# Fiscal Policy of Myrtle Beach

## A. Revenue Policy

1. The cumulative increase of revenue from the levy of property tax will not exceed 5 percent from the preceding fiscal year:
    a. excluding taxable value gained through annexation or consolidation;
    b. excluding the taxable value gained through new construction;
    c. excluding millage increases mandated by the voters or courts.

2. Capital connection fees should be established that reflects the cost of water and sewer improvements to service additional increments of growth.

3. The City will maximize the utilization of user charges in lieu of ad valorem taxes for services that can be individually identified and where the costs are directly related to the level of service:
    a. Recreational programs will be funded from user charges for all programs in which it is practical to charge. User charges should represent at least 10 percent of the total recreational budget.
    b. The user charge fees for water and sewer will be sufficient to finance all operating, capital and debt service costs for the Utility Enterprise Fund.
    c. Building and code enforcement activities should be funded through a user charge in the form of building permits, inspections and plan-checking fees. These fees should represent 100 percent of the operation costs.
    d. The convention center should develop a profit and loss statement for each event so that 75 percent of the events are self-supporting and result in 85 percent of operating costs being financed through user charges.

4. The City will project revenues for five years and will update the projections annually.

## B. Operating Budget Policy

1. Current operating revenue will be sufficient to support current operating expenditures.

2. Debt or bond financing will not be used to finance current expenditures.

3. Federal revenue sharing funds will not be used to finance current operating expenditures. Revenue sharing will be used to finance capital improvements.

4. Annually recurring revenue will not be less than annually recurring operating budget expenditures (operating budget minus capital outlay).

5. The City will prepare a five-year operating budget that will include projections of annual growth plus allowances for operating costs of new capital facilities.

6. The City will begin to develop a program to integrate performance measures and productivity indicators with the annual budget.

7. The City will establish a risk management program to provide for protection against loss and a reduction in exposure to liability. The City will investigate the establishment of a self-insurance program to provide for protection against major loss in excess of $100,000. Excess coverage would be purchased to cover catastrophic loss to $5 million. A safety program will also be established to minimize the City's exposure to liability and thereby reduce the number of claims against the fund.

8. The City will establish an equipment reserve fund to replace capital outlay items with a life of more than two years and a value of $5,000 or more. The schedule will annualize the replacement cost utilizing a sinking fund factor pegged to the estimated market rate of interest plus salvage value.

**C. Capital Improvement Policy**

1. The City will prepare and adopt a five-year capital improvement program that will detail each capital project, the estimated cost, description and funding source.

2. Operating expenditures will be programmed to include the cost of implementing the capital improvement program and providing all manpower, operating costs and capital outlay required.

3. The City will maintain an Ocean Front Reserve Fund to provide for unanticipated expenditures due to storm drainage and/or other erosion damage to the public beach. The funds also may be utilized for long-term improvements to the recreational beach.

**D. Accounting Policy**

1. The City will establish and maintain the accounting systems according to the generally accepted principles and standards of the Government Finance Officers Association [GFOA] and the National Committee on Governmental Accounting.

2. An annual audit will be performed by an independent public accounting firm that will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required.

3. Full disclosure will be provided in the financial statements and bond representations.

4. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis with a thorough analysis and adjustment (if required) at mid-year.

5. All revenue collections will be consolidated under finance and be audited at least annually.

6. The City will proceed with the submission of documentation to obtain the Certificate of Achievement for Excellence in Financial Reporting from GFOA.

**E. Debt Policy**

1. Capital projects, financed through the issuance of bonds, shall be financed for a period not to exceed the expected useful life of the project.

2. The general obligation debt of Myrtle Beach will not exceed 8 percent of the assessed valuation of the taxable property of the City.

3. The total general obligation debt of Myrtle Beach will not exceed 40 percent of the total annual operating revenue.

4. Annual general obligation debt service shall not exceed 20 percent of the total, non-enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

5. The City will attempt to utilize the lease/purchase of capital outlay when the terms of the lease/purchase are lower than the average 90-day certificate of deposit rate.

**F. Reserve Policy**

1. The City will maintain an unallocated fund balance to be used for unanticipated emergencies of 25 percent of the general operating budget (excluding capital outlay). These funds will be used to avoid cash flow interruptions, generate interest income, reduce need for short-term borrowing and assist in maintaining an investment-grade bond rating.

2. The City will establish a contingency reserve to provide for unanticipated expenditures of a non-recurring nature, or to meet unexpected increases in service delivery costs. This reserve will be budgeted at 1.5 percent of the general fund revenue estimated for that fiscal year.

The City will maintain a two-to-one ratio of total current assets over total current liabilities in the Water and Sewer Utility Fund.