

Comprehensive Annual Financial Report for the
Town of Bluffton, South Carolina

For the Year Ended June 30, 2008



Prepared by:
Finance Department

Shirley Freeman
Assistant Town Manager – Administration/Finance

Town of Bluffton, South Carolina
 Comprehensive Annual Financial Report
 For the Period Ended June 30, 2008
 Table of Contents

INTRODUCTORY SECTION

	<u>Page</u>
Transmittal Letter	1-7
Principal Officials	8
Organizational Chart	9

FINANCIAL SECTION

Independent Auditor's Report	10-11
Management's Discussion and Analysis	12-21
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	22
Statement of Activities	23
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	27
Notes to the Financial Statements	28-49
Individual and Combining Fund Schedules	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund	50
Capital Projects Fund	51
Combining Balance Sheet – Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	53
Combining Balance Sheet – Nonmajor Special Revenue Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	55
Combining Balance Sheet – Nonmajor Capital Projects Fund	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Fund	57

STATISTICAL SECTION

Statistical Section Table of Contents	58
Financial Trends	
Schedule 1 – Net Assets by Component, Last Five Fiscal Years	59
Schedule 2 – Changes in Net Assets, Last Five Fiscal Years	60

Town of Bluffton, South Carolina
Comprehensive Annual Financial Report
For the Period Ended June 30, 2008
Table of Contents

STATISTICAL SECTION (CONTINUED)

Schedule 3 – Program Revenues by Function/Program, Last Five Fiscal Years	61
Schedule 4 – Fund Balances, Governmental Funds, Last Ten Fiscal Years	62
Schedule 5 – Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	63
Revenue Capacity	
Schedule 6 – Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years	64
Schedule 7 – Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	65
Schedule 8 – Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	66
Schedule 9 – Principal Property Tax Payers, Current Year and Nine Years Ago	67
Schedule 10 – Property Tax Levies Collections, Last Ten Fiscal Years	68
Schedule 11 – Direct and Overlapping Sales Tax Rates, Last Ten Fiscal Years	69
Debt Capacity	
Schedule 12 – Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	70
Schedule 13 – Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	71
Schedule 14 – Direct and Overlapping Governmental Activities Debt	72
Schedule 15 – Legal Debt Margin Information, Last Ten Fiscal Years	73
Schedule 16 – Pledge Revenue Coverage, Last Ten Fiscal Years	74
Demographic and Economic Information	
Schedule 17 – Demographic and Economic Statistics, Last Ten Fiscal Years	75
Schedule 18 – Principal Employers	76
Operating Information	
Schedule 19 – Full-Time Equivalent (FTE) Town Governmental Employees by Function/Program	77
Schedule 20 – Operating Indicators by Function/Program, Last Ten Fiscal Years	78
Schedule 21 – Capital Asset Statistics by Function/Program	79
Supplemental Financial Information:	
Municipal Fines, Assessments and Surcharges	80



HENRY "HANK" JOHNSTON

Mayor

LISA SULKA

Mayor Pro Tempore

W.D. WORKMAN III

Town Manager

Council Members

CHARLES WETMORE

OLIVER BROWN

FRED HAMILTON JR.

SANDRA LUNCEFORD

Town Clerk

February 9, 2009

To the Mayor and Members of the Town Council, and to the Citizens of the Town of Bluffton, South Carolina:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Bluffton, South Carolina (the Town) for fiscal year ended June 30, 2008.

State law requires that all general-purpose municipal governments publish a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In addition to meeting this requirement, the CAFR consists of management's representations concerning the finances of the Town of Bluffton and supports management's commitment to full disclosure as reflected in the informative financial analyses provided herein.

The Town's Financial Statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34, Basic Financial Statements, and Management's Discussion and Analysis (MD&A). GAAP require that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors. This reporting model represents a dramatic change in governmental financial reporting with the intent of making it more useful and easier to understand.

The Town's Financial Statements have been audited by Robinson Grant and Company, P.A. Based upon their independent audit, an unqualified opinion was rendered for the Town's Financial Statements for the fiscal year ended June 30, 2008. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The CAFR is presented in three sections to facilitate understanding by non-financially oriented readers, as well as to provide all necessary information for the most sophisticated financial observer. These sections include the Introductory Section, Financial Section, and Statistical Section.

The Introductory Section is designed to introduce the reader to the Town and summarize the financial information contained in the financial statements, schedules, notes, and statistical schedules. This section includes the letter of transmittal, a list of principal officials, and the Town's organization chart. This transmittal letter reports on significant aspects of financial operations during the year and includes financial prospects for the future.

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements and the related notes to the Financial Statements. The Basic Financial Statements and related notes are designed to provide an overview of the Town's financial position and results of operation. The remainder of this section presents the combining statements, individual fund statements, and schedules with emphasis on each individual fund and other required supplemental information.

The Statistical Section contains information as a context for understanding what the information in the Financial Statements, note disclosures, and required supplementary information says about the Town's overall financial condition. This section is divided into five parts as follows: Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operation Information.

Town Profile

The Town of Bluffton, founded in 1852 and incorporated in 1976, is located in Beaufort County, a southern coastal county in South Carolina. The Town is located just 12 miles west of Hilton Head Island, SC and approximately 20 miles northeast of Savannah, GA. It is situated on a high bluff overlooking the May River, a pristine waterway that has strongly contributed to the Town's history and continued success.

The Town operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of a mayor and four (4) other members. Members of Council are elected for a term of four (4) years. Council is primarily responsible for setting policies, passing ordinances, adopting the budget, appointing committees, and hiring both the Town's manager and attorney. The Town Manager carries out the policies and ordinances of the Council, oversees the day-to-day operations of the Town, and appoints the heads of the various departments.

The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by statute to extend its corporate limits by voluntary annexation as deemed appropriate by Council.

When the Town's neighboring resort area of Hilton Head Island began to reach the "build out" stage of their development, Town of Bluffton officials began to recognize the enormous amount of growth that would soon face the Town. All of the land outside the original "one square mile" of the Town was in the jurisdiction of Beaufort County. Instead of ignoring the growth in the area, the Town began to annex land in order to possess some local control over future development.

In less than five years, Bluffton grew from a square-mile-town to controlling the future development of more than 32,000 acres, a majority of which is located five or more miles from the heart of the Town. In November 1998, Bluffton annexed Palmetto Bluff (20,660 acres) and Shults Tract (620 acres); in April 2000, the Buckwalter tract (5,600 acres); and in June 2000, the Jones tract (4,400 acres).

With recent auxiliary annexations (Bluffton Village, Village at Verdier, Shultz-Goethe Road Area, and Willow Run), the Town is now approximately 54 square miles in area, the State's 4th largest municipality in area, and the State's fastest growing municipality with population projections of 25,000 in the next five years. We currently have approximately 13,500 citizens.

The Town's goal is to control the dynamic growth fending off low-quality development and maintain the Town's unique character while preserving the Town's historic and scenic resources that make this area such an important place to protect and privilege to visit.

Significant environmental regulations were adopted to protect the May River, a source for commercial and recreational activities.

Local Economy

The Town responded to its anticipated explosion in growth by collecting fees from the developers to try and shield existing residents from the costs associated with growth. The accumulation of these monies provides a sufficient general fund balance to supplement future budgets as needed. Council policy designates an annual 15% disaster reserve of this fund balance. These fees and other permitting and planning fees accounted for 10% of the general fund revenues for fiscal year 2008.

The growth of the Town has also increased the business licenses and fee revenues. The Town now issues over 2,200 business licenses per year as compared to 575 in 2004. Subsequently, both the Local Accommodations and Hospitality Tax collections have dramatically increased.

In 2005, the Town began construction of the May River Technical Park. In June of 2006, the Town entered into a building construction and operating agreement with CareCore National for the construction of an office building containing up to 48,000 square feet in the Tech Park for CareCore to expand its presence in South Carolina. CareCore is a provider of healthcare specialty benefits management solutions to America's health plans. The Bluffton office will be CareCore's largest facility, serving as the primary center for services. The construction of this building and the May River Technical Park project was completed in June of 2008. As outlined in the agreement between the Town and CareCore, a minimum of 150 jobs have been created to date.

Investing in projects such as the above will continue to strengthen the Town's economy and maintain a favorable employment rate.

Stormwater Management

The Town has dedicated significant resources to environmental protection including the creation of the Department of Environmental Protection. This department created a stormwater ordinance and design manual to implement leading technologies to protect the Town's prestigious May River and surrounding water bodies. As a result of the construction site inspections, the Town has shown a significant reduction in the level of sediment entering a receiving water body from construction sites. The Town also coordinated an agreement with the University of South Carolina's Beaufort South Campus (USCB) to establish a water quality testing laboratory. Top experts on water quality from across South Carolina were brought to the Town to create the Technical Advisory Committee (TAC). Experts in water quality analyses, statistics, and modeling from National Oceanic and Atmospheric Administration (NOAA), South Carolina Department of Natural Resources (SCDNR), and the University of South Carolina are represented on the committee. The TAC will assess our data, determine future monitoring needs, and develop a predictive water quality/land use model. In addition, this group has helped spread the Town's goal of protecting the May River across the state.

The Department of Environmental Protection also created a Water Body Management Plan to guide decisions and policies regarding the May River for the next five years which is the first such project in South Carolina. This plan will be moved forward by an implementation committee comprised of local stakeholders who will take the plan to state and federal agencies for adoption and to garner their support for our efforts to protect the May River.

Revitalization Efforts

In partnership with the Buck Island Road/Simmons ville Road neighborhood, the Town began developing a neighborhood plan in response to recommendations provided in the Town of Bluffton's Comprehensive Plan and an overwhelming amount of community concern for existing and future conditions of the neighborhood. The area is mostly residential and is experiencing development pressures for commercial and mixed-use rezoning. A 950-student middle school is under construction in the heart of the neighborhood and is scheduled to open in the fall of 2009. The Buck Island Simmons ville Neighborhood Plan will serve as the long-term comprehensive policy guide for the community, environmental, physical, and economic development of the neighborhood. The Plan is a vision statement of how the community would like to see its neighborhood in the future.

We are in the process of starting construction on a \$3.1 million streetscape project running from Burnt Church Rd/Bruin Rd to May River Rd/Pin Oak in order to create an entry to Old Town Bluffton. The major funding from this project is provided by a Tax Increment Finance District. The project consists of regrading the road, adding on-street parking, widening the sidewalks, adding trash cans and benches as well as substantial landscaping.

The Town has a way-finding project underway that will serve to direct visitors around Old Town. We continue working on the New River Trail and Park Project with major funding from grant. We also are finalizing the plans for the Oyster Factory Park that were revised to include the adjacent Minor Property the Town purchased in June 2007. The Garvin House, located on the Oyster Factory Park site, was the first freed man owned property on the May River and the Town is in the process of stabilizing this structure with the help of a grant from the SC Department of Archives and History.

The Town received property within the Bluffton Park area for a nature preserve and is planning for an educational boardwalk through the preserve utilizing a grant from the Community Foundation of the Lowcountry for the project. We've also received a grant from Ward Edwards Healthy Communities for a best practices demonstration rain garden at Town Hall.

In 2007, the Town passed the first Transfer of Development Rights Ordinance and with it created a Development Rights Bank where developers may donate residential dwelling units or commercial acreage. The Bank allows the Town to hold density in reserve for purchase or donation of density to future projects. The Bank currently holds 519 residential dwelling units.

Long-term Financial Planning

The Town began developing long-range financial plans in 2006. All revenues and expenditures in the general fund and capital projects fund are analyzed and forecasts developed for the upcoming budget year and five future years. This enables management to make proactive decisions for changes in service or tax and fee increases or decreases while providing a snapshot of revenue surpluses or shortfalls the Town could experience if no immediate action were taken.

The slowdown in the economy will significantly decrease the construction and related revenues. The foresight to maintain fund balance through the savings of developer fees will provide funds during economical challenging times.

Budget Controls

The Town's budget serves as the foundation for financial planning and control. All Departments submit requests for general fund appropriation to the Town Manager in the spring of each year. The Capital Improvements Program (CIP) is developed through input from the citizens and the Town's Planning Commission. The Town Manager uses these requests as the starting point for developing a proposed budget. The Town Manager presents this proposed budget to Council for review in May of each year. Council is required to hold a public hearing and to adopt a final budget no later than June 30, the close of the Town's fiscal year. The appropriated budget is prepared by fund and department. Once adopted by Council, the budgetary control is maintained by the Town Manager at the fund level. Council must approve by ordinance any amendment to the budget which causes a change in the total appropriation of any fund.

Accounting and Internal Controls

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse and to ensure that adequate accounting data is maintained to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits require estimates and judgments by management.

Cash Management

The Town's primary goal of cash management is to maximize the amount of cash available while maintaining adequate daily cash requirements to meet current obligations and investing in high yield legal securities that maximize earnings and protect principal. Investments are made in compliance with the guidelines of the South Carolina Code of Laws 6-5-10. The Town earned interest revenue of \$626,817 on all investments for the year ended June 30, 2008.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) sets criteria for awarding a Certificate of Achievement for Excellence in Financial Reporting. This Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards and for preparation of state local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards and satisfy both general 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 conforms to the Certificate of Achievement program requirements and are submitting it to the GFOA to determine its eligibility.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Their contributions are truly appreciated. A special thank you to Trisha Greathouse, Accountant/Manager, for the vital role she played in the completion of this project and for coordinating staff efforts and Kathy Glover, Budget Administrator, for her assistance.

Respectively,



W. D. (Bill) Workman
Town Manager



Shirley Freeman
Assistant Town Manager of Administration/Finance



Town of Bluffton, South Carolina
Elected and Appointed Officials
Year Ended June 30, 2008

Elected Officials

Mayor: The Honorable Henry "Hank" Johnston

Council:

Lisa Sulka – Mayor Pro Tempore
Charles Wetmore
Oliver Brown
Fred Hamilton, Jr.

Appointed Officials

W.D. (Bill) Workman – Town Manager

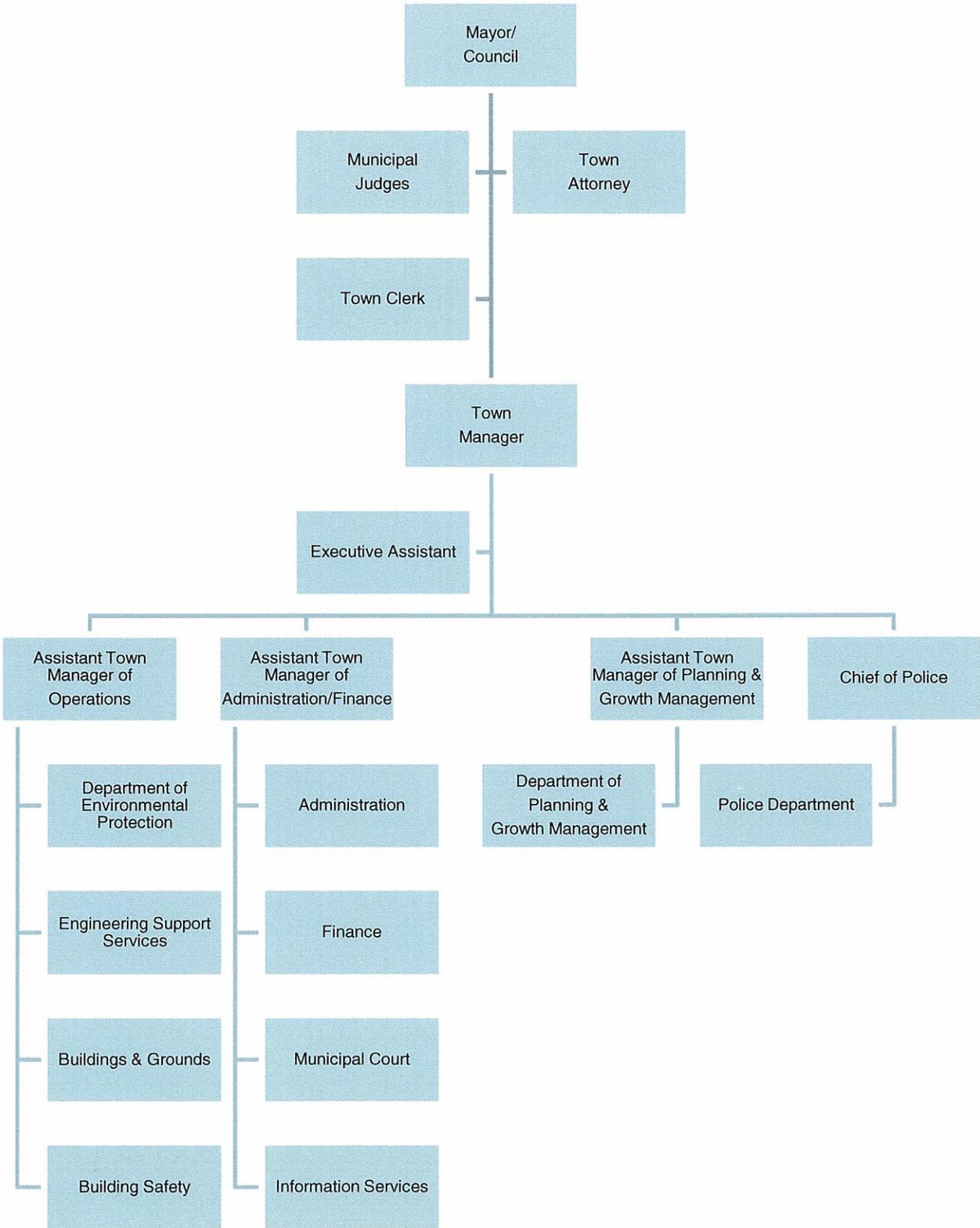
Terry A. Finger – Town Attorney

Senior Management

Tim Bennett
Shirley Freeman
Wendy Kelly
David McAllister
Sandra Lunceford
Lisa Cunningham
Laura Morgan
Jeff McNesby
Frank Hodge
Jeff Urell

Assistant Town Manager – Operations
Assistant Town Manager – Administration/Finance
Assistant Town Manager – Planning & Growth Management
Chief of Police
Town Clerk
Municipal Court Clerk
Director – Planning and Growth Management
Director – Department of Environmental Protection
Director – Building Safety
Director – Information Services

Town of Bluffton Organizational Chart





Robinson Grant & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

C. THOMAS DEWITT, CPA
KENDALL F. ERICKSON, CPA
J. LOUIS GRANT, CPA
MICHAEL R. PUTICH, CPA
WILLIAM C. ROBINSON, CPA
JUDITH A. JOHNSON, CPA
LARRY A. RAMSEY, CPA/ABV, CVA
JAMES W. LITCHFIELD, CPA (1946-1994)

SUITE A
15 LAFAYETTE PLACE
INDIGO RUN COMMERCIAL PARK
POST OFFICE DRAWER 22959
HILTON HEAD ISLAND, SOUTH CAROLINA 29925-2959
(843) 342-5151
FAX (843) 342-5180
hh@robinsongrant.com
www.robinsongrant.com

MEMBERS
AMERICAN INSTITUTE OF CPAS
S.C. ASSOCIATION OF CPAS
BEAUFORT OFFICE (843) 524-3003
FAX (843) 524-1372
bft@robinsongrant.com
BLUFFTON OFFICE (843) 815-6161
FAX (843) 815-6165
blf@robinsongrant.com

INDEPENDENT AUDITORS' REPORT

January 9, 2009

The Honorable Mayor and Town Council
The Town of Bluffton
Bluffton, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bluffton, South Carolina, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Bluffton, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bluffton, South Carolina, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bluffton, South Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of municipal fines, assessments and surcharges, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of municipal fines, assessments and surcharges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson Grant & Co., P.A.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2008

As management of the Town of Bluffton (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

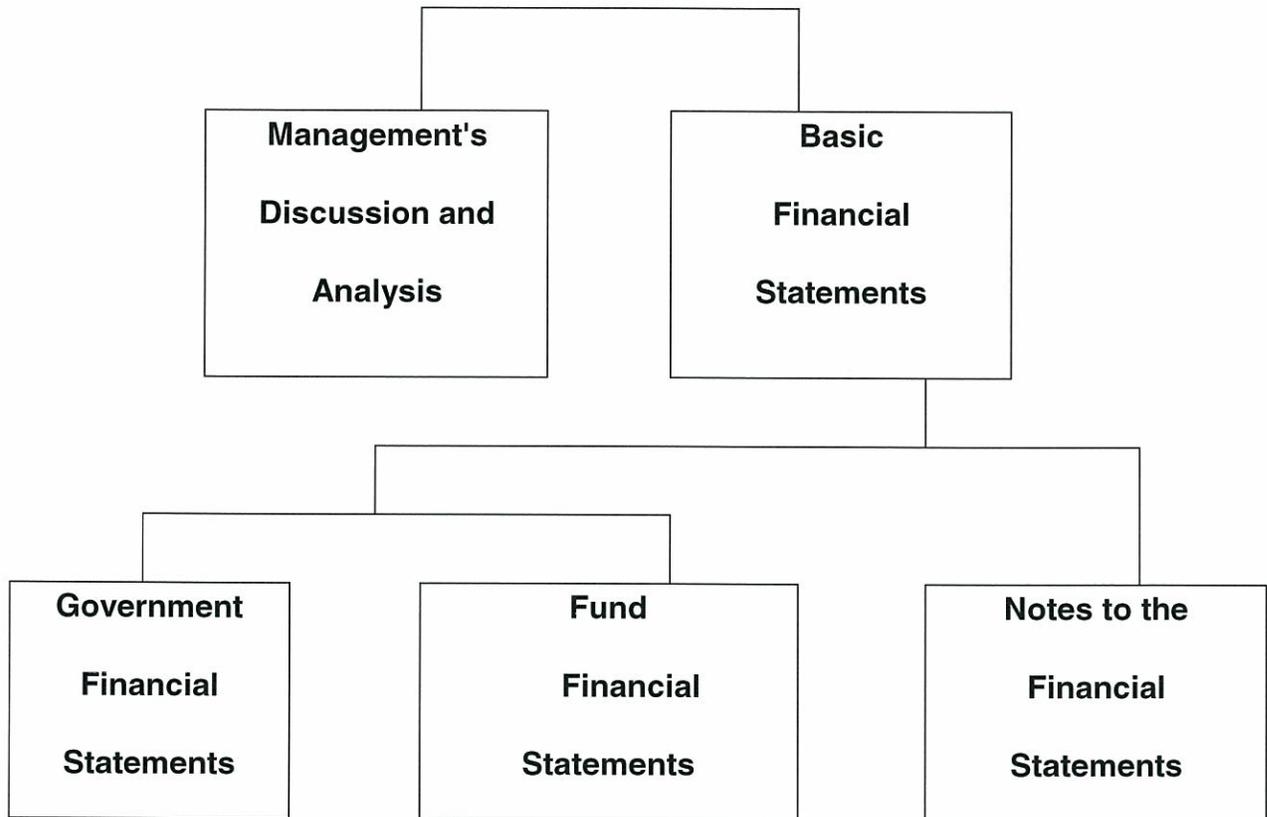
- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$20,892,849 (*net assets*).
- The Town's total net assets increased by \$1,858,625.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,701,595, a decrease of \$3,186,205 in comparison with the prior year. Approximately 25% percent of this total amount, or \$5,493,949, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$4,506,377 or 48% percent of total General Fund expenditures for the fiscal year.
- The Town incurred a new capital lease obligation of \$193,220 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements provide more detail than the government-wide statements. There are two parts to the Fund financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2008

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements consist of governmental activities. The governmental activities include most of the Town's basic services such as administrative, judicial, planning, public safety, public works, and physical development. Property taxes, permits, developer fees, and state and federal grant funds finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. 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 Town uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2008

The Town adopts an annual budget for its General Fund and the Capital Improvements Program Fund, as required by the General Statutes. The budget is a legally-adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General Fund and the Capital Improvements Program demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balances. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund and the Capital Improvements Program Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the 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.

Government-wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2008 are prepared using the financial statement-reporting model as mandated by the Governmental Accounting Standards Board (GASB).

Statement of Net Assets
Figure 2

	Governmental Activities		%
	2007	2008	
Current and other assets	\$ 20,865,420	\$ 18,109,311	(13%)
Capital assets	18,550,892	22,158,935	19%
Total assets	<u>39,416,312</u>	<u>40,268,246</u>	<u>2%</u>
Current and other liabilities	3,025,480	3,384,901	12%
Long-term liability outstanding	17,356,615	15,990,496	(8%)
Total liabilities	<u>20,382,095</u>	<u>19,375,397</u>	<u>(5%)</u>
Net assets:			
Invested in capital assets, net of related debt	17,950,214	12,047,567	(33%)
Restricted	559,677	4,531,438	710%
Unrestricted (Deficit)	524,333	4,313,844	723%
Total net assets	<u>\$ 19,034,224</u>	<u>\$ 20,892,849</u>	<u>10%</u>

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2008**

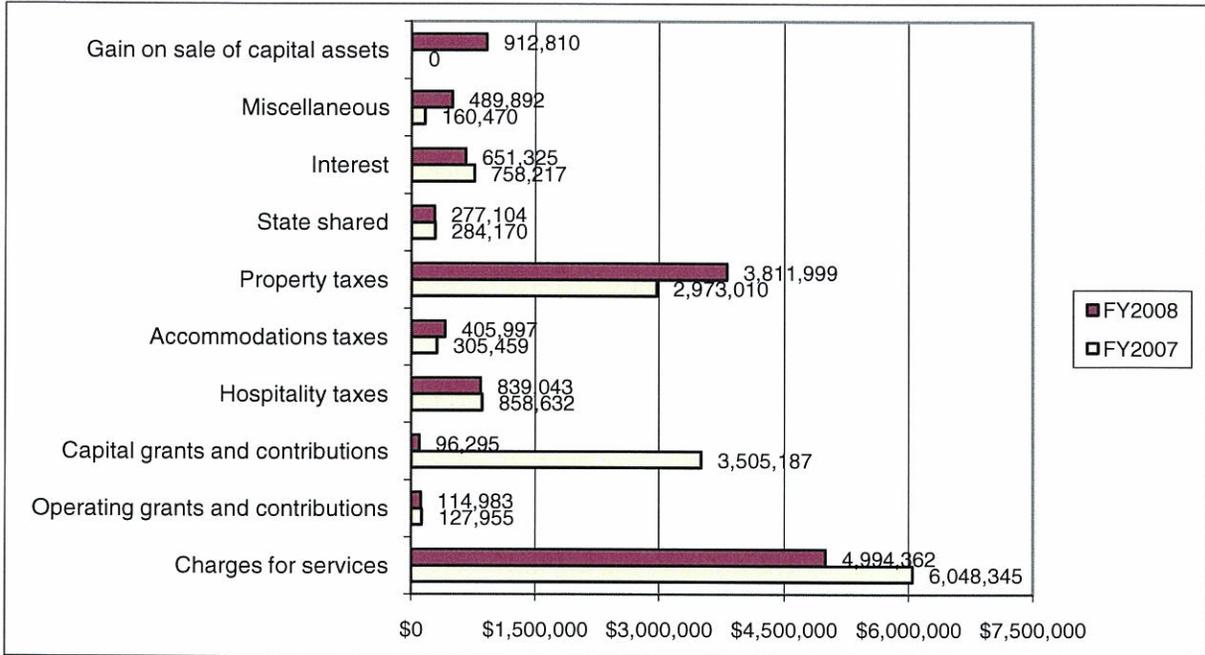
As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$20,892,849 as of June 30, 2008. The Town's net assets increased by \$1,858,625 for the fiscal year ended June 30, 2008. The increase is due to the addition of \$4,089,287 in capital assets and the commencement of a 10-year lease purchase receivable with CareCore National LLC for \$1 million for land within the Tech Park. A portion of the Town's net assets (22%) represents resources subject to external restrictions on how they may be used. The remaining is a balance of \$4,313,844 in unrestricted funds.

**Town of Bluffton Changes in Net Assets
Figure 3**

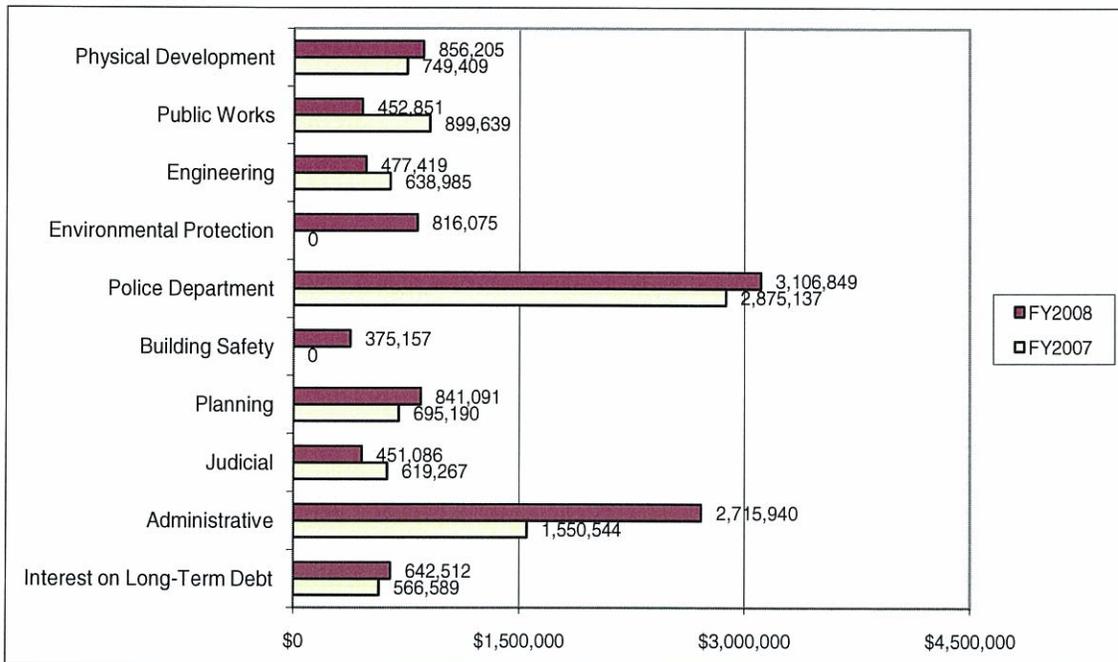
	Governmental Activities 2008
Revenues:	
Program revenues:	
Charges for services	\$ 4,994,362
Operating grants and contributions	14,983
Capital grants and contributions	96,295
General revenues:	
Property taxes	3,811,999
Accommodations taxes	405,997
Hospitality taxes	839,043
Interest	651,325
State shared	277,104
Miscellaneous	489,892
Gain on Sale of Capital Assets	912,810
Total revenues	12,593,810
Expenses:	
Administrative	2,715,940
Municipal Court	451,086
Planning	841,091
Building Safety	375,157
Police Department	3,106,849
Public Works	452,851
Environmental Protection	816,075
Engineering	477,419
Physical Development	856,205
Interest on long-term debt	642,512
Total expenses	10,735,185
Changes in Net Assets	1,858,625
Net assets, July 1	19,034,224
Net assets, June 30	\$ 20,892,849

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2008**

**Revenues by Source
Figure 4**



**Expenses by Program – Governmental Activities
Figure 5**



Town of Bluffton
Management's Discussion and Analysis
June 30, 2008

Governmental Activities. Governmental activities increased the Town's net assets by \$1,858,625. Charges for services (40%) (e.g. business licenses, franchise fees, development fees) and property taxes (30%) are the largest sources of funds. All other revenue sources comprise 30% of all funds received by the Town.

Major expenses for FY 2008 were associated with the Police Department (29%) and Administration (25%). Administration expense included costs for contracts to provide Town services, expanded executive staff and a new phone system.

Transfers Out of the General Fund increased by \$163,023 in 2008, which included a transfer to Infrastructure Fund of \$377,860 in Municipal Improvement Development Fees. The General Fund Transfers In increased in 2008 by \$143,420, one of the major transfers in 2008 was \$429,350 from the Stormwater Utility Fund to facilitate the creation of the Department of Environmental Protection for the Town.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$4,506,377 while the total fund balance was \$5,036,541. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 48% of the total General Fund expenditures, while total fund balance represents 54% of that same amount.

At the end of the current fiscal year, the unreserved fund balance of all governmental funds was \$5,493,949 the reserved fund balance was \$10,207,646, and the total fund balance reached \$15,701,595.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2008**

The budget expenditure increases totaled \$622,690, the majority of which was for the creation of the Building and Safety department.

Actual revenues for the General Fund were \$356,960 more than the adopted budget. The primary reasons for the favorable variance were higher than anticipated property tax and development fee revenues.

Actual expenditures for the General Fund were \$1,245,907 below budgeted expectations. The favorable variance was due to lower personnel costs and computer software purchases unspent at year end.

The budgeted transfers in FY 2008 were to include transfers from fund balance relating to municipal improvement development fees, prior year reserved development fees and unrestricted fund balance. Due to prudent decisions made by management transfers from unrestricted fund balance were not necessary.

Capital Assets and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental activities as of June 30, 2008, totals \$22,158,935 (net of accumulated depreciation). These assets include land, building and improvements, drainage, land improvements, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions:

- Land Acquisition
- Land Improvements
- Vehicles
- Machinery and Equipment

**Town of Bluffton's Capital Assets
Figure 6**

	Governmental Activities
	2008
Land	\$ 11,159,686
Building and improvements	1,227,865
Drainage	807,374
Land Improvements	6,002,553
Machinery and equipment	739,533
Vehicles	87,182
Construction in progress	1,434,742
Total	\$ 22,158,935

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2008**

In June of 2006, the Town entered into a 10-year Land Lease Agreement with Option to Purchase with CareCore National, LLC for approximately 4.78 acres of land at the "Tech Park" located in Bluffton for the construction of a 48,000 square foot office building. The total purchase price shall be the sum of one million (\$1,000,000) dollars. CareCore makes monthly payments to the Town in the amount of \$8,333. The option to purchase may be exercised by CareCore at any time during the term of the agreement. Title will be passed to CareCore upon full payment of the \$1,000,000. For financial statement purposes this transaction has been booked as a capital lease based on the terms of the agreement. The Lease Purchase Receivable has been discounted to its present value using an imputed interest rate of 4%. A gain on sale of capital assets of \$912,810 was booked.

Long-term Debt. At the end of the current fiscal year, the Town has total debt outstanding of \$17,549,835. Of this amount, \$60,000 of General Obligation Debt is secured by the full faith and credit of the Town. Fourteen million dollars (\$14,000,000) represents bonded debt for the Tax Increment Financing District funded from the incremental tax revenue. Payable to Beaufort County is \$2,970,000 for Bluffton Parkway and widening of Buckwalter Parkway. Remaining is \$449,079 for capital leases for vehicles and \$70,756 for a note payable for employer contributions to the South Carolina Retirement System.

**Town of Bluffton's Outstanding Debt
Figure 7**

	Governmental Activities
	2008
General obligation bonds	\$ 60,000
TIF bonds	14,000,000
Capital leases	449,079
Beaufort County agreement	2,970,000
SC Retirement Loan	70,756
Total	\$ 17,549,835

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town:

- Bluffton continues to experience development growth, and the demands for services are increasing although with the economic downturn the increases in growth have greatly diminished. Revenues to pay for the service demands are also growing yet lag to a degree. This gap in the Town's financial planning process reserves of development fee revenues were accumulated in the fund balance in prior fiscal years for this shortfall. The FY 2008 budget anticipated transferring additional unrestricted amounts from the fund balance, but prudent management and rising revenues eliminated the need for this transfer.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2008

- Beaufort County's unemployment rate of 5.1% is below the State's rate of 6.4% at June 30, 2008. Currently, no data is available specifically for the Town of Bluffton.
- The FY 2009 general fund budget is balanced. The tax levy of 40 mills remains unchanged. Revenues and expenditures are budgeted at \$12,832,065 respectively for an increase of 21% from prior year.
- Property tax revenues increased by 24% in FY 2008. While not as significantly as in prior years, property tax collections are forecasted to continue to increase in FY 2009.
- Franchise fees for SCE&G and Palmetto Electric increased from 3% to 5% during FY 2008 resulting in an increase of 40% from the prior year.
- The Capital Projects Fund appropriation is \$8,850,000 for FY 2009. The majority of these expenditures are for the beginning phases of a new Law Enforcement Center in addition to major streetscape and roadway improvements.
- The Debt Service Fund provides for the payment of principal and interest payments totaling \$1,108,165 for FY 2009. This is a significant increase from FY 2008 as the first principal payment is due on the issuance of \$14 million in TIF bonds in FY 2006.

Requests for Information

This report is designed to provide an overview of the Town's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Bluffton, 20 Bridge Street, (PO Box 386), Bluffton, South Carolina 29910.

The Town of Bluffton
Statement of Net Assets
June 30, 2008

	Primary Government	
	Governmental Activites	Total
ASSETS		
Cash and Cash Equivalents	\$ 11,438,770	\$ 11,438,770
Restricted Cash and Cash Equivalents	1,862,737	1,862,737
Investments	2,821,001	2,821,001
Property Taxes Receivable, net	79,506	79,506
Lease Receivable	770,397	770,397
Other Receivables	774,292	774,292
Prepaid Assets	153,067	153,067
Deferred Charges	209,541	209,541
Capital Assets		
Nondepreciable	12,594,428	12,594,428
Depreciable	9,564,507	9,564,507
Total Assets	<u>40,268,246</u>	<u>40,268,246</u>
LIABILITIES		
Accounts Payable	299,731	299,731
Deposits and Bonds Payable	297,760	297,760
Accrued Interest	61,517	61,517
Due to Other Governments	658,301	658,301
Accrued Payroll and Withholding	171,986	171,986
Items due in less than one year	1,895,606	1,895,606
Items due in more than one year	15,990,496	15,990,496
Total Liabilities	<u>19,375,397</u>	<u>19,375,397</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	12,047,567	12,047,567
Restricted for :		
Capital Projects	4,531,438	4,531,438
Unrestricted	4,313,844	4,313,844
Total Net Assets	<u>\$ 20,892,849</u>	<u>\$ 20,892,849</u>

See Notes to Financial Statements

**The Town of Bluffton
Statement of Activities
For the Year Ended June 30, 2008**

Function / Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government
Primary Government						
Governmental Activities						
General Government						
Administration	\$ 2,715,940	\$ 3,156,457	\$ -	\$ -	\$ 440,517	\$ 440,517
Municipal Court	451,086	218,263	-	-	(232,823)	(232,823)
Planning	841,091	817,380	-	-	(23,711)	(23,711)
Public Safety						
Building Safety	375,157	-	-	-	(375,157)	(375,157)
Police Department	3,106,849	86,153	114,983	-	(2,905,713)	(2,905,713)
Public Works	452,851	-	-	-	(452,851)	(452,851)
Environmental Protection	816,075	393,835	-	-	(422,240)	(422,240)
Engineering	477,419	-	-	-	(477,419)	(477,419)
Physical Development	856,205	322,274	-	7,018	(526,913)	(526,913)
Interest on long-term debt	642,512	-	-	89,277	(553,235)	(553,235)
Total governmental activities	10,735,185	4,994,362	114,983	96,295	(5,529,545)	(5,529,545)
Total Primary Government	\$ 10,735,185	\$ 4,994,362	\$ 114,983	\$ 96,295	\$ (5,529,545)	\$ (5,529,545)
General Revenues:						
Property Taxes					\$ 3,811,999	\$ 3,811,999
Accommodations Taxes					405,997	405,997
Hospitality Taxes					839,043	839,043
Interest					651,325	651,325
State Shared Revenue					277,104	277,104
Miscellaneous					489,892	489,892
Gain on Sale of Capital Assets					912,810	912,810
Total general revenues and capital contributions					7,388,170	7,388,170
Change in Net Assets					1,858,625	1,858,625
Net Assets - Beginning					19,034,224	19,034,224
Net Assets - Ending					\$ 20,892,849	\$ 20,892,849

See Notes to Financial Statements

**The Town of Bluffton
Balance Sheet
Governmental Funds
June 30, 2008**

	General Fund	Capital Improvement Program	TIF Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,491,424	\$ 16,667	\$ 3,667,940	\$ 1,262,739	\$ 11,438,770
Restricted Cash and Cash Equivalents	480,653	-	-	1,382,084	1,862,737
Investments	45,230	2,016,552	-	759,219	2,821,001
Property taxes receivable, net	77,031	-	-	2,475	79,506
Other Receivables	413,102	104	-	361,086	774,292
Prepaid Assets	153,067	-	-	-	153,067
Due from other Funds	267,741	1,034,954	780,357	168,925	2,251,977
Total Assets	<u>\$ 7,928,248</u>	<u>\$ 3,068,277</u>	<u>\$ 4,448,297</u>	<u>\$ 3,936,528</u>	<u>\$ 19,381,350</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 271,349	\$ -	\$ -	\$ 28,382	\$ 299,731
Deposits and Bonds Payable	297,760	-	-	-	297,760
Due to other Funds	1,492,311	394,780	260,127	104,759	2,251,977
Due to Other Governments	658,301	-	-	-	658,301
Salaries and Benefits Payable	171,986	-	-	-	171,986
Total Liabilities	<u>2,891,707</u>	<u>394,780</u>	<u>260,127</u>	<u>133,141</u>	<u>3,679,755</u>
Fund Balances					
Reserved for:					
Future Capital Outlay	530,164	2,673,497	4,188,170	968,978	8,360,809
Specific Purposes	-	-	-	1,846,837	1,846,837
Unreserved					
Designated for Disaster Recovery	1,595,508	-	-	2,189	1,597,697
Undesignated	2,910,869	-	-	985,383	3,896,252
Total Fund Balances	<u>5,036,541</u>	<u>2,673,497</u>	<u>4,188,170</u>	<u>3,803,387</u>	<u>15,701,595</u>
Total Liabilities and Fund Balances	<u>\$ 7,928,248</u>	<u>\$ 3,068,277</u>	<u>\$ 4,448,297</u>	<u>\$ 3,936,528</u>	<u>\$ 19,381,350</u>

Total Governmental Fund Balances \$ 15,701,595

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 22,158,935

Lease Receivables which are expected to be collected in future years, but are not available soon enough to pay for the current period's expenditures are not recognized in the governmental funds but are recognized in the Statement of Net Assets. 770,397

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds 148,024

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (17,886,102)

\$ 20,892,849

Net assets of governmental activities

See Notes to Financial Statements

The Town of Bluffton
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Capital Improvement Program	TIF Project	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 3,344,555	\$ -	\$ -	\$ 467,444	\$ 3,811,999
Licenses & Permits	3,677,642	-	-	1,810,126	5,487,768
Grants and Entitlements	114,983	-	-	-	114,983
State Shared Revenue	277,104	-	-	-	277,104
Service Revenues	622,648	-	-	-	622,648
Fees and Fines	218,263	-	-	-	218,263
Interest Income	152,817	101,218	263,544	109,238	626,817
Donations	-	3,323	-	3,695	7,018
Miscellaneous	98,318	469,040	-	-	567,358
Total Revenues	8,506,330	573,581	263,544	2,390,503	11,733,958
EXPENDITURES					
Current					
Legislative	95,581	-	-	-	95,581
Executive	784,241	-	-	-	784,241
Administration	1,393,432	-	-	10	1,393,442
Finance	358,048	-	-	-	358,048
Municipal Court	424,501	-	-	-	424,501
Municipal Judges	31,025	-	-	-	31,025
Buildings and Grounds	378,345	-	-	-	378,345
Engineering	411,951	-	-	-	411,951
Planning and Growth Management	830,649	-	-	-	830,649
Environmental Protection	807,623	-	-	-	807,623
Building Safety	340,488	-	-	-	340,488
Police	2,765,268	-	-	-	2,765,268
Physical Development	-	-	-	428,247	428,247
Debt Service					
Principal	274,393	-	-	20,000	294,393
Interest	31,193	-	-	549,802	580,995
Capital Outlay	464,075	4,844,511	-	-	5,308,586
Total Expenditures	9,390,813	4,844,511	-	998,059	15,233,383
Excess (Deficiency) of Revenues Over Expenditures	(884,483)	(4,270,930)	263,544	1,392,444	(3,499,425)
OTHER FINANCING SOURCES					
Proceeds from Capital Leases	-	193,220	-	-	193,220
Proceeds from Sale of Capital Assets	-	120,000	-	-	120,000
Transfers In	990,942	3,458,677	-	294,901	4,744,520
Transfers Out	(399,660)	(11,592)	(2,744,597)	(1,588,671)	(4,744,520)
Total Other Financing Sources and Uses	591,282	3,760,305	(2,744,597)	(1,293,770)	313,220
Net Change in Fund Balance	(293,201)	(510,625)	(2,481,053)	98,674	(3,186,205)
Fund Balance - Beginning	5,329,742	3,184,122	6,669,223	3,704,713	18,887,800
Fund Balance - Ending	\$ 5,036,541	\$ 2,673,497	\$ 4,188,170	\$ 3,803,387	\$ 15,701,595

See Notes to Financial Statements

The Town of Bluffton
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (3,186,205)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	3,638,588
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	739,852
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the financial resources of governmental funds, neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.	779,654
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(113,264)</u>
Change in net assets of governmental activities	<u>\$ 1,858,625</u>

See Notes to Financial Statements

The Town of Bluffton
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/ (Under)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,730,600	\$ 3,102,600	\$ 3,344,555	\$ 241,955
Licenses & Permits	3,444,500	3,615,840	3,677,642	61,802
Intergovernmental	669,290	669,290	392,087	(277,203)
Service Revenues	310,000	310,000	622,648	312,648
Fees and Fines	290,000	290,000	218,263	(71,737)
Miscellaneous	161,640	161,640	251,135	89,495
Total Revenues	7,606,030	8,149,370	8,506,330	356,960
EXPENDITURES				
Legislative	98,020	98,020	95,581	(2,439)
Executive	864,250	861,750	784,241	(77,509)
Administration	1,522,620	1,917,460	1,581,913	(335,547)
Finance	348,930	351,430	358,048	6,618
Municipal Court	299,230	299,230	424,501	125,271
Municipal Judges	36,000	36,000	31,025	(4,975)
Buildings and Grounds	440,900	440,900	411,461	(29,439)
Engineering	568,520	558,520	417,778	(140,742)
Planning and Growth Management	1,150,380	1,144,080	842,561	(301,519)
Environmental Protection	962,810	1,036,620	836,232	(200,388)
Building Safety	-	543,340	356,130	(187,210)
Police	3,722,370	3,349,370	3,251,342	(98,028)
Total Expenditures	10,014,030	10,636,720	9,390,813	(1,245,907)
Excess (Deficiency) of Revenues Over Expenditures	(2,408,000)	(2,487,350)	(884,483)	1,602,867
OTHER FINANCING SOURCES				
Transfers In (Out)	900,000	979,350	591,282	(388,068)
Total Other Financing Sources and Uses	900,000	979,350	591,282	(388,068)
Net Change in Fund Balance	(1,508,000)	(1,508,000)	(293,201)	1,214,799
Fund Balance - Beginning	5,329,742	5,329,742	5,329,742	
Fund Balance - Ending	\$ 3,821,742	\$ 3,821,742	\$ 5,036,541	\$ 1,214,799

See Notes to Financial Statements

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 1 - Summary of significant accounting policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

(a) Reporting entity

The Town of Bluffton ("the Town") was incorporated in 1825. The Town operates under a Council-Manager form of government and provides the following services: public safety, court and legal, planning, streets, recreation, and general administrative services.

The basic criteria used for including organizations as component units in the financial report of an entity is the exercise of oversight responsibility. Such responsibility is derived from the entity's power and includes, but is not limited to, financial interdependency, selection of the governing board, designation of management, significance of influence over operations, and fiscal accountability. Other factors such as scope of public service and special financial relationships are also considered when determining if other organizations are to be included in the financial statements.

Based on the above reporting criteria, the Town of Bluffton has no component units.

(b) Basis of presentation - basis of accounting

Government-wide Statements – The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information about the primary government (the Town). These statements include the financial activities of the overall government excluding fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements – The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 1 - Summary of significant accounting policies (continued)

(b) Basis of presentation - basis of accounting (continued)

The Town reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Infrastructure – Capital Project Fund

This fund accounts for revenues received for infrastructure. These revenues are restricted to expenditures for specific purposes.

Tax Increment Financing Project – Capital Project Fund

This fund accounts for incremental taxes charged to individuals. These revenues are restricted to expenditures for specific purposes.

(c) Measurement focus, basis of accounting

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Town gives (or receives) values without directly giving, receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditure to the extent they have matured. General capital asset acquisitions under capital leases are reported as other financing sources.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 1- Summary of significant accounting policies (continued)

(c) Measurement focus, basis of accounting (continued)

Government Fund Financial Statements (continued)

The government considers property taxes as available if they are collected within 60 days after year-end. Generally, a 60-day availability period is used for revenue recognition for other governmental fund revenues. Those revenues susceptible to accrual are property taxes, state shared revenues, interest and garbage fees. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes collected later than 60 days after year end, other fees and fines, licenses and permits.

An annual budget is legally enacted by the passage of an ordinance by Town Council prior to July 1 for the general fund and certain special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

(d) Budgets and budgetary accounting

Town Council at the department level determines the legal level of control. The Town Manager is authorized by the budget ordinance to make transfers of any amounts within a department; however, the governing board must approve any revisions that alter total expenditures of any department.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. All annual appropriations lapse at year-end.

The Town follows the following budget calendar in establishing the budgets for the next year:

1. Prior to the second week in June, the Town Manager submits to the Town Council, a proposed operating budget for the next fiscal year commencing the following July 1. The operating budget includes estimated expenditures and estimated sources of revenue.
2. A public hearing is scheduled and conducted to obtain taxpayer comments.
3. Prior to June 30, the governing board adopts the budget ordinance.

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 employed as an extension of formal budgetary integration in the general fund and capital projects fund. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 1- Summary of significant accounting policies (continued)

(d) Budgets and budgetary accounting (continued)

The Accommodations Tax Fund committee prepares a list of grants recommended for council approval each quarter based on projected collections for the fiscal year. The unpaid balances for council approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund.

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

(e) Cash and cash equivalents

For purposes of this report, the Town considers both restricted and unrestricted demand deposits, money market accounts and certificates of deposit with original maturities of three months or less from the date of purchase to be cash equivalents. The Town maintains cash and cash equivalents in nine banks, which are members of the Federal Deposit Insurance Corporation (FDIC).

(f) Property taxes

Beaufort County assesses and collects property taxes and distributes an allocable portion to the Town of Bluffton. Real estate taxes for the current calendar year are levied during September and become delinquent the following January 15th. Taxes on licensed motor vehicles are levied during the month when the license registration is up for renewal. The lien date is March 15.

(g) Capital assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are \$5,000 for all categories. Donated fixed assets are recorded at estimated market value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Building and improvements	25
Drainage	25
Land Improvements	20
Machinery and equipment	5 to 15
Vehicles	5

(h) Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 1- Summary of significant accounting policies (continued)

(h) Long-term obligations (continued)

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(i) Compensated absences

Full-time and part-time employees accrue Paid Time Off (PTO) in varying percentages to specified maximums depending on tenure with the Town. Generally, after one year of service, employees are entitled to their accrued PTO upon termination. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the PTO is earned.

(j) Allowance for Uncollectible Accounts

An allowance for uncollectible accounts was not considered necessary.

(k) Net assets/fund balances

Net assets

Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt, restricted, and unrestricted. Restricted net assets represent constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law.

Fund balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 1- Summary of significant accounting policies (continued)

(k) Net assets/fund balances (continued)

The government fund types classify fund balances as follows:

Reserved

Reserved for specific purposes – portion of fund balance reserved to meet debt service obligations or for special revenue purposes.

Designated for capital outlay – portion of total fund balance available for appropriation that has been restricted for future capital outlay purchases.

Unreserved

Designated for Disaster Recovery - The Town has designated an amount equal to or greater than fifteen (15) percent of the current fiscal year General Fund budgeted expenditures amount. The Town has designated three percent (3%) of the one percent (1%) local accommodations tax for hurricane and other disasters, as a reserve fund for disaster management communications-oriented programs. Funds may be distributed upon authorization by the Town Manager.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

(l) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and cash equivalents

Deposits include cash and cash equivalents on deposit in the banks and non-negotiable certificates of deposit with original maturities less than 90 days and investments described below. A summary of the degree of risk associated with the Town's deposits at June 30, 2008 follows. Custodial credit risk for deposits is the risk that in the event of failure, the Town's deposits may not be recovered. As of June 30, 2008, none of the Town's primary government bank balances of \$13,694,596 (book balance of \$13,301,507) were exposed to custodial credit risk. Bank balances differ from the Town's carrying amount due to cash on hand, deposits in transit and outstanding checks.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 2 - Cash and cash equivalents (continued)

	<u>June 30, 2008</u>
Amounts insured by FDIC coverage	\$ 300,000
Amounts collateralized with securities held by the pledging financial institution in the Town's name	17,525,050
Excess Collateralization	<u>(4,130,454)</u>
Total bank balances	<u>\$ 13,694,596</u>

The Town has not adopted policies regarding credit risk, custodial credit risk, interest rate risk or concentration of credit risk.

Note 3 – Investments

In accordance with South Carolina Statute, SC Code Ann. 6-5-10, the governing body of any municipality, county, school district, or other local government unit or political subdivision and county treasurers may invest money subject to their control and jurisdiction in:

- (1) Obligations of the United States and agencies thereof;
 - (2) General obligations of the State of South Carolina or any of its political units;
 - (3) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
 - (4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market 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 federal government.
 - (5) Repurchase agreements when collateralized by securities as set forth in this section.
 - (6) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), and (5) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.
- (b) The provisions of this chapter shall not impair the power of a municipality, county, school district or other local governmental unit or political subdivision or county treasurer to hold funds in deposit accounts with banking institutions as otherwise authorized by law.
- (c) Such investments shall have maturities consistent with the time or times when the invested moneys will be needed in cash.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 3 – Investments (continued)

In accordance with South Carolina statute, SC Code Ann. 11-1-60, the State or any department, institution, agency, district, county, municipality or other political subdivision of the State or any political or public corporation of the State or of the United States may invest its funds or the moneys in its custody or possession eligible for investment in the shares of any Federal savings and loan association or in the shares of any building and loan association organized and existing under the laws of this State when such shares are insured by the Federal Savings and Loan Insurance Corporation and also in bonds or debentures issued by any Federal home loan bank or in the consolidated bonds or debentures issued by the Federal Home Loan Bank Board.

The Town has investments of cash with Beaufort County with carrying and fair value of \$47,405. The deposits are part of a pool of funds invested by the pool for entities, which receive property tax revenues from the county treasurer. As such, collateral is not identified for each deposit, but rather for the fund as a whole. These deposits are collateralized by cash or government agency securities, which are fully guaranteed as to principal and interest by the Federal government.

In addition to investments held with Beaufort County the Town has two certificates of deposits partially insured by the FDIC with the remainder collateralized with securities held by the pledging financial institution in the Town's name as detailed below:

Held with	Term	Matures	Rate	Value at 6/30/08
Palmetto State Bank	182 Day Jumbo CD	9/19/2008	3.27%	2,016,552
Coastal States	91 Day CDRS CD	9/18/2008	3.10%	757,044

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 4 – Receivables

At June 30, 2008, the Town's receivable balances were as follows:

	Government-wide Financial Statements			Total
	General Fund	Capital Projects Fund	Non-Major Fund	
Receivables:				
Administrative fees	\$ 44,000	\$ -	\$ -	\$ 44,000
Alcohol taxes	8,600	-	-	8,600
Contract police services	11,478	-	-	11,478
Franchise fees	102,763	-	-	102,763
Hospitality taxes	-	-	209,583	209,583
Impact Fees	29,480	-	-	29,480
Licenses & Permits	66,644	-	-	66,644
Local accommodation taxes	-	-	77,670	77,670
Local government fund	42,074	-	-	42,074
Other/Miscellaneous	31,951	104	-	32,055
Property Taxes	77,031	-	2,475	79,506
School resources	54,423	-	-	54,423
Solid waste collection fee	6,471	-	-	6,471
State accommodation taxes	3,166	-	63,318	66,484
State grants	12,052	-	-	12,052
Stormwater fees	-	-	10,515	10,515
Total Receivables	\$ 490,133	\$ 104	\$ 363,561	\$ 853,798

Due to an accounting error by Beaufort County, the Town received payments in excess of actual property taxes due in FY 2008. The resulting liability at June 30, 2008 was \$126,911. The amount is being applied to future tax disbursements in FY 2009. This liability is reported along with impact fees payable of \$531,390 as Due to Other Governments in the financial statements.

Note 5 – Capital Lease Purchase Receivable

In June of 2006, the Town entered into a 10-year Land Lease Agreement with Option to Purchase with CareCore National, LLC for approximately 4.78 acres of land at the "Tech Park" located in Bluffton for the construction of a 48,000 square foot office building. The total purchase price shall be the sum of one million (\$1,000,000) dollars. CareCore makes monthly payments to the Town in the amount of \$8,333.33. The option to purchase may be exercised by CareCare at any time during the term of the agreement. Title will be passed to CareCore upon full payment of the \$1,000,000. For financial statement purposes this transaction has been booked as a capital lease based on the terms of the agreement. The Lease Purchase Receivable has been discounted to its present value using an imputed interest rate of 4%.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 5 – Capital Lease Purchase Receivable (continued)

For the year ended June 30, 2008, payments under the lease totaled \$77,466. Future amounts receivable follow:

Fiscal Year Ending June 30,	Interest Rate	Principal	Interest	Total
2009	4.00%	\$ 70,467	\$ 29,533	\$ 100,000
2010	4.00%	73,338	26,662	\$ 100,000
2011	4.00%	76,325	23,675	\$ 100,000
2012	4.00%	79,435	20,565	\$ 100,000
2013	4.00%	82,671	17,329	\$ 100,000
2014-18	4.00%	388,161	34,373	\$ 422,534
		<u>\$ 770,397</u>	<u>\$ 152,137</u>	<u>\$ 922,534</u>

Note 6 – Capital Assets – Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2008 was as follows:

	Beginning Balances	Additions/ Completions	Disposals/ Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,669,376	\$ 490,310	\$ -	\$ 11,159,686
Construction in progress	4,441,883	223,474	(3,230,615)	1,434,742
Total capital assets not being depreciated	<u>15,111,259</u>	<u>713,784</u>	<u>(3,230,615)</u>	<u>12,594,428</u>
Capital assets being depreciated:				
Building and improvements	2,231,163	-	-	2,231,163
Drainage	842,718	-	-	842,718
Land Improvements	-	6,036,051	(30,545)	6,005,506
Machinery and equipment	755,475	321,053	-	1,076,528
Vehicles	1,134,934	303,311	(23,752)	1,414,493
Total capital assets being depreciated	<u>4,964,290</u>	<u>6,660,415</u>	<u>(54,297)</u>	<u>11,570,408</u>
Less accumulated depreciation for:				
Building and improvements	916,077	87,221	-	1,003,298
Drainage	1,635	33,709	-	35,344
Land Improvements	-	2,953	-	2,953
Machinery and equipment	196,515	140,480	-	336,995
Vehicles	410,430	240,633	(23,752)	627,311
Total accumulated depreciation	<u>1,524,657</u>	<u>504,996</u>	<u>(23,752)</u>	<u>2,005,901</u>
Total capital assets being depreciated, net	<u>3,439,633</u>			<u>9,564,507</u>
Governmental activity capital assets, net	<u>\$ 18,550,892</u>			<u>\$ 22,158,935</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 6 – Capital Assets – Primary Government (continued)

Depreciation was charged to functions/programs of the primary government as follows:

Administrative	\$ 40,872
Engineering	54,677
Physical Development	2,953
Environmental Protection	9,774
Building Safety	2,905
Municipal Court	2,269
Planning, Growth & Develop	8,135
Police Department	308,521
Public Works	74,890
Total depreciation expense	<u>\$ 504,996</u>

Note 7 – Employee benefit plan

The Town participates in two state-run multiple-employer, cost sharing, defined benefit pension plans administered by the South Carolina Retirement Systems, a division of the State Budget and Control Board: the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS). Both the SCRS and the PORS offer retirement and disability benefits, group life insurance benefits and survivor benefits. Cost of living adjustments are granted on an ad hoc basis, subject to approval by the State Budget and Control Board. The Plans' provisions are established under Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the SCRS and the PORS is publicly available on the SC State Budget and Control Board Website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to the South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina 29211-1960.

All employees, other than policemen and firemen, who will fill a permanent position are eligible for and must become members of the South Carolina Retirement System. Law enforcement officers and firemen are eligible for and must become members of the South Carolina Police Officers Retirement System.

Under both plans, a member who terminates employment with at least 5 years creditable retirement service has the right to leave his contributions on deposit in the System and will receive a reduced monthly retirement allowance beginning at age 60 or at age 55 with at least 25 years of creditable service. Alternatively, a member may apply for a refund of his total contributions plus interest.

Benefits are based on length of service and average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. For the SCRS, the annual benefit amount is 1.82% of average final compensation times yearsof service. For the PORS, the annual benefit is 2.14% of average final compensation times years of service.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 7 – Employee benefit plan (continued)

Article X, Section 16 of the South Carolina Constitution requires that all State operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each plan. Plan members are required to contribute 6.5% of their annual covered salary for the SCRS and 6.5% of covered salary for the PORS. Actuarial determined employer contribution rates for the plans, expressed as percentages of covered compensation, for the fiscal year ended June 30, 2007, were 9.06% for SCRS and 10.3% for the PORS. The contribution requirements of members and of the Town of Bluffton are established and may be amended by the South Carolina General Assembly. The Town's contributions to the SCRS and PORS for the three latest available years are as follows:

	2009	2008	2007
South Carolina Retirement System	\$ 225,844	\$ 126,022	\$ 67,077
Police Officers Retirement System	\$ 168,354	\$ 155,731	\$ 88,922

For each of the years above, the Town of Bluffton contributed 100% of the required contribution to both SCRS and the PORS.

Note 8 – Long-term obligations

The following is a summary of changes in the Town's long-term obligations as of June 30, 2008:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due Next Fiscal Year
Governmental activities					
Bonds and notes payable:					
General obligation bonds	\$ 80,000	\$ -	\$ (20,000)	\$ 60,000	\$ 20,000
Revenue bonds	14,000,000	-	-	14,000,000	550,000
Capital lease obligations	520,681	193,220	(264,822)	449,079	239,195
Retirement note payable	80,324	-	(9,568)	70,756	10,144
Intergovernmental agreement	3,710,000	-	(740,000)	2,970,000	740,000
Total bonds and notes payable	\$ 18,391,005	\$ 193,220	\$ (1,034,390)	\$ 17,549,835	\$ 1,559,339
Other liabilities:					
Compensated absences	235,036	336,267	(235,036)	336,267	336,267
Total other liabilities	\$ 235,036	\$ 336,267	\$ (235,036)	\$ 336,267	\$ 336,267
Governmental activities long-term liabilities	\$ 18,626,041	\$ 529,487	\$ (1,269,426)	\$ 17,886,102	\$ 1,895,606

General Obligation Bonds

On February 1, 2002, the Town issued \$200,000 general obligation bonds to fund a portion of the expenses associated with replacing the roof on the Town Hall municipal building; paying a portion of the costs associated with such other capital projects as may be approved by Town Council; and paying the costs of issuance of the Bond. A schedule of the amount due for this issue follows:

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 8 – Long-term obligations (continued)
General Obligation Bonds (continued)

\$200,000 General Obligation Bonds Dated February 1, 2002

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Governmental Activities</u>		
		<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2009	4.490%	\$ 2,694	\$ 20,000	\$ 22,694
2010	4.490%	1,796	20,000	21,796
2011	4.490%	898	20,000	20,898
		\$ 5,388	\$ 60,000	\$ 65,388

Tax Increment Bonds

On December 5, 2005, and February 17, 2006, the Town issued \$10,000,000 and \$4,000,000 tax increment bonds, respectively, for the purpose of financing the Redevelopment Project Costs, including (i) roadway and streetscape improvements including lighting and pathways; (ii) stormwater quality initiatives, including sanitary sewer; (iii) parks, land acquisition for open space and development rights; (iv) municipal facilities; (v) Old Town Master Plan implementation; (vi) professional services including but not limited to planning studies, surveys, engineering, economic recruitment, environmental surveys, architectural, legal, financial and marketing; and (vii) financing costs including but not limited to debt service reserve, construction interest, bond insurance costs.

The Town has established a 2005 TIF Debt Service Fund and a 2006 TIF Debt Service Fund for payment of the bonds. The principal and interest on the bonds is payable from tax revenues received by the Town with respect to the Redevelopment Project Area.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 8 – Long-term obligations (continued)

Tax Increment Bonds (continued)

A schedule of the amounts due for each of these issues follows:

\$10,000,000 Tax Increment Bonds dated December 5, 2005

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2009	3.890%	\$ 381,317	\$ 395,000	\$ 776,317
2010	3.890%	365,660	410,000	775,660
2011	3.890%	349,419	425,000	774,419
2012	3.890%	332,595	440,000	772,595
2013	3.890%	315,090	460,000	775,090
2014	3.890%	296,904	475,000	771,904
2015	3.890%	278,038	495,000	773,038
2016	3.890%	258,393	515,000	773,393
2017	3.890%	237,971	535,000	772,971
2018	3.890%	216,770	555,000	771,770
2019	3.890%	194,792	575,000	769,792
2020	3.890%	171,938	600,000	771,938
2021	3.890%	148,112	625,000	773,112
2022	3.890%	123,410	645,000	768,410
2023	3.890%	97,834	670,000	767,834
2024	3.890%	71,187	700,000	771,187
2025	3.890%	43,471	725,000	768,471
2026	3.890%	14,685	755,000	769,685
		<u>\$ 3,897,586</u>	<u>\$ 10,000,000</u>	<u>\$ 13,897,586</u>

\$4,000,000 Tax Increment Bonds dated February 17, 2006

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2009	3.930%	\$ 154,154	\$ 155,000	\$ 309,154
2010	3.930%	147,866	165,000	312,866
2011	3.930%	141,284	170,000	311,284
2012	3.930%	134,504	175,000	309,504
2013	3.930%	127,430	185,000	312,430
2014	3.930%	120,062	190,000	310,062
2015	3.930%	112,398	200,000	312,398
2016	3.930%	104,440	205,000	309,440
2017	3.930%	96,187	215,000	311,187
2018	3.930%	87,639	220,000	307,639
2019	3.930%	78,797	230,000	308,797
2020	3.930%	69,561	240,000	309,561
2021	3.930%	59,933	250,000	309,933
2022	3.930%	49,911	260,000	309,911
2023	3.930%	39,497	270,000	309,497
2024	3.930%	28,689	280,000	308,689
2025	3.930%	17,489	290,000	307,489
2026	3.930%	5,895	300,000	305,895
		<u>\$ 1,575,736</u>	<u>\$ 4,000,000</u>	<u>\$ 5,575,736</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 8 – Long-term obligations (continued)

Capital Leases

On August 1, 2005, the Town entered into a lease agreement with Ford Motor Credit for the purchase of one (1) 2005 Ford Mustang. The purchase price of the new police vehicle was \$28,424. The lease bears an interest rate of 6.35% and is payable in annual installments of principal and interest of \$7,775 through August 2007. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$28,424 Lease Purchase Agreement dated August 1, 2005

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2009	\$ 464	\$ 7,311	\$ 7,775
	\$ 464	\$ 7,311	\$ 7,775

On August 24, 2006, the Town entered into a lease agreement with Regions Bank for the purchase of five (5) 2006 Ford Crown Victoria Sedans, one (1) 2006 Chevrolet Trailblazer, one (1) 2006 Chevrolet Impala, and one (1) 2006 Ford Truck. The purchase price of these new vehicles was \$239,819. The lease bears an interest rate of 4.35% and is payable in annual installments of principal and interest of \$79,939.67 for the first payment and \$85,196.36 for the remaining payments through August 2008. This lease is being paid annually through the general fund. A schedule of the amount due for lease follows:

\$239,819 Lease Purchase Agreement dated August 24, 2006

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2009	\$ 3,559	\$ 81,638	\$ 85,197
	\$ 3,559	\$ 81,638	\$ 85,197

On December 6, 2006, the Town entered into a lease agreement with Ford Motor Credit for the purchase of nine (9) 2006 Crown Victoria Police Sedans. The purchase price of the new police sedans was \$306,050. The lease bears an interest rate of 5.55% and is payable in annual installments of principal and interest of \$82,819 through December 2009. The lease is being paid annually through the general fund.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 8 – Long-term obligations (continued)

Capital Leases (continued)

A schedule of the amount due for this lease follows:

\$306,050 Lease Purchase Agreement dated December 6, 2006

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2009	\$ 8,481	\$ 74,337	\$ 82,818
2010	4,355	78,464	82,819
	<u>\$ 12,836</u>	<u>\$ 152,801</u>	<u>\$ 165,637</u>

On May 31, 2007, the Town entered into a lease agreement with Ford Motor Credit for the purchase of one (1) 2007 Ford F150 and one (1) 2007 Ford Ranger. The purchase price of the new vehicles was \$42,372. The lease bears an interest rate of 5.90% and is payable in annual installments of principal and interest of \$14,941 through May 2009. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$42,372 Lease Purchase Agreement dated May 31, 2007

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2009	\$ 832	\$ 14,109	\$ 14,941
	<u>\$ 832</u>	<u>\$ 14,109</u>	<u>\$ 14,941</u>

On July 20, 2007, the town entered into a lease agreement with Branch Banking and Trust Company for the purchase of two (2) 2007 Chevrolet Trailblazer, one (1) 2007 Ford Ranger, one (1) 2008 Ford Ranger, three (3) Ford Crown Victoria Sedans, and two (2) Ford Expeditions. The purchase price of the new vehicles was \$193,220. The lease bears an interest rate of 4.16% and is payable in annual installments of principal and interest of \$69,838 through July 2010. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$193,220 Lease Purchase Agreement dated July 20, 2007

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2009	\$ 8,038	\$ 61,800	\$ 69,838
2010	5,467	64,371	69,838
2011	2,789	67,049	69,838
	<u>\$ 16,294</u>	<u>\$ 193,220</u>	<u>\$ 209,514</u>

These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 8 – Long-term obligations (continued)

Capital Leases (continued)

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Vehicles	\$ 847,417
Less: Accumulated Depreciation	(258,996)
	<u>\$ 588,421</u>

Depreciation was charged to functions/programs of the primary government as follows:

Police Department	\$ 130,241
Building & Grounds	2,905
Building Safety	3,748
Planning	4,412
Environmental Protection	8,474
Engineering	11,635
Total depreciation expense	<u>\$ 161,415</u>

Retirement Note Payable

In August 2004, the Town agreed to pay employer contributions to the South Carolina Retirement System and the Police Officers' Retirement System totaling \$122,554 over a ten-year period for prior services purchased for four employees of the Town. The Town is being charged interest at the rate of 6% on the loan. Payments are due June 1st each year. The loan is binding regardless of the status of the employee with the Town.

A schedule of the amount due for this service purchase follows:

\$122,554 Service Purchase Agreement dated August 30, 2004

Fiscal Year Ending June 30,	<u>Governmental Activities</u>		
	Interest	Principal	Total
2009	\$ 4,245	\$ 10,144	\$ 14,389
2010	3,637	10,752	14,389
2011	2,992	11,397	14,389
2012	2,308	12,081	14,389
2013	1,583	12,807	14,390
2014	815	13,575	14,390
	<u>\$ 15,580</u>	<u>\$ 70,756</u>	<u>\$ 86,336</u>

Intergovernmental Agreement

On December 1, 2005, the Town of Bluffton entered into an agreement with Beaufort County whereby the Town is to provide funding for extension and completion of the Bluffton Parkway and the widening of the Buckwalter Parkway from US 278 to SC Highway 46 (the "Project"). Per the agreement, the Town paid the County \$3.3 million on August 16, 2006. The Town is also required to pay the sum of \$4.45 million in six

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 8 – Long-term obligations (continued)

Intergovernmental Agreement (continued)

installments as follows: five installments of \$740,000 each on January 1 in each of the years 2007 through 2011 and one installment of \$750,000 on January 1, 2012. The total Town contribution shall be applied \$6.75 million for the Bluffton Parkway and \$1 million for the Buckwalter Parkway.

Annual requirements to amortize general long-term debt at June 30, 2008, excluding the accruals for compensated absences and intergovernmental agreement, are summarized as follows:

Fiscal Year	Capitalized Leases		General Obligation Bonds		Retirement Note Obligation		Tax Increment Bonds		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Ending										
2009	239,195	21,374	20,000	2,694	10,144	4,245	550,000	535,471	819,339	563,784
2010	142,835	9,822	20,000	1,796	10,752	3,637	575,000	513,526	748,587	528,781
2011	67,049	2,789	20,000	898	11,397	2,992	595,000	490,703	693,446	497,382
2012	-	-	-	-	12,081	2,308	615,000	467,099	627,081	469,407
2013	-	-	-	-	12,807	1,583	645,000	442,520	-	-
2014-2018	-	-	-	-	13,575	815	3,605,000	1,808,805	3,618,575	1,809,620
2019-2023	-	-	-	-	-	-	4,365,000	1,033,785	4,365,000	1,033,785
2024-2028	-	-	-	-	-	-	3,050,000	181,416	3,050,000	181,416
Totals	<u>\$ 449,079</u>	<u>\$ 33,985</u>	<u>\$ 60,000</u>	<u>\$ 5,388</u>	<u>\$ 70,756</u>	<u>\$ 15,580</u>	<u>\$ 14,000,000</u>	<u>\$ 5,473,325</u>	<u>\$ 13,922,028</u>	<u>\$ 5,084,175</u>

Total interest paid and accrued by the Town of Bluffton during the year ended June 30, 2008 was approximately \$580,995, of which, none was capitalized.

All bonds are being repaid out of the debt service fund. All other debt is being repaid from the general fund.

Note 9 – Computation of legal debt limitation

The Town's general obligation debt is limited by law to 8% of the total assessed value of all taxable real and personal property within the Town limits. The latest projected assessed value as of June 30, 2008 was \$96,152,651. The computation of legal debt limits is as follows:

General obligation debt limit (\$ 96,152,651 x 8%)	\$ 7,692,212
General obligation debt at June 30, 2008	<u>60,000</u>
Excess of debt limit over general obligation debt	<u>\$ 7,632,212</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 10 – Net Assets invested in capital assets, net of related debt

A significant portion of the net assets reported in the government-wide statement of net assets are attributable to the Town's investment in capital assets. The amount is calculated as follows:

Capital Assets	24,188,588
Less: Accumulated Depreciation	<u>(2,029,653)</u>
	22,158,935
Less: Outstanding Principal of Related Debt	
General obligation bonds	\$ (60,000)
Revenue bonds	(14,000,000)
Capital lease obligations	<u>(449,079)</u>
	(14,509,079)
Plus: Unamortized Bond Issuance Costs	209,541
Plus: Unspent Proceeds of Capital Debt	
Tax Increment Bond	4,188,170
	<u><u>12,047,567</u></u>

Note 11 – Interfund balances and activity

Due from/to other funds

The composition of interfund balances as of June 30, 2008 is shown in the following schedule. These balances occur during the ordinary course of activities and are expected to be settled during the next year.

Due To	Due From				Total
	General Fund	Infrastructure Fund	TIF Fund	Non Major Governmental Fund	
General Fund	\$ -	\$ -	\$ 260,127	\$ 7,614	\$ 267,741
Infrastructure Fund	996,033	-	-	38,921	1,034,954
TIF Fund	327,353	394,780	-	58,224	780,357
Non Major Governmental Fund	168,925	-	-	-	168,925
Total	<u>\$ 1,492,311</u>	<u>\$ 394,780</u>	<u>\$ 260,127</u>	<u>\$ 104,759</u>	<u>\$ 2,251,977</u>

Note 12 – Transfers to/from other funds

Transfers in (out) for physical development expenditures for the year ended June 30, 2008 are summarized as follows:

	Transfers In	Transfers Out			Totals
		General	Infra-structure	TIF	
General	\$ 990,942	\$ -	\$ 11,592	\$ 50,000	\$ 929,350
Infrastructure	3,458,677	377,860	-	2,421,496	659,321
TIF	-	-	-	-	-
Non Major	294,901	21,801	-	273,100	-
Totals	<u>\$ 4,744,520</u>	<u>\$ 399,661</u>	<u>\$ 11,592</u>	<u>\$ 2,744,596</u>	<u>\$ 1,588,671</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 13 – State Accommodations Tax Fund

State Accommodations Tax Fund is a special revenue fund to record Accommodations Tax receipts and grants approved by Town Council payable out of appropriations. Thirty percent (30%) and five percent (5%) of Accommodations Taxes, after deducting a \$25,000 transfer to the General Fund, is required to be transferred to the Hilton Head Island-Bluffton Chamber of Commerce’s Visitor and Convention Bureau and the general fund respectively. The remaining amounts are allocated to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ending June 30, 2008 were as follows:

<u>Grant Recipient</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>
Bluffton Historical Preservation Society	\$ 159,716	\$ 136,573	\$ 23,143

As the Town began receiving collections from State Accommodations Tax in Fiscal Year 2007, the appropriations above are the first grant distribution amounts paid exclusive of the amounts paid to the Hilton Head Island – Bluffton Visitor and Convention Bureau and is so reflected on the financial statements. The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund. Fund balance at June 30, 2008, was \$36,511 of which \$23,143 was encumbered by approved grants.

Note 14 – Operating leases

The Town entered into a twenty-five year lease for the Town Hall facilities in December of 2000 for an initial one-time payment of \$1.

In October of 2004, the Town entered into a five-year lease agreement for the Police Department facilities. The lease is being paid annually through the general fund. The lease calls for initial monthly payments of \$5,434 with amounts increasing each year. The lease includes two five-year renewal options at set rates. For the year ended June 30, 2008, payments under the lease totaled \$71,911. Annual lease payments due follow:

<u>Year ending June 30,</u>	<u>Lease Amounts</u>
2009	\$ 73,776
2010	18,579
	<u>\$ 92,355</u>

In July of 2007, the Town entered into a three-year lease agreement for the Engineering Department facilities. The lease is being paid annually through the general fund. The lease calls for initial monthly payments of \$2,000 with amounts increasing each year. For the year ended June 30, 2008, payments under the lease totaled \$23,000.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 14 – Operating leases (continued)

Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2009	\$ 24,720
2010	25,464
2011	1,000
	<u>\$ 51,184</u>

In May of 2008, the Town entered into a three-year lease agreement for a suite located adjacent to an existing suite currently leased for the Police Department facilities. This lease is also being paid through the general fund. The lease calls for initial monthly payments of \$1,238 with amounts increasing each year. For the year ended June 30, 2008, payments under the lease totaled \$2,475. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2009	\$ 14,924
2010	15,372
2011	13,129
	<u>\$ 43,425</u>

In May of 2008, the Town entered into a three-year lease agreement for Building Safety Department facilities. This lease is being paid through the general fund. The lease calls for monthly payments of \$4,767. For the year ended June 30, 2008, payments under the lease totaled \$9,534. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2009	\$ 57,204
2010	57,204
2011	47,670
	<u>\$ 162,078</u>

The total annual lease payments due for Town facilities follow:

Year ending June 30,	Lease Amounts
2009	\$ 170,624
2010	116,619
2011	61,799
	<u>\$ 349,042</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2008

Note 14 – Operating leases (continued)

In addition, the Town has various five-year lease agreements for copiers for various departments. For the year ended June 30, 2008, payments under these leases totaled \$28,883.

The total annual lease payments due for copiers follow:

Year ending June 30,	Lease Amounts
2009	34,724
2010	34,724
2011	22,067
2012	15,727
2013	12,468
	<u>\$ 119,710</u>

Note 15 – Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries insurance coverage through the State of South Carolina for general liability and auto liability coverage of \$1,000,000 per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$60,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 16 – Commitments and contingencies

The Town is subject to various claims and contingencies related to compliance with regulations associated with various grants and other matters arising out of the normal course of business. Management of the Town believes that the ultimate liability, if any, from such claims or contingencies are covered by the Town's insurance policies and are not likely to have a material adverse effect on the Town's operating results, financial condition or liquidity.

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$ 2,730,600	\$ 3,102,600	\$ 3,344,555	\$ 241,955
Licenses & Permits				
Franchise Fees	772,500	772,500	790,620	
Business Licenses	1,550,000	1,600,000	1,430,930	
MASC Telecommunications	60,000	60,000	75,017	
MASC Insurance Tax Collection	693,000	814,340	812,289	
Building Permits	250,000	250,000	97,757	
Administrative Fees	44,000	44,000	148,078	
Municipal Improvement District Fees	-	-	240,300	
TDR Fees	-	-	32,400	
Application Fees	75,000	75,000	50,251	
Total Licenses & Permits	<u>3,444,500</u>	<u>3,615,840</u>	<u>3,677,642</u>	<u>61,802</u>
Intergovernmental				
State Shared Revenues				
Local Government Fund	159,092	159,092	159,506	
Accommodations Tax	31,250	31,250	31,276	
Alcohol Tax	10,000	10,000	41,500	
State Highway Grant	342,688	342,688	44,822	
Total State Shared Revenues	<u>543,030</u>	<u>543,030</u>	<u>277,104</u>	<u>(265,926)</u>
Other Local Governments				
School Resource Officer Grant	93,400	93,400	82,184	
School Crossing Guard	32,860	32,860	32,799	
Total Other Local Governments	<u>126,260</u>	<u>126,260</u>	<u>114,983</u>	<u>(11,277)</u>
Total Intergovernmental	<u>669,290</u>	<u>669,290</u>	<u>392,087</u>	<u>(277,203)</u>
Service Revenues				
Garbage Fees Reimbursements	50,000	50,000	47,601	
Contract Police Services	35,000	35,000	86,153	
Impact Fee Collection Fee	5,000	5,000	9,017	
Development Fees	220,000	220,000	479,877	
Total Sales and Service	<u>310,000</u>	<u>310,000</u>	<u>622,648</u>	<u>312,648</u>
Fines & Fees				
Municipal Court	250,000	250,000	189,381	
Victims Assistance	40,000	40,000	28,882	
Total Fines and Fees	<u>290,000</u>	<u>290,000</u>	<u>218,263</u>	<u>(71,737)</u>
Miscellaneous Revenues				
Miscellaneous	76,640	76,640	98,318	
Interest Income	85,000	85,000	152,817	
Total Miscellaneous	<u>161,640</u>	<u>161,640</u>	<u>251,135</u>	<u>89,495</u>
Total Revenues	<u>7,606,030</u>	<u>8,149,370</u>	<u>8,506,330</u>	<u>356,960</u>
EXPENDITURES				
Legislative	98,020	98,020	95,581	(2,439)
Executive	864,250	861,750	784,241	(77,509)
Administration	1,522,620	1,917,460	1,581,913	(335,547)
Finance	348,930	351,430	358,048	6,618
Municipal Court	299,230	299,230	424,501	125,271
Municipal Judges	36,000	36,000	31,025	(4,975)
Buildings and Grounds	440,900	440,900	411,461	(29,439)
Engineering	568,520	558,520	417,778	(140,742)
Planning and Growth Management	1,150,380	1,144,080	842,561	(301,519)
Environmental Protection	962,810	1,036,620	836,232	(200,388)
Building Safety	-	543,340	356,130	(187,210)
Police	3,722,370	3,349,370	3,251,342	(98,028)
Total Expenditures	<u>10,014,030</u>	<u>10,636,720</u>	<u>9,390,813</u>	<u>(1,245,907)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,408,000)</u>	<u>(2,487,350)</u>	<u>(884,483)</u>	<u>1,602,867</u>
OTHER FINANCING SOURCES				
Transfers In (Out)	\$ 900,000	\$ 979,350	\$ 591,282	\$ (388,068)
Total Other Financing Sources and Uses	<u>900,000</u>	<u>979,350</u>	<u>591,282</u>	<u>(388,068)</u>
Net Change in Fund Balance	<u>(1,508,000)</u>	<u>(1,508,000)</u>	<u>(293,201)</u>	<u>1,214,799</u>
Fund Balance - Beginning	<u>5,329,742</u>	<u>5,329,742</u>	<u>5,329,742</u>	
Fund Balance - Ending	<u>\$ 3,821,742</u>	<u>\$ 3,821,742</u>	<u>\$ 5,036,541</u>	<u>\$ 1,214,799</u>

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Capital Improvement Projects
For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Federal/State Revenue				
Federal Grants	500,000	500,000	-	(500,000)
State Grants	150,000	150,000	-	(150,000)
Total Federal/State Revenue	650,000	650,000	-	(650,000)
Miscellaneous Revenues				
Rental Income	-	77,465	77,466	1
Interest Income	-	-	101,218	101,218
Miscellaneous Revenue	-	140,836	143,336	2,500
Reimbursement	-	-	231,830	231,830
Leisure Trails	-	-	16,408	16,408
Donations	-	-	3,323	3,323
Total Miscellaneous	-	218,301	573,581	355,280
Total Revenues	650,000	868,301	573,581	(294,720)
EXPENDITURES				
McCraken Circle Loop Trail	90,000	175,000	207,543	32,543
Old Town Pathways	85,000	100,000	2,322	(97,678)
McRiley School Pathway	40,000	-	-	-
New River Trails	45,000	-	-	-
Old Town Drainage - Phase II	15,000	15,000	2,200	(12,800)
Stormwater Quality Initiatives	50,000	50,000	37,618	(12,382)
Buck Island/Simmons ville Drainage	35,000	-	-	-
Drainage Studies - Verdier Cove Basins	60,000	167,250	166,039	(1,211)
Stormwater Improvements	-	200,000	124,004	(75,996)
Maiden Lane Sewer Projects	20,000	20,000	-	(20,000)
Buck Island/Simmons ville Sewer	30,000	-	-	-
Sewer Service Expansion	200,000	-	-	-
Bluffton Parkway Phases III & IV	643,800	643,800	643,800	-
Buckwalter Parkway Widening	96,200	96,200	96,221	21
Hampton Parkway and Pathway	-	108,000	902	(107,098)
May River Road/Bruin Road Streetscape	2,470,000	200,000	136,209	(63,791)
Buck Island/Simmons ville Improvements	100,000	-	-	-
Traffic Cameras	-	65,000	65,000	-
Old Town Lighting	100,000	-	-	-
Mc Riley Basketball Court Improvements	75,000	140,000	126,875	(13,125)
Calhoun Street River Overlook/Dock Improvement	75,000	2,190	2,190	-
Dubois Park/Visitor's Center	200,000	-	-	-
Old Town Signage	42,200	20,000	10,890	(9,110)
Oyster Factory Park Security Camera	75,000	-	-	-
Oyster Factory Park Site	850,000	150,000	48,920	(101,080)
Rotary Field Improvements	-	10,000	-	(10,000)
Technology Park	1,630,000	3,000,000	2,471,018	(528,982)
Relocation of Building and Grounds	37,500	500,000	8,089	(491,911)
Judicial/Council Meeting Room	100,000	-	-	-
Law Enforcement Center	200,000	100,000	11,142	(88,858)
Capital Lease Expenditures	-	-	193,220	193,220
Land Acquisition	375,000	826,000	490,309	(335,691)
Total Expenditures	7,739,700	6,588,440	4,844,511	(1,743,929)
Excess (Deficiency) of Revenues Over Expenditures	(7,089,700)	(5,720,139)	(4,270,930)	1,449,209
OTHER FINANCING SOURCES				
Transfers In (Out)	\$ 7,089,700	\$ 5,720,139	\$ 3,447,085	(2,273,054)
Proceeds from Capital Leases	\$ -	\$ -	\$ 193,220	193,220
Sale of Land	-	-	120,000	120,000
Total Other Financing Sources and Uses	7,089,700	5,720,139	3,760,305	(1,959,834)
Net Change in Fund Balance	-	-	(510,625)	(510,625)
Fund Balance - Beginning	3,184,122	3,184,122	3,184,122	
Fund Balance - Ending	\$ 3,184,122	\$ 3,184,122	\$ 2,673,497	\$ (510,625)

**The Town of Bluffton
Combining Balance Sheet**

**Nonmajor Governmental Funds
June 30, 2008**

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 818,782	\$ 212,574	\$ 231,383	\$ 1,262,739
Restricted Cash and Cash Equivalents	121,620	-	1,260,464	1,382,084
Investments	-	757,044	2,175	759,219
Property Taxes Receivable, Net	-	-	2,475	2,475
Other Receivables	361,086	-	-	361,086
Due from other Funds	56,021	-	112,904	168,925
Total Assets	<u>\$ 1,357,509</u>	<u>\$ 969,618</u>	<u>\$ 1,609,401</u>	<u>\$ 3,936,528</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ 28,382	\$ -	\$ -	\$ 28,382
Due to other Funds	65,198	640	38,921	104,759
Total Liabilities	<u>93,580</u>	<u>640</u>	<u>38,921</u>	<u>133,141</u>
Fund Balances				
Reserved for:				
Future Capital Outlay	-	968,978	-	968,978
Specific Purposes	276,357	-	1,570,480	1,846,837
Unreserved:				
Designated for Disaster Recovery	2,189	-	-	2,189
Undesignated	985,383	-	-	985,383
Total Fund Balances	<u>1,263,929</u>	<u>968,978</u>	<u>1,570,480</u>	<u>3,803,387</u>
Total Liabilities and Fund Balances	<u>\$ 1,357,509</u>	<u>\$ 969,618</u>	<u>\$ 1,609,401</u>	<u>\$ 3,936,528</u>

The Town of Bluffton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES				
Property Taxes	\$ -	\$ -	\$ 467,444	\$ 467,444
Licenses, Permits and Fees	1,649,124	71,725	89,277	1,810,126
Interest Earnings	28,813	34,267	46,158	109,238
Donations	3,695	-	-	3,695
Total Revenues	<u>1,681,632</u>	<u>105,992</u>	<u>602,879</u>	<u>2,390,503</u>
EXPENDITURES				
Current				
Administrative	10	-	-	10
Physical Development	428,247	-	-	428,247
Principal	-	-	20,000	20,000
Interest	-	-	549,802	549,802
Total Expenditures	<u>428,257</u>	<u>-</u>	<u>569,802</u>	<u>998,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,253,375</u>	<u>105,992</u>	<u>33,077</u>	<u>1,392,444</u>
OTHER FINANCING SOURCES				
Transfers In	-	-	294,901	294,901
Transfers Out	(1,588,671)	-	-	(1,588,671)
Total Other Financing Sources and Uses	<u>(1,588,671)</u>	<u>-</u>	<u>294,901</u>	<u>(1,293,770)</u>
Net Change in Fund Balance	(335,296)	105,992	327,978	98,674
Fund Balance - Beginning	1,599,225	862,986	1,242,502	3,704,713
Fund Balance - Ending	<u>\$ 1,263,929</u>	<u>\$ 968,978</u>	<u>\$ 1,570,480</u>	<u>\$ 3,803,387</u>

**The Town of Bluffton
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008**

	Bluffton		Local		State		Local		Total Nonmajor	
	Technical Park Fund	Boat Ramp Fund	Hospitality Tax Fund	Accommodations Tax Fund	Accommodations Tax Fund	Accommodations Tax Fund	Stormwater Utility Fund	Special Revenue Funds	Special Revenue Funds	Special Revenue Funds
ASSETS										
Cash and Cash Equivalents	\$ -	\$ 106,447	\$ 555,136	\$ 80	\$ 157,119	\$ -	\$ -	\$ 818,782		
Restricted Cash and Cash Equivalents	-	-	-	-	-	121,620	-	121,620		
Other Receivables	-	-	209,583	63,318	77,670	10,515	-	361,086		
Due from other Funds	-	-	-	1,748	-	54,273	-	56,021		
Total Assets	\$ -	\$ 106,447	\$ 764,719	\$ 65,146	\$ 234,789	\$ 186,408	\$ -	\$ 1,357,509		
LIABILITIES AND FUND BALANCES										
Accounts Payable	\$ -	\$ -	\$ -	\$ 22,161	\$ 6,221	\$ -	\$ -	\$ 28,382		
Due to other Funds	-	500	19,083	6,474	-	39,141	-	65,198		
Total Liabilities	-	500	19,083	28,635	6,221	39,141	-	93,580		
Fund Balances										
Reserved for:										
Specific Purposes	-	105,947	-	23,143	-	147,267	-	276,357		
Unreserved	-	-	-	-	2,189	-	-	2,189		
Designated for Disaster Recovery	-	-	-	-	226,379	-	-	985,383		
Undesignated	-	-	745,636	13,368	228,568	147,267	-	1,263,929		
Total Fund Balances	-	105,947	745,636	36,511	228,568	147,267	-	1,263,929		
Total Liabilities and Fund Balances	\$ -	\$ 106,447	\$ 764,719	\$ 65,146	\$ 234,789	\$ 186,408	\$ -	\$ 1,357,509		

The Town of Bluffton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	Bluffton		Local		State		Local		Total Nonmajor	
	Technical Park Fund	Boat Ramp Fund	Hospitality Tax Fund	Accommodations Tax Fund	Accommodations Tax Fund	Accommodations Tax Fund	Accommodations Tax Fund	Stormwater Utility Fund	Special Revenue Funds	Special Revenue Funds
REVENUES										
Licenses, Permits and Fees	\$ -	\$ 10,249	\$ 839,043	\$ 150,517	\$ 255,480	\$ 393,835	\$ 1,649,124			
Interest Earnings	-	-	13,902	1,749	4,607	8,555	28,813			
Donations	-	3,695	-	-	-	-	3,695			
Total Revenues	-	13,944	852,945	152,266	260,087	402,390	1,681,632			
EXPENDITURES										
Current										
Administrative	-	-	-	-	10	-	10			
Physical Development	-	-	16,831	205,504	205,912	-	428,247			
Total Expenditures	-	-	16,831	205,504	205,922	-	428,257			
Excess (Deficiency) of Revenues Over Expenditures	-	13,944	836,114	(53,238)	54,165	402,390	1,253,375			
OTHER FINANCING SOURCES										
Transfers Out	(326,464)	(2,190)	(512,920)	-	(111,890)	(635,207)	(1,588,671)			
Total Other Financing Sources and Uses	(326,464)	(2,190)	(512,920)	-	(111,890)	(635,207)	(1,588,671)			
Net Change in Fund Balance	(326,464)	11,754	323,194	(53,238)	(57,725)	(232,817)	(335,296)			
Fund Balance - Beginning	326,464	94,193	422,442	89,749	286,293	380,084	1,599,225			
Fund Balance - Ending	\$ -	\$ 105,947	\$ 745,636	\$ 36,511	\$ 228,568	\$ 147,267	\$ 1,263,929			

**The Town of Bluffton
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008**

	Buckwalter Park Fund	Linear Park Fund	Total Nonmajor Capital Project Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 212,574	\$ 212,574
Investments	757,044	-	757,044
Total Assets	<u>\$ 757,044</u>	<u>\$ 212,574</u>	<u>\$ 969,618</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 640	\$ -	\$ 640
Total Liabilities	640	-	640
Fund Balances			
Reserved for:			
Future Capital Outlay	756,404	212,574	968,978
Specific Purposes	-	-	-
Total Fund Balances	<u>756,404</u>	<u>212,574</u>	<u>968,978</u>
Total Liabilities and Fund Balances	<u>\$ 757,044</u>	<u>\$ 212,574</u>	<u>\$ 969,618</u>

The Town of Bluffton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008

	Buckwalter Park Fund	Linear Park Fund	Total Nonmajor Capital Project Funds
REVENUES			
Licenses, Permits and Fees	\$ 38,281	\$ 33,444	\$ 71,725
Interest Earnings	26,904	7,363	34,267
Donations	-	-	-
Total Revenues	<u>65,185</u>	<u>40,807</u>	<u>105,992</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>65,185</u>	<u>40,807</u>	<u>105,992</u>
OTHER FINANCING SOURCES			
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	65,185	40,807	105,992
Fund Balance - Beginning	691,219	171,767	862,986
Fund Balance - Ending	<u>\$ 756,404</u>	<u>\$ 212,574</u>	<u>\$ 968,978</u>

Statistical Section

This part of the Town of Bluffton's comprehensive financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well being have changed over time.</i>	59-63
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.</i>	64-69
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's abilities to issue additional debt in the future.</i>	70-74
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.</i>	75-76
Operating Information <i>These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.</i>	77-79

Sources: *Unless otherwise noted, the information in these schedules is derived from the Annual Financial Statements audit reports for the relevant year. The Town implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
Town of Bluffton, SC
Net Assets by Component, Last Five Fiscal Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 7,887,346	\$ 9,118,054	\$ 12,307,261	\$ 17,950,214	\$ 12,047,567
Restricted	321,725	208,790	598,582	559,677	4,531,438
Unrestricted	2,668,022	3,760,438	(298,311)	524,326	4,313,844
Total governmental activities net assets	<u>\$ 10,877,093</u>	<u>\$ 13,087,282</u>	<u>\$ 12,607,532</u>	<u>\$ 19,034,217</u>	<u>\$ 20,892,849</u>

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Schedule 2
Town of Bluffton, SC
Changes in Net Assets, Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General Government:				
Administration	\$ 664,170	\$ 856,029	\$ 873,837	\$ 1,550,544
Municipal Court	141,004	179,509	317,630	619,267
Planning	457,619	577,425	907,697	695,190
Public Safety:				
Building Safety	-	-	-	-
Police	716,783	1,072,526	1,810,753	2,875,137
Public Works	259,961	602,250	726,092	899,639
Environmental Protection	-	-	-	-
Engineering	-	-	-	638,985
Physical Development	197,371	406,936	8,158,171	749,409
Interest on Long-Term Debt	-	-	260,244	566,589
Total governmental activities expenses	\$ 2,436,908	\$ 3,694,675	\$ 12,954,424	\$ 8,594,760
Program Revenues (see Schedule 3)				
Governmental activities:				
Charges for services:				
General Government	\$ 1,127,633	\$ 1,436,784	\$ 1,876,519	\$ 2,902,467
Administration	-	308,062	673,572	550,653
Municipal Court	705,918	932,043	1,001,680	1,374,021
Public Safety				
Building Safety	-	-	-	-
Police	265,773	8,341	12,103	22,322
Public Works	-	-	-	-
Environmental Protection	-	-	-	-
Engineering	-	-	-	-
Physical Development	246,364	591,527	4,263,922	1,198,882
Operating grants and contributions	91,149	106,704	84,382	127,955
Capital grants and contributions	-	331,929	822,635	3,505,187
Total governmental activities program revenues	\$ 2,436,837	\$ 3,715,390	\$ 8,734,813	\$ 9,681,487
Net (Expense)Revenue				
Total governmental activities net expense	\$ (71)	\$ 20,715	\$ (4,219,611)	\$ 1,086,727
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 595,136	\$ 832,630	\$ 1,670,715	\$ 2,973,010
Other taxes	-	-	605,108	1,164,091
Intergovernmental (Unrestricted State Shared)	66,868	54,570	121,565	284,170
Investment earnings	26,574	39,998	434,870	756,217
Capital contributions	755,070	1,245,000	839,577	-
Miscellaneous	24,690	17,276	68,026	160,470
Total governmental activities	\$ 1,468,338	\$ 2,189,474	\$ 3,739,861	\$ 5,339,958
Change in Net Assets				
Governmental activities	\$ 1,468,267	\$ 2,210,189	\$ (479,750)	\$ 6,426,685
				\$ 1,858,625

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Schedule 3
Town of Bluffton, SC
Program Revenues by Function/Program, Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Function/Program					
Governmental activities:					
General Government					
Administration	\$ 1,127,633	\$ 1,436,784	\$ 1,876,519	\$ 2,902,467	\$ 3,156,457
Municipal Court	-	308,062	673,572	550,653	218,263
Planning	705,918	932,043	1,001,680	1,374,021	817,380
Public Safety					
Building and Safety	-	-	-	-	-
Police	265,773	8,341	12,103	22,322	86,153
Public Works					
Environmental Protection	-	-	-	-	-
Engineering	-	-	-	-	393,835
Physical Development	246,364	591,527	4,263,922	1,198,882	322,274
Operating grants and contributions	91,149	106,704	84,382	127,955	114,983
Capital grants and contributions	-	331,929	822,635	3,505,187	96,295
Total governmental activities	\$ 2,436,837	\$ 3,715,390	\$ 8,734,813	\$ 9,681,487	\$ 5,205,640

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Schedule 4
Town of Bluffton, SC
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	367,979	427,462	21,361	23,984	809,395	1,353,111	1,861,318	2,592,912	2,677,873	530,164
Unreserved	367,979	427,462	601,679	1,088,180	591,869	1,055,525	883,619	1,161,523	2,651,867	4,506,377
Total general fund	<u>\$ 367,979</u>	<u>\$ 427,462</u>	<u>\$ 623,040</u>	<u>\$ 1,112,164</u>	<u>\$ 1,401,264</u>	<u>\$ 2,408,636</u>	<u>\$ 2,744,937</u>	<u>\$ 3,754,435</u>	<u>\$ 5,329,740</u>	<u>\$ 5,036,541</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 176,086	\$ 91,009	\$ 639,942	\$ 594,180	\$ 1,246,659	\$ 18,281,682	\$ 13,558,054	\$ 9,677,482
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	987,572
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,086</u>	<u>\$ 91,009</u>	<u>\$ 639,942</u>	<u>\$ 594,180</u>	<u>\$ 1,246,659</u>	<u>\$ 18,281,682</u>	<u>\$ 13,558,054</u>	<u>\$ 10,665,054</u>

Schedule 5
Town of Bluffton, SC
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes (see Schedule 6)	\$ 121,984	\$ 132,758	\$ 152,247	\$ 209,043	\$ 349,606	\$ 453,342	\$ 957,205	\$ 2,275,823	\$ 4,137,101	\$ 5,057,039
Licenses, fees, and permits	57,004	86,738	974,981	1,345,690	1,793,176	1,990,985	2,792,284	7,104,420	4,563,527	4,242,728
Fines and penalties	299,156	195,167	169,751	158,461	193,635	265,773	308,062	685,675	550,653	218,263
Charges for services	19,421	22,079	24,029	26,512	26,471	31,370	76,475	37,701	940,015	622,648
Intergovernmental	19,501	30,706	121,442	1,131,342	275,800	358,604	54,570	121,565	284,170	232,282
Investment earnings	-	-	16,777	28,932	26,574	26,574	39,998	434,870	758,217	626,817
Other revenues	366,873	571,616	26,845	42,403	109,947	279,760	1,700,909	1,814,620	3,787,762	734,181
Total revenues	\$ 883,839	\$ 1,039,064	\$ 1,498,227	\$ 2,930,248	\$ 2,718,147	\$ 3,406,408	\$ 5,929,503	\$ 12,474,674	\$ 15,021,445	\$ 11,733,958
Expenditures										
Legislative	-	-	-	-	-	-	-	-	\$ 59,011	\$ 95,581
Executive	-	-	-	-	-	-	-	-	335,051	784,241
Administration	263,402	479,856	355,758	381,500	443,678	596,196	790,046	1,384,281	733,503	1,393,442
Finance	-	-	-	-	-	-	-	-	305,652	358,048
Municipal Court	133,157	60,412	52,457	48,937	74,979	141,522	174,315	306,907	594,764	424,501
Municipal Judges	-	-	-	-	-	-	-	-	16,237	31,025
Buildings and Grounds	74,803	110,173	95,856	132,729	197,882	248,540	353,216	508,365	810,439	378,345
Engineering	-	-	-	-	-	-	-	-	612,531	411,951
Environmental Protection	-	-	-	-	-	-	-	-	-	807,623
Planning and Growth Management	-	-	127,599	275,022	361,667	457,619	558,864	755,502	689,220	830,649
Building Safety	-	-	-	-	-	-	-	-	-	340,488
Police	172,744	289,232	285,749	400,782	472,785	609,109	917,080	1,569,141	2,643,167	2,765,288
Physical Development	-	-	231,184	1,015,087	156,664	197,371	406,936	961,077	494,210	428,247
Capital Outlay	14,452	36,448	57,404	448,979	142,937	188,911	1,841,340	3,087,604	10,425,448	5,308,586
Debt Service	-	-	-	-	-	-	-	-	-	-
Interest	3,782	3,466	3,268	3,425	10,080	9,520	8,510	260,244	566,589	580,995
Principal	-	-	23,709	54,441	42,974	45,631	114,832	232,215	232,368	294,393
Fiscal charges	-	-	-	-	-	-	-	-	-	-
Debt issue costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 662,340	\$ 979,587	\$ 1,232,984	\$ 2,760,902	\$ 1,903,866	\$ 2,474,421	\$ 5,165,109	\$ 9,065,336	\$ 18,518,190	\$ 15,233,363
Excess of revenues over (under) expenditures	221,499	59,477	265,243	169,346	814,281	931,987	764,394	3,409,338	(3,496,745)	(3,499,425)
Other Financing Sources (Uses)										
Bonds issued	-	-	-	-	-	-	-	\$ 14,000,000	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-	-
Refund of debt	-	-	-	-	-	-	-	-	-	-
Proceeds from Bank Loan	6,300	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	250,000	-	120,000
Capital leases	-	-	24,319	34,701	23,762	29,168	224,366	385,178	348,422	193,220
Transfers in	-	-	-	-	5,034	886,129	126,856	2,373,094	7,925,627	4,744,520
Transfers out	-	-	-	-	(5,034)	(886,129)	(126,856)	(2,373,094)	(7,925,627)	(4,744,520)
Total other financing sources (uses)	\$ 6,300	\$ 24,319	\$ 24,319	\$ 234,701	\$ 23,762	\$ 29,168	\$ 224,366	\$ 14,635,178	\$ 348,422	\$ 313,220
Net change in fund balances	\$ 227,799	\$ 59,477	\$ 289,562	\$ 404,047	\$ 838,033	\$ 961,175	\$ 988,780	\$ 18,044,516	\$ (3,148,323)	\$ (3,186,205)
Debt service as a percentage of non-capital expenditures	0.6%	0.4%	2.3%	2.5%	3.0%	2.4%	3.7%	8.2%	9.9%	8.8%

Notes: *Property Tax Reassessment in 2004.

Schedule 6
 Town of Bluffton, SC
 Tax Revenues by Source, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Accommodations Tax	Hospitality Tax	Total
1999	\$ 121,884	\$ -	\$ -	\$ 121,884
2000	132,758	-	-	132,758
2001	152,247	-	-	152,247
2002	208,780	-	263	209,043
2003	297,615	-	51,991	349,606
2004	395,782	-	57,560	453,342
2005	857,269	22,854	77,082	957,205
2006	1,670,715	276,401	328,707	2,275,823
2007	2,973,010	305,459	858,632	4,137,101
2008	3,811,999	405,997	839,043	5,057,039
Change 1999-2008	3027.6%	N/A	N/A	4049.1%

Source: Town Finance Department

Notes: The Town imposed a 2% local Hospitality Tax on prepared foods and beverages in 2002. The Town imposed a 3% local Accommodations Tax on lodging in 2004. Additionally, the State of South Carolina imposes a 2% Accommodations Tax of which a portion is distributed to the Town on a quarterly basis.

Schedule 7
Town of Bluffton, SC
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real & Personal Property		Motor Vehicles		Total Taxable		Total Direct Tax Rate	Taxable Assessed Value as a Percentage of Estimated Actual Taxable Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1999	1998	\$ 2,140,605	\$ 38,099,784	\$ 229,108	\$ 3,054,773	\$ 2,369,713	\$ 41,154,557	49.0	5.76%
2000	1999	2,169,944	40,517,959	274,360	3,658,133	2,444,304	44,176,092	49.0	5.53%
2001	2000	2,616,410	43,901,645	290,368	3,871,573	2,906,778	47,773,218	49.0	6.08%
2002	2001	5,289,930	94,227,637	292,610	3,901,467	5,582,540	98,129,104	49.0	5.69%
2003	2002	4,156,084	72,248,997	319,730	4,263,067	4,475,814	76,512,064	49.0	5.85%
2004	2003	7,019,124	129,183,432	675,120	9,001,600	7,694,244	138,185,032	49.0	5.57%
2005	2004	18,762,877	361,354,504	1,163,862	15,518,160	19,926,739	376,872,664	42.0	5.29%
2006	2005	37,050,380	721,764,420	1,776,284	23,683,787	38,826,664	745,448,207	42.0	5.21%
2007	2006	71,379,697	1,368,824,010	3,473,573	46,314,307	74,853,270	1,415,138,316	42.0	5.29%
2008	2007	91,606,794	1,760,140,210	4,545,857	60,611,427	96,152,651	1,820,751,636	40.0	5.28%

Source: Beaufort County Assessor's Office.

Notes: Property in Beaufort County is reassessed once every five years on average. The county assesses property at 6% and 4% of actual value for real property, 10.5% for personal property, and 7.5% for motor vehicles. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

Schedule 8
 Town of Bluffton, SC
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per thousand of assessed value)

Fiscal Year	Tax Year	Town Direct Rates			Overlapping Rates					Total Rate
		General Fund	Total Direct Rate	County Operations	County Debt	County Schools	Bluffton Fire District	Total Overlapping Rate		
1999	1998	49.0	49.0	41.0	6.8	102.8	20.4	171.0	220.0	
2000	1999	49.0	49.0	45.0	7.2	114.5	22.3	189.0	238.0	
2001	2000	49.0	49.0	44.9	7.2	125.8	21.1	199.0	248.0	
2002	2001	49.0	49.0	43.4	7.2	125.8	22.1	198.5	247.5	
2003	2002	49.0	49.0	46.8	7.2	135.2	23.1	212.3	261.3	
2004	2003	49.0	49.0	50.8	7.2	136.4	26.1	220.5	269.5	
2005	2004	42.0	42.0	38.7	5.4	98.7	18.6	161.4	203.4	
2006	2005	42.0	42.0	39.7	5.4	101.0	20.2	166.3	208.3	
2007	2006	42.0	42.0	39.2	5.4	113.2	21.0	178.8	220.8	
2008	2007	40.0	40.0	41.6	5.8	127.3	22.0	196.7	236.7	

Source: Beaufort County Auditor's Office and Town Finance Department

Notes: The Town's basic property tax rate may be increased only by a majority vote of Town Council after sufficient public notice has been provided to the citizens.

Overlapping rates are those of local and county governments that apply to property owners within the Town of Bluffton in addition to those imposed directly by the Town itself. Not all overlapping rates apply to all of the Beaufort County School District property owners. Beginning with Tax Year 2006, a 1% statewide sales tax was used to pay the operating expenses that would otherwise have been paid by owner occupied residents as a part of their millage rate. Prior to Tax Year 2006, the owner occupied and not owner occupied rates were the same.

Schedule 9
 Town of Bluffton, SC
 Principal Property Tax Payers
 Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2008 Tax Year 2007			Fiscal Year 1999 Tax Year 1998		
	Total Assessed Value	Rank ¹	Percentage of Total Town Taxable Assessed Value	Total Assessed Value	Rank ¹	Percentage of Total Town Taxable Assessed Value
May River Forest LLC	\$ 2,652,416	1	2.76%			
South Carolina Electric & Gas	2,170,910	2	2.26%	\$ 223,680	1	9.44%
Palmetto Electric Cooperative Equity One (Belfair) Inc.	1,531,172	3	1.59%			
Hampton Lake LLC	908,326	4	0.94%			
Sea Turtle Entertainment	969,750	5	1.01%			
Village Park Communities LLC	889,602	6	0.93%			
William Wrigley, Jr.	694,878	7	0.72%			
JPR Properties Inc.	694,620	8	0.72%			
Rose Canyon Bluffton LLC	458,274	9	0.48%			
Beaufort County	478,878	10	0.50%			
South Carolina RSA #8 Company				51,083	2	2.16%
June Simoneaux				48,950	3	2.07%
Mac Dunaway				28,206	4	1.19%
Eugene Cashman				28,275	5	1.19%
Caroline Hancock				24,435	6	1.03%
V&M Partnership				24,014	7	1.01%
Palmetto State Bank				21,584	8	0.91%
Henry Johnston				21,156	9	0.89%
				33,078	10	1.40%
Total	\$ 11,448,826		11.91%	\$ 504,461		21.29%

Source: Beaufort County Assessor's Office

¹Note: The rankings are based on total taxes paid and not the total assessed value.

Schedule 10
Town of Bluffton, SC
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Deinguent Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1999	1998	\$ 116,116	\$ 115,446	99.42%	\$ 6,438	\$ 121,884	104.97%
2000	1999	119,771	121,532	101.47%	11,226	132,758	110.84%
2001	2000	142,432	133,000	93.38%	19,247	152,247	106.89%
2002	2001	273,544	184,723	67.53%	24,057	208,780	76.32%
2003	2002	219,315	283,374	129.21%	14,241	297,615	135.70%
2004	2003	377,018	357,633	94.86%	38,149	395,782	104.98%
2005	2004	836,923	811,956	97.02%	45,313	857,269	102.43%
2006	2005	1,630,720	1,486,421	91.15%	184,294	1,670,715	102.45%
2007	2006	3,143,837	2,797,084	88.97%	175,926	2,973,010	94.57%
2008	2007	3,846,106	3,567,596	92.76%	244,403	3,811,999	99.11%

Source: Beaufort County Treasurer's Office and Finance Department.

Schedule 11
 Town of Bluffton, SC
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	Town		
	Direct Rate	Beaufort County	South Carolina
1999	0%	0%	5%
2000	0%	0%	5%
2001	0%	0%	5%
2002	0%	0%	5%
2003	0%	0%	5%
2004	0%	0%	5%
2005	0%	0%	5%
2006	0%	0%	5%
2007	0%	1%	6% *
2008	0%	1%	6%

Sources: Beaufort County and Town Finance Department

Notes: *State of South Carolina's sales tax increase effective 06-01-07.

Schedule 12
Town of Bluffton, SC
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation		Revenue Bonds		Retirement Notes Payable		Other Notes Payable		Intergovernmental Agreement Payments		Capital Leases		Total		Percentage of Personal Income ^a		Per Capita ^a
	Bonds		Bonds		Payable		Payable		Payments		Leases		Income ^a		Capita ^a		
1999	\$ -	\$ -	-	-	\$ -	\$ 4,112	-	\$ -	-	-	-	\$ -	4,112	0.12%	\$ -	3	
2000	-	-	-	-	-	-	-	-	-	-	34,672	34,672	34,672	0.93%	26		
2001	-	-	-	-	-	-	-	-	-	-	35,283	35,283	35,283	0.89%	25		
2002	180,000	-	-	-	-	-	-	-	-	-	35,543	215,543	215,543	5.05%	92		
2003	160,000	-	-	-	-	-	-	-	-	-	36,321	196,321	196,321	4.52%	79		
2004	140,000	-	-	-	-	-	-	-	-	-	39,878	179,878	179,878	3.96%	68		
2005	120,000	-	-	-	105,903	-	-	-	-	-	186,086	411,989	411,989	8.15%	141		
2006	100,000	-	14,000,000	-	89,352	-	-	7,750,000	-	-	375,599	22,314,951	22,314,951	400.34%	4,568		
2007	80,000	-	14,000,000	-	80,324	-	-	3,710,000	-	-	520,681	18,391,005	18,391,005	306.92%	2,884		
2008	60,000	-	14,000,000	-	70,756	-	-	2,970,000	-	-	449,079	17,549,835	17,549,835	n/a	1,360		

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

^aSee Schedule 17 for personal income and population data. These ratios are calculated using personal income for the prior calendar year.

Schedule 13
Town of Bluffton, SC
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General		Total Gross	Exempt from Debt Limit	Total Net	Percentage of Actual Taxable Value ^a of Property	Per Capita ^p
	Obligation Bonds	Total					
1999	\$ -	\$ -	\$ -	-	-	0.00%	\$ -
2000	-	-	-	-	-	0.00%	-
2001	-	-	-	-	-	0.00%	-
2002	180,000	180,000	180,000	-	180,000	0.19%	76
2003	160,000	160,000	160,000	-	160,000	0.22%	64
2004	140,000	140,000	140,000	-	140,000	0.11%	53
2005	120,000	120,000	120,000	-	120,000	0.03%	41
2006	100,000	100,000	100,000	-	100,000	0.01%	20
2007	80,000	80,000	80,000	-	80,000	0.01%	13
2008	60,000	60,000	60,000	-	60,000	0.00%	5

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

^aSee Schedule 7 for property value data.

^bSee Schedule 17 for personal income and population data.

Schedule 14
 Town of Bluffton, SC
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2008
 (dollars in thousands)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Beaufort County School District	\$ 292,895,000	6%	\$ 17,573,700
Beaufort County General Obligation Debt	177,515,000	6%	10,650,900
Bluffton Fire District	1,688,191	23%	388,284
Subtotal, overlapping debt			<u>28,612,884</u>
Town direct debt			<u>60,000</u>
Total direct and overlapping debt			<u><u>\$ 28,672,884</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Beaufort County Assessor's Office. Debt outstanding provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Bluffton. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident---and, therefore, responsible for repaying the debt---of each overlapping government.

Schedule 15
Town of Bluffton, SC
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 96,152,651
Debt Limit (8% of assessed value)	7,692,212
Debt applicable to limit	(60,000)
Legal Debt Margin (without a Referendum)	<u>\$ 7,632,212</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$189,577	\$195,544	\$232,542	\$470,603	\$358,065	\$ 615,540	\$ 1,594,139	\$3,106,133	\$5,988,262	\$7,692,212
Total net debt applicable to limit	-	-	-	180,000	160,000	140,000	120,000	100,000	80,000	60,000
Legal debt margin	189,577	195,544	232,542	290,603	198,065	475,540	1,474,139	3,006,133	5,908,262	7,632,212
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	38.25%	44.68%	22.74%	7.53%	3.22%	1.34%	0.78%

Note: Article Ten (X), Section Fourteen (14), of the South Carolina Constitution of 1895 as amended provides that a City of Town shall incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote of the qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- a. Those restrictions and limitations imposed in the authorization to incur such indebtedness;
- b. The provisions of Article Ten (X), Section Fourteen (14); and
- c. Such general obligation debt shall be issued within five (5) years of the date of such referendum and shall mature within forty (40) years from the time such indebtedness shall be incurred.

Schedule 16
Town of Bluffton, SC
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Tax Increment Bonds			
	Revenue	Principal	Debt Service Interest	Total
1999	\$ -	\$ -	\$ -	-
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	235,591	-	235,591	235,591
2007	274,618	-	546,200	546,200
2008	556,722	-	546,200	546,200
				Coverage
				1.00
				0.50
				1.02

Note: Revenue includes taxes, MID (Municipal Improvement District) fees, and transfers.

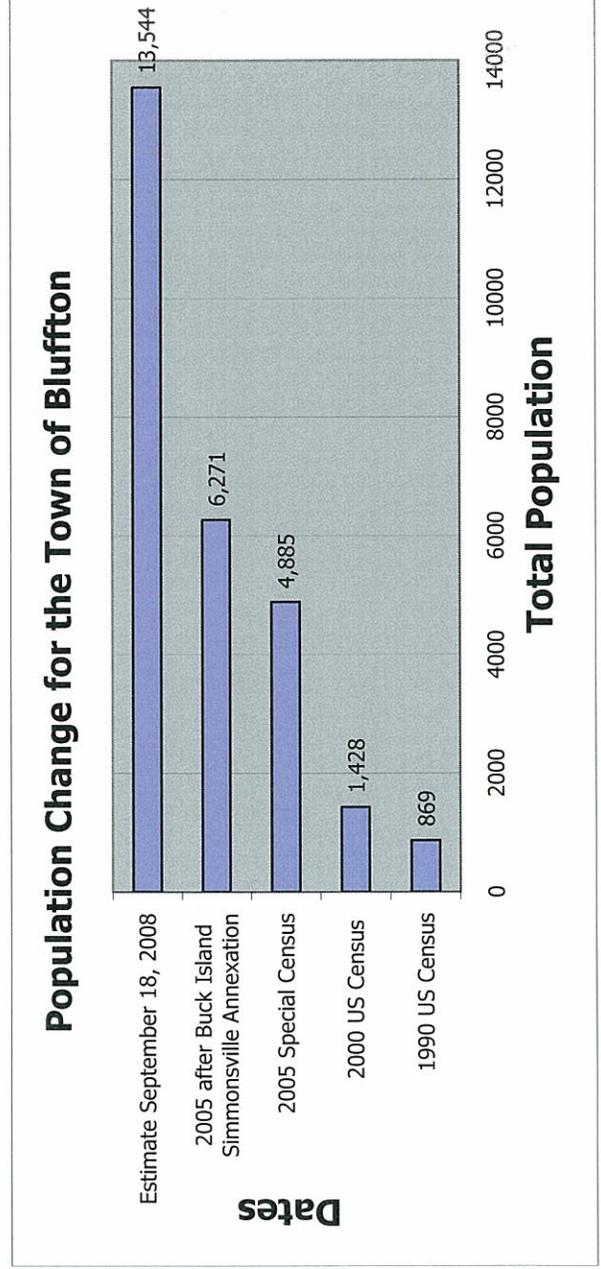
Schedule 17
Town of Bluffton, SC
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income*	Per Capita Personal Income*	Town of Bluffton School Enrollment	Beaufort County School Enrollment	Annual Unemployment Rate*
1998	1,275	\$ 3,450,382	29,746	1,011	16,597	2.0%
1999	1,322	3,710,276	31,450	1,686	16,389	2.1%
2000	1,428	3,959,857	32,437	1,846	16,648	3.1%
2001	2,354	4,269,797	34,213	1,994	17,114	3.9%
2002	2,483	4,347,437	33,817	1,942	17,604	4.2%
2003	2,631	4,537,936	34,643	2,059	17,911	4.7%
2004	2,930	5,055,559	37,474	3,496	18,364	4.9%
2005	4,885	5,573,994	40,005	3,721	18,974	4.9%
2006	6,377	5,992,159	41,725	4,052	19,229	4.7%
2007	12,902	n/a	n/a	4,423	19,221	4.4%

*Town of Bluffton data not available due to low population; Beaufort County data provided alternatively.

Sources: Population through 2005 provided by U.S. Census Bureau, Population Division; 2006 and 2007 population estimated by the Town's Planning Department; Personal Income provided by U.S. Department of Commerce, Bureau of Economic Analysis; Unemployment rate provided by U.S. Department of Labor, Bureau of Labor and Statistics.

Note: The table below provided by the Town of Bluffton Planning Department



Schedule 18
Town of Bluffton, SC
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2008</u> <u>Employees</u>	<u>1999</u> <u>Employees</u>
Beaufort County School District	452	n/a
Hargray	300	n/a
Inn at Palmetto Bluff	208	n/a
Publix	140	n/a
Kroger	100	n/a
Town of Bluffton	88	n/a
Jim N Nick's Barbeque Restaurant	70	n/a
D.R. Horton, Inc.	64	n/a
Centex Homes	61	n/a
Bluffton Post Office	60	n/a
CareCore National, LLC	60	n/a
Fraser Construction Company, LLC	60	n/a
Total	1,663	n/a

Source: Beaufort County and Beaufort County Chamber of Commerce

Notes: 1999 data and total unemployment unavailable.

Schedule 19
 Town of Bluffton, SC
 Full-time-Equivalent Town Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Full-time-Equivalent Employees as of June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administration	2.0	3.0	3.0	3.0	4.0	4.0	4.0	7.0	2.0	4.0
Municipal Court	0.0	1.0	1.0	1.0	1.0	1.0	2.0	5.0	5.0	5.0
Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	7.0
Finance	0.0	0.0	0.0	0.0	1.0	3.0	3.0	5.0	5.0	5.0
Building & Grounds	1.0	1.0	1.0	1.0	1.0	3.0	3.0	5.0	5.0	5.0
Police	5.0	6.0	6.0	8.0	10.0	11.0	15.0	28.0	33.0	37.0
Planning & Growth Management	0.0	3.0	3.0	4.0	4.0	7.0	8.0	10.0	8.0	12.0
Engineering Support Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	4.5
Environmental Protection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Building Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0
Total	8.0	14.0	14.0	17.0	21.0	29.0	35.0	60.0	73.5	88.5

Source: Town Finance Department

Notes: A full-time equivalent is a measurement equal to one person working a full-time schedule for one year. This does not include Mayor and Council.
 A full-time equivalent for the Town is budgeted at 2,080 hours regular time.

Schedule 20
Town of Bluffton, SC
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Business licenses issued	n/a	n/a	n/a	162	353	575	795	1,274	2,214	2,207
Hospitality tax remitters	-	-	-	-	n/a	n/a	n/a	n/a	57	80
Bed tax remitters	-	-	-	-	-	-	2	4	4	4
Court case counts	1,389	1,701	3,173	2,600	2,878	3,790	4,131	3,420	6,928	5,251
Jury trial counts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	5	-
Building permit counts	30	22	105	463	536	522	1,117	1,241	928	162
Development permits issued	-	2	11	28	23	38	30	68	56	39
Applications issued	2	65	186	219	177	274	339	426	377	322
Environmental Protection										
Certificates of compliance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29	49	46
Construction site inspections	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8	2,516	2,206
Notices to comply	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	183	176
Stop work orders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	-	1
Citations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	30
Tree removal permits issued	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	42	45
Outreach/Education (# of people)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,483	834
Public Safety										
Police calls for service	n/a	n/a	n/a	n/a	n/a	n/a	7,000	14,000	18,155	18,477
Domestic calls	n/a	n/a	n/a	n/a	n/a	n/a	293	536	732	428
Traffic collisions	n/a	n/a	n/a	n/a	n/a	n/a	364	1,041	787	820
Citations	n/a	n/a	n/a	n/a	n/a	n/a	4,011	5,107	5,818	8,064
Arrests	n/a	n/a	n/a	n/a	n/a	n/a	350	609	919	1,083
Reports	n/a	n/a	n/a	n/a	n/a	n/a	1,246	2,754	3,005	2,859
Public Projects & Facilities										
# of capital improvement projects to manage	-	6	3	8	4	2	2	5	17	20
# of parks to maintain	1	1	2	3	3	3	4	4	4	6
# of pathways to maintain	-	1	1	2	2	2	2	2	4	6

Sources: Town departments

Note: n/a = not available

Schedule 21
Town of Bluffton, SC
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government										
Town-owned parcels	3	3	5	8	8	9	10	11	19	26
Town-owned property acreage	46	46	105	267	267	278	320	330	340	461
Town vehicles	-	-	-	-	-	-	-	1	1	1
Environmental Protection										
Town vehicles	-	-	-	-	-	-	-	-	2	3
Engineering										
Town vehicles	-	-	-	-	-	-	-	-	-	3
Town Works										
Town vehicles	1	1	1	1	1	1	2	3	3	5
Public Safety										
Town vehicles (Building Safety)	-	-	-	-	-	-	-	-	-	1
Police vehicles	3	4	4	4	5	6	11	22	31	38
Police Firing Range	-	-	-	-	-	-	-	1	1	1
Public Projects & Facilities										
Streets (miles)	-	-	-	0.44	0.44	0.44	0.44	0.44	2.70	3.26
Pathways (miles)	-	3.20	3.20	3.64	3.64	3.64	3.64	3.64	5.21	5.77
Parks (count)	1	1	2	3	3	3	4	4	4	6

Source: Finance Department

Town of Bluffton
Schedule of Municipal Fines, Assessments and Surcharges
For the Year Ended June 30, 2008

Court Fines:	
Court Fines Collected	\$ 189,381
Court Fines retained by the Town	<u>(189,381)</u>
Court Fines Remitted to the State Treasurer	<u>\$ -</u>
Court Assessments:	
Court Assessments collected	206,443
Court Assessments retained by the Town	<u>(28,882)</u>
Court Assessments remitted to the State Treasurer	<u>\$ 177,561</u>
Court Surcharges:	
Court Surcharges remitted by the Town	<u>\$ 79,868</u>
Victim Services	
Court Assessments allocated to Victim Services	\$ 22,337
Court Surcharges allocated to Victim Services	<u>6,545</u>
Funds Allocated to Victim Services	28,882
Victim Services expenditures	<u>(42,584)</u>
Sub Total	<u>(13,702)</u>
Beginning of the Year	<u>5,199</u>
End of the Year	<u>\$ (8,503)</u>