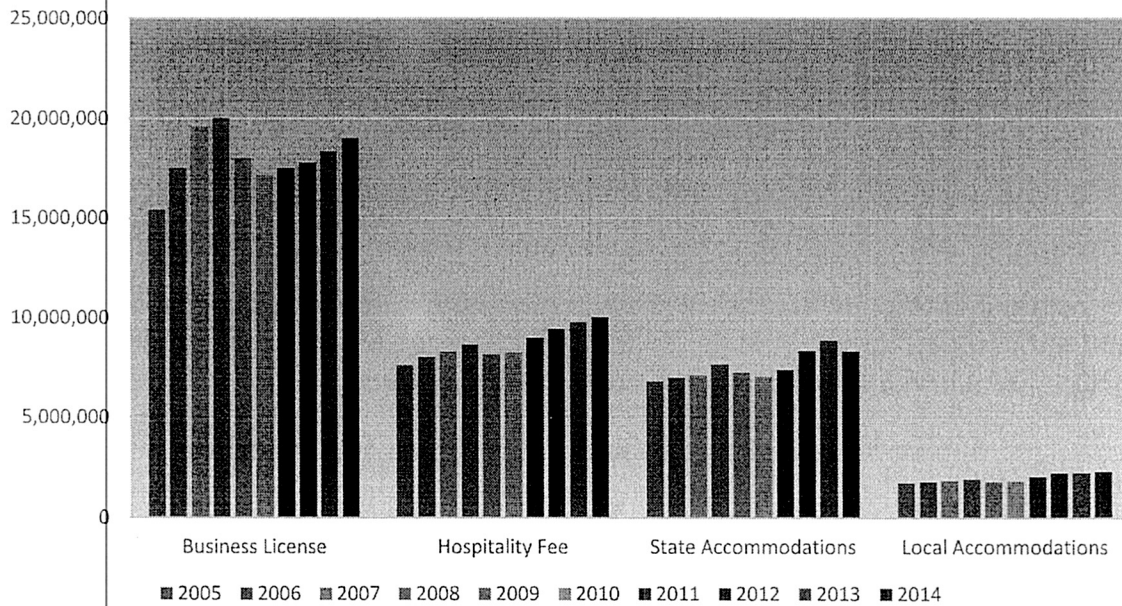


# Exhibit 1

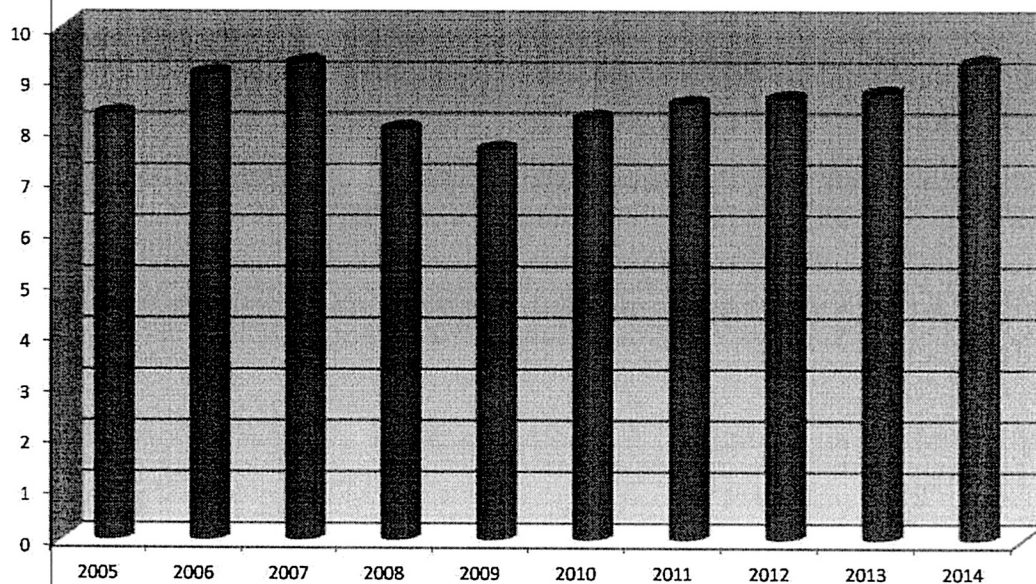
The following chart demonstrates the downturn and subsequent recovery the City has experienced in revenues that come directly from the hospitality and retail sectors.

**Business License, Hospitality Fees, State and Local Accommodations Tax Revenues, 2005 - 2014**



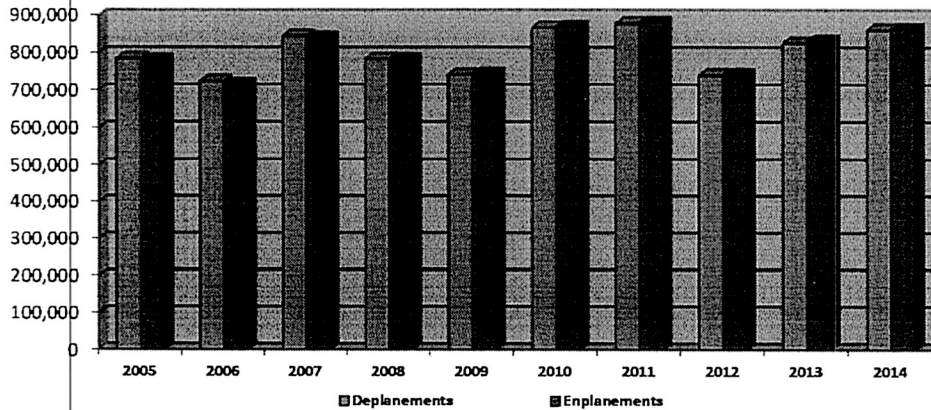
Another direct result of the current economic conditions is retail sales inside Horry County. After posting declines in 2008 and 2009, retail sales began the recovery in 2010 and have demonstrated improved numbers through 2014.

**Horry County Retail Sales, 2005 - 2014 (\$ billions)**



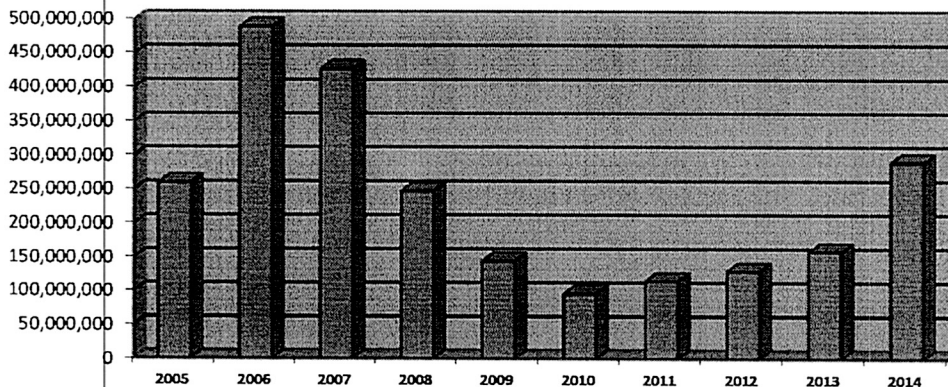
The number of passengers traveling to and from Myrtle Beach fluctuates depending on the number of carriers using the airport, as well as economic conditions.

**Passengers' Handled - Myrtle Beach International Airport, 2005 - 2014**



Another revenue group that reflects the economic conditions is construction permits. Figures for the fiscal year ended June 30, 2014, indicate that buildings permitted by the City totaled \$289,882,108, an increase of 83.6%. The increase was due to commercial building activity such as a new high rise hotel and condominium building, a new sports complex and a new tourist related amusement venue. There was also an increase in residential construction.

**Construction Permitted Inside Corporate Limit, 2005 - 2014**



In general, the prospects for the growth of operating revenues is that the trajectory is positive again, but the revenues are growing slowly and new revenue options will have to be explored in order to keep pace with the demand of operations. When management formulated the 2014-15 budget, it did so with three major objectives: (1) restore structural balance to the General Fund, (2) examine the mix of services the City offers and focus on the fundamental missions of a municipality and (3) for the capital improvements program, take care of what the City has before expanding facilities and services. Council supported these objectives, raising the ad valorem tax rate and adopting structural changes in business licenses. These measures will go a long way toward restoring the General Fund's structural balance. The City also limited budgetary growth and identified one major service to be reduced or eliminated over a multi-year period to help maintain that balance.

THE CITY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,942,434	\$ 15,910,400	\$ 29,686,659	\$ 28,383,410	\$ 46,629,093	\$ 44,293,810
Operating Grants and Contributions	1,577,629	1,573,924		4,574	1,577,629	1,578,498
Capital Grants and Contributions	8,155,866	1,628,940	3,184,138	3,350,634	11,340,004	4,979,574
General Revenues:						
Property Taxes	25,796,261	25,113,459			25,796,261	25,113,459
Local Accommodations Taxes	2,333,117	2,238,681			2,333,117	2,238,681
Business License Taxes	19,050,722	18,354,589			19,050,722	18,354,589
Franchise Taxes	3,755,715	3,469,046			3,755,715	3,469,046
Hospitality Fee Taxes	10,077,734	9,791,483			10,077,734	9,791,483
Local Option Tourism Taxes	23,298,736	23,508,832			23,298,736	23,508,832
Grants and Contributions not Restricted to Specific Programs	10,501,165	10,833,688			10,501,165	10,833,688
Investment Earnings	168,740	223,895	82,602	100,195	251,342	324,090
Total Revenues	\$ <u>121,658,119</u>	\$ <u>112,646,937</u>	\$ <u>32,953,399</u>	\$ <u>31,838,813</u>	\$ <u>154,611,518</u>	\$ <u>144,485,750</u>
Expenses:						
General Government	\$ 11,319,984	\$ 11,883,348	\$	\$	\$ 11,319,984	\$ 11,883,348
Public Safety	33,247,797	33,115,671			33,247,797	33,115,671
Transportation	8,666,134	8,642,907			8,666,134	8,642,907
Community and Economic Development	28,377,759	28,021,204			28,377,759	28,021,204
Culture and Recreation	20,110,668	18,881,858			20,110,668	18,881,858
Public Works	1,399,578	1,437,647			1,399,578	1,437,647
Interest and Fiscal Charges	8,779,399	8,513,225			8,779,399	8,513,225
Water			14,235,486	13,262,481	14,235,486	13,262,481
Sewer			13,068,631	12,587,819	13,068,631	12,587,819
Baseball Stadium			616,989	639,314	616,989	639,314
Municipal Golf Course			1,474,824	1,455,492	1,474,824	1,455,492
Solid Waste Management			4,194,082	4,072,052	4,194,082	4,072,052
Total Expenses	\$ <u>111,901,319</u>	\$ <u>110,495,860</u>	\$ <u>33,590,012</u>	\$ <u>32,017,158</u>	\$ <u>145,491,331</u>	\$ <u>142,513,018</u>
Increase (Decrease) in Net Position Before Transfers	\$ 9,756,800	\$ 2,151,077	\$ (636,613)	\$ (178,345)	\$ 9,120,187	\$ 1,972,732
Transfers	<u>179,000</u>	<u>106,150</u>	<u>(179,000)</u>	<u>(106,150)</u>		
Increase (Decrease) in Net Position	\$ <u>9,935,800</u>	\$ <u>2,257,227</u>	\$ <u>(815,613)</u>	\$ <u>(284,495)</u>	\$ <u>9,120,187</u>	\$ <u>1,972,732</u>
Net Position - Beginning, as Previously Reported	\$ 114,601,084	\$ 112,343,857	\$ 130,264,071	\$ 130,548,566	\$ 244,865,155	\$ 242,892,423
Adopt GASB 65	<u>(2,846,462)</u>		<u>(340,483)</u>		<u>(3,186,945)</u>	
Net Position - Beginning, as Restated	\$ <u>111,754,622</u>	\$ <u>112,343,857</u>	\$ <u>129,923,588</u>	\$ <u>130,548,566</u>	\$ <u>241,678,210</u>	\$ <u>242,892,423</u>
Net Position - Ending	\$ <u>121,690,422</u>	\$ <u>114,601,084</u>	\$ <u>129,107,975</u>	\$ <u>130,264,071</u>	\$ <u>250,798,397</u>	\$ <u>244,865,155</u>