u>\$ 234,753</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 1,185,000	\$ 1,185,000	\$ 1,185,000	\$
Interest and Fiscal Charges	2,883,009	2,883,328	2,883,328	
Total Expenditures	<u>\$ 4,068,009</u>	<u>\$ 4,068,328</u>	<u>\$ 4,068,328</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 7,581,991</u>	<u>\$ 7,581,672</u>	<u>\$ 7,816,425</u>	<u>\$ 234,753</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 803,453	\$ 803,453	\$ 803,453	\$
Transfers Out	(9,170,284)	(9,169,965)	(7,805,382)	1,364,583
Total Other Financing Sources (Uses)	<u>\$ (8,366,831)</u>	<u>\$ (8,366,512)</u>	<u>\$ (7,001,929)</u>	<u>\$ 1,364,583</u>
Net Change in Fund Balance	<u>\$ (784,840)</u>	<u>\$ (784,840)</u>	<u>\$ 814,496</u>	<u>\$ 1,599,336</u>
Fund Balance - Beginning	<u>861,884</u>	<u>861,884</u>	<u>861,884</u>	<u></u>
Fund Balance - Ending	<u><u>\$ 77,044</u></u>	<u><u>\$ 77,044</u></u>	<u><u>\$ 1,676,380</u></u>	<u><u>\$ 1,599,336</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
AIR BASE TAX INCREMENT REVENUE FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 8,338,000	\$ 8,338,000	\$ 7,994,053	\$ (343,947)
Miscellaneous	638,000	638,000	20,795	(617,205)
Total Revenues	<u>\$ 8,976,000</u>	<u>\$ 8,976,000</u>	<u>\$ 8,014,848</u>	<u>\$ (961,152)</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 895,000	\$ 895,000	\$ 801,529	\$ 93,471
Capital Outlay	658,000	658,000		658,000
Debt Service:				
Principal	1,330,000	4,320,000	4,320,000	
Interest and Fiscal Charges	3,350,544	878,976	878,976	
Bond Issuance Costs		554,946	554,946	
Payments to Escrow Agent		7,387,801	7,387,801	
Total Expenditures	<u>\$ 6,233,544</u>	<u>\$ 14,694,723</u>	<u>\$ 13,943,252</u>	<u>\$ 751,471</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 2,742,456</u>	<u>\$ (5,718,723)</u>	<u>\$ (5,928,404)</u>	<u>\$ (209,681)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 500,000	\$ 735,039	\$ 735,039	\$
Transfers Out	(480,888)	(480,888)	(480,888)	
Refunding Tax Increment Revenue Bonds Issued		43,280,000	43,280,000	
Premium on Refunding Tax Increment				
Revenue Bonds		4,669,195	4,669,194	(1)
Payments to Escrow Agent		(40,086,136)	(40,086,136)	
Total Other Financing Sources (Uses)	<u>\$ 19,112</u>	<u>\$ 8,117,210</u>	<u>\$ 8,117,209</u>	<u>\$ (1)</u>
Net Change in Fund Balances	<u>\$ 2,761,568</u>	<u>\$ 2,398,487</u>	<u>\$ 2,188,805</u>	<u>\$ (209,682)</u>
Fund Balances - Beginning	<u>10,949,280</u>	<u>10,949,280</u>	<u>10,949,280</u>	
Fund Balances - Ending	<u><u>\$ 13,710,848</u></u>	<u><u>\$ 13,347,767</u></u>	<u><u>\$ 13,138,085</u></u>	<u><u>\$ (209,682)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
SPORTS TOURISM FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 1,528,102	\$ 1,945,993	\$ 1,249,621	\$ (696,372)
Miscellaneous			31	31
Total Revenues	<u>\$ 1,528,102</u>	<u>\$ 1,945,993</u>	<u>\$ 1,249,652</u>	<u>\$ (696,341)</u>
EXPENDITURES				
Current:				
Culture and Recreation	\$ 2,725,082	\$ 3,142,973	\$ 2,418,007	\$ 724,966
Capital Outlay	45,500	45,500	25,621	19,879
Total Expenditures	<u>\$ 2,770,582</u>	<u>\$ 3,188,473</u>	<u>\$ 2,443,628</u>	<u>\$ 744,845</u>
Deficiency of Revenues Under Expenditures	\$ (1,242,480)	\$ (1,242,480)	\$ (1,193,976)	\$ 48,504
OTHER FINANCING SOURCES				
Transfers In	<u>1,261,496</u>	<u>1,268,565</u>	<u>1,268,566</u>	<u>1</u>
Net Change in Fund Balances	\$ 19,016	\$ 26,085	\$ 74,590	\$ 48,505
Fund Balances - Beginning	<u>(16,168)</u>	<u>(16,168)</u>	<u>(16,168)</u>	
Fund Balances - Ending	<u>\$ 2,848</u>	<u>\$ 9,917</u>	<u>\$ 58,422</u>	<u>\$ 48,505</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, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ _____	\$ 1,053	\$ 1,053
OTHER FINANCING SOURCES			
Transfers In	\$ 993,178	\$ 1,137,316	\$ 144,138
Net Change in Fund Balance	\$ 993,178	\$ 1,138,369	\$ 145,191
Fund Balance - Beginning	_____	_____	_____
Fund Balance - Ending	\$ <u>993,178</u>	\$ <u>1,138,369</u>	\$ <u>145,191</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 1,926,000	\$ 1,926,000	\$ 1,867,557	\$ (58,443)
Miscellaneous	7,500	7,500	11,643	4,143
Total Revenues	<u>\$ 1,933,500</u>	<u>\$ 1,933,500</u>	<u>\$ 1,879,200</u>	<u>\$ (54,300)</u>
EXPENDITURES				
Current:				
General Government	\$ 185,244	\$ 185,244	\$ 230,604	\$ (45,360)
Debt Service:				
Principal	4,862,685	4,862,685	4,920,675	(57,990)
Interest and Fiscal Charges	1,850,620	1,850,620	1,453,488	397,132
Total Expenditures	<u>\$ 6,898,549</u>	<u>\$ 6,898,549</u>	<u>\$ 6,604,767</u>	<u>\$ 293,782</u>
Deficiency of Revenues Under Expenditures	\$ (4,965,049)	\$ (4,965,049)	\$ (4,725,567)	\$ 239,482
OTHER FINANCING SOURCES				
Transfers In	<u>4,610,679</u>	<u>4,609,273</u>	<u>4,609,274</u>	<u>1</u>
Net Change in Fund Balance	\$ (354,370)	\$ (355,776)	\$ (116,293)	\$ 239,483
Fund Balance - Beginning	<u>4,747,128</u>	<u>4,747,128</u>	<u>4,747,128</u>	
Fund Balance - Ending	<u><u>\$ 4,392,758</u></u>	<u><u>\$ 4,391,352</u></u>	<u><u>\$ 4,630,835</u></u>	<u><u>\$ 239,483</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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 535,000	\$ 535,000	\$ 675,789	\$ 140,789
Licenses and Permits	750,000	750,000	1,089,387	339,387
Intergovernmental	1,046,250	4,834,658	2,367,721	(2,466,937)
Miscellaneous	37,000	1,370,850	897,036	(473,814)
Total Revenues	<u>\$ 2,368,250</u>	<u>\$ 7,490,508</u>	<u>\$ 5,029,933</u>	<u>\$ (2,460,575)</u>
EXPENDITURES				
Current:				
General Government	\$ 440,584	\$ 519,012	\$ 519,012	\$
Public Safety		2,910	2,910	
Transportation		192,387	192,387	
Community and Economic Development		237,424	237,424	
Culture and Recreation		95,315	95,315	
Capital Outlay	9,447,200	30,055,939	10,203,057	19,852,882
Total Expenditures	<u>\$ 9,887,784</u>	<u>\$ 31,102,987</u>	<u>\$ 11,250,105</u>	<u>\$ 19,852,882</u>
Deficiency of Revenues Under Expenditures	<u>\$ (7,519,534)</u>	<u>\$ (23,612,479)</u>	<u>\$ (6,220,172)</u>	<u>\$ 17,392,307</u>
OTHER FINANCING SOURCES				
Transfers In	\$ 1,675,000	\$ 1,675,000	\$ 1,675,000	\$
General Obligation Bonds Issued	5,800,000	15,772,366		(15,772,366)
Capital Lease Obligation		902,525	782,616	(119,909)
Total Other Financing Sources	<u>\$ 7,475,000</u>	<u>\$ 18,349,891</u>	<u>\$ 2,457,616</u>	<u>\$ (15,892,275)</u>
Net Change in Fund Balances	<u>\$ (44,534)</u>	<u>\$ (5,262,588)</u>	<u>\$ (3,762,556)</u>	<u>\$ 1,500,032</u>
Fund Balances - Beginning	<u>14,701,755</u>	<u>14,701,755</u>	<u>14,701,755</u>	
Fund Balances - Ending	<u><u>\$ 14,657,221</u></u>	<u><u>\$ 9,439,167</u></u>	<u><u>\$ 10,939,199</u></u>	<u><u>\$ 1,500,032</u></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, 2017

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 4,064,192	\$ 5,787,054	\$ 16,864,438	\$ 26,715,684
Accounts Receivable	14	4,432	88,057	92,503
Inventories	142,939			142,939
Prepaid Assets			55,000	55,000
Total Current Assets	\$ 4,207,145	\$ 5,791,486	\$ 17,007,495	\$ 27,006,126
Noncurrent Assets:				
Other Capital Assets (Net)	11,027,884			11,027,884
Total Assets	\$ 15,235,029	\$ 5,791,486	\$ 17,007,495	\$ 38,034,010
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension Plan	\$ 168,748			\$ 168,748
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 528,975	\$ 77,439	\$ 17,206,529	\$ 17,812,943
Due to Other Fund			2,895,599	2,895,599
Unreported Insurance Claims			591,439	591,439
Capital Lease Obligations	512,670			512,670
Total Current Liabilities	\$ 1,041,645	\$ 77,439	\$ 20,693,567	\$ 21,812,651
Noncurrent Liabilities:				
Compensated Absences	\$ 30,136			\$ 30,136
Unreported Insurance Claims		2,974,885		2,974,885
Capital Lease Obligations	3,408,752			3,408,752
Net Pension Liability	836,138			836,138
Total Noncurrent Liabilities	\$ 4,275,026	\$ 2,974,885		\$ 7,249,911
Total Liabilities	\$ 5,316,671	\$ 3,052,324	\$ 20,693,567	\$ 29,062,562

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2017

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
DEFERRED INFLOWS OF RESOURCES				
Related to Pension Plan	\$ <u>35,110</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>35,110</u>
NET POSITION				
Net Investment in Capital Assets	\$ 7,106,462	\$ <u> </u>	\$ <u> </u>	\$ 7,106,462
Unrestricted	<u>2,945,534</u>	<u>2,739,162</u>	<u>(3,686,072)</u>	<u>1,998,624</u>
Total Net Position	\$ <u><u>10,051,996</u></u>	\$ <u><u>2,739,162</u></u>	\$ <u><u>(3,686,072)</u></u>	\$ <u><u>9,105,086</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2017

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 5,198,794	\$ 3,369,256	\$ 13,059,553	\$ 21,627,603
OPERATING EXPENSES				
Administration	\$ 573,163	\$	\$	\$ 573,163
Operations	1,305,956	3,344,880	13,519,497	18,170,333
Depreciation	2,412,606			2,412,606
Total Operating Expenses	\$ 4,291,725	\$ 3,344,880	\$ 13,519,497	\$ 21,156,102
Operating Income (Loss)	\$ 907,069	\$ 24,376	\$ (459,944)	\$ 471,501
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 11,856	\$ 9,649	\$ 55,652	\$ 77,157
Miscellaneous Revenue	2,814			2,814
Gain on Disposal of Capital Assets	197,237			197,237
Interest Expense	(108,114)			(108,114)
Total Nonoperating Revenues (Expenses)	\$ 103,793	\$ 9,649	\$ 55,652	\$ 169,094
Income (Loss) Before Contributions and Transfers	\$ 1,010,862	\$ 34,025	\$ (404,292)	\$ 640,595
Capital Contributions	50,000			50,000
Transfers In			2,500,000	2,500,000
Transfers Out		(2,500,000)		(2,500,000)
Change in Net Position	\$ 1,060,862	\$ (2,465,975)	\$ 2,095,708	\$ 690,595
Total Net Position - Beginning	8,991,134	5,205,137	(5,781,780)	8,414,491
Total Net Position - Ending	\$ 10,051,996	\$ 2,739,162	\$ (3,686,072)	\$ 9,105,086

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2017

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 5,198,794	\$ 3,369,256	\$ 13,059,553	\$ 21,627,603
Payments to Suppliers	(1,238,940)	(1,668,867)	(1,315,728)	(4,223,535)
Payments to Employees	(385,533)			(385,533)
Payments of Claims		(1,376,802)	(10,475,386)	(11,852,188)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 3,574,321</u>	<u>\$ 323,587</u>	<u>\$ 1,268,439</u>	<u>\$ 5,166,347</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	\$	\$	\$ 2,500,000	\$ 2,500,000
Transfers Out		(2,500,000)		(2,500,000)
Proceeds From Interfund Loan			99,290	99,290
Payments on Interfund Loan		(703,802)		(703,802)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$</u>	<u>\$ (3,203,802)</u>	<u>\$ 2,599,290</u>	<u>\$ (604,512)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	\$ 100,000	\$	\$	\$ 100,000
Principal Payments on Capital Lease Obligations	(557,193)			(557,193)
Interest Payments on Capital Lease Obligations	(224,215)			(224,215)
Purchases of Capital Assets	(3,346,675)			(3,346,675)
Proceeds From Disposal of Capital Assets	197,237			197,237
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (3,830,846)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (3,830,846)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 11,856	\$ 9,649	\$ 55,652	\$ 77,157
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 11,856</u>	<u>\$ 9,649</u>	<u>\$ 55,652</u>	<u>\$ 77,157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (244,669)</u>	<u>\$ (2,870,566)</u>	<u>\$ 3,923,381</u>	<u>\$ 808,146</u>
Cash and Cash Equivalents - Beginning	<u>4,308,861</u>	<u>8,657,620</u>	<u>12,941,057</u>	<u>25,907,538</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 4,064,192</u></u>	<u><u>\$ 5,787,054</u></u>	<u><u>\$ 16,864,438</u></u>	<u><u>\$ 26,715,684</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2017

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities</u>				
Operating Income (Loss)	\$ 907,069	\$ 24,376	\$ (459,944)	\$ 471,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	2,412,606			2,412,606
(Increase) Decrease in Accounts Receivable	(5)	11,023	101,646	112,664
(Increase) in Inventories	(17,404)			(17,404)
(Increase) in Prepaid Assets			(55,000)	(55,000)
Increase (Decrease) in Accounts Payable and Accrued Expenses	251,703	(51,353)	1,643,977	1,844,327
Increase in Unreported Insurance Claims		339,541	37,760	377,301
Increase in Net Pension Liability and Related Amounts	17,538			17,538
Miscellaneous Receipts	2,814			2,814
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 3,574,321</u>	<u>\$ 323,587</u>	<u>\$ 1,268,439</u>	<u>\$ 5,166,347</u>

Noncash Capital and Related Financing Activities

Other Capital Assets (Net) / Capital Lease Obligation	\$ 427,602	\$	\$	\$ 427,602
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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, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
ASSETS				
Cash and Temporary Investments	\$ <u>11,269</u>	\$ <u>389,596</u>	\$ <u>372,067</u>	\$ <u>28,798</u>
 LIABILITIES				
Due to Firemen's Association	\$ <u>11,269</u>	\$ <u>389,596</u>	\$ <u>372,067</u>	\$ <u>28,798</u>

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2017

ASSETS

Cash and Temporary Investments	\$ 1,945,861
Loans Receivable	<u>648,560</u>
Total Assets	<u>\$ 2,594,421</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable and Accrued Expenditures	\$ 10,344
Due to Primary Government	197,348
Unearned Revenue	<u>34,200</u>
Total Liabilities	<u>\$ 241,892</u>

Fund Balances:

Nonspendable:

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

Redevelopment Loans	65,137
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Unassigned

	<u>1,638,832</u>
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Total Fund Balances	<u>\$ 2,352,529</u>
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Total Liabilities and Fund Balances	<u>\$ 2,594,421</u>
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Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 2,352,529
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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.

3,743,487

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.

(4,024,560)

Net Position Reported in the Statement of Net Position	<u>\$ 2,071,456</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, 2017**

REVENUES

Charges for Services	\$ 1,997,809
Miscellaneous	300,211
Total Revenues	\$ <u>2,298,020</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 1,791,479
Capital Outlay	3,343,678
Debt Service:	
Interest	16,335
Total Expenditures	\$ <u>5,151,492</u>

Deficiency of Revenues Under Expenditures	\$ (2,853,472)
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OTHER FINANCING SOURCES

Revolving Line of Credit	<u>3,981,711</u>
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Net Change in Fund Balances	\$ 1,128,239
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Fund Balances - Beginning	<u>1,224,290</u>
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Fund Balances - Ending	\$ <u><u>2,352,529</u></u>
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Reconciliation to the Statement of Activities

Net Change in Fund Balances	\$ 1,128,239
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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.	3,278,107
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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.	(3,981,711)
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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>(18,129)</u>
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Change in Net Position Reported in the Statement of Activities	\$ <u><u>406,506</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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
OPERATING REVENUES				
Charges for Services	\$ 27,539,457	\$ 27,539,457	\$ 28,088,666	\$ 549,209
OPERATING EXPENSES				
Administration	\$ 4,805,004	\$ 4,805,004	\$ 4,798,452	\$ 6,552
Operations	19,458,286	20,126,337	20,126,337	
Depreciation	4,275,000	4,532,875	4,532,875	
Total Operating Expenses	\$ 28,538,290	\$ 29,464,216	\$ 29,457,664	\$ 6,552
Operating Loss	\$ (998,833)	\$ (1,924,759)	\$ (1,368,998)	\$ 555,761
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 20,000	\$ 20,000	\$ 71,481	\$ 51,481
Operating Grant Revenue			154,333	154,333
Miscellaneous Revenue	115,000	115,000	239,065	124,065
Interest and Fiscal Charges	(1,100,851)	(1,100,851)	(735,090)	365,761
Amortization of Bond Insurance			(4,737)	(4,737)
Total Nonoperating Revenues (Expenses)	\$ (965,851)	\$ (965,851)	\$ (274,948)	\$ 690,903
Loss Before Contributions and Transfers	\$ (1,964,684)	\$ (2,890,610)	\$ (1,643,946)	\$ 1,246,664
Capital Contributions	3,125,000	3,125,000	4,981,673	1,856,673
Transfers Out	(1,376,973)	(1,376,973)	(1,376,973)	
Change in Net Position	\$ (216,657)	\$ (1,142,583)	\$ 1,960,754	\$ 3,103,337
Total Net Position - Beginning	101,652,547	101,652,547	101,652,547	
Total Net Position - Ending	\$ 101,435,890	\$ 100,509,964	\$ 103,613,301	\$ 3,103,337

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 108,800	\$ 108,800	\$ 55,226	\$ (53,574)
OPERATING EXPENSES				
Operations	\$ 227,549	\$ 227,549	\$ 177,000	\$ 50,549
Depreciation	325,000	414,847	414,847	
Total Operating Expenses	\$ 552,549	\$ 642,396	\$ 591,847	\$ 50,549
Operating Loss	\$ (443,749)	\$ (533,596)	\$ (536,621)	\$ (3,025)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$	\$	\$ 27,176	\$ 27,176
Interest and Fiscal Charges	(131,875)	(131,875)	(83,996)	47,879
Amortization of Bond Insurance			(3,860)	(3,860)
Total Nonoperating Revenues (Expenses)	\$ (131,875)	\$ (131,875)	\$ (60,680)	\$ 71,195
Loss Before Transfers	\$ (575,624)	\$ (665,471)	\$ (597,301)	\$ 68,170
Transfers In	831,700	831,700	831,700	
Change in Net Position	\$ 256,076	\$ 166,229	\$ 234,399	\$ 68,170
Total Net Position - Beginning	8,168,768	8,168,768	8,168,768	
Total Net Position - Ending	\$ 8,424,844	\$ 8,334,997	\$ 8,403,167	\$ 68,170

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 29,200	\$ 34,986	\$ 156,784	\$ 121,798
OPERATING EXPENSES				
Operations	\$ 53,859	\$ 73,901	\$ 73,901	\$
Depreciation	275,000	260,744	260,744	
Total Operating Expenses	\$ 328,859	\$ 334,645	\$ 334,645	\$
Operating Loss	\$ (299,659)	\$ (299,659)	\$ (177,861)	\$ 121,798
NONOPERATING REVENUES				
Interest Earned			96	96
Change in Net Position	\$ (299,659)	\$ (299,659)	\$ (177,765)	\$ 121,894
Total Net Position - Beginning	12,085,915	12,085,915	12,085,915	
Total Net Position - Ending	\$ 11,786,256	\$ 11,786,256	\$ 11,908,150	\$ 121,894

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 5,026,977	\$ 5,181,788	\$ 5,181,788	\$
OPERATING EXPENSES				
Administration	\$ 747,731	\$ 744,083	\$ 744,083	\$
Operations	4,088,057	6,833,203	6,833,203	
Depreciation	100,000	51,582	51,582	
Total Operating Expenses	\$ 4,935,788	\$ 7,628,868	\$ 7,628,868	\$
Operating Income (Loss)	\$ 91,189	\$ (2,447,080)	\$ (2,447,080)	\$
NONOPERATING REVENUES (EXPENSES)				
Operating Grant Revenue	\$ 3,000	\$ 2,277,626	\$ 2,274,626	\$ (3,000)
Interest Expense	(16,178)	(20)	(20)	
Total Nonoperating Revenues (Expenses)	\$ (13,178)	\$ 2,277,606	\$ 2,274,606	\$ (3,000)
Income (Loss) Before Transfers	\$ 78,011	\$ (169,474)	\$ (172,474)	\$ (3,000)
Transfers In	250,000	250,000	250,000	
Change in Net Position	\$ 328,011	\$ 80,526	\$ 77,526	\$ (3,000)
Total Net Position - Beginning	(1,830,034)	(1,830,034)	(1,830,034)	
Total Net Position - Ending	\$ (1,502,023)	\$ (1,749,508)	\$ (1,752,508)	\$ (3,000)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2017

Court Fines

Court Fines Collected	\$ 591,081
Court Fines Retained by City	(591,081)
Court Fines Remitted to State Treasurer	\$ <u><u>0</u></u>

Court Assessments

Court Assessments Collected	\$ 919,231
Court Assessments Retained by City	(71,077)
Court Assessments Remitted to State Treasurer	\$ <u><u>848,154</u></u>

Court Surcharges

Court Surcharges Collected	\$ 47,706
Court Surcharges Retained by City	(47,706)
Court Surcharges Remitted to State Treasurer	\$ <u><u>0</u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 71,077
Court Surcharges Allocated to Victim Services	47,706
Total Funds Allocated to Victim Services	\$ 118,783
Victim Services Expenditures	(118,783)
Funds Available for Carryforward From Year Ended June 30, 2017	\$ 0
Funds Carried Forward From Year Ended June 30, 2016	0
Funds Available for Carryforward at June 30, 2017	\$ <u><u>0</u></u>

STATISTICAL SECTION

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

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

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

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

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

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

Schedule 1

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

	Fiscal Year		
	2008	2009	2010
Governmental Activities			
Net Investment in Capital Assets	\$ 80,637,852	\$ 89,378,581	\$ 100,633,044
Restricted	19,189,175	15,082,475	14,971,016
Unrestricted	(8,786,494)	(10,704,869)	(11,955,064)
Total Governmental Activities Net Position	<u>\$ 91,040,533</u>	<u>\$ 93,756,187</u>	<u>\$ 103,648,996</u>
Business-Type Activities			
Net Investment in Capital Assets	\$ 113,617,180	\$ 115,610,693	\$ 120,443,730
Restricted	1,149,853	718,588	736,834
Unrestricted	20,292,291	18,148,941	12,934,193
Total Business-Type Activities Net Position	<u>\$ 135,059,324</u>	<u>\$ 134,478,222</u>	<u>\$ 134,114,757</u>
Primary Government			
Net Investment in Capital Assets	\$ 194,255,032	\$ 204,989,274	\$ 221,076,774
Restricted	20,339,028	15,801,063	15,707,850
Unrestricted	11,505,797	7,444,072	979,129
Total Primary Government Net Position	<u>\$ 226,099,857</u>	<u>\$ 228,234,409</u>	<u>\$ 237,763,753</u>

Note:

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

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017
\$ 100,702,801	\$ 97,005,660	\$ 97,019,979	\$ 100,612,540	\$ 110,367,487	\$ 123,676,431	\$ 131,515,817
15,425,677	18,344,550	18,904,389	19,761,397	22,418,493	23,929,521	32,597,681
(5,211,110)	(3,006,353)	(1,323,284)	1,316,485	(61,203,024)	(61,247,710)	(66,827,955)
<u>\$ 110,917,368</u>	<u>\$ 112,343,857</u>	<u>\$ 114,601,084</u>	<u>\$ 121,690,422</u>	<u>\$ 71,582,956</u>	<u>\$ 86,358,242</u>	<u>\$ 97,285,543</u>
\$ 116,137,286	\$ 113,536,973	\$ 114,142,625	\$ 114,506,690	\$ 116,288,674	\$ 111,740,507	\$ 110,922,505
760,011	1,165,853	1,088,242	945,308	876,221	910,117	1,407,580
14,079,646	15,845,740	15,033,204	13,655,977	6,055,696	10,998,291	13,757,572
<u>\$ 130,976,943</u>	<u>\$ 130,548,566</u>	<u>\$ 130,264,071</u>	<u>\$ 129,107,975</u>	<u>\$ 123,220,591</u>	<u>\$ 123,648,915</u>	<u>\$ 126,087,657</u>
\$ 216,840,087	\$ 210,542,633	\$ 211,162,604	\$ 215,119,230	\$ 226,656,161	\$ 235,416,938	\$ 242,438,322
16,185,688	19,510,403	19,992,631	20,706,705	23,294,714	24,839,638	34,005,261
8,868,536	12,839,387	13,709,920	14,972,462	(55,147,328)	(50,249,419)	(53,070,383)
<u>\$ 241,894,311</u>	<u>\$ 242,892,423</u>	<u>\$ 244,865,155</u>	<u>\$ 250,798,397</u>	<u>\$ 194,803,547</u>	<u>\$ 210,007,157</u>	<u>\$ 223,373,200</u>

Schedule 2

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

	Fiscal Year		
	2008	2009	2010
Expenses			
Governmental Activities:			
General Government	\$ 11,008,546	\$ 12,392,348	\$ 12,243,661
Public Safety	29,125,428	30,868,253	33,225,681
Transportation	6,982,818	7,056,526	8,055,196
Community and Economic Development	7,676,507	9,303,043	21,708,312
Culture and Recreation	16,316,643	16,791,874	17,593,171
Public Works	1,471,987	1,542,924	1,568,038
Interest and Fiscal Charges	8,652,337	8,905,688	9,039,543
Total Governmental Activities Expenses	<u>\$ 81,234,266</u>	<u>\$ 86,860,656</u>	<u>\$ 103,433,602</u>
Business-Type Activities:			
Water	\$ 13,093,627	\$ 12,217,805	\$ 12,376,562
Sewer	12,794,701	13,285,343	12,434,859
Baseball Stadium	937,873	904,874	761,567
Municipal Golf Course	1,847,933	1,954,651	1,885,640
Solid Waste Management	3,606,480	3,598,647	4,092,051
Total Business-Type Activities Expenses	<u>\$ 32,280,614</u>	<u>\$ 31,961,320</u>	<u>\$ 31,550,679</u>
Total Primary Government Expenses	<u>\$ 113,514,880</u>	<u>\$ 118,821,976</u>	<u>\$ 134,984,281</u>
Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 14,428,822	\$ 14,641,045	\$ 13,808,024
Operating Grants and Contributions	751,685	1,282,644	1,578,798
Capital Grants and Contributions	5,802,135	4,468,548	17,293,904
Total Governmental Activities Program Revenues	<u>\$ 20,982,642</u>	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>
Business-Type Activities:			
Charges for Services	\$ 27,068,070	\$ 26,431,642	\$ 26,171,502
Operating Grants and Contributions		39,786	
Capital Grants and Contributions	8,471,966	4,448,534	4,786,961
Total Business-Type Activities Program Revenues	<u>\$ 35,540,036</u>	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>
Total Primary Government Program Revenues	<u>\$ 56,522,678</u>	<u>\$ 51,312,199</u>	<u>\$ 63,639,189</u>
Net (Expense) Revenue			
Governmental Activities	\$ (60,251,624)	\$ (66,468,419)	\$ (70,752,876)
Business-Type Activities	3,259,422	(1,041,358)	(592,216)
Total Primary Government Net Expense	<u>\$ (56,992,202)</u>	<u>\$ (67,509,777)</u>	<u>\$ (71,345,092)</u>

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 11,296,314	\$ 11,390,173	\$ 11,883,348	\$ 11,319,984	\$ 12,890,054	\$ 12,822,309	\$ 13,470,951
31,177,095	32,547,208	33,115,671	33,247,797	35,816,223	40,622,972	44,940,928
8,028,096	8,508,590	8,642,907	8,666,134	8,714,950	9,388,613	10,506,212
26,563,059	30,332,521	28,021,204	28,377,759	29,802,944	32,180,219	34,386,272
17,676,164	18,014,892	18,881,858	20,110,668	21,563,521	18,495,957	20,613,590
1,434,430	1,423,483	1,437,647	1,399,578	1,455,959	6,594,968	7,305,309
9,007,944	8,701,138	8,513,225	8,779,399	8,302,467	8,030,037	7,564,990
<u>\$ 105,183,102</u>	<u>\$ 110,918,005</u>	<u>\$ 110,495,860</u>	<u>\$ 111,901,319</u>	<u>\$ 118,546,118</u>	<u>\$ 128,135,075</u>	<u>\$ 138,788,252</u>
\$ 12,493,346	\$ 13,040,513	\$ 13,262,481	\$ 14,235,486	\$ 14,151,418	\$ 15,328,683	\$ 15,921,581
12,382,088	12,257,261	12,587,819	13,068,631	13,910,465	14,157,157	14,160,187
707,597	731,004	639,314	616,989	631,698	662,068	679,415
1,819,724	1,502,589	1,455,492	1,474,824	969,918	321,713	334,440
4,048,935	4,061,301	4,072,052	4,194,082	4,205,444	4,386,728	7,401,276
<u>\$ 31,451,690</u>	<u>\$ 31,592,668</u>	<u>\$ 32,017,158</u>	<u>\$ 33,590,012</u>	<u>\$ 33,868,943</u>	<u>\$ 34,856,349</u>	<u>\$ 38,496,899</u>
<u>\$ 136,634,792</u>	<u>\$ 142,510,673</u>	<u>\$ 142,513,018</u>	<u>\$ 145,491,331</u>	<u>\$ 152,415,061</u>	<u>\$ 162,991,424</u>	<u>\$ 177,285,151</u>
\$ 15,251,585	\$ 16,576,103	\$ 15,910,400	\$ 16,942,434	\$ 17,621,758	\$ 18,204,459	\$ 20,943,663
1,347,905	2,012,316	1,573,924	1,577,629	1,985,466	1,508,330	3,189,507
8,822,685	2,974,778	1,628,940	8,155,866	5,959,255	13,083,574	8,568,753
<u>\$ 25,422,175</u>	<u>\$ 21,563,197</u>	<u>\$ 19,113,264</u>	<u>\$ 26,675,929</u>	<u>\$ 25,566,479</u>	<u>\$ 32,796,363</u>	<u>\$ 32,701,923</u>
\$ 27,349,428	\$ 28,824,814	\$ 28,383,410	\$ 29,686,659	\$ 29,735,755	\$ 30,781,010	\$ 33,721,529
		4,574			3,402	2,428,959
1,121,501	2,005,888	3,350,634	3,184,138	4,436,233	4,644,940	4,981,673
<u>\$ 28,470,929</u>	<u>\$ 30,830,702</u>	<u>\$ 31,738,618</u>	<u>\$ 32,870,797</u>	<u>\$ 34,171,988</u>	<u>\$ 35,429,352</u>	<u>\$ 41,132,161</u>
<u>\$ 53,893,104</u>	<u>\$ 52,393,899</u>	<u>\$ 50,851,882</u>	<u>\$ 59,546,726</u>	<u>\$ 59,738,467</u>	<u>\$ 68,225,715</u>	<u>\$ 73,834,084</u>
\$ (79,760,927)	\$ (89,354,808)	\$ (91,382,596)	\$ (85,225,390)	\$ (92,979,639)	\$ (95,338,712)	\$ (106,086,329)
(2,980,761)	(761,966)	(278,540)	(719,215)	303,045	573,003	2,635,262
<u>\$ (82,741,688)</u>	<u>\$ (90,116,774)</u>	<u>\$ (91,661,136)</u>	<u>\$ (85,944,605)</u>	<u>\$ (92,676,594)</u>	<u>\$ (94,765,709)</u>	<u>\$ (103,451,067)</u>

Schedule 2 (Continued)

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

	Fiscal Year		
	2008	2009	2010
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 23,296,800	\$ 29,172,569	\$ 27,607,156
Local Accommodations Taxes	1,945,899	1,818,175	1,827,916
Business License Taxes	20,026,343	18,016,823	17,149,465
Franchise Taxes	3,250,404	3,394,445	3,422,821
Hospitality Fee Taxes	8,689,093	8,226,153	8,275,596
Local Option Tourism Taxes			14,195,983
Grants and Contributions not Restricted to Specific Programs	8,672,736	8,232,659	7,904,766
Investment Earnings	1,853,449	478,649	313,682
Transfers	236,390	(155,400)	(51,700)
Total Governmental Activities	\$ 67,971,114	\$ 69,184,073	\$ 80,645,685
Business-Type Activities:			
Investment Earnings	\$ 780,753	\$ 304,856	\$ 177,051
Transfers	(236,390)	155,400	51,700
Total Business-Type Activities	\$ 544,363	\$ 460,256	\$ 228,751
Total Primary Government	\$ 68,515,477	\$ 69,644,329	\$ 80,874,436
Change in Net Position			
Governmental Activities	\$ 7,719,490	\$ 2,715,654	\$ 9,892,809
Business-Type Activities	3,803,785	(581,102)	(363,465)
Total Primary Government	\$ 11,523,275	\$ 2,134,552	\$ 9,529,344

Note:

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

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 25,567,159	\$ 24,836,200	\$ 25,113,459	\$ 25,796,261	\$ 30,191,056	\$ 31,603,241	\$ 32,715,024
2,064,510	2,219,406	2,238,681	2,333,117	2,538,276	2,628,349	2,756,944
17,516,219	17,795,885	18,354,589	19,050,722	20,579,202	22,133,249	25,121,700
3,575,049	3,409,048	3,469,046	3,755,715	3,847,643	3,763,771	3,894,935
9,028,583	9,548,517	9,791,483	10,077,734	10,859,463	11,333,703	11,882,628
20,440,454	23,500,801	23,508,832	23,298,736	24,952,836	27,187,371	28,316,017
8,177,320	9,311,329	10,833,688	10,501,165	10,619,104	11,017,066	11,716,163
361,705	361,811	223,895	168,740	152,962	225,010	314,946
298,300	(201,700)	106,150	179,000	112,276	222,238	295,273
<u>\$ 87,029,299</u>	<u>\$ 90,781,297</u>	<u>\$ 93,639,823</u>	<u>\$ 95,161,190</u>	<u>\$ 103,852,818</u>	<u>\$ 110,113,998</u>	<u>\$ 117,013,630</u>
\$ 141,247	\$ 131,889	\$ 100,195	\$ 82,602	\$ 68,522	\$ 77,559	\$ 98,753
(298,300)	201,700	(106,150)	(179,000)	(112,276)	(222,238)	(295,273)
<u>\$ (157,053)</u>	<u>\$ 333,589</u>	<u>\$ (5,955)</u>	<u>\$ (96,398)</u>	<u>\$ (43,754)</u>	<u>\$ (144,679)</u>	<u>\$ (196,520)</u>
<u>\$ 86,872,246</u>	<u>\$ 91,114,886</u>	<u>\$ 93,633,868</u>	<u>\$ 95,064,792</u>	<u>\$ 103,809,064</u>	<u>\$ 109,969,319</u>	<u>\$ 116,817,110</u>
\$ 7,268,372	\$ 1,426,489	\$ 2,257,227	\$ 9,935,800	\$ 10,873,179	\$ 14,775,286	\$ 10,927,301
(3,137,814)	(428,377)	(284,495)	(815,613)	259,291	428,324	2,438,742
<u>\$ 4,130,558</u>	<u>\$ 998,112</u>	<u>\$ 1,972,732</u>	<u>\$ 9,120,187</u>	<u>\$ 11,132,470</u>	<u>\$ 15,203,610</u>	<u>\$ 13,366,043</u>

Schedule 3

CITY OF MYRTLE BEACH, SOUTH CAROLINA
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2008	2009	2010
Governmental Activities			
Charges for Services:			
General Government	\$ 2,304,761	\$ 2,847,392	\$ 2,428,261
Public Safety	2,419,234	2,576,715	2,533,875
Transportation	1,276,761	1,554,391	1,565,710
Community and Economic Development	1,883,724	1,146,380	838,055
Culture and Recreation	6,544,342	6,516,167	6,442,123
Operating Grants and Contributions:			
General Government			
Public Safety	225,514	606,341	852,149
Transportation	74,170	58,400	57,200
Community and Economic Development	78,671	293,469	426,249
Culture and Recreation	373,330	324,434	243,200
Public Works			
Capital Grants and Contributions:			
Public Safety	79,263		238,477
Transportation	1,569,770	2,826,606	6,649,087
Community and Economic Development	4,056,658	1,158,694	9,455,094
Culture and Recreation	96,444	483,248	951,246
Total Governmental Activities	\$ 20,982,642	\$ 20,392,237	\$ 32,680,726
Business-Type Activities			
Charges for Services:			
Water	\$ 12,975,888	\$ 11,998,665	\$ 11,955,128
Sewer	9,150,570	9,458,220	9,392,479
Baseball Stadium	25,315	40,647	30,056
Municipal Golf Course	1,557,886	1,328,859	1,078,862
Solid Waste Management	3,358,411	3,605,251	3,714,977
Operating Grants and Contributions:			
Water			
Sewer			
Solid Waste Management		39,786	
Capital Grants and Contributions:			
Water	3,990,773	2,773,106	2,699,330
Sewer	4,481,193	1,675,428	2,087,631
Total Business-Type Activities	\$ 35,540,036	\$ 30,919,962	\$ 30,958,463
Total Primary Government	\$ 56,522,678	\$ 51,312,199	\$ 63,639,189

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 2,978,554	\$ 3,483,073	\$ 2,671,727	\$ 2,695,365	\$ 2,731,274	\$ 2,930,087	\$ 3,150,622
2,127,885	2,098,517	2,068,023	2,052,795	1,872,412	2,064,558	2,859,641
1,832,000	1,858,628	1,880,137	2,177,007	2,227,724	2,260,620	2,314,872
989,939	1,532,753	1,673,700	2,510,118	2,393,360	2,314,586	3,014,585
7,323,207	7,603,132	7,616,813	7,507,149	8,396,988	8,634,608	9,603,943
	22,987	42,866				
753,599	600,239	561,291	435,211	937,561	702,446	1,713,263
62,900	86,131	104,631	88,006	87,631	78,256	206,082
355,978	582,646	365,921	329,212	273,962	136,778	352,434
175,428	720,313	499,215	513,358	649,601	518,915	597,851
			211,842	36,711	71,935	319,877
4,724,714	1,670,650	868,161	7,221,160	4,765,947	11,609,972	6,336,507
3,472,003	1,289,648	660,328	931,986	1,081,888	1,072,973	1,975,239
625,968	14,480	100,451	2,720	111,420	400,629	257,007
\$ 25,422,175	\$ 21,563,197	\$ 19,113,264	\$ 26,675,929	\$ 25,566,479	\$ 32,796,363	\$ 32,701,923
\$ 12,462,158	\$ 13,017,157	\$ 12,185,831	\$ 12,425,117	\$ 12,546,737	\$ 12,993,723	\$ 14,482,382
9,725,734	10,710,657	11,143,958	12,109,673	12,377,975	12,910,985	13,845,349
32,573	39,980	27,581	36,841	45,364	53,347	55,226
1,167,064	1,101,990	1,012,506	938,737	310,621	53,635	156,784
3,961,899	3,955,030	4,013,534	4,176,291	4,455,058	4,769,320	5,181,788
					1,701	77,166
					1,701	77,167
		4,574				2,274,626
556,656	973,416	1,614,974	1,394,906	1,610,026	2,107,498	2,300,020
564,845	1,032,472	1,735,660	1,789,232	2,826,207	2,537,442	2,681,653
\$ 28,470,929	\$ 30,830,702	\$ 31,738,618	\$ 32,870,797	\$ 34,171,988	\$ 35,429,352	\$ 41,132,161
\$ 53,893,104	\$ 52,393,899	\$ 50,851,882	\$ 59,546,726	\$ 59,738,467	\$ 68,225,715	\$ 73,834,084

Schedule 4

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

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2008	2009	2010
General Fund			
Nonspendable	\$ 112,506	\$ 129,478	\$ 134,008
Restricted	339,160	355,234	354,057
Committed			
Assigned	403,244	658,806	410,202
Unassigned	11,327,195	9,446,434	7,067,216
Total General Fund	<u>\$ 12,182,105</u>	<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>
 All Other Governmental Funds			
Nonspendable	\$ 1,090,907	\$ 836,468	\$ 781,858
Restricted	25,128,547	18,175,290	19,332,009
Assigned	13,612,743	13,494,243	12,579,733
Unassigned	(937,228)	(3,087,400)	(1,661,318)
Total All Other Governmental Funds	<u>\$ 38,894,969</u>	<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 116,144	\$ 113,066	\$ 136,844	\$ 145,116	\$ 147,712	\$ 115,756	\$ 146,664
443,940	413,516	396,275	406,711	1,044,520	429,343	361,423
		40,000	14,667	1,077,273	202,419	561,167
411,724	412,924	413,928	414,605	931,947	667,884	
7,664,002	7,804,956	9,237,691	10,324,445	10,221,505	12,050,165	14,564,933
<u>\$ 8,635,810</u>	<u>\$ 8,744,462</u>	<u>\$ 10,224,738</u>	<u>\$ 11,305,544</u>	<u>\$ 13,422,957</u>	<u>\$ 13,465,567</u>	<u>\$ 15,634,187</u>
\$ 722,066	\$ 722,066	\$ 722,066	\$ 722,066	\$ 785,408	\$ 793,725	\$ 276,717
27,003,280	21,018,349	29,148,074	33,329,174	26,786,092	27,217,933	33,320,557
15,124,193	13,891,602	11,789,372	12,019,861	12,404,860	12,137,656	8,529,539
(2,349,160)	(2,340,971)	(2,369,580)	(698,740)	(2,303,269)	(2,544,905)	(2,678,440)
<u>\$ 40,500,379</u>	<u>\$ 33,291,046</u>	<u>\$ 39,289,932</u>	<u>\$ 45,372,361</u>	<u>\$ 37,673,091</u>	<u>\$ 37,604,409</u>	<u>\$ 39,448,373</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		
	2008	2009	2010
Revenues			
Property Taxes	\$ 23,216,684	\$ 29,015,342	\$ 27,416,733
Local Accommodations Taxes	1,946,018	1,813,785	1,832,395
Hospitality Fee Taxes	8,678,672	8,222,570	8,283,197
Storm Water Fees	1,276,753	1,552,585	1,569,986
Local Option Tourism Taxes			14,195,983
Licenses and Permits	25,070,983	22,323,790	21,228,785
Fines and Forfeitures	1,623,642	1,851,103	1,841,296
Intergovernmental	11,300,877	11,655,581	14,148,733
Charges for Services	4,313,817	4,493,502	4,448,104
Miscellaneous	7,688,050	4,271,439	11,929,100
Total Revenues	\$ <u>85,115,496</u>	\$ <u>85,199,697</u>	\$ <u>106,894,312</u>
Expenditures			
Current:			
General Government	\$ 12,465,011	\$ 12,949,430	\$ 12,402,953
Public Safety	27,845,760	30,229,155	30,753,182
Transportation	4,238,826	4,388,767	5,107,803
Community and Economic Development	6,622,112	7,070,253	19,257,564
Culture and Recreation	14,566,336	15,085,928	14,843,882
Public Works	1,418,502	1,536,728	1,477,446
Capital Outlay	26,681,432	14,205,845	23,560,905
Debt Service:			
Principal	4,444,163	6,952,501	5,242,898
Interest and Fiscal Charges	7,567,295	8,158,842	7,887,970
Bond Issuance Costs	302,618		416,512
Payment to Escrow Agent			1,367,000
Total Expenditures	\$ <u>106,152,055</u>	\$ <u>100,577,449</u>	\$ <u>122,318,115</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ <u>(21,036,559)</u>	\$ <u>(15,377,752)</u>	\$ <u>(15,423,803)</u>
Other Financing Sources (Uses)			
Transfers In	\$ 21,143,338	\$ 21,526,309	\$ 22,411,692
Transfers Out	(20,906,948)	(21,681,709)	(22,463,392)
Proceeds From Borrowing	16,082,392	4,437,440	14,234,034
Proceeds From Refunding			10,037,469
Payment to Escrow Agent			(9,820,624)
Sale of Capital Assets		27,191	13,836
Total Other Financing Sources (Uses)	\$ <u>16,318,782</u>	\$ <u>4,309,231</u>	\$ <u>14,413,015</u>
Net Change in Fund Balances	\$ <u><u>(4,717,777)</u></u>	\$ <u><u>(11,068,521)</u></u>	\$ <u><u>(1,010,788)</u></u>

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 25,551,735	\$ 24,819,308	\$ 25,112,930	\$ 25,842,751	\$ 29,807,247	\$ 30,913,506	\$ 33,450,822
2,065,000	2,217,299	2,240,593	2,333,163	2,536,515	2,629,777	2,755,560
9,023,986	9,463,883	9,867,341	10,075,280	10,850,942	11,310,659	11,874,960
1,836,316	1,858,628	1,883,706	2,181,517	2,227,724	2,267,128	2,319,629
20,440,454	23,500,801	23,508,832	23,298,736	24,952,836	27,187,371	28,316,017
21,898,534	22,424,426	23,052,056	24,807,744	26,426,225	27,847,941	31,692,036
1,345,154	1,087,407	1,151,814	1,203,940	1,101,609	1,211,362	1,429,939
12,062,703	12,193,869	13,365,569	14,631,456	14,028,776	15,163,681	17,934,520
4,738,294	5,090,013	4,970,196	5,221,830	6,250,252	6,506,212	7,570,602
7,294,945	5,941,373	5,493,214	6,994,794	6,359,649	6,807,139	8,098,964
<u>\$ 106,257,121</u>	<u>\$ 108,597,007</u>	<u>\$ 110,646,251</u>	<u>\$ 116,591,211</u>	<u>\$ 124,541,775</u>	<u>\$ 131,844,776</u>	<u>\$ 145,443,049</u>
\$ 12,278,801	\$ 11,262,374	\$ 11,065,359	\$ 11,366,081	\$ 12,905,368	\$ 12,328,947	\$ 12,694,369
29,269,778	31,211,230	32,189,301	32,761,895	35,413,969	39,613,821	41,947,516
4,812,339	5,272,855	5,516,042	5,532,740	5,573,199	5,837,513	6,256,190
23,703,541	27,426,638	25,097,090	25,446,577	26,768,505	29,041,665	31,053,204
14,940,894	15,126,615	15,764,818	16,904,085	17,789,917	13,897,123	15,537,265
1,382,108	1,428,340	1,403,396	1,394,960	1,429,807	6,452,736	7,117,694
6,240,529	9,882,501	9,379,603	13,506,372	21,926,817	11,517,165	12,262,257
4,765,145	5,875,367	6,975,385	8,229,829	7,451,254	8,170,475	11,912,278
8,105,283	7,645,965	7,420,312	7,031,794	7,643,041	8,775,010	6,025,448
40,728	222,967	181,294	590,288	9,822	89,527	554,946
	443,633		1,507,567			7,387,801
<u>\$ 105,539,146</u>	<u>\$ 115,798,485</u>	<u>\$ 114,992,600</u>	<u>\$ 124,272,188</u>	<u>\$ 136,911,699</u>	<u>\$ 135,723,982</u>	<u>\$ 152,748,968</u>
<u>\$ 717,975</u>	<u>\$ (7,201,478)</u>	<u>\$ (4,346,349)</u>	<u>\$ (7,680,977)</u>	<u>\$ (12,369,924)</u>	<u>\$ (3,879,206)</u>	<u>\$ (7,305,919)</u>
\$ 20,010,406	\$ 27,348,960	\$ 24,686,462	\$ 41,514,957	\$ 25,913,703	\$ 27,740,220	\$ 28,561,689
(19,712,106)	(27,550,660)	(24,580,312)	(41,335,957)	(25,801,427)	(27,517,982)	(28,266,416)
9,108,923		11,708,341	290,000	6,491,485	3,495,038	3,138,385
	20,455,585		64,557,129		17,462,000	47,949,194
	(20,235,669)		(50,181,917)		(17,374,195)	(40,086,136)
13,226	82,581	11,020		184,306	48,053	21,787
<u>\$ 9,420,449</u>	<u>\$ 100,797</u>	<u>\$ 11,825,511</u>	<u>\$ 14,844,212</u>	<u>\$ 6,788,067</u>	<u>\$ 3,853,134</u>	<u>\$ 11,318,503</u>
<u>\$ 10,138,424</u>	<u>\$ (7,100,681)</u>	<u>\$ 7,479,162</u>	<u>\$ 7,163,235</u>	<u>\$ (5,581,857)</u>	<u>\$ (26,072)</u>	<u>\$ 4,012,584</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		
	2008	2009	2010
Debt Service as a Percentage of Noncapital Expenditures ⁽¹⁾	15.11%	17.50%	13.30%

Note:

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

UNAUDITED

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
12.96%	12.77%	13.63%	13.78%	13.13%	13.64%	12.77%

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			
2008	\$ 321,477	\$ 60,927	\$ 382,404	\$ 61.40	\$ 6,865,422	5.57 %
2009	362,622	64,650	427,272	64.40	7,670,952	5.57
2010	388,933	58,741	447,674	62.90	8,037,235	5.57
2011	320,393	49,924	370,317	64.40	6,648,420	5.57
2012	324,830	54,212	379,042	66.10	6,805,063	5.57
2013	323,918	56,616	380,534	66.10	6,831,849	5.57
2014	327,387	58,026	385,413	66.10	6,919,443	5.57
2015	356,708	62,948	419,656	74.50	7,534,219	5.57
2016	360,779	60,767	421,546	74.50	7,568,151	5.57
2017	372,667	61,138	433,805	77.50	7,788,241	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	
2008	\$ 50.70	\$ 7.30	\$ 3.40	\$ 61.40	\$ 46.60	\$ 143.30	\$ 0.70	
2009	53.70	7.30	3.40	64.40	46.60	143.30	0.70	
2010	52.20	7.30	3.40	62.90	46.60	143.30	0.70	
2011	53.70	7.30	3.40	64.40	44.20	132.20	0.70	
2012	55.00	7.60	3.50	66.10	44.50	130.20	0.70	
2013	58.50	7.60		66.10	44.50	130.20	0.70	
2014	58.50	7.60		66.10	44.50	130.20	0.70	
2015	68.50	6.00		74.50	44.50	130.20	0.70	
2016	68.50	6.00		74.50	51.70	133.10	0.70	
2017	71.50	6.00		77.50	51.70	133.10	0.70	

Source: Horry County Treasurer

UNAUDITED

Schedule 8

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

Taxpayer	Type of Business	Fiscal Year 2017	
		Assessed Value	Percentage of Total Assessed Value
Burroughs & Chapin, Inc. ⁽¹⁾	Real Estate, Retail and Amusement	\$ 19,506,880	4.50 %
Horry Electric Cooperative	Utility	18,835,060	4.34
Hard Rock Park Myrtle Beach, LLC ⁽²⁾	Amusement	7,051,530	1.63
Lawyers Title Insurance Corporation	Real Estate and Professional Services	5,260,390	1.21
Bluegreen Vacations Unlimited, Inc.	Real Estate and Accommodations	5,225,960	1.20
South Carolina Electric & Gas	Utility	4,294,370	0.99
Mariott Ownership Resorts, Inc.	Real Estate and Accommodations	4,068,990	0.94
Time Warner Cable Southeast	Utility	3,789,400	0.87
Ocean Lakes Family Campground	Real Estate and Accommodations	3,412,220	0.79
AVX Corporation	Manufacturing	3,377,753	0.78
		<u>\$ 74,822,553</u>	<u>17.25 %</u>

Taxpayer	Type of Business	Fiscal Year 2008	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developer	\$ 13,433,020	3.51 %
Broadway at the Beach	Retail, Restaurants & Amusement	4,196,701	1.10
Verizon South, Inc.	Utility	3,342,180	0.87
AVX Corporation	Manufacturer	3,268,542	0.85
Marriot Ownership Resorts, Inc.	Real Estate and Accommodations	3,103,830	0.81
Bluegreen Vacations Unlimited, Inc.	Real Estate and Accommodations	2,516,442	0.66
Coastal Grand, LLC	Retail	2,229,420	0.58
Columbia Property Myrtle Beach, LLC	Real Estate and Accommodations	2,213,724	0.58
Grand Strand Regional Medical Center	Hospital	2,100,420	0.55
South Beach Resort Myrtle Beach, LLC	Real Estate and Accommodations	1,975,478	0.52
		<u>\$ 38,379,757</u>	<u>10.03 %</u>

Source: Horry County Finance Department

Notes:

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

⁽²⁾ Hard Rock Park Myrtle Beach, LLC is currently under bankruptcy protection.

UNAUDITED

Schedule 9

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

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Percentage			Percentage	
		Amount	of Levy		Amount	of Levy
2008	\$ 21,200,474	\$ 20,386,232	96.16 %	\$ 609,496	\$ 20,995,728	99.03 %
2009	25,768,469	24,158,849	93.75	1,329,760	25,488,609	98.91
2010	28,212,861	26,392,479	93.55	1,513,857	27,906,336	98.91
2011	25,515,334	24,215,741	94.91	952,332	25,168,073	98.64
2012	22,332,207	20,799,291	93.14	1,154,172	21,953,463	98.30
2013	21,349,973	20,322,154	95.19	631,447	20,953,601	98.14
2014	20,949,044	19,802,198	94.53	595,932	20,398,130	97.37
2015	29,150,922	26,078,950	89.46	419,588	26,498,538	90.90
2016	30,256,332	27,672,451	91.46	314,365	27,986,816	92.50
2017	31,768,391	30,387,362	95.65		30,387,362	95.65

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	
2008	5,410,470	3,794,090	1,616,380	70.12 %	2,978,891	17,012
2009	4,803,692	3,556,891	1,246,801	74.04	2,868,466	16,579
2010	4,371,075	3,582,817	788,258	81.97	2,841,570	16,087
2011	4,379,003	3,670,280	708,723	83.82	2,910,581	16,054
2012	4,363,322	3,745,853	617,469	85.85	3,012,325	16,279
2013	4,165,479	3,491,341	674,138	83.82	2,890,461	16,570
2014	4,486,208	3,498,921	987,287	77.99	2,931,832	16,946
2015	4,323,282	3,479,813	843,469	80.49	2,946,555	17,432
2016	4,650,190	3,667,086	983,104	78.86	3,056,214	19,396
2017	4,724,473	3,736,860	987,613	79.10	3,083,136	20,356

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	\$ 2.41	\$ 2.34	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.60	2.53	
2.43	2.56	2.83	2.76	
2.43	2.56	3.04	2.97	
2.43	2.56	3.26	3.19	
2.47	2.60	3.38	3.24	
2.51	2.64	3.50	3.35	
2.69	2.72	3.59	3.44	

Schedule 11

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

	Fiscal Year			
	2008	2009	2010	2011
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"	2.41	2.60	2.60	2.60
1"	4.02	4.34	4.34	4.34
1 1/2"	8.03	8.67	8.67	8.67
2"	12.85	13.88	13.88	13.88
3"	28.12	30.37	30.37	30.37
4"	40.17	43.38	43.38	43.38
6"	80.33	86.76	86.76	86.76
Usage Rate (<i>per 1,000 gallons</i>)	2.34	2.53	2.53	2.53
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	4.82	5.20	5.20	5.20
1"	8.04	8.68	8.68	8.68
1 1/2"	16.06	17.34	17.34	17.34
2"	25.70	27.76	27.76	27.76
3"	56.24	60.74	60.74	60.74
4"	80.34	86.76	86.76	86.76
6"	160.66	173.52	173.52	173.52
Usage Rate (<i>per 1,000 gallons</i>)	4.68	5.06	5.06	5.06

Source: City Water and Sewer Department

UNAUDITED

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	2.43	\$ 2.43	\$ 2.43	\$ 2.47	\$ 2.51	2.69
	4.05	4.05	4.05	4.12	4.18	4.48
	8.10	8.10	8.10	8.23	8.35	8.95
	12.96	12.96	12.96	13.16	13.36	14.32
	28.35	28.35	28.35	28.78	29.21	31.31
	40.50	40.50	40.50	41.11	41.73	44.73
	81.00	81.00	81.00	82.22	83.45	89.44
	1.35	1.35	1.35	1.38	1.40	1.44
	2.56	2.56	2.56	2.60	2.64	2.72
	2.56	2.56	2.56	2.60	2.64	3.05
	2.89	2.89	2.89	2.94	2.98	3.25
	4.86	4.86	4.86	4.94	5.02	5.38
	8.10	8.10	8.10	8.24	8.36	8.96
	16.20	16.20	16.20	16.46	16.70	17.90
	25.92	25.92	25.92	26.32	26.72	28.64
	56.70	56.70	56.70	57.56	58.42	62.62
	81.00	81.00	81.00	82.22	83.46	89.46
	162.00	162.00	162.00	164.44	166.90	178.88
	2.70	2.70	2.70	2.76	2.80	2.88
	5.12	5.12	5.12	5.20	5.28	5.44
	5.12	5.12	5.12	5.20	5.28	6.10
	5.78	5.78	5.78	5.88	5.96	6.50
	2.83	3.04	3.26	3.38	3.50	3.59
	4.73	5.08	5.46	5.66	5.86	6.02
	9.45	10.16	10.92	11.31	11.71	12.02
	15.12	16.25	17.46	18.08	18.71	19.20
	33.10	35.59	38.25	39.59	40.98	42.04
	47.28	50.83	54.64	56.56	58.54	60.05
	94.56	101.65	109.27	113.10	117.06	120.09
	2.76	2.97	3.19	3.24	3.35	3.44
	5.66	6.08	6.52	6.76	7.00	7.18
	9.46	10.16	10.92	11.32	11.72	12.04
	18.90	20.32	21.84	22.62	23.42	24.04
	30.24	32.50	34.92	36.16	37.42	38.40
	66.20	71.18	76.50	79.18	81.96	84.08
	94.56	101.66	109.28	113.12	117.08	120.10
	189.12	203.30	218.34	226.20	234.12	240.18
	5.52	5.94	6.38	6.48	6.70	6.88

Schedule 12

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

Customer	Fiscal Year 2017			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 282,812	1.97 %	\$ 246,080	1.79 %
Myrtle Beach Travel Park	210,156	1.46	225,388	1.64
Sea Mist Resort	193,642	1.35	193,896	1.41
Grand Strand Regional Medical Center	163,615	1.14	152,519	1.11
Magnolia Pointe HOA	156,165	1.09	136,463	0.99
Apache Family Campground	131,772	0.92	141,286	1.03
Crown Reef Resort	128,446	0.89	95,061	0.69
Maison Sur Mer	86,848	0.60	72,544	0.53
Marriot at Grande Dunes	85,069	0.59	88,124	0.64
Landmark Hotel	81,849	0.57	54,194	0.39
	<u>\$ 1,520,374</u>	<u>10.58 %</u>	<u>\$ 1,405,555</u>	<u>10.22 %</u>

Customer	Fiscal Year 2008			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 285,843	2.24 %	\$ 205,147	2.27 %
Myrtle Beach Travel Park	200,606	1.56	162,892	1.80
AVX Corporation	181,523	1.41	112,550	1.25
Marriot at Grande Dunes	90,314	0.70	63,662	0.71
Grand Strand Regional Medical Center	88,250	0.69	54,943	0.61
Apache Family Campground	84,428	0.66	68,824	0.76
Myrtle Beach Mall	82,942	0.65	67,523	0.75
Maison Sur Mer	80,699	0.63	43,313	0.48
Magnolia North	71,920	0.56	62,399	0.69
Captains Quarters	70,064	0.55	51,765	0.57
	<u>\$ 1,236,589</u>	<u>9.65 %</u>	<u>\$ 893,018</u>	<u>9.89 %</u>

Source: City Water and Sewer Department

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Schedule 13

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Tax Increment Revenue Bonds	Storm Water Revenue Bonds	Hospitality Fee Revenue Bonds	Note Payable	Capital Lease Obligations
2008	\$ 51,933,987	\$ 16,417,341	\$ 37,270,981	\$ 10,119,706	\$ 48,702,104	\$ 2,897,500	\$ 6,761,379
2009	48,586,522	15,198,171	39,497,649	9,727,881	48,740,311	2,897,500	4,978,682
2010	46,209,058	13,041,292	50,288,644	12,053,225	48,778,518	1,947,500	5,087,663
2011	43,731,592	12,831,055	58,812,380	11,528,152	48,261,725	1,847,500	4,218,420
2012	42,102,888	11,800,818	57,758,334	10,965,237	47,714,932	1,847,500	4,196,053
2013	51,021,173	10,200,581	56,359,288	10,361,530	47,138,139	1,847,500	3,537,465
2014	48,130,346	6,303,023	54,900,242	9,745,237	64,517,098		6,784,649
2015	45,515,934	4,791,956	53,381,196	13,387,538	63,252,001		8,452,948
2016	43,961,620	3,230,889	51,792,150	15,996,027	61,971,904		5,717,553
2017	41,326,958	1,625,000	51,896,004	17,200,193	60,666,807		5,513,902

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

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

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<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>		<u>Per Capita ⁽¹⁾</u>
<u>Water and Sewer Revenue Bonds</u>	<u>Certificates of Participation</u>				
\$ 11,728,124	\$ 6,694,341	\$ 192,525,463	22.62 %	\$	6,353
11,727,202	6,219,407	187,573,325	23.04		6,045
11,726,280	5,719,473	194,851,653	22.96		6,095
11,275,359	5,199,539	197,705,722	29.55		7,293
19,782,202	4,654,604	200,822,568	31.73		7,221
19,292,326	4,084,670	203,842,672	30.39		7,205
18,437,450	3,484,736	212,302,781	29.91		7,277
17,557,575	2,854,802	209,193,950	29.44		6,975
30,112,621	2,194,868	214,977,632	25.70		6,927
28,680,331	1,499,933	208,409,128	23.37		6,711

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		
2008	\$ 51,933,987	\$ 2,953,599	\$ 48,980,388	0.71 %	\$ 1,616
2009	48,586,522	884,164	47,702,358	0.62	1,537
2010	46,209,058	2,093,066	44,115,992	0.55	1,380
2011	43,731,592	4,224,209	39,507,383	0.59	1,457
2012	42,102,888	4,372,526	37,730,362	0.55	1,357
2013	51,021,173	4,814,711	46,206,462	0.68	1,633
2014	48,130,346	4,654,838	43,475,508	0.63	1,490
2015	45,515,934	4,792,438	40,723,496	0.54	1,358
2016	43,961,620	4,747,128	39,214,492	0.52	1,264
2017	41,326,958	4,630,835	36,696,123	0.47	1,182

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, 2017**

	<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	\$ 98,074,127	22.0%	\$ 21,576,308
Horry County School District:			
General Obligation Bonds	444,560,000	22.0%	<u>97,803,200</u>
Total Overlapping Governmental Activities Debt			\$ 119,379,508
City Direct Governmental Activities Debt			<u>178,228,864</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u><u>297,608,372</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			
	2008	2009	2010	2011
Debt Limit	\$ 30,864,883	\$ 32,829,398	\$ 36,086,483	\$ 29,897,923
Total Net Debt Applicable to Debt Limit	<u>(22,050,000)</u>	<u>(19,635,000)</u>	<u>(18,230,000)</u>	<u>(16,760,000)</u>
Legal Debt Margin	<u>\$ 8,814,883</u>	<u>\$ 13,194,398</u>	<u>\$ 17,856,483</u>	<u>\$ 13,137,923</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>71.44%</u>	<u>59.81%</u>	<u>50.52%</u>	<u>56.06%</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					
2012	2013	2014	2015	2016	2017
\$ 29,546,805	\$ 30,715,283	\$ 30,833,102	\$ 26,955,443	\$ 28,933,854	\$ 29,618,254
<u>(15,160,000)</u>	<u>(25,165,000)</u>	<u>(23,525,000)</u>	<u>(22,175,000)</u>	<u>(21,995,000)</u>	<u>(20,814,000)</u>
<u>\$ 14,386,805</u>	<u>\$ 5,550,283</u>	<u>\$ 7,308,102</u>	<u>\$ 4,780,443</u>	<u>\$ 6,938,854</u>	<u>\$ 8,804,254</u>
<u>51.31%</u>	<u>81.93%</u>	<u>76.30%</u>	<u>82.27%</u>	<u>76.02%</u>	<u>70.27%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 433,805,167
Assessed Value of Property in TIF Districts	(66,984,029)
Exempt Merchants Inventory (1987 Valuation)	<u>3,407,035</u>
Adjusted Assessed Value of Taxable Property	<u>\$ 370,228,173</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 29,618,254

Debt Applicable to Limit:

General Obligation Bonds	(40,036,000)
Bonds Issued Under Referendum	<u>19,222,000</u>

Legal Debt Margin \$ 8,804,254

Schedule 17

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

Fiscal Year	Water and Sewer Revenue Bonds					
	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 24,345,555	\$ 20,869,473	\$ 3,476,082	\$ 0	\$ 101,273	34.32
2009	21,826,203	21,160,184	666,019	0	506,363	1.32
2010	21,819,786	19,917,775	1,902,011	0	506,362	3.76
2011	22,839,515	19,906,533	2,932,982	450,000	506,362	3.07
2012	25,031,913	19,569,333	5,462,580	470,000	569,972	5.25
2013	24,170,369	19,611,954	4,558,415	485,000	796,000	3.56
2014	25,978,549	21,369,816	4,608,733	850,000	776,600	2.83
2015	26,466,807	22,057,417	4,409,390	875,000	749,500	2.71
2016	27,898,982	22,916,777	4,982,205	905,000	548,881	3.43
2017	31,081,872	23,543,023	7,538,849	1,295,000	1,170,975	3.06

Fiscal Year	Hospitality Fee Revenue Bonds			
	Hospitality Fees	Debt Service		Coverage
		Principal	Interest	
2008	\$ 8,678,672	\$ 0	\$ 2,545,325	3.41
2009	8,222,570	0	2,545,325	3.23
2010	8,283,197	0	2,545,325	3.25
2011	9,023,986	555,000	2,545,325	2.91
2012	9,463,883	585,000	2,516,525	3.05
2013	9,867,341	615,000	2,486,081	3.18
2014	10,075,280	0	1,930,741	5.22
2015	10,850,942	1,145,000	2,912,187	2.67
2016	11,310,659	1,160,000	2,897,267	2.79
2017	11,874,960	1,185,000	2,876,408	2.92

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

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

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

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Tax Increment Revenue Bonds

Property Tax		Debt Service		Coverage
Increment		Principal	Interest	
\$ 2,318,289	\$	1,110,000	\$ 1,738,220	0.81
5,210,870		1,165,000	1,682,720	1.83
3,601,569		0	1,851,153	1.95
4,210,980		580,000	2,516,563	1.36
3,777,540		1,060,000	2,824,652	0.97
3,670,339		1,405,000	2,380,002	0.97
4,435,844		1,465,000	2,310,644	1.17
6,026,391		1,525,000	2,430,067	1.52
7,239,204		1,595,000	3,732,934	1.36
7,994,053		4,655,000	1,277,054	1.35

Storm Water Revenue Bonds

Storm		Debt Service		Coverage
Water Fees		Principal	Interest	
\$ 1,276,753	\$	379,346	\$ 336,627	1.78
1,552,585		391,825	324,147	2.17
1,569,986		436,895	325,276	2.06
1,836,316		536,214	338,566	2.10
1,858,628		562,915	304,094	2.14
1,883,706		603,707	226,141	2.27
2,181,517		616,292	213,556	2.63
2,227,724		629,185	200,664	2.68
2,267,128		886,548	367,808	1.81
2,319,629		1,151,603	404,184	1.49

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>
2007	30,304	\$ 28,092	\$ 851,300	37.1	5.00 %
2008	31,032	26,236	814,156	37.4	7.00
2009	31,968	26,542	848,495	37.6	11.90
2010	27,109	24,683	669,131	37.9	12.10
2011	27,810	22,758	632,900	38.3	11.60
2012	28,292	23,710	670,803	39.2	10.10
2013	29,175	24,329	709,799	40.2	8.50
2014	29,992	23,696	710,690	40.3	7.70
2015	31,035	26,949	836,362	40.3	7.10
2016	31,053	28,712	891,594	40.3	5.60

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 2016	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,650	3.70 %
Wal-Mart	Retail Sales	2,700	2.07
Horry County Government	County Government	2,300	1.38
Coastal Carolina University	Education	2,269	1.37
Conway Medical Center	Hospital	1,500	1.00
Grand Strand Regional Medical Center	Hospital	1,400	0.97
Food Lion	Retail Sales	1,050	0.67
McLoud Health System	Hospital	950	0.67
City of Myrtle Beach	Municipal Government	895	0.60
Horry Telephone Cooperative	Telephone Utility	690	0.45
		<u>19,404</u>	<u>12.88 %</u>

Employer	Type of Business	Calendar Year 2007	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,120	4.11 %
Wal-Mart	Retail Sales	2,203	1.77
Horry County Government	County Government	1,975	1.59
Burroughs and Chapin	Developer	1,798	1.44
AVX Corporation	Manufacturer	1,500	1.21
Grand Strand Regional Medical Center	Hospital	1,200	0.96
Conway Medical Center	Hospital	1,100	0.88
Loris Community Hospital	Hospital	950	0.76
City of Myrtle Beach	Municipal Government	798	0.64
		<u>16,644</u>	<u>13.36 %</u>

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

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

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Schedule 20

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

	As of June 30,			
	2008	2009	2010	2011
Full-Time Equivalent Employees				
General Government	87	90	89	89
Public Safety	400	426	422	410
Transportation	25	25	26	27
Community and Economic Development	29	29	27	28
Culture and Recreation	137	144	136	139
Public Works	30	26	25	23
Water	30	27	29	29
Sewer	27	27	26	26
Municipal Golf Course	14	16	15	13
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	809	840	825	814

Source: City Finance Department

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

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As of June 30,					
2012	2013	2014	2015	2016	2017
81	80	80	81	83	84
431	431	429	453	467	478
26	26	26	26	26	27
26	27	27	33	38	40
145	145	165	160	165	178
25	25	25	25	28	29
30	30	30	30	30	30
26	26	26	26	26	23
10	8	10	10	0	0
30	30	30	32	32	34
830	828	848	876	895	923

Schedule 21

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

	Fiscal Year			
	2008	2009	2010	2011
General Government				
New Business Licenses Issued	1,474	1,427	1,971	1,481
Public Safety				
Calls for Services - Police	107,136	117,116	141,191	110,773
Total Arrests	39,436	26,322	27,020	21,620
Fire Calls per Engine Company	364	346	301	346
Transportation				
Square Yards of City Streets Resurfaced	50,330	38,700	32,400	56,000
Community and Economic Development				
Building Permits Issued	5,121	2,966	2,986	3,468
Culture and Recreation				
Admissions to Recreation Centers	177,910	209,326	217,125	220,372
Exhibition Hall Occupancy Percentage	66%	66%	63%	62%
Number of Library Volumes	77,089	84,116	87,961	146,027
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	10,395	9,745	9,816	10,056
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	8,161	7,859	7,785	7,974
Municipal Golf Course				
Number of Rounds Played	45,633	40,236	32,989	37,224
Solid Waste Management				
Tons of Refuse Collected	27,931	27,689	27,937	28,099

Sources: Various City departments

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

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Fiscal Year					
2012	2013	2014	2015	2016	2017
1,463	1,190	1,157	1,414	1,518	1,361
104,907	96,527	110,102	115,233	133,761	134,508
22,998	21,635	22,417	24,639	23,919	23,718
349	374	393	400	448	494
54,000	81,279	39,480	37,319	39,877	36,315
4,180	4,569	5,232	5,696	5,814	6,230
218,120	206,788	198,673	181,669	181,968	187,002
65%	63%	62%	65%	70%	65%
144,757	125,563	117,296	140,885	134,627	131,982
10,263	9,565	9,586	9,534	10,047	10,238
8,253	7,919	8,032	8,073	8,373	8,447
36,695	35,887	34,010	34,050	46,597	50,149
26,876	26,369	27,979	25,887	29,167	29,860

Schedule 22

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

	Fiscal Year			
	2008	2009	2010	2011
Public Safety				
Police Stations	3	3	3	3
Fire Stations	6	6	6	6
Transportation				
Streets (<i>miles</i>)	127	130	130	141
Traffic Signals	70	70	70	71
Culture and Recreation				
Parks	37	45	45	45
Park Acreage	332	653	653	653
Recreation Centers	3	4	4	4
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	372	375	375	376
Sewer				
Gravity Sewers (<i>miles</i>)	219	219	230	230
Storm Sewers (<i>miles</i>)	126	141	151	153
Baseball Stadium				
Baseball Stadiums	1	1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

Sources: Various City departments

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

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Fiscal Year					
2012	2013	2014	2015	2016	2017
3	3	3	3	3	3
6	6	6	6	6	6
142	142	142	142	142	142
72	72	72	72	72	72
45	45	45	45	45	45
653	653	653	653	653	653
4	4	4	4	4	4
1	1	1	1	1	1
2	2	2	2	2	2
376	378	380	382	382	388
231	233	235	237	237	242
161	164	170	173	173	178
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
26	26	26	26	26	26



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CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-14-UC-45006	\$ 42,346
		B-15-UC-45006	170,140
		B-16-UC-45006	149,313
Total U.S. Department of Housing and Urban Development			\$ <u>361,799</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 14,692
Public Safety Partnership and Community Policing Grant	16.710		488,090
Edward Byrne Memorial Justice Assistance Grant	16.738		34,016
Total U.S. Department of Justice			\$ <u>536,798</u>
U.S. Department of Transportation:			
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC16015	\$ 20,474
		2JC17015	6,866
Total U.S. Department of Transportation			\$ <u>27,340</u>
U.S. Department of Homeland Security:			
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	15SHSP19	\$ 59,000
		15SHSP32	69,484
Staffing for Adequate Fire and Emergency Response Grant	97.083		231,981
Total U.S. Department of Homeland Security			\$ <u>360,465</u>
Total Expenditures of Federal Awards			\$ <u><u>1,286,402</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

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, 2017. 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 - 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-DR-SC). As of year-end, the Federal Emergency Management Agency (FEMA) has not approved the project worksheets related to the disaster. In accordance with the instructions included in the *OMB Compliance Supplement*, the federal portion of the expenditures will be reported on the schedule of expenditures of federal awards in the year the project worksheets are approved by FEMA, which is anticipated to be during the year ending June 30, 2018.



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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, 2017, 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 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

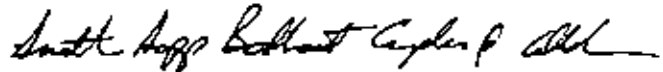
As part of obtaining reasonable assurance about whether the City of Myrtle Beach, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could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

Smith Sapp Bookhout Crumpler & Callihan
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South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

Purpose of this Report

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



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

Myrtle Beach, South Carolina
November 22, 2017



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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, 2017. 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, 2017.

Report on Internal Control Over Compliance

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

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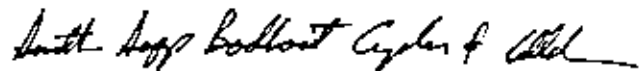
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of compliance, we considered the City of Myrtle Beach, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that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

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

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

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



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

Myrtle Beach, South Carolina
November 22, 2017

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Summary of Auditors' Results

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

U.S. Department of Justice - Public Safety Partnership and Community Policing Grant - CFDA
No. 16.710
8. The threshold used for distinguishing between type A and B programs was \$750,000.
9. The City of Myrtle Beach, South Carolina was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None



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CITY OF MYRTLE BEACH SOUTH CAROLINA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017