

City of North Myrtle Beach

South Carolina



CAFR

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

Issued by: Department of Finance
Randy J. Wright, Director

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



January 23, 2020

To the Honorable Mayor, Members of City Council, and Citizens of North Myrtle Beach:

We are pleased to present the Comprehensive Annual Financial Report of the City of North Myrtle Beach, South Carolina for the Fiscal Year Ended June 30, 2019. This report has been prepared in conformity with generally accepted accounting principle (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of North Myrtle Beach. We believe the enclosed is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operation of the various funds of the government in accordance with accounting principles generally accepted in the United States of America GAAP; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. To provide a reasonable basis for making these representations, management of the City of North Myrtle Beach has established a comprehensive internal control framework. This framework is designed to protect the government's assets as well as provide sufficient reliable information for preparation of its financial statements. Because the costs of internal controls should not outweigh their benefits, the City of North Myrtle Beach's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Robert E. Milhous, C.P.A.; P.A., a firm of licensed certified public accounts. The goal of the independent audit was to provide reasonable assurance that the Financial Statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit and its procedures. The independent auditor has rendered an unmodified opinion that the City of North Myrtle Beach's financial statements for the fiscal year ended June 30, 2019, are fairly presented in accordance with GAAP.

Additional information as well as an overview and analysis of the City's financial position and statements can be found in the Management's Discussion and Analysis section of this report. This analysis is located after the Auditor's Opinion.

PROFILE OF THE GOVERNMENT

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. North Myrtle Beach operates in and is governed by the laws of the State of South Carolina and also by its own charter, which was first adopted by the electorate

on May 7, 1968. The charter provides for a Council-Manager form of government. Legislative authority is vested in the Mayor and six Council members; provided, one council member shall be a resident of the Crescent Beach Ward, one a resident of the Cherry Grove Ward, one a resident of the Ocean Drive Ward, and one a resident of the Windy Hill Ward. The terms of office are for four years each. The present term for council members from the Cherry Grove and Crescent Beach Wards will expire during November 2023. The present term of the Mayor and the councilmembers from the Ocean Drive and Windy Hill Wards will expire during November 2021. The two at-large councilmembers were added November 2001 – they both have a four-year term and one will expire during November 2023 while the other will be November 2021. The Mayor and Council enact ordinances and resolutions relating to City services, levy of taxes, appropriation and borrowing, licensing and regulating of businesses and trades, and other municipal purposes.

The City of North Myrtle Beach provides a full range of services, including police and fire protection; the construction and maintenance of streets, drainage, and other infrastructure; and recreational activities, and cultural events. Water, sewer, and solid waste are provided by the government through enterprise funds.

The annual budget serves as the foundation for the City of North Myrtle Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Department on or before the first week of January each year. The Finance Department uses these requests as the starting point for developing a proposed budget. The government's manager then reviews the proposed budget and makes any adjustments prior to presentation to the City Council at the annual budget retreat held the end of February. The Council then makes any suggestion or changes in programs and policy and instructs staff to provide a budget document by the end of April, sixty days prior to the beginning of the fiscal year. Council then holds a public hearing and as soon thereafter as possible, adopts a budget and passes a tax levy ordinance and such other ordinances as may be required to make the budget effective. The total appropriation for the budget adopted by City Council is the legal appropriation for the fiscal year. Budget detail provides for the budgetary control necessary to assure that the total appropriation for the City does not exceeded the legal appropriation level for the fiscal year. The Finance Department maintains budget-to-actual comparisons on an ongoing-basis and provides this information for each individual governmental fund for which an appropriated annual budget has been adopted within this report. For the general fund, this comparison is presented on pages 68 through 70 as part of the basic financial statements for the governmental funds.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Condition and Outlook

As of this writing the City of North Myrtle Beach is experiencing steady growth in excess of 3%. The tourism industry that is the main provider of economic activity for the City is functioning very well. Year round activities such as sports tourism as well as seasonal events like the Christmas Light Show have expanded the opportunities for local businesses to serve tourists year round. The City is committed to the expansion of various activities and programs that offer new opportunities to a wider range of tourists.

The construction industry that draws from the tourist industry as well as the retirement community that is ever increasing in North Myrtle Beach due to its excellent weather continues to build at a very good pace. During the first part of FY2020 the value of new permits was \$107,164,000 which is good for the overall economy and 32% ahead of last year's pace.

The long-term economic outlook for the City of North Myrtle Beach is positive. The community continues to be a highly visited vacation spot that offers popular attractions such as golf, the beach, entertainment, and shopping. Also, the recent addition of major roads such as Route 22 and 31 in the area has opened up new areas for development as well as provided alternative routes in order to alleviate traffic congestion. As of this writing construction has begun in various parts of the recently annexed property. These projects will provide significant growth in the west side of the waterway in the undeveloped areas of the city.

The City purchased an additional 96 acres south of the Sports and Tourism Park during FY2019. This additional land will be set aside for expansion of the Sports & Tourism Park. The current park is providing sports tourism to the City, and when the park is expanded in the near future significantly larger sporting events will be taking place at the park. These events will add an additional economic impact for the City of North Myrtle Beach.

General Fund Revenues are projected to grow at a faster pace through 2020 especially with new commercial development going on at the current time. No additional general obligation bond issues are projected for FY 2020. The City continues to maintain the beach and preserve this important asset with another beach renourishment project that was completed in the Spring of 2019 by the Army Corps of Engineers in the amount of \$7,000,000. These projects continue to assure a viable beach environment.

Long-Term Financial Planning

The annexation of the 1,350 acre and the 1,600 acre tracts of undeveloped land will greatly enhance the City's revenue picture over the long run. Few annexations are along a future interstate like these two tracts of land with an already existing interchange. These annexations will provide the City with two new commercial districts that has the potential to bring in major retail businesses along with the many ancillary businesses that accompany them, as well as the City's largest park.

The City has been able to maintain consistent growth over the last five years and the future looks very bright with the overall economy continuing to show signs of good growth. The General Fund fund balance has been able to remain above the 35% fund balance policy which gives the City a lot of flexibility in taking on major projects and improvements throughout the City. Current projections are favorable and management is looking forward to a very bright future over the next several fiscal years.

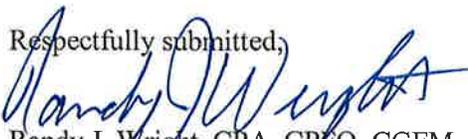
GFOA CERTIFICATE OF ACHIEVEMENT

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 North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR 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 our current report continues to conform to the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for Fiscal Year 2019.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the dedicated endeavors of the Accounting Division. I would like to express my appreciation to all staff members, especially Assistant Finance Director, Jamie Baker who has managed the independent audit as well as the preparation of this report. Further appreciation is extended to the Mayor and City Council and City Manager for their encouragement, assistance, and approval. It is a real pleasure to work for a group of people who encourage and support the sound financial operation and reporting of the City.

Respectfully submitted,

Randy J. Wright, CPA, CPFO, CGFM
Finance Director



Government Finance Officers Association

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

Presented to

**City of North Myrtle Beach
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of North Myrtle Beach, South Carolina

PRINCIPAL OFFICIALS

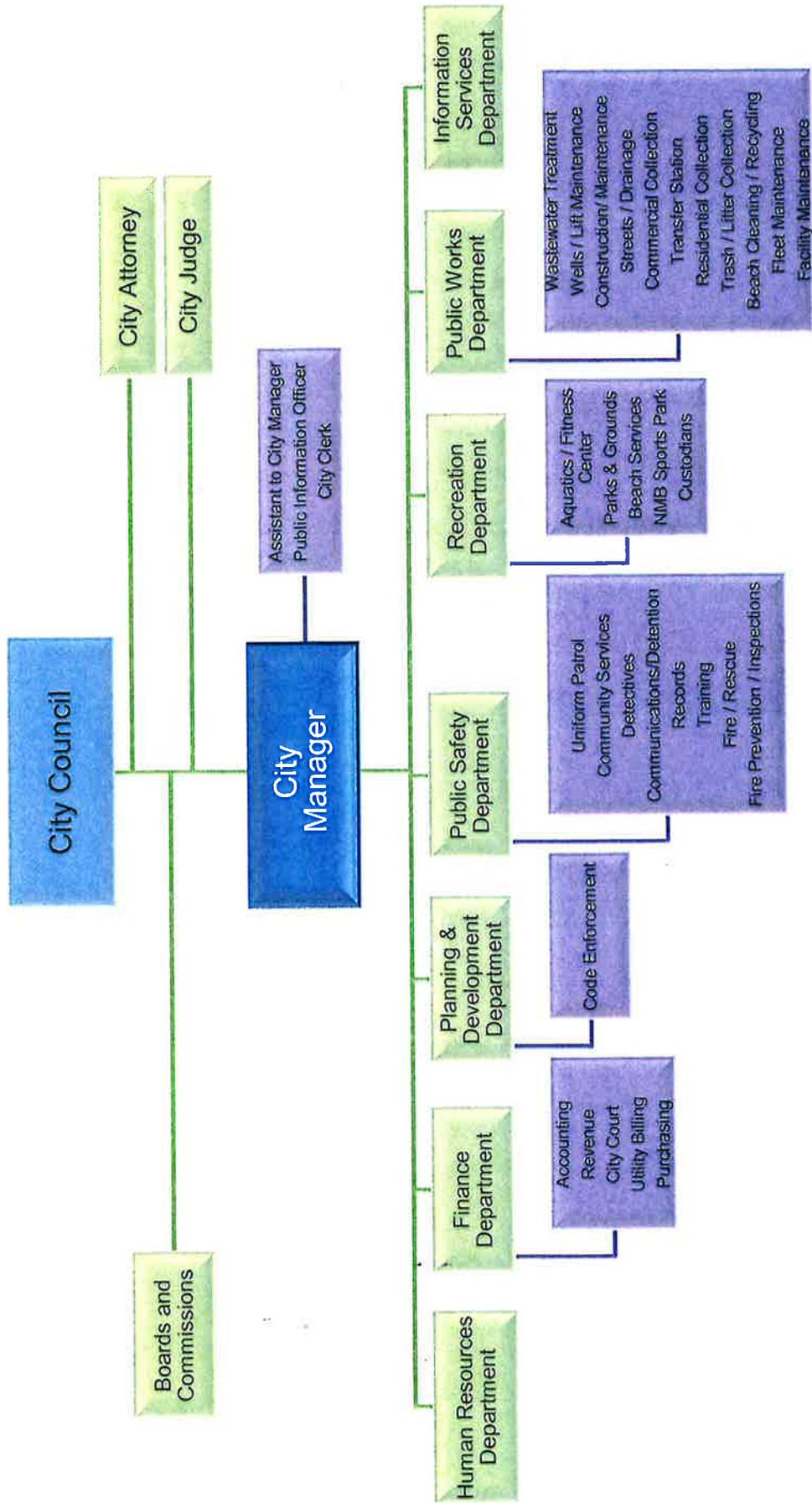
June 30, 2019

Elected

Mayor Marilyn B. Hatley
Councilmember, Cherry Grove Ward Fred Coyne
Councilmember, Crescent Beach Ward Jay Baldwin
Councilmember, Ocean Drive Ward Terry White
Councilmember, Windy Hill Ward Nicole Fontana
Councilmember, At-Large..... Bob Cavanaugh
Councilmember, At-Large..... Hank Thomas

Appointed

City Manager Michael G. Mahaney
Finance Director Randy J. Wright
Information Services Director Patrick Wall Jr.
Parks and Recreation Director John W. Bullard
Planning and Development Director James W. Wood
City Engineer/Public Works Director Kevin D. Blayton
Public Safety Director Jay A. Fernandez
Human Resources Director..... Tammy P. O’Berry



FINANCIAL SECTION

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH

TABLE XIX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

MISCELLANEOUS STATISTICAL DATA

June 30, 2019

Date of Incorporation	May 7, 1968
Form of Government	Council/Manager
Area - Square Miles	19
Miles of Shoreline on the Atlantic Ocean	9
<u>WATER & SEWER SYSTEM</u>	
Number of Customer Billings for FY 2018	170,110
Daily Pumping Capacity - Gallons	13,200,000
Greatest Pumpage for a Single Day	8,750,000
Maximum Filtration Plant Capacity Per Day - Gallons	14,200,000
Maximum Wells Capacity Per Day - Gallons	2,000,000
Maximum Wastewater Capacity	10,400,000
Greatest Wastewater Treatment Day	8,020,000
<u>PUBLIC SAFETY</u>	
Number of Stations	5
Annual Police Calls	35,625
Annual Fire Calls	4,955
Traffic Stops	6,330
Arrests	1,753
<u>BUILDING</u>	
Permits Issued	3,871
Estimated Cost of Construction	\$168,454,073
Inspections	6,635
<u>SOLID WASTE</u>	
Garbage - Tons	12,540
Construction Debris - Tons	967
Yard Waste - Tons	4,474
Recycling - Tons	2,056
<u>AQUATIC & FITNESS CENTER</u>	
Member Packages	2,811
Members	4,880
<u>BEACH SERVICES</u>	
Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	12

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGR.
 LAST TEN FISCAL YEARS

Employees by Function/Program	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	10.75	11.5	11.5	11	11	11	11	12	14	14
City Court	5	5	5	5	5	5.5	5.5	5.5	5.5	5.5
Information Services	8	8	8	7.5	7.5	7	6	6	6	6
Finance										
Accounting/Revenue	12.25	12.25	13.75	12.75	12	12	12	12	12	12
Purchasing	4	4.25	4	4.75	4	4	4	6	7	7
Public Safety										
Administration	19.5	17	16.5	16.25	13	12	12	12	10	10
Detectives	11	11	10.5	10.5	11	11	10	10	9.5	9.5
Public Safety & Fire Officials	130	125	130.5	138	131	138	141	141	144	144
Planning & Community Development										
Administration	9	9	9	9	9	10	10	10	10	10
Inspection Services	9	9	9	9	9	9	9	9	9	9
Public Works										
Streets / Drainage	22.5	22	20.75	20	20	19	19	19	19	19
Fleet Maintenance	5	5	5	5	5	5	6	6	6	6
Facility Maintenance	3	3	3	3	3	3	3	2	2	2
Parks and Recreation										
Parks & Grounds	35	27.5	27.5	31.25	27	22.5	16.75	15.25	13	13
Custodians	4.75	5	5	5	5	5	6	6	6	6
Other Recreation Activities	24	23	23	24.5	22	15	9.75	9	8.8	7
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	25	26	28.5	27.75	26	9	24.6	25	24	26.6
Beach Services	52	51.5	51.25	59	54	0	49	49	41.1	44.5
Water & Sewer Utility										
Administration	12.5	12.5	12.5	13	12	12	12	12	12.75	12.75
Wastewater Treatment	6.75	5.5	6.5	7	6	6	6	6	6	6
Wells/Lifts Maintenance	8.5	8	9	9	9	9	9	9	9	9
Construction Maintenance	21.75	20.75	19	17	18	19	19	19	19	19
Solid Waste Utility										
Administration	4	4	4	4	4	4	4	4	4.25	4.25
Sanitation Services	27.25	27.5	27.5	<u>26</u>	<u>28</u>	<u>27.6</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>
GRAND TOTALS	<u>478.5</u>	<u>461.3</u>	<u>468.3</u>	<u>483.3</u>	<u>459.5</u>	<u>383.6</u>	<u>441.6</u>	<u>441.8</u>	<u>434.9</u>	<u>439.1</u>

Source: City of North Myrtle Beach Finance Department

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS

<u>Largest Employers in NMB - 2019 and 2010</u>			
<u>Rank</u>	<u>Employer</u>	<u>2019 # of Employees</u>	<u>2010 # of Employees</u>
1	Wyndam Sales & Marketing	828	317
2	City of North Myrtle Beach	647	439
3	Wal-Mart	475	424
4	Boulineau's Inc.	280	200
5	Bi-Lo (2 Stores)	227	160
6	House of Blues	216	214
7	Lowes	215	134
8	Avista	190	190
9	Publix	170	0
10	Baywatch Resort	145	120
11	Home Depot	145	88
12	Alabama Theatre	132	100
13	Olive Garden	130	0
14	Beach Cove	125	112
15	Barefoot Resort Golf	119	100
16	Cracker Barrel	107	106
17	Dick's Last Resort	100	0
18	Buffalo Wild Wing Bar & Grill	100	0
19	Greg Norman's Australian Grill	79	0
20	Carrabba's	60	85

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing the changes to the statistical section.

* Statistical information on total number of people employed in North Myrtle Beach is unavailable.

Source: North Myrtle Beach Revenue Division

REPORT OF INDEPENDENT AUDITOR

CITY OF NORTH MYRTLE BEACH

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

A Professional Association Of

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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FAX: (803) 216-9498

Columbia
Phone: (803) 772-5300

Myrtle Beach/Conway
Phone: (843) 488-5301

REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of City Council
City of North Myrtle Beach, South Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's 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, I 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. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

Unmodified Opinion

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

— CONTINUED —



Other Matters

Emphasis of Matter

As discussed in *Note 17* to the financial statements, the Governmental Activities and the Governmental Fund financial statements have been restated as a result of the City correcting prior-period errors. My opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents 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. I 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 inquires 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, of the combining and individual fund financial statements and other financial schedules as listed in the table of contents as Other Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of North Myrtle Beach, South Carolina.

The combining and individual fund financial statements and other financial schedules are the responsibility of management and were derived from and relates 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 my opinion, the combining and individual fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Summarized Comparative Information

The prior year summarized comparative information presented in the individual fund financial statements and schedules has been derived from the City's 2018 audited financial statements, and in my report dated January 10, 2019, expressed an unmodified opinion on those individual fund financial statements.

The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or any other form of assurance on this information.



January 15, 2020
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

This section of the City of North Myrtle Beach, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

Per the Government-Wide Statement of Net Position, the City's total assets (\$248.2 million) and deferred outflows of resources (\$4.3 million) collectively totaled \$252.5 million for the year end June 30, 2019, and exceeded total liabilities (\$56.1 million) and deferred inflows of resources (\$.1 million) by \$195.3 million. At June 30, 2019, total unrestricted net position resulted in a deficit of \$13.4 million and not available to support short-term operations of the City.

Per the Government-Wide Statement of Activities, the City's total net position increased by \$6.4 million for the year ended June 30, 2019. The Governmental Activities contributed \$6.0 million and the Business-type Activities contributed \$.4 million for the year.

The City implemented GASB Statement No. 75 (*see Note 17*) for its other post-employment benefit liabilities in 2018. This continues to cause a large deficit in Governmental Activities unrestricted net position at year ended June 30, 2019.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements comprise three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves. Typically, the MD&A contains comparative data to help the reader identify trends in financial activity of the government. The Letter of Transmittal and the Statistical Section of the Comprehensive Annual Financial Report (CAFR), of which this discussion is a component thereof, contains much of the data and analysis usually included in a MD&A and therefore it is not duplicated herein.

Government-Wide Financial Statements – The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave).

Government-Wide Financial Statements (Continued)

Both of the Government-Wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the City include general government, finance, public safety, public works, parks and recreation, planning and economic development, and support services. The Business-type Activities of the City include enterprise operations for water and sewer utility, solid waste, aquatic center, and beach service. Internal service fund of the City's health insurance reserves and claims expense is accounted for prorata in both Governmental Activities and Business-type Activities.

The Government-Wide financial statements can be found immediately following the "Report of the Independent Auditor".

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds – *Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled "Required Supplementary Information".

The basic Governmental Fund financial statements can be found immediately following the "Government-Wide" financial statements.

Proprietary Funds – Proprietary Funds provide the same type of information as the Government-Wide financial statements, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the "Governmental Fund" financial statements.

Enterprise Funds are used to report the same functions presented as *Business-type Activities* in the Government-Wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, its Solid Waste, its Aquatic Center, its Beach Service, and its Sports and Tourism Park enterprises.

Internal Service Funds are used to account for activity of providing goods and services to other funds and departments of the City on a cost-reimbursement basis. The City uses its Internal Service Fund to account for resources and expenses related to the City's risk financing activities of employee and retiree/non-employee health costs, workers compensation liability program, and property and casualty liability.

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.

Other Financial Information – In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report also presents certain financial data of individual fund statements and schedules.

Government-Wide Financial Analysis

Below is a 'condensed' Statement of Net Position at June 30, 2019 (with comparative amounts of June 30, 2018 as restated) which depicts the major components of the City's total (Governmental and Business-type) assets, liabilities and net position (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 10,419	\$ 6,217	\$ 4,552	\$ 9,395	\$ 14,971	\$ 15,612
Restricted	1,428	2,399	1,964	1,971	3,392	4,370
Other current assets	9,115	12,061	4,485	3,256	13,600	15,317
Capital assets, net of accumulated depreciation	117,160	116,244	91,903	87,333	209,063	203,577
Other assets, net of accumulated amortization	—	—	7,225	8,062	7,225	8,062
Total assets	138,122	136,921	110,129	110,017	248,251	246,938
Deferred Outflows of Resources	4,279	5,016	12	—	4,291	5,016
Liabilities:						
Current liabilities	5,651	9,044	6,783	5,961	12,434	15,005
Long term liabilities	36,399	36,470	7,309	8,409	43,708	44,879
Total liabilities	42,050	45,514	14,092	14,370	56,142	59,884
Deferred Inflows of Resources	1,075	1,515	—	—	1,075	1,515
Net Position:						
Net investment in capital assets	117,160	112,202	89,139	84,077	206,299	196,279
Restricted	2,448	3,491	31	3	2,479	3,494
Unrestricted (deficit)	(20,332)	(20,785)	6,879	11,567	(13,453)	(9,218)
Total net position	\$ 99,276	\$ 94,908	\$ 96,049	\$ 95,647	\$195,325	\$190,555

Governmental Activities – For 2019, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$20.9 million, or 15.2% of total assets. Non-current assets (consisting of capital assets, net of accumulated depreciation) equaled \$117.2 million or 84.8% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.7 million, or 13.4% of total liabilities. Long-term (non-current) liabilities totaled \$36.4 million, or 86.6% of the respective total.

Business-type Activities – For 2019, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$11.0 million, or 10.0% of total assets. Non-current assets (consisting of capital assets, net of accumulated depreciation and other assets) equaled \$99.1 million, or 90.0% of total assets. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$6.8 million, or 48.1% of the respective total liabilities. Long-term (non-current) liabilities totaled \$7.3 million, or 51.9% of the respective total.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, 2019 total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$195.3 million at the end of June 30, 2019 (or \$99.3 million for Governmental Activities and \$96.0 million for Business-type Activities).

By far the largest portion (\$206.3 million) of the City's 2019 total net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-Wide Financial Analysis (Continued)

The City's 2019 restricted net position (totaling \$2.5 million) consist of \$2.5 million in Governmental Activities and \$.03 million in Business-type Activities, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* equals a \$13.4 million deficit (consisting of Governmental Activities deficit \$20.3 million and Business-type Activities positive \$6.9 million) which if positive, may be used to meet the government's ongoing obligations to citizens and creditors. The City's components of changes in net position for FY 2019 and FY 2018 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program Revenue:						
Charges for services	\$ 5,043	\$ 4,044	\$ 24,880	\$ 23,456	\$ 29,923	\$ 27,500
Operating grants and contributions	104	152	509	591	613	743
Capital grants and contributions	6,255	11,243	2,394	3,330	8,649	14,573
General revenue:						
Property taxes	17,253	15,738	—	—	17,253	15,738
State shared and other taxes	20,888	21,091	—	—	20,888	21,091
Investment earnings	55	50	166	68	221	118
Other	120	69	—	—	120	69
Total revenue	49,718	52,387	27,949	27,445	77,667	79,832
Expenses:						
General government	3,969	3,517	—	—	3,969	3,517
Finance	1,007	873	—	—	1,007	873
Information services	397	181	—	—	397	181
Public safety	17,770	15,803	—	—	17,770	15,803
Planning and development	1,947	2,701	—	—	1,947	2,701
Public works	8,056	13,094	—	—	8,056	13,094
Parks and recreation	7,167	6,773	—	—	7,167	6,773
Support services	1,245	1,750	—	—	1,245	1,750
Interest on general long-term debt	335	44	—	—	335	44
Water and Sewer Utility	—	—	17,640	16,754	17,640	16,754
Solid Waste	—	—	4,996	4,689	4,996	4,689
Aquatic Center	—	—	2,530	2,617	2,530	2,617
Beach Service	—	—	2,467	2,419	2,467	2,419
Sports and Tourism Park	—	—	1,675	1,480	1,675	1,480
Total expenses	41,893	44,736	29,308	27,959	71,201	72,695
Changes in net position before transfers	7,825	7,651	(1,359)	(514)	6,466	7,137
Transfers	(1,761)	(1,862)	1,761	1,862	—	—
Change in net position	6,064	5,789	402	1,348	6,466	7,137
Net position – beginning of year	94,908	89,119	95,647	94,299	190,555	183,418
Cumulative effect of restatement (<i>see Note 17</i>)	(1,696)	—	—	—	(1,696)	—
Net position – end of year	\$ 99,276	\$ 94,908	\$ 96,049	\$ 95,647	\$ 195,325	\$ 190,555

Of total net position at June 30, 2019, \$99.3 million (and \$94.9 million at June 30, 2018) represents net position of the City's Governmental Activities, and \$96.0 million (and \$95.6 million in 2018) represents total net position of the City's Business-type Activities. At the end of fiscal year 2019, the City is able to report 'positive' changes in net position even with the accounting of GASB Statements #68 (pension) and #75 (OPEB) expenses. The increase in net position for Governmental Activities was a result of modest increases in general revenues (property taxes and accommodation/hospitality taxes) and street improvement grants. Increase in Business-type Activities net position resulted primarily in increases in transferred amounts from Accommodation (2%) Tax Special Revenue Fund and Local Accommodations (1.5%) Tax Special Revenue Fund to various Enterprise Funds.

Government-Wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities

Governmental expenses are funded by fees for services, grants and contributions and general revenues. The Statement of Activities details this activity for the City. The following table summarizes that data.

(amounts shown in thousands)

	Expenses	Total Program Revenue	Net Expenses	% Funded by Program Revenue	% Required to Funded by General Revenue
General govt. admin.	\$ (3,969)	\$ 356	\$ (3,613)	8.9%	91.1%
Finance	(1,007)	—	(1,007)	0.0%	100.0%
Information services	(397)	—	(397)	0.0%	100.0%
Public safety	(17,770)	772	(16,998)	4.3%	95.7%
Planning and development	(1,947)	802	(1,145)	41.2%	58.8%
Public works	(8,056)	8,419	363	100.0%	0.0%
Parks and recreation	(7,167)	1,053	(6,114)	14.7%	85.3%
Support services	(1,245)	—	(1,245)	0.0%	100.0%
Debt service interest	(335)	—	(335)	0.0%	100.0%
Totals	\$ (41,893)	\$ 11,402	\$ (30,491)	27.2%	72.8%

Governmental Activities absorbed 78.98% of the net position deficit in the City's Insurance Reserves Internal Services Fund in 2019. The City also allocates its depreciation of capital assets to the City's functions (see *Note 6*), with Program Revenues covering 27.2% of expenses to fund 2019 Governmental Activities (as compared to 34.5% in 2018). General Revenues of 72.8% in 2019 (as compared to 65.5% in 2018) were required to fund the balance, which as shown below:

General Revenues by Source – Governmental Activities (shown in thousands)

Property taxes	\$ 17,253
Accommodations/hospitality taxes	10,377
State shared taxes – unrestricted	932
Licenses and franchise taxes	9,579
Investment earnings	55
Other revenues	120
Total general revenue before transfers	\$ 38,316

Fund Financial Analysis

General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$27.6 million, and achieved actual revenues of \$28.3 million or within \$.7 million of budget. Final expenditures budgeted for the General Fund were \$30.3 million with actual expenditures of \$31.2 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.7 million. However, after considering Other Financing Sources and Uses, and transfers, the General Fund had an actual increase of \$150,701 in fund balance.

As noted above, the City's General Fund fund balance increased due to additional general and program revenue in General Government Administration, Public Safety and Public Works. The additional expenditures in these areas were needed in order to provide for the necessary services for tourism-related and growth-related costs, including expanded police coverage for services and events. The General Fund fund balance is above the 35% threshold that the City policy requires on the overall financial position of the City. The City continues to monitor its overall financial position and is currently experiencing growth of around 4% per annum.

The General Fund's budget also included net transfers to/from other funds, netting to \$3.0 million more transferred in than out, primarily due to increases in both Accommodations and Hospitality taxes.

Expenses and Program Revenues – Business-type Activities

The City operates five enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center, Beach Service and Sports and Tourism Park funds. Business-type Activities absorbed 21.02% of the net position deficit in the City's Insurance Reserves Internal Services Fund in 2019.

The Water and Sewer Utility has been in operation for a number of years and resulted in an operating loss of \$3.2 million for the year ended June 30, 2019 (compared to \$2.9 million in 2018). While economic development continued to increase in 2019, related developer fees and other capital contributions decreased in 2019, and along with increased costs, the Utility Fund realized a decrease of \$567,251 in net position.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved an operating income of \$265,293 for the year ended June 30, 2019. After increases in non-operating revenue and transfers from the Accommodations (2%) Tax Fund, the change in net position increased by \$558,991.

The City's Aquatic Center Enterprise Fund, in its 14th year of operations, incurred a net operating loss of \$207,688. After recognizing a \$823,205 in transfers from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled an increase of \$504,158.

The City's Beach Service Enterprise Fund, in its 11th year of operations, incurred a net operating income of \$168,802. After recognizing \$278,863 in transfers from the Accommodations (2%) Tax Fund and the Local Accommodations (1.5%) Tax Fund, the change in net position of Beach Service totaled \$451,193.

The City's Sports and Tourism Enterprise Fund, in its 4th year of operation, incurred a net operating loss of \$713,217. After recognizing non-operating revenue, capital contributions, plus transfers from the General Fund and Park Development, a change in net position totaled a decrease of \$54,174.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2019, amounts to \$209.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and roads. A major emphasis continued in 2019 with the City's multi-million dollar sports and tourism park complex. Capital asset purchases within the General Fund departments continued to be made on a pay-as-you-go basis. This has been the City's policy for 20+ years. The City resumed purchases of budgeted capital assets since revenues came in at budget. Overall capital is in very good condition and any deferrals from prior-years have had no negative affect on City services. Additional information on the City's capital assets can be found in *Note 6* of this report.

Long-Term Debt – At the end of the current fiscal year, the City had paid-off its general obligation bonds and installment purchase obligation, leaving total long-term debt outstanding of \$5.8 million. Of this amount, \$2.2 million comprises Cherry Grove Dredge Capital Project bonds backed by Special Assessment revenue. Enterprise Fund revenue-backed long-term debt consists of Water and Sewer Fund contract payables totaling \$825,000 and Aquatic Center Fund bond totaling \$2.7 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of North Myrtle Beach, South Carolina 29582.

AUDITED BASIC FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets and Deferred Outflows			
Current assets:			
Cash and cash equivalents	\$ 8,696,277	\$ 2,203,743	\$ 10,900,020
Equity in pooled cash and cash equivalents	1,723,013	2,348,474	4,071,487
Receivables, net	2,638,998	3,452,282	6,091,280
Due from other governments	6,016,538	101,422	6,117,960
Internal balances, net	(95,752)	95,752	—
Inventories and prepaids	537,805	550,387	1,088,192
Restricted assets:			
Cash and cash equivalents	1,427,659	19,281	1,446,940
Equity in pooled cash and cash equivalents	—	1,944,456	1,944,456
Deposits held by others	17,728	284,718	302,446
Total current assets	<u>20,962,266</u>	<u>11,000,515</u>	<u>31,962,781</u>
Non-currents assets:			
Capital assets not subject to depreciation	24,036,795	8,368,200	32,404,995
Capital assets, net of depreciation	93,123,181	83,534,671	176,657,852
Other assets, net	—	7,225,441	7,225,441
Total non-current assets	<u>117,159,976</u>	<u>99,128,312</u>	<u>216,288,288</u>
Deferred outflows of resources:			
Pension plan and OPEB related, net	4,279,376	12,149	4,291,525
Total deferred outflows of resources	<u>4,279,376</u>	<u>12,149</u>	<u>4,291,525</u>
Total Assets and Deferred Outflows	<u>\$ 142,401,618</u>	<u>\$ 110,140,976</u>	<u>\$ 252,542,594</u>
Liabilities, Deferred Inflows, and Net Position			
Current liabilities:			
Accounts payable	\$ 2,225,151	\$ 2,509,249	\$ 4,734,400
Accrued payroll and related taxes	409,023	200,741	609,764
Accrued interest payable	9,058	67,459	76,517
Due to other governments	5,608	—	5,608
Bonds, contracts and notes payable – current portion	1,280,000	1,336,447	2,616,447
Unearned revenue and deposits	1,168,331	349,680	1,518,011
Insurance reserves and claims payable	236,691	62,994	299,685
Liabilities payable from restricted assets	317,416	2,255,850	2,573,266
Total current liabilities	<u>5,651,278</u>	<u>6,782,420</u>	<u>12,433,698</u>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,744,898	500,152	2,245,050
Special Assessment bonds payable	971,000	—	971,000
Note payable	—	2,252,631	2,252,631
Net pension liabilities	16,563,561	—	16,563,561
Total other post-employment benefits (OPEB) liability	17,118,913	4,556,084	21,674,997
Total long-term liabilities	<u>36,398,372</u>	<u>7,308,867</u>	<u>43,707,239</u>
Total liabilities	<u>42,049,650</u>	<u>14,091,287</u>	<u>56,140,937</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities, Deferred Inflows, and Net Position (continued)			
Deferred inflows of resources:			
Pension plan related, net	1,075,680	—	1,075,680
Total deferred inflows of resources	1,075,680	—	1,075,680
Net position:			
Net investment in capital assets	117,159,976	89,138,793	206,298,769
Restricted for:			
Tourism related	25,719	—	25,719
Public safety pensions	1,432,000	—	1,432,000
Cherry Grove District improvements	830,766	—	830,766
Public safety assistance	159,669	—	159,669
Future capacity of utility		31,894	31,894
Unrestricted (deficit)	(20,331,842)	6,879,002	(13,452,840)
Total net position	99,276,288	96,049,689	195,325,977
Total Liabilities, Deferred Inflows, and Net Position	\$ 142,401,618	\$ 110,140,976	\$ 252,542,594

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions and Programs							
Governmental Activities:							
General government admin.	\$ (3,968,507)	\$ 251,933	\$ 103,798	\$ —	\$ (3,612,776)	\$ —	\$ (3,612,776)
Finance	(1,006,700)	—	—	—	(1,006,700)	—	(1,006,700)
Information Services	(396,832)	—	—	—	(396,832)	—	(396,832)
Public safety	(17,769,519)	—	—	205,008	(16,997,809)	—	(16,997,809)
Planning and development	(1,946,563)	566,702	—	—	(1,144,116)	—	(1,144,116)
Public works	(8,056,354)	802,447	—	—	362,308	—	362,308
Parks and recreation	(7,166,937)	2,932,734	—	5,485,928	(6,113,680)	—	(6,113,680)
Support services	(1,245,616)	489,226	—	564,031	(1,245,616)	—	(1,245,616)
Debt service – interest	(335,632)	—	—	—	(335,632)	—	(335,632)
Total governmental activities	(41,892,660)	5,043,042	103,798	6,254,967	(30,490,853)	—	(30,490,853)
Business-type Activities:							
Water and Sewer Utility	(17,639,937)	13,998,373	211,668	2,393,780	—	(1,036,116)	(1,036,116)
Solid Waste	(4,995,870)	5,177,340	111,422	—	—	292,892	292,892
Aquatic Center	(2,529,958)	2,188,772	2,954	—	—	(338,232)	(338,232)
Beach Service	(2,467,404)	2,604,752	4,431	—	—	141,779	141,779
Sports and Tourism Park	(1,675,452)	910,924	179,184	—	—	(585,344)	(585,344)
Total business-type activities	(29,308,621)	24,880,161	509,659	2,393,780	—	(1,525,021)	(1,525,021)
Total functions and programs	\$ (71,201,281)	\$ 29,923,203	\$ 613,457	\$ 8,648,747	(30,490,853)	(1,525,021)	(32,015,874)
General Revenue and Transfers							
General Revenue:							
Property taxes					17,252,954	—	17,252,954
Accommodations and hospitality taxes					10,377,168	—	10,377,168
State shared taxes – unrestricted					932,021	—	932,021
Business licenses and franchise taxes					9,579,005	—	9,579,005
Unrestricted investment earnings					55,114	166,173	221,287
Miscellaneous					119,382	—	119,382
Transfers:							
Transfers in/(out)					(1,760,886)	1,760,886	—
Total general revenue and transfers					36,554,758	1,927,059	38,481,817
Changes in net position					6,063,905	402,038	6,465,943
Net position, beginning of year					94,908,681	95,647,651	190,556,332
Cumulative effect of restatement (see Note 17)					(1,696,298)	—	(1,696,298)
Net position, end of year					\$ 99,276,288	\$ 96,049,689	\$ 195,325,977

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Street Improvement Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,610,749	\$ —	\$ —	\$ 85,528	\$ 8,696,277
Equity in pooled cash and cash equivalents	—	—	—	1,723,013	1,723,013
Deposits held by others	—	—	—	—	—
Receivables, net	1,605,842	202,824	—	619,426	2,428,092
Due from other funds	6,308,273	—	—	3,496,283	9,804,556
Due from other governments	849,906	3,158,611	1,280,063	727,958	6,016,538
Inventories and prepaids	211,636	—	—	—	211,636
Restricted assets:					
Cash and cash equivalents	477,085	—	—	878,127	1,355,212
Total assets	\$ 18,063,491	\$ 3,361,435	\$ 1,280,063	\$ 7,530,335	\$ 30,235,324
Liabilities and Fund Balances					
Liabilities:					
Accounts and retainage payable	\$ 543,150	\$ 760,200	\$ 494,861	\$ 105,056	\$ 1,903,267
Accrued payroll and withholdings payable	409,023	—	—	—	409,023
Deposits and performance bonds	929,934	—	—	—	929,934
Due to other funds	3,810,761	2,257,988	759,483	1,263,232	8,091,464
Due to other governments	5,608	—	—	—	5,608
Unearned revenue	—	—	—	238,397	238,397
Payable from restricted assets	317,416	—	—	—	317,416
Total liabilities	6,015,892	3,018,188	1,254,344	1,606,685	11,895,109
Fund balances:					
Non-spendable	211,636	—	—	—	211,636
Restricted by others	159,669	—	25,719	—	185,388
Committed by ordinance	—	—	—	830,766	830,766
Assigned by management	—	343,247	—	5,132,237	5,475,484
Unassigned reported in:					
General Fund	11,676,294	—	—	—	11,676,294
Special Revenue Fund	—	—	—	—	—
Debt Service Fund	—	—	—	(39,353)	(39,353)
Total fund balances	12,047,599	343,247	25,719	5,923,650	18,340,215
Total liabilities and fund balances	\$ 18,063,491	\$ 3,361,435	\$ 1,280,063	\$ 7,530,335	
Reconciliation to amounts reported for governmental activities in the Statement of Net Position (see Note 15):					
Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.					117,159,976
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.					(18,813,432)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.					(20,568,517)
Deferral outflows and inflows of resources are not financial uses or resources, respectively, and therefore are not reported in these funds.					3,158,046
Net position, end of year – Governmental Activities					\$ 99,276,288

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	General Fund	Street Improvement Fund	State (2%) A-Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 14,675,125	\$ —	\$ —	\$ 2,577,829	\$ 17,252,954
Special assessments	—	—	—	1,307,402	1,307,402
Licenses and permits	10,371,262	—	—	—	10,371,262
Fines and forfeitures	456,877	—	—	—	456,877
Use of money and property	206,499	—	—	148,683	355,182
Unrestricted					
intergovernmental	1,163,319	—	—	—	1,163,319
restricted intergovernmental	665,610	1,978,915	3,919,670	8,401,619	14,965,814
Sales and service charges	670,699	—	—	2,942,524	3,613,223
Miscellaneous	103,798	46,807	—	80,814	231,419
Total revenue	28,313,189	2,025,722	3,919,670	15,458,871	49,717,452
Expenditures					
Current:					
General government administration	2,596,753	—	—	—	2,596,753
Finance	819,554	—	—	61,420	880,974
Information services	266,411	—	—	—	266,411
Public safety	15,821,700	—	—	—	15,821,700
Planning/development	1,762,261	—	—	—	1,762,261
Public works	2,535,792	—	—	459,075	2,994,867
Parks and recreation	3,998,129	—	1,526,791	—	5,524,920
Support services	1,165,897	—	—	—	1,165,897
Debt service	605,884	—	—	3,523,062	4,128,946
Capital outlay	1,584,509	3,515,027	—	5,272,978	10,372,514
Total expenditures	31,156,890	3,515,027	1,526,791	9,316,535	45,515,243
Excess (deficiency) of revenue over (under) expenditures	(2,843,701)	(1,489,305)	2,392,879	6,142,336	4,202,209
Other Financing Sources (Uses)					
Transfers in	6,518,808	1,252,500	—	3,136,508	10,907,816
Transfers (out)	(3,524,406)	—	(2,365,874)	(6,827,828)	(12,718,108)
Total other financing sources (uses)	2,994,402	1,252,500	(2,365,874)	(3,691,320)	(1,810,292)
Net change in fund balances	150,701	(236,805)	27,005	2,451,016	2,391,917
Fund balances, beginning of year	11,896,898	1,209,710	(1,286)	3,472,634	16,577,956
Cumulative effect of restatement (see Note 17)	—	(629,658)	—	—	(629,658)
Fund balances, end of year	\$ 12,047,599	\$ 343,247	\$ 25,719	\$ 5,923,650	\$ 18,340,215

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
 Statement of Activities (see Note 15):**

Net change in fund balances – total governmental funds	\$ 2,391,917
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,982,426
Internal service funds are used by management to charge the costs of insurance programs to individual funds. This is the amount allocated to Governmental Activities.	(1,844,419)
Some expenses reported in Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in these funds.	(508,228)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>4,042,209</u>
Change in Net Position – Governmental Activities	<u><u>\$ 6,063,905</u></u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
 PROPRIETARY FUNDS

JUNE 30, 2019

Business-type Activities – Enterprise Funds

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park	Totals	Internal Service Fund
Assets and Deferred Outflows							
Current assets:							
Cash and cash equivalents	\$ 2,192,548	\$ —	\$ 695	\$ 7,500	\$ 3,000	\$ 2,203,743	\$ —
Equity in pooled cash and cash equivalents	—	2,104,922	50,331	193,221	—	2,348,474	—
Receivables, net	2,810,602	412,357	13,086	137,219	22,887	3,396,151	267,038
Due from other funds	—	—	—	241,147	467,191	708,338	—
Due from other governments	—	101,422	—	—	—	101,422	—
Inventories and prepaid items	460,540	—	—	—	3,039	463,579	412,976
Restricted assets:							
Cash and cash equivalents	—	—	—	—	—	—	91,728
Equity in pooled cash and cash equivalents	1,944,456	—	—	—	—	1,944,456	—
Deposits with others	280,000	—	—	—	—	280,000	22,446
Total current assets	7,688,146	2,618,701	64,112	579,087	496,117	11,446,163	794,188
Non-current assets:							
Capital assets, not subject to depreciation	8,328,189	7,799	—	—	32,212	8,368,200	—
Capital assets, subject to depreciation, net	73,671,059	2,083,578	6,637,134	511,512	631,388	83,534,671	—
Total capital assets, net	81,999,248	2,091,377	6,637,134	511,512	663,600	91,902,871	—
Other assets, net	7,225,441	—	—	—	—	7,225,441	—
Total non-current assets	89,224,689	2,091,377	6,637,134	511,512	663,600	99,128,312	—
Total assets	96,912,835	4,710,078	6,701,246	1,090,599	1,159,717	110,574,475	794,188
Deferred outflows of resources:							
Deferred outflows – OPEB related	—	—	—	—	—	—	57,799
Total assets and deferred outflows	\$ 96,912,835	\$ 4,710,078	\$ 6,701,246	\$ 1,090,599	\$ 1,159,717	\$ 110,574,475	\$ 851,987

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park		
Liabilities and Net Position							
Current liabilities:							
Accounts payable	\$ 2,208,551	\$ 90,721	\$ 22,439	\$ 85,269	\$ 16,601	\$ 2,423,581	\$ 407,551
Accrued payroll and related taxes	61,856	32,588	17,006	86,981	2,310	200,741	—
Due to other funds	—	—	—	—	131,175	131,175	2,290,256
Accrued interest payable	—	—	67,459	—	—	67,459	—
Contracts and note payable – current portion	825,000	—	511,447	—	—	1,336,447	—
Unearned revenue and deposits	—	—	320,535	—	29,145	349,680	—
Insurance reserves and claims payable	—	—	—	—	—	—	299,684
Liabilities payable from restricted assets	2,255,850	—	—	—	—	2,255,850	—
Total current liabilities	5,351,257	123,309	938,886	172,250	179,231	6,764,933	2,997,491
Long-term (non-current) liabilities:							
Accrued compensated absences	297,946	152,935	46,357	217	2,697	500,152	—
Contracts payable	—	—	—	—	—	—	—
Note payable	—	—	2,252,631	—	—	2,252,631	—
Other post-employment benefits (OPEB)	—	—	—	—	—	—	—
Total long-term liabilities	297,946	152,935	46,357	217	2,697	500,152	—
Total liabilities	5,649,203	276,244	3,237,874	172,467	181,928	9,517,716	21,674,997
Net position:							
Net investment in capital assets	81,999,248	2,091,377	3,873,056	511,512	663,600	89,138,793	—
Restricted for:							
Future capacity and deposits	31,394	—	—	—	—	31,394	—
Health insurance claims	—	—	—	—	—	—	—
Unrestricted (deficit)	9,232,990	2,342,457	(409,684)	406,620	314,189	11,886,572	(23,820,501)
Total net position	91,263,632	4,433,834	3,463,372	918,132	977,789	101,056,759	(23,820,501)
Total liabilities and net position	\$ 96,912,835	\$ 4,710,078	\$ 6,701,246	\$ 1,090,599	\$ 1,159,717	\$ 110,574,475	\$ 851,987

Some amounts reported for Business-type Activities in the Statement of Net Position are different because certain Internal Service Fund assets and liabilities are included with Business-type Activities (see Note 15):

Net Position of Business-type Activities

See accompanying notes to financial statements.

(5,007,070)
\$ 96,049,689

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2019

	Business-type Activities – Enterprise Funds					Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park		
Operating Revenue	\$ 13,998,373	\$ 5,177,340	\$ 2,188,772	\$ 2,604,752	\$ 910,924	\$ 24,880,161	\$ 8,006,279
Sales and service charges	<u>13,998,373</u>	<u>5,177,340</u>	<u>2,188,772</u>	<u>2,604,752</u>	<u>910,924</u>	<u>24,880,161</u>	<u>8,006,279</u>
Operating Expenses							
General government administration	1,376,252	249,858	91,237	156,831	5,963	1,880,141	6,486,558
Finance	1,000,029	142,952	40,224	150,840	20,112	1,354,157	344,471
Information services	360,122	72,024	24,008	36,012	12,004	504,170	51,130
Public safety	64,787	—	—	809,321	—	874,108	1,681,386
Planning/development	42,230	—	—	—	—	42,230	935,829
Public works	10,278,742	3,728,794	—	—	—	14,007,536	194,880
Parks and recreation	—	—	1,890,764	1,066,931	1,240,055	4,197,750	458,256
Support services	534,980	159,593	55,631	47,480	—	797,684	226,989
Depreciation and amortization	3,563,485	58,826	294,596	168,535	346,007	4,931,449	—
Total operating expenses	<u>17,220,627</u>	<u>4,912,047</u>	<u>2,396,460</u>	<u>2,435,950</u>	<u>1,624,141</u>	<u>28,589,225</u>	<u>10,379,499</u>
Operating income (loss)	(3,222,254)	265,293	(207,688)	168,802	(713,217)	(3,709,064)	(2,373,220)
Non-Operating Revenue (Expenses)							
Interest earned on investments	163,414	3,317	345	77	—	167,153	671
Interest expense	(115,859)	—	(114,658)	—	—	(228,517)	—
Non-operating program fees and other	211,668	—	2,954	4,431	179,184	398,237	37,250
Restricted intergovernmental	—	111,422	—	(980)	—	111,422	—
(Gain)/loss on disposals	—	—	—	(980)	—	(980)	—
Total non-operating revenue (expenses)	<u>261,223</u>	<u>114,739</u>	<u>(111,359)</u>	<u>3,528</u>	<u>179,184</u>	<u>447,315</u>	<u>37,921</u>
Income (loss) before contributions and transfers	(2,961,031)	380,032	(319,047)	172,330	(534,033)	(3,261,749)	(2,335,299)
Capital Contributions	2,393,780	—	—	—	—	2,393,780	—
Transfers – in (out)	—	178,959	823,205	278,863	479,859	1,760,886	—
Change in net position	(567,251)	558,991	504,158	451,193	(54,174)	892,917	(2,335,299)
Net position, beginning of year	91,830,883	3,874,843	2,959,214	466,939	1,031,963	100,163,842	(21,485,202)
Net position, end of year	<u>\$ 91,263,632</u>	<u>\$ 4,433,834</u>	<u>\$ 3,463,372</u>	<u>\$ 918,132</u>	<u>\$ 977,789</u>	<u>\$ 101,056,759</u>	<u>\$ (23,820,501)</u>

Some amounts reported for Business-type Activities in the Statement of Activities are different because certain Internal Service Fund Revenue and Expenses are reported with Business-type Activities (see Note 15):

Change in Net Position of Business-type Activities
 See accompanying notes to financial statements.

(490,879)
 \$ 402,038

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2019

	Business-type Activities – Enterprise Fund						Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park	Totals	
Cash flows from operating activities							
Cash received from:							
User fees	\$ 13,323,169	\$ 4,989,568	\$ 2,185,703	\$ 2,512,373	\$ 918,757	\$ 23,929,570	\$ 7,928,967
Tap fees	98,200	—	—	—	—	98,200	—
Service and miscellaneous charges	139,310	200	4,248	6,819	1,351	151,928	—
Cash paid to (for):							
Employee salaries and related costs	(4,304,496)	(2,101,788)	(1,119,516)	(1,283,577)	(194,262)	(9,003,639)	—
Water and sewer system costs	(5,129,644)	—	—	—	—	(5,129,644)	—
Garbage collection services	—	(1,438,632)	—	—	—	(1,438,632)	—
Aquatic Center operations	—	—	(750,102)	—	—	(750,102)	—
Beach Service operations	—	—	—	(349,081)	—	(349,081)	—
Sports and Tourism Park operations	—	—	—	—	(426,276)	(426,276)	—
Insurance claims costs	—	—	—	—	—	—	—
Overhead and miscellaneous costs	(2,846,248)	(797,179)	(243,170)	(622,456)	(648,954)	(5,158,007)	(9,084,753)
Net cash provided by (used in) operating activities	1,280,291	652,169	77,163	264,078	(349,384)	1,924,317	(1,196,010)
Cash flows from non-capital and related financing activities							
Inter-fund borrowing/payments, net	—	—	(194,391)	(284,577)	(144,799)	(623,767)	1,124,512
Tower rental and other	210,318	—	—	—	—	210,319	—
Intergovernmental grants	—	111,422	—	—	—	111,423	—
Local accommodation/hospitality taxes and other transfers	—	178,959	823,205	278,863	479,859	1,760,886	—
Non-operating fees, donations/fundraisers	1,350	—	2,954	3,451	179,184	186,939	37,250
Net cash provided by (used in) non-capital and related financing activities	211,668	290,381	631,768	(2,263)	514,244	1,645,800	1,161,762
Cash flows from capital and related financing activities							
Acquisition and construction of capital assets	(7,247,587)	(593,075)	(39,680)	(68,671)	(164,560)	(8,113,573)	—
Principal paid on bonds, notes, and contracts	(1,576,393)	—	(492,297)	—	—	(2,068,690)	—
Interest and bond agent fees on long-term debt	(113,859)	—	(126,673)	—	—	(240,532)	—
Capital contributions – impact fees, grants and other cash contributions	1,842,995	—	—	—	—	1,842,995	—
Net cash provided by (used in) capital and related financing activities	(7,094,844)	(593,075)	(658,650)	(68,671)	(164,560)	(8,579,800)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities — Enterprise Fund						Internal
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park	Totals	Service Fund
Cash flows from investing activities							
Interest received on investments	163,414	3,317	345	77	—	167,153	671
Net cash provided by (used in) investing activities	163,414	3,317	345	77	—	167,153	671
Net increase (decrease) in cash and cash equivalents	(5,439,471)	352,792	50,626	193,221	300	(4,842,552)	(33,577)
Cash and cash equivalents, beginning of year (of which \$1,944,456 is restricted)	9,576,475	1,752,130	400	7,500	2,700	11,339,205	125,305
Cash and cash equivalents, end of year (of which \$1,944,456 is restricted)	\$ 4,137,004	\$ 2,104,922	\$ 51,026	\$ 200,721	\$ 3,000	\$ 6,496,673	\$ 91,728
Reconciliation of operating income (loss) to net cash from operating activities							
Operating income (loss)	\$ (3,222,254)	\$ 265,293	\$ (207,688)	\$ 168,802	\$ (713,217)	\$ (3,709,064)	\$ (2,373,220)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	3,563,485	558,826	294,596	168,535	346,007	4,931,449	—
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(437,694)	(187,572)	(3,069)	(85,560)	9,184	(704,711)	(77,312)
(Increase) decrease in inventories and prepaid items	(110,270)	—	—	—	—	(110,270)	(12,512)
Increase (decrease) in accounts and other payables	1,483,212	5,981	(16,885)	7,798	3,054	1,483,160	27,229
Increase (decrease) in payroll and accrued liabilities	3,812	9,641	5,653	4,503	1,182	24,791	—
Increase (decrease) in unearned revenue/deposit	—	—	4,556	—	4,406	8,962	138,515
Increase (decrease) in other post-employment benefits (OPEB) and deferred outflows	—	—	—	—	—	—	1,101,290
Net cash provided by (used in) operating activities	\$ 1,280,291	\$ 652,169	\$ 77,163	\$ 264,078	\$ (349,384)	\$ 1,924,317	\$ (1,196,010)
Supplemental disclosure of non-cash capital and related financing activities							
System contributions by developers	\$ 550,785	\$ —	\$ —	\$ —	\$ —	\$ 550,785	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FUDUCIARY FUNDS

JUNE 30, 2019

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
	<u>Money Purchase Pension Plans</u>	<u>Firemen's Fund</u>
Assets		
Cash and cash equivalents	\$ —	\$ 399,252
Cash and temporary investments – mutual funds	26,470,033	—
Receivables – Participant loans	1,287,228	—
Total assets	<u>\$ 27,757,261</u>	<u>\$ 399,252</u>
Liabilities		
Due to Firemen's Association	\$ —	\$ 399,252
Total liabilities	<u>—</u>	<u>\$ 399,252</u>
Net Position		
Held in trust for employee's pension benefits	<u>\$ 27,757,261</u>	

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FUDUCIARY FUNDS

YEAR ENDED JUNE 30, 2019

	<u>Pension Trust Funds</u> <u>Money Purchase Pension Plans</u>
Additions	
Employer contributions	\$ 1,083,030
Employee (member) contributions	274,168
Investment income (loss)	1,508,696
Non-vested rollover	—
Total additions	<u>2,865,894</u>
Deductions	
Benefit payments and loan issuance costs	797,922
Trustee fees	22,285
Forfeitures	28,402
Total deductions	<u>848,609</u>
Change in net position	2,017,285
Net position, beginning of year	<u>25,739,976</u>
Net position, end of year	<u><u>\$ 27,757,261</u></u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of North Myrtle Beach, South Carolina was incorporated on May 7, 1968, and adopted a “Home Rule Charter” on February 13, 1976. The City operates under a “Council-Manager” form of government.

The financial statements of the City of North Myrtle Beach, South Carolina (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, as amended, established new financial reporting requirements for governments and caused to restructure much of the information that the City presented in the past. The more significant of the government’s accounting policies are described below.

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the City presents the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City’s financial statements to be misleading or incomplete. Financial accountability is defined as appointment of a voting majority of the separate organization’s board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. At June 30, 2019, there were no material component units of the City.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements – The Government-Wide financial statements consists of a Statement of Net Position and the Statement of Activities and reports information on all of the non-fiduciary activities of the government as a whole. Separate columns are used to distinguish between the City’s governmental and business-type activities. Governmental activities are generally those activities financed by taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds. Business-type activities are those activities which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and liabilities as “net position” not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and reflects the “net (expenses) revenue” of the City’s individual functions before applying ‘general’ revenues.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government's general revenues. They include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are 'general' revenues unless they are required to be reported as program revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-Wide financial statements. The focus of governmental and proprietary fund financial statements is on 'major' funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with 'non-major' funds being aggregated and displayed in a single column.

The City reports the following 'major' governmental funds: General Fund, Street Improvement Fund, and State (2%) A-Tax. The City reports the following 'major' proprietary funds: Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, Beach Service Fund, and Sports and Tourism Park Fund.

A combining schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences in Governmental Funds, summary reconciliations to the Government-Wide financial statements are presented at the end of each applicable fund financial statement.

Governmental Funds

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The Governmental Fund category includes the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

General Fund – The 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.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes. The City's Special Revenue Funds consists of the Accommodations (2%) Tax Fund, Local Accommodations (1.5%) Tax Fund, and Hospitality (1%) State Fee Fund, which have been adopted pursuant to state laws.

Debt Service Funds – Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types. This includes accounts for Special Assessment (Cherry Grove Municipal Improvement District) Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The City utilizes the following individual Capital Projects Funds: Capital Improvement Fund, Street Improvement Fund, Beach Renourishment Fund, Park Development Fund, Stormwater Drainage Fund, and Cherry Grove Dredge Fund.

Proprietary Funds

Proprietary fund reporting primarily focuses on the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The proprietary fund category includes the Enterprise Fund and the Internal Service Fund.

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City uses the Water and Sewer Utility Fund to account for all financial resources associated with furnishing water and sewer service to domestic, business and industrial users; the Solid Waste Fund to account for all revenues and expenses related to the City's solid waste activities; the Aquatic Center Fund to account for all revenues and expenses associated with the operation of the City's Aquatic and Fitness Center; the Beach Service Fund to account for all revenues and expenses related to the City's beach service activities; and the Sports and Tourism Park Fund to account for related activities.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user-charge basis. This includes Insurance Reserves Fund which accounts for the City's health insurance programs of employees and retiree/non-employees, the workers compensation program, and its property and casualty liability program.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position, and is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The Fiduciary Fund category includes Pension Trust Funds to account for retirement benefits, and Agency Funds to account for the City's Firemen's Funds.

Pension Trust Funds – Pension Trust Fund is a fund held by the City in a trustee capacity for employees' retirement plan, and used to account for the accumulation of assets for the purpose of paying benefits when they become due in accordance with the terms of the plan. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. The City maintains two (2) pension trust funds. A terminated pension trust is described in *Note 11*.

Agency Funds – Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds; are custodial in nature (assets equal liabilities); and do not involve the measurement of results of operations. The City's Firemen's Fund accounts for the 1% fire insurance premiums passed-through from the State for the exclusive benefit of the City's firemen. These activities have been excluded from the City's Government-wide financial statements because the City cannot use those assets to finance its operations.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

Under GASB #34, the Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity (i.e. advances or short-term loans) has been eliminated from the Government-Wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough (usually 60 days) thereafter to pay liabilities of the current 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 claims and judgments, are recorded only when payment is due.

Proprietary Fund financial statements reflect revenues, expenses and changes in net position using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds and Internal Services Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Insurance Reserves Fund is an Internal Service Fund that records all health related costs of the City, its actuarially determined OPEB expenses for the current period, workers compensation program, and property and casualty liability program. The fund accounts for actual healthcare resources and costs of employees, administration of flexible spending and health reimbursement costs, plus normal costs of OPEB health benefits and amortization of unfunded/actuary-determined OPEB health benefits, reinsurance for health benefits, and administration and processing fees for the health insurance programs for the City. Each fund of the City is charged a set amount (insurance premiums) per covered employee position that is budgeted for the year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The City will appraise results of the Insurance Reserves Fund on an annual basis and adjust rates from the City's various governmental and enterprise funds to assure proper funding for prior, current and future costs of all health insurance-related activities. Thus, the amount subsequently charged per covered employee is adjusted to cover all costs (and any prior-year deficits) associated with the Insurance Reserves Fund.

Private-sector accounting and financial reporting are generally followed in both the Government-Wide and Proprietary Fund financial statements pursuant to GASB Statement No. 62. "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*". This Statement codifies into GASB accounting and financial reporting standards the "legacy" standards from the private-sector.

The Statement of Fiduciary Net Position includes information about the assets, liabilities, and net position for each of the City's fiduciary fund types on the basis of accounting similar to proprietary-type funds, except for agency funds. The Statement of Changes in Fiduciary Net Position presents information about the additions, deductions, and net increases (or decreases) for the year in net position for each fiduciary fund type.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, certain claims and judgment liabilities, and current-portions of compensated absences among other accounts. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the City-wide total appropriations (expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund. Informal budgetary controls are maintained for other funds (Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Enterprise Funds). The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds. Accordingly, the City provides Required Supplementary Information of budgeting comparisons only for the General Fund.
- Appropriations lapse at the end of each fiscal year.

Since the City has adopted GASB Statement #54, encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation – is not used by the City and, accordingly, is not a part of budgetary integration.

Budget Deficits and Fund Balances

For the year ended June 30, 2019, ‘final budgeted’ expenditures/expenses and other financing sources and uses exceeded estimated revenues as follows: Street Improvement Capital Projects Fund by \$617,500; Cherry Grove Dredge Capital Projects Fund by \$1,066,890. These deficits were funded (if necessary) by unreserved and applicable reserved fund balances and additional unbudgeted revenue, and reduced actual expenditures/expenses. The Enterprise Funds of the Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, Beach Service Fund, and Sports and Tourism Park Fund operated under total operating expense budgets equaling \$13.3 million, \$4.9 million, \$2.3 million, \$2.4 million, and \$1.5 million, respectively. At June 30, 2019, deficit fund balances/net position resulted in the following: Cherry Grove District Bonds Debt Service Fund by \$39,353; and Insurance Reserves Internal Service Fund by \$23,820,501. These deficits are expected to be resolved from either future appropriations or revenues.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents, and Investments

The City pools the cash of all funds into a central depository bank account except where legal restrictions prohibit the commingling of funds. Temporary investments are then made from the account in collaborative form in order to maximize the return on invested funds. Therefore, in the “Statement of Cash Flows”, all Water and Sewer Utility Fund cash and investments (including restricted assets other than deposits with other agencies) are essentially demand deposits and are considered cash and cash equivalents. Each individual fund’s equity in the pooled cash and temporary investments is shown in that fund. Allocation of interest earned is made to each fund based on pro rata equity.

Investments of the Money Purchase Retirement Plans managed by the ICMA Retirement Corporation, a third party administrator, consists of a combination of mutual funds, and money market accounts as selected by the participating employees. All investments are carried at fair value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated net of their allowance for uncollectible accounts.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Inventories

Inventories are valued at weighted average cost and consist of expendable supplies held for consumption. Accordingly, the cost is recorded as an asset at the time individual inventory items are purchased and then expended as the supplies are consumed (“consumption method”). Reported inventories in the Governmental Funds are equally offset by a fund balance reserve which indicates that they do not constitute “available expendable resources” even though they are a component of net current assets.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’. These interfund receivables and payables are classified as “internal balances” on the Government-wide Statement of Net Position and have been eliminated. Amounts payable to the Governmental activities from the Business-type activities are reported as contra-assets in the Proprietary fund financial statements for consistency and clarity in presentation. The City deems all interfund receivables and payables to be short-term and do not constitute general long-term liabilities.

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Government-wide Governmental Activities, restricted assets consist of cash and cash equivalents restricted as to legal purpose. In the Business-type Activities and Proprietary fund types, restricted assets consists of restricted cash and cash equivalents that arose from certain bond and contract ordinances.

Other Assets

Other assets consists of purchases of intangible assets, or ‘contractual rights’ to use capital asset resources. The Government-wide Business-type Activities and Proprietary (Enterprise) Fund ‘rights’ result from the purchases of water capacity and for sewer treatment, incurred by the Water and Sewer Utility Enterprise Fund, through contractual agreements with third-parties. These costs are being amortized over the longer of the life of the related agreements or the useful life of the asset using the straight-line method.

Deferred Inflows/Outflows of Resources

Pursuant to GASB Concepts Statement No. 4, “deferred outflow of resources” is a consumption of net position (assets minus liabilities) by the government that is applicable to a future period, while an ‘asset’ is a resource with present service capacity that the government presently controls. A “deferred inflow of resources” is an acquisition of net position (assets minus liabilities) by the government that is applicable to a future reporting period, while a ‘liability’ is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, water and sewer utility systems, and infrastructure assets, are reported in the applicable Governmental or Business-type activities columns in the Government-wide financial statements. Capital assets of the City that are not specifically related to activities reported in Proprietary or Fiduciary funds have been reported as assets in the governmental funds column of the Government-wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) have been capitalized using actual and estimated historical costs of major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements in fiscal years ending after June 30, 1980.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows: Buildings – 15 to 40 years; Water and sewer systems – 10 to 60 years; Improvements – 10 to 30 years; Machinery and equipment – 3 to 20 years; Infrastructure – 30 years.

Interest costs incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2019, there were no material capitalized interest costs incurred.

Unearned Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for deferred revenue, commonly referred to as unearned revenue. Unearned revenue in the Government-wide and in the Proprietary (Enterprise) financial statements, is represented by various deposits on contracts. In the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as unearned revenue.

Long-term Obligations

In the Government-Wide financial statements, and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-type Activities, or Proprietary fund financial statement. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, installment note obligations, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of governmental fund debt issued is reported as Other Financing Sources.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Compensated Absences (Accrued Vacation)

It is the City's policy to permit employees to accumulate earned, but unused vacation leave. In the Government-Wide and Proprietary Fund financial statements, vacation pay is accrued and expensed when earned (incurred) and reported as a current and long-term liability based upon management's estimates of employees using their leave in the current period, or accumulating their earned leave for future (long-term) use. Thus, typically employees consume newly-earned increments of leave in future periods and unused portions of vacation leave represent the eventual long-term contractual obligations of the City. At June 30, 2019, there were no material short-term payable amounts based on known retirement or resignation. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they become due. For example, vacation pay that is expected to be liquidated (as a result of employee termination or retirement) with expendable available financial resources is reported as an expenditure and a fund liability in these funds. For Governmental Funds, no material amounts have matured (i.e., come due for payment) with expendable available financial resources at June 30, 2019. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

Total OPEB Liability

For the purposes of measuring the Total OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the *City of North Myrtle Beach Postretirement Health Plan* and additions to/deductions from the plan's fiduciary net position have been determined on the basis of an actuarial report for the plan. The City does not have a separate Trust for the plan and the plan has no plan assets. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Total OPEB Liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. Changes in the Total OPEB Liability that have not been included in OPEB expense are reported as deferred outflows or deferred inflows of resources related to OPEB. The City's valuation method is the Entry Age Actuarial Cost Method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).

Pensions

The City's employees, with the exception of public safety employees, participate in an IRC Section 401(a) money purchase pension plan. The City's public safety employees participant in a multi-employer, cost sharing pension plan administered by the State of South Carolina. For purposes of measuring the net pension liability, information about deferred outflows of resources and deferred inflows of resources related to public safety pensions, pension expense and the fiduciary net position are determined on the same basis as they are reported by the related plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the City's total assets and deferred inflows of resources, less total liabilities and deferred outflows of resources represents net position. Net position for both the Government-wide (Governmental Activities and Business-type Activities) financial statements and Proprietary Fund types displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the assets available for future operations.

In the Fund financial statements, Governmental Funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent as follows.

Non-spendable Fund Balance

Fund balances include amounts “not in spendable form” and are not expected to be converted to cash. The City deems all of its interfund receivables (net of payables) to be short-term borrowing and not held long-term. The following are Non-spendable fund balances at June 30, 2019:

General Fund:	
Inventories and prepaid items	\$ 211,636
Total Non-spendable	<u>\$ 211,636</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Restricted Fund Balance

Fund balances include amounts that can only be used for specific purposes pursuant to externally imposed (by others) stipulations by creditors, grantors, contributions, or laws and regulations of other governments, or imposed by law through constitutional or enabling legislation for specific purposes are as follows:

General Fund:	
Drug enforcement	\$ 100,967
Public Safety Scholarship	58,702
	<u>159,669</u>
Special Revenue Fund:	
State (2%) A-tax	25,719
Total restricted by others	<u>\$ 185,388</u>

Committed Fund Balance

Fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (City Council and its ordinances). Changes in these commitments require action by City Council – and are as follows:

Capital Projects Funds:	
Cherry Grove dredge project	\$ 830,766
Total committed by ordinance	<u>\$ 830,766</u>

Assigned Fund Balance

Fund balances include amounts that are constrained by government's intent to use resources for specific purpose, but are neither restricted nor committed. Through the City's state-charter and form of government, "Council-manager", the City Manager and/or through the annual budget, is authorized to assign resources for specific purposes – which are as follows:

Capital Projects Funds:	
Capital Improvement projects	\$ 768,058
Street Improvement repairs and underground utilities project	343,247
Beach Renourishment projects	1,014,156
Stormwater drainage project	3,350,023
Total assigned by management	<u>\$ 5,475,484</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Unassigned Fund Balance

Represents the residual classification for the General Fund, or in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. When other governmental funds have deficit fund balances, such deficits, after reducing any assigned or committed balances, are reported as negative unassigned fund balances. When restricted, committed, assigned and unassigned fund balances are available for the same purpose, event or project, the City's policy is to expend restricted funds before using committed, committed funds before assigned, and assigned funds before unassigned funds.

Program and General Revenues

The City charges public fees for building permits and inspections, participation fees for certain recreational activities and stormwater fees. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities. General revenues reported by the City include property taxes, state shared taxes, business licenses, hospitality fees (which are meal and hotel imposed taxes) and franchise fees (which are general revenue fees in lieu of business licensees). The City has imposed a one and one-half (1.5 %) percent local accommodations and a one (1.0%) percent hospitality fee, both of which purposes are restricted by State law, with City Council designating such receipts toward the City's Aquatic Center. Accordingly, these funds have been reported as non-operating revenue in the Aquatic Center Enterprise Fund.

Property Taxes

The City of North Myrtle Beach assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process. Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor. Taxes are levied on January 1, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17. 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 Department of Transportation and payment is due before the end of the month of the scheduled renewal. City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. The prior year summarized comparative information has been derived from the City's 2018 audited financial statements. Also, certain amounts presented in the prior year data have been restated and/or reclassified in order to be consistent with the current year's presentation.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments

Deposits

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2019, the carrying amount of the City's cash deposits with financial institutions was \$1,532,216 and the financial institution's balances totaled \$2,168,432. Of this balance, \$990,520 was covered by federal depository insurance and the remaining balance was covered by collateral held by the financial institutions' trust departments in the City's name. At June 30, 2019, the City's deposits were not materially exposed to custodial credit risk.

Investments

Custodial credit risk of investments is the risk that, in the event of a bank failure or the failure of the counterparty, the City will not be able to recover the value of its investments. The City does not have an investment policy for custodial credit risk. At June 30, 2019, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 4,214,394		n/a
Certificates of deposit	11,584,977		n/a
Money Market funds	1,412,223	n/a	Aa1
Mutual funds	26,470,033	n/a	AAA
Total carrying value	<u>\$ 43,681,627</u>		

At June 30, 2019, the City's investments were not materially exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statute authorizes 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 provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in 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, held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner. 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 which restrict investment alternatives. The City has no investment policy that would further limit its investment choices.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (Continued)

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in repurchase agreements, bank certificates of deposit, money market funds, and mutual funds. The concentrations of these investments are 9.6%, 26.5%, 3.2%, and 60.7% respectively, of the City's total investments.

A reconciliation of deposits and investments to cash and cash equivalents shown on the Government-wide and Fiduciary financial statements at June 30, 2019 are as follows:

Cash on hand	\$ 18,345
Carrying amount of cash deposits	1,532,216
Carrying amount of investments	<u>43,681,627</u>
Total	<u>\$ 45,232,188</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 10,900,020
Equity in pooled cash and cash equivalents	4,071,487
Cash and cash equivalents-restricted	1,446,940
Equity in pooled cash and cash equivalents-restricted	1,944,456
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	399,252
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	25,440,798
Money Purchase Retirement Plan #2	<u>1,029,235</u>
Total	<u>\$ 45,232,188</u>

3. Receivables

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,096,240	\$ —
Franchise fees	801,358	—
Grants	63,485	—
Street improvement fees	202,824	—
Stormwater fees	236,005	—
Local accommodation and hospitality fees	382,561	—
Water and sewer accounts	—	2,815,602
Solid waste user fees	—	413,857
Aquatic Center	—	13,086
Beach Service	—	137,219
Sports tourism fees	—	22,887
Insurance reimbursements	210,907	—
Other	<u>674,531</u>	<u>56,131</u>
Gross receivables	3,667,911	3,458,782
Less: allowance for uncollectibles	<u>(1,028,913)</u>	<u>(6,500)</u>
Net total receivables	<u>\$ 2,638,998</u>	<u>\$ 3,452,282</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Internal Balances – Due To/From Other Funds and Transfers

In the Governmental and Proprietary Enterprise Fund financial statements, short-term interfund receivables and payables at June 30, 2019, along with interfund transfers which occurred during the fiscal year were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>				
General Fund	\$ 6,308,273	\$ (3,810,761)	\$ 6,518,808	\$ (3,524,406)
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	(759,483)	—	(2,365,874)
Local Accommodations (1.5%) Tax Fund	—	(727,958)	—	(3,441,741)
Hospitality Fees (1%) Fund	—	(382,561)	—	(2,784,459)
Debt Service:				
Park Bonds	—	—	—	(601,628)
Cherry Grove Bonds	—	(152,713)	—	—
Capital Projects Funds:				
Capital Improvement Fund	219,302	—	2,225,000	—
Street Improvement Fund	—	(2,257,988)	1,252,500	—
Beach Renourishment Fund	—	—	807,675	—
Stormwater Drainage Fund	3,124,268	—	103,833	—
Cherry Grove Dredge Fund	152,713	—	—	—
<u>Business-type Activities</u>				
Enterprise Funds:				
Solid Waste Fund	—	—	178,959	—
Aquatic Center Fund	—	—	823,205	—
Beach Services Fund	241,147	—	278,863	—
Sports and Tourism Park Fund	467,191	—	479,859	—
Internal Service Fund	—	(131,175)	—	—
<u>Fiduciary Funds</u>		(2,290,255)	—	—
Pension Trust Fund	—	—	49,406	—
	<u>\$ 10,512,894</u>	<u>\$ (10,512,894)</u>	<u>\$ 12,718,108</u>	<u>\$ (12,718,108)</u>

Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$95,752. Net transfers between Governmental and Business Activities totaled \$1,760,886 and resulted from short-term loans between individual funds. The General Fund contributed \$49,406 to the Terminated Pension Plan Trust Fund during the year ended June 30, 2019.

5. Due To/From Other Governments

The amounts due to/from other governmental agencies include the following:

	<u>Due From</u>	<u>Due To</u>
<u>Governmental Activities</u>		
General Fund:		
State of South Carolina	\$ 849,906	\$ 5,608
Horry County	727,958	—
Special Revenue Fund:		
Accommodations (2%) Tax Fund	1,280,063	—
Capital Projects Fund:		
Street Improvement Grant	3,158,611	—
	<u>\$ 6,016,538</u>	<u>\$ 5,608</u>
<u>Business-type Activities</u>		
Solid Waste Enterprise Fund grants	<u>\$ 101,422</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets

A summary of the changes in the City's capital assets during the year ended June 30, 2019, are as follows:

Governmental Activities:

	Restated Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 18,811,099	\$ 1,280,002	\$ —	\$ —	\$ 20,091,101
Construction in progress	7,732,643	2,548,031		(6,334,980)	3,945,694
Total capital assets not being depreciated	<u>26,543,742</u>	<u>3,828,033</u>		<u>(6,334,980)</u>	<u>24,036,795</u>
Capital assets being depreciated:					
Buildings	26,958,389	68,807	—	—	27,027,196
Improvements	25,065,071	685,430	—	314,469	26,064,970
Machinery and equipment	24,503,080	2,642,271	(500,193)	24,097	26,669,255
Infrastructure	80,061,718	1,243,813	—	5,996,414	87,301,945
Total capital assets being depreciated	<u>156,588,258</u>	<u>4,640,321</u>	<u>(500,193)</u>	<u>6,334,980</u>	<u>167,063,366</u>
Less, accumulated depreciation for:					
Buildings	(11,747,535)	(757,524)	—	—	(12,505,059)
Improvements	(8,160,618)	(994,229)	—	—	(9,154,847)
Machinery and equipment	(17,664,346)	(1,856,124)	500,193	—	(19,020,277)
Infrastructure	(30,381,951)	(2,878,051)	—	—	(33,260,002)
Total accumulated depreciation	<u>(67,954,450)</u>	<u>(6,485,928)</u>	<u>500,193</u>	<u>—</u>	<u>(73,940,185)</u>
Total capital assets being depreciated, net	<u>88,633,808</u>	<u>(1,845,607)</u>	<u>—</u>	<u>6,334,980</u>	<u>93,123,181</u>
Net capital assets – Governmental Activities	<u>\$ 115,177,550</u>	<u>\$ 1,982,426</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 117,159,976</u>

For the year ended June 30, 2019, depreciation expenses charged to Governmental Activities totaled \$6,485,928, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 1,758,750
Finance	29,434
Information services	195,970
Public safety	1,153,444
Planning and development	39,207
Public works	3,012,787
Parks and recreation	183,206
Support services	113,130
	<u>\$ 6,485,928</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Business-type Activities:

	Balance				Balance
	June 30, 2018	Additions	Retirements	Transfers	June 30, 2019
Capital assets not being depreciated:					
Land	\$ 717,829	\$ —	\$ —	\$ —	\$ 717,829
Construction in progress	7,253,732	4,969,198		(4,572,559)	7,650,371
Total capital assets not being depreciated	7,971,561	4,969,198	—	(4,572,559)	8,368,200
Capital assets being depreciated:					
Buildings	11,536,077	—	—	—	11,536,077
Water and sewer systems	111,114,498	2,181,711	—	4,572,559	117,868,768
Improvements	127,351	—	—	—	127,351
Machinery and equipment	18,314,485	1,514,430	(221,445)	—	19,607,470
Total capital assets being depreciated	141,092,411	3,696,141	(221,445)	4,572,559	149,139,666
Less, accumulated depreciation:					
Buildings	(4,045,959)	(315,793)	—	—	(4,361,752)
Water and sewer systems	(44,516,370)	(2,289,411)	—	—	(46,805,781)
Improvements	(47,736)	(3,304)	—	—	(51,040)
Machinery and equipment	(13,120,482)	(1,486,404)	220,464	—	(14,386,422)
Total accumulated depreciation	(61,730,547)	(4,094,912)	220,464	—	(65,604,995)
Total capital assets being depreciated, net	79,361,864	(398,771)	(981)	4,572,559	83,534,671
Net capital assets – Business-type Activities	\$ 87,333,425	\$ 4,570,427	\$ (981)	\$ —	\$ 91,902,871

A summary of Proprietary Fund Type capital assets at June 30, 2019, is as follows:

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Sports and Tourism Park	Total
Land	\$ 717,829	\$ —	\$ —	\$ —	\$ —	\$ 717,829
Buildings	1,029,594	313,200	9,700,878	434,405	58,000	11,536,077
Water and sewer systems	117,868,768	—	—	—	—	117,868,768
Other improvements	5,885	32,262	89,204	—	—	127,351
Machinery and equipment	7,546,728	7,921,925	954,507	1,742,896	1,441,414	19,607,470
Construction in progress	7,610,360	7,799	—	—	32,212	7,650,371
Totals	134,779,164	8,275,186	10,744,589	2,177,301	1,531,626	157,507,866
Less, accumulated depreciation	(52,779,916)	(6,183,809)	(4,107,455)	(1,665,789)	(868,026)	(65,604,995)
Net capital assets – Proprietary Funds	\$ 81,999,248	\$ 2,091,377	\$ 6,637,134	\$ 511,512	\$ 663,600	\$ 91,902,871

For the year ended June 30, 2019, depreciation expenses were charged to Business-type activities totaling \$4,094,912 (Water and Sewer Utility \$2,726,948; Solid Waste \$558,826; Aquatic Center \$294,596; Beach Service \$168,535; and Sports and Tourism Park \$346,007, respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

Long-term debt, other than pension retirement (see *Note 11*) and post-employment benefits (see *Note 12*), of the City at June 30, 2019, consisted of the following:

A. Governmental Activities

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>Special Assessment Revenue Bond</u>				
Cherry Grove (Dredge) Municipal Improvement District Bonds	7/29/16	1.39%	\$ 2,251,000	April 1, 2021
Less, current portions (payable within one year)			(1,280,000)	
Total special assessment revenue bond			<u>\$ 971,000</u>	
<u>Accrued Compensated Absences</u>			<u>\$ 1,744,898</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 2,715,898</u>	

B. Business-type Activities

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>Water and Sewer Utility Fund</u>				
Contract payable:				
Myrtle Beach/Grand Strand Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	\$ 825,000	March 1, 2020
Less, current portions (payable within one year)			(825,000)	
			<u>\$ —</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 2,764,078	November 13, 2023
Less, current portions (payable within one year)			(511,447)	
			<u>\$ 2,252,631</u>	
<u>Accrued Compensated Absences</u>			<u>\$ 500,152</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 2,753,783</u>	

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Total Long-term Debt

Changes in the long-term debt of the City during the year ended June 30, 2019, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/19</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
Municipal Roads	4/22/09	\$ 586,709	\$ —	\$ 586,709	\$ —
Parks	9/15/11	2,080,000	—	2,080,000	—
Total general obligation bonds		<u>\$ 2,666,709</u>	<u>\$ —</u>	<u>\$ 2,666,709</u>	<u>\$ —</u>
<u>Special Assessment Revenue Bond</u>					
Cherry Grove dredge	7/29/16	<u>\$ 3,514,000</u>	<u>\$ —</u>	<u>\$ 1,263,000</u>	<u>\$ 2,251,000</u>
<u>Installment Note (Lease Purchase)</u>					
Property purchase (Intersection improvement)	8/8/16	\$ 112,500	\$ —	\$ 112,500	\$ —
Total installment notes		<u>\$ 112,500</u>	<u>\$ —</u>	<u>\$ 112,500</u>	<u>\$ —</u>
<u>Accrued Compensated Absences</u>					
		<u>\$ 1,584,102</u>	<u>\$ 1,155,117</u>	<u>\$ (994,321)</u>	<u>\$ 1,744,898</u>
Business-type Activities					
<u>Contract Payable</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	<u>\$ 2,068,334</u>	<u>\$ —</u>	<u>\$ (1,243,334)</u>	<u>\$ 825,000</u>
<u>Note Payable</u>					
Aquatic and fitness center note obligation	11/13/03	<u>\$ 3,256,374</u>	<u>\$ —</u>	<u>\$ (492,296)</u>	<u>\$ 2,764,078</u>
<u>Accrued Compensated Absences</u>					
		<u>\$ 489,134</u>	<u>\$ 361,947</u>	<u>\$ (350,927)</u>	<u>\$ 500,152</u>

As stated in *Note 1*, the City's policy is for accrued compensated absences to be long-term liabilities. The City calculates its outstanding employee accrued leave values at fiscal year end and estimates the additions and retirement changes. The City's present system is unable to determine the current-portion, if any, of accrued compensated absences do to the unknown facts of employee retirement and termination, that if known, would result in current liabilities. The City believes that any estimate of a current liability would be not material to the Government-wide and Proprietary Fund financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. Annual Requirements for Long-term Debt

The annual debt service requirements to amortize all of the City’s long-term debt, except accrued compensated absences, are summarized below:

<u>Government Activities</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
	<u>Requirements</u>	<u>Requirements</u>	<u>Requirements</u>
Special Assessment Revenue			
Bonds:			
2020 (Due within one year)	\$ 35,834	\$ 1,280,000	\$ 1,315,834
2021	18,042	971,000	989,042
	<u>\$ 53,876</u>	<u>\$ 2,251,000</u>	<u>\$ 2,304,876</u>
<u>Business-type Activities</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
	<u>Requirements</u>	<u>Requirements</u>	<u>Requirements</u>
Water and Sewer Utility Contract			
Payable:			
2020(Due within one year)	\$ 44,275	\$ 825,000	\$ 869,275
	<u>\$ 44,275</u>	<u>\$ 825,000</u>	<u>\$ 869,275</u>
Aquatic Center Note Payable:			
2020 (Due within one year)	\$ 107,522	\$ 511,447	\$ 618,969
2021	87,627	531,342	618,969
2022	66,958	552,011	618,969
2023	45,485	573,484	618,969
2024	23,173	595,794	618,967
	<u>\$ 330,765</u>	<u>\$ 2,764,078</u>	<u>\$ 3,094,843</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Bond and Other Debt Requirements

Through its ordinances, or indenture of trust, the City pledge as security certain pledged revenues and/or the City's full faith, credit and taxing powers. The City has pledged all of its operating revenues in the Water and Sewer Utility Fund for its contract payable. For the Aquatic Fitness Center Fund all capital improvements are named collateral for the note payable obligation. For the Capital Projects Fund Cherry Grove Municipal Improvement District bonds, the City has instituted a special assessment on certain real property owners which is deemed to be pledged revenues. As additional security, the City has pledged its full faith, credit and taxing power of the City toward the payment of those bonds.

The ordinance provisions supporting the Water and Sewer Sales and Purchase Agreement require the maintenance of the following funds:

Gross Revenue Fund – All revenues generated by the Water and Sewer Utility Fund system are to be deposited in this fund. The accounting for this revenue is included in the Water and Sewer Utility Enterprise Fund.

Operation and Maintenance Fund – This fund is intended to provide for the payment of expenses incurred in connection with the administration and operation of the water and sewer system, and such other expenses as may be necessary to preserve the system in good repair and working order. The accounting for these expenses are included in the Water and Sewer Utility Enterprise Fund.

Debt Service Fund – Transfers from the Gross Revenue Fund are required to meet bond/debt redemptions and interest payments. This account is titled "Bond and Interest Redemption and Cushion Funds" in the Water and Sewer Utility Enterprise Fund. Additionally, and in lieu of making deposits into a Debt Service Reserve Fund, the City has obtained a Debt Service Reserve Surety Bond issued by a third-party guarantor.

Depreciation and Contingent Fund – A transfer from the Gross Revenue Fund is required annually in an amount determined by the City. These funds are to be used for the purposes of restoring depreciated or obsolete items of the system and for contingencies, improvements, betterments and extensions of the system. At June 30, 2019, no amounts have been required to be transferred.

There are a number of limitations and restrictions contained in the respective indenture of trust/debt ordinances, all of which the City complied at June 30, 2019.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Contracts Payable and Long-term Commitments

Water Sale and Purchase Agreement

The City is obligated under a Water Sale and Purchase Agreement (the Agreement), whereby the City purchased capacity of 12.4 million gallons per day in the City of Myrtle Beach, South Carolina (Myrtle Beach) water treatment plant. During 2006, Myrtle Beach assigned all of its rights, title and interest of the contract to Grand Strand Water and Sewer Authority (GSWSA). The City's obligation under the Agreement is to make payments to GSWSA solely from charges for water services. The City does not receive any ownership rights in the water treatment plant under the Agreement and is obligated to make the scheduled payments regardless of actual usage of water from the system. The Agreement expires in 2021 upon the final maturity of the related bonds.

The City's purchase cost incurred, which consists of a pro rata portion of original construction costs incurred by Myrtle Beach, has been recorded by the City as an "other asset", net of accumulated amortization, in the Water and Sewer Utility Fund. Total purchased costs equaled approximately \$18.9 million.

At year end June 30, 2019, the City maintained the contractual rights (other assets) equaled \$18,930,804 with accumulated amortization expense equaling \$17,220,349, for a net carrying value of \$1,710,455. For 2019, amortization expense equaled \$611,436. The City's obligation to make payments to GSWSA to retire a pro rata portion of the principal of bonds issued by GSWSA to finance the water treatment plant has been recorded as contracts payable in the Water and Sewer Utility Fund (*see Note 7*). Additionally, the City is obligated to make a monthly payment attributable to its pro rata share of the cost of operating and maintaining the water treatment plant and related booster pumps. Currently estimated annual costs, which will be charged to expense as incurred, are approximately \$1,554,000 plus twenty (20) percent of the annual debt service component. A portion of the annual operating cost paid is deposited into a Renewal and Replacement Fund held by GSWSA to provide for depreciation, contingencies, improvements and extensions of the plant. If at the end of any fiscal year, there shall be on deposit in the Renewal and Replacement Fund an amount in excess of \$1,000,000, the City will be entitled to a reimbursement from GSWSA. Deposits on hand with GSWSA as of June 30, 2019, (\$280,000) have been reported in the Water and Sewer Utility Fund as part of restricted assets.

During the term of the Agreement, the City covenants that it will maintain rates and charges for its water and sewer system to enable the Water and Sewer Utility Fund to maintain the sum of net income, depreciation, amortization and interest at levels equal to at least 120% of total debt service requirements for each year.

Wastewater Treatment Service Agreement

The City is obligated under a Wastewater Treatment Service Agreement with the Grand Strand Water and Sewer Authority (GSWSA), an independent authority whose membership is appointed by elected officials from Horry County, South Carolina, to provide wastewater treatment services for the City. Under the agreement, the City is obligated to pay periodically an amount based on volume usage equal to a pro rata share of GSWSA's cost of wastewater treatment. The term of the agreement expires in the year 2020.

During FY 2003-04, the City exercised its option and acquired additional sewer capacity from GSWSA at a cost of approximately \$9.0 million for 3.0 million gallons per day (mgd). The total capacity of the City's wastewater treatment plants is 5.4 mgd. At June 30, 2019, maintained the contractual rights (other assets) equal to \$9,004,058 with accumulated amortization expense equaling \$3,489,072, for a net carrying value of \$5,514,986. For 2019, amortization expense equaled \$225,102.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Capital Contributions

Capacity (system impact) charges, non-operating grants, and other capital contributions have been recognized in the Government-Wide financial statements and in the Proprietary Funds as a change in net position. Capacity (system impact) charges are designed to reimburse the City for cost of providing additional facilities and services made necessary by the impact of new utility users. Capacity charges are recognized when the fees become non-refundable, typically when the construction is completed.

For the Proprietary Fund, a summary of capacity charges recognized, system contributions, and infrastructure deeded to the City from developers during the year ended June 30, 2019, were as follows:

Utility system impact fees	\$ 1,782,926
Extension fees	60,069
System contributions by developers	550,785
Total capital contributions	<u>\$ 2,393,780</u>

10. Net position

Net position of the Government-Wide and Proprietary Fund financial statements represent the difference between assets and liabilities. Reported amounts for net investment in capital assets and restricted net position were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Net Investment in Capital Assets:</u>		
Net capital assets	\$ 117,159,976	\$ 91,902,871
Less, G.O., revenue bonds, and note payable	—	(2,764,078)
Total net investment in capital assets	<u>\$ 117,159,976</u>	<u>\$ 89,138,793</u>
<u>Restricted:</u>		
Restricted net position:		
Public safety:		
Pensions – employer contribution	\$ 1,432,000	\$ —
Drug enforcement programs	159,669	—
Public Works:		
Cherry Grove Dredge project	830,766	—
Parks and recreation:		
State Accommodations (2%) Tourism related	25,719	—
Future capacity of utility	—	31,394
Total restricted net position	<u>\$ 2,448,154</u>	<u>\$ 31,394</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans

The City presently maintains two defined contribution plans (Money Purchase Retirement Plans #1 and #2) and also participates in the South Carolina Police Officers Retirement System, a cost-sharing multiple-employer public employee retirement system. Detailed disclosures about each of these plans follow:

Money Purchase Retirement Plans

A. Plan Description

In 1994, the City established a money purchase plan and trust Money Purchase Retirement Plans #1 and #2 to be known as “North Myrtle Beach 401(a) Plan for General Employees and Firefighters”.

The Money Purchase Retirement Plans #1 and #2 are single-employer defined contribution retirement systems administered by the International City Managers’ Association (ICMA) Retirement Corporation. The City is the only non-employee contributor to the plans and maintains authority (through the Mayor and Council) to establish and amend contribution requirements. All employees of the City are covered by the two plans with Plan #2 covering certain administrative personnel and Plan #1 covering the balance of the work force.

The plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participant’s benefits that may be allocated to such participant’s account. Contributions made by participants vest immediately and participant loans are permitted.

B. Basic Provisions

The City has adopted the Declaration of Trust of the ICMA Retirement Trust. Under terms of the trust, the City (as Trustee), or the Plan Administrator acting as agent for the trustee, shall have the investment powers listed in the Declaration with respect to investment of Trust, except to the extent that the investment of Trust assets is controlled by participants.

The Trust created under the plan shall consist of all the assets of the Plan derived from employer contributions and participant contributions under the plan, plus any income and gains thereon, less any losses, expenses, and distributions to participants and beneficiaries.

Contributions from the City and the City’s employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the retirement plan. The net appreciation (depreciation) in the fair value of investments held by the retirement plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. Investments in securities (if applicable) are valued at current market prices at June 30, 2019. Investments of the Trust at June 20, 2019, consisted of only mutual fund shares and money market funds (i.e., cash and temporary investments). No investment in any one organization represents 5% or more of the net position available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan. At June 30, 2019, separate, GAAP financial reports have not been issued for the Money Purchase Retirement Plans #1 and #2.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

Money Purchase Retirement Plans (Continued)

C. Funding Policy

For Plan #1, the City contributes 8% of the employees' gross earnings and each participant is required to contribute 2%. Contributions made by the City are vested 100% after 5 years of full-time employment. For Plan #2, the City and each participant contribute 12% and contributions vest immediately. As of June 30, 2019, the plans' participants equaled 206 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2019, approximated \$13,753,358. The City's total payroll, without adjustment for accruals, was approximately \$24,832,455. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2019, equaled \$1,067,943 and \$15,087, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2019, equaled \$259,081 and \$15,087 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position
June 30, 2019**

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Assets			
Cash and temporary investments	\$ 25,440,798	\$ 1,029,235	\$ 26,470,033
Receivables – Participant loans	1,283,980	3,248	1,287,228
Total assets	<u>\$ 26,724,778</u>	<u>\$ 1,032,483</u>	<u>\$ 27,757,261</u>
Net Position			
Held in trust for employee's pension benefits	<u>\$ 26,724,778</u>	<u>\$ 1,032,483</u>	<u>\$ 27,757,261</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

Money Purchase Retirement Plans (Continued)

Combining Statement of Changes of Plan Net Position
Year Ended June 30, 2019

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Additions			
Employer contributions	\$ 1,067,943	\$ 15,087	\$ 1,083,030
Employee (member) contributions	259,081	15,087	274,168
Investment income (loss)	1,437,891	70,805	1,508,696
Non-vested rollover	—	—	—
Total additions	<u>2,764,915</u>	<u>100,979</u>	<u>2,865,894</u>
Deductions			
Benefit payments/loan issuance costs	790,722	7,200	797,922
Trustee fees	22,235	50	22,285
Forfeitures	28,402	—	28,402
Total deductions	<u>841,359</u>	<u>7,250</u>	<u>848,609</u>
Change in net position	1,923,556	93,729	2,017,285
Net position, beginning of year	24,801,222	938,754	25,739,976
Net position, end of year	<u>\$ 26,724,778</u>	<u>\$ 1,032,483</u>	<u>\$ 27,757,261</u>

South Carolina Police Officers Retirement System

Plan Description

Beginning July 1, 1995, the City participates in the South Carolina Police Officers Retirement System (PORS), which is a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). All City police officers, certain other public safety officers, and fire fighters are required to participate in and contribute to the PORS as a condition of employment.

The South Carolina Police Officers Retirement System (PORS) offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Actuarial determinations are made by the Administrator (PEBA) for the plan.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Benefits

Under current statutes, member employees who retire at age 65 or after 25 years of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 2.14 percent of the employee's highest twelve consecutive quarters of compensation. Member employees who are at least 55 years of age may elect early retirement with reduced benefits. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the Consumer Price Index of at least 3 percent. Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching five years of service. The PORS retirement system also provides death and disability benefits to all member employees.

Funding Policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws.

The City's total pensionable wages ("covered payroll") for PORS employees equaled \$8,503,565, \$7,861,627 and \$7,740,312 for the years ended June 30, 2019, 2018 and 2017, respectively. For the year ended June 30, 2019, employees were required to contribute 9.75% of their earnable compensation to the Plan. Employee contributions totaled \$829,098, \$764,470, and \$712,445 for the years ended June 30, 2019, 2018 and 2017, respectively.

Employers are required to contribute to the Plan at an actuarially determined rate, which for the year ended June 30, 2019 was 16.84%. In addition, the City contributes .2% to provide group life insurance and .2% to provide accidental death benefits, for a total contribution rate of 17.24%. The City's contributions to the PORS for the years ending June 30, 2019, 2018 and 2017 were \$1,432,000, \$1,273,331, and \$1,098,777, respectively, and equal to the required contributions for each year.

The City's (employer) contribution during the year ended June 30, 2019 is being reported as part of deferred outflows of resources due to the pension plan's measurement date of June 30, 2018. This amount will be recognized by the City as part of its pension expense in fiscal year 2019-2020, as further described below. Effective July 1, 2019, the employee contribution rate will remain at 9.75%, and the employer total contribution rate will be 18.24%.

Payables to PORS

At June 30, 2019, the City had employee deductions and employer contributions payable to PEBA totaling \$67,065 and \$118,585, respectively.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Net Pension Liability, Pension Expense, Deferred Outflows/Inflows of Resources

At June 30, 2019, the City reported a liability of \$16,050,991 for the measurement period June 30, 2018 for its proportionate share of the net pension liabilities, all of which was for PORS. The net pension liabilities were measured by an actuarial valuation as of June 30, 2018, and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation of data as of July 1, 2017, rolled forward to June 30, 2018. The City's proportion share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, PEBA reported the City's proportion share percentage of the collective net pension liability was 0.566464% for PORS.

For the year ended June 30, 2019, the City recognized pension expense of \$2,098,121 for PORS, all of which is reported in the Governmental Activities. Components of pension expense and changes in the net pension liability for the measurement period (June 30, 2018) follows:

Pension expense:	
Service cost	\$ 1,045,523
Interest on total pension liability	2,836,614
Changes in plan benefits	—
Plan administrative costs	13,601
Plan member contributions	(785,412)
Expected return on plan assets	(1,748,092)
Recognition of net amortization:	
Plan performance, net	227,327
Assumption changes, net	430,375
Investment experience, net	109,813
Allocated proportion change, net	1,311
Other	(32,939)
Total pension expense	<u>2,098,121</u>
PEBA reported contributions	<u>(1,195,261)</u>
Non-member contribution	<u>(78,069)</u>
Changes in deferred items (net of amortization):	
Outflows – Plan performance	354,687
Outflows – Assumption changes	(430,375)
Outflows – Investment experience	(648,891)
Outflows – Allocated proportion change	(153,188)
Inflows – Investment experience	410,934
Inflows – Allocated proportion change	7,568
	<u>(459,265)</u>
Total change in net pension liability	<u>\$ 365,526</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Net Pension Liability, Pension Expense, Deferred Outflows/Inflows of Resources (continued)

At June 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources.

	PORS Outstanding Balances at June 30, 2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Plan performance	\$ 494,557	\$ —	\$ 494,557
Assumption changes	1,058,320	—	1,058,320
Investment experience	993,790	(672,809)	320,981
Proportion changes	255,059	(402,871)	(147,812)
Employer differences	—	—	—
	<u>2,801,726</u>	<u>(1,075,680)</u>	<u>1,726,046</u>
Subsequent employer contributions	1,432,000	—	1,432,000
Totals	<u>\$ 4,233,726</u>	<u>\$ (1,075,680)</u>	<u>\$ 3,158,046</u>

The \$1,432,000 reported as deferred outflows of resources related to pensions results from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

Annual amortization of the remaining balances of the deferred outflows and inflows of resources are as follows:

<u>Fiscal Year ended June 30,</u>	PORS Amortization of Outstanding Balances		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
2020	\$ (1,374,764)	\$ 543,971	\$ (830,793)
2021	(1,044,590)	365,070	(679,520)
2022	(337,424)	131,096	(206,328)
2023	(44,948)	35,543	(9,405)
Totals	<u>\$ (2,801,726)</u>	<u>\$ 1,075,680</u>	<u>\$ (1,726,046)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Actuarial Assumptions

The total pension liabilities in the PORS June 30, 2018 valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study on data through July 1, 2018.

	<u>PORS</u>
Actuarial cost method	Entry-age normal
Asset Valuation Method	20% difference recognition method
Amortization Method	Level percent of pay
Amortization Period	30 years, variable, but not to exceed 30 years
Inflation	2.75 percent
Projected Salary Increases	3.5 to 9.5 percent (varies by service)
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation
Benefit increases	Lesser of 1% or \$500 annually
Mortality	Mortality is dependent upon member's job category and gender. Base assumptions are based upon the 2016 Public Retirees of South Carolina Mortality Table; based on Scale AA projected from 2016. Public Safety and Fire Fighters are adjusted using 2016 PRSC with females multiplied by 111%.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the June 30, 2018 actuarial valuation, was based upon the 30 year capital market outlook at the beginning of 2018 (January 1, 2018), as developed by the Retirement Systems Investment Commission (RSIC) in collaboration with its investment consultant, Aon Hewitt. The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the PORS System, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Long-term Expected Rate of Return (continued)

The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Public Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Estate	10.0%		
Real Estate (private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total expected real return	<u>100.0%</u>		<u>5.03%</u>
Inflation for actuarial purposes			<u>2.25%</u>
Total expected nominal return			<u>7.28%</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

South Carolina Police Officers Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liabilities at June 30, 2018, was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System'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.

Sensitivity Analysis

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

	City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PORS	\$ 21,638,741	\$ 16,050,991	\$ 11,474,154

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PEBA financial report. A comprehensive annual financial report containing financial statements and required supplementary information for the PEBA, which is issued and publicly available on the website www.peba.sc.gov, or a copy may be obtained by submitting in writing a request to the PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered to be a division of the primary government of the State of South Carolina. The retirement trust fund financial information is included in the comprehensive annual financial statement of the State.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

City of North Myrtle Beach Death, Disability and Retirement Benefit Plan – Terminated

Prior to FY 1995, the City maintained its own self-funded death, disability and retirement plan. The plan was a single-employer, defined benefit pension plan administered by the City, as trustee, with plan assets held by a commercial bank under the terms of a custodial and management agreement with the City. In 1994, the City, via resolution, terminated the plan which effectively ceased all future participation requirements and benefit accruals. Those employees who had retired under the terminated plan, or vested employees who had left the City employ prior to plan termination, received a comparable level of benefits as defined by the plan and trust agreement, or a negotiated settlement.

All City employees who were actively employed by the City as of June 30, 1994 and whose customary employment was for at least 30 hours per week were eligible and were required to subsequently participate in the City's Money Purchase Retirement Plans with all applicable net position of the terminated plan being transferred accordingly.

The trust created under the terminated plan (previously maintained by a third-party trustee) consisted of all assets of the plan, plus any income (loss) thereon, less expenses and distribution to participants and beneficiaries. At June 30, 2019, no assets are accumulated in a trust and no net position is held for pension benefits. Five (5) remaining retirees/beneficiaries are covered under this plan and the City plans to fund future annual benefit payments in a year-to-year basis as may be applicable.

The plan does not issue separate stand-alone financial statements and is not included in the financial statements of another activity.

In FY 2015, the City assumed responsibility for all remaining assets and net position held for benefits. The City also commissioned an actuarial study to determine any net pension liability.

At June 30, 2019, the City reported in the Governmental Activities an actuarially determined net pension liability of \$512,570 for the terminated plan. Changes in the terminated plan liability follows:

Net pension liability, beginning of year	\$	512,570
Expected benefit payments		49,406
Expected contribution made from the trust		(49,406)
Interest and mortality changes		—
Net pension liability, end of year	\$	<u>512,570</u>

Actuarial Assumptions

The City plans to pay unfunded plan benefits on a 'pay-as-you-go' basis annually. Assumption and methods used in the actuarial valuation are as follows:

Actuarial cost method:	Entry age normal
Amortization method:	N/A
Discount rate/Interest rate:	7%
Mortality:	RP 2018 Blue Collar Mortality

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Post-Employment Benefits Other Than Pension

GASB Statement No. 75

GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, replaced the requirements of GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*”, as amended. The City implemented GASB Statement No. 75 effective July 1, 2017.

Plan Description

In addition to the pension benefits described in *Note 11*, the City’s *North Myrtle Beach Retiree Medical Coverage Plan*, (herein after referred to as “OPEB plan” or “Program”), provides, if elected, other post-employment benefits (OPEB) for any employee who has at least 10 years of continuous service with the City. The program is a single employer defined benefit OPEB plan administered by the City (by the Mayor and City Council) through its approved personnel policies. The City participates in the South Carolina Local Government Assurance Group, which is a self-funded major health insurance plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The program does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

Benefits Provided

The program offers retired employees the City’s employee group health insurance plan (including dental) at little to no cost. Any employee who retires under a City qualified retirement plan with at least 10 years of service may extend medical coverage, and for the retiree’s spouse if the spouse was covered during the employee’s last year of employment. For retirees with at least 20 years of continuous service the City pays, at its discretion, 100% of the retiree’s monthly premium cost. The retiree pays the full premium rate for spouse coverage. The premium rate is set by City Council each year during annual budget deliberations. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The City’s annual OPEB plan premium rates are \$10,116 for the retiree and \$4,919 for the spouse of the retired employee for the year ended June 30, 2019.

Funding

The City’s contributions are financed on a pay-as-you-go basis and, therefore, no trust fund has been established which would maintain plan assets. At June 30, 2019, the City had 70 retired employees with an average age of 61.6 years covered by the program with monthly premium costs averaging \$597 per participant. Total expenses incurred for this program for the year ended June 30, 2019 were \$378,170 (or 22%) of the annual OPEB cost of \$1,745,415. These costs were funded in part by the General Fund and the Proprietary (Enterprise) Funds through the City’s Internal Service Fund, which were allocated to the Governmental Activities and Business-type Activities for financial reporting purposes based on departmental service. For prior fiscal years 2018 and 2017, total funding expenses were \$596,813 (or 36% of the annual OPEB cost of \$1,654,970), and \$600,401 (or 58% of the annual OPEB costs of \$1,041,078), respectively.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Post-Employment Benefits Other Than Pension (continued)

Total OPEB Liability

At June 30, 2019, the City's total OPEB liability equaled \$21,674,997, of which \$17,118,913 was for the Governmental Activities (General Fund) and \$4,556,084 was for the Business-type Activities (Proprietary Funds). This amount was based on an actuarial valuation as of June 30, 2018, using data as of July 1, 2017, resulting in a net change in the total OPEB liability of \$1,159,089. The City's total OPEB liability for the year ended June 30, 2018 totaled \$20,515,908. The Governmental Activities share was \$16,203,464 and the Business-type Activities (and Proprietary Funds) share was \$4,312,444 for the year 2018.

Changes in the Total OPEB Liability

The changes in the City's total OPEB liability for the current year and the related information for the program is as follows:

Total other post-employment benefit (OPEB) obligation – beginning of year ⁽¹⁾	\$ 20,515,908
Changes in total OPEB liability:	
Service cost	931,956
Interest	809,111
Changes of benefit terms	—
Differences between expected and actual experience	—
Changes in assumptions or other inputs	—
Contributions – employer	—
Contributions – active and inactive employees	—
Net investment income	—
Benefit payments ⁽²⁾	(581,978)
Other changes	—
Net changes	<u>1,159,089</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u>\$ 21,674,997</u>

⁽¹⁾ Includes the Implicit Rate Subsidy.

OPEB Expense

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,745,415 (of which \$1,378,529 was for the Governmental Activities (General Fund) and \$366,886 was for the Business-type Activities (Proprietary Funds) as follows:

Service cost	\$ 931,956
Interest on service cost	809,111
Total	<u>1,741,067</u>
Interest cost	—
Difference between expected and actual experience	4,348
Changes of assumptions and other inputs	—
Total OPEB expense	<u>\$ 1,745,415</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Post-Employment Benefits Other Than Pension (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Related		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual plan experience	\$ 57,799	\$ —	\$ 57,799
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on OPEB Investments	—	—	—
Total	\$ 57,799	\$ —	\$ 57,799

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30, :	OPEB Related Future Deferred		
	Outflows of Resources	Inflows of Resources	Net
2020	\$ (4,348)	\$ —	\$ (4,348)
2021	(4,348)	—	(4,348)
2022	(4,348)	—	(4,348)
2023	(4,348)	—	(4,348)
2024	(4,348)	—	(4,348)
Thereafter	(36,059)	—	(36,059)
Total	\$ (57,799)	\$ —	\$ (57,799)

Employees Covered By Benefit Terms

At the valuation date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	372
	<u>440</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Post-Employment Benefits Other Than Pension (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry Age Normal
Inflation	2.50%
Discount rate	4.00%
Projected salary increases	4.50%
Medical trend	5.00% for both pre-Medicare and Medicaid
Retiree contribution	Retirees with 10-20 years of service, 100%. Retirees with 20 years or more of service, 0%
Investment rate of return	Not applicable
Mortality	1983 GAM without projection
Disability	50% of 1975 SSA study
Termination	Age 30 – 5.5% Age 40 – 5.5% Age 50 – 4.5%
Participation (election) at retirement	100%
Spousal participation	90%
Marital status	45% of retirees electing coverage will cover a spouse
Morbidity rates	4% until age 55; 12% ages 56-60; 20% ages 61-62; 60% age 63; 25% age 64, 100% age 65 and later
Per capita costs	Based on analysis of recent actual plan costs and retiree enrollment. Average per capita claims costs - \$5,907 Average Medicare cost - \$3,484 Projected to ages 55-59 - \$11,827 Retiree co-pay percentage if < 20 years – 82.08% Spousal co-pay percentage – 42.22%

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Post-Employment Benefits Other Than Pension (continued)

Actuarial Assumptions and Other Inputs (continued)

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of May 23, 2018. No change was made to the discount rate for the year ended June 30, 2019.

There have been no changes to assumptions since the last actuarial valuation dated performed May 2018.

Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Other assumptions may be made about participant data or other factors. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in total other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

Expected Future Cash Flows

No estimated future cash flow of benefit payments has been made by the actuary at this time.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Post-Employment Benefits Other Than Pension (continued)

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability calculated using the discount rate of 4.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current discount rate:

	City's Total OPEB Liability sensitivity to changes in the discount rate		
	1% Increase (3.00%)	Valuation Rate (4.00%)	1% Decrease (5.00%)
Total OPEB liability	\$ 25,444,235	\$ 21,674,997	\$ 18,630,329

Sensitivity of the total OPEB liability to changes in the health care trend rates. The following presents the City's total OPEB liability calculated using the health care trend rate of 5.00%, as well as what the City's total OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current discount rate:

	City's Health Care Trend sensitivity to changes in the discount rate		
	1% Increase (4.00%)	Valuation Rate (5.00%)	1% Decrease (6.00%)
Health care trend	\$ 18,289,814	\$ 21,674,997	\$ 26,007,407

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the other post-employment benefit (OPEB) and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of other post-employment benefit (OPEB) assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. 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; sickness and injuries to employees; and natural disasters. The City carries commercial property insurance coverage and general liability coverage for these risks, except as noted below. With the creation of its Internal Service Fund for accounting and reporting insurance activities, premiums are charged to the City's departments and any excess reserves are maintained in the Insurance Reserve Internal Service Fund. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

Effective July 1, 2011, the City (as a participant of the South Carolina Local Government Assurance Group) changed its health insurance plan for its employees and substantially became a self-funded plan. The City utilizes Blue Cross & Blue Shield of South Carolina to provide for the administration and claims management of providing health insurance coverage to all employees. Claims in excess of \$150,000 (stop-loss provision) are insured by a private carrier. The City pays claims weekly and transfers cash to the administrator to cover the prior week's actual claims for employees and their covered dependents.

Effective January 1, 2014, the City began participating in a self-funded worker's compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of \$500,000 (stop-loss provision) are covered by a private insurer, Safety National Casualty Corporation. Benefit Source, Inc., is the claims handler for the City. Premiums paid to Arthur J. Gallagher Risk Management Services, Inc., for administration and excess coverage were \$208,028 for the year ended June 30, 2019.

Effective January 1, 2016, the City began participating in a self-funded property and general liability program. The City funds the costs by charging premiums to General Government, and then allocating the costs to various funds. Claims in excess of \$200,000 (\$10,000 for vehicles) are covered by a private insurer, through underwriters at Lloyd's of London. Benefit Source Inc. is the claims handler for the City. Premiums paid to Arthur J. Gallagher Risk Management Services, Inc., for administration and excess coverage were \$523,094 for the year ended June 30, 2019.

Change in the aggregate liability are as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Unpaid claims at beginning of year	\$ 145,212	\$ 105,103	\$ 191,415
Incurred claims for current and prior year events where the City has retained risk of loss	5,995,593	6,591,633	6,303,983
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(5,841,121)</u>	<u>(6,551,524)</u>	<u>(6,390,295)</u>
Unpaid claims at end of year	<u>\$ 299,684</u>	<u>\$ 145,212</u>	<u>\$ (105,103)</u>

Claims of the City's self-insured unemployment benefits are administered by the South Carolina Department of Employment and Workforce and are then reimbursed by the City. No liability has been accrued at year end for incurred, but not reported claims, as they are expected to be minimal.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Contingencies

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected government-wide and applicable funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds.

Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

15. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between total fund balance amounts and the total Net position-Governmental Activities. The details of the reconciled amounts are as follows:

<i>Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:</i>	
Capital assets	\$ 191,100,161
Less, accumulated depreciation	(73,940,185)
Net amount reported	<u>\$ 117,159,976</u>
<i>Internal service funds are used by management to charge the costs of insurance programs to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Governmental Activities prorata portion (79%) of the Internal Service Fund:</i>	
Equity in pooled cash and restricted cash and cash equivalents	\$ 283,354
Claim deposits	17,728
Prepaid items	326,168
Deferred outflows – OPEB related	45,650
Claim liabilities and payables	(2,367,419)
Total other post-employment benefits payable (OPEB) liability	<u>(17,118,913)</u>
Net amount reported	<u>\$ (18,813,432)</u>
<i>Deferred outflows related to pensions are not due and payable in the current period, nor included in the net pension liability, therefore are not reported in the fund financial statements:</i>	
Net amount reported	<u>\$ 4,233,726</u>
<i>Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements:</i>	
Accrued interest expense	\$ (9,058)
Special assessment bonds payable	(2,251,000)
Accrued compensated absences	(1,744,898)
Net pension liabilities	<u>(16,563,561)</u>
Net amount reported	<u>\$ (20,568,517)</u>
<i>Deferred inflows related to pensions are not financial resources and therefore are not reported in the fund financial statements.</i>	
Net amount reported	<u>\$ (1,075,680)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenditures and Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balance and Changes in Net Position-Governmental Activities. The details of the reconciled amounts are as follows:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period:

Capital outlay expenditures	\$ 8,468,354
Depreciation expense	<u>(6,485,928)</u>
Net amount reported	<u>\$ 1,982,426</u>

Internal service funds are used by management to charge the costs of insurance programs. The following represents the Governmental Activities prorata portion (79%) of the Internal Service Fund:

Premiums charged and contributions	\$ 6,353,309
Insurance claims paid and reserves	<u>(8,197,728)</u>
Net amount reported	<u>\$ (1,844,419)</u>

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 governmental funds:

Accrued interest expense and amortization of bond premium	\$ 298,253
Accrued compensated absences expense	(160,796)
Pension expense, net	<u>(645,685)</u>
Net amount reported	<u>\$ (508,228)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal repayments – G.O. Bonds, special assessment bonds and installment note obligation	\$ 4,042,209
Net amount reported	<u>\$ 4,042,209</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

C. Explanations of Differences Between the Proprietary Fund Balance Sheet and the Government-Wide Statement of Net Position

The Proprietary Fund Balance Sheet includes a reconciliation between the total net position amounts and the total Net Position – Business-type Activities. The details of the reconciled amounts are as follows:

Internal service funds are used by management to charge the costs of insurance programs to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Business-type Activities prorata portion (21%) of the Internal Service Fund:

Equity in pooled cash	\$ 19,281
Receivables	56,131
Claim deposits and prepaid items	91,526
Deferred outflows – OPEB related	12,149
Due to other funds	(481,412)
Claim liabilities and payables	(148,661)
Total other post-employment benefits payable (OPEB) liability	<u>(4,556,084)</u>
Net amount reported	<u>\$ (5,007,070)</u>

D. Explanations of Differences Between the Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position and the Government-Wide Statement of Activities

The Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position includes a reconciliation between net changes in Net Position and Changes in Net Position-Governmental Activities. The details of the reconciled amounts are as follows:

Internal service funds are used by management to charge the costs of insurance programs. The following represents the Business-type Activities prorata portion (21%) of the Internal Service Fund:

Premiums charged and contributions	\$ 1,690,891
Insurance claims paid and reserves	<u>(2,181,770)</u>
Net amount reported	<u>\$ (490,879)</u>

16. Subsequent Events

Management has evaluated subsequent events which may require disclosure through the date of this report.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

17. Restatement of Net Position and Fund Balance

The City restated beginning net position of its Governmental Activities for correcting prior year errors in its machinery and equipment General Capital Assets (*see Note 6*). Also, certain amounts were restated in the Governmental Funds (Street Improvement Capital Projects Fund) for prior year grant receivable errors.

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Net position/fund balance, previously reported at June 30, 2018	\$ 94,908,681	\$ 16,577,956
General Capital Assets	(1,066,640)	—
Grant Receivables	(629,658)	(629,658)
Net position/fund balance, as restated, June 30, 2018	<u>\$ 93,212,383</u>	<u>\$ 15,948,298</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019			Variance Positive (Neg.)	2018
	Budget		Actual		Actual
	Original	Final			
Revenue					
Current property taxes	\$ 14,300,000	\$ 14,300,000	\$ 14,285,170	\$ (14,830)	\$13,369,780
Delinquent property taxes and penalties	375,000	375,000	389,955	14,955	340,950
Licenses and permits	10,321,500	10,321,500	10,371,262	49,762	9,969,892
Fines and forfeitures	351,000	351,000	456,877	105,877	366,246
Use of money and property	222,000	222,000	206,499	(15,501)	229,996
Unrestricted intergovernmental	1,155,850	1,155,850	1,163,319	7,469	1,160,581
Restricted intergovernmental	399,960	399,960	665,610	265,650	334,932
Sales and service charges	460,000	460,000	670,699	210,699	526,708
Miscellaneous	65,000	65,000	103,798	38,798	152,203
Total revenue	27,650,310	27,650,310	28,313,189	662,879	26,451,288
Expenditures					
General Government Administration					
General services	954,387	954,387	997,642	(43,255)	1,012,911
Legislative	205,906	205,906	210,484	(4,578)	198,071
Administrative	302,227	302,227	299,214	3,013	195,023
City Court	530,353	530,353	511,369	18,984	506,298
Legal	237,057	237,057	267,959	(30,902)	213,327
Human resources	395,631	395,631	310,085	85,546	491,831
Total	2,625,561	2,625,561	2,596,753	28,808	2,617,461
Less, capital outlay	—	—	—	—	(20,990)
Net general government administration	2,625,561	2,625,561	2,596,753	28,808	2,596,471
Finance					
Accounting	361,168	361,168	372,072	(10,904)	284,149
Revenue	595,654	595,654	598,986	(3,332)	596,135
Total	956,822	956,822	971,058	(14,236)	880,284
Less, capital outlay	—	—	(151,504)	151,504	(42,434)
Net finance	956,822	956,822	819,554	137,268	837,850
Information Services					
Total	526,091	526,091	389,413	136,678	303,464
Less, capital outlay	(164,500)	(164,500)	(123,002)	(41,498)	(104,281)
Net information services	361,591	361,591	266,411	95,180	199,183
Public Safety					
Administrative	1,186,310	1,186,310	1,192,299	(5,989)	696,517
Uniform patrol	5,655,338	5,655,338	6,231,384	(576,046)	5,771,506
Community services	1,061,552	1,061,552	1,105,263	(43,711)	944,326
Detectives	1,054,076	1,054,076	1,149,702	(95,626)	1,088,888
Communications/Detention	1,244,371	1,244,371	1,192,079	52,292	1,179,331
Records	369,037	369,037	370,955	(1,918)	386,086
Victim's assistance	88,775	88,775	88,343	432	80,965
Police training	358,527	358,527	393,241	(34,714)	379,284
Fire suppression	4,431,511	4,431,511	4,591,417	(159,906)	4,119,242
Fire prevention	388,786	388,786	396,222	(7,436)	334,728
Total	15,838,283	15,838,283	16,710,905	(872,622)	14,980,873
Less, capital outlay	(739,757)	(739,757)	(889,205)	149,448	(515,857)
Net public safety	15,098,526	15,098,526	15,821,700	(723,174)	14,465,016

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2019			2018	
	Budget		Actual	Variance Positive (Neg.)	Actual
	Original	Final			
Expenditures (Continued)					
Planning/Development					
Planning/zoning administration	1,035,026	1,035,026	987,178	47,848	962,053
Code enforcement-building	847,538	847,538	802,376	45,162	744,734
Total	1,882,564	1,882,564	1,789,554	93,010	1,706,787
Less, capital outlay	(32,500)	(32,500)	(27,293)	(5,207)	(47,107)
Net planning/development	1,850,064	1,850,064	1,762,261	87,803	1,659,680
Public Works					
Streets/drainage	2,347,094	2,347,094	2,571,032	(223,938)	2,452,754
Less, capital outlay	(50,000)	(50,000)	(35,240)	(14,760)	(98,973)
Net public works	2,297,094	2,297,094	2,535,792	(238,698)	2,353,781
Parks and Recreation					
Recreation administration	352,999	352,999	384,841	(31,842)	329,606
Athletics	797,695	797,695	790,189	7,506	713,170
Programs	1,040,647	1,040,647	998,971	41,676	956,524
Row maintenance	410,448	410,448	426,023	(15,575)	392,493
Sports Park	304,506	304,506	300,695	3,811	411,014
Landscaping	383,403	383,403	346,480	36,923	268,024
Parks and Beach	547,524	547,524	530,613	16,911	457,008
Administration	425,625	425,625	518,716	(93,091)	326,948
Total	4,262,847	4,262,847	4,296,528	(33,681)	3,854,787
Less, capital outlay	(302,300)	(302,300)	(298,399)	(3,901)	(117,599)
Net parks and recreation	3,960,547	3,960,547	3,998,129	(37,582)	3,737,188
Support Services					
Custodial services	228,272	228,272	233,367	(5,095)	216,457
Purchasing	140,153	140,153	118,508	21,645	179,000
Fleet maintenance	301,569	301,569	294,956	6,613	290,757
Facility Maintenance	447,801	447,801	578,932	(131,131)	536,983
Total	1,117,795	1,117,795	1,225,763	(107,968)	1,223,197
Less, capital outlay	(78,000)	(78,000)	(59,866)	(18,134)	(34,518)
Net support services	1,039,795	1,039,795	1,165,897	(126,102)	1,188,679
Debt Service					
Principal retirement	586,709	586,709	586,701	8	568,186
Interest and fiscal charges	19,127	19,127	19,127	—	37,650
Agent fees	171,729	171,729	56	171,673	5,472
Total debt service	777,565	777,565	605,884	171,681	611,308
Capital Outlay	1,367,057	1,367,057	1,584,509	(217,452)	981,759
Total expenditures	30,334,622	30,334,622	31,156,890	(822,268)	28,630,915
Excess (deficiency) of revenue over (under) expenditures	(2,684,312)	(2,684,312)	(2,843,701)	(159,389)	(2,179,627)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2019			Variance Positive (Neg.)	2018
	Budget		Actual		Actual
	Original	Final			
Other Financing Sources (Uses)					
Transfers in:					
From Accommodations (2%) Tax Fund	835,245	835,245	835,243	(2)	869,676
From Local (1.5%) Accommodations Tax Fund	2,374,133	2,374,133	2,297,478	(76,655)	2,305,144
From Local (1%) Hospitality Fee Fund	2,807,300	2,807,300	2,784,459	(22,841)	2,660,540
From Sports and Tourism Park Fund	75,000	75,000	—	(75,000)	—
From Debt Service Fund	165,000	165,000	601,628	436,628	—
Total transfers in	6,256,678	6,256,678	6,518,808	262,130	5,835,360
Transfers (out):					
To Park Improvement Fund	(2,225,000)	(2,225,000)	—	2,225,000	—
To Capital Improvement Fund	(1,100,000)	(1,100,000)	(2,225,000)	(1,125,000)	(1,850,000)
To Street Improvement Fund	—	—	(1,100,000)	(1,100,000)	(1,000,000)
To Sports and Tourism Park	(150,000)	(150,000)	(150,000)	—	(50,000)
To Pension Trust Fund	(50,000)	(50,000)	(49,406)	594	(49,406)
Total Transfers (out)	(3,525,000)	(3,525,000)	(3,524,406)	594	(2,949,406)
Total other financing sources (uses)	2,731,678	2,731,678	2,994,402	262,724	2,885,954
Net change in fund balance	47,366	47,366	150,701	103,335	706,327
Fund balance, beginning of year	11,896,898	11,896,898	11,896,898	—	11,190,571
Fund balance, end of year	\$ 11,944,264	\$ 11,944,264	\$ 12,047,599	\$ 103,335	\$ 11,896,898

Notes to Schedule:

Budget to Actual Deficits

As needed actual General Fund expenditures were funded by unreserved and reserved fund balances, additional unbudgeted revenue and transfers.

Budgets and Budgetary Accounting

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter total appropriations (total expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.
- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund. Informal budgetary controls are maintained for other funds (Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Enterprise Funds). The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds. Accordingly, the City provides Required Supplementary Information of budgetary comparison only for the General Fund.
- Appropriations lapse at the end of each fiscal year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS*(1)

	2019	2018	2017	2015	2014	2013	2012	2011	2010	2009
City's proportion of the net pension liability	N/A	.566464%	.57255%	.59561%	.56177%	.56315%	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability	N/A	\$ 16,050,991	\$ 15,685,465	\$ 15,107,522	\$ 12,243,757	\$ 10,781,098	\$ 11,673,945	N/A	N/A	N/A
City's covered-payroll (pensionable wages)	\$ 8,503,565	\$ 7,861,627	\$ 7,740,312	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,642,671	N/A	N/A	N/A
City's proportion share of the net pension liability as a percentage of its covered-payroll	N/A	204.2%	202.6%	198.9%	175.9%	159.2%	175.7%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	61.7%	60.9%	60.4%	64.6%	67.5%	N/A	N/A	N/A	N/A

*The amounts presented for each fiscal year determined as of the measurement year that occurred within the fiscal year.

(1) Because prior year data is unavailable, the City has elected to present information prospectively.
 N/A - Not available

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SCHEDULE OF THE CITY'S CONTRIBUTIONS

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS⁽¹⁾

	2019	2018	2017	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 1,432,000	\$ 1,273,331	\$ 1,098,777	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	\$ 1,432,000	\$ 1,273,331	\$ 1,098,777	\$ 1,040,642	\$ 933,571	\$ 866,965	\$ 798,388	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
City's covered payroll (pensionable wages)	\$ 8,503,565	\$ 7,861,627	\$ 7,740,312	\$ 7,593,753	\$ 6,961,752	\$ 6,773,304	\$ 6,513,521	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.8%	16.2%	14.2%	13.7%	13.4%	12.8%	12.3%	N/A	N/A	N/A

⁽¹⁾ Because prior year data is unavailable, the City has elected to present information prospectively.
N/A – Not available

Notes to pension required supplementary information

Changes in benefit terms: None.
Changes in assumption: None.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS ⁽¹⁾

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Service Cost	\$ 931,956	\$ 857,523	N/A							
Interest	809,111	797,447	N/A							
Changes in benefit terms	—	—	N/A							
Differences between expected and actual experience	—	62,147	N/A							
Changes in assumptions or other inputs	—	—	N/A							
Contributions – employer	—	—	N/A							
Contributions – active and inactive employees	—	—	N/A							
Net investment income	—	—	N/A							
Benefit payments ⁽²⁾	(581,978)	(554,265)	N/A							
Other changes	—	—	N/A							
Net changes in total OPEB liability	1,159,089	1,162,852	N/A							
Total OPEB liability – beginning	20,515,908	19,353,056	N/A							
Total OPEB liability – ending	\$ 21,674,997	\$ 20,515,908	N/A							
Covered – employee payroll	\$ 18,929,023	\$ 18,929,021	N/A							
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	N/A							
Total OPEB liability as a percentage of covered – employee payroll	14.5%	8.4%	N/A							

⁽¹⁾ Because prior year data is unavailable, the City has elected to present information prospectively.

⁽²⁾ Includes the Implicit Rate Subsidy.

N/A – Not available

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

Other Post-Employment Benefits

1. Changes in benefit terms: 2019-2018 – None.
2. Changes of assumptions: 2019-2018 – None.

Employee Retirement - PORS

1. Changes in benefit terms: 2019-2018 – None.
2. Changes of assumptions:

Investments: 2019-2018 – None. 2017 – the assumed investment return was changed from 7.5% to 7.25% effective July 1, 2017.

Mortality: 2019-2018 – None. 2017 – the mortality tables were changed from the RP-2000 Mortality Table to the newly developed 2016 Public Retirees of South Carolina Mortality Tables.

Projected salary increases: 2019-2018 – None. 2017 – changed to 3.5% - 9.5% for members with less than 25 years of service.

Asset Valuation Method: 2019-2018 – None. 2017 – changed to 5-year smoothed from 20% difference recognition.

Inflation: 2019-2018 – None. 2017 – changed to 2.25% from 2.75%.

OTHER FINANCIAL INFORMATION

CITY OF NORTH MYRTLE BEACH

COMBINING 'NON-MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalent	\$ —	\$ —	\$ 85,528	\$ 85,528
Equity in pooled cash and cash equivalents	—	53,550	1,669,463	1,723,013
Restricted cash and cash equivalent	—	59,810	818,317	878,127
Receivables, net	382,561	—	236,865	619,426
Due from other governments	727,958	—	—	727,958
Due from other funds	—	—	3,496,283	3,496,283
Prepaid items	—	—	—	—
Total assets	\$ 1,110,519	\$ 113,360	\$ 6,306,456	\$ 7,530,335
Liabilities and Fund Balances				
Liabilities:				
Accounts and retainage payable	\$ —	\$ —	\$ 105,056	\$ 105,056
Unearned revenue	—	—	238,397	238,397
Due to other funds	1,110,519	152,713	—	1,263,232
Total liabilities	1,110,519	152,713	343,453	1,606,685
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	—	—	—	—
Committed by ordinance	—	—	830,766	830,766
Assigned by management	—	—	5,132,237	5,132,237
Unassigned (deficit)	—	(39,353)	—	(39,353)
Total fund balances	—	(39,353)	5,963,003	5,923,650
Total liabilities and fund balances	\$ 1,110,519	\$ 113,360	\$ 6,306,456	\$ 7,530,335

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Revenue				
Property taxes	\$ —	\$ 2,577,829	\$ —	\$ 2,577,829
Special assessments	—	1,307,402	—	1,307,402
Use of money and property	—	6,009	142,674	148,683
Restricted intergovernmental	6,226,200	—	2,175,419	8,401,619
Sales and service charges	—	—	2,942,524	2,942,524
Miscellaneous	—	—	80,814	80,814
Total revenue	<u>6,226,200</u>	<u>3,891,240</u>	<u>5,341,431</u>	<u>15,458,871</u>
Expenditures				
Current:				
Finance	—	—	61,420	61,420
Public works	—	—	459,075	459,075
Debt Service	—	3,404,086	118,976	3,523,062
Capital outlay	—	—	5,272,978	5,272,978
Total expenditures	<u>—</u>	<u>3,404,086</u>	<u>5,912,449</u>	<u>9,316,535</u>
Excess (deficiency) of revenue over (under) expenditures	<u>6,226,200</u>	<u>487,154</u>	<u>(571,018)</u>	<u>6,142,336</u>
Other Financing Sources (Uses)				
Transfers in	—	—	3,136,508	3,136,508
Transfers (out)	(6,226,200)	(601,628)	—	(6,827,828)
Total other financing sources (uses)	<u>(6,226,200)</u>	<u>(601,628)</u>	<u>3,136,508</u>	<u>(3,691,320)</u>
Net change in fund balances	<u>—</u>	<u>(114,474)</u>	<u>2,565,490</u>	<u>2,451,016</u>
Fund balances, beginning of year	<u>—</u>	<u>75,121</u>	<u>3,397,513</u>	<u>3,472,634</u>
Fund balances, end of year	<u>\$ —</u>	<u>\$ (39,353)</u>	<u>\$ 5,963,003</u>	<u>\$ 5,923,650</u>

CITY OF NORTH MYRTLE BEACH

INDIVIDUAL FUND
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH

GENERAL FUND

The General Fund is the major operating fund of the City's governmental activities and is used to account for all financial resources except those required to be accounted for in other funds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 8,610,749	\$ 3,064,752
Equity in pooled cash and cash equivalents	—	655,524
Collateral deposits held by others	—	20,101
Receivables:		
Property taxes	1,096,240	1,025,143
Less, allowance for doubtful accounts	(1,028,413)	(961,440)
Water and sewer utility bills	1,221	—
Franchise fees	801,358	949,577
Grants	63,485	43,605
Cobra insurance	12,872	—
Other receivables	659,079	799,550
Due from other governments:		
State of South Carolina	740,028	348,896
Horry County	109,878	107,425
Due from other funds:		
Accommodations (2%) Tax Fund	759,483	814,172
Local Accommodations (1.5%) Tax Fund	486,810	437,465
Hospitality (1.0%) Fees Fund	382,561	307,013
Beach Renourishment Fund	—	239,985
Aquatic Center Fund	—	194,391
Beach Service Fund	—	261,917
Sports and Tourism Park Fund	131,175	275,974
Insurance Reserves Fund	2,290,256	1,165,744
Street Improvement Fund	2,257,988	3,585,006
Inventories and prepaid items	211,636	214,952
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	198,171	184,525
Drug enforcement account	100,967	21,311
Police seizures held	119,245	82,327
Public safety scholarship fund	58,702	25,208
Total assets	<u>\$ 18,063,491</u>	<u>\$ 13,863,123</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

— CONTINUED —

	<u>2019</u>	<u>2018</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 543,150	\$ 799,596
Accrued payroll and withholdings payable	409,023	321,694
Due to other funds:		
Stormwater Fund	3,124,268	—
Capital Improvement Fund	219,302	—
Sports and Tourism Park Fund	467,191	467,191
Due to other governments:		
State of SC – abandoned property	5,608	6,867
Deposits and Performance bonds	929,934	104,025
Payable from restricted assets:		
Bail bonds	198,171	184,525
Police seizures held	119,245	82,327
Total liabilities	<u>6,015,892</u>	<u>1,966,225</u>
Fund Balance:		
Non-spendable	211,636	214,952
Restricted by others	159,669	74,248
Committed by ordinance	—	392,500
Assigned by management	—	—
Unassigned	11,676,294	11,215,198
Total fund balance	<u>12,047,599</u>	<u>11,896,898</u>
Total liabilities and fund balance	<u>\$ 18,063,491</u>	<u>\$ 13,863,123</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Current property taxes	\$ 14,300,000	\$ 14,285,170	\$ (14,830)	\$ 13,369,780
Delinquent property taxes:				
Real and personal property	250,000	277,094	27,094	235,808
Penalties	125,000	112,861	(12,139)	105,142
	375,000	389,955	14,955	340,950
	14,675,000	14,675,125	125	13,710,730
Licenses and permits:				
Business licenses	7,050,000	7,046,271	(3,729)	6,716,490
Business license penalties	40,000	96,943	56,943	75,517
Building permits	625,000	765,728	140,728	710,309
Inspection fees	4,000	10,352	6,352	7,300
Other permits	15,000	13,120	(1,880)	18,525
Tree bank	—	3,057	3,057	3,550
Franchise fee – electricity	1,820,000	1,645,699	(174,301)	1,651,795
Franchise fee – cable TV	590,000	613,881	23,881	594,572
Franchise fee – telephone	87,500	77,838	(9,662)	95,159
Franchise fee – gas	90,000	98,373	8,373	96,675
	10,321,500	10,371,262	49,762	9,969,892
Fines and forfeitures:				
Fines	700,000	694,372	(5,628)	677,754
Seizures	5,000	110,690	105,690	25,449
Improper parking	5,000	9,789	4,789	11,544
Victim's assistance	60,000	46,333	(13,667)	43,929
Bail Bondsman Fee	1,000	—	(1,000)	—
Less, remittances to State Treasurer	(420,000)	(404,307)	15,693	(392,430)
	351,000	456,877	105,877	366,246
Use of money and property:				
Interest on investments	10,000	15,286	5,286	10,603
Property rental	200,000	180,684	(19,316)	207,514
Purchasing card rebate	12,000	10,528	(1,472)	11,879
	222,000	206,498	(15,502)	229,996
Unrestricted intergovernmental:				
Local government	315,000	314,437	(563)	310,617
Homestead exemption tax	205,000	235,755	30,755	214,872
Business inventory tax	36,600	36,653	53	36,653
Accommodations tax	229,250	231,298	2,048	227,335
Admissions tax	50,000	89,452	39,452	91,900
Motor carrier tax	72,000	65,291	(6,709)	83,081
Heavy equipment tax	—	2,468	2,468	3,592
TNC local assessment fee	13,000	18,425	5,425	19,971
Alcoholic beverage permit fees	235,000	169,540	(65,460)	172,560
	1,155,850	1,163,319	7,469	1,160,581

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue (Continued)				
Restricted intergovernmental:				
Federal FEMA	358,000	388,083	30,083	28,317
State SCEMD	—	34,312	34,312	76,150
Federal BJA – BVP	—	—	—	6,871
Federal USDOJ	—	170,696	170,696	163,883
State misc. funds	—	20,559	20,559	7,751
Horry County recreation	41,960	51,960	10,000	51,960
	<u>399,960</u>	<u>665,610</u>	<u>265,650</u>	<u>334,932</u>
Sales and service charges:				
City codes and ordinances	10,000	10,600	600	8,600
Fire protection – contracts	110,000	109,825	(175)	118,752
Street work	6,000	400	(5,600)	8,671
Beach services franchise	95,000	118,557	23,557	119,888
Parking lot	30,000	84,917	54,917	22,279
Recreation fees	160,500	285,725	125,225	176,724
Merchandise sales	—	27	27	8,323
GIS Data	1,500	—	(1,500)	—
Credit Card service charge	7,000	15,795	8,795	8,188
Miscellaneous	40,000	44,854	4,854	55,283
	<u>460,000</u>	<u>670,700</u>	<u>210,700</u>	<u>526,708</u>
Miscellaneous:				
Insurance reimbursements	40,000	20,594	(19,406)	69,650
Forfeitures – 401	10,000	28,402	18,402	38,344
Grants from private entities	15,000	8,745	(6,255)	14,826
Canine program donations	—	—	—	—
PS Scholarship Fund donation	—	46,057	46,057	29,383
	<u>65,000</u>	<u>103,798</u>	<u>38,798</u>	<u>152,203</u>
Total revenue	<u>27,650,310</u>	<u>28,313,189</u>	<u>662,879</u>	<u>26,451,288</u>
Expenditures				
General Government Administration				
General Services:				
Personal services	413,500	481,303	(67,803)	420,254
Operating expenditures	1,321,750	1,332,591	(10,841)	1,421,406
Less, overhead allocation	(780,863)	(816,252)	35,389	(828,749)
	<u>954,387</u>	<u>997,642</u>	<u>(43,255)</u>	<u>1,012,911</u>
Legislative:				
Personal services	351,211	349,834	1,377	339,962
Operating expenditures	60,600	71,134	(10,534)	56,181
Less, overhead allocation	(205,905)	(210,484)	4,579	(198,072)
	<u>205,906</u>	<u>210,484</u>	<u>(4,578)</u>	<u>198,071</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
General Government Administration (Cont.)				
Administrative:				
Personal services	438,603	471,894	(33,291)	324,904
Operating expenditures	165,850	126,534	39,316	65,142
Less, overhead allocation	(302,226)	(299,214)	(3,012)	(195,023)
	<u>302,227</u>	<u>299,214</u>	<u>3,013</u>	<u>195,023</u>
City Court:				
Personal services	482,928	477,807	5,121	464,846
Operating expenditures	47,425	33,562	13,863	41,452
Capital expenditures	—	—	—	—
	<u>530,353</u>	<u>511,369</u>	<u>18,984</u>	<u>506,298</u>
Legal:				
Personal services	281,864	279,715	2,149	265,538
Operating expenditures	192,250	256,204	(63,954)	140,126
Capital expenditures	—	—	—	20,990
Less, overhead allocation	(237,057)	(267,960)	30,903	(213,327)
	<u>237,057</u>	<u>267,959</u>	<u>(30,902)</u>	<u>213,327</u>
Human Resources:				
Personal services	677,327	501,045	176,282	849,654
Operating expenditures	83,500	95,272	(11,772)	96,074
Capital expenditures	—	—	—	—
Less, overhead allocation	(365,196)	(286,232)	(78,964)	(453,897)
	<u>395,631</u>	<u>310,085</u>	<u>85,546</u>	<u>491,831</u>
Total general government administration	2,625,561	2,596,753	28,808	2,617,461
Less, total capital outlay	—	—	—	(20,990)
Net general government administration	<u>2,625,561</u>	<u>2,596,753</u>	<u>28,808</u>	<u>2,596,471</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
Finance				
Accounting:				
Personal services	792,980	686,539	106,441	623,014
Operating expenditures	183,150	190,757	(7,607)	144,955
Capital expenditures	—	128,304	(128,304)	—
Less, overhead allocation	(614,962)	(633,528)	18,566	(483,820)
	<u>361,168</u>	<u>372,072</u>	<u>(10,904)</u>	<u>284,149</u>
Revenue:				
Personal services	536,279	511,477	24,802	505,089
Operating expenditures	59,375	64,309	(4,934)	48,612
Capital expenditures	—	23,200	(23,200)	42,434
	<u>595,654</u>	<u>598,986</u>	<u>(3,332)</u>	<u>596,135</u>
Total finance	<u>956,822</u>	<u>971,058</u>	<u>(14,236)</u>	<u>880,284</u>
Less, total capital outlay	<u>—</u>	<u>(151,504)</u>	<u>151,504</u>	<u>(42,434)</u>
Net finance	<u>956,822</u>	<u>819,554</u>	<u>137,268</u>	<u>837,850</u>
Information Services				
Personal services	778,722	748,699	30,023	731,596
Operating services	394,867	328,706	66,161	341,119
Capital expenditures	164,500	123,002	41,498	104,281
Less, overhead allocation	(811,998)	(810,994)	(1,004)	(873,532)
	<u>526,091</u>	<u>389,413</u>	<u>136,678</u>	<u>303,464</u>
Total information services	<u>526,091</u>	<u>389,413</u>	<u>136,678</u>	<u>303,464</u>
Less, total capital outlay	<u>(164,500)</u>	<u>(123,002)</u>	<u>(41,498)</u>	<u>(104,281)</u>
Net information services	<u>361,591</u>	<u>266,411</u>	<u>95,180</u>	<u>199,183</u>
Public Safety				
Administrative:				
Personal services	742,515	640,311	102,204	565,072
Operating expenditures	418,295	491,672	(73,377)	83,688
Capital expenditures	25,500	60,316	(34,816)	47,757
	<u>1,186,310</u>	<u>1,192,299</u>	<u>(5,989)</u>	<u>696,517</u>
Uniform patrol:				
Personal services	5,018,755	5,103,174	(84,419)	4,593,473
Operating expenditures	355,383	745,520	(390,137)	864,292
Capital expenditures	311,200	382,690	(71,490)	324,113
Less, total overhead allocation	(30,000)	—	(30,000)	(10,372)
	<u>5,655,338</u>	<u>6,231,384</u>	<u>(576,046)</u>	<u>5,771,506</u>
Community services:				
Personal services	799,752	806,313	(6,561)	739,478
Operating expenditures	177,800	201,252	(23,452)	206,884
Capital expenditures	84,000	97,698	(13,698)	—
Less, overhead allocation	—	—	—	(2,036)
	<u>1,061,552</u>	<u>1,105,263</u>	<u>(43,711)</u>	<u>944,326</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
Public Safety (Cont.)				
Detectives:				
Personal services	956,216	998,762	(42,546)	952,957
Operating expenditures	67,860	95,844	(27,984)	81,296
Capital expenditures	30,000	55,096	(25,096)	62,886
Less, overhead allocation	—	—	—	(8,251)
	<u>1,054,076</u>	<u>1,149,702</u>	<u>(95,626)</u>	<u>1,088,888</u>
Communications/Detention:				
Personal services	1,274,067	1,157,350	116,717	1,181,160
Operating expenditures	78,510	117,089	(38,579)	100,721
Capital expenditures	—	21,299	(21,299)	—
Less, overhead allocation	(108,206)	(103,659)	(4,547)	(102,550)
	<u>1,244,371</u>	<u>1,192,079</u>	<u>52,292</u>	<u>1,179,331</u>
Records:				
Personal services	338,406	335,267	3,139	329,998
Operating expenditures	30,631	35,688	(5,057)	50,715
Capital expenditures	—	—	—	5,373
	<u>369,037</u>	<u>370,955</u>	<u>(1,918)</u>	<u>386,086</u>
Victim's Assistance:				
Personal services	82,650	85,315	(2,665)	77,925
Operating expenditures	6,125	3,028	3,097	3,040
	<u>88,775</u>	<u>88,343</u>	<u>432</u>	<u>80,965</u>
Police Training:				
Personal services	336,277	335,373	904	337,944
Operating expenditures	22,250	57,868	(35,618)	41,340
Capital expenditures	—	—	—	—
	<u>358,527</u>	<u>393,241</u>	<u>(34,714)</u>	<u>379,284</u>
Fire Suppression/Rescue:				
Personal services	3,774,384	3,892,315	(117,931)	3,645,839
Operating expenditures	416,000	476,590	(60,590)	398,493
Capital expenditures	271,127	222,512	48,615	75,728
Less, overhead allocation	(30,000)	—	(30,000)	(818)
	<u>4,431,511</u>	<u>4,591,417</u>	<u>(159,906)</u>	<u>4,119,242</u>
Fire Prevention/Inspection:				
Personal services	338,857	315,323	23,534	310,624
Operating expenditures	31,999	31,305	694	24,104
Capital expenditures	17,930	49,594	(31,664)	—
	<u>388,786</u>	<u>396,222</u>	<u>(7,436)</u>	<u>334,728</u>
Total Public Safety	15,838,283	16,710,905	(872,622)	14,980,873
Less, total capital outlay	(739,757)	(889,205)	149,448	(515,857)
Net public safety	<u>15,098,526</u>	<u>15,821,700</u>	<u>(723,174)</u>	<u>14,465,016</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
Planning/Development				
Planning/Zoning Administration:				
Personal services	976,026	951,214	24,812	896,919
Operating expenditures	59,000	35,964	23,036	43,045
Capital expenditures	—	—	—	22,089
	<u>1,035,026</u>	<u>987,178</u>	<u>47,848</u>	<u>962,053</u>
Code Enforcement – Building:				
Personal services	798,395	777,602	20,793	716,373
Operating expenditures	61,250	39,711	21,539	42,539
Capital expenditures	32,500	27,293	5,207	25,018
Less, overhead allocation	(44,607)	(42,230)	(2,377)	(39,196)
	<u>847,538</u>	<u>802,376</u>	<u>45,162</u>	<u>744,734</u>
Total Planning/Development	1,882,564	1,789,554	93,010	1,706,787
Less, total capital outlay	(32,500)	(27,293)	(5,207)	(47,107)
Net planning/development	<u>1,850,064</u>	<u>1,762,261</u>	<u>87,803</u>	<u>1,659,680</u>
Public Works				
Streets/Drainage:				
Personal services	1,679,826	1,652,184	27,642	1,492,799
Operating expenditures	1,322,500	1,636,517	(314,017)	1,447,319
Capital expenditures	50,000	35,240	14,760	98,973
Less, overhead allocation	(705,232)	(752,909)	47,677	(586,337)
	<u>2,347,094</u>	<u>2,571,032</u>	<u>(223,938)</u>	<u>2,452,754</u>
Total Public Works	2,347,094	2,571,032	(223,938)	2,452,754
Less, total capital outlay	(50,000)	(35,240)	(14,760)	(98,973)
Net public works	<u>2,297,094</u>	<u>2,535,792</u>	<u>(238,698)</u>	<u>2,353,781</u>
Parks and Recreation				
Recreation Administration:				
Personal services	515,531	519,262	(3,731)	483,347
Operating expenditures	72,802	122,140	(49,338)	65,996
Capital expenditures	—	—	—	—
Less, overhead allocation	(235,334)	(256,561)	21,227	(219,737)
	<u>352,999</u>	<u>384,841</u>	<u>(31,842)</u>	<u>329,606</u>
Athletics:				
Personal services	457,095	449,369	7,726	420,250
Operating expenditures	305,600	305,221	379	282,824
Capital expenditures	35,000	35,599	(599)	10,096
	<u>797,695</u>	<u>790,189</u>	<u>7,506</u>	<u>713,170</u>
Programs:				
Personal services	401,869	401,266	603	365,915
Operating expenditures	628,778	597,705	31,073	563,592
Capital expenditures	10,000	—	10,000	27,017
	<u>1,040,647</u>	<u>998,971</u>	<u>41,676</u>	<u>956,524</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
Parks and Recreation (continued)				
Row Maintenance:				
Personal services	232,270	258,837	(26,567)	225,307
Operating expenditures	148,555	139,161	9,394	139,998
Capital expenditures	38,000	36,719	1,281	74,658
Less, overhead allocation	(8,377)	(8,694)	317	(47,470)
	<u>410,448</u>	<u>426,023</u>	<u>(15,575)</u>	<u>392,493</u>
Sports Park:				
Personal services	441,713	388,510	53,203	397,436
Operating expenditures	272,252	331,335	(59,083)	250,621
Capital outlay	47,300	31,892	15,408	5,828
Less, overhead allocation	(456,759)	(451,042)	(5,717)	(242,871)
	<u>304,506</u>	<u>300,695</u>	<u>3,811</u>	<u>411,014</u>
Landscaping:				
Personal services	220,771	193,897	26,874	195,143
Operating expenditures	118,232	108,940	9,292	116,513
Capital outlay	87,000	82,141	4,859	—
Less, overhead allocation	(42,600)	(38,498)	(4,102)	(43,632)
	<u>383,403</u>	<u>346,480</u>	<u>36,923</u>	<u>268,024</u>
Parks and Beach:				
Personal services	313,482	318,953	(5,471)	309,199
Operating expenditures	277,878	204,340	73,538	193,007
Capital outlay	17,000	66,277	(49,277)	—
Less, overhead allocation	(60,836)	(58,957)	(1,879)	(45,198)
	<u>547,524</u>	<u>530,613</u>	<u>16,911</u>	<u>457,008</u>
Administration:				
Personal services	387,343	426,426	(39,083)	312,965
Operating expenditures	40,100	68,132	(28,032)	111,637
Capital outlay	68,000	45,771	22,229	—
Less, overhead allocation	(69,818)	(21,613)	(48,205)	(97,654)
	<u>425,625</u>	<u>518,716</u>	<u>(93,091)</u>	<u>326,948</u>
Total Parks and Recreation	4,262,847	4,296,528	(33,681)	3,854,787
Less, total capital outlay	(302,300)	(298,399)	901	(117,599)
Net parks and recreation	<u>3,960,547</u>	<u>3,998,129</u>	<u>(34,582)</u>	<u>3,737,188</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
Support Services				
Custodial Services:				
Personnel services	288,989	286,819	2,170	493,695
Operating expenses	34,200	46,900	(12,700)	640,919
Capital outlay	28,000	25,307	2,693	24,524
Less, overhead allocation	(122,917)	(125,659)	2,742	(405,698)
	<u>228,272</u>	<u>233,367</u>	<u>(5,095)</u>	<u>753,440</u>
Purchasing:				
Personal services	305,147	246,678	58,469	330,446
Operating expenditures	28,550	35,485	(6,935)	95,746
Capital outlay	—	—	—	—
Less, overhead allocation	(193,544)	(163,655)	(29,889)	(247,192)
	<u>140,153</u>	<u>118,508</u>	<u>21,645</u>	<u>179,000</u>
Fleet management:				
Personal services	429,616	425,679	3,937	398,179
Operating expenditures	73,000	65,915	7,085	76,422
Capital outlay	—	—	—	9,994
Less, overhead allocation	(201,047)	(196,638)	(4,409)	(193,838)
	<u>301,569</u>	<u>294,956</u>	<u>6,613</u>	<u>290,757</u>
Custodial/Facility Maint.:				
Personnel services	222,624	208,477	14,147	493,695
Operating expenses	416,300	647,629	(231,329)	640,919
Capital outlay	50,000	34,559	15,441	24,524
Less, overhead allocation	(241,123)	(311,733)	70,610	(405,698)
	<u>447,801</u>	<u>578,932</u>	<u>(131,131)</u>	<u>753,440</u>
Total Support Services	1,117,795	1,225,763	(107,968)	1,223,197
Less, total capital outlay	(78,000)	(59,866)	18,134	(34,518)
Net support services	<u>1,039,795</u>	<u>1,165,897</u>	<u>(126,102)</u>	<u>1,188,679</u>
Total Departmental Expenditures (net)	<u>28,190,000</u>	<u>28,966,497</u>	<u>(776,497)</u>	<u>27,037,848</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Expenditures (Continued)				
Debt Service				
Principal retirement	586,709	586,701	8	568,186
Interest and fiscal charges	19,127	19,127	—	37,650
Agent fees	171,729	56	171,673	5,472
Total debt service	777,565	605,884	171,681	611,308
Capital Outlay	1,367,057	1,584,509	(217,452)	981,759
Total expenditures	30,334,622	31,156,890	(822,268)	28,630,915
Excess (deficiency) of revenue over (under) expenditures	(2,684,312)	(2,843,701)	(159,389)	(2,179,627)
Other Financing Sources (Uses)				
Transfers in:				
From Accommodations (2%) Tax Fund	835,245	835,243	(2)	869,676
From Local (1.0%) Accommodations Tax Fund	2,374,133	2,297,478	(76,655)	2,305,144
From Local (1%) Hospitality Fee Fund	2,807,300	2,784,459	(22,841)	2,660,540
From Sports and Tourism Park Fund	75,000	—	(75,000)	—
From Debt Service Fund	165,000	601,628	436,628	—
Total transfers in:	6,256,678	6,518,808	262,130	5,835,360
Transfers (out):				
To Park Improvement Fund	2,225,000	—	2,225,000	—
To Capital Improvement Fund	1,100,000	2,225,000	(1,125,000)	(1,850,000)
To Street Improvement Fund	—	1,100,000	(1,100,000)	(1,000,000)
To Sports and Tourism Park Fund	150,000	150,000	—	(49,406)
To Pension Trust Fund	50,000	49,406	594	(50,000)
Total transfers (out)	3,525,000	3,524,406	594	(2,949,406)
Total other financing sources (uses)	2,731,678	2,994,402	262,724	2,885,954
Net change in fund balance	47,366	150,701	103,335	706,327
Fund balance, beginning of year	11,896,898	11,896,898	—	11,190,571
Fund balance, end of year	\$ 11,944,264	\$ 12,047,599	\$ 103,335	\$ 11,896,898

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are restricted by law or otherwise restricted for specified purposes.

State Accommodations (2%) Tax:

To account for the City's share of a 2% State accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted to the promotion of tourism and tourist related activities.

Local Accommodations (1.5%) Tax:

To account for the City's share of a 1.5% local accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted for the beach, infrastructure and capital purchases.

Hospitality (1%) Fees:

To account for the City's share of a 1% tax on amusements and prepared foods. Use of the revenue is restricted for the beach, infrastructure and capital purchases.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

BALANCE SHEETS

JUNE 30, 2019

	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	Totals
Assets				
Equity in pooled cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables, net	—	—	382,561	382,561
Due from other governments	1,280,063	727,958	—	727,958
Total assets	\$ 1,280,063	\$ 727,958	\$ 382,561	\$ 1,110,519
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 494,861	\$ —	\$ —	\$ —
Due to other funds	759,483	727,958	382,561	1,110,519
Total liabilities	1,254,344	727,958	382,561	1,110,519
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	25,719	—	—	—
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned (deficit)	—	—	—	—
Total fund balances	25,719	—	—	—
Total liabilities and fund balances	\$ 1,280,063	\$ 727,958	\$ 382,561	\$ 1,110,519

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2019

	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	Totals
Revenue				
Use of money and property	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental	3,919,670	3,441,741	2,784,459	6,226,200
Total revenue	3,919,670	3,441,741	2,784,459	6,226,200
Expenditures				
Current:				
Parks and recreation – tourism related	1,526,791	—	—	—
Total expenditures	1,526,791	—	—	—
Excess (deficiency) of revenue over (under) expenditures	2,392,879	3,441,741	2,784,459	6,226,200
Other Financing Sources (Uses)				
Transfers (out)	(2,365,874)	(3,441,741)	(2,784,459)	(6,226,200)
Total other financing sources (uses)	(2,365,874)	(3,441,741)	(2,784,459)	(6,226,200)
Net change in fund balances	27,005	—	—	—
Fund balances, beginning of year	(1,286)	—	—	—
Fund balances, end of year	\$ 25,719	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STATE ACCOMMODATIONS (2%) TAX
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Due from other governments	\$ 1,280,063	\$ 1,219,700
Total assets	<u>\$ 1,280,063</u>	<u>\$ 1,219,700</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 494,861	\$ 406,814
Due to General Fund	759,483	814,172
Total liabilities	<u>1,254,344</u>	<u>1,220,986</u>
 Fund balance:		
Restricted by others	25,719	—
Unassigned (deficit)	<u>—</u>	<u>(1,286)</u>
Total liabilities and fund balance	<u>\$ 1,280,063</u>	<u>\$ 1,219,700</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STATE ACCOMMODATIONS (2%) TAX
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ 163
Restricted intergovernmental:				
State A-tax revenue	3,880,750	3,919,670	38,920	3,844,368
Total revenue	3,880,750	3,919,670	38,920	3,844,531
Expenditures				
Parks and recreation:				
30% advertising allocation	1,225,500	1,237,791	(12,291)	1,214,011
North Myrtle Beach Chamber	—	264,000	(264,000)	337,651
Services to other agencies	25,000	25,000	—	8,843
Total expenditures	1,250,500	1,526,791	(276,291)	1,560,505
Excess of revenue over expenditures	2,630,250	2,392,879	(237,371)	2,284,026
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(835,243)	(835,243)	—	(869,676)
Street Improvement Fund	(152,500)	(152,500)	—	(103,534)
Beach Renourishment Fund	(807,675)	(807,675)	—	(648,978)
Stormwater Drainage Fund	(103,833)	(103,833)	—	(102,023)
Solid Waste Fund	(178,959)	(178,959)	—	(237,251)
Sports and Tourism Park Fund	(129,859)	(129,859)	—	(138,558)
Beach Services Fund	(157,805)	(157,805)	—	(185,585)
Total other financing sources (uses)	(2,365,874)	(2,365,874)	—	(2,285,605)
Net change in fund balance	264,376	27,005	(237,371)	(1,579)
Fund balance, beginning of year	(1,286)	(1,286)	—	293
Fund balance, end of year	\$ 263,090	\$ 25,719	\$ (237,371)	\$ (1,286)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	727,958	655,952
Total assets	<u>\$ 727,958</u>	<u>\$ 655,952</u>
Liabilities and Fund Balance		
Accounts payable	\$ —	\$ —
Due to General Fund	486,810	437,465
Due to Beach Services Fund	241,148	218,487
Total liabilities	<u>727,958</u>	<u>655,952</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 727,958</u>	<u>\$ 655,952</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
 (With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Local A-tax revenue	\$ 3,555,200	\$ 3,432,788	\$ 122,412	\$ 3,450,979
Penalties	6,000	8,953	(2,953)	4,491
Total revenue	3,561,200	3,441,741	119,459	3,455,470
Excess of revenue over expenditures	3,561,200	3,441,741	119,459	3,455,470
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	2,374,133	(2,297,478)	(76,654)	(2,305,144)
Beach Services Fund	363,862	(318,967)	(44,894)	(327,121)
Aquatic Center Fund	823,205	(825,295)	2,090	(823,205)
Total other financing sources (uses)	3,561,200	(3,441,741)	119,459	(3,455,470)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables	<u>382,561</u>	<u>307,013</u>
Total assets	<u>\$ 382,561</u>	<u>\$ 307,013</u>
Liabilities and Fund Balance		
Accounts payable	\$ —	\$ —
Due to General Fund	<u>382,561</u>	<u>307,013</u>
Total liabilities	<u>382,561</u>	<u>307,013</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 382,561</u>	<u>\$ 307,013</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Hospitality fees	\$ 2,804,300	\$ 2,776,653	\$ (27,647)	\$ 2,656,887
Penalties	3,000	7,806	4,806	3,653
Total revenue	2,807,300	2,784,459	22,841	2,660,540
Excess of revenue over expenditures	2,807,300	2,784,459	22,841	2,660,540
Other Financing Sources (Uses)				
Transfers (out) – General Fund	(2,807,300)	(2,784,459)	22,841	(2,660,540)
Total other financing sources (uses)	(2,807,300)	(2,784,459)	22,841	(2,660,540)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH

DEBT SERVICE FUNDS

The Debt Service Funds accounts for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types.

Park Bonds:

To account for financial resources to be used for payment of park debt.

**Cherry Grove Municipal
Improvement District Bonds:**

To account for financial resources to be used for payment of special assessment bonds of Cherry Grove Municipal Improvement District Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUNDS

BALANCE SHEETS

JUNE 30, 2019

	Non-Major Funds		Totals
	Park Bonds	Cherry Grove Bonds	
Assets			
Equity in pooled cash and cash equivalents	\$ —	\$ 53,550	\$ 53,550
Restricted cash and cash equivalents	—	59,810	59,810
Receivables, net	—	—	—
Total assets	\$ —	\$ 113,360	\$ 113,360
Liabilities and Fund Balance			
Liabilities:			
Due other funds	\$ —	\$ 152,713	\$ 152,713
Fund Balance:			
Committed by ordinance	—	—	—
Unassigned (deficit)	—	(39,353)	(39,353)
Total fund balance	—	(39,353)	(39,353)
Total liabilities and fund balance	\$ —	\$ 113,360	\$ 113,360

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUNDS

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2019

	Non-Major Funds		
	Park Bonds	Cherry Grove Bonds	Totals
Revenue			
Property taxes	\$ 2,577,829	\$ —	\$ 2,577,829
Special assessments	—	1,307,402	1,307,402
Use of money and property:			
Interest on investments	2,039	3,970	6,009
Total revenue	2,579,868	1,311,372	3,891,240
Expenditures			
Debt Service:			
Principal	2,080,000	1,177,000	3,257,000
Interest	83,200	49,748	132,948
Fiscal agent fees	550	13,588	14,138
Total expenditures	2,163,750	1,240,336	3,404,086
Excess (deficiency) of revenue over (under) expenditures	416,118	71,036	487,154
Other Financing Sources (Uses)			
Transfers (out) – General Fund	(601,628)	—	(601,628)
Net change in fund balance	(185,510)	71,036	(114,474)
Fund balance (deficit), beginning of year	185,510	(110,389)	75,121
Fund balance (deficit), end of year	\$ —	\$ (39,353)	\$ (39,353)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 174,258
Receivables, net	<u>—</u>	<u>11,252</u>
Total assets	<u>\$ —</u>	<u>\$ 185,510</u>
Liabilities and Fund Balance		
Fund Balance:		
Committed by ordinance	<u>\$ —</u>	<u>\$ 185,510</u>
Total liabilities and fund balance	<u>\$ —</u>	<u>\$ 185,510</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Property taxes:				
Current	\$ 2,400,000	\$ 2,559,063	\$ 159,063	\$ 2,355,377
Delinquent and penalties	—	18,766	18,766	12,674
Use of money and property:				
Interest on investments	—	2,039	2,039	—
Total revenue	2,400,000	2,579,868	179,868	2,368,051
Expenditures				
Debt Service:				
Principal	2,080,000	2,080,000	—	2,020,000
Interest	83,200	83,200	—	164,967
Fiscal agent fees	550	550	—	550
Total expenditures	2,163,750	2,163,750	—	2,185,517
Excess of revenue over expenditures	236,250	416,118	179,868	182,534
Other Financing Sources (Uses)				
Transfers (out) – General Fund	(165,000)	(601,628)	(436,628)	—
	(165,000)	(601,628)	(436,628)	—
Net change in fund balance	71,250	(185,510)	(256,760)	182,534
Fund balance, beginning of year	185,510	185,510	—	2,976
Fund balance, end of year	\$ 256,760	\$ —	\$ (256,760)	\$ 185,510

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
DEBT SERVICE FUND
CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT BONDS
BALANCE SHEET

JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	2019	2018
Assets		
Equity in pooled cash and cash equivalents	\$ 53,550	\$ 39,764
Restricted cash and cash equivalents:		
Revenue funds	59,810	1,818
Interest account	55	—
Prepayment accounts	756	741
Sinking fund	1,299	—
Receivables – special assessments	12,000	7,200
Less, allowance for doubtful accounts	(12,000)	(7,200)
Total assets	\$ 113,360	\$ 42,323
Liabilities and Fund Balance		
Liabilities:		
Due to Cherry Grove Capital Projects Fund	\$ 152,713	\$ 152,712
Fund Balance:		
Committed by ordinance	—	—
Unassigned (deficit)	(39,353)	(110,389)
Total liabilities and fund balance	\$ 113,360	\$ 42,323

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT BONDS
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
 (With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Special assessments:				
Current	\$ —	\$ 1,304,186	\$ 1,304,186	\$ 1,297,248
Delinquent and penalties	—	3,216	3,216	29,712
Pre-issuance assessments	—	—	—	6,612
Use of money and property:				
Interest on investments	—	3,970	3,970	2,981
Total revenue	—	1,311,372	1,311,372	1,336,553
Expenditures				
Debt Service:				
Principal	—	1,177,000	1,177,000	1,180,000
Interest	—	49,748	49,748	66,150
Fiscal agent fees	—	13,588	13,588	26,927
Total expenditures	—	1,240,336	1,240,336	1,273,077
Net change in fund balance	—	71,036	71,036	63,476
Fund balance, beginning of year	(110,389)	(110,389)	—	—
Fund balance, end of year	\$ (110,389)	\$ (39,353)	\$ 71,036	\$ (110,389)

CITY OF NORTH MYRTLE BEACH

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities that are not financed by proprietary funds or trust funds.

Capital Improvement:	To account for financial resources to be used for general capital asset acquisitions and replacements.
Street Improvement:	To account for financial resources to be used for paving streets and relocating utilities in the City.
Beach Renourishment:	To account for financial resources to be used for renourishing the beach.
Park Development:	To account for financial resources to be used for land acquisition and development of parks.
Stormwater Drainage:	To account for revenues and expenditures associated with the City's Stormwater management program and drainage improvements.
Cherry Grove Dredge Fund:	To account for revenues and expenditures associated with the City's Cherry Grove canal dredging project.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

BALANCE SHEETS

JUNE 30, 2019

	Street Improvement	Capital Improvement	Beach Renourishment	Park Development	Stormwater Drainage	Cherry Grove Dredge	Totals
Assets							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 85,528	\$ 85,528
Equity in pooled cash and cash equivalents	—	642,502	1,014,156	—	(250)	13,055	1,669,463
Restricted – cash and cash equivalents	—	—	—	—	—	818,317	818,317
Receivables, net	202,824	860	—	—	236,005	—	236,865
Due from other governments	3,158,611	—	—	—	—	—	—
Due from other funds	—	219,302	—	—	3,124,268	152,713	3,496,283
Prepaid items	—	—	—	—	—	—	—
Total assets	\$ 3,361,435	\$ 862,664	\$ 1,014,156	\$ —	\$ 3,360,023	\$ 1,069,613	\$ 6,306,456
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 85,987	\$ 86,125	\$ —	\$ —	\$ 10,000	\$ 450	\$ 96,575
Retainage payable	674,213	8,481	—	—	—	—	8,481
Unearned revenue	—	—	—	—	—	238,397	238,397
Due to other funds	2,257,988	—	—	—	—	—	—
Total liabilities	3,018,188	94,606	—	—	10,000	238,847	343,453
Fund balances:							
Non-spendable	—	—	—	—	—	—	—
Restricted by others	—	—	—	—	—	—	—
Committed by ordinance	—	—	—	—	—	830,766	830,766
Assigned by management	343,247	768,058	1,014,156	—	3,350,023	—	5,132,237
Unassigned (deficit)	—	—	—	—	—	—	—
Total fund balances	343,247	768,058	1,014,156	—	3,350,023	830,766	5,963,003
Total liabilities and fund balances	\$ 3,361,435	\$ 862,664	\$ 1,014,156	\$ —	\$ 3,360,023	\$ 1,069,613	\$ 6,306,456

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2019

	Street Improvement	Capital Improvement	Beach Renourishment	Park Development	Stormwater Drainage	Cherry Grove Dredge	Totals
Revenue							
Use of money and property	\$ —	\$ 107,956	\$ 1,239	\$ —	\$ 3,727	\$ 29,752	\$ 142,674
Restricted intergovernmental	1,978,915	512,071	663,348	—	1,000,000	—	2,175,419
Sales and service charges	—	10,190	—	—	2,932,334	—	2,942,524
Miscellaneous	46,807	80,814	—	—	—	—	80,814
Total revenue	2,025,722	711,031	664,587	—	3,936,061	29,752	5,341,431
Expenditures							
Current:							
Finance	—	—	—	—	61,420	—	61,420
Public works	—	—	—	—	459,075	—	459,075
Capital outlay:							
General government administration	3,402,527	651,143	—	—	—	—	651,143
Public safety	—	725,381	—	—	—	—	725,381
Public works	—	20,378	99,145	—	407,685	1,158,075	1,685,283
Parks and recreation	—	2,211,171	—	—	—	—	2,211,171
Debt service	112,500	—	118,976	—	—	—	118,976
Total expenditures	3,515,027	3,608,073	218,121	—	928,180	1,158,075	5,912,449
Excess (deficiency) of revenue over (under) expenditures	(1,489,305)	(2,897,042)	446,466	—	3,007,881	(1,128,323)	(571,018)
Other Financing Sources (Uses)							
Transfers in	1,252,500	2,225,000	807,675	—	103,833	—	3,136,508
Transfers (out)	—	—	—	—	—	—	—
Total other financing sources (uses)	1,252,500	2,225,000	807,675	—	103,833	—	3,136,508
Net change in fund balances	(236,805)	(672,042)	1,254,141	—	3,111,714	(1,128,323)	2,565,490
Fund balances, beginning of year	1,209,710	1,440,100	(239,985)	—	238,309	1,959,089	3,397,513
Cumulative effect of restatement	(629,658)	—	—	—	—	—	—
Fund balances, end of year	\$ 343,247	\$ 768,058	\$ 1,014,156	\$ —	\$ 3,350,023	\$ 830,766	\$ 5,963,003

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 642,502	\$ 1,638,214
Receivables, net	860	—
Due from other fund	219,302	—
Total assets	<u>\$ 862,664</u>	<u>\$ 1,638,214</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 86,125	\$ 192,114
Retainage payable	8,481	6,000
Total liabilities	<u>94,606</u>	<u>198,114</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	768,058	1,440,100
Unassigned	—	—
Total fund balance	<u>768,058</u>	<u>1,440,100</u>
Total liabilities and fund balance	<u>\$ 862,664</u>	<u>\$ 1,638,214</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ 1,140	\$ 1,140	\$ 1,515
Surplus sales	25,000	106,816	81,816	57,599
Restricted Intergovernmental:				
SCPRT grant	—	12,071	12,071	5,938
SC Conservation Bank grant	—	500,000	500,000	—
Sales and services:				
Development fees	5,000	10,190	5,190	38,295
Miscellaneous:				
Contributions – private entities	—	80,814	80,814	42,800
Total revenue	30,000	711,031	681,031	146,147
Expenditures				
Capital outlay –				
General government administration:				
Professional/contractual services	90,000	271,892	(181,892)	50,000
IT projects	345,000	379,251	(34,251)	366,002
Public safety:				
Access controls	—	277,315	(277,315)	—
Fire rescue equipment	—	286,154	(286,154)	152,654
Vehicles	—	93,105	(93,105)	181,821
Jail improvements	—	68,807	(68,807)	316,687
Public works:				
UG tank disposal	—	—	—	87,843
Building improvements	—	20,378	(20,378)	34,785
Parks and recreation:				
Parking renovations/improvements	—	522,070	(522,070)	49,911
Wetlands foot bridge	40,000	93,497	(53,497)	228,720
53 rd Ave N fishing pier	—	142,125	(142,125)	—
Sports park buildings and improvements	75,000	173,477	(98,477)	—
Ingram Dunes	—	1,108,935	(1,108,935)	—
Sea Mt Hwy Lot – Station 2	—	171,067	(171,067)	—
Contingency	1,375,000	—	1,375,000	405,044
Total expenditures	1,925,000	3,608,073	(1,683,073)	1,873,467
Excess (deficiency) of revenue over (under) expenditures	(1,895,000)	(2,897,042)	(1,002,042)	(1,727,320)
Other Financing Sources (Uses)				
Transfers in – General Fund	2,225,000	2,225,000	—	1,850,000
Transfers (out) – Sports and Tourism Park Fund	—	—	—	(100,000)
Total other financing sources	2,225,000	2,225,000	—	1,750,000
Net change in fund balance	330,000	(672,042)	(1,002,042)	22,680
Fund balance, beginning of year	1,440,100	1,440,100	—	1,417,420
Fund balance, end of year	\$ 1,770,100	\$ 768,058	\$ (1,002,042)	\$ 1,440,100

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Receivables, net	202,824	212,598
Due from other governments	3,158,611	6,197,713
Total assets	<u>\$ 3,361,435</u>	<u>\$ 6,410,311</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 85,987	\$ 747,315
Retainage payable	674,213	868,280
Due to General Fund	2,257,988	3,585,006
Total liabilities	<u>3,018,188</u>	<u>5,200,601</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	343,247	1,209,710
Unassigned	—	—
Total fund balance	<u>343,247</u>	<u>1,209,710</u>
Total liabilities and fund balance	<u>\$ 3,361,435</u>	<u>\$ 6,410,311</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019			2018
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ 1,482
Restricted intergovernmental:				
Federal grants	75,000	—	75,000	—
State Grants – SCDOT	1,500,000	667,809	832,191	11,892
State Grants – SCDOT/C Fund	500,000	384,426	115,574	3,099,891
Local Grant – Horry Cty Road Fee	800,000	767,862	32,138	829,026
Other Grants – Santee Cooper/HTC	1,400,000	158,818	1,241,182	4,410,001
Little River Neck Reimb - Horry Cty	500,000	—	500,000	—
Misc. – Horry Cty. Ride III Reimbs.	—	—	—	492,451
Misc. grants from developers and others	50,000	46,807	3,193	5,255
Total revenue	4,825,000	2,025,722	2,799,278	8,849,998
Expenditures				
Capital outlay – Public works:				
Beach access H/C – OCRM grant	150,000	163,833	(13,833)	123,627
Sidewalks	150,000	29,652	120,348	182,667
Road intersection improvements	250,000	—	250,000	177,173
Paving/road resurfacing	1,500,000	1,052,971	447,029	2,520,129
11 th Ave N widening	—	728,096	(728,096)	2,164,331
Underground utilities	1,450,000	161,150	1,288,850	4,214,214
Barefoot Bridge painting	80,000	77,500	2,500	77,500
Coastal Town intersection	215,000	215,000	—	215,000
Crescent Beach Rd. widening	1,500,000	694,113	805,887	1,590,659
East Coast Greenway – Water Tower Rd	—	—	—	2,126
Ocean Blvd – Sea Mountain Hwy	—	—	—	138,223
Paving/Resurfacing in-house	400,000	280,212	119,788	282,428
Water Tower Rd. resurface	—	—	—	597,652
Little River Neck bike path	1,000,000	—	1,000,000	—
Miscellaneous	—	—	—	1,636
Debt Service - Installment note	—	112,500	(112,500)	112,500
Total expenditures	6,695,000	3,515,027	3,179,973	12,399,865
Excess (deficiency) of revenue over (under) expenditures	(1,870,000)	(1,489,305)	380,695	(3,549,867)
Other Financing Sources (Uses)				
Transfers in – General Fund	1,100,000	1,100,000	—	1,000,000
Transfers in – Accommodation (2%) Tax Fund	152,500	152,500	—	103,534
Total other financing sources (uses)	1,252,500	1,252,500	—	1,103,534
Net change in fund balance	(617,500)	(236,805)	—	(2,446,333)
Fund balance, beginning of year	1,209,710	1,209,710	—	3,656,043
Cumulative effect of restatement (see Note 17)	—	(629,658)	(629,658)	—
Fund balance, end of year	\$ 592,210	\$ 343,247	\$ (629,658)	\$ 1,209,710

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 1,014,156	\$ —
Total assets	<u>\$ 1,014,156</u>	<u>\$ —</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ —	\$ —
Due to General Fund	—	239,985
Total liabilities	<u>—</u>	<u>239,985</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,014,156	—
Unassigned (deficit)	—	(239,985)
Total fund balance (deficit)	<u>1,014,156</u>	<u>(239,985)</u>
Total liabilities and fund balance	<u>\$ 1,014,156</u>	<u>\$ 239,985</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019			2018
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ 1,239	\$ (1,239)	\$ —
Restricted intergovernmental:				
Other grants	—	—	—	109,016
SC PRT Renourishment reimbursement	—	663,348	(663,348)	227,500
Total revenue	—	664,587	(664,587)	336,516
Expenditures				
Public works:				
Materials and supplies	35,000	—	35,000	89,423
Contractual services	300,000	63,883	236,117	504,581
Professional services	125,000	35,262	89,738	491,722
Beach Drains	—	118,976	(118,976)	—
Total expenditures	460,000	218,121	241,879	1,085,726
Excess (deficiency) of revenue over (under) expenditures	(460,000)	446,466	(906,466)	(749,210)
Other Financing Sources (Uses)				
Transfers in – Accommodations (2%)Tax Fund	807,675	807,675	—	648,978
Total other financing sources	807,675	807,675	—	648,978
Net change in fund balance	347,675	1,254,141	(906,466)	(100,232)
Fund balance (deficit), beginning of year	(239,985)	(239,985)	—	(139,753)
Fund balance (deficit), end of year	\$ 107,690	\$ 1,014,156	\$ (906,466)	\$ (239,985)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE
BALANCE SHEET

YEAR ENDED JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Equity in pooled cash and cash equivalents	\$ (250)	\$ 538,406
Receivables, net	236,005	208,320
Due from General Fund	<u>3,124,268</u>	<u>—</u>
Total assets	<u>\$ 3,360,023</u>	<u>\$ 746,726</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 10,000	\$ 422,803
Retainage payable	<u>—</u>	<u>85,614</u>
Total liabilities	<u>10,000</u>	<u>508,417</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	3,350,023	238,309
Unassigned	<u>—</u>	<u>—</u>
Total fund balance	<u>3,350,023</u>	<u>238,309</u>
Total liabilities and fund balance	<u>\$ 3,360,023</u>	<u>\$ 746,726</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
 (With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ 3,727	\$ 3,727	\$ 499
Restricted intergovernmental:				
SCDHEC grant	700,000	1,000,000	300,000	—
Sales and service charges:				
Stormwater/drainage fees	2,920,000	2,921,819	1,819	2,894,711
Penalties	11,000	11,630	630	11,291
Less, adjustments/bad debts	—	(1,115)	(1,115)	(933)
Total revenue	3,631,000	3,936,061	305,061	2,905,568
Expenditures				
Finance:				
Overhead allocation-				
Accounting	17,059	20,112	(3,053)	15,359
Utility billing	41,263	41,308	(45)	38,130
Public works:				
Overhead allocation -				
Administration	57,583	57,826	(243)	47,254
Streets/drainage	152,616	166,197	(13,581)	151,955
Lobbying contractual services	90,000	70,000	20,000	50,000
Professional services	165,000	165,052	(52)	85,744
Capital outlay:				
Drainage construction	700,000	56,114	643,886	1,817,836
18 th Ave. drainage	—	150	(150)	2,750
Drainage in – house	100,000	—	100,000	—
Other drainage	375,000	351,421	23,579	—
Total expenditures	1,698,521	928,180	770,341	2,209,028
Excess (deficiency) of revenue over (under) expenditures	1,932,479	3,007,881	1,075,402	696,540
Other Financing Sources (Uses)				
Transfers in – Accommodations (2%), Tax Fund	103,833	103,833	—	102,023
Total other financing sources (uses)	103,833	103,833	—	102,023
Net change in fund balance	2,036,312	3,111,714	1,075,402	798,563
Fund balance, beginning of year	238,309	238,309	—	(560,254)
Fund balance, end of year	\$ 2,274,621	\$ 3,350,023	\$ 1,075,402	\$ 238,309

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CHERRY GROVE DREDGE FUND
BALANCE SHEET

YEAR ENDED JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 85,528	\$ 85,521
Equity in pooled cash and cash equivalents	13,055	20,899
Restricted cash and cash equivalents:		
Bond project funds	—	915,066
Pre-issuance payment funds	791,948	1,043,353
Cost of issuance fund	26,369	25,862
Due from Cherry Grove Debt Service Fund	152,713	152,712
Total assets	<u>\$ 1,069,613</u>	<u>\$ 2,243,413</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 450	\$ 45,927
Unearned prepaid assessments	238,397	238,397
Total liabilities	<u>238,847</u>	<u>284,324</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	830,766	1,959,089
Assigned by management	—	—
Unassigned	—	—
Total fund balance	<u>830,766</u>	<u>1,959,089</u>
Total liabilities and fund balance	<u>\$ 1,069,613</u>	<u>\$ 2,243,413</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CHERRY GROVE DREDGE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2019
 (With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ 29,752	\$ 29,752	\$ 33,177
Special assessments:				
Pre-issuance assessments	1,550,000	—	(1,550,000)	—
Total revenue	1,550,000	29,752	(1,520,248)	33,177
Expenditures				
Capital outlay:				
Cherry Grove dredge project	1,200,000	1,158,075	41,925	1,781,617
Contingency	100,000	—	100,000	24,900
Debt service:				
Principal	1,263,000	—	1,263,000	—
Interest	53,390	—	53,390	—
Agent fees	500	—	500	—
Total expenditures	2,616,890	1,158,075	1,458,815	1,806,517
Excess (deficiency) of revenue over (under) expenditures	(1,066,890)	(1,128,323)	61,433	(1,773,340)
Net change in fund balance	(1,066,890)	(1,128,323)	61,433	(1,773,340)
Fund balance, beginning of year	1,959,089	1,959,089	—	3,732,429
Fund balance, end of year	\$ 892,199	\$ 830,766	\$ 61,433	\$ 1,959,089

CITY OF NORTH MYRTLE BEACH

ENTERPRISE FUNDS

Enterprise Funds are to be used to account for operations that are financed and operated in a manner similar to private sector businesses where the intent of the governing body is that the costs (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

Water and Sewer Utility:

To account for all financial resources associated with supplying water and providing sewage services to domestic, business, and industrial customers within the North Myrtle Beach area.

Solid Waste:

To account for all revenues and expenses related to the City's solid waste activities.

Aquatic/Fitness Center:

To account for all revenues and expenses related to the operating of the City's aquatic and fitness center.

Beach Services:

To account for all revenues and expenses related to the operating of the City's beach service activities.

Sports and Tourism Park:

To account for all revenues and expenses related to the operating of the City's sports and tourism park activities.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
BALANCE SHEET

JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	2019	2018		2019	2018
Assets			Liabilities and Net Position		
Current assets:			Current liabilities:		
Cash and cash equivalents	2,192,548	\$ 7,632,019	Accounts payable – trade and contract vendors	\$ 2,208,551	\$ 1,076,355
Equity in pooled cash and cash equivalents	—	—	Accrued payroll and related taxes	61,856	52,533
Accounts receivable, net	2,810,602	2,372,908	Contracts payable – current portion	825,000	1,243,334
Inventories	460,540	350,270		3,095,407	2,372,222
	5,463,690	10,355,197			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	2,255,850	2,227,893
Impact fees	—	—	Total current liabilities payable from restricted assets	2,255,850	2,227,893
Equity in pooled cash and cash equivalents:			Total current liabilities	5,351,257	4,600,115
Customer meter deposits	1,944,456	1,944,456			
Deposits with the GSWSA	280,000	280,000			
Total restricted assets	2,224,456	2,224,456			
Total current assets	7,688,146	12,579,653			
			Long-term liabilities:		
Capital assets:			Accrued compensated absences	297,946	303,457
Land and improvements	723,714	723,714	Contracts payable	—	825,000
Buildings	1,029,594	1,029,594	Total long-term liabilities	297,946	1,128,457
Water and sewer systems	117,868,768	111,114,498	Total liabilities	5,649,203	5,728,572
Automotive equipment	2,276,817	1,774,780			
Maintenance equipment	3,301,932	3,342,888			
Office equipment	1,967,979	1,947,458			
Construction in progress	7,610,360	7,247,389			
	134,779,164	127,180,321			
Less, accumulated depreciation	(52,779,916)	(50,252,497)			
Net capital assets	81,999,248	76,927,824			
			Net Position:		
Other assets:			Net investment in capital assets	81,999,248	76,927,824
Cost of purchased water/sewer rights	27,934,862	27,934,861	Restricted for debt service, capacity and deposits	31,394	3,437
Less, accumulated amortizations	(20,709,421)	(19,872,883)	Unrestricted	9,232,990	14,899,622
Net other assets	7,225,441	8,061,978	Total net position	91,263,632	91,830,883
Total assets	\$ 96,912,835	\$ 97,569,455	Total liabilities and net position	\$ 96,912,835	\$ 97,569,455

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Water usage fees	\$ 8,110,000	\$ 7,843,655	\$ (266,365)	\$ 7,854,803
Sewer usage fees	6,150,000	5,917,208	(232,792)	5,317,450
Water taps	50,000	72,700	22,700	94,650
Sewer taps	20,000	25,500	5,500	31,132
Late payment penalties and service charges	155,000	132,433	(22,567)	124,914
Miscellaneous	—	6,877	6,935	6,037
Total operating revenue	14,485,000	13,998,373	(486,627)	13,428,986
Operating Expenses				
General Government Administration				
Overhead allocation –				
General services	—	634,863	(634,863)	644,582
Legislative	—	168,387	(168,387)	158,457
Administrative	—	239,371	(239,371)	156,019
Legal	—	214,368	(214,368)	170,661
Personnel	—	119,263	(119,263)	189,124
Total general government administration	—	1,376,252	(1,376,252)	1,318,843
Finance				
Overhead allocation –				
Accounting	—	301,680	(301,680)	230,391
Utility billing:				
Personal services	599,644	616,184	(16,540)	556,840
Operating expenses	225,625	209,976	15,649	205,766
Less, overhead allocation	(148,790)	(127,811)	(20,979)	(120,166)
Total finance	676,479	1,000,029	(323,550)	872,831
Information Services				
Overhead allocation	—	360,122	(360,122)	353,099
Public Safety				
Overhead allocation –				
Communications	—	64,787	(64,787)	64,094

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
 BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance	2018
	Budget	Actual	Positive (Neg.)	Actual
Operating Expenses (Continued)				
Planning/Development				
Overhead allocation –				
Code enforcement	—	42,230	(42,230)	39,197
Public Works				
Administrative:				
Personal services	1,045,661	950,249	95,412	871,676
Operating expenses	106,000	90,141	15,859	73,400
Less, overhead allocation	(330,332)	(296,702)	(33,630)	(189,015)
	821,329	743,688	77,641	756,061
Wastewater treatment:				
Personal services	617,986	586,902	31,084	503,704
Operating expenses	1,663,500	2,089,581	(426,081)	2,095,936
	2,281,486	2,676,483	(394,997)	2,599,640
Wells/lifts maintenance:				
Personal services	734,112	683,106	51,006	594,710
Operating expenses	1,241,450	1,245,681	(4,231)	1,054,815
	1,975,562	1,928,787	46,775	1,649,525
Construction/maintenance:				
Personal services	1,580,543	1,471,867	108,676	1,527,843
Operating expenses	3,133,404	3,291,720	(158,316)	3,091,223
Less, overhead allocation	(400,000)	—	400,000	(23,293)
	4,313,947	4,763,587	(449,640)	4,595,773
Streets/drainage:				
Overhead allocation	—	166,197	(166,197)	151,955
Total public works	9,392,324	10,278,742	(886,418)	9,752,954
Support Services				
Overhead allocation –				
Custodial services	—	89,756	(89,756)	289,785
Purchasing	—	143,903	(143,903)	217,358
Fleet management	—	78,655	(78,655)	77,535
Custodial/fleet management	—	222,666	(222,666)	39,197
Total support services	—	534,980	(534,980)	623,875
Depreciation and amortization expense	3,236,537	3,563,485	(326,948)	3,362,664
Total operating expenses	13,305,340	17,220,627	(3,915,287)	16,348,360
Operating income (loss)	1,179,660	(3,222,254)	(4,401,914)	(2,919,374)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
 BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Non-operating Revenue (Expenses)				
Interest earned on investments	125,000	163,414	38,414	69,200
Interest expense	(108,588)	(113,859)	(5,271)	(174,956)
Bond agent fees	(300)	—	300	—
Insurance reimbursement	—	1,350	1,350	—
Tower rental and other	185,000	210,318	25,318	178,654
Gain on sale/disposal of capital assets	52,500	—	(52,500)	15,101
Total non-operating revenue (expenses)	253,612	261,223	7,611	87,999
Income (loss) before contributions and transfers	1,433,272	(2,961,031)	(4,394,303)	(2,831,375)
Capital Contributions				
Impact fees:				
Water	1,400,000	968,611	(431,389)	1,383,024
Sewer	1,200,000	814,315	(385,685)	1,277,572
Developer contributions	—	550,785	550,785	536,571
Extension fees and construction for public use	—	60,069	60,069	132,712
Total capital contributions	2,600,000	2,393,780	(206,220)	3,329,879
Change in net position	4,033,272	(567,251)	(4,600,523)	498,504
Net position, beginning of year	91,830,883	91,830,883	—	91,232,379
Net position, end of year	\$ 95,864,155	\$ 91,263,632	\$ (4,600,523)	\$ 91,830,883

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 2,104,922	\$ 1,752,130
Accounts receivable, net:		
Accounts	412,357	301,207
Grants	—	25,000
Due from other governments	101,422	—
Total current assets	<u>2,618,701</u>	<u>2,078,337</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Machinery, equipment and vehicles	7,921,925	7,330,305
Construction-in-progress	7,799	6,343
	<u>8,275,186</u>	<u>7,682,110</u>
Less, accumulated depreciation	<u>(6,183,809)</u>	<u>(5,624,982)</u>
Net capital assets	<u>2,091,377</u>	<u>2,057,128</u>
Total assets	<u>\$ 4,710,078</u>	<u>\$ 4,135,465</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 90,721	\$ 84,740
Accrued payroll and related taxes	32,588	31,149
Total current liabilities	<u>123,309</u>	<u>115,889</u>
Long-term liabilities:		
Accrued compensated absences	152,935	144,733
Total long-term liabilities	<u>152,935</u>	<u>144,733</u>
Total liabilities	<u>276,244</u>	<u>260,622</u>
Net position:		
Net investment in capital assets	2,091,377	2,057,128
Unrestricted	2,342,457	1,817,715
Total net position	<u>4,433,834</u>	<u>3,874,843</u>
Total liabilities and net position	<u>\$ 4,710,078</u>	<u>\$ 4,135,465</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Solid waste user fees and penalties	\$ 5,177,500	\$ 5,177,140	\$ (360)	\$ 4,438,928
Trash bags and miscellaneous	—	200	200	1,536
Total operating revenue	5,177,500	5,177,340	(160)	4,440,464
Operating Expenses				
General government administration				
Overhead allocation –				
General services	104,115	108,834	(4,719)	110,500
Legislative	24,709	25,258	(549)	23,768
Administration	36,015	35,906	109	23,403
Legal	28,447	32,155	(3,708)	25,599
Personnel	71,055	47,705	23,350	75,649
Total general government administration	264,341	249,858	14,483	258,919
Finance				
Overhead allocation –				
Accounting	51,178	60,336	(9,158)	46,078
Utility billings	82,527	82,616	(89)	76,261
Total finance	133,705	142,952	(9,247)	122,339
Information Services				
Overhead allocation	80,285	72,024	8,261	70,620
Public works				
Administration – overhead allocation	172,749	172,752	(3)	141,761
Commercial collection:				
Personal services	331,816	331,477	339	304,716
Operating	153,000	117,013	35,987	176,131
	484,816	448,490	36,326	480,847
Transfer station:				
Personal services	219,648	228,332	(8,684)	218,563
Operating	835,000	771,796	63,204	710,862
	1,054,648	1,000,128	54,520	929,425
Residential collection:				
Personal services	892,246	893,373	(1,127)	824,391
Operating	191,500	186,791	4,709	210,866
	1,083,746	1,080,164	3,582	1,035,257

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public works (Continued)				
Trash/litter collections:				
Personal services	243,329	240,892	2,437	224,000
Operating	95,200	81,809	13,391	124,856
	<u>338,529</u>	<u>322,701</u>	<u>15,828</u>	<u>348,856</u>
Beach cleaning:				
Personal services	185,157	150,599	34,558	154,144
Operating	69,500	58,063	11,437	56,834
	<u>254,657</u>	<u>208,662</u>	<u>45,995</u>	<u>210,978</u>
Recycling:				
Personal services	244,714	266,756	(22,042)	243,244
Operating	130,000	229,141	(99,141)	125,480
	<u>374,714</u>	<u>495,897</u>	<u>(121,183)</u>	<u>368,724</u>
Total public works	<u>3,763,859</u>	<u>3,728,794</u>	<u>35,065</u>	<u>3,515,848</u>
Support services				
Overhead allocation –				
Custodial services	14,048	14,361	(313)	
Purchasing	13,348	11,287	2,061	17,048
Fleet management	100,523	98,319	2,204	96,919
Custodial/facility maint.	27,557	35,626	(8,069)	46,366
Total support services	<u>155,476</u>	<u>159,593</u>	<u>(4,117)</u>	<u>160,333</u>
Depreciation and amortization	<u>550,000</u>	<u>558,826</u>	<u>(8,826)</u>	<u>555,110</u>
Total operating expenses	<u>4,947,666</u>	<u>4,912,047</u>	<u>35,619</u>	<u>4,683,169</u>
Operating income (loss)	<u>229,834</u>	<u>265,293</u>	<u>35,459</u>	<u>(242,705)</u>
Non-operating Revenue (Expenses)				
Interest made on investments	—	3,317	3,317	—
Gain on sale/disposal of capital assets	—	—	—	2,320
Restricted intergovernmental:				
Grant – FEMA	—	101,422	101,422	25,000
Grant – Horry County	—	10,000	10,000	250,881
Total non-operating revenue (expenses)	<u>—</u>	<u>114,739</u>	<u>114,739</u>	<u>278,201</u>
Transfers				
Transfer in – Accommodations (2%) Tax Fund	<u>178,959</u>	<u>178,959</u>	<u>—</u>	<u>237,251</u>
Change in net position	<u>408,793</u>	<u>558,991</u>	<u>150,198</u>	<u>272,747</u>
Net position, beginning of year	<u>3,874,843</u>	<u>3,874,843</u>	<u>—</u>	<u>3,602,096</u>
Net position, end of year	<u>\$ 4,283,636</u>	<u>\$ 4,433,834</u>	<u>\$ 150,198</u>	<u>\$ 3,874,843</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER
BALANCE SHEET

JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 695	\$ 400
Equity in pooled cash	50,331	—
Accounts receivables, net	13,086	10,017
Total current assets	<u>64,112</u>	<u>10,417</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,204	89,204
Furniture and equipment	954,507	914,828
	<u>10,744,589</u>	<u>10,704,910</u>
Less, accumulated depreciation	(4,107,455)	(3,812,860)
Net capital assets	<u>6,637,134</u>	<u>6,892,050</u>
Total assets	<u>\$ 6,701,246</u>	<u>\$ 6,902,467</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 22,439	\$ 39,324
Accrued payroll and related taxes	17,006	17,720
Due to General Fund	—	194,391
Accrued interest payable	67,459	79,474
Current portion of note obligation	511,447	492,297
Unearned revenue and gift certificates	320,535	315,979
Total current liabilities	<u>938,886</u>	<u>1,139,185</u>
Long-term liabilities:		
Accrued compensated absences	46,357	39,990
Note payable	2,252,631	2,764,078
Total long-term liabilities	<u>2,298,988</u>	<u>2,804,068</u>
Total liabilities	<u>3,237,874</u>	<u>3,943,253</u>
Net position:		
Net investment in capital assets	3,873,056	3,635,675
Unrestricted (deficit)	(409,684)	(676,461)
Total net position	<u>3,463,372</u>	<u>2,959,214</u>
Total liabilities and net position	<u>\$ 6,701,246</u>	<u>\$ 6,902,467</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Membership fees	\$ 1,600,000	\$ 1,598,453	\$ (1,547)	\$ 1,517,333
Day membership fees	59,000	54,865	(4,135)	54,500
Employee membership fees	—	135,830	135,830	138,954
Enrollment fees	55,000	67,751	12,751	66,541
Program fees	200,000	276,077	76,077	258,808
Merchandise sales	15,000	8,523	(6,477)	7,174
Food sales	25,000	48,172	23,172	43,320
Less, sales and hospitality taxes	—	(5,147)	(5,147)	(4,678)
Miscellaneous	1,000	4,248	3,248	3,265
Total operating revenue	1,955,000	2,188,772	233,772	2,085,217
Operating Expenses				
General government administration				
Overhead allocation –				
General services	34,705	36,278	(1,573)	36,833
Legislative	8,236	8,419	(183)	7,923
Administration	12,005	11,969	36	7,801
Legal	9,482	10,718	(1,236)	8,533
Personnel	35,527	23,853	11,674	37,825
Total general government administration	99,955	91,237	8,718	98,915
Finance				
Overhead allocation	34,119	40,224	(6,105)	30,719
Information Services				
Overhead allocation	26,762	24,008	2,754	23,540
Parks and Recreation				
Overhead allocation –				
Recreation administration	29,417	32,070	(2,653)	27,467
Aquatic administration:				
Personnel services	474,344	441,337	33,007	452,075
Operations and maintenance	389,286	563,454	(174,168)	585,182
	863,630	1,004,791	(141,161)	1,037,257
Aquatic programs:				
Personnel services	210,788	220,525	(9,737)	200,074
Operations and maintenance	78,770	61,919	16,851	48,541
	289,558	282,444	7,114	248,615
Activity specialist:				
Personnel services	195,758	164,019	31,739	180,659
Operations and maintenance	14,100	12,940	1,160	14,500
	209,858	176,959	32,899	195,159

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC/FITNESS CENTER
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
 BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance	2018
	Budget	Actual	Positive (Neg.)	Actual
Operating Expenses (continued)				
Parks and Recreation (continued)				
Fitness:				
Personnel services	206,728	201,471	5,257	193,542
Operations and maintenance	71,540	57,318	14,222	64,062
	<u>278,268</u>	<u>258,789</u>	<u>19,479</u>	<u>257,604</u>
Custodians:				
Personnel services	119,768	97,817	21,951	114,188
Operations and maintenance	33,120	37,894	(4,774)	35,141
	<u>152,888</u>	<u>135,711</u>	<u>17,177</u>	<u>149,329</u>
Total parks and recreation	<u>1,823,619</u>	<u>1,890,764</u>	<u>(67,145)</u>	<u>1,915,431</u>
Support Services				
Overhead allocation –				
Custodial services	14,048	14,361	(313)	
Purchasing	6,674	5,643	1,031	8,524
Custodial/facility maint.	27,557	35,627	(8,070)	46,366
Total support services	<u>48,279</u>	<u>55,631</u>	<u>(7,352)</u>	<u>54,890</u>
Depreciation and amortization	275,000	294,596	(19,596)	294,324
Total operating expenses	<u>2,307,734</u>	<u>2,396,460</u>	<u>(88,726)</u>	<u>2,417,819</u>
Operating income (loss)	<u>(352,734)</u>	<u>(207,688)</u>	<u>145,046</u>	<u>(332,602)</u>
Non-operating Revenue (Expenses)				
Interest earned on investments	—	345	345	
Non-operating program fees and other	10,000	2,954	(7,046)	18,930
Interest expense	(114,658)	(114,658)	—	(169,440)
Total non-operating revenue (expenses)	<u>(104,658)</u>	<u>(111,359)</u>	<u>(6,701)</u>	<u>(150,510)</u>
Income (loss) before contributions and transfers	<u>(457,392)</u>	<u>(319,047)</u>	<u>138,345</u>	<u>(483,112)</u>
Transfers				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	823,205	823,205	—	823,205
Total transfers	<u>823,205</u>	<u>823,205</u>	<u>—</u>	<u>823,205</u>
Change in net position	<u>365,813</u>	<u>504,158</u>	<u>138,345</u>	<u>340,093</u>
Net position, beginning of the year	2,959,214	2,959,214	—	2,619,121
Net position, end of year	<u>\$ 3,325,027</u>	<u>\$ 3,463,372</u>	<u>\$ 138,345</u>	<u>\$ 2,959,214</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,500	\$ 7,500
Equity in pooled cash and cash equivalents	193,221	—
Receivables, net	137,219	51,659
Due from Local Accommodations (1.5%) Fund	241,147	218,487
Inventories	—	—
Total current assets	<u>579,087</u>	<u>277,646</u>
Capital assets:		
Buildings	434,405	434,405
Furniture, equipment and vehicles	1,742,896	1,695,160
	<u>2,177,301</u>	<u>2,129,565</u>
Less, accumulated depreciation	(1,665,789)	(1,518,189)
Net capital assets	<u>511,512</u>	<u>611,376</u>
Total assets	<u>\$ 1,090,599</u>	<u>\$ 889,022</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 85,269	\$ 77,471
Accrued payroll and related taxes	86,981	82,695
Due to General Fund	—	261,917
Total current liabilities	<u>172,250</u>	<u>422,083</u>
Long-term Liabilities:		
Accrued compensated absences	217	—
Total liabilities	<u>172,467</u>	<u>422,083</u>
Net position:		
Net investment in capital assets	511,512	611,376
Unrestricted (deficit)	406,620	(144,437)
Total net position	<u>918,132</u>	<u>466,939</u>
Total liabilities and net position	<u>\$ 1,090,599</u>	<u>\$ 889,022</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019

(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Beach service rentals	\$ 2,250,000	\$ 2,401,835	\$ 151,835	\$ 2,321,935
Water slide fees	75,000	48,134	(26,866)	63,244
Food, beverage, and other sales	310,000	361,137	51,137	310,083
Less, sales tax/hospitality fees	(185,000)	(213,173)	(28,173)	(202,968)
Miscellaneous	20,000	6,819	(13,181)	2,472
Total operating revenue	2,470,000	2,604,752	134,752	2,494,766
Operating Expenses				
General government administration				
Overhead allocation –				
General services	34,705	36,278	(1,573)	36,833
Legislative	8,236	8,419	(183)	7,923
Administration	12,005	11,969	36	7,801
Legal	9,482	10,718	(1,236)	8,533
Personnel	133,228	89,447	43,781	141,843
Total general government administration	197,656	156,831	40,825	202,933
Finance				
Overhead allocation	127,946	150,840	(22,894)	115,195
Information Services				
Overhead allocation	40,143	36,012	4,131	35,310
Public safety				
Overhead allocation –				
Communication	40,577	38,872	1,705	38,456
Lifeguard services:				
Personnel services	683,337	672,679	10,658	686,071
Operations and maintenance	52,730	97,770	(45,040)	80,492
Total public safety	776,644	809,321	(32,677)	805,019
Parks and recreation				
Overhead allocation –				
Recreation administration	176,500	192,421	(15,921)	164,803
Concessions:				
Personnel services	603,452	615,401	(11,949)	594,422
Operations and maintenance	269,299	259,109	10,190	240,112
Total parks and recreation	1,049,251	1,066,931	(17,680)	999,337

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICES

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Expenses (Continued)				
Support services				
Overhead allocation —				
Custodial services	7,024	7,181	(157)	
Purchasing	3,337	2,822	515	4,262
Fleet	20,105	19,664	441	19,384
Custodian/fleet maint.	13,778	17,813	(4,035)	23,183
Total support services	44,244	47,480	(3,236)	46,829
Depreciation and amortization	150,000	168,535	(18,535)	178,828
Total operating expenses	2,385,884	2,435,950	(50,066)	2,383,451
Operating income (loss)	84,116	168,802	84,686	111,315
Non-operating Revenue (Expenses)				
Interest earned on investments	—	77	77	—
Sponsorships and donations	—	4,431	4,431	1,171
Gain (loss) on sale/disposal capital assets	—	(980)	(980)	—
Total non-operating revenue (expenses)	—	3,528	3,528	1,171
Income (loss) before contributions and transfers	84,116	172,330	88,214	112,486
Transfers				
Transfers in (out):				
Accommodations (2%)Tax Fund	157,805	157,805	—	185,585
Local accommodations (1.5%) Tax Fund	363,862	321,058	(42,804)	327,121
Sports and Tourism Park Fund	—	(200,000)	(200,000)	(100,000)
Total transfers	521,667	278,863	(242,804)	412,706
Change in net position	605,783	451,193	(154,590)	525,192
Net position, beginning of year	466,939	466,939	—	(58,253)
Net position, end of year	\$ 1,072,722	\$ 918,132	\$ (154,590)	\$ 466,939

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SPORTS AND TOURISM PARK
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,000	\$ 2,700
Receivables, net	22,887	32,071
Due from General Fund	467,191	467,191
Prepaid items	3,039	—
Total current assets	<u>496,117</u>	<u>501,962</u>
Capital assets:		
Buildings	58,000	58,000
Machinery, fixtures, and equipment	1,441,414	1,309,066
Construction in progress	32,212	—
	<u>1,531,626</u>	<u>1,367,066</u>
Less, accumulated depreciation	<u>(868,026)</u>	<u>(522,019)</u>
Net capital assets	<u>663,600</u>	<u>845,047</u>
Total assets	<u>\$ 1,159,717</u>	<u>\$ 1,347,009</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 16,601	\$ 13,547
Accrued payroll and related taxes	2,310	2,871
Due to General Fund	131,175	275,974
Security deposits	29,145	21,700
Total current liabilities	<u>179,231</u>	<u>314,092</u>
Long-term liabilities:		
Accrued compensated absences	<u>2,697</u>	<u>954</u>
Total long-term liabilities	<u>2,697</u>	<u>954</u>
Total liabilities	<u>181,928</u>	<u>315,046</u>
Net position:		
Net investment in capital assets	663,600	845,047
Unrestricted (deficit)	314,189	186,916
Total net position	<u>977,789</u>	<u>1,031,963</u>
Total liabilities and net position	<u>\$ 1,159,717</u>	<u>\$ 1,347,009</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SPORTS AND TOURISM PARK
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Christmas Village admissions	\$ 500,000	\$ 298,055	\$ (201,945)	\$ 276,435
Rides and ice skating fees	—	57,098	57,098	53,700
Park and field, admissions and rentals	180,000	177,257	(2,743)	310,513
Merchandise sales	15,000	13,422	(1,578)	16,328
Races – registration fees and sales	—	14,740	14,740	16,510
Food, beverage, and other sales	330,500	395,862	65,362	395,760
Less, sales tax/hospitality fees	(30,000)	(46,861)	(16,861)	(64,106)
Miscellaneous	—	1,351	1,351	1,138
Total operating revenue	995,500	910,924	(84,576)	1,006,278
Operating Expenses				
General government administration				
Overhead allocation –				
General services	—	—	—	—
Legislative	—	—	—	—
Administration	—	—	—	—
Legal	—	—	—	—
Personnel	8,882	5,963	(2,919)	9,456
Total general government administration	8,882	5,963	(2,919)	9,456
Finance				
Overhead allocation	17,059	20,112	(3,053)	15,359
Information Services				
Overhead allocation	13,381	12,004	1,377	11,770
Public safety				
Overhead allocation –				
Administration	—	—	—	—
Uniform patrol	—	—	—	—
Community services	—	—	—	—
Fire/rescue	—	—	—	—
Fire prevention/inspection	—	—	—	—
Total public safety	—	—	—	—
Parks and recreation				
Overhead allocation –				
Recreation administration	29,417	32,070	(2,653)	27,467
Parks and grounds	585,390	578,805	6,585	476,825
Concessions:				
Personnel services	197,980	189,229	8,751	136,585
Operations and maintenance	159,600	217,300	(57,700)	188,540
Christmas Village:				
Personnel services	—	6,215	(6,215)	—
Operations and maintenance	198,000	216,436	(18,436)	242,094
Total parks and recreation	1,170,387	1,240,055	(69,668)	1,071,511

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SPORTS AND TOURISM PARK
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Expenses (Continued)				
Support services				
Overhead allocation —				
Custodial services	—	—	—	—
Purchasing	—	—	—	—
Fleet	—	—	—	—
Custodian/facility maint.	—	—	—	—
Total support services	—	—	—	—
Depreciation and amortization	280,000	346,007	(66,007)	298,055
Total operating expenses	1,489,709	1,624,141	134,432	1,406,151
Operating income (loss)	(494,209)	(713,217)	(219,008)	(399,873)
Non-operating Revenue (Expenses)				
Sponsorships and donations	205,000	179,184	(25,816)	98,638
Total non-operating revenue (expenses)	205,000	179,184	(25,816)	98,638
Income (loss) before contributions and transfers	(289,209)	(534,033)	(244,824)	(301,235)
Capital Contributions				
General capital assets	—	—	—	—
Transfers				
Transfers in (out):				
General Fund	150,000	150,000	—	50,000
Accommodation (2%) Tax Fund	129,859	129,859	—	138,558
Park Development Fund	—	—	—	—
Beach Services Fund	200,000	200,000	—	100,000
Total transfers	479,859	479,859	—	388,558
Change in net position	190,650	(54,174)	(244,824)	87,323
Net position, beginning of year	1,031,963	1,031,963	—	944,640
Net position, end of year	\$ 1,222,613	\$ 977,789	\$ (244,824)	\$ 1,031,963

CITY OF NORTH MYRTLE BEACH

INTERNAL SERVICE FUNDS

Internal Service Funds are to be used to account for and report activity that provides goods and services to other funds and departments of the City on a cost—reimbursement basis.

Insurance Reserves:

To account for all revenues and expenses related to operating the City's risk financing activities of employee and retiree/non-employee health insurance.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
BALANCE SHEET

JUNE 30, 2019

(With comparative amounts for June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets and Deferred Outflows		
Current assets:		
Equity in pooled cash and cash equivalents	\$ —	\$ 2
Restricted cash and cash equivalents:		
HRA custodial account	91,728	125,303
Deposits with others	22,446	6,489
Accounts receivable, net	267,038	189,726
Prepaid items	412,976	338,317
	<u>794,188</u>	<u>659,837</u>
Deferred outflows of resources:		
Deferred outflows – OPEB related	57,799	62,147
Total assets and deferred outflows	<u>\$ 851,987</u>	<u>\$ 721,984</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 407,552	\$ 76,674
Claims payable	299,684	145,212
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	—	303,648
Due to General Fund	2,290,255	1,165,744
Total current liabilities	<u>2,997,491</u>	<u>1,691,278</u>
Long-term liabilities:		
Total post-employment benefits (OPEB) liability	21,674,997	20,515,908
Total liabilities	<u>24,672,488</u>	<u>22,207,186</u>
Net position:		
Restricted for health insurance claims	—	—
Unrestricted (deficit)	<u>(23,820,501)</u>	<u>(21,485,202)</u>
Total net position	<u>(23,820,501)</u>	<u>(21,485,202)</u>
Total liabilities and net position	<u>\$ 851,987</u>	<u>\$ 721,984</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019
(With comparative actual amounts for June 30, 2018)

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Property Liability and Workers				
Compensation premiums	\$ 515,500	\$ 500,000	\$ (15,500)	\$ 905,500
Health premiums –				
Employer/Employee charges	4,758,025	4,571,885	186,140	4,407,541
Dependent withholdings	639,000	641,944	(2,944)	640,855
Retiree/non-employee contributions	44,000	101,855	57,855	80,307
Cobra/non-employee contributions	469,000	499,367	(30,367)	437,786
Reinsurance reimbursements	—	1,549,498	1,549,498	286,038
Prescription rebates	—	121,968	121,968	—
Forfeitures, rebates and miscellaneous	—	19,762	(19,762)	126,517
Total operating revenue	6,473,525	8,006,279	1,580,754	6,884,544
Operating Expenses				
General government administration				
Non-employee health expenses –				
Misc. and aggregate premium cost	1,054,273	626,186	428,087	722,481
Dependents	492,064	2,587,054	(2,094,990)	1,378,218
Cobra	361,155	543,346	(182,191)	114,997
Retirees and dependents	33,882	378,170	(344,288)	596,833
Onsite clinic	—	213,620	(213,620)	—
OPEB liability expense	—	1,101,290	(1,101,290)	—
	1,941,374	5,449,666	(3,508,292)	2,812,529
Employee health expenses –				
Legislative	56,922	211,576	(154,654)	331,648
Administration	17,003	10,126	6,877	5,017
City court	42,507	27,200	15,307	28,706
Legal	25,504	9,722	15,782	45,997
Personnel	59,510	47,148	12,362	104,975
	201,446	305,772	(104,326)	516,343
Total general government administration	2,142,820	5,755,438	(3,612,618)	3,328,872
Finance				
Employee health expenses	170,027	304,247	(134,220)	128,034
Overhead allocation	34,119	40,224	(6,105)	30,719
	204,146	344,471	(140,325)	158,753
Information Services				
Employee health expenses	68,011	51,130	16,881	29,998

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public Safety				
Employee health expenses –				
Administration	51,008	42,680	8,328	98,223
Uniform patrol	493,079	653,139	(160,060)	318,109
Community service	85,014	100,466	(15,452)	52,405
Detectives	85,014	47,052	37,962	46,740
Communications/detention	161,526	75,992	85,534	180,339
Records	42,507	13,971	28,536	19,775
Victim’s assistance	8,501	1,661	6,840	2,832
Police training	34,006	6,664	27,342	7,394
Fire/rescue	408,066	444,034	(35,968)	208,006
Fire prevention/inspection	34,006	16,069	17,937	23,837
Total public safety	1,402,727	1,401,728	999	957,660
Public Works				
Employee health expenses –				
Administration	76,512	87,227	(10,715)	104,767
Streets/drainage	195,532	97,503	98,029	200,279
Water and sewer	323,052	220,762	102,290	432,215
Solid waste	229,538	179,288	50,250	139,795
Total public works	824,634	584,780	239,854	877,056
Planning/Development				
Employee health expenses –				
Administration	76,512	110,857	(34,345)	166,220
Building	76,512	84,023	(7,511)	589,422
Total planning/development	153,024	194,880	(41,856)	755,642
Parks and Recreation				
Employee health expenses –				
Recreation and parks administration	42,507	27,987	14,520	52,523
Athletics	42,507	13,077	29,430	24,430
Programs and concessions	51,009	13,009	38,000	13,861
Parks and beach grounds	153,026	235,055	(82,029)	97,063
Aquatic center	85,014	144,402	(59,388)	203,154
Total parks and recreation	374,063	433,530	(59,467)	391,031

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –
BUDGET AND ACTUAL

— CONTINUED —

	2019		Variance Positive (Neg.)	2018
	Budget	Actual		Actual
Operating Expenses (Continued)				
Support Services				
Employee health expenses –				
Purchasing	34,006	7,605	26,401	32,937
Fleet	42,507	147,413	(104,906)	72,194
Custodian/facility maintenance	68,011	5,406	62,605	111,504
Total support services	144,524	160,424	(15,900)	216,635
Total employee and non-employee health expenses	5,313,949	8,926,381	(3,612,432)	6,715,647
Workers compensation expenses –				
General government administration	307,223	208,027	99,196	229,401
Finance	8,096	—	8,096	—
Information services	1,898	—	1,898	—
Public safety	107,342	279,658	(172,316)	157,341
Public works	64,727	351,049	(286,322)	226,902
Planning/development	5,072	—	5,072	—
Parks and recreation	36,681	24,726	11,955	41,555
Support services	8,961	721	8,240	—
Total workers compensation	540,000	864,181	(324,181)	655,199
Property liability expenses —				
General government administration	530,000	523,093	6,907	484,893
Finance	—	—	—	—
Information services	—	—	—	27,901
Public safety	—	—	—	377
Public works	—	—	—	258,634
Planning/development	—	—	—	—
Parks/recreation	—	—	—	2,608
Support services	25,000	65,844	(40,844)	613,855
Total property liability insurance	555,000	588,937	(33,937)	1,388,268
Total operating expenses	6,408,949	10,379,499	(3,970,550)	8,759,114
Operating income (loss)	16,576	(2,373,220)	2,389,796	(1,874,540)
Non-operating Revenue (Expenses)				
Interest earned on investments	1,000	671	(329)	—
Sponsorships and donations – Wellness programs	47,000	37,250	(9,750)	87,368
Total non-operating revenue (expenses)	48,000	37,921	(10,079)	87,368
Change in net position	64,576	(2,335,299)	(2,399,875)	(1,787,172)
Net position (deficit), beginning of year	(21,485,202)	(21,485,202)	—	(19,698,030)
Net position (deficit), end of year	<u>\$ (21,420,626)</u>	<u>\$ (23,820,501)</u>	<u>\$ (2,399,875)</u>	<u>\$ (21,485,202)</u>

CITY OF NORTH MYRTLE BEACH

FIDUCIARY FUNDS

Fiduciary Funds are trust and agency funds used to account for assets received and held by the City acting in the capacity of an agent or custodian. The City maintains the following trust and agency funds:

Pension Trust Funds (Exclusive of Terminated Pension Plan)

Money Purchase Pension Plan #1: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for general employees and firefighters.

Money Purchase Pension Plan #2: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for certain administrative employees.

Agency Fund

Firemen's Fund: To account for the accumulation of resources derived primarily from 1% of the premiums of foreign insurance companies, received from the state under Section 38-57-10 through 38-57-210 of the Code of Laws of South Carolina and to be expended for the sole benefit of the City's firemen.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE PENSION PLAN #1
STATEMENT OF NET POSITION

JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	2019	2018
Assets		
Cash and temporary investments	\$ 25,440,798	\$ 23,542,688
Participant loans	1,283,980	1,258,534
Total assets	\$ 26,724,778	\$ 24,801,222
 Net Position		
Held in trust for employee’s pension benefits	\$ 26,724,778	\$ 24,801,222

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE PENSION PLAN #1
STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	2019	2018
Additions		
Employer contributions	\$ 1,067,943	\$ 1,014,964
Employee (member) contributions	259,081	245,835
Investment income gain/(loss)	1,437,891	1,830,557
Non-vested rollover	—	—
Total additions	2,764,915	3,091,356
Deductions		
Benefit payments	790,722	437,597
Trustee fees	22,235	19,269
Forfeitures	28,402	38,344
Total deductions	841,359	495,210
Change in net position	1,923,556	2,596,146
Net position held in trust for employee's pension benefits:		
Beginning of year	24,801,222	22,205,076
End of year	\$ 26,724,778	\$ 24,801,222

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE RETIREMENT PLAN #2
STATEMENT OF PLAN NET POSITION

JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	2019	2018
Assets		
Cash and temporary investments	\$ 1,029,235	\$ 932,981
Receivable – participant loan	3,248	5,773
	\$ 1,032,483	\$ 938,754
Net Position		
Held in trust for employee’s pension benefits	\$ 1,032,483	\$ 938,754

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PENSION TRUST FUNDS – MONEY PURCHASE RETIREMENT PLAN #2
STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2019
(With comparative amounts for June 30, 2018)

	2019	2018
Additions		
Employer contributions	\$ 15,087	\$ 13,675
Employee (member) contributions	15,087	13,675
Investment income gain/(loss)	70,805	139,980
Total additions	100,979	167,330
Deductions		
Benefit payments	7,200	60,132
Trustee fees	50	50
Total deductions	7,250	60,182
Change in net position	93,729	107,148
Net position held in trust for employee's pension benefits:		
Beginning of year	938,754	831,606
End of year	\$ 1,032,483	\$ 938,754

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 AGENCY FUND
 FIREMEN'S FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2019

	<u>Ending Balance 6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/19</u>
Assets				
Cash and cash equivalents	\$ 92,949	\$ 332,017	\$ (25,714)	\$ 399,252
Liabilities				
Due to Firemen's Association	\$ 92,949	\$ 332,017	\$ (25,714)	\$ 399,252

CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

This schedule presents only the capital asset balances (which include land, buildings, betterments, and equipment owned by the City) related to Governmental—type funds. Accordingly, the capital assets reported in Proprietary—type funds (Enterprise and Internal Service Funds) are excluded from these amounts. Infrastructure capital assets represent actual costs of construction, and/or estimated values of deeded properties by developers.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
 GOVERNMENTAL FUNDS BY SOURCE

JUNE 30, 2019
 (With comparative amounts for June 30, 2018)

	2019	2018
Governmental Funds Capital Assets		
Land	\$ 20,091,101	\$ 18,811,099
Land improvements	26,064,970	25,065,071
Buildings	27,027,196	26,958,389
Machinery and equipment	26,669,255	24,503,080
	99,852,522	95,337,639
 Infrastructure:		
Roads	31,828,150	27,350,065
Drainage systems	37,860,866	35,943,349
Developer contributions – roads	14,557,940	13,742,967
Sidewalks	2,307,435	2,277,783
Street lighting and other	747,554	747,554
	87,301,945	80,061,718
 Construction in progress	3,945,694	7,732,643
Total governmental funds capital assets	\$ 191,100,161	\$ 183,132,000
 Governmental Funds Capital Assets by Source		
General Obligation Bonds Notes and Lease – Purchase financing	\$ 29,782,852	\$ 30,109,071
General Fund and Capital Projects Revenue	124,359,143	122,061,663
Special Revenue Funds	19,016,840	17,218,299
Gifts and contributions from developers	17,941,326	13,742,967
Total governmental funds capital assets	\$ 191,100,161	\$ 183,132,000

VICTIM'S RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED JUNE 30, 2019

	2019
Court Fines and Assessments	
Court fines and assessments collected	\$ 694,372
Court fines and assessments remitted to State Treasurer	(404,307)
Total court fines and assessments retained	\$ 290,065
 Surcharges and Assessments Retained for Victim's Service	
Total surcharges collected	\$ 12,041
Total assessments	34,242
Total surcharges and assessments retained	\$ 46,333
 Funds Allocated to Victim's Service	
Carryover funds from prior year	
Surcharges and assessments retained	46,333
Expenditures for victim's service	(46,333)
Total unexpended victim's rights assistance funds	\$ —

STATISTICAL SECTION

Financial Trend – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. (Tables I-V)..... 141-147

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. (Tables VI-IX)..... 148-151

Debt Capacity – 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. (Tables X-XIV)..... 152-156

Demographic and Economic Information – 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. (Tables XV-XVII)..... 157-159

Operating Information – 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. (Tables XVIII-XIX) 160-161

CITY OF NORTH MYRTLE BEACH

TABLE I

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET POSITION BY COMPONENT
(Accrual basis of accounting)
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities										
Invested in capital assets, net of related debt	\$117,159,976	\$112,201,981	\$99,221,295	\$99,049,806	\$98,935,344	\$90,295,379	\$76,283,793	\$57,863,315	\$70,691,984	\$66,073,670
Restricted	2,448,154	3,492,178	4,857,344	1,120,128	1,252,242	1,528,723	6,563,965	4,570,958	4,364,806	981,627
Unrestricted	-20,331,842	-20,785,478	-5,749,271	-6,168,576	-8,109,246	5,971,836	9,828,502	25,412,361	8,467,618	13,385,175
Total governmental activities net assets	<u>\$99,276,288</u>	<u>\$94,908,681</u>	<u>\$98,329,368</u>	<u>\$94,001,358</u>	<u>\$92,078,340</u>	<u>\$97,795,938</u>	<u>\$92,676,260</u>	<u>\$87,846,634</u>	<u>\$83,524,408</u>	<u>\$80,440,472</u>
Business-type Activities										
Invested in capital assets, net of related debt	\$89,138,793	\$84,077,050	\$75,588,375	\$75,141,498	\$75,173,169	\$74,144,078	\$74,440,570	\$74,694,366	\$75,857,901	\$74,464,000
Restricted	31,894	3,437	2,014,870	1,889,159	2,232,873	2,133,155	1,786,290	3,058,282	4,684,710	7,199,586
Unrestricted	6,879,002	11,567,164	19,147,589	18,148,009	16,413,083	15,502,679	15,396,364	13,868,758	10,303,150	8,805,767
Total business-type activities net assets	<u>\$96,049,689</u>	<u>\$95,647,651</u>	<u>\$96,750,834</u>	<u>\$95,178,666</u>	<u>\$93,819,125</u>	<u>\$91,779,912</u>	<u>\$91,623,224</u>	<u>\$91,621,406</u>	<u>\$90,845,761</u>	<u>\$90,469,353</u>
Primary Government										
Net investments in capital assets	\$206,298,769	\$196,279,031	\$174,809,670	\$174,191,304	\$174,108,513	\$164,439,457	\$150,724,363	\$132,557,681	\$146,549,885	\$140,537,670
Restricted	2,480,048	3,495,615	6,872,214	3,009,287	3,485,115	3,661,878	8,350,255	7,629,240	9,049,516	8,181,213
Unrestricted	-13,452,840	-9,218,314	13,398,318	11,979,434	8,303,837	21,474,515	25,224,866	39,281,119	18,770,768	22,190,942
Total primary government net assets	<u>\$195,325,977</u>	<u>\$190,556,332</u>	<u>\$195,080,202</u>	<u>\$189,180,025</u>	<u>\$185,897,465</u>	<u>\$189,575,850</u>	<u>\$184,299,484</u>	<u>\$179,468,040</u>	<u>\$174,370,169</u>	<u>\$170,909,825</u>

TABLE II

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses										
Governmental activities:										
General Government	\$3,968,507	\$3,517,347	\$3,004,185	\$3,047,599	\$2,572,264	\$3,784,688	\$2,514,035	\$2,207,219	\$2,441,345	\$2,130,225
Information Services	396,832	180,605	906,155	339,912	632,013	538,150	843,764	794,118	552,729	464,356
Finance	1,006,700	873,339	596,059	774,629	904,344	765,254	626,799	630,853	853,129	890,656
Public Safety	17,769,519	15,803,114	15,255,789	14,373,749	13,673,961	12,056,285	12,431,410	12,461,512	12,256,306	12,756,846
Planning and Development	1,946,563	2,700,880	2,493,554	1,197,451	1,676,601	1,411,630	1,628,867	1,528,413	1,574,560	1,563,628
Public Works	8,056,354	13,093,698	13,843,442	9,454,346	6,030,984	4,224,995	4,793,492	4,872,278	6,142,162	6,178,403
Parks and Recreation	7,166,937	6,772,705	7,706,417	7,032,599	6,688,178	6,674,840	4,216,638	4,574,828	4,015,757	3,415,431
Support Services	1,245,616	1,750,626	1,282,379	969,515	1,005,675	989,966	1,040,604	2,143,354	883,701	796,998
Debt service - interest	335,632	43,756	457,819	247,289	293,753	503,633	342,328	494,544	176,685	421,619
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$41,892,660	\$44,736,070	\$45,545,799	\$37,437,089	\$33,477,773	\$30,949,441	\$28,437,937	\$29,707,119	\$28,896,374	\$28,618,162
Business-type activities:										
Water and sewer utility	\$17,639,937	\$16,754,026	\$16,485,510	\$14,875,662	\$15,231,344	\$15,004,253	\$14,038,718	\$13,449,246	\$13,599,320	\$13,264,136
Solid waste	4,995,870	4,689,235	5,665,168	4,320,924	4,186,046	3,910,649	3,869,768	3,733,699	3,671,633	3,580,362
Aquatic Center	2,529,958	2,616,721	2,639,909	2,300,222	2,437,895	2,329,002	2,189,548	2,185,319	2,167,517	2,248,606
Beach Services	2,467,404	2,418,998	2,327,243	2,332,493	2,375,543	2,136,232	2,044,683	1,959,723	1,886,846	1,889,646
Sports Park	1,675,452	1,480,029	552,813	-	-	-	-	-	-	-
Total business type-activities	\$29,308,621	\$27,959,009	\$27,670,643	\$23,829,301	\$24,230,828	\$23,380,136	\$22,142,717	\$21,327,987	\$21,325,316	\$20,982,750
Total primary government expenses	\$71,201,281	\$72,695,079	\$73,216,442	\$61,266,390	\$57,708,601	\$54,329,577	\$50,580,654	\$51,035,106	\$50,221,690	\$49,600,912
Program Revenue										
Governmental activities:										
Fees for services										
Storm Water	\$2,932,734	\$2,913,740	\$2,861,702	\$2,131,258	\$2,101,767	\$2,072,644	\$2,033,213	\$2,009,761	\$1,997,341	\$2,037,098
Fines	566,702	484,998	549,980	467,082	447,273	489,978	319,623	409,166	425,582	698,759
Building Permits	802,447	38,295	17,520	20,610	16,490	706,512	413,191	377,340	367,195	328,986
Other	741,159	606,799	1,219,065	1,035,781	1,109,744	727,194	544,301	483,759	398,874	155,462
Operating grants and contributions	103,798	152,203	85,177	244,173	24,203	16,678	284,415	1,133,814	2,919,065	1,806,030
Capital grants and contributions	6,254,967	11,243,224	11,598,107	3,045,556	3,870,478	2,344,400	623,186	2,456,082	644,989	573,294
Total primary government net assets	\$11,401,807	\$15,439,259	\$16,331,551	\$6,944,460	\$7,569,955	\$6,357,406	\$4,217,929	\$6,869,922	\$6,753,046	\$5,599,629

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION
(Accrual basis of accounting)
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Transfers										
Business-type activities										
Fees for services										
Water & Sewer	\$13,998,373	\$13,428,986	\$13,143,657	\$12,587,396	\$12,229,279	\$12,048,522	\$11,768,081	\$11,958,083	\$11,607,077	\$11,818,089
Solid Waste	5,177,340	4,440,464	4,377,979	4,333,736	4,292,163	4,264,940	4,057,715	3,988,980	3,996,766	3,731,954
Other	5,704,448	5,586,261	4,814,457	4,353,813	4,148,770	3,844,421	3,421,130	3,451,870	3,343,444	3,088,793
Operating grants and contributions	509,659	590,695	689,905	218,564	-	-	-	-	-	325,133
Capital grants and contributions	2,393,780	3,329,879	4,066,847	2,410,017	4,018,655	2,240,057	1,441,531	1,151,020	1,312,519	-
Total business-type activities	\$27,783,600	\$27,376,285	\$27,092,845	\$23,903,526	\$24,688,867	\$22,397,940	\$20,688,457	\$20,549,953	\$20,259,806	\$18,963,969
Total primary government program revenue	\$39,183,407	\$42,815,544	\$43,424,396	\$30,847,986	\$32,258,822	\$28,755,346	\$24,906,386	\$27,419,875	\$27,012,852	\$24,563,598
Governmental activities:										
Property taxes	\$17,252,954	\$15,737,831	\$15,568,216	\$14,783,718	\$14,423,943	\$14,192,390	\$14,362,908	\$13,953,240	\$11,773,505	\$11,168,009
Accommodations and hospitality taxes	10,377,168	9,960,378	10,193,438	9,349,845	8,914,249	8,215,896	7,757,661	7,161,692	6,857,636	6,226,860
State shared taxes - unrestricted	932,021	1,160,581	953,621	817,472	924,763	805,341	943,614	920,270	745,289	789,170
Business licenses and franchise taxes	9,579,005	9,969,892	8,903,459	8,547,147	8,333,737	7,416,404	7,087,839	6,511,619	6,444,326	6,278,270
Unrestricted investment earnings	55,114	50,420	59,871	15,853	-	175,616	23,601	37,589	13,260	239,601
Miscellaneous	119,382	69,478	(49,406)	16	325,716	128,296	55,253	(260,745)	476,406	26,744
Transfers in/(out)	(1,760,886)	(1,861,720)	(2,086,941)	(1,098,403)	(1,403,969)	(1,222,230)	(1,181,242)	(1,164,242)	(1,083,158)	(953,214)
Total governmental activities	\$36,554,758	\$35,086,860	\$33,542,258	\$32,415,648	\$31,518,439	\$29,711,713	\$29,049,634	\$27,159,423	\$25,227,264	\$23,775,440
Business-type activities:										
Unrestricted investment earnings	\$166,173	\$69,200	\$36,493	\$48,313	\$64,689	\$75,692	\$58,506	\$86,779	\$140,633	\$144,444
Miscellaneous	-	(2)	26,532	138,602	112,516	246,852	216,330	302,658	218,127	-
Transfers in/(out)	1,760,886	1,861,720	2,086,941	1,098,403	1,403,969	1,222,230	1,181,242	1,164,242	1,083,158	953,214
Total business type-activities	\$1,927,059	\$1,930,918	\$2,149,966	\$1,285,318	\$1,581,174	\$1,544,774	\$1,456,078	\$1,553,679	\$1,441,918	\$1,097,658
Total primary government general revenue and other changes	\$38,481,817	\$37,017,778	\$35,692,224	\$33,700,966	\$33,099,613	\$31,256,487	\$30,505,712	\$28,713,102	\$26,669,182	\$24,873,098
Changes in Net Assets										
Governmental activities:										
Business-type activities	\$6,063,905	\$5,790,049	\$4,328,010	\$1,923,019	\$5,610,621	\$5,119,678	\$4,829,626	\$4,322,226	\$3,083,936	\$756,907
Total primary government changes in net assets	402,038	1,348,194	1,572,168	1,359,543	2,039,213	562,578	1,818	775,645	376,408	(921,123)
Total primary government changes in net assets	\$6,465,943	\$7,138,243	\$5,900,178	\$3,282,562	\$7,649,834	\$5,682,256	\$4,831,444	\$5,097,871	\$3,460,344	(\$164,216)

TABLE III

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROGRAM REVENUE BY COMPONENT
(Accrual basis of accounting)
LAST TEN FISCAL YEARS

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General Government	\$ 355,731	\$ 431,788	\$ 351,653	\$ 683,965	\$ 628,728	\$ 193,430	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	771,710	655,752	683,486	625,454	447,273	489,978	599,540	955,610	1,030,879	1,222,163
Planning and Development	802,447	38,295	17,520	20,610	16,490	706,512	413,191	377,340	367,195	328,986
Public Works	8,418,662	13,928,312	14,061,303	4,608,434	5,605,715	4,362,448	2,443,470	3,949,750	5,034,917	3,843,128
Parks and Recreation	1,053,257	385,112	1,217,589	1,005,996	871,749	605,038	287,579	293,909	310,358	196,053
Support Services	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 11,401,807	\$ 15,439,259	\$ 16,331,551	\$ 6,944,459	\$ 7,569,955	\$ 6,357,406	\$ 4,217,929	\$ 6,869,922	\$ 6,753,046	\$ 5,599,629
Business-type activities										
Water and sewer utility	\$ 16,603,821	\$ 16,952,620	\$ 16,057,493	\$ 15,212,141	\$ 16,247,934	\$ 14,288,579	\$ 13,209,612	\$ 13,109,103	\$ 12,908,796	\$ 12,071,586
Solid waste	5,288,762	4,718,665	5,566,371	4,333,735	4,292,163	4,264,940	4,057,715	3,988,980	3,996,766	3,731,954
Aquatic Center	2,191,726	2,104,147	1,994,537	2,039,671	2,022,616	1,949,899	1,868,460	1,822,158	1,747,843	1,690,487
Beach Services	2,609,183	2,495,937	2,503,263	2,317,977	2,126,154	1,894,522	1,552,670	1,629,712	1,606,401	1,469,942
Sports Park	1,090,108	1,104,916	971,181	-	-	-	-	-	-	-
Total business-type activities	\$ 27,783,600	\$ 27,376,285	\$ 27,092,845	\$ 23,903,524	\$ 24,688,867	\$ 22,397,940	\$ 20,688,457	\$ 20,549,953	\$ 20,259,806	\$ 18,963,969
Total program revenues by function and program	\$ 39,185,407	\$ 42,815,544	\$ 43,424,396	\$ 30,847,983	\$ 32,258,822	\$ 28,755,346	\$ 24,906,386	\$ 27,419,875	\$ 27,012,852	\$ 24,563,598

TABLE IV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
FUND BALANCES - GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Non-spendable	\$ 211,636	\$ 214,952	\$ 268,532	\$ 433,674	\$ 259,296	\$ 278,806	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024
Restricted by Others	159,669	74,248	22,869	46,878	289,208	311,946	464,401	508,682	501,116	968,830
Committed by Ordinance	-	392,500	392,500	392,500	392,500	392,500	392,500	392,500	392,500	392,500
Assigned by Management	-	-	-	-	-	-	-	-	-	-
Unassigned	11,676,294	11,215,198	10,506,670	10,307,596	10,695,070	10,853,581	10,860,908	10,117,180	8,756,419	7,733,570
Total General Fund	\$ 12,047,599	\$ 11,896,898	\$ 11,190,571	\$ 11,180,648	\$ 11,636,074	\$ 11,836,833	\$ 11,967,882	\$ 11,292,778	\$ 10,082,589	\$ 9,284,924
Stormwater Fund										
Restricted by Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Committed by Ordinance	-	-	-	-	-	-	2,323,528	2,237,295	2,142,295	1,672,751
Assigned by Management	-	-	-	-	-	-	1,001,089	86,233	95,000	-
Unassigned	3,350,023	-	(560,254)	(991,120)	(5,221,805)	(2,077,205)	-	-	-	-
Total Stormwater Fund	\$ 3,350,023	\$ -	\$ (560,254)	\$ (991,120)	\$ (5,221,805)	\$ (2,077,205)	\$ 6,324,617	\$ 5,323,528	\$ 5,237,295	\$ 4,672,751
Park Improvement Fund										
Assigned by Management	\$ -	\$ -	\$ -	\$ 76,615	\$ -	\$ -	\$ 2,094,163	\$ 13,138,091	\$ -	\$ -
Unassigned	-	-	-	-	-	(314,892)	2,597,021	-	(2,285,866)	1,434,312
Total Park Development Fund	\$ -	\$ -	\$ -	\$ 76,615	\$ -	\$ (314,892)	\$ 4,691,184	\$ 13,138,091	\$ (2,285,866)	\$ 1,434,312
Street Improvement Fund										
Assigned by Management	\$ 343,247	\$ 1,209,710	\$ 3,656,043	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -
Total Street Improvement Fund	\$ 343,247	\$ 1,209,710	\$ 3,656,043	\$ 1,913,006	\$ 2,967,662	\$ -	\$ -	\$ -	\$ -	\$ -
State (2%) A-Tax Fund										
Restricted by Others	\$ 25,719	\$ (1,286)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total State (2%) A-Tax Fund	\$ 25,719	\$ (1,286)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds										
Non-spendable	\$ -	\$ -	\$ 455,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted by Others	-	-	293	351	29,463	431,459	696,452	964,070	863,690	779,094
Committed by Ordinance	830,766	2,144,599	3,561,540	18,380	105,244	65,960	534,332	236,402	-	347,933
Assigned by Management	1,782,214	1,678,409	1,417,420	417,220	851,633	3,119,824	2,082,001	3,080,256	2,219,111	656,816
Unassigned	(39,353)	(350,374)	(594,753)	-	-	-	-	-	-	-
Total All Other Gov't Funds	\$ 2,573,627	\$ 3,472,634	\$ 4,839,500	\$ 455,951	\$ 986,340	\$ 3,617,243	\$ 3,312,785	\$ 4,280,728	\$ 3,082,801	\$ 1,783,843
Total Governmental Funds	\$ 18,340,215	\$ 16,577,956	\$ 19,125,860	\$ 12,615,100	\$ 10,368,271	\$ 13,061,979	\$ 26,296,468	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830
Primary Government										
Net investment in Capital Assets	\$206,298,769	\$196,279,031	\$174,809,669	\$174,191,303	\$174,108,512	\$164,439,456	\$150,724,362	\$132,557,680	\$146,549,884	\$140,537,669
Restricted	2,480,048	3,495,615	6,698,349	3,009,287	3,483,115	3,661,878	8,350,255	7,629,240	9,049,516	8,181,213
Unrestricted	(13,452,840)	(9,218,314)	(13,572,183)	(11,979,433)	(8,303,837)	(21,474,515)	(25,224,866)	(39,281,119)	(18,770,768)	(22,190,942)
Total primary government net position	\$195,325,977	\$190,556,332	\$195,080,201	\$189,180,023	\$185,897,464	\$189,575,849	\$184,299,483	\$179,468,039	\$174,370,168	\$170,909,824

Note: The City did not previously prepare this schedule to this level of detail and chooses to implement such data prospective of implementing GASB Statement 54. Only totals readily available are shown for the years prior to categorizing Fund Balances at the new level of detail required.

TABLE V

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES
(Modified accrual basis of accounting)
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue										
Property taxes:										
Current property taxes	\$ 16,862,999	\$ 15,396,881	\$ 15,263,269	\$ 14,362,917	\$ 13,971,950	\$ 13,740,709	\$ 13,547,856	\$ 13,660,745	\$ 11,684,571	\$ 10,822,314
Delinquent property taxes	389,955	340,950	304,947	420,800	451,993	451,681	815,052	292,495	201,185	504,785
Special Assessments	1,307,402	1,674,522	2,501,605	8,547,147	8,333,737	8,111,216	7,500,430	6,888,599	6,811,281	6,607,116
Licenses and permits	10,371,262	9,969,892	8,903,459	373,506	338,717	377,226	319,623	409,166	425,582	591,575
Fines and forfeitures	456,877	366,246	401,856	221,232	242,666	175,616	218,102	199,597	264,265	239,601
Use of money and property	355,182	327,412	269,922	1,029,271	1,127,271	991,176	943,614	920,270	889,898	925,511
Unrestricted intergovernmental	1,163,319	1,160,581	1,189,690	11,831,088	12,257,649	10,374,461	8,380,847	9,617,774	10,277,081	8,469,843
Restricted intergovernmental	14,965,814	19,481,025	17,664,924	3,281,226	3,336,557	2,924,290	2,444,922	2,384,764	2,308,951	2,299,864
Sales and service charges	3,613,223	3,470,072	4,036,360	391,323	431,823	152,316	284,415	1,123,814	312,904	30,346
Miscellaneous	231,419	200,258	1,474,124	40,458,510	40,492,363	37,298,691	34,454,861	35,497,224	33,175,718	30,490,955
Total revenue	\$ 49,717,452	\$ 52,387,839	\$ 52,010,156	\$ 40,458,510	\$ 40,492,363	\$ 37,298,691	\$ 34,454,861	\$ 35,497,224	\$ 33,175,718	\$ 30,490,955
Expenditures										
Current:										
General Government/Admin.	\$ 2,596,753	\$ 2,596,471	\$ 2,600,326	\$ 2,409,751	\$ 2,299,321	\$ 2,112,275	\$ 2,111,814	\$ 2,065,118	\$ 2,195,564	\$ 2,444,816
Finance	880,974	837,850	848,593	823,982	837,556	775,994	786,086	783,125	777,367	717,716
Information Services	266,411	252,672	332,319	207,508	540,103	517,469	478,024	496,118	443,719	328,899
Public Safety	15,821,700	14,465,016	14,070,132	13,602,127	12,945,213	12,411,630	11,619,810	11,652,613	11,557,464	10,910,010
Planning and Development	1,762,261	1,659,680	1,707,321	1,703,051	1,621,962	1,488,171	1,536,643	1,506,101	1,500,942	1,453,280
Public Works	2,994,867	14,840,355	8,778,416	2,789,026	2,570,079	1,977,559	2,169,208	3,395,130	4,544,221	6,633,499
Parks and Recreation	5,524,920	5,297,693	6,137,899	6,210,905	5,530,716	4,660,823	4,072,781	4,453,727	8,613,758	3,802,272
Support Services	1,165,897	1,188,679	1,094,763	998,679	969,600	1,040,662	1,001,090	829,777	871,037	667,499
Debt service:										
Principal	3,962,677	3,768,186	6,847,810	5,230,270	2,612,790	2,216,130	2,499,824	3,446,423	2,131,238	2,652,808
Interest	166,269	414,216	514,796	471,814	551,079	638,513	656,142	506,985	262,740	366,663
NMB Capital outlay	9,852,019	6,618,073	5,408,657	4,898,854						
Other Non-Capital Infrastructure	520,495	1,085,726	1,364,017	2,733,241	11,303,683	21,854,891	14,080,854	3,775,940	253,521	907,831
Total expenditures	\$ 45,515,243	\$ 53,024,617	\$ 49,705,049	\$ 42,079,208	\$ 41,782,102	\$ 49,694,117	\$ 41,012,276	\$ 32,911,057	\$ 33,151,571	\$ 30,885,293

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES
(Modified accrual basis of accounting)
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other Financing Sources (Uses)										
Bond Issuance/Installment Note Transfers in	\$ 10,907,816	\$ 9,539,895	\$ 6,342,000	\$ 5,000,000	\$ -	\$ 383,167	\$ -	\$ 16,496,381	\$ -	\$ -
Transfers (out)	(12,718,108)	(11,451,021)	(11,968,833)	(9,848,080)	(10,908,173)	(11,268,976)	(10,404,520)	(9,734,663)	(9,020,118)	(8,319,744)
Total other financing sources (uses)	\$ (1,810,292)	\$ (1,911,126)	\$ 4,205,653	\$ 3,867,527	\$ (1,403,969)	\$ (839,063)	\$ (1,181,242)	\$ 15,332,139	\$ (1,083,158)	\$ (953,214)
Net change in fund balances	\$ 2,391,917	\$ (2,547,904)	\$ 6,510,760	\$ 2,246,829	\$ (2,693,708)	\$ (13,234,489)	\$ (7,738,657)	\$ 17,918,306	\$ (1,059,011)	\$ (1,347,552)
Cumulative effect of restatement	(629,658)	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	\$ 16,577,956	\$ 19,125,860	\$ 12,615,100	\$ 10,368,271	\$ 13,061,979	\$ 26,296,468	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830	\$ 18,523,382
Fund balances, end of year	\$ 18,340,215	\$ 16,577,956	\$ 19,125,860	\$ 12,615,100	\$ 10,368,271	\$ 13,061,979	\$ 26,296,468	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830

Ratio of Debt Service to General Government Noncapital Expenditure 11.58% 9.01% 16.62% 15.34% 7.57% 5.74% 7.70% 12.01% 7.22% 9.78%

TABLE VI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>
	<u>Real Estate</u>	<u>Personal</u>	<u>Less: Tax-Exempt</u>				
2010	327,848,164	27,883,552	3,175,101	352,556,615	0.0322	5,875,944,000	6.0
2011	351,371,679	30,443,376	3,317,086	378,497,969	0.0320	6,308,000,000	6.0
2012	352,718,128	30,544,440	3,322,000	379,940,568	0.0380	6,337,624,000	6.0
2013	343,042,000	43,177,328	3,325,000	382,894,328	0.0380	6,435,200,000	6.0
2014	331,177,842	42,866,000	3,320,000	370,723,842 ⁽¹⁾	0.0380	6,234,064,000	6.0
2015	325,236,513	43,200,000	3,310,000	365,126,513	0.0393	6,085,400,000	6.0
2016	333,290,173	36,867,947	4,213,130	365,944,990	0.0393	6,099,083,167	6.0
2017	343,684,218	38,373,811	4,410,770	377,647,259	0.0413	6,294,120,000	6.0
2018	352,269,244	33,592,626	4,953,081	380,908,789	0.0413	6,327,400,000	6.0
2019	363,567,180	39,070,514	5,155,022	397,482,672	0.0413	6,416,347,000	6.0

⁽¹⁾ Reassessment performed by Horry County.

Note: 1 mil is equal to \$385,045 in property tax billings.

TABLE VII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Millage</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>Higher Education Commission Millage</u>	<u>Total Millage</u>
2010	32.2	47.3	143.3	0.7	223.5
2011	32.0	44.2	132.2	0.7	209.1
2012	38.0	44.5	130.2	0.7	213.4
2013	38.0	44.5	130.2	0.7	213.4
2014	38.0	44.5	130.2	0.7	213.4
2015	39.3	51.7	133.1	0.7	224.8
2016	39.3	51.7	133.1	0.7	224.8
2017	41.3	52.4	133.1	0.7	227.5
2018	41.3	52.4	133.1	0.7	227.5
2019	43.3	50.0	139.3	0.7	233.3

Note 1: Each mil for North Myrtle Beach is equal to \$3825,045 in property taxes.

Note 2: Millage is expressed in thousands when used in Table VI.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PRINCIPAL PROPERTY TAXPAYERS
 YEARS 2019 AND 2010

		2019			2010		
		Percentage of Total			Percentage of Total		
TAXPAYER	TYPE OF BUSINESS	ASSESSMENTS	Assessed Value	RANK	ASSESSMENTS	RANK	Assessed Value
Frontier Communications							
IREIT NMB Coastal North LLC	Commercial	3,444,290	0.87%	1			
Lawyers Title Insurance Corp	Commercial	3,177,670	0.80%	2	4,090,872	1	1.16%
Barefoot Landing Commercial	Commercial - Retail	2,249,980	0.57%	3			
SC NMB Retail 3 LLC	Commercial - Retail	2,017,810	0.51%	4			
Fairfield Resorts, Inc.	Commercial - Timeshare	1,947,970	0.49%	5	2,160,120	3	0.61%
The Gator Hole Development LLC	Commercial	1,894,530	0.48%	6	1,795,986	6	0.51%
Bluegreen Vacations Unlimited Inc.	Commercial - Timeshare	1,782,580	0.45%	7			
Wyndham Vacation Resorts Inc.	Commercial - Timeshare	1,504,710	0.38%	8			
Towers on the Grove South LLC	Condos	1,305,810	0.33%	9	1,371,846	11	0.39%
BRGC, LLC	Commercial - Timeshare	1,226,790	0.31%	10			
NGD Property II LLC	Condos	945,230	0.24%	11			
Rosen Surfwood, LLC	Commercial	860,420	0.22%	12			
Worley Harold G TR ETAL	Hotel	857,120	0.22%	13			
Cherry Grove SC LLC	Commercial	727,010	0.18%	14			
Peppertree Resorts, LTD	Condos - Timeshare	684,240	0.17%	15			
SUSO 4 Barefoot LP	Condos - Timeshare	670,500	0.17%	16			
Boulineau Holdings LLC	Commercial/Retail	581,610	0.15%	17			
HD Development of MD., Inc.	Commercial/Retail	576,150	0.14%	18			
McGonigal Investment Group LLC	Commercial	559,565	0.14%	19			
Frontier Communications	Telecommunications	548,330	0.14%	20			
Patten Resorts	Condos				2,472,288	2	0.70%
Bahama Sands	Multi-Family Residential				2,051,340	4	0.58%
Lakeside Festival Shopping	Commercial - Retail				1,927,716	5	0.55%
ETW Develop. Co. LLC	Commercial				1,771,740	7	0.50%
Ocean Keyes	Residential Develop.				1,641,292	8	0.47%
Strand Investment Group of NMB	Multi-Family Residential				1,601,178	9	0.45%
Centex Homes	Residential Develop.				1,399,351	10	0.40%
					\$22,283,729		6.32%
					\$27,562,315		6.93%

TABLE IX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate Levy	Percentage of Levy		Collections in Subsequent Years		Percentage of Levy
		Amount	Amount	Amount	Amount	
2010	11,352,323	10,822,314	95.3%	483,545	11,305,859	99.6%
2011	12,111,935 ³	11,684,571	96.5%	379,053	12,063,624	99.6%
2012	14,311,506 ⁴	13,622,325	95.2%	633,400	14,255,725	99.6%
2013	14,048,920	13,547,855	96.4%	438,906	13,986,761	99.6%
2014	14,087,194	13,740,397	97.5%	287,946	14,028,343	99.6%
2015	14,349,472 ¹	13,971,950	97.4%	295,411	14,267,361	99.4%
2016	14,639,240	14,307,884	97.7%	249,541	14,557,425	99.4%
2017	15,596,832 ⁵	15,256,835	97.8%	238,175	15,495,010	99.3%
2018	15,781,533	15,396,881	97.6%	260,320	15,657,201	99.2%
2019	17,211,000 ⁶	16,844,233	97.9%	-	16,844,233	97.9%

⁽¹⁾ Millage rate increased to 39.3 from 38.0.

⁽²⁾ Millage rate increased to 32.2 from 30.5.

⁽³⁾ Millage rate reduced to 32.0 from 32.2.

⁽⁴⁾ Millage rate increased to 38.0 from 32.0 to cover debt on 2012 Park Improvement Bonds.

⁽⁵⁾ Millage rate increased to 41.3 from 39.3.

⁽⁶⁾ Millage rate increased to 43.3 from 41.3.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	General Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita ⁽¹⁾
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Special Assessment Bonds	Installment Notes	Sewer Contracts Payable	Water and Aquatic Center Enterprise Fund							
2010	5,031,424	2,452,794	-	-	9,920,000	6,699,397					24,103,615	4.99%	1,791
2011	4,392,518	1,386,958	-	-	9,110,000	6,335,653					21,225,129	4.18%	1,545
2012	17,052,815	280,238	-	-	8,253,333	5,846,327					31,432,713	5.90%	2,241
2013	14,833,832	-	-	-	7,348,333	5,454,779					27,636,944	4.94%	1,930
2014	12,549,071	383,167	-	-	6,398,333	5,048,000					24,378,571	4.22%	1,667
2015	10,987,970	630,160	-	-	5,400,000	4,625,396					21,643,526	3.50%	1,450
2016	7,760,143	319,667	6,342,000	-	4,346,667	4,186,357					22,954,834	2.56%	1,090
2017	5,675,749	-	4,759,000	225,000	3,236,667	3,730,237					17,626,653	1.79%	786
2018	2,666,709	-	3,514,000	112,500	2,068,334	3,256,374					11,617,917	1.11%	503
2019	-	-	2,251,000	-	825,000	2,764,078					5,840,078	0.78%	360

⁽¹⁾ See "Demographic and Economic Statistics" Table XVI for personal income and per capita data.

TABLE XI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2010	5,031,424	1.43%	373.86
2011	4,392,518	1.16%	319.69
2012	17,052,815 ⁽¹⁾	4.49%	1,215.63
2013	14,833,832	3.87%	1,035.74
2014	12,549,071	3.39%	858.23
2015	10,987,970	3.01%	736.06
2016	7,760,143	2.12%	509.20
2017	5,675,749	1.39%	337.74
2018	2,666,709	0.70%	167.88
2019	-	0.00%	-

⁽¹⁾ Includes the 2012 General Obligation Park Improvement Bond in the amount of \$15,000,000.

TABLE XII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2019

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>			<u>Amount Applicable to the City of Outstanding ⁽²⁾</u>
		<u>General Obligation & Revenue Bond Principal Outstanding ⁽¹⁾</u>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Outstanding</u>	
City of North Myrtle Beach	\$ 397,482,672	2,251,000	100.00%	2,251,000	
Sub-Total Direct Debt		<u>\$ 2,251,000</u>		<u>\$ 2,251,000</u>	
Horry County	2,289,419,000	63,007,710	17.36%	10,938,138	
Horry County School District	2,289,419,000	383,850,000	17.36%	66,636,360	
Sub-Total Overlapping Debt		<u>\$ 446,857,710</u>		<u>\$ 77,574,498</u>	
Grand Total Direct & Overlapping Debt		<u>\$ 449,108,710</u>		<u>\$ 79,825,498</u>	

(1) Data for overlapping jurisdictions was provided by the Horry County Finance Department.

(2) The percentage of General Obligation Bond principal debt applicable to the City of North Myrtle Beach is based on the percentage of assessed valuation of property located in the City.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assessed Valuation	\$397,483	\$380,909	\$377,647	\$365,945	\$365,127	\$370,724	\$382,894	\$379,941	\$378,498	\$352,557
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation ⁽¹⁾	31,799	30,473	30,212	29,276	29,210	29,658	30,632	30,395	30,280	28,205
Outstanding bonds chargeable to bond limit ⁽²⁾	-	2,667	5,679	7,130	10,193	12,549	14,834	15,510	4,393	5,031
Legal debt margin	\$ 31,799	\$ 27,806	\$ 24,533	\$ 22,146	\$ 19,017	\$ 17,109	\$ 15,798	\$ 14,885	\$ 25,887	\$ 23,174
Total net debt applicable to the limit as a percentage of debt limit	0.0%	8.8%	18.8%	24.4%	34.9%	42.3%	48.4%	51.0%	14.5%	17.8%

⁽¹⁾ Article 10, Section 14.7 of the South Carolina Constitution limits general obligation debt to 8% of the assessed value of all taxable property.

⁽²⁾ Includes only General Obligation Bonds.

TABLE XIV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PLEDGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER
 ENTERPRISE FUND AND STORM WATER DRAINAGE FUND

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue ⁽¹⁾	Operating and Maintenance Expenses ⁽²⁾	Net Revenue Available for Debt Service	Total Debt Service Requirements ⁽³⁾		Debt Service Coverage	
				Principal	Interest		
2010	Water and Sewer 13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
2011	Stormwater 2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%
	Water and Sewer 13,304,028	10,100,338	3,203,690	810,000	526,450	1,336,450	240%
2012	Stormwater 2,006,694	302,150	1,704,544	1,065,836	74,164	1,140,000	150%
	Water and Sewer 13,309,589	9,933,637	3,375,952	856,667	481,900	1,338,567	252%
2013	Stormwater 2,015,999	285,584	1,730,415	1,106,720	33,280	1,140,000	152%
	Water and Sewer 13,134,727	10,600,585	2,534,142	905,000	434,783	1,339,783	189%
2014	Stormwater 2,033,213	287,046	1,746,167	279,741	1,689	281,430	620%
	Water and Sewer 14,755,173	11,484,665	3,270,508	950,000	385,788	1,335,788	245%
2015	Water and Sewer 14,168,542	11,253,062	2,915,480	998,333	331,625	1,329,958	219%
	Water and Sewer 14,841,042	11,429,647	3,411,395	1,071,994	237,759	1,309,753	318%
2017	Water and Sewer 15,515,918	12,815,384	2,700,534	1,110,000	227,969	1,337,969	202%
	Water and Sewer 16,485,249	12,985,696	3,499,553	1,168,333	169,925	1,338,258	262%
2019	Water and Sewer 16,156,381	13,657,142	2,499,239	1,243,334	113,859	1,357,193	184%

⁽¹⁾ Includes total revenues and Impact Fees to cover bond principal and fee studies recorded as operating expenses for the respective Fiscal Year.

⁽²⁾ Operating and Maintenance expenses exclude Depreciation and Interest.

⁽³⁾ Stormwater Bonds paid off in 2013.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY VALUES AND CONSTRUCTION
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Estimated Actual Value Amounts in 000's ⁽¹⁾</u>	<u>Single Family Units ⁽²⁾</u>	<u>Construction</u>	<u>Units</u>	<u>Multi- Family Construction</u>	<u>Units</u>	<u>Commercial Construction</u>	<u>Total Construction</u>
2010	5,875,944	128	59,769,116	12	11,280,593	8	4,910,767	45,960,476
2011	6,308,000	144	33,999,105	59	7,740,133	5	1,764,856	43,504,094
2012	6,337,624	151	36,051,450	14	9,496,162	10	4,364,688	49,912,300
2013	6,435,200	181	47,217,835	18	12,818,173	3	1,049,445	61,085,453
2014	6,234,064 ⁽³⁾	196	52,374,133	24	18,663,691	11	25,916,588	96,954,412
2015	6,085,400	195	52,571,167	9	4,404,589	10	5,856,243	62,831,999
2016	6,099,083	225	61,549,300	12	10,090,916	9	6,658,244	78,298,460
2017	6,294,120	238	61,935,727	11	1,244,243	16	17,605,427	80,785,397
2018	6,327,400	250	73,656,054	38	4,669,539	11	19,152,423	97,478,016
2019	6,416,347	257	81,607,202	11	15,895,890	6	2,545,341	100,048,433

(1) Estimated actual value - Horry County Assessment Office.

(2) Construction valuation and number of units - Planning Department, City of North Myrtle Beach.

(3) Horry County reassessment.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income ⁽¹⁾</u>	<u>Horry County Unemployment Rate ⁽²⁾</u>
2010	13,458	483,183	35,903	10.3%
2011	13,740	507,535	36,939	10.5%
2012	14,028	533,115	38,004	10.1%
2013	14,322	559,984	39,100	9.0%
2014	14,622	588,207	39,491	5.5%
2015	14,928	617,852	41,389	6.7%
2016	15,240	648,991	42,585	5.6%
2017	15,559	681,699	43,814	4.3%
2018	15,885	716,055	45,077	3.8%
2019	16,218	752,142	46,377	3.8%

2009			
<u>Horry County</u>		<u>North Myrtle Beach</u>	
<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
8,000	7.5%	425	5.4%
6,989	6.5%	286	3.6%
14,009	13.1%	993	12.6%
14,155	13.3%	860	10.9%
18,692	17.5%	1,359	17.2%
20,613	19.3%	1,640	20.8%
11,511	10.8%	878	11.1%
8,173	7.7%	923	11.7%
2,230	2.1%	352	4.5%
2,361	2.2%	172	2.2%
106,733	100.0%	7,888	100.0%

Median Household Income: \$42,642
 Per Capita Income: \$24,790
 Average Household Size: 2.31

NOTE: North Myrtle Beach population figures for 2011 through 2019 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

⁽¹⁾ Based on 2010 Census.

⁽²⁾ County information per S.C. Employment Security Commission.

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS

<u>Largest Employers in NMB - 2019 and 2010</u>			
<u>Rank</u>	<u>Employer</u>	<u>2019 # of Employees</u>	<u>2010 # of Employees</u>
1	Wyndam Sales & Marketing	828	317
2	City of North Myrtle Beach	647	439
3	Wal-Mart	475	424
4	Boulineau's Inc.	280	200
5	Bi-Lo (2 Stores)	227	160
6	House of Blues	216	214
7	Lowe's	215	134
8	Avista	190	190
9	Publix	170	0
10	Baywatch Resort	145	120
11	Home Depot	145	88
12	Alabama Theatre	132	100
13	Olive Garden	130	0
14	Beach Cove	125	112
15	Barefoot Resort Golf	119	100
16	Cracker Barrel	107	106
17	Dick's Last Resort	100	0
18	Buffalo Wild Wing Bar & Grill	100	0
19	Greg Norman's Australian Grill	79	0
20	Carrabba's	60	85

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing the changes to the statistical section.

* Statistical information on total number of people employed in North Myrtle Beach is unavailable.

Source: North Myrtle Beach Revenue Division

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGR.
 LAST TEN FISCAL YEARS

Employees by Function/Program	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	10.75	11.5	11.5	11	11	11	11	12	14	14
City Court	5	5	5	5	5	5.5	5.5	5.5	5.5	5.5
Information Services	8	8	8	7.5	7.5	7	6	6	6	6
Finance										
Accounting/Revenue	12.25	12.25	13.75	12.75	12	12	12	12	12	12
Purchasing	4	4.25	4	4.75	4	4	4	6	7	7
Public Safety										
Administration	19.5	17	16.5	16.25	13	12	12	12	10	10
Detectives	11	11	10.5	10.5	11	11	10	10	9.5	9.5
Public Safety & Fire Officials	130	125	130.5	138	131	138	141	141	144	144
Planning & Community Development										
Administration	9	9	9	9	9	10	10	10	10	10
Inspection Services	9	9	9	9	9	9	9	9	9	9
Public Works										
Streets / Drainage	22.5	22	20.75	20	20	19	19	19	19	19
Fleet Maintenance	5	5	5	5	5	5	6	6	6	6
Facility Maintenance	3	3	3	3	3	3	3	2	2	2
Parks and Recreation										
Parks & Grounds	35	27.5	27.5	31.25	27	22.5	16.75	15.25	13	13
Custodians	4.75	5	5	5	5	5	6	6	6	6
Other Recreation Activities	24	23	23	24.5	22	15	9.75	9	8.8	7
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	25	26	28.5	27.75	26	9	24.6	25	24	26.6
Beach Services	52	51.5	51.25	59	54	0	49	49	41.1	44.5
Water & Sewer Utility										
Administration	12.5	12.5	12.5	13	12	12	12	12	12.75	12.75
Wastewater Treatment	6.75	5.5	6.5	7	6	6	6	6	6	6
Wells/Lifts Maintenance	8.5	8	9	9	9	9	9	9	9	9
Construction Maintenance	21.75	20.75	19	17	18	19	19	19	19	19
Solid Waste Utility										
Administration	4	4	4	4	4	4	4	4	4.25	4.25
Sanitation Services	27.25	27.5	27.5	<u>26</u>	<u>28</u>	<u>27.6</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>
GRAND TOTALS	<u>478.5</u>	<u>461.3</u>	<u>468.3</u>	<u>483.3</u>	<u>459.5</u>	<u>383.6</u>	<u>441.6</u>	<u>441.8</u>	<u>434.9</u>	<u>439.1</u>

Source: City of North Myrtle Beach Finance Department

TABLE XIX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

MISCELLANEOUS STATISTICAL DATA

June 30, 2019

Date of Incorporation	May 7, 1968
Form of Government	Council/Manager
Area - Square Miles	19
Miles of Shoreline on the Atlantic Ocean	9

WATER & SEWER SYSTEM

Number of Customer Billings for FY 2018	170,110
Daily Pumping Capacity - Gallons	13,200,000
Greatest Pumpage for a Single Day	8,750,000
Maximum Filtration Plant Capacity Per Day - Gallons	14,200,000
Maximum Wells Capacity Per Day - Gallons	2,000,000
Maximum Wastewater Capacity	10,400,000
Greatest Wastewater Treatment Day	8,020,000

PUBLIC SAFETY

Number of Stations	5
Annual Police Calls	35,625
Annual Fire Calls	4,955
Traffic Stops	6,330
Arrests	1,753

BUILDING

Permits Issued	3,871
Estimated Cost of Construction	\$168,454,073
Inspections	6,635

SOLID WASTE

Garbage - Tons	12,540
Construction Debris - Tons	967
Yard Waste - Tons	4,474
Recycling - Tons	2,056

AQUATIC & FITNESS CENTER

Member Packages	2,811
Members	4,880

BEACH SERVICES

Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	12

CITY OF NORTH MYRTLE BEACH

