Comprehensive Annual Financial Report for the

Town of Bluffton, South Carolina

For the Year Ended June 30, 2009

Prepared by:
Finance Department

Shirley Freeman
Assistant Town Manager – Finance/Administration

Town of Bluffton, South Carolina
Comprehensive Annual Financial Report
For the Period Ended June 30, 2009
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Lisa Sulka
Mayor

Fred Hamilton Jr.
Mayor Pro Tempore

Anthony Barrett
Town Manager
Town Clerk

Council Members
Charles Wetmore
Oliver Brown
Allyne Mitchell

Sandra Lunceford

December 23, 2009

To the Mayor and Members of Town Council, and 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, 2009.

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, this report is more comprehensive than the minimum basic financial statement requirements. It consists of management's representations concerning the finances of the Town and supports management's commitment to full disclosure as reflected in the informative financial analyses provided herein.

Town management assumes full responsibility for the completeness and accuracy of the data provided in this report utilizing the Town's established comprehensive framework of internal controls. These internal controls protect the Town's assets from loss, theft, and misuse as well as provide reliable information for the preparation of this report. As the cost of internal controls should not outweigh their benefits, the Town's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, to the best of our knowledge and belief, this financial report is complete, accurate, and reliable in all material aspects.

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, 2009. The Independent Auditors' 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 Auditors' 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 1825 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 Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town 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 provide 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 one of the State's fastest growing municipality with population projections of 25,000 in the next five years. We currently have approximately 14,358 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 7% of the general fund revenues for fiscal year 2009.

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 substantially increased as well.

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 were created initially with approximately 350 employees to date. Additionally, CareCore has committed to the expansion of its facilities to accommodate more new jobs at the Tech Park site. They have assembled a design-build team, and the design work is nearing completion. They have also been working to obtain the necessary permits to start construction, and the most recent indication from their team is that preliminary construction activities will early in 2010. The end result will be a two-story building encompassing approximately 30,000 square feet.

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 staff resources to environmental protection through the Department of Environmental Protection. This department enforces the recently adopted stormwater ordinance and design manual that implements leading technologies to protect the Town's pristine 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 the receiving waterbody from construction sites.

Through the Town's agreement with the University of South Carolina's Beaufort South Campus (USCB), a water quality testing laboratory was established and equipped. They began analyzing weekly water samples in February to target areas of concern within the May River Watershed. The laboratory extended its services to include analysis of Beaufort County's weekly water samples in June.

Experts on water quality from across South Carolina who were brought to the Town to create the Technical Advisory Committee (TAC) continue to provide guidance on the Town's water quality monitoring program.

The May River Waterbody Management Plan Implementation Committee was established to ensure the top priorities identified in the Plan are enacted over the next five years. The Department of Environmental Protection also crafted a Section 319 Grant for Nonpoint Source Pollution Control Projects for $483,500. The request was fully awarded for funding in Fiscal Year 2010, making this Section 319 Grant the largest ever awarded by SCDHEC.

Revitalization Efforts

In partnership with the Buck Island Road/Simmonsville Road community, the Town drafted, finalized, and passed an amendment to the Town's Comprehensive Plan to include the Buck Island Simmonsville Neighborhood Plan. The Neighborhood Plan is intended to be used as a long-term comprehensive policy for the community, environment, and 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.

Buck Island Simmonsville Sewer Project - A Community Development Block Grant (CDBG) was awarded to the Town to build sewer and water lines in an area that is predominately low-to-moderate income families. Beaufort Jasper Water Sewer Authority will provide funding for this project as well. The sewer project design is being finalized and will be ready for construction in Fiscal Year 2010.

In May of 2009, the Town was awarded a $613,796 Neighborhood Stabilization Program Grant which is funded through the American Recovery and Reinvestment Act. The program is directed towards stabilizing neighborhoods that are in jeopardy due to high foreclosure rates and blighted influences. The Town's target uses for the grant funds during Fiscal Year 2010 are the acquisition and redevelopment of sites for affordable housing and the demolition and removal of abandoned and/or blighted structures. A staff team has been created to evaluate any abandoned structures in the Town limits to determine priorities and need for demolition. This staff team, referred to as R-3 Demolition Team, includes members from police, planning, building safety, and facilities management.

The Town finalized plans and is in the construction phase of the Streetscape project running from Burnt Church Road/Bruin Road to May River Road/Pin Oak. This project revitalizes the major road that runs through the center of Town. This project consists of upgrading the drainage, regrading and resurfacing the road, adding on-street parking, sidewalk additions and widening of existing sidewalks, landscaping, additional street lighting, and building several pocket parks.

We continue working on the New River Trail/Park Project and have finalized 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. The Town stabilized this structure during this fiscal year with a matching grant from the SC Department of Archives and History.

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 economically 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 June 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 $282,147 on all investments for the year ended June 30, 2009.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Bluffton for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the first year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectively,

Shirley Freeman

Shirley Freeman
Assistant Town Manager of Finance/Administration

Town of Bluffton, South Carolina
Elected and Appointed Officials
Year Ended June 30, 2009

Elected Officials

Mayor: The Honorable Lisa Sulka

Council:
Fred Hamilton, Jr. – Mayor Pro Tempore
Charles Wetmore
Oliver Brown
Allyne Mitchell

Appointed Officials

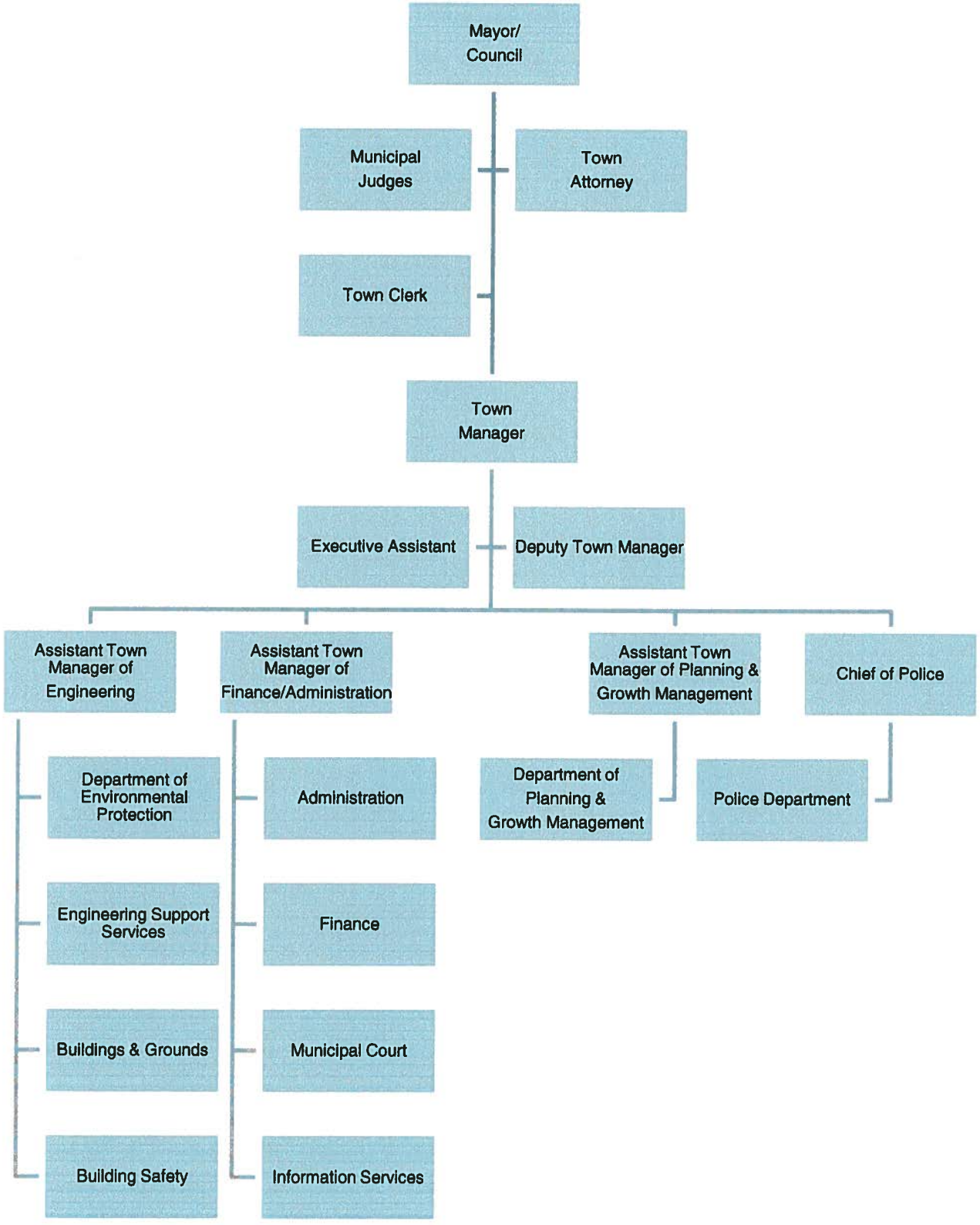
W.D. (Bill) Workman – Town Manager

Terry A. Finger – Town Attorney

Senior Management

Tim Bennett	Deputy Town Manager
Shirley Freeman	Assistant Town Manager – Finance/Administration
Bob Fletcher	Assistant Town Manager – Engineering
Marc Orlando	Assistant Town Manager – Planning & Growth Management
David McAllister	Chief of Police
Sandra Lunceford	Town Clerk

Town of Bluffton
Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

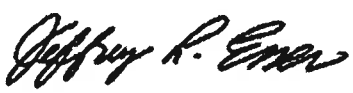
Presented to

Town of Bluffton
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President



Executive Director

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)

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INDEPENDENT AUDITORS' REPORT

December 23, 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, 2009, 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, 2009, 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 information, as listed in the table of contents, is not a required part of the basic financial statements but is 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, and 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.

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, 2009. 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

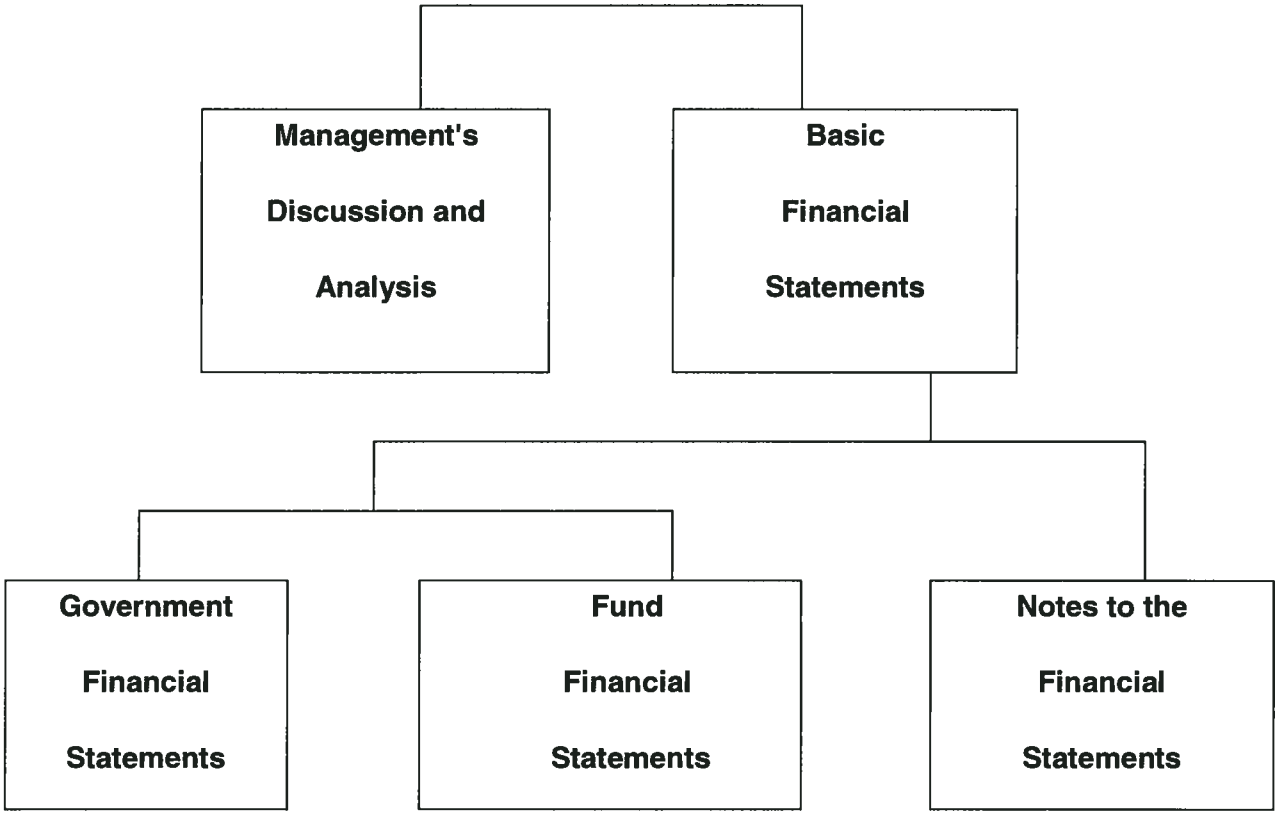
- The assets of the Town exceeded its liabilities at the close of the fiscal year by $20,664,402 (*net assets*).
- The Town's total net assets decreased by $228,447.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $12,405,741, a decrease of $3,295,853 in comparison with the prior year. Approximately 31% percent of this total amount, or $3,876,780, 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 $3,718,570 or 33% percent of total General Fund expenditures for the fiscal year.
- The Town incurred new capital lease obligations of $208,531 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.

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 community development. Property taxes, charges for services, 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.

The Town adopts an annual budget for its General Fund, Capital Improvements Program Fund, and the Debt Service 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, Capital Improvements Program and the Debt Service Fund 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, Capital Improvements Program Fund and the Debt Service 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, 2009 are prepared using the financial statement-reporting model as mandated by the Governmental Accounting Standards Board (GASB).

Statement of Net Assets
Figure 2

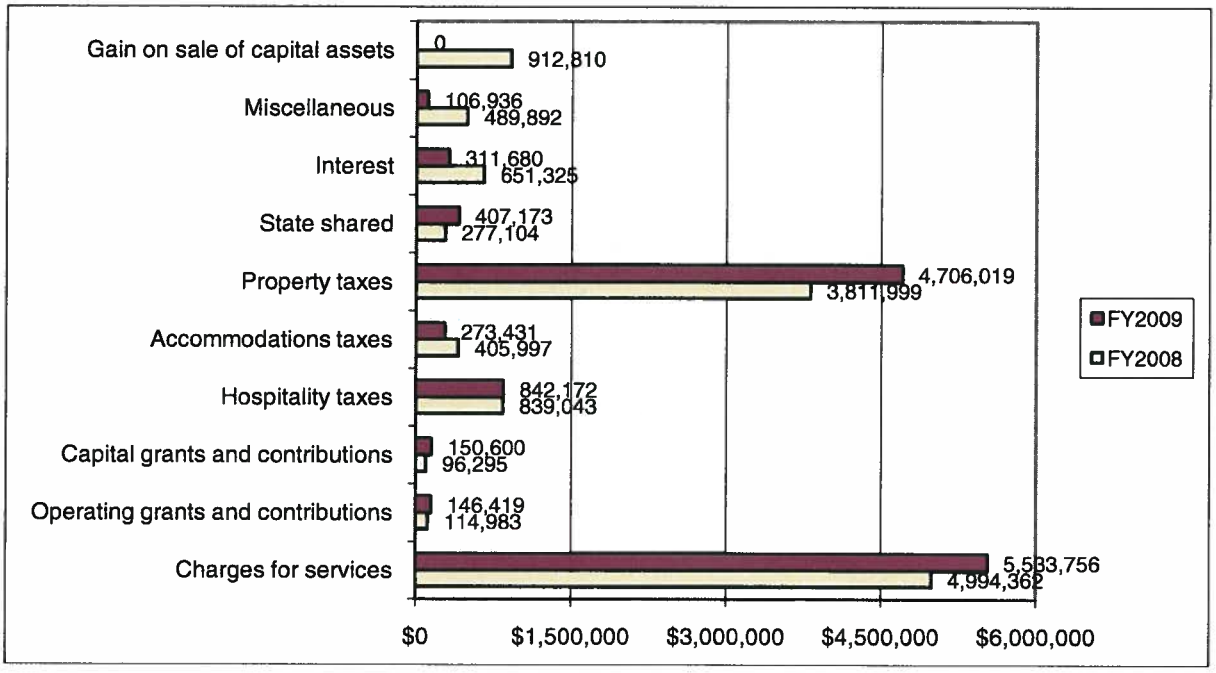
	Governmental Activities		%
	2008	2009	Change
Current and other assets	$ 18,109,311	$ 14,664,901	(19%)
Capital assets	22,158,935	23,876,733	8%
Total assets	40,268,246	38,541,634	(4%)
Current and other liabilities	3,384,901	3,305,025	(2%)
Long-term liability outstanding	15,990,496	14,572,207	(9%)
Total liabilities	19,375,397	17,877,232	(8%)
Net assets:			
Invested in capital assets, net of related debt	12,047,567	12,518,793	4%
Restricted	4,531,438	2,492,544	(45%)
Unrestricted (Deficit)	4,313,844	5,653,065	31%
Total net assets	$ 20,892,849	$ 20,664,402	(1%)

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 $20,664,402 as of June 30, 2009. The Town's net assets decreased by $228,447 for the fiscal year ended June 30, 2009. The decrease is the result of the current economic downturn which affected the number of new building permits issued and the amount of interest earned on cash reserves. A portion of the Town's net assets (12%) represents resources subject to external restrictions on how they may be used. The remaining is a balance of $5,653,065 in unrestricted funds.

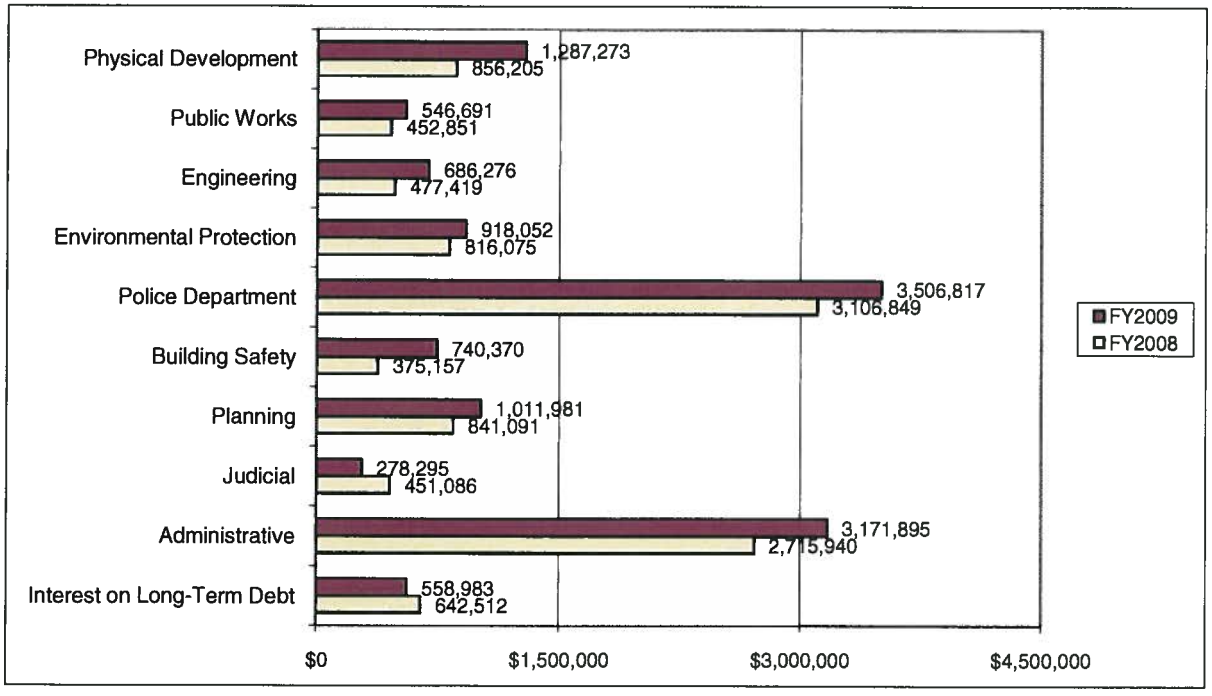
Town of Bluffton Changes in Net Assets
Figure 3

	Governmental Activities 2009
Revenues:	
Program revenues:	
Charges for services	$ 5,533,756
Operating grants and contributions	146,419
Capital grants and contributions	150,600
General revenues:	
Property taxes	4,706,019
Accommodations taxes	273,431
Hospitality taxes	842,172
Interest	311,680
State shared	407,173
Miscellaneous	106,936
Total revenues	12,478,186
Expenses:	
Administrative	3,171,895
Municipal Court	278,295
Planning	1,011,981
Building Safety	740,370
Police Department	3,506,817
Public Works	546,691
Environmental Protection	918,052
Engineering	686,276
Community Development	1,287,273
Interest on long-term debt	558,983
Total expenses	12,706,633
Changes in Net Assets	(228,447)
Net assets, July 1	20,892,849
Net assets, June 30	$ 20,664,402

Revenues by Source
Figure 4



Expenses by Program – Governmental Activities
Figure 5



Governmental Activities. Governmental activities decreased the Town's net assets by $228,447. Charges for services (44%) (e.g. business licenses, franchise fees, permit fees, development fees) and property taxes (38%) are the largest sources of funds. All other revenue sources comprise 18% of all funds received by the Town.

Major expenses for FY 2009 were associated with the Police Department (28%) and Administration (25%). Administration expense included costs for contracts to provide Town services and new land management and financial software packages.

Transfers Out of the General Fund decreased by $258,826 in 2009, which included a transfer to the Capital Improvement Program Fund of $118,145 in Municipal Improvement Development Fees and a transfer to the Debt Service Fund of $22,690 to pay the general obligation bond payment. The General Fund Transfers In increased in 2009 by $109,856, one of the major transfers in 2009 was $371,950 from the Stormwater Utility Fund to support the Department of Environmental Protection efforts to preserve the May River 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.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $12,405,741, a decrease of $3,295,853 in comparison with the prior fiscal year. The decrease is the result of 1) a drawdown of TIF Project bond proceeds for budgeted capital projects, $1,997,600; 2) the intergovernmental payment for the Bluffton/ Buckwalter Parkway from the Capital Improvement Program Fund, $740,000; and 3) General Fund revenue shortfalls due to the state of the national economy. Approximately 31.2% of total fund balance $3,876,780 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance $8,528,961, is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for future capital projects, $4,974,344; 2) to pay encumbrances, $1,824,491; 3) to pay debt service, $1,502,316; and 4) a for a variety of other restricted purposes, $227,810.

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 $3,718,570 while the total fund balance was $3,971,672. 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 33% of the total General Fund expenditures, while total fund balance represents 35% of that same amount.

Total fund balance of the Town's general fund decreased by $1,064,869 during the current fiscal year. This was the result of building permit and related revenue items coming in under original budget estimates as both residential and commercial construction slowed. These underperforming revenue items caused the Town to pull from fund balance reserves.

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.

The budget expenditure decreases totaled $1,118,815, the majority of which was the result of management's response to the reduction in anticipated revenues due to the current economic conditions.

Actual revenues for the General Fund were $1,741,798 less than the original adopted budget but $1,272 more than the revised budget. Management recognized during the year that the revenue streams from Business License, Building Permits, Application Fees and Development Fees were not going to perform as expected due to the current economic conditions and made adjustments to these estimates and to the related expenditure.

Actual expenditures for the General Fund were $522,920 below revised budget expectations. The favorable variance was due to lower personnel costs and delayed spending for previously budgeted programs until revenue resources recovered.

The budgeted transfers in FY 2009 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 the full amount of 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, 2009, totals $23,876,733 (net of accumulated depreciation). These assets include land, building and improvements, drainage, roads, sidewalks and trails, land improvements, machinery and equipment, and vehicles. The total increase in the Town's investment in capital assets for the current fiscal year was 8 percent. These numbers do reflect the addition of infrastructure for the year ended June 30, 2009, in accordance with GASB 34.

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

- Roads
- Sidewalks and Trails
- Machinery and Equipment
- Vehicles

Town of Bluffton's Capital Assets
Figure 6

	Governmental Activities 2009
Land	$ 11,168,200
Building and improvements	1,140,644
Drainage	773,665
Roads	1,204,469
Sidewalks and Trails	417,147
Land Improvements	5,368,606
Machinery and equipment	790,417
Vehicles	641,090
Construction in progress	2,372,495
Total	$ 23,876,733

Additional information on the Town's capital assets can be found in Note 6 to the financial statements.

Long-term Debt. At the end of the current fiscal year, the Town has total debt outstanding of $16,128,606. Of this amount, $40,000 of General Obligation Debt is secured by the full faith and credit of the Town. Thirteen million four hundred fifty thousand dollars ($13,450,000) represents bonded debt for the Tax Increment Financing District funded from the incremental tax revenue. Payable to Beaufort County is $2,230,000 for Bluffton Parkway and widening of Buckwalter Parkway. Remaining is $347,994 for capital leases for vehicles and $60,612 for a note payable for employer contributions to the South Carolina Retirement System.

Town of Bluffton's Outstanding Debt
Figure 7

	Governmental Activities 2009
General Obligation Bonds	$ 40,000
TIF Bonds	13,450,000
Capital Leases	347,994
Beaufort County Agreement	2,230,000
SC Retirement Loan	60,612
Total	$ 16,128,606

The Town's total debt decreased by $1,421,229 during the current fiscal year. Aside from the normal payment of prior year principal, the Town borrowed an additional $208,531 for additional vehicles and equipment.

State statues limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation of all taxable real estate and personal property within the Town limits. The current debt limitation for the Town is $9,770,254, which is significantly in excess of the Town of Bluffton's outstanding general obligation debt.

Additional information on the Town of Bluffton's long-term debt can be found in Note 8 to the financial statements.

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 increases in the demands for services although, with the economic downturn the development growth has leveled off. Revenues to pay for the service demands lag to a degree based on the property tax collection calendar. This gap in the Town's financial process combined with current economic conditions required the Town to pull from reserves of development fee revenues that were accumulated in the fund balance in prior fiscal years for this shortfall. The FY 2009 budget anticipated transferring additional unrestricted amounts from the fund balance, but prudent management eliminated the need for the full transfer.
- Beaufort County's unemployment rate of 9.1% is below the State's rate of 12.1% at June 30, 2009. Currently, no data is available specifically for the Town of Bluffton.
- The FY 2010 general fund budget is balanced. The FY 2009 tax levy of 40 mills was reduced to 38 mills for FY 2010. The Code of Laws of South Carolina requires that in the year of reassessment, millage must be rolled back to preclude a revenue windfall. The revenues and expenditures are budgeted at $10,875,410 respectively for a decrease of 7% from prior year. The reduction is in response to the current nationwide economic conditions.
- Property tax revenues increased by 23% in FY 2009. While not as significantly as in prior years, property tax collections are forecasted to continue to increase in FY 2010.
- The Capital Projects Fund appropriation is $11,497,000 for FY 2010. The majority of these expenditures are for the beginning phases of a new Law Enforcement Center in addition to major streetscape and sewer improvements.
- The Debt Service Fund provides for the payment of bond principal and interest payments totaling $1,110,322 for FY 2010. This is consistent with payments from FY 09.

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, 2009

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$ 6,016,079	$ 6,016,079
Restricted Cash and Cash Equivalents	1,124,732	1,124,732
Investments	5,751,884	5,751,884
Property Taxes Receivable, net	93,997	93,997
Lease Receivable	699,930	699,930
Other Receivables	665,022	665,022
Prepaid Assets	115,747	115,747
Deferred Charges	197,510	197,510
Capital Assets		
Nondepreciable	13,540,695	13,540,695
Depreciable	10,336,038	10,336,038
Total Assets	38,541,634	38,541,634
LIABILITIES		
Accounts Payable	869,746	869,746
Unearned Revenue	4,000	4,000
Deposits and Bonds Payable	110,724	110,724
Accrued Interest	55,122	55,122
Due to Other Governments	182,290	182,290
Accrued Payroll and Withholding	194,960	194,960
Items due in less than one year	1,888,183	1,888,183
Items due in more than one year	14,572,207	14,572,207
Total Liabilities	17,877,232	17,877,232
NET ASSETS		
Invested in Capital Assets, net of related debt	12,518,793	12,518,793
Restricted for :		
Capital Projects	2,492,544	2,492,544
Unrestricted	5,653,065	5,653,065
Total Net Assets	$ 20,664,402	$ 20,664,402

See Notes to Financial Statements

The Town of Bluffton
Statement of Activities
For the Year Ended June 30, 2009

Function / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government						
Governmental Activities						
General Government						
Administration	$ 3,171,895	$ 3,306,249	$ -	$ -	$ 134,354	$ 134,354
Municipal Court	278,295	246,837	-	-	(31,458)	(31,458)
Planning	1,011,981	583,987	-	-	(427,994)	(427,994)
Public Safety						
Building Safety	740,370	199,312	-	-	(541,058)	(541,058)
Police Department	3,506,817	89,156	139,644	-	(3,278,017)	(3,278,017)
Public Works	546,691	-	-	-	(546,691)	(546,691)
Environmental Protection	918,052	956,318	6,775	-	45,041	45,041
Engineering	686,276	-	-	-	(686,276)	(686,276)
Community Development	1,287,273	151,897	-	9,460	(1,125,916)	(1,125,916)
Interest on long-term debt	558,983	-	-	141,140	(417,843)	(417,843)
Total governmental activities	12,706,633	5,533,756	146,419	150,600	(6,875,858)	(6,875,858)
Total Primary Government	$ 12,706,633	$ 5,533,756	$ 146,419	$ 150,600	$ (6,875,858)	$ (6,875,858)
General Revenues:						
Property Taxes					$ 4,706,019	$ 4,706,019
Accommodations Taxes					273,431	273,431
Hospitality Taxes					842,172	842,172
Interest					311,680	311,680
State Shared Revenue					407,173	407,173
Miscellaneous					106,936	106,936
Total general revenues and capital contributions					6,647,411	6,647,411
Change in Net Assets					(228,447)	(228,447)
Net Assets - Beginning					20,892,849	20,892,849
Net Assets - Ending					$ 20,664,402	$ 20,664,402

See Notes to Financial Statements

The Town of Bluffton
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Capital Improvement Program Fund	TIF Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 3,756,681	$ 622,567	$ 664,747	$ 274,360	$ 697,724	$ 6,016,079
Restricted Cash and Cash Equivalents	250,259	279,910	-	-	594,563	1,124,732
Investments	107,403	2,390,502	2,004,978	1,249,001	-	5,751,884
Property taxes receivable, net	90,431	-	-	3,566	-	93,997
Other Receivables	357,922	2,408	-	-	304,692	665,022
Prepaid Assets	115,747	-	-	-	-	115,747
Due from other Funds	915,903	479,261	-	856,211	75	2,251,450
Total Assets	$ 5,594,346	$ 3,774,648	$ 2,669,725	$ 2,383,138	$ 1,597,054	$ 16,018,911
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 214,478	$ 624,570	$ -	$ -	$ 30,698	$ 869,746
Unearned Revenue	4,000	-	-	-	-	4,000
Deposits and Bonds Payable	110,724	-	-	-	-	110,724
Due to other Funds	916,222	6,346	387,181	880,822	60,879	2,251,450
Due to Other Governments	182,290	-	-	-	-	182,290
Salaries and Benefits Payable	194,960	-	-	-	-	194,960
Total Liabilities	1,622,674	630,916	387,181	880,822	91,577	3,613,170
Fund Balances						
Reserved for:						
Boat Ramp Repair	-	-	-	-	112,063	112,063
Encumbrances	-	1,800,798	-	-	23,693	1,824,491
Prepaid Insurance	115,747	-	-	-	-	115,747
Future Capital Projects	137,355	1,342,934	2,282,544	-	1,211,511	4,974,344
Debt Service	-	-	-	1,502,316	-	1,502,316
Unreserved						
Designated for Disaster Recovery	1,631,311	-	-	-	-	1,631,311
Local Accommodations Tax	-	-	-	-	8,281	8,281
Undesignated	2,087,259	-	-	-	-	2,087,259
Local Accommodations Tax	-	-	-	-	144,671	144,671
State Accommodations Tax	-	-	-	-	5,258	5,258
Total Fund Balances	3,971,672	3,143,732	2,282,544	1,502,316	1,505,477	12,405,741
Total Liabilities and Fund Balances	$ 5,594,346	$ 3,774,648	$ 2,669,725	$ 2,383,138	$ 1,597,054	$ 16,018,911

Total Governmental Fund Balances	$ 12,405,741
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.	23,876,733
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.	699,930
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	197,510
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(16,515,512)
Net assets of governmental activities	$ 20,664,402

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, 2009

	General Fund	Capital Improvement Program Fund	TIF Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 3,859,142	$ -	$ -	$ 846,877	$ -	$ 4,706,019
Hospitality and Accommodations Taxes	-	-	-	-	1,115,603	1,115,603
Licenses & Permits	3,914,983	-	-	141,140	-	4,056,123
Stormwater Utility Fees	-	-	-	-	956,318	956,318
Grants and Entitlements	146,419	9,460	-	-	-	155,879
Intergovernmental	260,873	146,300	-	-	-	407,173
Service Revenues	395,121	-	-	-	-	395,121
Fees and Fines	246,837	-	-	-	-	246,837
Interest Income	55,656	95,454	91,974	29,290	9,773	282,147
Miscellaneous	77,936	120,497	-	-	29,000	227,433
Total Revenues	8,956,967	371,711	91,974	1,017,307	2,110,694	12,548,653
EXPENDITURES						
Current						
Legislative	136,996	-	-	-	-	136,996
Executive	995,011	-	-	-	-	995,011
Administration	1,151,854	-	-	-	-	1,151,854
Finance	410,066	-	-	-	-	410,066
Municipal Court	229,093	-	-	-	-	229,093
Municipal Judges	44,228	-	-	-	-	44,228
Information Technology	382,810	-	-	-	-	382,810
Buildings and Grounds	447,916	-	-	-	-	447,916
Engineering	618,370	-	-	-	-	618,370
Planning and Growth Management	1,000,233	-	-	-	-	1,000,233
Environmental Protection	908,517	-	-	-	-	908,517
Building Safety	710,054	-	-	-	-	710,054
Police	3,116,134	-	-	-	-	3,116,134
Community Development	-	18,412	-	-	341,064	359,476
Debt Service						
Principal	319,764	740,000	-	570,000	-	1,629,764
Interest	27,209	-	-	538,162	-	565,371
Capital Outlay	692,075	2,655,069	-	-	-	3,347,144
Total Expenditures	11,190,330	3,413,481	-	1,108,162	341,064	16,053,037
Excess (Deficiency) of Revenues Over Expenditures	(2,233,363)	(3,041,770)	91,974	(90,855)	1,769,630	(3,504,384)
OTHER FINANCING SOURCES						
Proceeds from Capital Leases	208,531	-	-	-	-	208,531
Transfers In	1,100,798	2,543,029	-	22,690	-	3,666,517
Transfers Out	(140,835)	-	(1,997,600)	-	(1,528,082)	(3,666,517)
Total Other Financing Sources and Uses	1,168,494	2,543,029	(1,997,600)	22,690	(1,528,082)	208,531
Net Change in Fund Balance	(1,064,869)	(498,741)	(1,905,626)	(68,165)	241,548	(3,295,853)
Fund Balance - Beginning	5,036,541	3,642,473	4,188,170	1,570,481	1,263,929	15,701,594
Fund Balance - Ending	$ 3,971,672	$ 3,143,732	$ 2,282,544	$ 1,502,316	$ 1,505,477	$ 12,405,741

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, 2009

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

Net change in fund balances - total governmental funds		$ (3,295,853)
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.		
Capital Outlay Expenditures	$ 2,657,687	
Less: Depreciation Expense	939,889	
		1,717,798
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(70,467)
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.		1,421,233
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.		10,873
Payment of bond issuance costs requires the use of current financial resources in the governmental fund but are amortized over future periods in the statement of activities.		(12,031)
Change in net assets of governmental activities		$ (228,447)

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, 2009

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Over/ (Under)
REVENUES				
Property Taxes	$ 3,550,000	$ 3,710,000	$ 3,859,142	$ 149,142
Licenses & Permits	5,644,190	3,951,809	3,914,983	(36,826)
Intergovernmental	379,775	369,086	400,517	31,431
Service Revenues	687,800	487,800	395,121	(92,679)
Fees and Fines	280,000	280,000	246,837	(33,163)
Miscellaneous	157,000	157,000	140,367	(16,633)
Total Revenues	10,698,765	8,955,695	8,956,967	1,272
EXPENDITURES				
Legislative	105,290	133,290	136,996	3,706
Executive	919,230	902,045	995,011	92,966
Administration	1,426,320	1,278,865	1,155,695	(123,170)
Finance	486,405	458,840	410,066	(48,774)
Municipal Court	317,785	234,790	229,093	(5,697)
Municipal Judges	45,050	48,150	44,228	(3,922)
Information Technology	880,010	931,480	814,622	(116,858)
Buildings and Grounds	636,445	562,255	544,524	(17,731)
Engineering	697,380	662,845	664,407	1,562
Planning and Growth Management	1,220,545	1,092,575	1,007,901	(84,674)
Environmental Protection	1,437,850	1,217,225	948,544	(268,681)
Building Safety	1,089,585	796,030	791,054	(4,976)
Police	3,570,170	3,394,860	3,448,189	53,329
Total Expenditures	12,832,065	11,713,250	11,190,330	(522,920)
Excess (Deficiency) of Revenues Over Expenditures	(2,133,300)	(2,757,555)	(2,233,363)	524,192
OTHER FINANCING SOURCES				
Proceeds from Capital Leases	-	-	208,531	208,531
Transfers In (Out)	2,133,300	2,802,945	959,963	(1,842,982)
Total Other Financing Sources and Uses	2,133,300	2,802,945	1,168,494	(1,634,451)
Net Change in Fund Balance	-	45,390	(1,064,869)	(1,110,259)
Fund Balance - Beginning	3,821,742	3,821,742	5,036,541	
Fund Balance - Ending	$ 3,821,742	$ 3,867,132	$ 3,971,672	$ 104,540

See Notes to Financial Statements

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 1976. 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. 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.

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.

Capital Improvement Fund – Capital Project Fund
This fund accounts for revenues received for infrastructure. These revenues are restricted to expenditures for specific purposes.

Tax Increment Financing Project Fund – Capital Project Fund
This fund accounts for incremental taxes charged to individuals. These revenues are restricted to expenditures for specific purposes.

Debt Service Fund – This fund is used for accumulating resources for the repayment of interest and principal on tax increment bonds and general obligation bonds.

Note 1 - Summary of significant accounting policies (continued)

(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.

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 the General Fund; however, Town Council must approve any revisions that increase total expenditures of any fund.

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 General Fund, Capital Improvements Program Fund, and Debt Service Fund for the next fiscal year commencing the following July 1. The budgets for the aforementioned funds are prepared in accordance with GAAP. The budgets include estimated expenditures and estimated sources of revenue.
2. A public hearing is scheduled and conducted to obtain taxpayer comments.
3. Prior to June 30, Town Council adopts the budget ordinance.

Note 1- Summary of significant accounting policies (continued)

(e) Encumbrances

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.

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.

(f) 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).

(g) 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.

(h) 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:

	Years
Building and improvements	25
Drainage	25
Land Improvements	20
Sidewalks and Trails	20
Machinery and equipment	5 to 15
Vehicles	5

(i) 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. 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.

Note 1- Summary of significant accounting policies (continued)

(i) Long-term obligations (continued)

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.

(j) 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.

(k) Allowance for Uncollectible Accounts

An allowance for uncollectible accounts was not considered necessary.

(l) 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.

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 expenditures budget 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.

Note 1- Summary of significant accounting policies (continued)

(m) 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, 2009 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, 2009, none of the Town's primary government bank balances of $13,043,730 (book balance of $12,785,292) 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.

	June 30, 2009
Amounts insured by FDIC coverage	$ 3,252,752
Amounts collateralized with securities held by the pledging financial institution in the Town's name	10,626,060
Excess Collateralization	(835,082)
Total bank balances	$ 13,043,730

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.

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 $107,403. 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 four 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 6/30/09
Palmetto State Bank	12 month CD	9/19/2008	2.25%	$ 1,637,750
Coastal States	91 Day CDRS CD	9/18/2008	1.85%	$ 752,752
Coastal States	91 Day CDRS CD	8/6/09	1.65%	$ 2,004,978
Palmetto State Bank	12 month CD	5/22/2010	2.25%	$ 1,249,001

Note 4 – Receivables

At June 30, 2009, the Town's receivable balances were as follows:

	Government-wide Financial Statements / Fund Financial Statements			
	General Fund	Capital Projects Fund	Non-Major Fund	Total
Receivables:				
Administrative Fees	$ -	$ 2,408	$ -	$ 2,408
Alcohol taxes	6,000	-	-	6,000
Contract police services	5,576	-	-	5,576
Franchise fees	142,305	-	-	142,305
Hospitality taxes	-	-	220,098	220,098
Licenses & permits	50,377	-	-	50,377
Local accommodation taxes	-	-	50,021	50,021
Local government fund	37,469	-	-	37,469
Other/Miscellaneous	15,152	-	-	15,152
Property Taxes	90,431	-	3,566	93,997
School resources	76,899	-	-	76,899
State accommodation taxes	-	-	34,573	34,573
State grants	22,816	-	-	22,816
Total Receivables	$ 447,026	$ 2,408	$ 308,258	$ 757,692

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 less 50% of the annual property taxes on the property. 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.

For the year ended June 30, 2009, Rental Income of $100,000 was recorded with $18,412 in property tax expense for a net balance of $81,588 received under the CareCore lease. Future amounts receivable follow:

Fiscal Year Ending June 30,	Interest Rate	Principal	Interest	Total
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	4.00%	86,040	13,960	100,000
2015-18	4.00%	302,121	20,413	322,534
		$ 699,930	$ 122,604	$ 822,534

Note 6 – Capital Assets – Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2009 was as follows:

	Beginning Balances	Additions/ Completions	Disposals/ Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 11,159,686	$ 8,514	$ -	$ 11,168,200
Construction in progress	1,434,742	2,087,804	(1,150,051)	2,372,495
Total capital assets not being depreciated	12,594,428	2,096,318	(1,150,051)	13,540,695
Capital assets being depreciated:				
Building and improvements	2,231,163	-	-	2,231,163
Drainage	842,718	-	-	842,718
Roads	-	1,224,884	-	1,224,884
Sidewalks and trails	354,342	85,983	-	440,325
Land improvements	5,651,164	-	-	5,651,164
Machinery and equipment	1,076,528	264,423	-	1,340,951
Vehicles	1,414,493	136,130	(21,713)	1,528,910
Total capital assets being depreciated	11,570,408	1,711,420	(21,713)	13,260,115
Less accumulated depreciation for:				
Building and improvements	1,003,298	87,221	-	1,090,519
Drainage	35,344	33,709	-	69,053
Roads	-	20,415	-	20,415
Sidewalks and trails	2,953	20,225	-	23,178
Land improvements	-	282,558	-	282,558
Machinery and equipment	336,995	213,539	-	550,534
Vehicles	627,311	282,222	(21,713)	887,820
Total accumulated depreciation	2,005,901	939,889	(21,713)	2,924,077
Total capital assets being depreciated, net	9,564,507			10,336,038
Governmental activity capital assets, net	$ 22,158,935			$ 23,876,733

Note 6 – Capital Assets – Primary Government (continued)

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

Administration	$	65,918
Public Works		86,371
Environmental Protection		15,774
Building Safety		15,182
Engineering		58,078
Information Technology		27,349
Municipal Court		2,269
Planning		8,388
Police Department		337,362
Community Development		323,198
Total Depreciation Expense	$	939,889

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 years of service. For the PORS, the annual benefit is 2.14% of average final compensation times years of service.

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, 2009, were 9.24% for SCRS and 10.5% 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:

Note 7 – Employee benefit plan (continued)

	2009	2008	2007
South Carolina Retirement System	$ 315,864	$ 225,844	$ 126,022
Police Officers Retirement System	$ 208,929	$ 168,354	$ 155,731

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, 2009:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Next Fiscal Year
Governmental activities					
Bonds and notes payable:					
General obligation bonds	$ 60,000	$ -	$ (20,000)	$ 40,000	$ 20,000
Revenue bonds	14,000,000	-	(550,000)	13,450,000	575,000
Capital lease obligations	449,079	208,531	(309,616)	347,994	210,647
Retirement note payable	70,756	-	(10,144)	60,612	10,752
Intergovernmental agreement	2,970,000	-	(740,000)	2,230,000	740,000
Total bonds and notes payable	$ 17,549,835	$ 208,531	$ (1,629,760)	$ 16,128,606	$ 1,556,399
Other liabilities:					
Compensated absences	336,267	331,784	(336,267)	331,784	331,784
Total other liabilities	$ 336,267	$ 331,784	$ (336,267)	$ 331,784	$ 331,784
Governmental activities long-term liabilities	$ 17,886,102	$ 540,315	$ (1,966,027)	$ 16,460,390	$ 1,888,183

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:

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

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2010	4.490%	$ 1,796	$ 20,000	$ 21,796
2011	4.490%	898	20,000	20,898
		$ 2,694	$ 40,000	$ 42,694

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.

Note 8 – Long-term obligations (continued)

Tax Increment Bonds (continued)

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.

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
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
		$ 3,516,268	$ 9,605,000	$ 13,121,268

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

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
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
		$ 1,421,582	$ 3,845,000	$ 5,266,582

Note 8 – Long-term obligations (continued)

Capital Leases

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. 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
2010	$ 4,355	$ 78,464	$ 82,819
	$ 4,355	$ 78,464	$ 82,819

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
2010	$ 5,467	$ 64,371	$ 69,838
2011	2,789	67,049	69,838
	$ 8,256	$ 131,420	$ 139,676

On August 6, 2008, the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of two (2) Ford Crown Victoria Sedans, and five (5) Ford Escapes. The purchase price of the new vehicles was $158,532. The lease bears an interest rate of 3.11% and is payable in annual installments of principal and interest of $54,470 through August 2011. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

$158,532 Lease Purchase Agreement dated August 6, 2008

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2010	$ 3,236	$ 51,234	$ 54,470
2011	1,643	52,827	54,470
	$ 4,879	$ 104,061	$ 108,940

On July 20, 2008, the Town entered into a lease agreement with Deere Credit, Inc. for the purchase of a 2008 John Deere Backhoe, Model 310J. The cash price was $49,999. The lease bears an interest rate 5.25% and is payable in annual installments of principal and interest of $17,546 through July of 2010 at which time the purchase option of $1.00 is payable. The lease is being paid annual through the general fund. A schedule of the amount due for this lease follows:

Note 8 – Long-term obligations (continued)
Capital Leases (continued)

$49,999 Lease Purchase Agreement dated July 20, 2008

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2010	$ 968	$ 16,578	$ 17,546
2011	76	17,471	17,547
	$ 1,044	$ 34,049	$ 35,093

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.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Vehicles	$ 707,801
Less: Accumulated Depreciation	(268,038)
	$ 439,763

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

Police Department	$ 99,422
Building Safety	15,182
Environmental Protection	3,400
Engineering	15,035
Total depreciation expense	$ 133,039

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,	Governmental Activities		
	Interest	Principal	Total
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
	$ 11,335	$ 60,612	$ 71,947

Note 8 – Long-term obligations (continued)

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 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, 2009, 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	
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 210,647	$ 14,026	$ 20,000	$ 1,796	$ 10,752	$ 3,637	$ 575,000	$ 513,526	$ 816,399	$ 532,985
2011	137,347	4,508	20,000	898	11,397	2,992	595,000	490,703	763,744	499,101
2012	-	-	-	-	12,081	2,308	615,000	467,099	627,081	469,407
2013	-	-	-	-	12,807	1,583	645,000	442,520	657,807	444,103
2014	-	-	-	-	13,575	815	665,000	416,966	678,575	417,781
2015-2019	-	-	-	-	-	-	3,745,000	1,665,424	3,745,000	1,665,424
2020-2024	-	-	-	-	-	-	4,540,000	860,071	4,540,000	860,071
2025-2026	-	-	-	-	-	-	2,070,000	81,539	2,070,000	81,539
Totals	$ 347,994	$ 18,534	$ 40,000	$ 2,694	$ 60,612	$ 11,335	$ 13,450,000	$ 4,937,848	$ 13,898,606	$ 4,970,411

Total interest paid and accrued by the Town of Bluffton during the year ended June 30, 2009 was approximately $558,984, 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, 2009 was $122,628,181. The computation of legal debt limits is as follows:

General obligation debt limit ($122,628,181 x 8%)	$ 9,810,254
General obligation debt at June 30, 2009	40,000
Excess of debt limit over general obligation debt	$ 9,770,254

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:

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

Capital Assets	$ 26,800,810
Less: Accumulated Depreciation	(2,924,077)
	23,876,733
Less: Outstanding Principal of Related Debt	
General obligation bonds	$ (40,000)
Revenue bonds	(13,450,000)
Capital lease obligations	(347,994)
	$ (13,837,994)
Plus: Unamortized Bond Issuance Costs	197,510
Plus: Unspent Proceeds of Capital Debt	
Tax Increment Bond	2,282,544
	$ 12,518,793

Note 11 – Interfund balances and activity

Due from/to other funds

Amounts due from/to funds resulted from temporary borrowings related to capital expenditures and bond payments. The composition of interfund balances as of June 30, 2009, 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 From					
Due To	General Fund	Capital Improvements Program Fund	TIF Fund	Debt Service Fund	Non Major Governmental Fund	Total
General Fund	$ -	$ 6,346	$ -	$ 880,822	$ 28,735	$ 915,903
Infrastructure Fund	59,937	-	387,181	-	32,143	479,261
TIF Fund	-	-	-	-	-	-
Debt Service Fund	856,211	-	-	-	-	856,211
Non Major Governmental Fund	75	-	-	-	-	75
Total	$ 916,223	$ 6,346	$ 387,181	$ 880,822	$ 60,878	$ 2,251,450

Note 12 – Transfers to/from other funds

The Town uses transfers to move revenues from the fund that by statue or budget requires to collect them to the fund that statute or budget requires to expend them or to transfer bond proceeds from the fund that by statute or budget requires to receive them to other funds authorized to expend them. Transfers in (out) for the year ended June 30, 2009 are summarized as follows:

		Transfers Out					
	Transfers In	General Fund	Capital Improvements Program Fund	TIF Fund	Debt Service Fund	Non Major Governmental Fund	Totals
General	$ 1,100,798	$ -	$ -	$ 200,000	$ -	$ 900,798	$ 1,100,798
Infastructure	2,543,029	118,145	-	1,797,600	-	627,284	2,543,029
TIF	-	-	-	-	-	-	-
Debt	22,690	22,690	-	-	-	-	22,690
Non Major	-	-	-	-	-	-	-
Totals	$ 3,666,517	$ 140,835	$ -	$ 1,997,600	$ -	$ 1,528,082	$ 3,666,517

Note 13 – State Accommodations Tax Fund

State Accommodations Tax Fund is a special revenue fund to record State Accommodations Tax receipts and grants approved by Town Council payable out of appropriations. Thirty percent (30%) and five percent (5%) of State 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, 2009, were as follows:

Grant Recipient	Appropriations	Expenditures	Lapsed	Encumbrances
Bluffton Historical Preservation Society	$ 61,240	$ 59,148	$ -	$ 2,092

The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund. Fund balance at June 30, 2009, was $7,350 of which $2,092 was encumbered by approved grants.

Note 14 – Local Accommodations Tax Fund

Local Accommodations Tax Fund is a special revenue fund to record Local Accommodations Tax receipts and grants approved by Town Council payable out of appropriations. Eight percent (8%) of Local Accommodations Taxes is required by Town Ordinance to be transferred to the Hilton Head Island-Bluffton Chamber of Commerce. The remaining amounts are allocated to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ending June 30, 2009, were as follows:

Grant Recipient	Appropriations	Expenditures	Lapsed	Encumbrances
Bluffton Historical Preservation Society	$ 42,021	$ 40,773	$ -	$ 1,248
Bluffton Old Town Merchant Society	55,188	48,967	-	6,221
Hilton Head Symphony Orchestra	30,000	30,000	-	-
Bluffton Self Help	5,000	-	5,000	-
Bluffton Farmers Market	13,410	8,278	-	5,132
Hilton Head Island Concours d'Elegance	10,000	10,000	-	-
Lowcountry & Resort Islands Tourism	12,000	12,000	-	-
Bluffton High School Athletics	4,500	4,484	16	-
Bluffton Non-Profit Housing - Shuttle	13,112	6,612	-	6,500
Old Town Museum at Seven Oaks	10,000	7,500	-	2,500
Hilton Head Island-Bluffton Chamber of Commerce	10,500	10,500	-	-
Total	$ 205,731	$ 179,114	$ 5,016	$ 21,601

The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund. Fund balance at June 30, 2009, was $174,553 of which $21,601 was encumbered by approved grants.

Note 15 – 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.

Note 15 – Operating leases (continued)

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, 2009, payments under the lease totaled $73,776. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2010	$ 18,579
	$ 18,579

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, 2009, payments under the lease totaled $24,690. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2010	$ 25,464
2011	1,061
	$ 26,525

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, 2009, payments under the lease totaled $14,961. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2010	$ 15,372
2011	13,129
	$ 28,501

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. The lease also calls for monthly common area maintenance fees which are currently running $500 per month. For the year ended June 30, 2009, payments under the lease totaled $59,304. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
2010	$ 63,204
2011	52,670
	$ 115,874

Note 15 – Operating leases (continued)

The total annual lease payments due for Town facilities follow:

Year ending June 30,	Lease Amounts
2010	$ 122,619
2011	66,860
	$ 189,479

In addition, the Town has various five-year lease agreements for copiers for various departments. For the year ended June 30, 2009, payments under these leases totaled $34,724. The total annual lease payments due for copiers follow:

Year ending June 30,	Lease Amounts
2010	$ 34,724
2011	22,067
2012	15,727
2013	12,468
	$ 84,986

Note 16 – 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 17 – Other Post-Employment Benefits

The Town does not provide any post-employment benefits to its employees at this time. Therefore, the Town has no liability at fiscal year-end under GASB 45.

Note 18 – 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, 2009

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Over/ (Under)
REVENUES				
Property Taxes	$ 3,550,000	$ 3,710,000	$ 3,859,142	$ 149,142
Licenses & Permits				
Franchise Fees	837,355	967,355	1,095,307	
Business Licenses	1,700,000	1,200,000	1,211,913	
MASC Telecommunications	91,395	91,395	98,035	
MASC Insurance Tax Collection	867,855	867,855	865,743	
Building Permits	1,114,585	448,204	199,312	
Administrative Fees	88,000	182,000	156,815	
Municipal Improvement District Fees	-	-	131,400	
Fee In Lieu - Developer Fees	70,000	70,000	-	
TDR Fees	25,000	25,000	-	
Application Fees	850,000	100,000	156,458	
Total Licenses & Permits	5,644,190	3,951,809	3,914,983	(36,826)
Intergovernmental				
State Shared Revenues				
Local Government Fund	168,285	157,596	152,181	
Alcohol Tax	43,450	43,450	43,550	
State Grants	40,000	40,000	65,142	
Total State Shared Revenues	251,735	241,046	260,873	19,827
Other Local Governments				
School Resource Officers	95,400	95,400	98,452	
School Crossing Guards	32,640	32,640	41,192	
Total Other Local Governments	128,040	128,040	139,644	11,604
Total Intergovernmental	379,775	369,086	400,517	31,431
Service Revenues				
Garbage Fees Reimbursements	49,840	49,840	35,251	
Contract Police Services	40,000	80,000	89,156	
Impact Fee Collection Fee	32,960	32,960	14,835	
Development Fees	565,000	325,000	255,879	
Total Sales and Service	687,800	487,800	395,121	(92,679)
Fines & Fees				
Municipal Court	250,000	250,000	218,436	
Victims Assistance	30,000	30,000	28,401	
Total Fees and Fines	280,000	280,000	246,837	(33,163)
Miscellaneous Revenues				
Local Grants	-	-	6,775	
Miscellaneous	15,000	15,000	52,173	
Rental Income	42,000	42,000	25,763	
Interest Income	100,000	100,000	55,656	
Total Miscellaneous	157,000	157,000	140,367	(16,633)
Total Revenues	10,698,765	8,955,695	8,956,967	1,272
EXPENDITURES				
Legislative	105,290	133,290	136,996	3,706
Executive	919,230	902,045	995,011	92,966
Administration	1,426,320	1,278,865	1,155,695	(123,170)
Finance	486,405	458,840	410,066	(48,774)
Municipal Court	317,785	234,790	229,093	(5,697)
Municipal Judges	45,050	48,150	44,228	(3,922)
Information Technology	880,010	931,480	814,622	(116,858)
Buildings and Grounds	636,445	562,255	544,524	(17,731)
Engineering	697,380	662,845	664,407	1,562
Planning and Growth Management	1,220,545	1,092,575	1,007,901	(84,674)
Environmental Protection	1,437,850	1,217,225	948,544	(268,681)
Building Safety	1,089,585	796,030	791,054	(4,976)
Police	3,570,170	3,394,860	3,448,189	53,329
Total Expenditures	12,832,065	11,713,250	11,190,330	(522,920)
Excess (Deficiency) of Revenues Over Expenditures	(2,133,300)	(2,757,555)	(2,233,363)	524,192
OTHER FINANCING SOURCES				
Proceeds from Capital Leases	-	-	208,531	208,531
Transfers In (Out)	2,133,300	2,802,945	959,963	(1,842,982)
Total Other Financing Sources and Uses	2,133,300	2,802,945	1,168,494	(1,634,451)
Net Change in Fund Balance	-	45,390	(1,064,869)	(1,110,259)
Fund Balance - Beginning	3,821,742	3,821,742	5,036,541	
Fund Balance - Ending	$ 3,821,742	$ 3,867,132	$ 3,971,672	$ 104,540

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Capital Improvements Program Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Over/ (Under)
REVENUES				
Federal/State Revenue				
Federal Grants	$ 200,000	$ 200,000	$ 5,000	$ (195,000)
State Grants	92,000	312,726	4,460	(308,266)
Total Federal/State Revenue	292,000	512,726	9,460	(503,266)
Other Revenues				
Rental Income	-	144,700	100,000	(44,700)
Interest Income	-	125,000	95,454	(29,546)
Miscellaneous Revenue	100,000	-	4,000	4,000
County Funds	-	200,000	-	(200,000)
Sale of Right of Way	-	146,300	146,300	-
Leisure Trails	-	-	14,000	14,000
Development Fees	-	-	2,497	2,497
Total Other Revenues	100,000	616,000	362,251	(253,749)
Total Revenues	392,000	1,128,726	371,711	(757,015)
EXPENDITURES				
Lawrence & Heyward Sidewalks	-	71,000	70,162	(838)
New River Trails	-	125,730	14,095	(111,635)
Verdier Cove Drainage Basin	500,000	225,000	57,671	(167,329)
Stormwater Drainage Improvements	200,000	276,000	223,815	(52,185)
Old Town Sewer Projects	150,000	170,000	59,937	(110,063)
Buck Island Sewer - Phase I	600,000	325,000	97,941	(227,059)
Bluffton Parkway	643,800	643,800	643,800	-
Buckwalter Parkway	96,200	96,200	96,200	-
Hampton Parkway and Pathway	-	100,000	90,654	(9,346)
Traffic Cameras	65,000	65,000	65,000	-
Buck Island/Simmonsville Road Improvements	100,000	100,000	49,695	(50,305)
May River Road/Bruin Road Streetscape	2,100,000	2,790,000	1,408,915	(1,381,085)
Bluffton Road Streetscape and Gateway Calming	125,000	-	-	-
Old Town Signage	-	241,310	13,575	(227,735)
Rotary Field Improvements	-	10,000	8,514	(1,486)
Parks and Recreation Improvements	100,000	80,000	50,540	(29,460)
Oyster Factory Park	400,000	684,180	216,685	(467,495)
Law Enforcement Center	3,770,000	500,000	203,269	(296,731)
Building and Grounds Relocation	-	375,000	24,601	(350,399)
Boardwalk B-11	-	195,000	-	(195,000)
Community Development	-	-	18,412	18,412
Total Expenditures	8,850,000	7,073,220	3,413,481	(3,659,739)
Excess (Deficiency) of Revenues Over Expenditures	(8,458,000)	(5,944,494)	(3,041,770)	2,902,724
OTHER FINANCING SOURCES				
Transfers In (Out)	$ 5,708,000	$ 5,944,494	$ 2,543,029	(3,401,465)
Proceeds from Sale of Land	2,750,000	-	-	-
Total Other Financing Sources and Uses	8,458,000	5,944,494	2,543,029	(3,401,465)
Net Change in Fund Balance	-	-	(498,741)	(498,741)
Fund Balance - Beginning	3,184,122	3,184,122	3,642,473	
Fund Balance - Ending	$ 3,184,122	$ 3,184,122	$ 3,143,732	$ (40,390)

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Over/ (Under)
REVENUES				
Property Taxes	$ 765,000	$ 765,000	$ 846,877	$ 81,877
MID Fees	147,750	147,750	141,140	(6,610)
Interest Income	-	100,000	29,290	(70,710)
Total Revenues	912,750	1,012,750	1,017,307	4,557
EXPENDITURES				
Bond Principal	570,000	570,000	570,000	-
Bond Interest	538,170	538,170	538,162	(8)
Total Expenditures	1,108,170	1,108,170	1,108,162	(8)
Excess (Deficiency) of Revenues Over Expenditures	(195,420)	(95,420)	(90,855)	4,565
OTHER FINANCING SOURCES				
Transfers In (Out)	22,695	22,695	22,690	(5)
Total Other Financing Sources and Uses	22,695	22,695	22,690	(5)
Net Change in Fund Balance	(172,725)	(72,725)	(68,165)	4,560
Fund Balance - Beginning	1,570,481	1,570,481	1,570,481	
Fund Balance - Ending	$ 1,397,756	$ 1,497,756	$ 1,502,316	$ 4,560

The Town of Bluffton
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

	Boat Ramp Fund	Local Hospitality Tax Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Stormwater Utility Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and Cash Equivalents	$ -	$ 542,966	$ 10,708	$ 144,050	$ -	$ 697,724
Restricted Cash and Cash Equivalents	112,414	-	-	-	482,149	594,563
Other Receivables	-	220,098	34,573	50,021	-	304,692
Due from other Funds	75	-	-	-	-	75
Total Assets	$ 112,489	$ 763,064	$ 45,281	$ 194,071	$ 482,149	$ 1,597,054
LIABILITIES AND FUND BALANCES						
Accounts Payable	$ -	$ 809	$ 10,371	$ 19,518	$ -	$ 30,698
Due to other Funds	426	1,688	27,560	-	31,205	60,879
Total Liabilities	426	2,497	37,931	19,518	31,205	91,577
Fund Balances						
Reserved for:						
Boat Ramp Repair	112,063	-	-	-	-	112,063
Encumbrances	-	-	2,092	21,601	-	23,693
Future Capital Projects	-	760,567	-	-	450,944	1,211,511
Unreserved						
Designated for Disaster Recovery	-	-	-	8,281	-	8,281
Undesignated	-	-	5,258	144,671	-	149,929
Total Fund Balances	112,063	760,567	7,350	174,553	450,944	1,505,477
Total Liabilities and Fund Balances	$ 112,489	$ 763,064	$ 45,281	$ 194,071	$ 482,149	$ 1,597,054

The Town of Bluffton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
June 30, 2009

	Boat Ramp Fund	Local Hospitality Tax Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Stormwater Utility Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Hospitality and Accommodations Taxes	$ -	$ 842,172	$ 101,965	$ 171,466	$ -	$ 1,115,603
Accommodations Grant Proceeds Refunded	-	-	-	25,000	-	25,000
Stormwater Utility Fees	-	-	-	-	956,318	956,318
Development Fees	4,000	-	-	-	-	4,000
Interest Income	2,116	4,983	136	1,744	794	9,773
Total Revenues	6,116	847,155	102,101	198,210	957,112	2,110,694
EXPENDITURES						
Current						
Cultural Arts and Tourism	-	-	102,414	238,650	-	341,064
Total Expenditures	-	-	102,414	238,650	-	341,064
Excess (Deficiency) of Revenues Over Expenditures	6,116	847,155	(313)	(40,440)	957,112	1,769,630
OTHER FINANCING SOURCES						
Transfers Out	-	(832,224)	(28,848)	(13,575)	(653,435)	(1,528,082)
Total Other Financing Sources and Uses	-	(832,224)	(28,848)	(13,575)	(653,435)	(1,528,082)
Net Change in Fund Balance	6,116	14,931	(29,161)	(54,015)	303,677	241,548
Fund Balance - Beginning	105,947	745,636	36,511	228,568	147,267	1,263,929
Fund Balance - Ending	$ 112,063	$ 760,567	$ 7,350	$ 174,553	$ 450,944	$ 1,505,477

Statistical Section
(unaudited)

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.

Contents	Page
Financial Trends *These schedules contain trend information to help the reader understand how the Town's financial performance and well being have changed over time.*	51-55
Revenue Capacity *These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.*	56-61
Debt Capacity *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.*	62-66
Demographic and Economic Information *These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.*	67-68
Operating Information *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.*	69-71

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 Six Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009
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	$12,518,793
Restricted	321,725	208,790	598,582	559,677	4,531,438	2,492,544
Unrestricted	2,668,022	3,760,438	(298,311)	524,326	4,313,844	5,653,065
Total governmental activities net assets	$ 10,877,093	$ 13,087,282	$ 12,607,532	$ 19,034,217	$ 20,892,849	$20,664,402

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 Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
General Government:						
Administration	$ 664,170	$ 856,029	$ 873,837	$ 1,550,544	$ 2,715,940	$ 3,171,895
Municipal Court	141,004	179,509	317,630	619,267	451,086	278,295
Planning	457,619	577,425	807,697	695,190	841,091	1,011,981
Public Safety:						
Building Safety	-	-	-	-	375,157	740,370
Police	716,783	1,072,526	1,810,753	2,875,137	3,106,849	3,506,817
Public Works	259,961	602,250	726,092	899,639	452,851	546,691
Environmental Protection	-	-	-	-	816,075	918,052
Engineering	-	-	-	638,985	477,419	686,276
Physical Development	197,371	406,936	8,158,171	749,409	856,205	1,287,273
Interest on Long-Term Debt	-	-	260,244	566,589	642,512	558,983
Total governmental activities expenses	$ 2,436,908	$ 3,694,675	$ 12,954,424	$ 8,594,760	$ 10,735,185	$12,706,633
Program Revenues (see Schedule 3)						
Governmental activities:						
Charges for services:						
General Government						
Administration	$ 1,127,633	$ 1,436,784	$ 1,876,519	$ 2,902,467	$ 3,156,457	$ 3,306,249
Municipal Court	-	308,062	673,572	550,653	218,263	246,837
Planning	705,918	932,043	1,001,680	1,374,021	817,380	583,987
Public Safety						
Building Safety	-	-	-	-	-	199,312
Police	265,773	8,341	12,103	22,322	86,153	89,156
Public Works	-	-	-	-	-	-
Environmental Protection	-	-	-	-	393,835	956,318
Engineering	-	-	-	-	-	-
Physical Development	246,364	591,527	4,263,922	1,198,882	322,274	151,897
Operating grants and contributions	91,149	106,704	84,382	127,955	114,983	146,419
Capital grants and contributions	-	331,929	822,635	3,505,187	96,295	150,600
Total governmental activities program revenues	$ 2,436,837	$ 3,715,390	$ 8,734,813	$ 9,681,487	$ 5,205,640	$ 5,830,775
Net (Expense)Revenue						
Total governmental activities net expense	$ (71)	$ 20,715	$ (4,219,611)	$ 1,086,727	$ (5,529,545)	$ (6,875,858)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	$ 595,136	$ 832,630	$ 1,670,715	$ 2,973,010	$ 3,811,999	$ 4,706,019
Other taxes	-	-	605,108	1,164,091	1,245,040	1,115,603
Intergovernmental (Unrestricted State Shared)	66,868	54,570	121,565	284,170	277,104	407,173
Investment earnings	26,574	39,998	434,870	758,217	651,325	311,680
Capital contributions	755,070	1,245,000	839,577	-	912,810	-
Miscellaneous	24,690	17,276	68,026	160,470	489,892	106,936
Total governmental activities	$ 1,468,338	$ 2,189,474	$ 3,739,861	$ 5,339,958	$ 7,388,170	$ 6,647,411
Change in Net Assets						
Governmental activities	$ 1,468,267	$ 2,210,189	$ (479,750)	$ 6,426,685	$ 1,858,625	$ (228,447)

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 Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Function/Program						
Governmental activities:						
General Government						
Administration	$ 1,127,633	$ 1,436,784	$ 1,876,519	$ 2,902,467	$ 3,156,457	$3,306,249
Municipal Court	-	308,062	673,572	550,653	218,263	246,837
Planning	705,918	932,043	1,001,680	1,374,021	817,380	583,987
Public Safety					-	-
Building Safety	-	-	-	-	-	199,312
Police	265,773	8,341	12,103	22,322	86,153	89,156
Public Works	-	-	-	-	-	-
Environmental Protection	-	-	-	-	393,835	956,318
Engineering	-	-	-	-	-	-
Physical Development	246,364	591,527	4,263,922	1,198,882	322,274	151,897
Operating grants and contributions	91,149	106,704	84,382	127,955	114,983	146,419
Capital grants and contributions	-	331,929	822,635	3,505,187	96,295	150,600
Total governmental activities	$ 2,436,837	$ 3,715,390	$ 8,734,813	$ 9,681,487	$ 5,205,640	$5,830,775

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	$ -	$ 21,361	$ 23,984	$ 809,395	$ 1,353,111	$ 1,861,318	$ 2,592,912	$ 2,677,873	$ 530,164	$ 253,102
Unreserved	427,462	601,679	1,088,180	591,869	1,055,525	883,619	1,161,523	2,651,867	4,506,377	3,718,570
Total general fund	$ 427,462	$ 623,040	$ 1,112,164	$ 1,401,264	$ 2,408,636	$ 2,744,937	$ 3,754,435	$ 5,329,740	$ 5,036,541	$ 3,971,672
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	$ 8,275,859
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	987,572	158,210
Capital projects funds	-	-	-	-	-	-	-	-	-	
Debt service funds	-	-	-	-	-	-	-	-	-	
Total all other governmental funds	$ -	$ 176,086	$ 91,009	$ 639,942	$ 594,180	$ 1,246,659	$ 18,281,682	$ 13,558,054	$ 10,665,054	$ 8,434,069

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes (see Schedule 6)	$ 132,758	$ 152,247	$ 209,043	$ 282,615	$ 453,342 *	$ 893,685	$ 2,275,823	$ 4,137,101	$ 5,057,039	$ 5,821,622
Licenses, fees, and permits	86,738	974,981	1,345,690	1,785,167	1,990,985	2,855,804	7,104,420	4,563,527	4,242,728	5,012,441
Fines and penalties	195,167	169,751	158,481	193,635	265,773	308,062	685,675	550,653	218,263	246,837
Charges for services	22,079	24,029	26,512	26,471	31,370	76,475	37,701	940,015	622,648	395,121
Intergovernmental	30,706	121,442	1,131,342	290,800	358,604	54,570	121,565	284,170	232,282	407,173
Investment earnings	-	28,932	16,777	29,512	26,574	39,998	434,870	758,217	626,817	282,147
Other revenues	571,616	26,845	42,403	109,947	279,760	1,700,909	1,814,620	3,787,762	734,181	383,312
Total revenues	$ 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	$ 12,548,653
Expenditures										
Legislative	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,011	$ 95,581	$ 136,966
Executive	-	-	-	-	-	-	-	335,051	784,241	995,011
Administration	479,856	355,758	381,500	443,678	596,198	790,046	1,384,281	733,503	1,393,442	1,151,854
Finance	-	-	-	-	-	-	-	305,652	358,048	410,066
Municipal Court	60,412	52,457	48,937	74,979	141,522	174,315	306,907	594,764	424,501	229,093
Municipal Judges	-	-	-	-	-	-	-	16,237	31,025	44,228
Information Technology	-	-	-	-	-	-	-	-	-	382,810
Buildings and Grounds	110,173	95,856	132,729	197,882	248,540	353,216	508,365	810,439	378,345	447,916
Engineering	-	-	-	-	-	-	-	612,531	411,951	618,370
Environmental Protection	-	-	-	-	-	-	-	-	807,623	908,517
Planning and Gowth Management	-	127,599	275,022	361,867	457,619	558,854	755,502	689,220	830,649	1,000,233
Building Safety	-	-	-	-	-	-	-	-	340,488	710,054
Police	289,232	285,749	400,782	472,785	609,109	917,060	1,569,141	2,643,167	2,765,268	3,116,134
Physical Development	-	231,184	1,015,087	156,684	197,371	406,936	961,077	494,210	428,247	359,476
Capital Outlay	36,448	57,404	448,979	142,937	168,911	1,841,340	3,087,604	10,425,448	5,308,586	3,347,144
Debt Service										
Interest	3,466	3,268	3,425	10,080	9,520	8,510	260,244	566,589	580,995	565,371
Principal	-	23,709	54,441	42,974	45,631	114,832	232,215	232,368	294,393	1,629,764
Fiscal charges	-	-	-	-	-	-	-	-	-	-
Debt issue costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	$ 979,587	$ 1,232,984	$ 2,760,902	$ 1,903,866	$ 2,474,421	$ 5,165,109	$ 9,065,336	$ 18,518,190	$ 15,233,383	$ 16,053,007
Excess of revenues over (under) expenditures	59,477	265,243	169,346	814,281	931,987	764,394	3,409,338	(3,496,745)	(3,499,425)	(3,504,354)
Other Financing Sources (Uses)										
Bonds issued	$ -	$ -	$ 200,000	$ -	$ -	$ -	$ 14,000,000	$ -	$ -	$ -
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-	-
Refund of debt	-	-	-	-	-	-	-	-	-	-
Proceeds from Bank Loan	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	250,000	-	120,000	-
Capital leases	-	24,319	34,701	23,752	29,188	224,386	385,178	348,422	193,220	208,531
Transfers in	-	-		5,034	886,123	126,856	2,373,094	7,925,627	4,744,520	3,666,517
Transfers out	-	-		(5,034)	(886,123)	(126,856)	(2,373,094)	(7,925,627)	(4,744,520)	(3,666,517)
Total other financing sources (uses)	$ -	$ 24,319	$ 234,701	$ 23,752	$ 29,188	$ 224,386	$ 14,635,178	$ 348,422	$ 313,220	$ 208,531
Net change in fund balances	$ 59,477	$ 289,562	$ 404,047	$ 838,033	$ 961,175	$ 988,780	$ 18,044,516	$ (3,148,323)	$ (3,186,205)	$ (3,295,823)
Debt service as a percentage of non-capital expenditures	0.4%	2.3%	2.5%	3.0%	2.4%	3.7%	8.2%	9.9%	8.8%	17.3%

Note: *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
2000	$ 132,758	$ -	$ -	$ 132,758
2001	152,247	-	-	152,247
2002	208,780	-	263	209,043
2003	230,624	-	51,991	282,615
2004	395,782	-	57,560	453,342
2005	793,749	22,854	77,082	893,685
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
2009	4,706,019	273,431	842,172	5,821,622
Change 2000-2009	3444.8%	N/A	N/A	4285.1%

Source: Town Finance Department

Note: 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		
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	75,764,283	96,152,651	1,835,904,493	40.0	5.24%
2009	2008	117,639,926	2,240,638,874	4,988,255	83,137,583	122,628,181	2,323,776,458	40.0	5.28%

Source: Beaufort County Assessor's Office.

Note: Property in Beaufort County is reassessed once every five years on average. The last reassessment was tax year 2004. Currently, the county assesses property at 6% and 4% of actual value for real property, 10.5% for personal property, and 6% 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)

		Town Direct Rates		Overlapping Rates					
Fiscal Year	Tax Year	General Fund	Total Direct Rate	County Operations	County Debt	County Schools	Bluffton Fire District	Total Overlapping Rate	Total Rate
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
2009	2008	40.0	40.0	47.9	4.0	130.6	22.7	205.2	245.2

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 non-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 2009 Tax Year 2008 Total Assessed Value	Rank[1]	Percentage of Total Town Taxable Assessed Value	Fiscal Year 2000 Tax Year 1999 Total Assessed Value	Rank[1]	Percentage of Total Town Taxable Assessed Value
South Carolina Electric & Gas	$ 2,823,990	1	2.94%			
East Coast Newspapers	2,977,502	2	3.10%	$ 223,680	1	9.15%
Palmetto Bluff Uplands LLC	1,921,106	3	2.00%			
Palmetto Electric Coop	1,833,202	4	1.91%			
May River Forest LLC	1,721,187	5	1.79%			
Hampton Lake LLC	1,110,442	6	1.15%			
Sea Turtle Entertainment	1,110,576	7	1.16%			
Equity One (Belfair)	1,057,834	8	1.10%			
William Wrigley, Jr.	689,220	9	0.72%			
Buckwalter JV LLC	948,221	10	0.99%			
Bluffton Telephone Company				96,700	2	3.96%
Beaufort County				51,083	3	2.09%
South Carolina RSA #8				44,590	4	1.82%
June S. Simoneaux				28,206	5	1.15%
Mac S. Dunaway				28,165	6	1.15%
Bluffton Development I LLC				24,930	7	1.02%
Eugene K. Cashman				24,435	8	1.00%
Caroline L. Hancock				24,014	9	0.98%
Bluffton Towne Center LLC				23,256	10	0.95%
Total	**$ 16,193,280**		**16.84%**	**$ 569,059**		**23.28%**

Source: Beaufort County Accessor's Office

[1]**Note:** 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		Delinquent Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2000	1999	$ 119,771	$ 120,433	100.55%	$ 11,226	$ 131,659	109.93%
2001	2000	142,432	$ 131,137	92.07%	19,247	150,384	105.58%
2002	2001	273,544	$ 183,679	67.15%	24,057	207,736	75.94%
2003	2002	219,315	$ 213,363	97.29%	14,241	227,604	103.78%
2004	2003	377,018	$ 353,779	93.84%	38,149	391,928	103.95%
2005	2004	836,923	$ 728,806	87.08%	45,313	774,119	92.50%
2006	2005	1,630,720	$ 1,471,468	90.23%	184,294	1,655,762	101.54%
2007	2006	3,143,837	$ 2,886,246	91.81%	64,494	2,950,740	93.86%
2008	2007	3,846,106	$ 3,531,275	91.81%	244,403	3,775,678	98.17%
2009	2008	4,905,127	$ 4,228,981	86.22%	418,779	4,647,760	94.75%

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

Note: Penalties are not included in this schedule.

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
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%
2009	0%	1%	6%

Sources: Beaufort County and Town Finance Department

Note: *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 Bonds	Revenue Bonds	Retirement Notes Payable	Other Notes Payable	Intergovernmental Agreement Payments	Capital Leases	Total	Percentage of Personal Income[a]	Per Capita[a]
2000	$ -	$ -	$ -	$ -	$ -	$ 34,672	$ 34,672	1.00%	27
2001	-	-	-	-	-	35,283	35,283	0.95%	27
2002	180,000	-	-	-	-	35,543	215,543	5.44%	151
2003	160,000	-	-	-	-	36,321	196,321	4.60%	83
2004	140,000	-	-	-	-	39,878	179,878	4.14%	72
2005	120,000	-	105,903	-	-	186,086	411,989	9.08%	157
2006	100,000	14,000,000	89,352	-	7,750,000	375,599	22,314,951	441.39%	7,616
2007	80,000	14,000,000	80,324	-	3,710,000	520,681	18,391,005	332.17%	3,765
2008	60,000	14,000,000	70,756	-	2,970,000	449,079	17,549,835	284.02%	2,752
2009	40,000	13,450,000	60,612		2,230,000	313,945	16,094,557	241.47%	1,247

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

[a]See 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 Obligation Bonds	Total Gross	Exempt from Debt Limit	Total Net	Percentage of Actual Taxable Value[a] of Property	Per Capita[b]
2000	$ -	$ -	$ -	$ -	0.00%	-
2001	-	-	-	-	0.00%	-
2002	180,000	180,000	-	180,000	0.19%	76
2003	160,000	160,000	-	160,000	0.22%	64
2004	140,000	140,000	-	140,000	0.11%	53
2005	120,000	120,000	-	120,000	0.03%	41
2006	100,000	100,000	-	100,000	0.01%	20
2007	80,000	80,000	-	80,000	0.01%	13
2008	60,000	60,000	-	60,000	0.00%	5
2009	40,000	40,000	-	40,000	0.00%	3

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

[a]See Schedule 7 for property value data.

[b]See Schedule 17 for personal income and population data.

Schedule 14
Town of Bluffton, SC
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Beaufort County School District	$ 287,335,000	7%	$ 17,240,100
Beaufort County General Obligation Debt	208,060,000	7%	12,483,600
Bluffton Fire District	1,130,237	26%	259,955
Subtotal, overlapping debt			29,983,655
Town direct debt			40,000
Total direct and overlapping debt			$ 30,023,655

Sources: Beaufort County and Town Finance Department the Beaufort County Assessor's Office.

Note: 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. The assessed values used to estimate applicable percentages as provided by the Beaufort County Assessor's Office.

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

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	$122,628,181
Debt Limit (8% of assessed value)	9,810,254
Debt applicable to limit	(40,000)
Legal Debt Margin (without a Referendum)	$ 9,770,254

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$195,544	$232,542	$470,603	$358,065	$615,540	$1,594,139	$ 3,106,133	$5,988,262	$7,692,212	$9,810,254
Total net debt applicable to limit	-	-	180,000	160,000	140,000	120,000	100,000	80,000	60,000	40,000
Legal debt margin	195,544	232,542	290,603	198,065	475,540	1,474,139	3,006,133	5,908,262	7,632,212	9,770,254
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	38.25%	44.68%	22.74%	7.53%	3.22%	1.34%	0.78%	0.41%

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 vots 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	Debt Service			Coverage
		Principal	Interest	Total	
2000	$ -	$ -	$ -	$ -	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	235,591 [1]	-	235,591	235,591	1.00
2007	274,618	-	546,200	546,200	0.50
2008	556,722	-	546,200	546,200	1.02
2009	988,017	550,000	535,472	1,085,472	0.91

Note: Revenue includes property taxes and MID (Municipal Improvement District) fees only.

[1] First year represents transfer in.

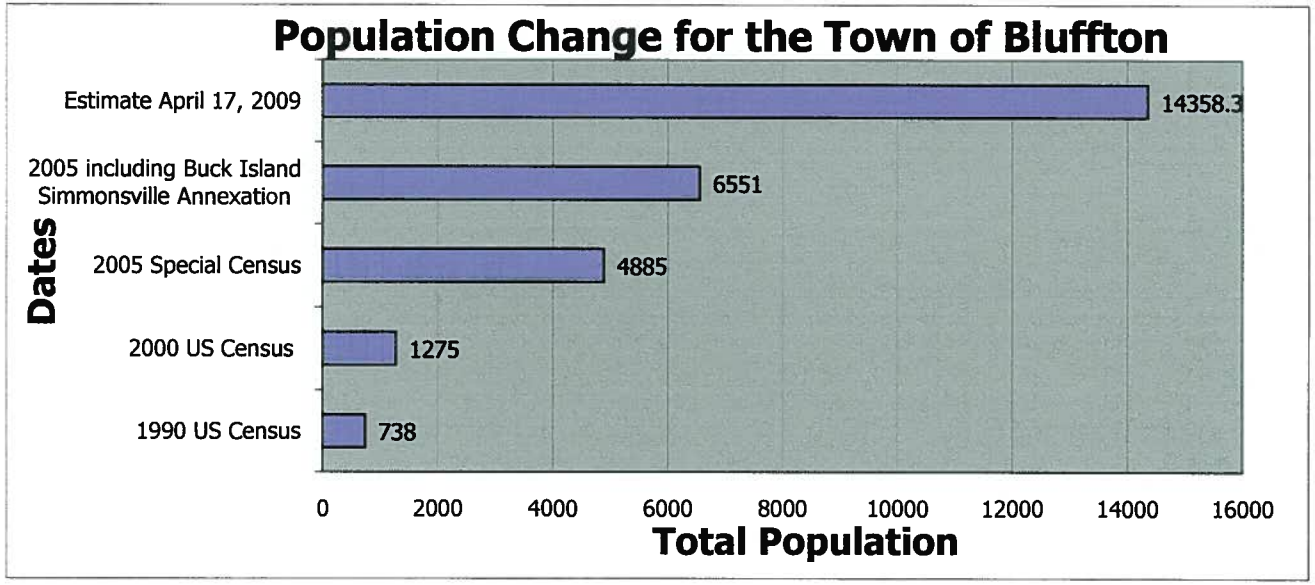
Schedule 17
Town of Bluffton, SC
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income*	Per Capita Personal Income*	Town of Bluffton School Enrollment	Beaufort County School Enrollment	Annual Unemployment Rate*
1999	1,322	3,710,276	31,450	1,686	16,389	2.1%
2000	1,428	3,959,857	32,440	1,846	16,648	3.1%
2001	2,354	4,269,797	34,230	1,994	17,114	3.9%
2002	2,483	4,347,437	33,855	1,942	17,604	4.2%
2003	2,631	4,537,936	34,696	2,059	17,911	4.8%
2004	2,930	5,055,559	37,561	3,496	18,364	5.0%
2005	4,885	5,536,581	39,840	3,721	18,974	4.9%
2006	6,377	6,179,098	43,183	4,052	19,229	4.7%
2007	12,902	6,665,211	45,427	4,423	19,221	4.3%
2008	13,544	6,865,167	46,790	4,625	19,067	5.3%

*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

	2009			2000		
Employer	**Employees**	**Rank**	**% of Total Town Employment**	**Employees**	**Rank**	**% of Total Town Employment**
Beaufort County School District	452	1	n/a	n/a	n/a	n/a
CareCore National, LLC	350	2	n/a	n/a	n/a	n/a
Hargray	300	3	n/a	n/a	n/a	n/a
Inn at Palmetto Bluff	208	4	n/a	n/a	n/a	n/a
Publix	140	5	n/a	n/a	n/a	n/a
Kroger	100	6	n/a	n/a	n/a	n/a
Town of Bluffton	90	7	n/a	n/a	n/a	n/a
Bluffton Township Fire District	86	8	n/a	n/a	n/a	n/a
Outback Steakhouse	75	9	n/a	n/a	n/a	n/a
Jim N Nick's Restaurant	70	10	n/a	n/a	n/a	n/a
Total	**1,871**		**n/a**	**n/a**	**n/a**	**n/a**

Source: Beaufort County and Beaufort County Chamber of Commerce

Note: n/a = not available relating specific to the Town of Bluffton

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

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration	3.0	3.0	3.0	4.0	4.0	4.0	7.0	2.0	4.0	2.0
Information Services										2.0
Municipal Court	1.0	1.0	1.0	1.0	1.0	2.0	5.0	5.0	4.0	4.0
Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	8.0	7.0
Finance	0.0	0.0	0.0	1.0	3.0	3.0	5.0	5.0	6.0	6.0
Building & Grounds	1.0	1.0	1.0	1.0	3.0	3.0	5.0	5.0	5.0	4.0
Police	6.0	6.0	8.0	10.0	11.0	15.0	28.0	33.0	36.0	38.0
Planning & Growth Management	3.0	3.0	4.0	4.0	7.0	8.0	10.0	8.0	13.0	10.0
Engineering Support Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	4.5	6.0
Environmental Protection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	6.0
Building Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	5.0
Total	14.0	14.0	17.0	21.0	29.0	35.0	60.0	73.5	91.5	90.0

Source: Town Finance Department

Note: Data represents the number of employees ending June 30 each year. A full-time equivalent is a measurement equal to one person working a full-time schedule for one year and does not include Mayor and Council.

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

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Business licenses issued	n/a	n/a	162	353	575	795	1,274	2,214	2,207	2,208
Hospitality tax remitters	-	-	-	n/a	n/a	n/a	n/a	57	80	81
Bed tax remitters	-	-	-	-	-	2	4	4	4	5
Court case counts	1,701	3,173	2,600	2,878	3,790	4,131	3,420	6,928	5,251	8,302
Jury trial counts	n/a	n/a	n/a	n/a	n/a	n/a	2	5	-	6
Building permit counts	30	22	42	372	424	489	1,509	1,175	699	450
Development permits Issued	-	6	20	28	35	29	56	64	39	21
Applications issued	25	100	201	207	190	127	377	334	294	260
Environmental Protection										
Certificates of compliance	n/a	n/a	n/a	n/a	n/a	n/a	29	49	46	30
Construction site inspections	n/a	n/a	n/a	n/a	n/a	n/a	8	2,516	2,206	2,432
Notices to comply	n/a	n/a	n/a	n/a	n/a	n/a	6	183	176	151
Stop work orders	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	11	30	13
Tree removal permits issued	n/a	n/a	n/a	n/a	n/a	n/a	n/a	42	45	56
Outreach/Education (# of people)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,483	834	996
Public Safety										
Police calls for service	n/a	n/a	n/a	n/a	n/a	7,000	14,000	18,155	18,477	23,543
Domestic calls	n/a	n/a	n/a	n/a	n/a	293	536	732	428	657
Traffic collisions	n/a	n/a	n/a	n/a	n/a	364	1,041	787	820	693
Citations	n/a	n/a	n/a	n/a	n/a	4,011	5,107	5,818	8,064	10,886
Arrests	n/a	n/a	n/a	n/a	n/a	350	609	919	1,083	1,216
Reports	n/a	n/a	n/a	n/a	n/a	1,246	2,754	3,005	2,859	2,978
Public Projects & Facilities										
# of capital improvement projects to manage	6	3	8	4	2	2	5	17	20	18
# of parks to maintain	1	2	3	3	3	4	4	4	6	6
# of pathways to maintain	1	1	2	2	2	2	2	4	6	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

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government									
Town-owned parcels	3	5	8	8	9	10	11	19	26
Town-owned property acreage	46	105	267	267	278	320	330	340	461
Town vehicles	-	-	1	1	1	1	1	1	1
Environmental Protection									
Town vehicles	-	-	-	-	-	-	-	2	3
Engineering									
Town vehicles	-	-	-	-	-	-	1	1	4
Public Works									
Town vehicles	1	1	1	1	1	2	3	3	5
Public Safety									
Town vehicles (Building Safety)	-	-	-	-	-	-	-	-	1
Police vehicles	4	4	4	5	6	11	22	31	38
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	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, 2009

Court Fines:		
Court Fines Collected	$	218,436
Court Fines retained by the Town		218,436
Court Fines Remitted to the State Treasurer	$	-
Court Assessments:		
Court Assessments collected		206,493
Court Assessments retained by the Town		23,050
Court Assessment remitted to the State Treasurer	$	183,443
Court Surcharges:		
Court Surcharges remitted by the Town	$	102,062
Victim Services:		
Court Assessments allocated to Victim Services	$	23,050
Court Surcharges allocated to Victim Services		5,351
Funds Allocated to Victim Services	$	28,401
Victim Services Expenditures		(47,731)
Sub Total	$	(19,331)
Beginning of the Year	$	(8,503)
End of the Year	$	(27,834)