

Town of Bluffton, South Carolina

Comprehensive Annual Financial Report

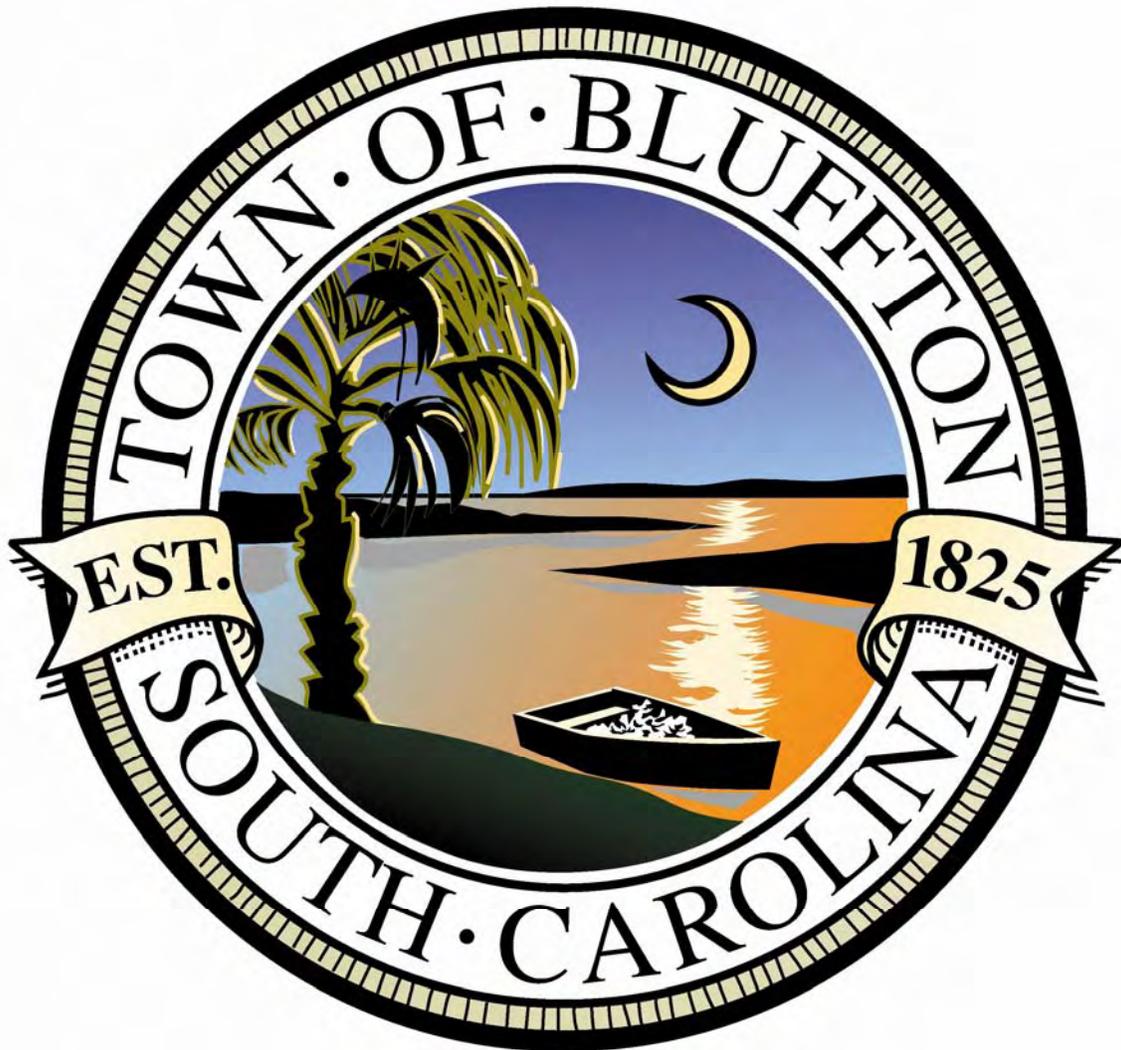
For the Year Ended

June 30, 2010



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

For the Year Ended June 30, 2010



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, 2010
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(Unaudited)

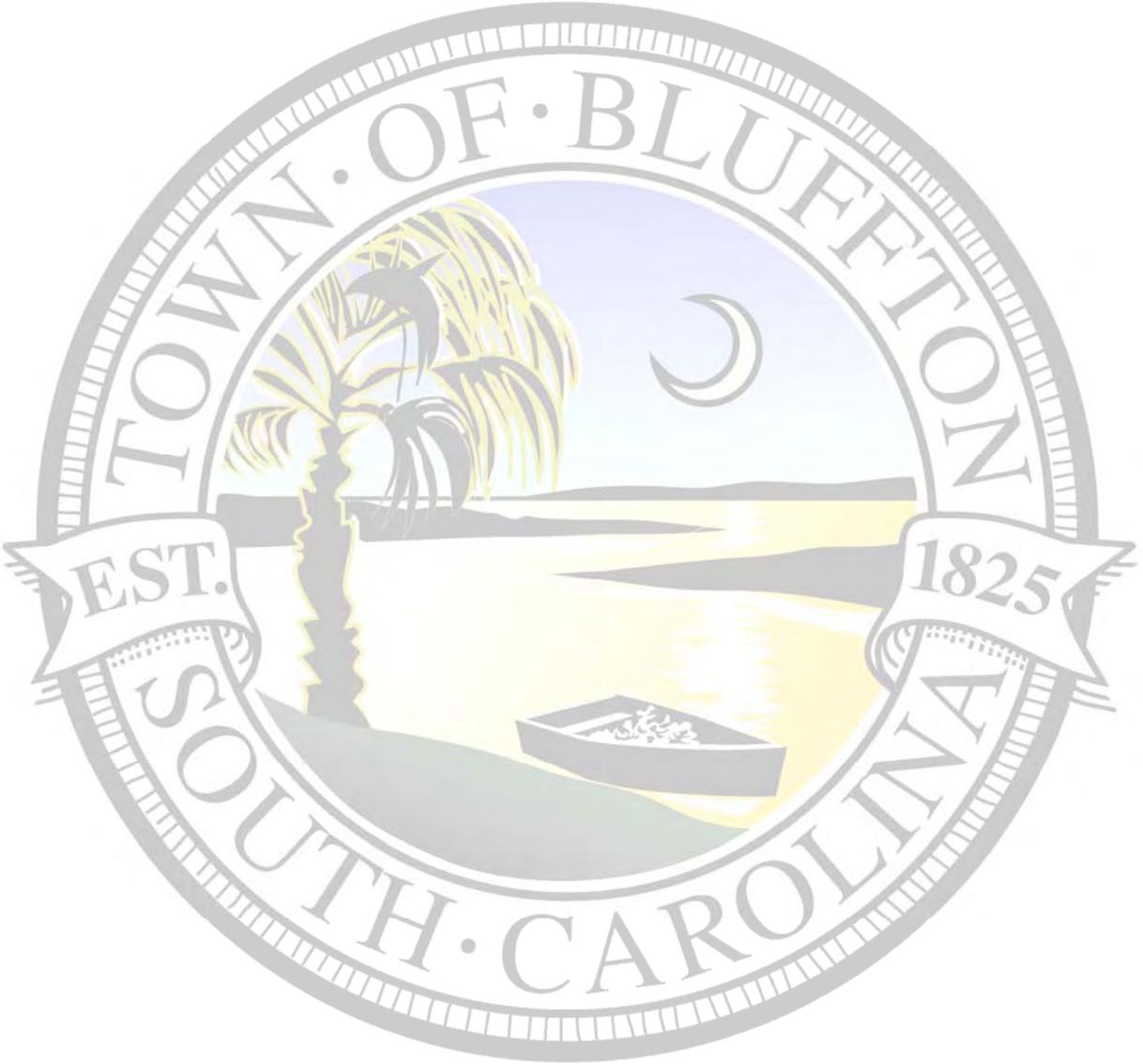
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INTRODUCTORY SECTION



Lisa Sulka
Mayor

Fred Hamilton Jr.
Mayor Pro Tempore

Anthony Barrett
Town Manager



Council Members
Michael Raymond
Oliver Brown
Allyne Mitchell

Sandra Lunceford
Town Clerk

November 18, 2010

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, 2010.

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. 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 (MD&A). 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, 2010. 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 Operating Information.

Town Profile

The Town of Bluffton, settled in 1825 and incorporated in 1852, 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); in June 2000, the Jones tract (4,400 acres); and in January 2009, the Garvey Preserve tract (87.17 acres).

With recent auxiliary annexations (Bluffton Village, Village at Verdier, Shultz-Goethe Road Area, and Willow Run), the Town is over 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 primary goal is to control the dynamic growth; fending off low-quality development and maintaining the Town's unique character. The Town is committed to protecting the historic and scenic resources that make this area such an important place to preserve and privilege to visit.

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

Local Economy

According to the U.S. Census Bureau of 1999, median family income for the Town of Bluffton was \$48,611. Although annual estimates for the Town are not available, the County's current per capita income is the highest in the state of South Carolina at \$44,191 and well above the national average of \$40,208.

Although several small businesses have closed during these economically challenging times, the number of businesses licensed was at an all time high of 2,280 at June 30, 2010, due to new business. The impact of the economy is evident in the gross receipts revenue which decreased by 16%.

In 2005, the Town began construction of the May River Technical Park to serve as a hub for technology. In June of 2006, the Town entered into a building construction and operating agreement with CareCore National for the construction of an office building encompassing approximately 48,000 square feet in the Tech Park for CareCore to expand its presence in South Carolina. CareCore is one of the nation's leaders in specialty benefit healthcare management. The construction of this building and the May River Technical Park project was completed in June of 2008. In October of 2010, construction of a new two-story building adding 31,150 square feet to CareCore facilities was completed. The Bluffton office is CareCore's national headquarters and largest facility, serving as the primary center for services. To date, just under 400 employees are based at this facility. The recent addition is reported to lead to at least 150 additional jobs, including the relocation of 40 employees from the former headquarters located in Colorado.

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 and sustainability. These resources enforce 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.

The May River Action Plan was established as a means for long-term protection and preservation of water quality in the May River. Additionally, the Town partnered with Beaufort County on the implementation of an Intergovernmental Agreement for Watershed Planning in Beaufort County starting with the May River Watershed.

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 SC Department of Health and Environmental Control awarded its largest Section 319 Grant for the Town's Nonpoint Source Pollution Control Project for fecal reduction in the May River in 2009. This multi-year project began in Fiscal Year 2010 and will be completed in Fiscal Year 2012.

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.

The Town of Bluffton partnered with the Beaufort-Jasper Water & Sewer Authority (BJWSA) and Beaufort County School District in obtaining a Community Development Block Grant (CDBG) for \$500,000 to provide sewer and water in the northwest quadrant of the Buck Island-Simmonsville Neighborhood. During Fiscal Year 2010, the Town worked with its consultant team (Hussey, Gay, Bell & DeYoung or HGB&D) and the grant administrative entity (Lowcountry Council of Governments or LCOG) to complete the engineering design, obtain permits from agencies having jurisdiction, acquire utility easements, and procure construction services. The Town selected Jordan Construction as the Contractor for the installation of sewer and water infrastructure, and construction commenced in June 2010.

The Town continued its successful collaboration with BJWSA as it obtained another CDBG award in the amount of \$500,000 for the provision of water and sewer in the northeast quadrant of the Buck Island-Simmonsville Neighborhood. As of the end of the fiscal year, the Town's consultant team had completed preliminary engineering design work, started obtaining permits, and worked on plats required for the easement acquisition process. Next steps include completion of design & permitting processes, appraisal and acquisition of easements, and construction contract procurement.

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 multi-year program is directed towards stabilizing neighborhoods that are in jeopardy due to high foreclosure rates and blighted influences. The Town's targeted uses for the grant funds during Fiscal Year 2010 were the acquisition and redevelopment of sites for affordable housing and the demolition and removal of abandoned and/or blighted structures. A staff team was 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.

Additionally, a Neighborhood Assistance Program was established to provide free property improvement initiatives for Bluffton homeowners. It is the Town's intent to use this program to help create a safer, more vibrant community that will retain its character while increasing the quality of life for all residents and preserving the May River.

The Town is constructing a new state of the art environmentally sustainable law enforcement center. The Category 3 building will be approximately 19,618 square feet and is designed to be used for emergency services for the surrounding areas.

The Town is in the final construction phase of the Streetscape project running from Burnt Church Road/Bruin Road to May River Road/Pin Oak Street. This project revitalizes the major road that runs through the center of Town. This project consisted 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 the building of several pocket parks.

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 \$154,621 on all investments for the year ended June 30, 2010.

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, 2009. This was the second consecutive 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, and Kathy Glover, Budget Administrator, for the vital role they played in the completion of this project.

Respectively,



Shirley Freeman
Director of Finance/Administration



Town of Bluffton, South Carolina
Elected and Appointed Officials
Year Ended June 30, 2010

Elected Officials

Mayor: The Honorable Lisa Sulka

Council:

Fred Hamilton, Jr. – Mayor Pro Tempore
Oliver Brown
Allyne Mitchell
Michael Raymond

Appointed Officials

Anthony Barrett – Town Manager

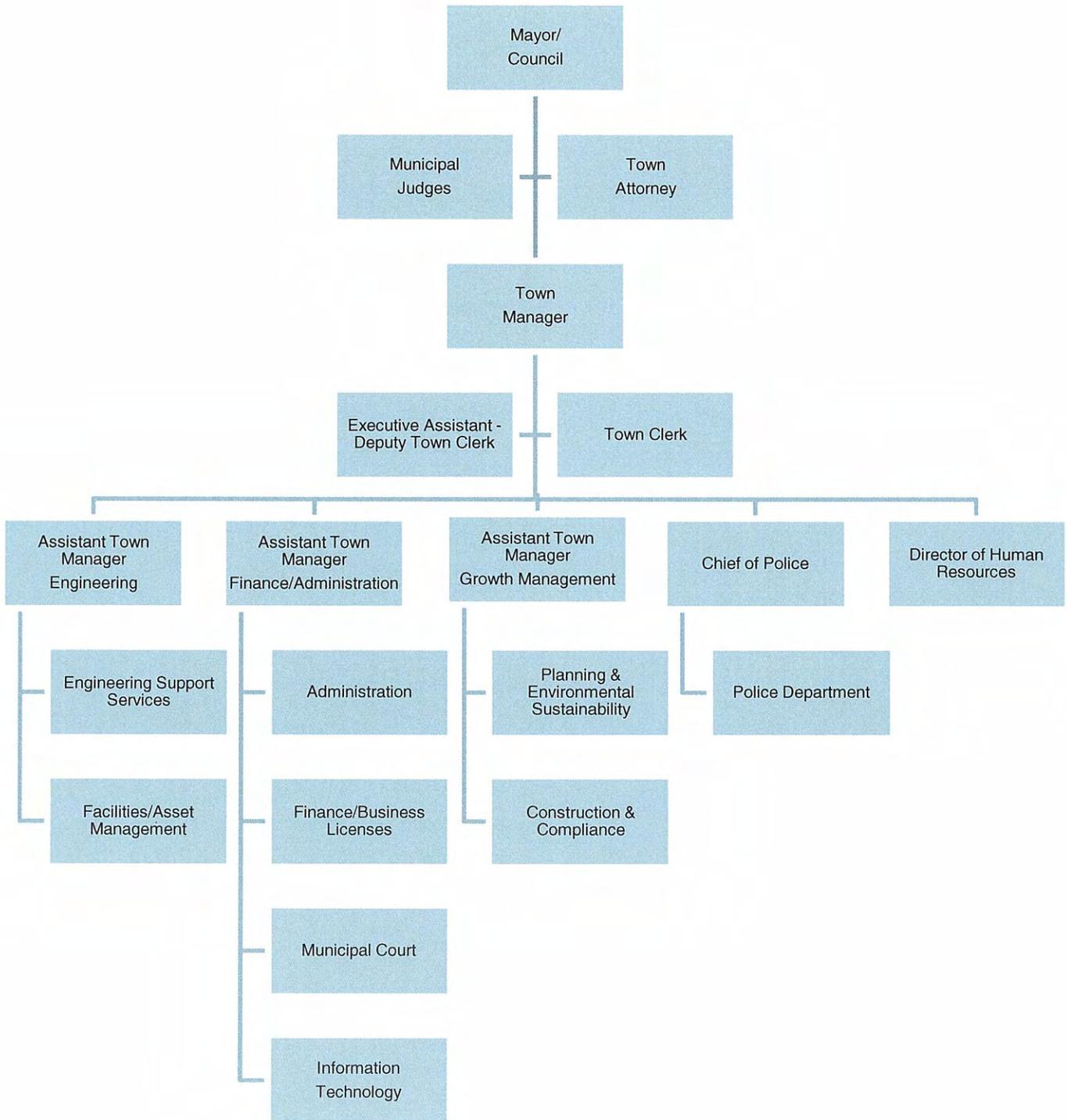
Terry A. Finger – Town Attorney

Senior Management

Bob Fletcher
Shirley Freeman
Marc Orlando
David McAllister
Sandra Lunceford
Jessie Hershey

Assistant Town Manager – Engineering
Assistant Town Manager – Finance/Administration
Assistant Town Manager – Planning & Growth Management
Chief of Police
Town Clerk
Director of Human Resources

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, 2009

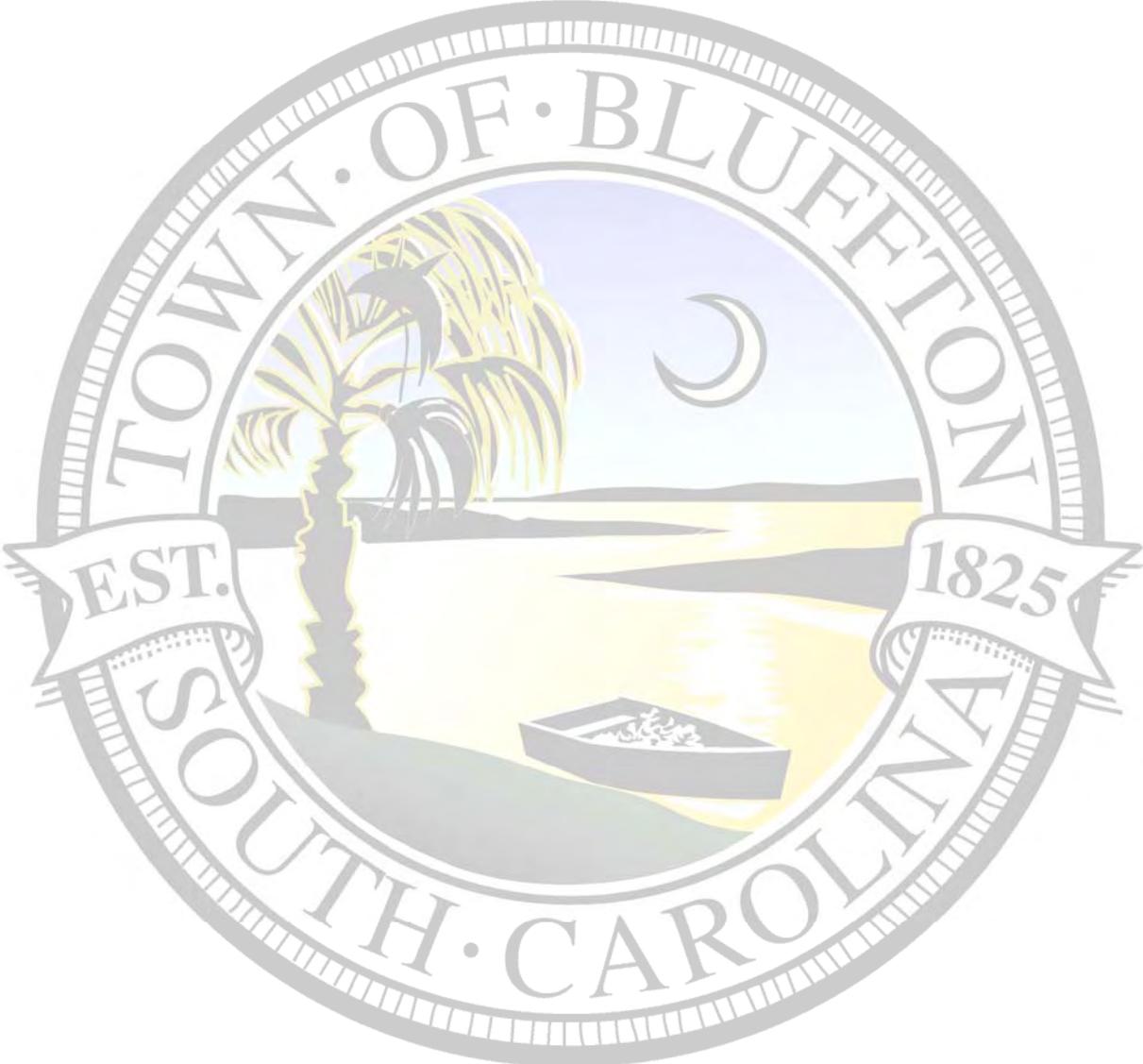
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

FINANCIAL SECTION





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
JAMES W. LITCHFIELD, CPA (1946-1994)

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INDEPENDENT AUDITORS' REPORT

November 18, 2010

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, 2010, 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, 2010, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bluffton, South Carolina's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Roberson Grant & Co., P.A.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

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, 2010. 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 \$21,160,157 (*net assets*). Of this amount, \$7,654,350 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's total net assets increased by \$495,755.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,000,892, a decrease of \$3,404,849 in comparison with the prior year. Approximately 40% percent of this total amount, or \$3,621,785, 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 \$3,419,594 or 34% percent of total General Fund expenditures for the fiscal year.
- The Town incurred no new capital lease obligations 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. 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.

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.

The Government-wide Financial Statements can be found on pages 22 and 23 of this report.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvement Program Fund, and the Debt Service Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund, Capital Improvements Program Fund, and the Debt Service Fund. 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 Fund 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.

These basic fund financial statements can be found on pages 24 through 27 of this report.

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. The Notes to the Financial Statements can be found on pages 28 through 45 of this report.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

Other Supplemental information – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements as other supplemental information. Combining and individual fund statements and schedules can be found on pages 46 through 52 of this report.

Government-wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2010 are prepared using the financial statement-reporting model as mandated by the Governmental Accounting Standards Board (GASB).

Statement of Net Assets
Figure 1

	Governmental Activities		%
	2010	2009	
Current and other assets	\$ 11,550,624	\$ 14,664,901	(21%)
Capital assets	26,323,753	23,876,733	10%
Total assets	<u>37,874,377</u>	<u>38,541,634</u>	<u>(2%)</u>
Current and other liabilities	3,645,757	3,305,025	10%
Long-term liability outstanding	13,068,463	14,572,207	(10%)
Total liabilities	<u>16,714,220</u>	<u>17,877,232</u>	<u>(7%)</u>
Net assets:			
Invested in capital assets, net of related debt	13,291,406	12,518,793	6%
Restricted	214,401	2,492,544	(91%)
Unrestricted	7,654,350	5,653,065	35%
Total net assets	<u>\$ 21,160,157</u>	<u>\$ 20,664,402</u>	<u>2%</u>

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 \$21,160,157 as of June 30, 2010. The Town increased its net capital assets by \$2,447,020 as a result of investments in new Building and Grounds Facilities and the Law Enforcement Center. The \$1,503,744 decrease in the Town's long-term liabilities was related to the TIF Bonds principal payment, a decrease of \$210,647 in vehicle lease retirement, and \$740,000 in intergovernmental loan payments to Beaufort County. These elements contributed to the \$772,613 increase in net assets invested in capital assets, net of related debt and were offset by a \$1,013,612 increase in depreciation. The Town's total net assets increased by \$495,755 for the fiscal year ended June 30, 2010. The moderate 2% increase is the result of the pay down of long-term liabilities and of the Town's efforts to control spending within the currently unstable economic environment. A small portion of the Town's net assets (1%) represents resources subject to external restrictions on how they may be used. The remaining is a balance of \$7,654,350 in unrestricted funds.

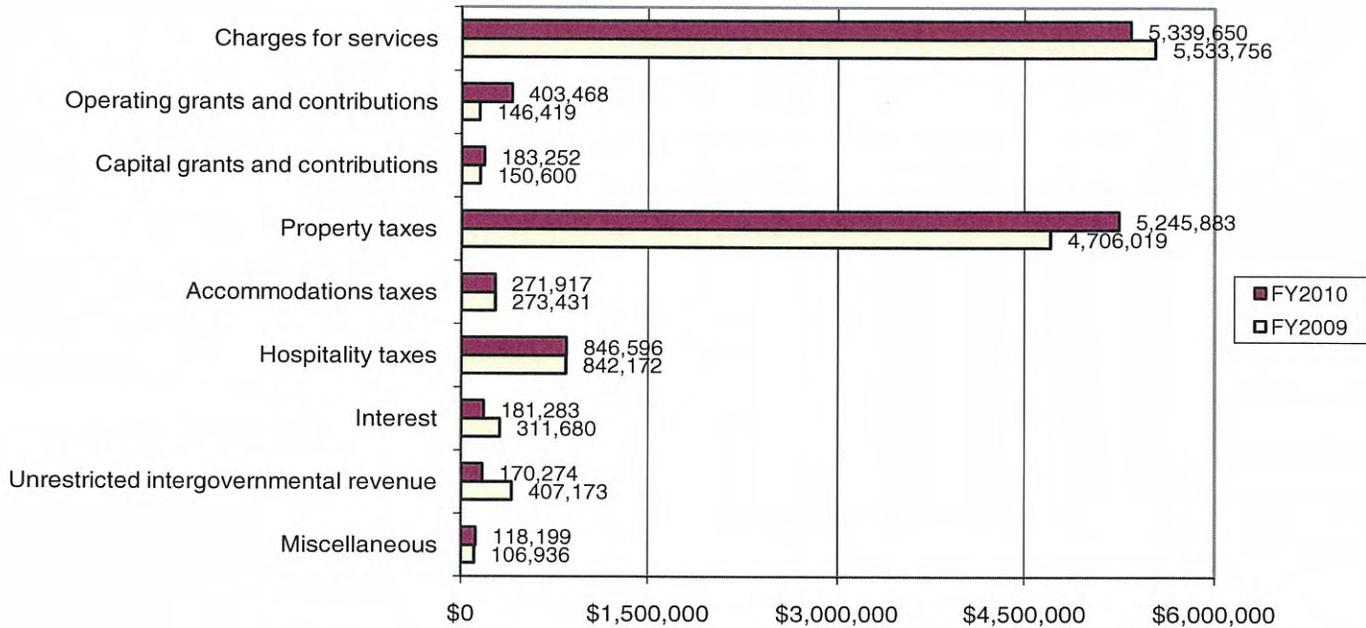
**Town of Bluffton
Management's Discussion and Analysis
June 30, 2010**

**Town of Bluffton Changes in Net Assets
Figure 2**

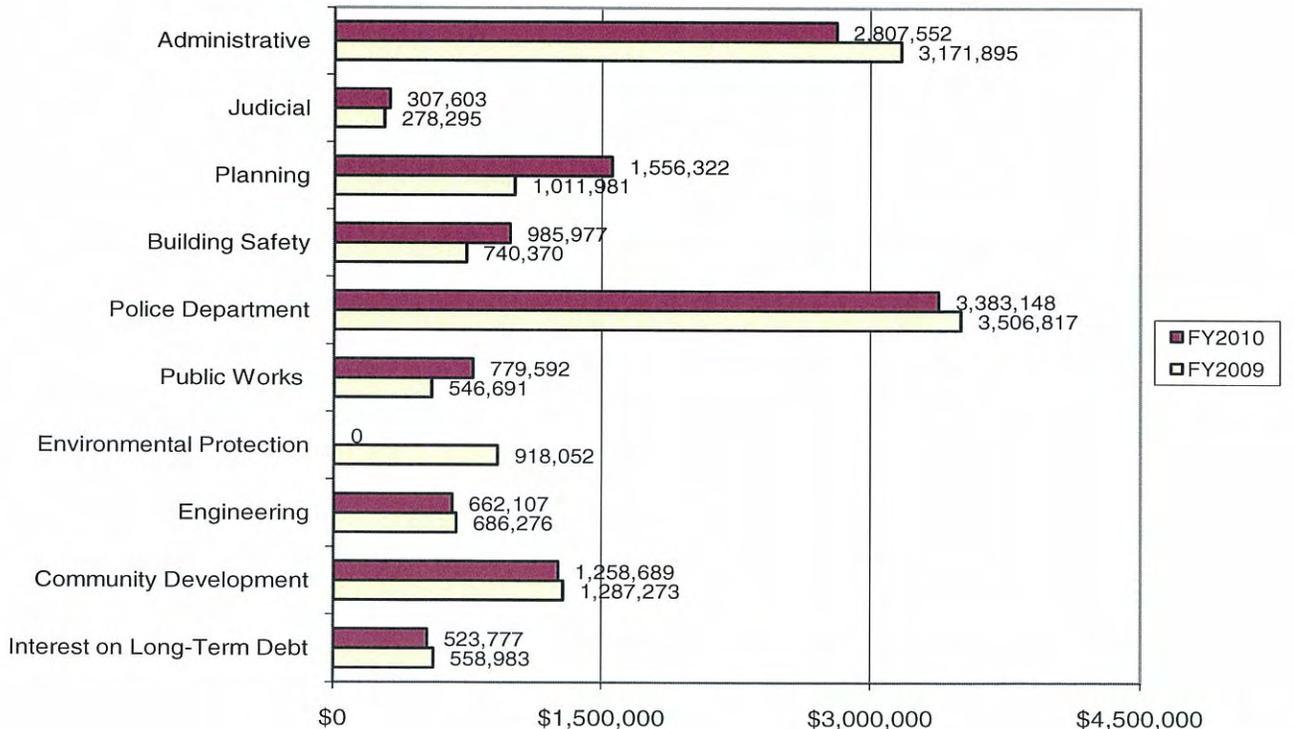
	Governmental Activities		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,339,650	\$ 5,533,756	(4%)
Operating grants and contributions	403,468	146,419	176%
Capital grants and contributions	183,252	150,600	22%
General revenues:			
Property taxes	5,245,883	4,706,019	11%
Accommodations taxes	271,917	273,431	(1%)
Hospitality taxes	846,596	842,172	1%
Interest	181,283	311,680	(42%)
Unrestricted intergovernmental revenue	170,274	407,173	(58%)
Miscellaneous	118,199	106,936	11%
Total revenues	<u>12,760,522</u>	<u>12,478,186</u>	<u>2%</u>
Expenses:			
Administrative	2,807,552	3,171,895	(11%)
Judicial	307,603	278,295	11%
Planning	1,556,322	1,011,981	54%
Building Safety	985,977	740,370	33%
Police Department	3,383,148	3,506,817	(4%)
Public Works	779,592	546,691	43%
Environmental Protection	-	918,052	(100%)
Engineering	662,107	686,276	(4%)
Community Development	1,258,689	1,287,273	(2%)
Interest on long-term debt	523,777	558,983	(6%)
Total expenses	<u>12,264,767</u>	<u>12,706,633</u>	<u>(3%)</u>
Changes in Net Assets	495,755	(228,447)	
Net assets, July 1	<u>20,664,402</u>	<u>20,892,849</u>	
Net assets, June 30	<u>21,160,157</u>	<u>\$20,664,402</u>	<u>2%</u>

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

Revenues by Source – Governmental Activities
Figure 3



Expenses by Program – Governmental Activities
Figure 4



Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

Governmental Activities: Governmental activities increased the Town's net assets by \$495,755. This increase is relative to the increase in property tax collections and grants and a \$441,866 decrease in expenditures from prior year. Charges for services (42%) (e.g. business licenses, franchise fees, permit fees, development fees) and property taxes (41%) are the largest sources of funds. All other revenue sources comprise 17% of all funds received by the Town.

Major expenses for Fiscal Year 2010 were associated with the Police Department (28%) and Administration function (22%). Administration expense included costs for contracts to provide Town services, personnel costs and new land management software packages.

Transfers between the funds in Fiscal Year 2010 increased by a modest \$210,427. Increases of \$297,281 occurred from the TIF Project Fund to the Capital Improvement Program Fund. Transfers out of the General Fund decreased by \$119,058 in 2010, no General Fund monies were used to fund Capital Improvement Program projects in Fiscal Year 2010. The General Fund transfers in decreased in 2010 by \$22,044, major transfers in 2010 were \$500,000 from the Hospitality Tax Fund to support tourism projects and related support personnel and \$450,000 from the Storm water Utility Fund to support Storm water initiatives and related support personnel.

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 \$9,000,892, a decrease of \$3,404,849 in comparison with the prior fiscal year. Approximately 40% of total fund balance, or \$3,621,785, constitutes unreserved fund balance which is available for spending at the government's discretion. The remainder of fund balance \$5,379,107, 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, \$1,761,988; 2) to pay encumbrances, \$212,091; 3) to pay debt service, \$1,612,017; 4) to pay for Tourism Projects and related support, \$823,516; 5) to pay for Storm Water Projects and related support, \$702,995; and 6) a for a variety of other restricted purposes, \$266,500.

The General Fund is the chief operating fund of the Town. Total fund balance of the Town's General Fund increased by \$78,856 during Fiscal Year 2010. This was the result of increases in property tax revenue and management's sensible management of operating expenditures. At the end of the fiscal year, the unreserved fund balance of the General Fund was \$3,419,594 while the total fund balance was \$4,050,528. 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 33.7% of the total General Fund expenditures, while total fund balance represents 39.9% of that same amount.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

The Town's Capital Improvement Project Fund's fund balance was reduced by \$1,695,025 during Fiscal Year 2010. The decrease is the result of the intergovernmental payment for the Bluffton/Buckwalter Parkway of \$740,000 and other increased spending within the Capital Improvement Program Fund related to the Law Enforcement Center, new Building and Grounds Facility and Buck Island Sewer projects.

The Town's TIF Project Fund's fund balance was reduced by \$2,294,881 in Fiscal Year 2010. This draw down was used to pay for the May River Streetscape, new Building and Grounds Facility, Old Town Sewer projects and Law Enforcement Center construction costs. The TIF Project Fund was reimbursed \$403,648 in Fiscal Year 2011 according to the Bond Resolution passed in October 2009 allowing for the refunding of expenditures associated with the new Law Enforcement Center with proceeds from the 2010 General Obligation Bond issue that closed on July 8, 2010.

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 increases totaled \$543,540; the majority of the increase was the anticipated impact of the administration of the Section 319 Grant for Nonpoint Source Pollution Control and the Neighborhood Stabilization Grant. Fiscal Year 2010 grant expenditures totaled \$436,602.

Actual revenues for the General Fund were \$366,324 less than the original adopted budget and \$909,864 less than the revised budget. The administration of the above mentioned grants occurred at a slightly slower pace than anticipated as a result of State approval checkpoints and therefore revenue reimbursement was not required at anticipated levels. The revenue streams from Business License, Building Permits, Application Fees and Development Fees continue to underperform as a result of the current economic conditions.

Actual expenditures for the General Fund were \$1,262,988 below revised budget expectations. The favorable variance was due to the aforementioned grant administration delays, lower personnel costs due to delays in hiring for vacated positions and delayed spending for previously budgeted programs until revenue resources recovered.

The budgeted transfers in Fiscal Year 2010 were to include transfers from fund balance relating to municipal improvement development fees; however, due to discretionary spending limits, these transfers from prior year fees were not necessary. The General Fund continues to receive budgeted transfers from special revenue funds consistent with prior years. The General Fund transferred \$21,777 to the Debt Service Fund for GO Bond principal and interest payments as budgeted and consistent with prior years.

Capital Assets and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental activities as of June 30, 2010, totals \$26,323,753 (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 10 percent. These numbers do

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2010**

reflect the addition of infrastructure for the year ended June 30, 2010, in accordance with GASB 34.

Major capital asset transactions during the year included ongoing additions to major capital improvement projects for the May River Streetscape, new Law Enforcement Center, and new Building and Grounds Facilities (Construction in Progress) which are expected to be completed in Fiscal Year 2011, as well as additions in Machinery and Equipment and Vehicles.

**Town of Bluffton's Capital Assets
Figure 5**

	Governmental Activities
	2010
Land	\$ 11,168,200
Building and improvements	1,053,423
Drainage	739,956
Roads	1,143,225
Sidewalks and Trails	395,131
Land Improvements	5,086,048
Machinery and equipment	831,589
Vehicles	400,779
Construction in progress	5,505,402
Total	\$ 26,323,753

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 \$14,572,207. Of this amount, \$20,000 of General Obligation Debt is secured by the full faith and credit of the Town. Twelve million eight hundred seventy-five thousand dollars (\$12,875,000) represents bonded debt for the Tax Increment Financing District funded from the incremental tax revenue. Payable to Beaufort County is \$1,490,000 for Bluffton Parkway and widening of Buckwalter Parkway. Remaining is \$137,347 for capital leases for vehicles and \$49,860 for a note payable for employer contributions to the South Carolina Retirement System.

**Town of Bluffton's Outstanding Debt
Figure 6**

	Governmental Activities
	2010
General Obligation Bonds	\$ 20,000
TIF Bonds	12,875,000
Capital Leases	137,347
Beaufort County Agreement	1,490,000
SC Retirement Loan	49,860
Total	\$ 14,572,207

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

The Town's total debt decreased by \$1,556,399 during the current fiscal year. Aside from the normal payment of prior year principal, the Town had no additional borrowing activity during Fiscal Year 2010.

State statutes 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 \$10,941,884, of which is significantly in excess of the Town of Bluffton's outstanding general obligation debt. At June 30, 2010 only \$20,000 of the Town's debt applies to this limitation, leaving a significant balance available.

The Town received its first bond rating of Aa2 from Moody's Investor Service and AA- from Standard and Poor's Corporation in Fiscal Year 2010 in relation to the anticipated issuance of general obligation bonds for the construction of the new Law Enforcement Center and other capital projects as assigned by Council. Both agencies stated the high ratings reflect the growth in the tax base in recent years, a healthy financial position supported by fiscal policies, professional management and modest 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 cut back spending but prudent management decisions eliminated the need for transfers from prior year reserves.
- Beaufort County's unemployment rate of 8.1% is below the State's rate of 10.7% at June 30, 2010. Currently, no data is available specifically for the Town of Bluffton.
- The Fiscal Year 2011 general fund budget is balanced. The Fiscal Year 2011 tax levy was maintained at 38 mills; however 2.3 mills were appropriated to debt service decreasing General Fund millage to 35.7 mills. The revenues and expenditures are budgeted at \$10,451,270 respectively for a decrease of 8.5% from prior year. The reduction is in response to the current nationwide and local economic conditions.
- Property tax revenues increased by 11% in Fiscal Year 2010. While not as significantly as in prior years, property tax collections are forecasted to continue to increase in Fiscal Year 2011.
- The Capital Projects Fund appropriation was \$6,731,940 for Fiscal Year 2011. The majority of these expenditures are for the completion of a new Law Enforcement Center (LEC), ongoing storm water initiatives and the Buck Island Sewer Installation. In October 2010 budget amendments were approved by Council to bring appropriations to \$12,397,630 and included additions for the building of affordable housing with funding from HUD under the Neighborhood Stabilization Program, completion of Oyster Factory Park with financial support from Beaufort County and carryovers from Fiscal Year 2010 budget for the LEC and sewer projects.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2010

- The Debt Service Fund provides for the payment of bond principal and interest payments totaling \$1,482,600 for Fiscal Year 2011. This includes principal and interest payments for the TIF Bonds issued in 2005 and 2006, as well as for new General Obligation Bonds, Series 2010A issued July 8, 2010, in the amount of \$6,500,000 for the purpose of constructing the new law enforcement center and other capital projects as Town Council may determine. The general obligation bonds were issued as taxable direct pay Build America Bonds at an interest rate of 3.57% for a term of 25 years. The principal and interest on the bonds is payable from tax revenues received by the Town.

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, 2010

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 4,935,232	\$ 4,935,232
Restricted Cash and Cash Equivalents	1,602,218	1,602,218
Investments	3,005,985	3,005,985
Property Taxes Receivable, net	94,539	94,539
Lease Receivable	626,592	626,592
Other Receivables	952,484	952,484
Prepaid Assets	148,094	148,094
Deferred Charges	185,480	185,480
Capital Assets		
Nondepreciable	16,673,602	16,673,602
Depreciable	9,650,151	9,650,151
Total Assets	<u>37,874,377</u>	<u>37,874,377</u>
LIABILITIES		
Accounts Payable	1,279,245	1,279,245
Deposits and Bonds Payable	23,446	23,446
Accrued Interest	45,934	45,934
Due to Other Governments	228,023	228,023
Accrued Payroll and Withholding	206,946	206,946
Items due in less than one year	1,862,163	1,862,163
Items due in more than one year	13,068,463	13,068,463
Total Liabilities	<u>16,714,220</u>	<u>16,714,220</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	13,291,406	13,291,406
Restricted for:		
Capital Projects	214,401	214,401
Unrestricted	7,654,350	7,654,350
Total Net Assets	<u>\$ 21,160,157</u>	<u>\$ 21,160,157</u>

See Notes to Financial Statements

**The Town of Bluffton
Statement of Activities
For the Year Ended June 30, 2010**

Function / Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government						
Governmental Activities						
General Government						
Administration	\$ 2,807,552	\$ 3,177,906	\$ -	\$ -	\$ 370,354	\$ 370,354
Judicial	307,603	256,973	-	-	(50,630)	(50,630)
Planning	1,556,322	1,256,292	154,642	10,000	(135,388)	(135,388)
Public Safety						
Building Safety	985,977	424,196	-	-	(561,781)	(561,781)
Police Department	3,383,148	65,008	248,826	18,543	(3,050,771)	(3,050,771)
Public Works	779,592	-	-	-	(779,592)	(779,592)
Engineering	662,107	-	-	-	(662,107)	(662,107)
Community Development	1,258,689	159,275	-	154,709	(944,705)	(944,705)
Interest on long-term debt	523,777	-	-	-	(523,777)	(523,777)
Total governmental activities	12,264,767	5,339,650	403,468	183,252	(6,338,397)	(6,338,397)
Total Primary Government	\$ 12,264,767	\$ 5,339,650	\$ 403,468	\$ 183,252	\$ (6,338,397)	\$ (6,338,397)
General Revenues:						
Property Taxes					\$ 5,245,883	\$ 5,245,883
Accommodations Taxes					271,917	271,917
Hospitality Taxes					846,596	846,596
Investment Earnings					181,283	181,283
Unrestricted Intergovernmental Revenue					170,274	170,274
Miscellaneous					118,199	118,199
Total general revenues and capital contributions					<u>6,834,152</u>	<u>6,834,152</u>
Change in Net Assets					495,755	495,755
Net Assets - Beginning					<u>20,664,402</u>	<u>20,664,402</u>
Net Assets - Ending					<u>\$ 21,160,157</u>	<u>\$ 21,160,157</u>

See Notes to Financial Statements

**The Town of Bluffton
Balance Sheet
Governmental Funds
June 30, 2010**

	General Fund	Capital Improvement Program Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,638,274	\$ 212,066	\$ 284,470	\$ 800,422	\$ 4,935,232
Restricted Cash and Cash Equivalents	429,503	339,640	-	833,075	1,602,218
Investments	74,012	\$ 1,635,904	1,296,069	-	3,005,985
Property taxes receivable, net	80,917	-	13,622	-	94,539
Other Receivables	431,248	134,912	17,860	368,464	952,484
Prepaid Assets	148,094	-	-	-	148,094
Due from other Funds	4	109,010	-	12,594	121,608
Total Assets	<u>\$ 4,802,052</u>	<u>\$ 2,431,532</u>	<u>\$ 1,612,021</u>	<u>\$ 2,014,555</u>	<u>\$ 10,860,160</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 288,109	\$ 970,231	\$ -	\$ 20,905	\$ 1,279,245
Unearned Revenue	-	-	-	-	-
Deposits and Bonds Payable	23,446	-	-	-	23,446
Due to other Funds	5,000	12,594	4	104,010	121,608
Due to Other Governments	228,023	-	-	-	228,023
Salaries and Benefits Payable	206,946	-	-	-	206,946
Total Liabilities	<u>751,524</u>	<u>982,825</u>	<u>4</u>	<u>124,915</u>	<u>1,859,268</u>
Fund Balances					
Reserved for:					
Boat Ramp Repair	-	-	-	118,406	118,406
Encumbrances	46,285	123,274	-	42,532	212,091
Prepaid Insurance	148,094	-	-	-	148,094
Future Capital Projects	436,555	1,325,433	-	-	1,761,988
Tourism Projects & Related Support	-	-	-	823,516	823,516
Stormwater Projects & Related Support	-	-	-	702,995	702,995
Debt Service	-	-	1,612,017	-	1,612,017
Unreserved					
Designated for Disaster Recovery					
General Fund	1,567,690	-	-	-	1,567,690
Special Revenue Funds	-	-	-	9,999	9,999
Undesignated					
General Fund	1,851,904	-	-	-	1,851,904
Special Revenue Funds	-	-	-	192,192	192,192
Total Fund Balances	<u>4,050,528</u>	<u>1,448,707</u>	<u>1,612,017</u>	<u>1,889,640</u>	<u>9,000,892</u>
Total Liabilities and Fund Balances	<u>\$ 4,802,052</u>	<u>\$ 2,431,532</u>	<u>\$ 1,612,021</u>	<u>\$ 2,014,555</u>	<u>\$ 10,860,160</u>

Total Governmental Fund Balances \$ 9,000,892

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. 26,323,753

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. 626,592

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds 185,480

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (14,976,560)

Net assets of governmental activities \$ 21,160,157

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, 2010

	General Fund	Capital Improvement Program Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 4,268,802	\$ -	\$ 977,081	\$ -	\$ 5,245,883
Hospitality and Accommodations Taxes	-	-	-	1,118,513	1,118,513
Licenses & Permits	3,645,872	-	160,793	-	3,806,665
Stormwater Utility Fees	-	-	-	981,087	981,087
Grants and Entitlements	432,011	154,709	-	-	586,720
Intergovernmental	170,274	-	-	-	170,274
Service Revenues	290,450	-	-	4,475	294,925
Fees and Fines	256,973	-	-	-	256,973
Interest Income	21,260	52,497	65,353	15,511	154,621
Miscellaneous	92,199	126,000	-	-	218,199
Total Revenues	9,177,841	333,206	1,203,227	2,119,586	12,833,860
EXPENDITURES					
Current					
Legislative	142,930	-	-	-	142,930
Executive	464,927	-	-	-	464,927
Administration	1,003,794	-	-	-	1,003,794
Finance	568,429	-	-	-	568,429
Municipal Court	254,623	-	-	-	254,623
Municipal Judges	49,456	-	-	-	49,456
Information Technology	397,046	-	-	-	397,046
Facilities and Asset Management	685,502	-	-	-	685,502
Engineering	599,358	-	-	-	599,358
Growth Management	398,903	-	-	-	398,903
Planning and Environmental Sustainability	1,046,341	-	-	-	1,046,341
Environmental Protection	111,079	-	-	-	111,079
Construction and Compliance	970,950	-	-	-	970,950
Police	3,065,401	-	-	-	3,065,401
Community Development	-	32,036	5,000	162,800	199,836
Debt Service					
Principal	221,399	740,000	595,000	-	1,556,399
Interest	17,663	-	515,303	-	532,966
Capital Outlay	158,161	4,032,608	-	-	4,190,769
Total Expenditures	10,155,962	4,804,644	1,115,303	162,800	16,238,709
Excess (Deficiency) of Revenues Over Expenditures	(978,121)	(4,471,438)	87,924	1,956,786	(3,404,849)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,078,754	2,776,413	21,777	-	3,876,944
Transfers Out	(21,777)	-	-	(3,855,167)	(3,876,944)
Total Other Financing Sources and Uses	1,056,977	2,776,413	21,777	(3,855,167)	-
Net Change in Fund Balance	78,856	(1,695,025)	109,701	(1,898,381)	(3,404,849)
Fund Balance - Beginning	3,971,672	3,143,732	1,502,316	3,788,021	12,405,741
Fund Balance - Ending	\$ 4,050,528	\$ 1,448,707	\$ 1,612,017	\$ 1,889,640	\$ 9,000,892

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, 2010

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

Net change in fund balances - total governmental funds	\$ (3,404,849)
<p>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.</p>	
Capital Outlay Expenditures	\$ 3,106,434
Less: Depreciation Expense	<u>1,013,612</u>
	2,447,020
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.</p>	
	(73,338)
<p>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.</p>	
	1,556,399
<p>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.</p>	
	(17,446)
<p>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.</p>	
	<u>(12,031)</u>
Change in net assets of governmental activities	<u>\$ 495,755</u>

See Notes to Financial Statements

The Town of Bluffton
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$ 3,975,125	\$ 3,975,125	\$ 4,268,802	\$ 293,677
Licenses & Permits	4,225,525	4,225,525	3,645,872	(579,653)
Intergovernmental	533,655	1,122,055	602,285	(519,770)
Service Revenues	459,860	415,000	290,450	(124,550)
Fees and Fines	280,000	280,000	256,973	(23,027)
Miscellaneous	70,000	70,000	113,459	43,459
Total Revenues	<u>9,544,165</u>	<u>10,087,705</u>	<u>9,177,841</u>	<u>(909,864)</u>
EXPENDITURES				
Legislative	125,275	125,275	142,930	17,655
Executive	456,742	498,310	464,927	(33,383)
Administration	1,168,000	1,071,942	1,018,183	(53,759)
Finance	599,865	615,960	568,429	(47,531)
Municipal Court	257,970	262,065	254,623	(7,442)
Municipal Judges	47,850	49,260	49,456	196
Information Technology	484,430	616,205	527,244	(88,961)
Facilities and Asset Management	741,015	758,565	712,717	(45,848)
Engineering	597,155	617,525	599,358	(18,167)
Growth Management	513,915	408,837	398,903	(9,934)
Planning and Environmental Sustainability	752,185	1,797,640	1,046,341	(751,299)
Environmental Protection	850,350	111,078	111,079	1
Construction and Compliance	884,465	1,089,105	970,950	(118,155)
Police	3,396,193	3,397,183	3,290,822	(106,361)
Total Expenditures	<u>10,875,410</u>	<u>11,418,950</u>	<u>10,155,962</u>	<u>(1,262,988)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,331,245)</u>	<u>(1,331,245)</u>	<u>(978,121)</u>	<u>353,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	1,331,245	1,331,245	1,056,977	(274,268)
Total Other Financing Sources and Uses	<u>1,331,245</u>	<u>1,331,245</u>	<u>1,056,977</u>	<u>(274,268)</u>
Net Change in Fund Balance	-	-	78,856	78,856
Fund Balance - Beginning	3,971,672	3,971,672	3,971,672	
Fund Balance - Ending	<u>\$ 3,971,672</u>	<u>\$ 3,971,672</u>	<u>\$ 4,050,528</u>	<u>\$ 78,856</u>

See Notes to Financial Statements

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

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 1852. 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 criterion 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.

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.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

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.

(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.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

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 two banks, which are members of the Federal Deposit Insurance Corporation (FDIC).

(g) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items. The cost of prepaid items is accounted for using the consumption method.

(h) 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.

(i) Capital assets

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

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

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

(j) Long-term obligations

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

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 1- Summary of significant accounting policies (continued)

(j) Long-term obligations (continued)

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

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

(k) 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. The General Fund is used to liquidate the liability for compensated absences and the full amount of the liability is generally reported as a current liability based on amounts paid out during the current fiscal year.

(l) Allowance for Uncollectible Accounts

An allowance for uncollectible accounts was not considered necessary.

(m) 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 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.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 1- Summary of significant accounting policies (continued)

(n) 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, 2010 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, 2010, none of the Town's primary government bank balances of \$6,746,410 (book balance of \$6,523,261) 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, 2010
Amounts insured by FDIC coverage	\$ 500,000
Amounts collateralized with securities held by the pledging financial institution in the Town's name	7,876,845
Excess Collateralization	(1,630,435)
Total bank balances	\$ 6,746,410

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

The Town had restricted cash in the amount of \$1,602,218 at June 30, 2010. These amounts are legally restricted according to developer agreements and Town ordinances for capital projects.

Note 3 – Investments

The Town's primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. In accordance with South Carolina Statute SC Code Ann. SECTION 6-5-10, **Authorized investments by political subdivisions include:**

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
3. i) General obligations of the State of South Carolina or any of its political units; or
ii) Revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 3 – Investments

5. 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.
6. Repurchase agreements when collateralized by securities as set forth in this section.
7. 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), (3), and (6) 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.

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.

The Town has investments of cash with Beaufort County with carrying and fair value of \$87,908. 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 the cash investments held with Beaufort County, the Town has three 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 in the amount of \$ \$2,095,940 and Serial B Build America Bonds issued by Beaufort County, SC and held by Ross Sinclair and Associates in the amount of \$831,280 as detailed below:

Held with	Term	Matures	Rate	Value at 6/30/10
Palmetto State Bank	9 month CD	07/08/2010	1.75%	\$ 700,811
Palmetto State Bank	6 month CD	11/20/2010	1.35%	\$ 930,994
Palmetto State Bank	6 month CD	11/20/2010	1.35%	\$ 464,135
Beaufort County SC	10 year Bond	03/01/2020	4.70%	\$ 233,798
Beaufort County SC	10 year Bond	03/01/2020	4.70%	\$ 597,482

Investments are reported at fair value which is based on quoted market prices.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 4 – Receivables

At June 30, 2010, the Town's receivable balances were as follows:

	Government-wide Financial Statements				
	Fund Financial Statements				
	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Fund	Total
Receivables:					
Administrative Fees	\$ -	\$ 2,408	\$ -	\$ -	\$ 2,408
Alcohol taxes	9,650	-	-	-	9,650
Contract police services	3,823	-	-	-	3,823
Federal Grants	115,930	132,504	-	-	248,434
Franchise fees	142,733	-	-	-	142,733
Hospitality taxes	-	-	-	220,397	220,397
Licenses & permits	45,829	-	-	-	45,829
Local accommodation taxes	-	-	-	65,317	65,317
Local government fund	30,507	-	-	-	30,507
Other/Miscellaneous	6,305	-	17,860	-	24,165
Property Taxes	80,917	-	13,622	-	94,539
School resources	76,471	-	-	-	76,471
State accommodation taxes	-	-	-	41,464	41,464
Stormwater utility fees	-	-	-	41,286	41,286
Total Receivables	\$ 512,165	\$ 134,912	\$ 31,482	\$ 368,464	\$ 1,047,023

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, 2010, Rental Income of \$100,000 was recorded with \$32,036 in property tax expense for a net balance of \$67,964 received under the CareCore lease. Future amounts receivable follow:

Fiscal Year Ending June 30,	Interest Rate	Principal	Interest	Total
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	4.00%	89,545	10,455	100,000
2016-18	4.00%	212,576	9,958	222,534
		\$ 626,592	\$ 95,942	\$ 722,534

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 6 – Capital Assets – Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2010 was as follows:

	Beginning Balances	Additions/ Completions	Disposals/ Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,168,200	\$ -	\$ -	\$ 11,168,200
Construction in progress	2,372,495	3,339,573	(206,666)	5,505,402
Total capital assets not being depreciated	<u>13,540,695</u>	<u>3,339,573</u>	<u>(206,666)</u>	<u>16,673,602</u>
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	440,325	-	-	440,325
Land Improvements	5,651,164	-	-	5,651,164
Machinery and equipment	1,340,951	309,668	-	1,650,619
Vehicles	1,528,910	18,057	(20,650)	1,526,317
Total capital assets being depreciated	<u>13,260,115</u>	<u>327,725</u>	<u>(20,650)</u>	<u>13,567,190</u>
Less accumulated depreciation for:				
Building and improvements	1,090,519	87,221	-	1,177,740
Drainage	69,053	33,709	-	102,762
Roads	20,415	61,244	-	81,659
Sidewalks and Trails	23,178	22,016	-	45,194
Land Improvements	282,558	282,558	-	565,116
Machinery and equipment	550,534	268,496	-	819,030
Vehicles	887,820	258,368	(20,650)	1,125,538
Total accumulated depreciation	<u>2,924,077</u>	<u>1,013,612</u>	<u>(20,650)</u>	<u>3,917,039</u>
Total capital assets being depreciated, net	<u>10,336,038</u>			<u>9,650,151</u>
Governmental activity capital assets, net	<u>\$ 23,876,733</u>			<u>\$ 26,323,753</u>

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

Administration	\$ 111,046
Information Technology	39,282
Municipal Court	2,269
Planning	11,720
Building Safety	14,840
Police Department	325,251
Public Works	87,821
Engineering	55,565
Community Development	365,818
Total Depreciation Expense	<u>\$ 1,013,612</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

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 South Carolina 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, who will fill a permanent position are eligible for and must become members of the South Carolina Retirement System. Law enforcement officers 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, 2010, were 9.24% for SCRS and 10.65% 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:

	2010	2009	2008
South Carolina Retirement System	\$ 298,510	\$ 315,864	\$ 225,844
Police Officers Retirement System	\$ 196,173	\$ 208,929	\$ 168,354

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

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 8 – Long-term Obligations

The following is a summary of changes in the Town's long-term obligations as of June 30, 2010:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Next Fiscal Year
Governmental activities					
Bonds and notes payable:					
General obligation bonds	\$ 40,000	\$ -	\$ (20,000)	\$ 20,000	\$ 20,000
Revenue bonds	13,450,000	-	(575,000)	12,875,000	595,000
Capital lease obligations	347,994	-	(210,647)	137,347	137,347
Retirement note payable	60,612	-	(10,752)	49,860	11,397
Intergovernmental agreement	2,230,000	-	(740,000)	1,490,000	740,000
Total bonds and notes payable	<u>\$ 16,128,606</u>	<u>\$ -</u>	<u>\$ (1,556,399)</u>	<u>\$ 14,572,207</u>	<u>\$ 1,503,744</u>
Other liabilities:					
Compensated absences	331,784	358,419	(331,784)	358,419	358,419
Total other liabilities	<u>\$ 331,784</u>	<u>\$ 358,419</u>	<u>\$ (331,784)</u>	<u>\$ 358,419</u>	<u>\$ 358,419</u>
Governmental activities long-term liabilities	<u>\$ 16,460,390</u>	<u>\$ 358,419</u>	<u>\$ (1,888,183)</u>	<u>\$ 14,930,626</u>	<u>\$ 1,862,163</u>

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, 2011	Interest Rate 4.490%	Governmental Activities		
		Interest	Principal	Total
		\$ 898	\$ 20,000	\$ 20,898
		<u>\$ 898</u>	<u>\$ 20,000</u>	<u>\$ 20,898</u>

Tax Increment Bonds

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

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

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 8 – Long-term Obligations (continued)
Tax Increment Bonds (continued)

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

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

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2011	3.890%	\$ 349,419	\$ 425,000	\$ 774,419
2012	3.890%	332,595	440,000	772,595
2013	3.890%	315,090	460,000	775,090
2014	3.890%	296,904	475,000	771,904
2015	3.890%	278,038	495,000	773,038
2016	3.890%	258,393	515,000	773,393
2017	3.890%	237,971	535,000	772,971
2018	3.890%	216,770	555,000	771,770
2019	3.890%	194,792	575,000	769,792
2020	3.890%	171,938	600,000	771,938
2021	3.890%	148,112	625,000	773,112
2022	3.890%	123,410	645,000	768,410
2023	3.890%	97,834	670,000	767,834
2024	3.890%	71,187	700,000	771,187
2025	3.890%	43,471	725,000	768,471
2026	3.890%	14,685	755,000	769,685
		<u>\$ 3,150,608</u>	<u>\$ 9,195,000</u>	<u>\$ 12,345,608</u>

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

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2011	3.930%	\$ 141,284	\$ 170,000	\$ 311,284
2012	3.930%	134,504	175,000	309,504
2013	3.930%	127,430	185,000	312,430
2014	3.930%	120,062	190,000	310,062
2015	3.930%	112,398	200,000	312,398
2016	3.930%	104,440	205,000	309,440
2017	3.930%	96,187	215,000	311,187
2018	3.930%	87,639	220,000	307,639
2019	3.930%	78,797	230,000	308,797
2020	3.930%	69,561	240,000	309,561
2021	3.930%	59,933	250,000	309,933
2022	3.930%	49,911	260,000	309,911
2023	3.930%	39,497	270,000	309,497
2024	3.930%	28,689	280,000	308,689
2025	3.930%	17,489	290,000	307,489
2026	3.930%	5,895	300,000	305,895
		<u>\$ 1,273,716</u>	<u>\$ 3,680,000</u>	<u>\$ 4,953,716</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 8 – Long-term Obligations (continued)

Capital Leases

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
2011	\$ 2,789	\$ 67,049	\$ 69,838
	\$ 2,789	\$ 67,049	\$ 69,838

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
2011	\$ 1,643	\$ 52,827	\$ 54,470
	\$ 1,643	\$ 52,827	\$ 54,470

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:

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

Fiscal Year Ending June 30,	Governmental Activities		
	Interest	Principal	Total
2011	\$ 76	\$ 17,471	\$ 17,547
	\$ 76	\$ 17,471	\$ 17,547

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

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 8 – Long-term Obligations (continued)

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 49,999
Less: Accumulated Depreciation	(19,166)
Vehicles	351,752
Less: Accumulated Depreciation	(174,825)
	\$ 207,760

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

Administration	\$ 4,980
Building Safety	14,840
Police Department	38,212
Public Works	10,000
Engineering	12,523
Total depreciation expense	\$ 80,555

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
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
	\$ 7,698	\$ 49,860	\$ 57,558

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.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 8 – Long-term Obligations (continued)

Annual requirements to amortize general long-term debt at June 30, 2010, excluding the accruals for compensated absences and intergovernmental agreement, are summarized as follows:

Fiscal Year	Capitalized Leases		General Obligation Bonds		Retirement Note Obligation		Tax Increment Bonds		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Ending										
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	<u>\$ 137,347</u>	<u>\$ 4,508</u>	<u>\$ 20,000</u>	<u>\$ 898</u>	<u>\$ 49,860</u>	<u>\$ 7,698</u>	<u>\$ 12,875,000</u>	<u>\$ 4,424,322</u>	<u>\$ 13,082,207</u>	<u>\$ 4,437,426</u>

Total interest paid and accrued by the Town of Bluffton during the year ended June 30, 2010 was approximately \$523,777, 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, 2010 was \$137,023,546. The computation of legal debt limits is as follows:

General obligation debt limit (\$137,023,546 x 8%)	\$ 10,961,884
General obligation debt at June 30, 2010	20,000
Excess of debt limit over general obligation debt	<u>\$ 10,941,884</u>

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

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

Capital Assets	\$ 30,240,792
Less: Accumulated Depreciation	(3,917,039)
	<u>\$ 26,323,753</u>
Less: Outstanding Principal of Related Debt	
General obligation bonds	\$ (20,000)
Revenue bonds	(12,875,000)
Capital lease obligations	(137,347)
	<u>\$ (13,032,347)</u>
	<u>\$ 13,291,406</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

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, 2010, is shown in the following schedule. These balances occur during the ordinary course of activities and are expected to be settled during the next year.

Due To	Due From					Total
	General Fund	Capital Improvements Program Fund	TIF Fund	Debt Service Fund	Non Major Governmental Fund	
General Fund	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 4
CIP Fund	5,000	-	35,243	-	68,767	109,010
TIF Fund	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-
Non Major Governmental Fund	-	12,594	-	-	-	12,594
Total	\$ 5,000	\$ 12,594	\$ 35,243	\$ 4	\$ 68,767	\$ 121,608

Note 12 – Transfers to/from other funds

The Town uses transfers to move revenues from the fund that by statute 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, 2010, are summarized as follows:

	Transfers In	Transfers Out					Totals
		General Fund	Capital Improvements Program Fund	TIF Fund	Debt Service Fund	Non Major Governmental Funds	
General Fund	\$ 1,078,754	\$ -	\$ -	\$ 100,000	\$ -	\$ 978,754	\$ 1,078,754
CIP Fund	2,776,413	-	-	2,194,881	-	581,532	2,776,413
TIF Fund	-	-	-	-	-	-	-
Debt Service Fund	21,777	21,777	-	-	-	-	21,777
Non Major Funds	-	-	-	-	-	-	-
Totals	\$ 3,876,944	\$ 21,777	\$ -	\$ 2,294,881	\$ -	\$ 1,560,286	\$ 3,876,944

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, 2010, were as follows:

<u>Grant Recipient</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed</u>	<u>Encumbrances</u>
Bluffton Historical Preservation Society	\$ 25,000	\$ 25,000	\$ -	\$ -

The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund. Fund balance at June 30, 2010, was \$31,168 with no remaining grant balance to encumber.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

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, 2010, were as follows:

<u>Grant Recipient</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed</u>	<u>Encumbrances</u>
Bluffton Historical Preservation Society	\$ 53,210	\$ 33,498	\$ -	\$ 19,712
Bluffton Old Town Merchant Society	28,500	27,160	-	1,340
Historic Bluffton Arts & Seafood Festival	15,000	10,000	-	5,000
The May River Theatre	13,000	13,000	-	-
Bluffton Farmers Market	14,000	2,520	-	11,480
Bluffton Village Festival	4,000	4,000	-	-
The HandMeDown Gullah Museum	5,000	-	-	5,000
Total	<u>\$ 132,710</u>	<u>\$ 90,178</u>	<u>\$ -</u>	<u>\$ 42,532</u>

The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund. Fund balance at June 30, 2010, was \$213,555 of which \$42,532 was encumbered by approved grants.

Note 15 – Operating leases

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

In October of 2004, the Town entered into a five-year lease agreement for the Police Department facilities. The lease is being paid annually through the general fund. The lease calls for initial monthly payments of \$5,434 with amounts increasing each year. The lease includes two five-year renewal options at set rates. To date, the lease has been extended through April 30, 2011. For the year ended June 30, 2010, payments under the lease totaled \$76,073. Annual lease payments due follow:

<u>Year ending June 30,</u>	<u>Lease Amounts</u>
2011	<u>\$ 65,281</u>
	<u>\$ 65,281</u>

In July of 2007, the Town entered into a three-year lease agreement for the Engineering Department facilities. The lease is being paid annually through the general fund. The lease calls for initial monthly payments of \$2,000 with amounts increasing each year. The lease includes a two-year renewal option at set rates. To date, the lease has been extended through October 31, 2010. For the year ended June 30, 2010, payments under the lease totaled \$25,464. Annual lease payments due follow:

<u>Year ending June 30,</u>	<u>Lease Amounts</u>
2011	<u>\$ 8,740</u>
	<u>\$ 8,740</u>

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 15 – Operating leases (continued)

In May of 2008, the Town entered into a three-year lease agreement for additional space for the Police Department. 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, 2010, payments under the lease totaled \$15,372. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
<u>2011</u>	<u>\$ 13,129</u>
	<u>\$ 13,129</u>

In May of 2008, the Town entered into a three-year lease agreement for Building Safety Department facilities. This lease is being paid through the general fund. The lease calls for monthly payments of \$4,767. The lease also calls for monthly common area maintenance fees which are currently running \$500 per month. For the year ended June 30, 2010, payments under the lease totaled \$63,204. Annual lease payments due follow:

Year ending June 30,	Lease Amounts
<u>2011</u>	<u>\$ 52,670</u>
	<u>\$ 52,670</u>

The total annual lease payments due for Town facilities follow:

Year ending June 30,	Lease Amounts
<u>2011</u>	<u>\$ 139,820</u>
	<u>\$ 139,820</u>

In June of 2009, the Town entered into five-year lease agreements for printing and copying equipment used by the various departments. For the year ended June 30, 2010, base payments under these leases totaled \$35,325. The total annual base payments due for leased printing and copying equipment follow:

Year ending June 30,	Lease Amounts
2011	\$ 35,633
2012	35,633
2013	35,633
2014	35,633
	<u>\$ 142,532</u>

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.

TOWN OF BLUFFTON
Notes to Financial Statements
June 30, 2010

Note 16 – Risk Management (continued)

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.

Note 19 – Consideration of Subsequent Events

As required by the Subsequent Events Topic of the FASB Accounting Standards Codification, the Town has considered subsequent events through November 18, 2010, the date of issuance, in preparing the financial statement and notes hereto.

Subsequent to June 30, 2010, the Town completed the sale of a general obligation bond issue. On July 8, 2010, the Town issued General Obligation Bonds, Series 2010A Taxable Build America Bonds in the amount of \$6,500,000 for the purpose of a) designing, constructing and equipping a law enforcement center and all costs associated therewith; b) paying cost of issuance of the bonds; and c) such other capital projects as Town Council may determine. The general obligation bonds were issued as taxable direct pay Build America Bonds at an interest rate of 3.57% for a term of 25 years. The principal and interest on the bonds is payable from tax revenues received by the Town.

The Town entered into a construction phase contract with Choate Construction Company in January 2010 to construct the Law Enforcement Center in the amount of \$5,603,207. This combined with the design phase contract and associated change orders brings the Town's contract commitment at June 30, 2010 to \$6,087,416 of which \$1,421,997 had been expended at year end.

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$ 3,975,125	\$ 3,975,125	\$ 4,268,802	\$ 293,677
Licenses & Permits				
Franchise Fees	1,010,000	1,010,000	1,088,851	
Business Licenses	1,300,000	1,300,000	1,013,922	
MASC Telecommunications	112,800	112,800	95,715	
MASC Insurance Tax Collection	1,000,000	1,000,000	811,806	
Building Permits	534,725	534,725	424,196	
Administrative Fees	138,000	138,000	6,646	
Municipal Improvement District Fees	-	-	154,800	
Fee In Lieu - Developer Fees	70,000	70,000	-	
Application Fees	60,000	60,000	49,936	
Total Licenses & Permits	<u>4,225,525</u>	<u>4,225,525</u>	<u>3,645,872</u>	<u>(579,653)</u>
Intergovernmental				
State Shared Revenues				
Local Government Fund	133,285	133,285	127,624	
Alcohol Tax	44,800	44,800	42,650	
Federal Grants	179,500	795,000	260,064	
State Grants	48,920	21,820	21,825	
Total State Shared Revenues	<u>406,505</u>	<u>994,905</u>	<u>452,163</u>	<u>(542,742)</u>
Other Local Governments				
School Resource Officers	95,000	95,000	103,162	
School Crossing Guards	32,150	32,150	46,960	
Total Other Local Governments	<u>127,150</u>	<u>127,150</u>	<u>150,122</u>	<u>22,972</u>
Total Intergovernmental	<u>533,655</u>	<u>1,122,055</u>	<u>602,285</u>	<u>(519,770)</u>
Service Revenues				
Garbage Fees Reimbursements	25,000	25,000	6,819	
Contract Police Services	89,060	89,060	65,008	
Impact Fee Collection Fee	24,500	24,500	14,812	
Development Fees	321,300	276,440	203,811	
Total Sales and Service	<u>459,860</u>	<u>415,000</u>	<u>290,450</u>	<u>(124,550)</u>
Fines & Fees				
Municipal Court	250,000	250,000	226,671	
Victims Assistance	30,000	30,000	30,302	
Total Fees and Fines	<u>280,000</u>	<u>280,000</u>	<u>256,973</u>	<u>(23,027)</u>
Miscellaneous Revenues				
Local Grants	-	-	8,000	
Miscellaneous	15,000	15,000	68,229	
Rental Income	35,000	35,000	15,970	
Interest Income	20,000	20,000	21,260	
Total Miscellaneous	<u>70,000</u>	<u>70,000</u>	<u>113,459</u>	<u>43,459</u>
Total Revenues	<u>9,544,165</u>	<u>10,087,705</u>	<u>9,177,841</u>	<u>(909,864)</u>
EXPENDITURES				
Legislative	125,275	125,275	142,930	17,655
Executive	456,742	498,310	464,927	(33,383)
Administration	1,168,000	1,071,942	1,018,183	(53,759)
Finance	599,865	615,960	568,429	(47,531)
Municipal Court	257,970	262,065	254,623	(7,442)
Municipal Judges	47,850	49,260	49,456	196
Information Technology	484,430	616,205	527,244	(88,961)
Facilities and Asset Management	741,015	758,565	712,717	(45,848)
Engineering	597,155	617,525	599,358	(18,167)
Growth Management Administration	513,915	408,837	398,903	(9,934)
Planning and Environmental Sustainability	752,185	1,797,640	1,046,341	(751,299)
Environmental Protection	850,350	111,078	111,079	1
Construction and Compliance	884,465	1,089,105	970,950	(118,155)
Police	3,396,193	3,397,183	3,290,822	(106,361)
Total Expenditures	<u>10,875,410</u>	<u>11,418,950</u>	<u>10,155,962</u>	<u>(1,262,988)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,331,245)</u>	<u>(1,331,245)</u>	<u>(978,121)</u>	<u>353,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	1,331,245	1,331,245	1,056,977	(274,268)
Total Other Financing Sources and Uses	<u>1,331,245</u>	<u>1,331,245</u>	<u>1,056,977</u>	<u>(274,268)</u>
Net Change in Fund Balance	-	-	78,856	78,856
Fund Balance - Beginning	3,971,672	3,971,672	3,971,672	
Fund Balance - Ending	<u>\$ 3,971,672</u>	<u>\$ 3,971,672</u>	<u>\$ 4,050,528</u>	<u>\$ 78,856</u>

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Capital Improvements Program Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Federal/State Revenue				
Federal Grants	\$ 610,000	\$ 620,000	\$ 143,754	\$ (476,246)
State Grants	790,700	340,700	10,955	(329,745)
Total Federal/State Revenue	<u>1,400,700</u>	<u>960,700</u>	<u>154,709</u>	<u>(805,991)</u>
Other Revenues				
Rental Income	144,700	144,700	100,000	(44,700)
Interest Income	-	125,000	52,497	(72,503)
County Funds	325,000	200,000	-	(200,000)
Local Grants	325,000	325,000	-	(325,000)
Donations	-	26,080	26,000	(80)
Sale of Right of Way	146,300	146,300	-	(146,300)
Total Other Revenues	<u>941,000</u>	<u>967,080</u>	<u>178,497</u>	<u>(788,583)</u>
Total Revenues	<u>2,341,700</u>	<u>1,927,780</u>	<u>333,206</u>	<u>(1,594,574)</u>
EXPENDITURES				
New River Trails	125,000	202,000	14,588	(187,412)
Verdier Cove Drainage Basin	125,000	204,515	68,361	(136,154)
Stormwater Drainage Improvements	200,000	340,000	123,524	(216,476)
Old Town Sewer Projects	110,000	140,000	82,704	(57,296)
Buck Island Sewer - Phase I	875,000	1,102,060	226,402	(875,658)
Bluffton Parkway	643,800	643,800	643,800	-
Buckwalter Parkway	96,200	96,200	96,200	-
Traffic Cameras	67,000	67,000	67,000	-
May River Road/Bruin Road Streetscape	2,250,000	2,250,000	1,678,270	(571,730)
Old Town Signage	165,000	237,000	29,887	(207,113)
Parks and Recreation Improvements	100,000	70,000	35,362	(34,638)
Oyster Factory Park	925,000	550,000	32,814	(517,186)
Law Enforcement Center	4,600,000	3,000,000	1,306,951	(1,693,049)
Building and Grounds Relocation	425,000	425,000	277,063	(147,937)
BIS Pathways	300,000	-	-	-
Buck Island Sewer - Phase II	490,000	490,000	73,716	(416,284)
Buckwalter Place Greenway Trails	-	126,080	5,859	(120,221)
Tech Park	-	-	10,107	10,107
Community Development	-	-	32,036	32,036
Total Expenditures	<u>11,497,000</u>	<u>9,943,655</u>	<u>4,804,644</u>	<u>(5,139,011)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,155,300)</u>	<u>(8,015,875)</u>	<u>(4,471,438)</u>	<u>3,544,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	5,155,300	5,515,875	2,776,413	(2,739,462)
Proceeds from Bonds	4,000,000	2,500,000	-	(2,500,000)
Total Other Financing Sources and Uses	<u>9,155,300</u>	<u>8,015,875</u>	<u>2,776,413</u>	<u>(5,239,462)</u>
Net Change in Fund Balance	-	-	(1,695,025)	(1,695,025)
Fund Balance - Beginning	3,143,732	3,143,732	3,143,732	
Fund Balance - Ending	<u>\$ 3,143,732</u>	<u>\$ 3,143,732</u>	<u>\$ 1,448,707</u>	<u>\$ (1,695,025)</u>

The Town of Bluffton
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$ 872,030	\$ 880,000	\$ 977,081	\$ 97,081
MID Fees	151,500	148,500	160,793	12,293
Interest Income	20,000	30,500	65,353	34,853
Total Revenues	<u>1,043,530</u>	<u>1,059,000</u>	<u>1,203,227</u>	<u>144,227</u>
EXPENDITURES				
Legal Fees	-	13,770	5,000	(8,770)
Bond Principal	595,000	595,000	595,000	-
Bond Interest	515,330	515,330	515,303	(27)
Total Expenditures	<u>1,110,330</u>	<u>1,124,100</u>	<u>1,115,303</u>	<u>(8,797)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(66,800)</u>	<u>(65,100)</u>	<u>87,924</u>	<u>153,024</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	66,800	65,100	21,777	(43,323)
Total Other Financing Sources and Uses	<u>66,800</u>	<u>65,100</u>	<u>21,777</u>	<u>(43,323)</u>
Net Change in Fund Balance	-	-	109,701	109,701
Fund Balance - Beginning	1,502,316	1,502,316	1,502,316	
Fund Balance - Ending	<u>\$ 1,502,316</u>	<u>\$ 1,502,316</u>	<u>\$ 1,612,017</u>	<u>\$ 109,701</u>

**The Town of Bluffton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Special Revenue Funds	TIF Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 765,179	\$ 35,243	\$ 800,422
Restricted Cash and Cash Equivalents	833,075	-	833,075
Other Receivables	368,464	-	368,464
Due from other Funds	12,594	-	12,594
Total Assets	<u>\$ 1,979,312</u>	<u>\$ 35,243</u>	<u>\$ 2,014,555</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 20,905	\$ -	\$ 20,905
Due to other Funds	68,767	35,243	104,010
Total Liabilities	<u>89,672</u>	<u>35,243</u>	<u>124,915</u>
Fund Balances			
Reserved for:			
Boat Ramp Repair	118,406	-	118,406
Encumbrances	42,532	-	42,532
Tourism Projects & Related Support	823,516	-	823,516
Stormwater Projects & Related Support	702,995	-	702,995
Unreserved			
Designated for Disaster Recovery	9,999	-	9,999
Undesignated	192,192	-	192,192
Total Fund Balances	<u>1,889,640</u>	<u>-</u>	<u>1,889,640</u>
Total Liabilities and Fund Balances	<u>\$ 1,979,312</u>	<u>\$ 35,243</u>	<u>\$ 2,014,555</u>

The Town of Bluffton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds	TIF Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Hospitality and Accommodations Taxes	\$ 1,118,513	\$ -	\$ 1,118,513
Stormwater Utility Fees	981,087	-	981,087
Development Fees	4,475	-	4,475
Interest Income	3,174	12,337	15,511
Total Revenues	2,107,249	12,337	2,119,586
EXPENDITURES			
Current			
Community Development	162,800	-	162,800
Total Expenditures	162,800	-	162,800
Excess (Deficiency) of Revenues Over Expenditures	1,944,449	12,337	1,956,786
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,560,286)	(2,294,881)	(3,855,167)
Total Other Financing Sources and Uses	(1,560,286)	(2,294,881)	(3,855,167)
Net Change in Fund Balance	384,163	(2,282,544)	(1,898,381)
Fund Balance - Beginning	1,505,477	2,282,544	3,788,021
Fund Balance - Ending	\$ 1,889,640	\$ -	\$ 1,889,640

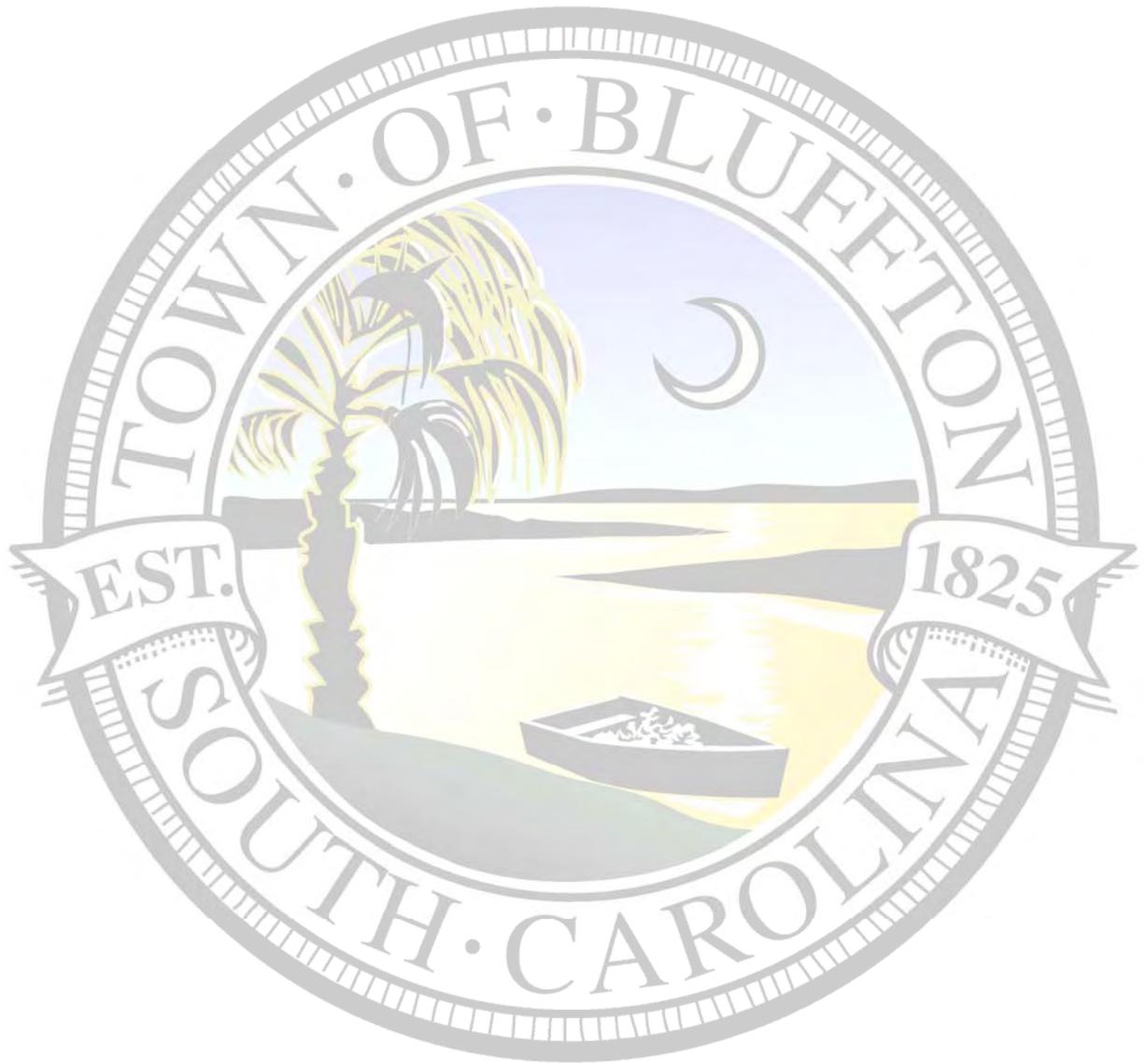
The Town of Bluffton
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	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	\$ -	\$ 606,332	\$ 4,216	\$ 154,631	\$ -	\$ 765,179
Restricted Cash and Cash Equivalents	118,406	-	-	-	714,669	833,075
Other Receivables	-	220,397	41,464	65,317	41,286	368,464
Due from other Funds	-	-	-	-	12,594	12,594
Total Assets	<u>\$ 118,406</u>	<u>\$ 826,729</u>	<u>\$ 45,680</u>	<u>\$ 219,948</u>	<u>\$ 768,549</u>	<u>\$ 1,979,312</u>
LIABILITIES AND FUND BALANCES						
Accounts Payable	\$ -	\$ -	\$ 14,512	\$ 6,393	\$ -	\$ 20,905
Due to other Funds	-	3,213	-	-	65,554	68,767
Total Liabilities	-	3,213	14,512	6,393	65,554	89,672
Fund Balances						
Reserved for:						
Boat Ramp Repair	118,406	-	-	-	-	118,406
Encumbrances	-	-	-	42,532	-	42,532
Tourism Projects & Related Support	-	823,516	-	-	-	823,516
Stormwater Projects & Related Support	-	-	-	-	702,995	702,995
Unreserved						
Designated for Disaster Recovery	-	-	-	9,999	-	9,999
Undesignated	-	-	31,168	161,024	-	192,192
Total Fund Balances	<u>118,406</u>	<u>823,516</u>	<u>31,168</u>	<u>213,555</u>	<u>702,995</u>	<u>1,889,640</u>
Total Liabilities and Fund Balances	<u>\$ 118,406</u>	<u>\$ 826,729</u>	<u>\$ 45,680</u>	<u>\$ 219,948</u>	<u>\$ 768,549</u>	<u>\$ 1,979,312</u>

The Town of Bluffton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
June 30, 2010

	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	\$ -	\$ 846,596	\$ 100,075	\$ 171,842	\$ -	\$ 1,118,513
Stormwater Utility Fees	-	-	-	-	981,087	981,087
Development Fees	4,475	-	-	-	-	4,475
Interest Income	1,868	617	19	173	497	3,174
Total Revenues	<u>6,343</u>	<u>847,213</u>	<u>100,094</u>	<u>172,015</u>	<u>981,584</u>	<u>2,107,249</u>
EXPENDITURES						
Current						
Cultural Arts and Tourism	-	-	47,522	115,278	-	162,800
Total Expenditures	<u>-</u>	<u>-</u>	<u>47,522</u>	<u>115,278</u>	<u>-</u>	<u>162,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,343</u>	<u>847,213</u>	<u>52,572</u>	<u>56,737</u>	<u>981,584</u>	<u>1,944,449</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(784,264)	(28,754)	(17,735)	(729,533)	(1,560,286)
Total Other Financing Sources and Uses	<u>-</u>	<u>(784,264)</u>	<u>(28,754)</u>	<u>(17,735)</u>	<u>(729,533)</u>	<u>(1,560,286)</u>
Net Change in Fund Balance	6,343	62,949	23,818	39,002	252,051	384,163
Fund Balance - Beginning	112,063	760,567	7,350	174,553	450,944	1,505,477
Fund Balance - Ending	<u>\$ 118,406</u>	<u>\$ 823,516</u>	<u>\$ 31,168</u>	<u>\$ 213,555</u>	<u>\$ 702,995</u>	<u>\$ 1,889,640</u>

STATISTICAL SECTION



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.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well being have changed over time.</i>	54-58
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.</i>	59-64
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's abilities to issue additional debt in the future.</i>	65-69
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	70-71
Operating Information <i>These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.</i>	72-74

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 Seven Fiscal Years
 (accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 7,887,346	\$ 9,118,054	\$ 12,307,261	\$ 17,950,214	\$ 12,047,567	\$12,518,793	\$13,291,406
Restricted	321,725	208,790	598,582	559,677	4,531,438	2,492,544	214,401
Unrestricted	2,668,022	3,760,438	(298,311)	524,326	4,313,844	5,653,065	7,654,350
Total governmental activities net assets	<u>\$ 10,877,093</u>	<u>\$ 13,087,282</u>	<u>\$ 12,607,532</u>	<u>\$ 19,034,217</u>	<u>\$ 20,892,849</u>	<u>\$20,664,402</u>	<u>\$21,160,157</u>

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

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

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General Government:							
Administration	\$ 664,170	\$ 856,029	\$ 873,837	\$ 1,550,544	\$ 2,715,940	\$ 3,171,895	\$ 2,807,552
Municipal Court	141,004	179,509	317,630	619,267	451,086	278,295	307,603
Planning	457,619	577,425	807,697	695,190	841,091	1,011,981	1,556,322
Public Safety:							
Building Safety	-	-	-	-	375,157	740,370	985,977
Police	716,783	1,072,526	1,810,753	2,875,137	3,106,849	3,506,817	3,383,148
Public Works	259,961	602,250	726,092	899,639	452,851	546,691	779,592
Environmental Protection	-	-	-	-	816,075	918,052	-
Engineering	-	-	-	638,985	477,419	686,276	662,107
Community Development	197,371	406,936	8,158,171	749,409	856,205	1,287,273	1,258,689
Interest on Long-Term Debt	-	-	260,244	566,589	642,512	558,983	523,777
Total governmental activities expenses	<u>\$ 2,436,908</u>	<u>\$ 3,694,675</u>	<u>\$ 12,954,424</u>	<u>\$ 8,594,760</u>	<u>\$ 10,735,185</u>	<u>\$ 12,706,633</u>	<u>\$ 12,264,767</u>
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	\$ 3,177,906
Municipal Court	-	308,062	673,572	550,653	218,263	246,837	256,973
Planning	705,918	932,043	1,001,680	1,374,021	817,380	583,987	1,256,292
Public Safety:							
Building Safety	-	-	-	-	-	199,312	424,196
Police	265,773	8,341	12,103	22,322	86,153	89,156	65,008
Environmental Protection	-	-	-	-	393,835	956,318	-
Community Development	246,364	591,527	4,263,922	1,198,882	322,274	151,897	159,275
Operating grants and contributions	91,149	106,704	84,382	127,955	114,983	146,419	403,468
Capital grants and contributions	-	331,929	822,635	3,505,187	96,295	150,600	183,252
Total governmental activities program revenues	<u>\$ 2,436,837</u>	<u>\$ 3,715,390</u>	<u>\$ 8,734,813</u>	<u>\$ 9,681,487</u>	<u>\$ 5,205,640</u>	<u>\$ 5,830,775</u>	<u>\$ 5,926,370</u>
Net (Expense)Revenue							
Total governmental activities net expense	<u>\$ (71)</u>	<u>\$ 20,715</u>	<u>\$ (4,219,611)</u>	<u>\$ 1,086,727</u>	<u>\$ (5,529,545)</u>	<u>\$ (6,875,858)</u>	<u>\$ (6,338,397)</u>
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	\$ 5,245,883
Other taxes	-	-	605,108	1,164,091	1,245,040	1,115,603	1,118,513
Intergovernmental (Unrestricted State Shared)	66,868	54,570	121,565	284,170	277,104	407,173	170,274
Investment earnings	26,574	39,998	434,870	758,217	651,325	311,680	181,283
Capital contributions	755,070	1,245,000	839,577	-	912,810	-	-
Miscellaneous	24,690	17,276	68,026	160,470	489,892	106,936	118,199
Total governmental activities	<u>\$ 1,468,338</u>	<u>\$ 2,189,474</u>	<u>\$ 3,739,861</u>	<u>\$ 5,339,958</u>	<u>\$ 7,388,170</u>	<u>\$ 6,647,411</u>	<u>\$ 6,834,152</u>
Change in Net Assets							
Governmental activities	<u>\$ 1,468,267</u>	<u>\$ 2,210,189</u>	<u>\$ (479,750)</u>	<u>\$ 6,426,685</u>	<u>\$ 1,858,625</u>	<u>\$ (228,447)</u>	<u>\$ 495,755</u>

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 Seven Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities:							
General Government							
Administration	\$ 1,127,633	\$ 1,436,784	\$ 1,876,519	\$ 2,902,467	\$ 3,156,457	\$3,306,249	\$3,177,906
Municipal Court	-	308,062	673,572	550,653	218,263	246,837	256,973
Planning	705,918	932,043	1,001,680	1,374,021	817,380	583,987	1,256,292
Public Safety							
Building Safety	-	-	-	-	-	199,312	424,196
Police	265,773	8,341	12,103	22,322	86,153	89,156	65,008
Environmental Protection					393,835	956,318	-
Community Development	246,364	591,527	4,263,922	1,198,882	322,274	151,897	159,275
Operating grants and contributions	91,149	106,704	84,382	127,955	114,983	146,419	403,468
Capital grants and contributions	-	331,929	822,635	3,505,187	96,295	150,600	183,252
Total governmental activities	<u>\$ 2,436,837</u>	<u>\$ 3,715,390</u>	<u>\$ 8,734,813</u>	<u>\$ 9,681,487</u>	<u>\$ 5,205,640</u>	<u>\$5,830,775</u>	<u>\$5,926,370</u>

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)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
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	\$ 630,934
Unreserved	601,679	1,088,180	591,869	1,055,525	883,619	1,161,523	2,651,867	4,506,377	3,718,570	3,419,594
Total general fund	<u>\$ 623,040</u>	<u>\$ 1,112,164</u>	<u>\$ 1,401,264</u>	<u>\$ 2,408,636</u>	<u>\$ 2,744,937</u>	<u>\$ 3,754,435</u>	<u>\$ 5,329,740</u>	<u>\$ 5,036,541</u>	<u>\$ 3,971,672</u>	<u>\$ 4,050,528</u>
All Other Governmental Funds										
Reserved	\$ 176,086	\$ 91,009	\$ 639,942	\$ 594,180	\$ 1,246,659	\$ 18,281,682	\$ 13,558,054	\$ 9,677,482	\$ 8,275,859	\$ 4,748,173
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	987,572	158,210	202,191
Total all other governmental funds	<u>\$ 176,086</u>	<u>\$ 91,009</u>	<u>\$ 639,942</u>	<u>\$ 594,180</u>	<u>\$ 1,246,659</u>	<u>\$ 18,281,682</u>	<u>\$ 13,558,054</u>	<u>\$ 10,665,054</u>	<u>\$ 8,434,069</u>	<u>\$ 4,950,364</u>

Note: Significant increase in fund balance in Fiscal Year 2006 due to bond proceeds.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes (see Schedule 6)	\$ 152,247	\$ 209,043	\$ 282,615	\$ 453,342	\$ 893,685 *	\$ 2,275,823	\$ 4,137,101	\$ 5,057,039	\$ 5,821,622	\$ 6,364,396 *
Licenses, fees, and permits	974,981	1,345,690	1,785,167	1,990,985	2,878,658	7,104,420	4,563,527	4,242,728	5,012,441	4,787,752
Fines and penalties	169,751	158,481	193,635	265,773	308,062	685,675	550,653	218,263	246,837	256,973
Charges for services	24,029	26,512	26,471	31,370	76,475	37,701	940,015	622,648	395,121	294,925
Intergovernmental	121,442	1,131,342	290,800	358,604	54,570	121,565	284,170	232,282	407,173	170,274
Investment earnings	28,932	16,777	29,512	26,574	39,998	434,870	758,217	626,817	282,147	154,621
Other revenues	26,845	42,403	109,947	279,760	1,700,909	1,814,620	3,787,762	734,181	383,312	804,919
Total revenues	\$ 1,498,227	\$ 2,930,248	\$ 2,718,147	\$ 3,406,408	\$ 5,952,357	\$ 12,474,674	\$ 15,021,445	\$ 11,733,958	\$ 12,548,653	\$ 12,833,860
Expenditures										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,011	\$ 95,581	\$ 136,996	\$ 142,930
Executive	-	-	-	-	-	-	335,051	784,241	995,011	464,927
Administration	355,758	381,500	443,678	596,198	790,046	1,384,281	733,503	1,393,442	1,151,854	1,003,794
Finance	-	-	-	-	-	-	305,652	358,048	410,066	568,429
Municipal Court	52,457	48,937	74,979	141,522	174,315	306,907	594,764	424,501	229,093	254,623
Municipal Judges	-	-	-	-	-	-	16,237	31,025	44,228	49,456
Information Technology	-	-	-	-	-	-	-	-	382,810	397,046
Buildings and Grounds	95,856	132,729	197,882	248,540	353,216	508,365	810,439	378,345	447,916	685,502
Engineering	-	-	-	-	-	-	612,531	411,951	618,370	599,358
Environmental Protection	-	-	-	-	-	-	-	807,623	908,517	111,079
Planning and Growth Management	127,599	275,022	361,867	457,619	558,854	755,502	689,220	830,649	1,000,233	1,445,244
Building Safety	-	-	-	-	-	-	-	340,488	710,054	970,950
Police	285,749	400,782	472,785	609,109	917,060	1,569,141	2,643,167	2,765,268	3,116,134	3,065,401
Community Development	231,184	1,015,087	156,684	197,371	406,936	961,077	494,210	428,247	359,476	199,836
Capital Outlay	57,404	448,979	142,937	168,911	1,841,340	3,087,604	10,425,448	5,308,586	3,347,144	4,190,769
Debt Service										
Interest	3,268	3,425	10,080	9,520	8,510	260,244	566,589	580,995	565,371	532,966
Principal	23,709	54,441	42,974	45,631	114,832	232,215	232,368	294,393	1,629,764	1,556,399
Total expenditures	\$ 1,232,984	\$ 2,760,902	\$ 1,903,866	\$ 2,474,421	\$ 5,165,109	\$ 9,065,336	\$ 18,518,190	\$ 15,233,383	\$ 16,053,037	\$ 16,238,709
Excess of revenues over (under) expenditures	265,243	169,346	814,281	931,987	787,248	3,409,338	(3,496,745)	(3,499,425)	(3,504,384)	(3,404,849)
Other Financing Sources (Uses)										
Bonds issued	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 14,000,000	\$ -	\$ -	\$ -	\$ -
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	3,876,944
Transfers out	-	-	(5,034)	(886,123)	(126,856)	(2,373,094)	(7,925,627)	(4,744,520)	(3,666,517)	(3,876,944)
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	\$ 289,562	\$ 404,047	\$ 838,033	\$ 961,175	\$ 1,011,634	\$ 18,044,516	\$ (3,148,323)	\$ (3,186,205)	\$ (3,295,853)	\$ (3,404,849)
Debt service as a percentage of non- capital expenditures	2.2%	2.1%	2.8%	3.0%	3.4%	8.7%	6.4%	7.9%	16.4%	15.9%

Note: *Property Tax Reassessment in Fiscal Year 2005 for Tax Year 2004 and in Fiscal Year 2010 for Tax Year 2009.

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Accommodations Tax</u>	<u>Local Accommodations Tax</u>	<u>Local Hospitality Tax</u>	<u>Total</u>
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	99,724	176,677	328,707	2,275,823
2007	2,973,010	103,787	201,672	858,632	4,137,101
2008	3,811,999	150,517	255,480	839,043	5,057,039
2009	4,706,019	101,965	171,466	842,172	5,821,622
2010	5,245,883	100,075	171,842	846,596	6,364,396
Change 2001-2010	3345.6%	N/A	N/A	N/A	4080.3%

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		
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%
2010	2009	131,730,227	2,476,463,407	5,293,319	88,221,983	137,023,546	2,564,685,390	38.0	5.34%

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)

Fiscal Year	Tax Year	Town Direct Rates		Overlapping Rates						Total Rate
		General Fund	Total Direct Rate	County Operations	County Debt	County Schools Operations	County Schools Debt	Bluffton Fire District	Total Overlapping Rate	
2001	2000	49.0	49.0	44.9	7.2	102.7	23.1	21.1	199.0	248.0
2002	2001	49.0	49.0	43.4	7.2	103.6	22.2	22.1	198.5	247.5
2003	2002	49.0	49.0	46.8	7.2	113.0	22.2	23.1	212.3	261.3
2004	2003	49.0	49.0	50.8	7.2	114.2	22.2	26.1	220.5	269.5
2005	2004*	42.0	42.0	38.7	5.4	79.7	19.0	18.6	161.4	203.4
2006	2005	42.0	42.0	39.7	5.4	82.0	19.0	20.2	166.3	208.3
2007	2006	42.0	42.0	39.2	5.4	96.2	17.0	21.0	178.8	220.8
2008	2007	40.0	40.0	41.6	5.8	104.7	22.6	22.0	196.7	236.7
2009	2008	40.0	40.0	47.9	4.0	102.6	28.0	22.7	205.2	245.2
2010	2009*	38.0	38.0	42.3	3.6	90.3	24.4	20.0	180.7	218.7

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

* Represents Reassessment and millage rollback

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. State legislature limits the millage rate increase for general operating purposes to the region's average CPI for the January through December period of the prior year plus estimated population growth.

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. Whereas currently, the Beaufort County School rates apply only to non-owner occupied properties.

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

<u>Taxpayer</u>	Fiscal Year 2010 Tax Year 2009			Fiscal Year 2001 Tax Year 2000		
	<u>Total Assessed Value</u>	<u>Rank¹</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>Total Assessed Value</u>	<u>Rank¹</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
South Carolina Electric & Gas	\$ 3,293,000	1	2.40%	\$ 366,860	1	12.62%
Palmetto Electric Coop	2,267,300	2	1.65%	208,848	3	7.18%
East Coast Newspapers	3,300,930	3	2.41%	200,704	4	6.90%
May River Forest LLC	5,235,520	4	3.82%			
Hampton Lake LLC	3,954,780	5	2.89%			
Equity One (Belfair)	1,083,090	6	0.79%			
Palmetto Bluff Uplands LLC	884,060	7	0.65%			
Sea Turtle Entertainment	1,016,210	8	0.74%			
Bluffton Telephone Company	665,200	9	0.49%	159,580	5	5.49%
Rose Canyon Bluffton LLC	541,090	10	0.39%			
CSB Property Management				282,000	2	9.70%
D1D2 LLC				176,910	6	6.09%
Mathesoya Management Corporation				96,048	8	3.30%
Passport Development Company				82,926	9	2.85%
CIT Group Sales Financing				82,610	7	2.84%
Hargray Telephone Company				70,910	10	2.44%
Total	\$ 22,241,180		23.13%	\$ 1,727,396		70.67%

Source: Beaufort County Assessor'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	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2010	2009	5,176,582	4,598,396	88.83%	587,393	5,185,789	100.18%

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

Note: Delinquent collections are shown in the year collected and may result in collection percentages exceeding 100%. Associated penalties are not included.

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
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%
2010	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
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,283	\$ 35,283	0.95%	25
2002	180,000	-	-	-	-	35,543	215,543	5.28%	92
2003	160,000	-	-	-	-	36,321	196,321	4.55%	79
2004	140,000	-	-	-	-	39,878	179,878	4.03%	61
2005	120,000	-	105,903	-	-	186,086	411,989	8.85%	141
2006	100,000	14,000,000	89,352	-	7,750,000	375,599	22,314,951	429.78%	4,568
2007	80,000	14,000,000	80,324	-	3,710,000	520,681	18,391,005	326.49%	2,884
2008	60,000	14,000,000	70,756	-	2,970,000	449,079	17,549,835	277.53%	1,360
2009	40,000	13,450,000	60,612	-	2,230,000	313,945	16,094,557	241.54%	1,188
2010	20,000	12,875,000	49,859	-	1,490,000	137,346	14,572,205	216.71%	1,015

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

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

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

Fiscal Year	General Obligation Bonds	Total Gross	Exempt from Debt Limit	Total Net	Percentage of Actual Taxable Value^a of Property	Per Capita^b
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
2010	20,000	20,000	-	20,000	0.00%	1

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

^aSee Schedule 7 for property value data.

^bSee Schedule 17 for personal income and population data.

Schedule 14
 Town of Bluffton, SC
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2010

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Beaufort County School District	\$ 407,140,000	7%	\$ 28,499,800
Beaufort County General Obligation Debt	261,070,000	7%	18,274,900
Bluffton Fire District	521,373	21%	109,488
Subtotal, overlapping debt			<u>46,884,188</u>
Town direct debt			<u>20,000</u>
Total direct and overlapping debt			<u><u>\$ 46,904,188</u></u>

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 2010

Assessed value	\$137,023,546
Debt Limit (8% of assessed value)	10,961,884
Debt applicable to limit	(20,000)
Legal Debt Margin (without a Referendum)	<u>\$ 10,941,884</u>

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$232,542	\$470,603	\$358,065	\$615,540	\$ 1,594,139	\$ 3,106,133	\$ 5,988,262	\$ 7,692,212	\$ 9,810,254	\$10,961,884
Total net debt applicable to limit	-	180,000	160,000	140,000	120,000	100,000	80,000	60,000	40,000	20,000
Legal debt margin	232,542	290,603	198,065	475,540	1,474,139	3,006,133	5,908,262	7,632,212	9,770,254	10,941,884
Total net debt applicable to the limit as a percentage of debt limit	0.00%	38.25%	44.68%	22.74%	7.53%	3.22%	1.34%	0.78%	0.41%	0.18%

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

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

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

Fiscal Year	Tax Increment Bonds					Coverage
	Revenue	Debt Service		Total		
		Principal	Interest			
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	
2010	1,139,865	575,000	513,526	1,088,526	1.05	

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

¹ First year represents transfer in.

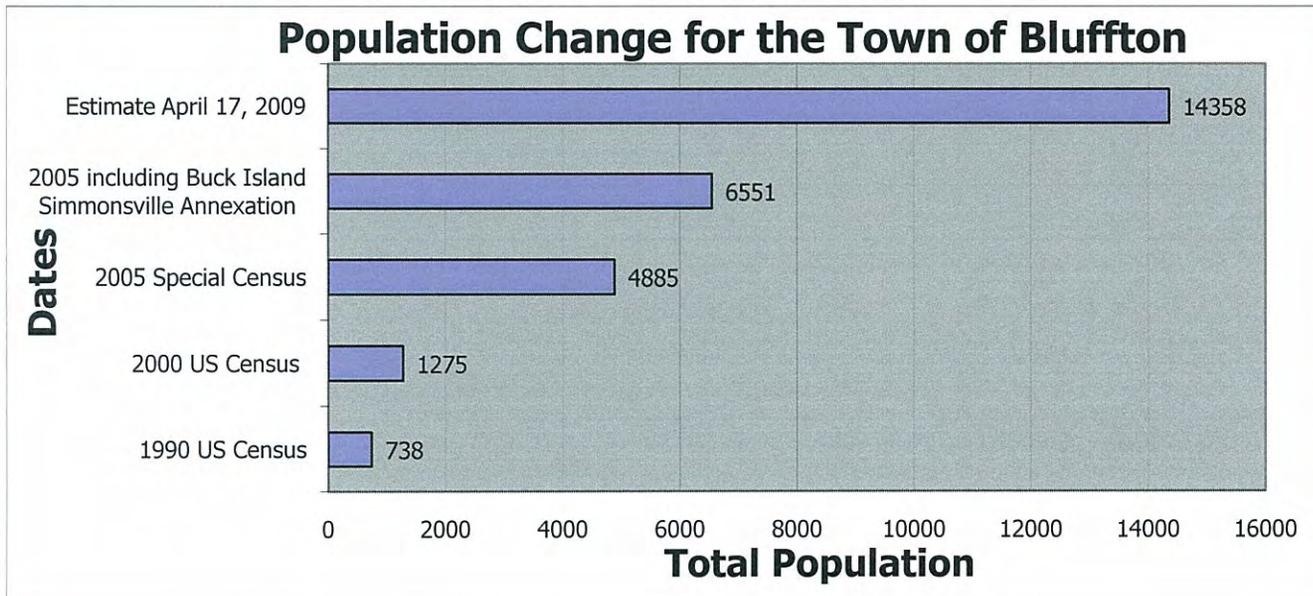
Schedule 17
 Town of Bluffton, SC
 Demographic and Economic Statistics
 Last Ten Calendar Years

Calendar Year	Population	Personal Income* (\$000's)	Per Capita Personal Income*	Town of Bluffton School Enrollment	Beaufort County School Enrollment	Annual Unemployment Rate*
2000	1,428	4,086,057	33,471	1,846	16,648	3.1%
2001	2,354	4,312,182	34,554	1,994	17,114	3.9%
2002	2,483	4,466,176	34,744	1,942	17,604	4.2%
2003	2,631	4,653,990	35,523	2,059	17,911	4.8%
2004	2,930	5,192,195	38,482	3,496	18,364	5.0%
2005	4,885	5,632,985	40,392	3,721	18,974	4.9%
2006	6,377	6,323,562	42,856	4,052	19,229	4.7%
2007	12,902	6,663,247	45,031	4,423	19,221	4.3%
2008	13,544	6,724,329	44,191	4,625	19,067	5.3%
2009	14,358	7,037,918	46,790	5,256	19,525	8.8%

*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 through 2009 population estimated by the Town's Planning Department; Personal Income provided by U.S. Department of Commerce, Bureau of Economic Analysis; Unemployment rate provided by U.S. Department of Labor, Bureau of Labor and Statistics.

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



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

<u>Employer</u>	2010			2001		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>
Beaufort County School District	525	1	n/a	n/a	n/a	n/a
CareCore National, LLC	396	2	n/a	n/a	n/a	n/a
Publix	200	3	n/a	n/a	n/a	n/a
Inn at Palmetto Bluff	192	4	n/a	n/a	n/a	n/a
Hargray	185	5	n/a	n/a	n/a	n/a
Kroger	120	6	n/a	n/a	n/a	n/a
Bluffton Township Fire District	109	7	n/a	n/a	n/a	n/a
Town of Bluffton	90	8	n/a	n/a	n/a	n/a
Outback Steakhouse	85	9	n/a	n/a	n/a	n/a
Jim N Nick's Restaurant	75	10	n/a	n/a	n/a	n/a
Total	1,977		n/a	n/a		n/a

Source: Beaufort Regional Chamber of Commerce and Town's Finance Department

Note: n/a = not available

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Administration	3.0	3.0	4.0	4.0	4.0	7.0	2.0	4.0	2.0	0.0
Information Technology									2.0	4.0
Municipal Court	1.0	1.0	1.0	1.0	2.0	5.0	5.0	4.0	4.0	4.0
Executive	0.0	0.0	0.0	0.0	0.0	0.0	7.0	8.0	7.0	5.0
Finance	0.0	0.0	1.0	3.0	3.0	5.0	5.0	6.0	6.0	6.0
Facilities/Asset Management	1.0	1.0	1.0	3.0	3.0	5.0	5.0	5.0	4.0	6.0
Police	6.0	8.0	10.0	11.0	15.0	28.0	33.0	36.0	38.0	39.0
Growth Management										4.0
Planning & Environmental Sustainability	3.0	4.0	4.0	7.0	8.0	10.0	8.0	13.0	10.0	5.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0	8.5	4.5	6.5	6.5
Environmental Protection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	6.0	0.0
Construction & Compliance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	5.0	10.0
Total	<u>14.0</u>	<u>17.0</u>	<u>21.0</u>	<u>29.0</u>	<u>35.0</u>	<u>60.0</u>	<u>73.5</u>	<u>91.5</u>	<u>90.5</u>	<u>89.5</u>

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 employee 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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Business licenses issued	n/a	162	353	575	795	1,274	2,214	2,207	2,208	2,280
HospitalityTax remitters	-	-	n/a	n/a	n/a	n/a	57	80	81	81
Accommodations Tax remitters	-	-	-	-	2	4	4	4	5	4
Court case counts	3,173	2,600	2,878	3,790	4,131	3,420	6,928	5,251	8,302	8,242
Jury trial counts	n/a	n/a	n/a	n/a	n/a	2	5	-	6	5
Building permit counts	22	42	372	424	489	1,509	1,175	699	450	658
Development permits Issued	6	20	28	35	29	56	64	39	21	19
Applications issued	100	201	207	190	127	377	334	294	260	183
Environmental Protection										
Certificates of compliance	n/a	n/a	n/a	n/a	n/a	29	49	46	30	17
Construction site inspections	n/a	n/a	n/a	n/a	n/a	8	2,516	2,206	2,432	1,428
Notices to comply	n/a	n/a	n/a	n/a	n/a	6	183	176	151	117
Stop work orders	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	11	30	13	-
Tree removal permits issued	n/a	n/a	n/a	n/a	n/a	n/a	42	45	56	45
Outreach/Education (# of people)	n/a	n/a	n/a	n/a	n/a	n/a	1,483	834	996	1,250
Public Safety										
Police calls for service	n/a	n/a	n/a	n/a	7,000	14,000	18,155	18,477	23,543	34,000
Domestic calls	n/a	n/a	n/a	n/a	293	536	732	428	657	915
Traffic collisions	n/a	n/a	n/a	n/a	364	1,041	787	820	693	1,011
Citations	n/a	n/a	n/a	n/a	4,011	5,107	5,818	8,064	10,886	11,724
Arrests	n/a	n/a	n/a	n/a	350	609	919	1,083	1,216	1,510
Reports	n/a	n/a	n/a	n/a	1,246	2,754	3,005	2,859	2,978	3,976
Public Projects & Facilities										
# of capital improvement projects to manage	3	8	4	2	2	5	17	20	18	16
# of parks to maintain	2	3	3	3	4	4	4	6	6	6
# of pathways to maintain	1	2	2	2	2	2	4	6	6	6

Sources: Town departments

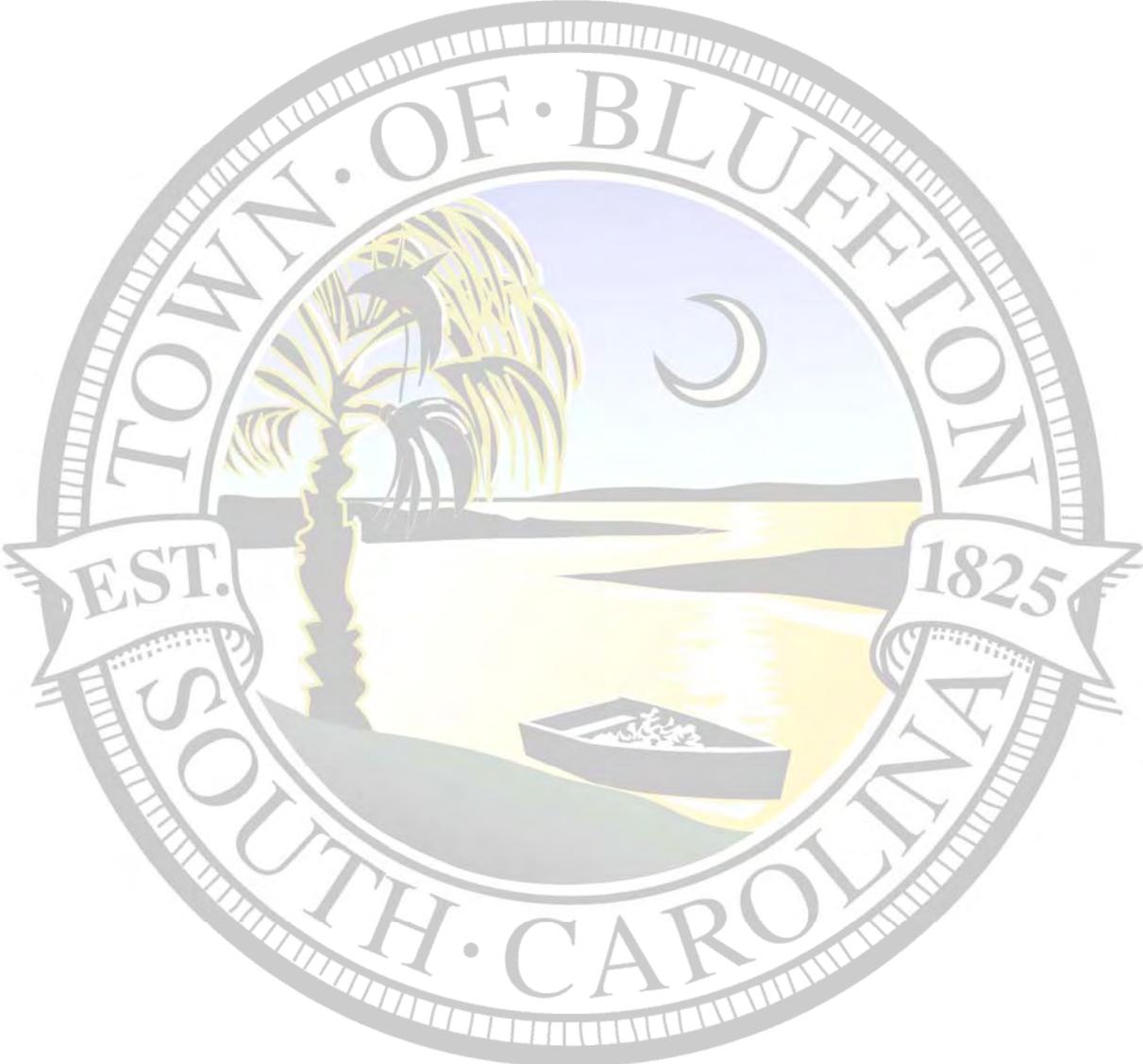
Note: n/a = not available

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Town-owned parcels	5	8	8	9	10	11	19	26	27	27
Town-owned property acreage	105	267	267	278	320	330	340	461	461	461
Town vehicles	-	1	1	1	1	1	1	1	2	3
Environmental Protection										
Town vehicles	-	-	-	-	-	-	2	3	3	-
Engineering										
Town vehicles	-	-	-	-	-	1	1	4	5	4
Public Works										
Town vehicles	1	1	1	1	2	3	3	5	5	6
Public Safety										
Town vehicles (Building Safety)	-	-	-	-	-	-	-	1	3	4
Police vehicles	4	4	5	6	11	22	31	38	42	42
Police mobility vehicles	-	-	-	-	-	-	-	-	-	2
Public Projects & Facilities										
Streets (miles)	-	0.44	0.44	0.44	0.44	0.44	2.70	3.26	3.51	3.51
Pathways (miles)	3.20	3.64	3.64	3.64	3.64	3.64	5.21	5.77	5.77	5.77
Parks (count)	2	3	3	3	4	4	4	6	6	6

Source: Facilities/Asset Management and Finance Department

SUPPLEMENTAL SECTION



Town of Bluffton
Schedule of Municipal Fines, Assessments and Surcharges
For the Year Ended June 30, 2010

Court Fines:	
Court Fines Collected	\$ 226,671
Court Fines retained by the Town	<u>226,671</u>
Court Fines Remitted to the State Treasurer	<u><u>\$ -</u></u>
Court Assessments:	
Court Assessments collected	\$ 232,511
Court Assessments retained by the Town	<u>25,916</u>
Court Assessment remitted to the State Treasurer	<u><u>\$ 206,595</u></u>
Court Surcharges:	
Court Surcharges remitted by the Town	<u><u>\$ 105,256</u></u>
Victim Services:	
Court Assessments allocated to Victim Services	\$ 25,916
Court Surcharges allocated to Victim Services	<u>4,386</u>
Funds Allocated to Victim Services	30,302
Victim Services Expenditures	<u>(52,604)</u>
Sub Total	<u>(22,302)</u>
Beginning of the Year	<u>(27,834)</u>
End of the Year	<u><u>\$ (50,136)</u></u>