



bluffton
HEART OF THE LOWCOUNTRY™



The Town of Bluffton, South Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

Town of Bluffton, South Carolina
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2015
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Lisa Sulka
Mayor
Ted Huffman
Mayor Pro Tempore
Marc Orlando
Town Manager



Council Members
Karen Lavery
Fred Hamilton
Larry Toomer
Sandra Lunceford
Town Clerk

December 22, 2015

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, 2015.

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. These Financial Statements have been prepared by the Finance Department in accordance with Generally Accepted Accounting Principles (GAAP) for local governments.

The Town's Financial Statements have been audited by KRT, CPAs, P.C. Based upon their independent audit, an unmodified opinion was rendered for the Town's Financial Statements for the fiscal year ended June 30, 2015. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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.

Town of Bluffton 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, Georgia. 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.

The original Town Boundary was approximately one square mile in area (640 acres). 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 Town's original "one square mile" was in the jurisdiction of Beaufort County. Instead of ignoring the growth in the area, the Town began to voluntarily annex land in order to provide local control over future development.

The first large tract annexation took place on November 23, 1998 and included Palmetto Bluff (20,660 acres) and the Shults Tract (620 acres). Since then, Bluffton has approved 46 annexations increasing the Town's boundary to approximately 54 square miles in area. In just a few years, Bluffton grew from a one square-mile-town to controlling the future development of more than 34,600 acres, a majority of which is located three or more miles from the heart of the Town.

According to the 2010 U.S. Census, Bluffton is one of the State's fastest growing municipalities and the State's 4th largest municipality in area. Additionally, the 2010 Census shows Bluffton has approximately 12,893 citizens compared to 1,275 in the 2000 Census.

Local Economy

According to the U.S. Census Bureau, the 2010 median family income for the Town of Bluffton was \$67,344 compared to \$48,611 in the 2000 Census. The 2010 Census shows the Town of Bluffton's per capita income at \$29,008, exceeding the state average of \$23,443.

For the year ending June 30, 2015, the building market is once again on the upturn with an increase in building permits of approximately 47% over the prior fiscal year. The town issued 2,261 business licenses, with 1,071 of these businesses located within Town limits. Contractors represent 16% of the in-town businesses. Other predominate in town businesses include Personal Services (beauty and spa services, pet services, event planners and suppliers, photographers, etc.) at 18%, Professional Services, 14%, Medical 12%, Retail 11%, Restaurants 7% and Real Estate 5%.

The Don Ryan Center for Innovation (DRCI) is a public-private partnership between Clemson University, eviCore Healthcare, and the Town of Bluffton to establish the state's first incubator in a non-metropolitan area of the state. The DRCI's mission is to advance regional economic development by offering entrepreneurs the resources needed to assist them in their quest for success. In addition, the DRCI has partnerships with the Beaufort County School District as well as the Savannah College of Art and Design (SCAD) to promote and teach the foundations of entrepreneurship. In this fiscal year the DRCI graduated five businesses. As of June 2015 DRCI graduate and current companies employ 77 people who fund an annual payroll of more than \$4,100,000.

Major Initiatives and Revitalization Efforts

The Bluffton Public Development Corporation was established in 2012 by the Town Council and incorporated as a 501(c) (3) organization. The Corporation is charged with enhancing the business climate for investment and development and attracting new business to Bluffton by facilitating economic and real estate development opportunities. Town council authorized a Public-Private Development Contract on July 14, 2015 with Southeastern Development Associates formally Blanchard & Calhoun Commercial to develop a multi-use environment, with a strong network of pedestrian connections, and a diversity of architectural styles and scales appropriate to an urban environment at Buckwalter Place. The Master plan calls for a mixed use development of the property consisting primarily of a new Kroger

Market place of approximately 115,000 square feet, additional retail and commercial space of approximately 267,500 square feet, office space of approximately 80,000 square feet, and approximately 80 new multi-family housing units. The private investment is estimated at \$30,000,000.

In 2013, using HOME Grant Funds, the Town established a Major Home Repair Program for low-income residents. This program is available for anyone whose household income is less than 80% of the median income for Beaufort County. To date the program has provided nearly \$120,000 to homeowners to rehabilitate their homes and bring them up to current building code standards. This program is a part of the Town's neighborhood assistance program established to improve the quality of life for all Bluffton residents while creating a safer community and providing for affordable housing. This year a new program was implemented to provide for private road repair for emergency service access and connection to the public sanitary sewer system.

Improvements were made at a number of Town parks to increase visibility, safety, seating areas and lightening. A Master plan for Oyster Factory Park was approved to reflect the current vision of the only public park overlooking the May River. The town developed a structural assessment and preservation plan for the preservation of the historic Garvin House, located within the park which was built in c. 1870 and is the first freedman's home built along the May River.

Budget Process

The Town's budget serves as the foundation for financial planning and control. Annual strategic planning sessions provide the areas of focus for each department as they prepare their budgets.

The budget planning process begins in January of each year. Each department prepares a comprehensive list of goals and objectives highlighting the programs, projects and initiatives to be considered for the upcoming fiscal year. The departments submit their 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. Their input is used as the starting point for developing a proposed budget.

The Finance staff prepares and forwards revenue estimates for both the current and upcoming fiscal year. The expenditure proposals are compared to the revenue projections to serve as a mechanism for the Town Manager to make necessary adjustments in programs and priorities, if needed, to ensure a balanced budget and sufficient fund balance for the financial integrity of the Town.

The Town Manager presents this proposed budget to Council for review in May of each year. Council is required under state law 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.

Long-term Financial Planning

As a part of the budget process, the Town began developing long-range financial plans in 2006. Additionally, the Town has held strategic planning sessions the last four years to develop and update strategic goals and objectives for Council and staff. Town staff prepares the budget forecasts based largely on the experience the Town has had in the prior years and growth based on developer projections that could reasonably be anticipated in the future. 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 actions were taken.

Long-term financial planning is a major tool in maintaining a sound financial position. It is critical that the Town maintain its bond ratings, currently Moody's bond rating is Aa2 and Standard and Poor's upgraded the town's bond rating in June 2014 from AA- to AA+.

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, 2014. This was the eighth 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 Vickie Isaacs, Budget Administrator; Natalie Majorkiewicz, Senior Accountant; and Angela Douglas, Finance Support Specialist for the vital role they played in the coordination and completion of this project.

Respectfully,



Shirley Freeman
Director of Finance/Administration



Trisha Greathouse
Assistant Director of Finance/Administration



Town of Bluffton, South Carolina
Elected and Appointed Officials
Year Ended June 30, 2015

Elected Officials

Mayor: The Honorable Lisa Sulka

Council Members:

Ted Huffman – Mayor Pro Tempore

Fred Hamilton

Karen Lavery

Larry Toomer

Appointed Officials

Marc Orlando – Town Manager

Terry A. Finger – Town Attorney

Senior Management

Frank Hodge

Kim Jones

Shawn Leininger

Shirley Freeman

Katherine Robinson

David Nelems

Joey Reynolds

Sandra Lunceford

Deputy Town Manager

Director of Engineering and Public Works

Director of Growth Management

Director of Finance/Administration

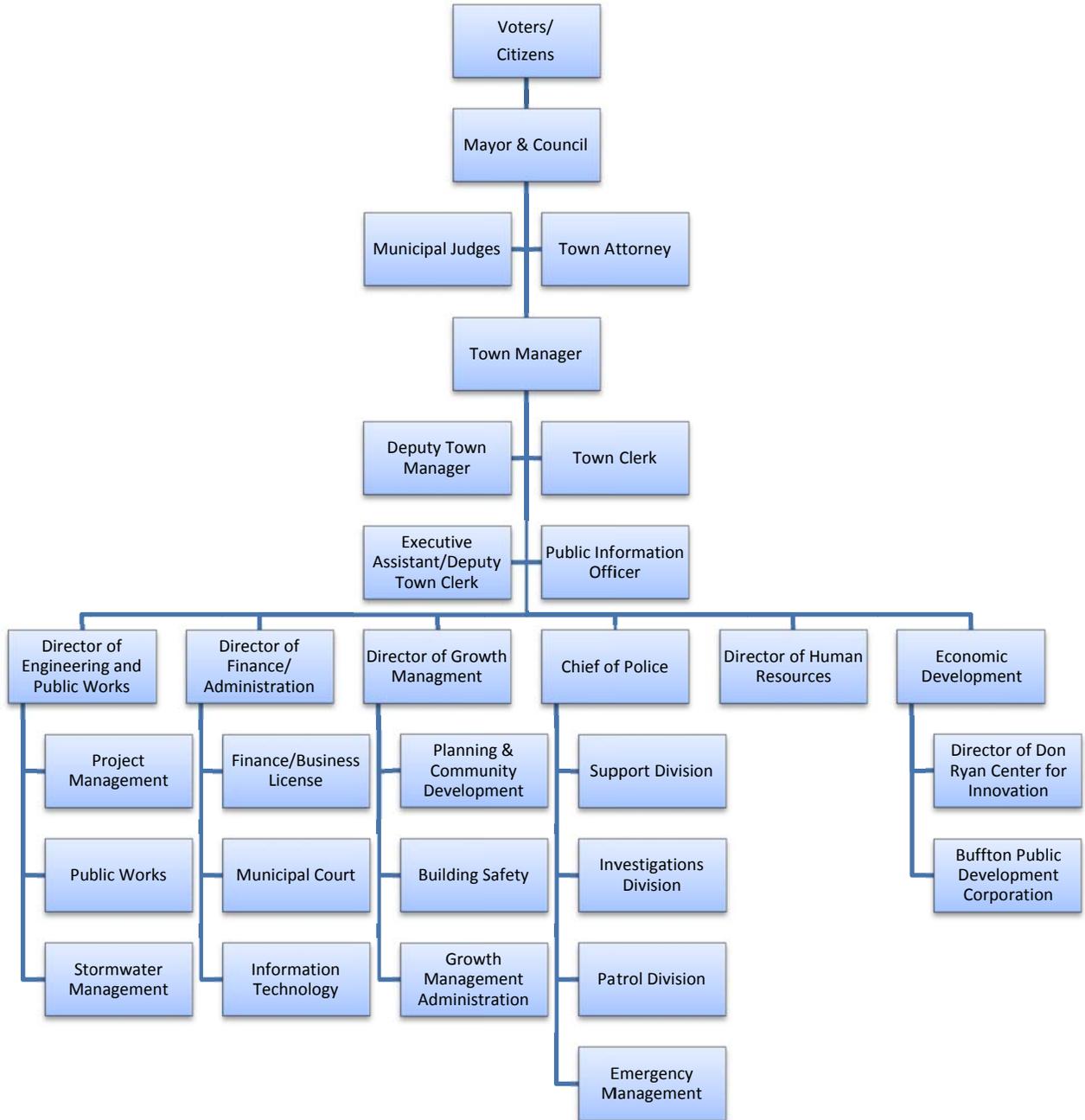
Director of Human Resources

Executive Director of Don Ryan Center for Innovation

Chief of Police

Town Clerk

Town of Bluffton Organizational Chart





Government Finance Officers Association

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, 2014

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the Town of Bluffton, South Carolina (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the discretely presented component units and the aggregate remaining fund information of the Town, as of June 30, 2015, and the respective changes in financial position and the budgetary comparison statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tel 912-232-0475 Fax 912-232-0478

6600 Abercorn Street, Suite 200 | Savannah, GA 31405 | P.O. Box 16149 | Savannah, GA 31416 | krtcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages C1 – C9 and the required supplementary information other than management's discussion and analysis beginning on page E1 are 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.

Emphasis of Matter

As described in Note 6, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the Town's net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual and combining fund financial statements and schedules, statistical section and supplementary section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements and schedules and supplementary section as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements and schedules and supplementary section as listed in the table of contents are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

KRT CPA&P.C.

Savannah, Georgia
December 22, 2015

Town of Bluffton
Management's Discussion and Analysis
June 30, 2015

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, 2015. We encourage readers to read the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages A-1 through A-4 of this report.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$21,375,273 (*net position*). Of this amount, \$1,316,955 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and vendors.
- The Town's total net position increased by \$4,489,950 or 26% for Fiscal Year 2015.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,549,495, an increase of \$3,935,113 in comparison with the prior year. Approximately 39% percent of this total amount, or \$8,019,132, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$8,019,132 or 66% percent of total General Fund expenditures for the fiscal year.
- The Town's total debt decreased by \$867,338 (5%) during the current fiscal year. The Town had principle payments on outstanding debt of \$1,163,479 and entered into a new lease agreement with Branch Banking and Trust Company (BB&T) for the purchase of twelve (12) 2015 Ford SUVs and the removable equipment. The purchase price of the new vehicles and equipment was \$555,900. In December of 2014 the Town issued \$8,923,000 of tax increment financing bonds for a current refunding of the outstanding principal of \$9,230,000 of the 2010 Tax Increment Revenue Refunded Bonds originally issued in 2005 and 2006. In addition, the compensating absences liability increased by \$47,241.
- The Town of Bluffton's bond rating is an Aa2 from Moody's and an AA+ from Standard & Poor's. Both agencies stated the high ratings reflect the growth in the tax base and a healthy financial position supported by financial policies, professional management, and modest debt.

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 the financial statements 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 position and how they have changed. The net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements consist of governmental activities of the Town and its component units. The governmental activities include most of the Town's basic services such as administrative, judicial, planning, public safety, public works, stormwater management and community development. Property taxes and charges for services finance most of these activities. Financial information for two non-major component units is reported separately from the primary government. The non-major component units are the Don Ryan Center for Innovation and The Bluffton Public Development Corporation.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2015

The Government-wide Financial Statements can be found on pages D1 and D2 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate 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 essentially the same functions reported as governmental activities in the government-wide financial statements. 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 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 Position 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 Improvements Program Fund, Debt Service Fund, Stormwater Fund and Hospitality Tax 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 previously has adopted an annual budget for its General Fund, Capital Improvements Program Fund, Debt Service Fund and Stormwater 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 statement provided for the General Fund and the schedules provided for the General Fund, Capital Improvements Program Fund, Debt Service Fund and Stormwater 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 statement and schedules 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 and schedules show 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, Debt Service Fund and Stormwater Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

These basic fund financial statements and schedules can be found on pages D3 through D8 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 D9 through D31 of this report.

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

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting & Financial Reporting for Pensions is effective for fiscal years beginning after June 15, 2014 and has been implemented in the financial statements of the Town for fiscal year 2015. GASB Statement No. 68 requires participating employers to report their proportionate share of the plan's net pension liability,

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2015**

pension expense, and deferred inflows and outflows of resources as well as additional note disclosures and required supplementary information. The required supplementary information can be found on pages E1 and E2 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information related to pensions as other supplemental information. Community development grants for tourism are funded by State and Local Accommodations Taxes and are reviewed by the Town's Accommodations Tax Advisory Committee. The committee's recommendations are proposed to Town Council for final approval. Combining and individual fund statements and schedules can be found on pages F1 through F6 of this report.

Government-wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2015 are prepared using the financial statement-reporting model as mandated by the Governmental Accounting Standards Board (GASB).

**Statement of Net Position
Figure 1**

	Governmental Activities		% Change
	2015	2014	
Current and other assets	\$ 22,424,506	\$ 17,901,254	25%
Capital assets, net	27,489,463	27,792,817	(1%)
Total assets	<u>49,913,969</u>	<u>\$ 45,694,071</u>	9%
Deferred outflows of resources related to pensions	1,007,019	\$ 631,069	100%
Total assets and deferred outflows of resources	<u>\$ 50,920,988</u>	<u>\$ 46,325,140</u>	10%
Current and other liabilities	\$ 3,726,735	\$ 2,947,516	26%
Long-term liability outstanding	15,046,773	16,106,862	(7%)
Net pension liability	9,839,884	10,385,439	(5%)
Total liabilities	<u>28,613,392</u>	<u>29,439,817</u>	(3%)
Deferred inflows of resources related to pensions	932,323	-	100%
Total liabilities and deferred inflows of resources	<u>29,545,715</u>	<u>29,439,817</u>	0%
Net position:			
Net investment in Capital Assets	11,556,509	10,745,284	8%
Restricted	8,501,809	7,566,263	12%
Unrestricted	1,316,955	(1,426,224)	(192%)
Total net position, restated	<u>21,375,273</u>	<u>16,885,323</u>	27%
Total liabilities, deferred inflows of resources and net position	<u>\$ 50,920,988</u>	<u>\$ 46,325,140</u>	10%

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$21,375,273 as of June 30, 2015. In implementing GASB 68 for FY 2015, it was necessary to restate the net position for the preceding year, reporting a net pension liability and deferred contributions. The impact of this on the beginning unrestricted net position would be to decrease from \$8,328,146 to \$(1,426,224). Considering this restatement, The Town's overall financial position improved and net position increased by \$4,489,950 or 26.5% during Fiscal Year 2015.

Town of Bluffton
Management's Discussion and Analysis
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The Town increased its current and other assets by \$4,523,252 as a result of improved cash position at year-end. This improved cash position is largely attributable to revenues exceeding expenses. The 26.5% increase in the Town's total net position is the result of a continued better than anticipated economic recovery for local businesses and residential development as well as a continued cautionary spending emphasis. The \$779,219 net increase in current and other liabilities is related to the timing and management of outstanding payables to vendors and Beaufort County as well as the increase in principal payments due in FY 2016 both for bonds and outstanding capital leases. The \$1,060,089 net decrease in the Town's long-term liabilities is related to the effect of the current refunding of the TIF bond in 2015 reducing the outstanding principal with the \$307,000 pay down, principal payments from the general obligation and revenue bonds due in Fiscal Year 2016 offset by the increases related to the new vehicle and equipment leases. The Town's restricted net position represents resources subject to external restrictions on how they may be used. The increase from prior year is due to increased tourism dollars and MID fees collected for future tourism and capital improvement projects, respectively. The remaining is a balance of \$1,316,955 in unrestricted funds and may be used to meet the ongoing obligations to citizens and creditors.

The following table presents the Town's changes in net position for the fiscal year ending June 30, 2015 and 2014.

Town of Bluffton Changes in Net Position
Figure 2

	Governmental Activities		% Change
	2015	2014	
Revenues:			
Program revenues:			
Charges for services	\$ 8,659,713	\$ 6,957,053	24%
Operating grants and contributions	317,366	236,472	34%
Capital grants and contributions	1,322,203	1,565,210	(16%)
General revenues:			
Property taxes	6,089,064	5,580,452	9%
Accommodations taxes	525,661	515,367	2%
Hospitality taxes	1,489,521	1,333,838	12%
Interest	12,963	9,576	35%
Unrestricted intergovernmental revenue	634,044	617,942	3%
Miscellaneous	176,981	91,201	94%
Total revenues	19,227,516	16,907,111	14%
Expenses:			
Administrative	3,675,493	3,177,857	16%
Judicial	278,425	261,663	6%
Planning	744,605	797,378	(7%)
Building Safety	962,685	832,699	16%
Police Department	4,801,530	4,007,350	20%
Public Works	1,034,327	945,375	9%
Stormwater Management	652,579	644,128	1%
Project Management	876,330	487,943	80%
Community Development	1,027,545	1,070,319	(4%)
Interest on long-term debt	684,047	664,378	3%
Total expenses	14,737,566	12,889,090	14%
Changes in Net Position	4,489,950	4,018,021	12%
Expense related to GASB 68 restatement+	-	(9,754,370)	(100%)
Net position, July 1	16,885,323	22,621,672	
Net position, June 30, as restated	\$ 21,375,273	\$ 16,885,323	27%

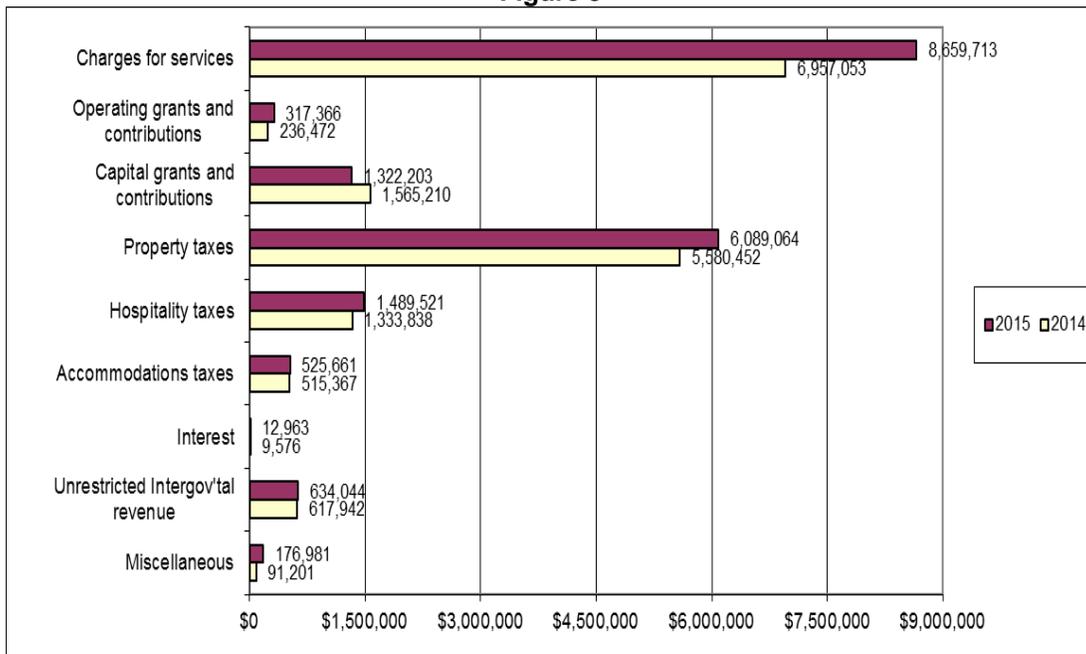
+Prior year function expenses for this figure are not restated for GASB 68 for comparative purposes.

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2015**

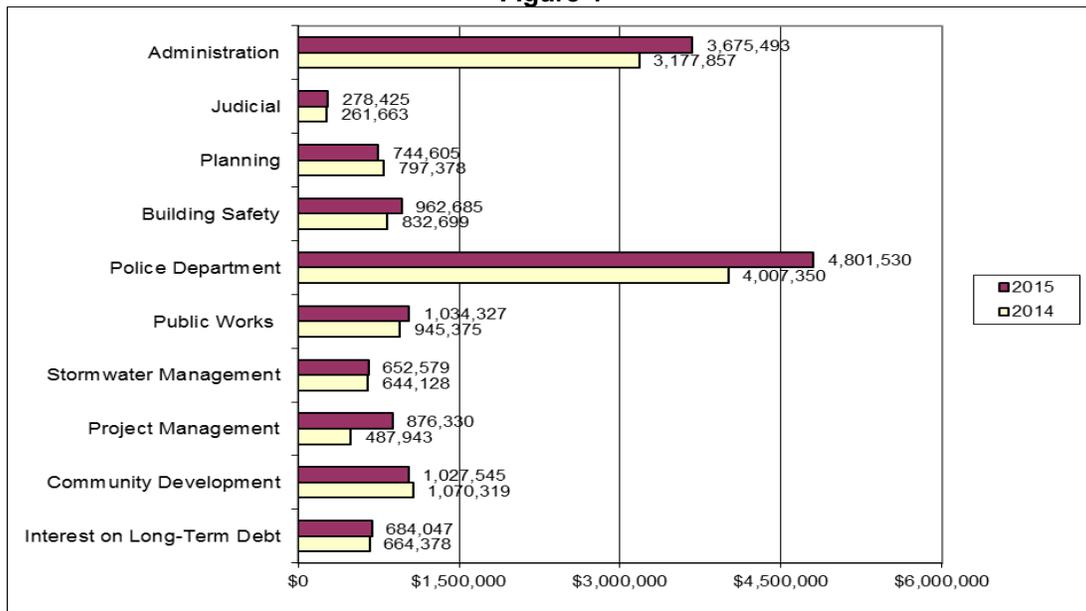
Governmental Activities - Governmental activities increased the Town's net position by \$4,489,950. As mentioned previously, this increase is attributable to better than expected revenue increases in building permits, business licenses and other charges for service items and the Town's efforts to control general fund spending of operating revenues within the recovering economic environment. Charges for services (45%) (e.g. business licenses, franchise fees, permit fees, development fees), operating grants and contributions (7%), property taxes (32%) and hospitality taxes (8%) are the largest sources of funds. All other revenue sources comprise 8% of all funds received by the Town.

The following charts compare fiscal years 2015 and 2014 revenues by source and expenses by program.

**Revenues by Source – Governmental Activities
Figure 3**



**Expenses by Program* – Governmental Activities
Figure 4**



*Prior Year numbers for this figure are not restated for GASB 68 for comparative purposes.

Town of Bluffton
Management's Discussion and Analysis
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Major expenses for Fiscal Year 2015 were associated with the Police Department (33%), Administration (25%), Public Works (7%) and Community Development functions (7%). Administration expenses included costs for contracts to provide Town services, personnel costs and routine computer hardware and software costs. Community Development expenditures decreased due to the majority of the larger projects started in Fiscal Year 2015 are in the early planning and design phases. This affected the amount of capital grants and contribution revenue received in FY 14 given that many reimbursable expenditures are for construction phase costs.

Transfers between the funds in Fiscal Year 2015 decreased by \$100,667 primarily due to the reduction of transfers into the Capital Improvements Fund related to a reduction in expenditures in 2015 from 2014. Transfers In occurred in the amount \$653,452 to the Capital Improvements Program Fund from other funds and were used to fund portions of the Fund's budgeted projects in Fiscal Year 2015. Many of the projects as previously stated are in the planning stages in FY 2015. Transfers In to the General Fund remained consistent with prior year only increasing by \$3,668. Major Transfers In to the General Fund for Fiscal Year 2015 were \$500,000 from the Hospitality Tax Fund to support tourism projects 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, unassigned 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 \$20,549,495, an increase of \$3,935,113 in comparison with the prior fiscal year. Approximately 39% of total fund balance, or \$8,019,132, constitutes unassigned fund balance which is available for spending at the government's discretion. The remainders of fund balance (\$12,530,363) are designated to indicate that they are not available for new spending because they have already been designated as nonspendable (\$177,877), restricted (\$8,501,809), committed (\$2,356,002) or assigned (\$1,494,675). Significant amounts of restricted balances are due to external designations for debt service, tourism and related support programs as well as Stormwater Improvements Projects. Significant amounts of committed balances are due to Town Council's designations for the Emergency Recovery Fund. Finally, amounts of assigned balances are due to the Town Manager and Directors designations for capital improvement purposes.

The General Fund is the chief operating fund of the Town. Total fund balance of the Town's General Fund increased by \$2,503,179 during Fiscal Year 2015. The majority of the increase was due to increased revenue received with the positive economic recovery of local businesses and residential developers.

General Fund revenues (excluding transfers in and other financing sources) for Fiscal Year 2015 were \$13,557,639, an increase of \$2,039,508 or 18% from the previous year. Licenses and Permits totaled \$7,181,261, an increase of \$1,127,931 over the prior year. Business Licenses, Building Permits, and MASC Insurance Tax collections represent the largest increase for revenues within the Licenses and Permits category. Property tax revenues for the General Fund totaled \$4,471,223, an increase of \$370,750 when compared to the prior year. This increase is the result of continued growth in the residential and commercial building markets adding additional taxpayers to the tax rolls.

General Fund expenditures totaled \$12,152,170, a spending increase of \$1,790,609 from the prior year or 17%. This increase can be attributed to new equipment and vehicle costs, new employees hired for building safety inspections, police officers, and building and grounds maintenance and town-wide contract services.

At the end of the fiscal year, the unassigned fund balance of the General Fund was \$8,019,132, while the total fund balance was \$11,355,796. As a measure of the General Fund's liquidity, it may be

Town of Bluffton
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useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 66% of the total General Fund expenditures, while total fund balance represents 93% of that same amount.

The Capital Improvements Project (CIP) Fund's fund balance increased \$593,786 during Fiscal Year 2015. The increase is mainly the result of Municipal Improvement Development Fees (MIDF) being recognized in the CIP fund starting in the later part of FY 2014 that were previously recorded within the General Fund and later transferred for projects. These fees are designated by developer agreements for municipal improvements and have been designated as funding sources for upcoming capital projects.

At the end of the fiscal year, the Debt Service Fund's fund balance was \$973,227 a minimal decrease of \$5,072 from prior year.

The Stormwater Utility Fund's fund balance increased \$240,090 during Fiscal Year 2015. The 13% increase is related to the delay of programmed capital project expenditure funding. These projects that were expected to start in FY 2015 were delayed due to permitting and design delays.

The Hospitality Tax Fund's fund balance increased \$712,861 or 33% during Fiscal Year 2015. This increase is due to a 12% increase in collections with the improved economic condition of the Town and delays in proposed tourism capital improvement projects spending in Fiscal Year 2015.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of four 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; 3) amendments to provide budget appropriations for legal encumbrances; and 4) other increases or decreases in appropriations that become necessary throughout the year.

The General Fund Budget expenditure changes were a minimal \$242,605 starting at \$12,442,205 and ending at \$12,684,810.

Actual revenues for the General Fund were \$2,689,039 more than the original adopted budget and \$2,484,919 more than the revised budget. Licenses and Permits exceeded budget by a 30% increase or \$1,653,271. Service Revenues exceeded budget by \$315,714 or 60%, with Development Fees being the primary contributor. The Town saw a better than expected increase in residential building permits and their related fees as the economy continues to recover. Fees and Fines were up \$115,058 from prior year and over budget by \$109,641 due to an increased patrol force which in turn raised the inventory of citations written in FY 2015.

Actual expenditures for the General Fund were \$532,640 below revised budget. The favorable variance was due to delays in hiring open positions and grant expenditure delays until 2016.

The General Fund continues to receive budgeted transfers from special revenue funds to support tourism projects and related support personnel. Net Transfers In (Out) increased by a marginal \$3,668 in Fiscal Year 2015.

Capital Assets and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental activities as of June 30, 2015, totals \$27,489,463 (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 decrease in the Town's investment in capital assets for the current fiscal year was 1%.

Capital asset transactions during the year included the lease purchase of twelve (12) new 2015 Ford SUVs, the purchase of machinery and equipment for town-wide maintenance, a new phone system for town hall, assets within Oyster Factory Park, and Police substation renovations.

**Town of Bluffton
Management's Discussion and Analysis
June 30, 2015**

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

	Governmental Activities
	2015
Land	\$ 14,595,674
Building and improvements	5,879,885
Drainage	443,993
Roads	2,810,300
Sidewalks and Trails	1,557,113
Land Improvements	492,601
Machinery and equipment	414,747
Vehicles	751,620
Construction in progress	543,530
Total	\$ 27,489,463

Additional information on the Town's capital assets can be found in Note 5 to the financial statements.

Long-term Debt - At the end of the current fiscal year, the Town has total debt outstanding of \$16,764,312, which included accrued compensated absences. Of this amount, \$6.090 million of General Obligation Debt is secured by the full faith and credit of the Town. Eight million nine hundred twenty-three thousand dollars (\$8,923,000) represents bonded debt for the Tax Increment Financing District funded from the incremental tax revenue. The Town entered into a capital lease purchase in October of 2014 with Branch Bank and Trust (BB&T) for the purchase of 12 SUVs and equipment in the amount of \$555,900.

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

	Governmental Activities
	2015
General Obligation Bonds	\$ 6,090,000
Refunded TIF Bonds	8,923,000
Intergovernmental Agreement	200,000
Capital Lease	919,954
Total	\$ 16,132,954

The Town's debt decreased \$914,579 during the current fiscal year. This was related to bond principal payment and capital lease payment schedules as well as the additions mentioned above. State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8% 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 \$11,719,564 of which \$5,629,564 is remaining for additional general obligation issues. At June 30, 2015, only \$6.090 million of the Town's debt applies to this limitation.

The Town maintains a bond rating of Aa2 from Moody's Investor Service and received an upgrade to AA+ from Standard and Poor's Corporation in 2015. Both agencies stated the high ratings reflect the growth in the tax base in recent years and 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 7 to the financial statements.

Town of Bluffton
Management's Discussion and Analysis
June 30, 2015

Economic Factors and Next Year's Budgets and Rates

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

- Located in the heart of the Lowcountry, the Town tourism numbers are rising in Bluffton as in the neighboring communities of Hilton Head Island, and Savannah, Georgia and expected to be on their way back to the 2008 record levels. Located on the banks of the pristine May River, Bluffton is home to the 20,660 acre Palmetto Bluff, an upscale award winning resort and residential development.
- The number of residential building permits increased this year 47% over the prior fiscal year. The town issued 2,261 business licenses with an increase in revenue of 26%. These upswings are expected to continue into 2016.
- The Town is entering the fifth year of a non-profit public/private economic development pilot project venture with Clemson University to operate a technology business incubator in the Town of Bluffton. The Don Ryan Center for Innovation has created a storefront technology incubator within the Town's Technology Park located at Buckwalter Place. Bluffton was the first of five such projects established in the state to commercialize technology and create new businesses. In this fiscal year the DRCI graduated five new businesses. As of June 2015 DRCI graduate and current companies employ 77 people who fund an annual payroll of more than \$4,100,000.
- The unemployment rate for Beaufort County is 5.7% and below the State's rate of 6.4% at June 30, 2015. Currently, no data is available specifically for the Town of Bluffton.
- The Fiscal Year 2016 General Fund budget is balanced at \$14,139,330, up 11.5% from Fiscal Year 2015. This increase is attributable to the hiring of nine new full-time employees. The additional cost for personnel falls within the finance, police, building safety, growth management and project management departments including the related equipment and training expenses for each.
- The FY 2016 budget includes no tax increase. The tax levy was maintained at 44.35 mills with the same distribution as last fiscal year; the General Fund will receive 40 mills and the Debt Service Fund will receive 4.35 mills.
- The Capital Improvements Project Fund appropriation for Fiscal Year 2016 is \$9,882,000. The majority of these expenditures are for sewer improvements which support the improved water quality initiatives in the Buck Island/Simmonsville area and Jason-Able Street. The next largest category is the town facilities at Buckwalter Place Multi-County Commerce and town hall redevelopment. Roadway improvements encompass \$1,534,000 for May River Road Streetscape followed by Land Acquisition at \$1,000,000. Park Development includes the expansion and completion of Oyster Factory Park and finally the Goethe/Shults pathway connecting to Old Town Bluffton.
- The Debt Service Fund provides for the payment of bond principal and interest payments totaling \$1,946,595 for Fiscal Year 2016. This includes principal and interest payments for the Refunded TIF Bonds issued in 2014, as well as for General Obligation Bonds, Series 2010A.
- The Stormwater Fund appropriation for Fiscal Year 2016 is \$3,175,870. Operational expenditures total \$751,945 and Capital Improvements Projects expenditures of \$873,925 are forecasted for stormwater management plan update, wetlands restoration, stormwater retrofits and improvements. A transfer of \$1,525,000 to the Capital Improvements Fund provides for sewer & water projects and \$25,000 to the General Fund provides for the public works stormwater maintenance program.

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 Director of Finance/Administration, Town of Bluffton, 20 Bridge Street, (PO Box 386), Bluffton, South Carolina 29910.

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government		Component Units	
	Governmental Activities	Total	The Don Ryan Center for Innovation	Bluffton Public Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 14,393,903	\$ 14,393,903	\$ 18,338	\$ 23,182
Restricted Cash and Cash Equivalents	6,316,877	6,316,877	-	-
Investments	54,721	54,721	-	-
Property Taxes Receivable, net	110,596	110,596	-	-
Other Receivables	1,370,532	1,370,532	16,700	-
Prepaid Assets	177,877	177,877	-	-
Capital Assets				
Nondepreciable	15,139,204	15,139,204	-	-
Depreciable	12,350,259	12,350,259	-	-
Total Assets	<u>49,913,969</u>	<u>49,913,969</u>	<u>35,038</u>	<u>23,182</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	1,007,019	1,007,019	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 50,920,988</u>	<u>\$ 50,920,988</u>	<u>\$ 35,038</u>	<u>\$ 23,182</u>
LIABILITIES				
Accounts Payable	\$ 730,933	\$ 730,933	\$ 24,307	\$ 4,985
Deposits and Bonds Payable	161,457	161,457	-	-
Accrued Interest	134,185	134,185	-	-
Due to Other Governments	361,698	361,698	-	-
Salaries and Benefits Payable	420,923	420,923	-	-
Unearned Revenue	200,000	200,000	7,500	-
Items due in less than one year	1,717,539	1,717,539	-	-
Items due in more than one year	15,046,773	15,046,773	-	-
Net Pension Liability	9,839,884	9,839,884	-	-
Total Liabilities	<u>28,613,392</u>	<u>28,613,392</u>	<u>31,807</u>	<u>4,985</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	932,323	932,323	-	-
Total Liabilities and Deferred Inflows of Resources	<u>29,545,715</u>	<u>29,545,715</u>	<u>31,807</u>	<u>4,985</u>
NET POSITION				
Net Investment in Capital Assets	11,556,509	11,556,509	-	-
Restricted for:				
Capital Projects	4,357,832	4,357,832	-	-
Tourism Projects and Related Support	3,076,716	3,076,716	-	-
Debt Service	973,227	973,227	-	-
Other Purposes	94,034	94,034	3,231	18,197
Unrestricted	1,316,955	1,316,955	-	-
Total Net Position	<u>21,375,273</u>	<u>21,375,273</u>	<u>3,231</u>	<u>18,197</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 50,920,988</u>	<u>\$ 50,920,988</u>	<u>\$ 35,038</u>	<u>\$ 23,182</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Function / Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Total	Don Ryan Center for Innovation	Bluffton Public Development Corporation
Primary Government								
Governmental Activities								
General Government								
Administration	\$ 3,675,493	\$ 5,465,905	\$ 68,010	\$ -	\$ 1,858,422	\$ 1,858,422	\$ -	\$ -
Judicial	278,425	277,388	-	-	(1,037)	(1,037)	-	-
Planning	744,605	898,669	2,046	-	156,110	156,110	-	-
Public Safety								
Building Safety	962,685	1,608,131	-	-	645,446	645,446	-	-
Police Department	4,801,530	65,820	242,310	-	(4,493,400)	(4,493,400)	-	-
Public Works	1,034,327	-	5,000	-	(1,029,327)	(1,029,327)	-	-
Stormwater Management	652,579	-	-	1,120,101	467,522	467,522	-	-
Project Management	876,330	-	-	202,102	(674,228)	(674,228)	-	-
Community Development	1,027,545	343,800	-	-	(683,745)	(683,745)	-	-
Interest on long-term debt	684,047	-	-	-	(684,047)	(684,047)	-	-
Total governmental activities	14,737,566	8,659,713	317,366	1,322,203	(4,438,284)	(4,438,284)	-	-
Total Primary Government	\$ 14,737,566	\$ 8,659,713	\$ 317,366	\$ 1,322,203	(4,438,284)	(4,438,284)	-	-
Component Units:								
Don Ryan Center for Innovation	\$ 305,601	\$ 57,835	\$ 235,682	\$ -			(12,084)	-
Bluffton Public Development Corporation	164,594	-	82,791	100,000			-	18,197
Total Component Units	\$ 470,195	\$ 57,835	\$ 318,473	\$ 100,000			(12,084)	18,197
General Revenues:								
Property Taxes					6,089,064	6,089,064	-	-
Accommodations Taxes					525,661	525,661	-	-
Hospitality Taxes					1,489,521	1,489,521	-	-
Interest Income					12,963	12,963	-	-
Unrestricted Revenue					634,044	634,044	-	-
Miscellaneous					176,981	176,981	119	-
Total general revenues and capital contributions					<u>8,928,234</u>	<u>8,928,234</u>	<u>119</u>	<u>-</u>
Change in Net Position					4,489,950	4,489,950	(11,965)	18,197
Net Position - Beginning, as restated					16,885,323	16,885,323	15,196	-
Net Position - Ending					<u>\$ 21,375,273</u>	<u>\$ 21,375,273</u>	<u>\$ 3,231</u>	<u>\$ 18,197</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BLUFFTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 10,633,031	\$ 1,205,174	\$ -	\$ -	\$ 2,431,067	\$ 124,631	\$ 14,393,903
Restricted Cash and Cash Equivalents	1,234,440	1,426,463	953,830	2,541,201	-	160,943	6,316,877
Investments	47,649	-	7,072	-	-	-	54,721
Property taxes receivable, net	110,596	-	-	-	-	-	110,596
Other Receivables	728,520	37,150	-	10,766	391,525	202,571	1,370,532
Prepaid Assets	177,877	-	-	-	-	-	177,877
Due from other Funds	22,587	392,150	21,284	-	83,158	50	519,229
Total Assets	<u>\$ 12,954,700</u>	<u>\$ 3,060,937</u>	<u>\$ 982,186</u>	<u>\$ 2,551,967</u>	<u>\$ 2,905,750</u>	<u>\$ 488,195</u>	<u>\$ 22,943,735</u>
Liabilities							
Accounts Payable	\$ 366,622	\$ 197,980	\$ 8,959	\$ 85,301	\$ -	\$ 72,071	\$ 730,933
Deposits and Bonds Payable	161,457	-	-	-	-	-	161,457
Due to other Funds	297,162	11,456	-	146,421	29,089	35,101	519,229
Due to Other Governments	361,698	-	-	-	-	-	361,698
Salaries and Benefits Payable	411,965	-	-	8,958	-	-	420,923
Unearned Revenue	-	-	-	200,000	-	-	200,000
Total Liabilities	<u>1,598,904</u>	<u>209,436</u>	<u>8,959</u>	<u>440,680</u>	<u>29,089</u>	<u>107,172</u>	<u>2,394,240</u>
Fund Balances							
Nonspendable	177,877	-	-	-	-	-	177,877
Restricted	824,985	1,356,826	973,227	2,111,287	2,876,661	358,823	8,501,809
Committed	2,333,802	-	-	-	-	22,200	2,356,002
Assigned	-	1,494,675	-	-	-	-	1,494,675
Unassigned	8,019,132	-	-	-	-	-	8,019,132
Total Fund Balances	<u>11,355,796</u>	<u>2,851,501</u>	<u>973,227</u>	<u>2,111,287</u>	<u>2,876,661</u>	<u>381,023</u>	<u>20,549,495</u>
Total Liabilities and Fund Balances	<u>\$ 12,954,700</u>	<u>\$ 3,060,937</u>	<u>\$ 982,186</u>	<u>\$ 2,551,967</u>	<u>\$ 2,905,750</u>	<u>\$ 488,195</u>	<u>\$ 22,943,735</u>

TOWN OF BLUFFTON, SOUTH CAROLINA
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2015

Total Governmental Fund Balances	\$ 20,549,495
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	27,489,463
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds.	74,696
--	--------

Net of Pension Liability is not due and payable in the current period and therefore is not reported in the funds.	(9,839,884)
---	-------------

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
	Accrued Interest	\$	(134,185)
	Items due in less than one year		(1,717,539)
	Items due in more than one year		(15,046,773)
			(16,898,497)

Net position of governmental activities in the Statement of Net Position	\$ 21,375,273
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TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 4,471,223	\$ -	\$1,617,841	\$ -	\$ -	\$ -	\$ 6,089,064
Hospitality and Accommodations Taxes	-	-	-	-	1,489,521	525,661	2,015,182
Licenses & Permits	7,181,261	343,800	155,777	-	-	-	7,680,838
Stormwater Utility Fees	-	-	-	1,115,601	-	-	1,115,601
Grants and Entitlements	75,408	203,895	-	4,500	-	-	283,803
Intergovernmental	516,826	87,507	106,746	-	-	-	711,079
Service Revenues	842,714	-	-	-	-	14,550	857,264
Fees and Fines	279,641	-	-	-	-	-	279,641
Interest Income	8,988	2,833	149	503	496	497	13,466
Miscellaneous	181,578	-	-	-	-	-	181,578
Total Revenues	<u>13,557,639</u>	<u>638,035</u>	<u>1,880,513</u>	<u>1,120,604</u>	<u>1,490,017</u>	<u>540,708</u>	<u>19,227,516</u>
EXPENDITURES							
Current							
Legislative	126,291	-	-	-	-	-	126,291
Economic Development	248,943	-	-	-	-	-	248,943
Executive	643,530	-	-	-	-	-	643,530
Public Information	85,845	-	-	-	-	-	85,845
Human Resources	234,489	-	-	-	-	-	234,489
Non-Departmental	971,594	-	-	-	-	-	971,594
Finance	614,757	-	-	-	-	-	614,757
Municipal Court	228,639	-	-	-	-	-	228,639
Municipal Judges	45,809	-	-	-	-	-	45,809
Information Technology	651,962	-	-	-	-	-	651,962
Facilities and Asset Management	938,131	-	-	-	-	-	938,131
Stormwater Management	-	-	-	619,579	-	-	619,579
Project Management	510,368	-	-	-	-	-	510,368
Growth Management	336,652	-	-	-	-	-	336,652
Planning and Environmental Sustainability	396,272	-	-	-	-	15	396,287
Building Safety	943,115	-	-	-	-	-	943,115
Police	4,532,209	-	-	-	-	-	4,532,209
Community Development	-	-	-	-	-	385,019	385,019
Debt Service							
Principal	163,479	100,000	10,130,000	-	-	-	10,393,479
Interest & Other Charges	7,133	-	678,585	-	-	-	685,718
Capital Outlay	472,952	597,701	-	108,234	-	-	1,178,887
Total Expenditures	<u>12,152,170</u>	<u>697,701</u>	<u>10,808,585</u>	<u>727,813</u>	<u>-</u>	<u>385,034</u>	<u>24,771,303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,405,469</u>	<u>(59,666)</u>	<u>(8,928,072)</u>	<u>392,791</u>	<u>1,490,017</u>	<u>155,674</u>	<u>(5,543,787)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	541,810	653,452	-	-	-	-	1,195,262
Transfers Out	-	-	-	(152,701)	(777,156)	(265,405)	(1,195,262)
Issuance of refunding bonds	-	-	8,923,000	-	-	-	8,923,000
Capital Leases	555,900	-	-	-	-	-	555,900
Total Other Financing Sources and Uses	<u>1,097,710</u>	<u>653,452</u>	<u>8,923,000</u>	<u>(152,701)</u>	<u>(777,156)</u>	<u>(265,405)</u>	<u>9,478,900</u>
Net Change in Fund Balance	2,503,179	593,786	(5,072)	240,090	712,861	(109,731)	3,935,113
Fund Balance - Beginning	8,852,617	2,257,715	978,299	1,871,197	2,163,800	490,754	16,614,382
Fund Balance - Ending	<u>\$ 11,355,796</u>	<u>\$ 2,851,501</u>	<u>\$ 973,227</u>	<u>\$ 2,111,287</u>	<u>\$ 2,876,661</u>	<u>\$ 381,023</u>	<u>\$ 20,549,495</u>

TOWN OF BLUFFTON, SOUTH CAROLINA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ 3,935,113

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

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 depreciation exceeded capital outlay in the current period.

Capital Outlay Expenditures related to Capital Asset Additions	587,736	
Less: Depreciation Expense	<u>(891,090)</u>	(303,354)

In the statement of activities, pension expense represents the change in net pension liability from the beginning of the year to the end of the year. In the governmental funds however, pension expense is measured by the amount of financial resources used (amount actually paid). This is the amount by which pension contributions paid in the current period exceeded the change in net pension liability. (10,821)

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. 914,579

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. (45,567)

Change in net position of governmental activities \$ 4,489,950

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/ (Under)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,136,700	\$ 4,136,700	\$ 4,471,223	\$ 334,523
Licenses & Permits	5,476,490	5,527,990	7,181,261	1,653,271
Intergovernmental	500,510	633,130	592,234	(40,896)
Service Revenues	527,000	527,000	842,714	315,714
Fees and Fines	170,000	170,000	279,641	109,641
Miscellaneous	57,900	77,900	190,566	112,666
Total Revenues	<u>10,868,600</u>	<u>11,072,720</u>	<u>13,557,639</u>	<u>2,484,919</u>
EXPENDITURES				
Legislative	123,750	123,750	126,291	2,541
Economic Development	414,425	255,278	248,943	(6,335)
Executive	357,450	709,505	674,000	(35,505)
Public Information	90,025	92,135	85,845	(6,290)
Human Resources	226,215	236,330	234,489	(1,841)
Non-Departmental	1,091,550	1,082,150	971,594	(110,556)
Finance	681,000	679,385	614,757	(64,628)
Municipal Court	236,500	236,500	228,639	(7,861)
Municipal Judges	45,170	48,670	45,809	(2,861)
Information Technology	654,630	734,795	701,866	(32,929)
Facilities and Asset Management	1,147,580	1,099,920	985,061	(114,859)
Project Management	532,645	532,645	534,352	1,707
Growth Management	430,350	356,930	336,652	(20,278)
Planning and Environmental Sustainability	468,340	587,047	396,272	(190,775)
Building Safety	980,345	984,930	943,115	(41,815)
Police	4,791,615	4,754,225	4,853,873	99,648
Debt Service Interest	7,135	7,135	7,133	(2)
Debt Service Principal	163,480	163,480	163,479	(1)
Total Expenditures	<u>12,442,205</u>	<u>12,684,810</u>	<u>12,152,170</u>	<u>(532,640)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,573,605)</u>	<u>(1,612,090)</u>	<u>1,405,469</u>	<u>3,017,559</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	855,105	1,024,444	541,810	(482,634)
Capital Leases	718,500	587,646	555,900	(31,746)
Total Other Financing Sources and Uses	<u>1,573,605</u>	<u>1,612,090</u>	<u>1,097,710</u>	<u>(514,380)</u>
Net Change in Fund Balance	-	-	2,503,179	2,503,179
Fund Balance - Beginning	8,852,617	8,852,617	8,852,617	-
Fund Balance - Ending	<u>\$ 8,852,617</u>	<u>\$ 8,852,617</u>	<u>\$ 11,355,796</u>	<u>\$ 2,503,179</u>

TOWN OF BLUFFTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – STORMWATER FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses & Permits	\$ 1,090,800	\$ 1,090,800	\$ 1,115,601	\$ 24,801
Intergovernmental	-	290,000	4,500	(285,500)
Other Revenues	500	500	503	3
Total Revenues	<u>1,091,300</u>	<u>1,381,300</u>	<u>1,120,604</u>	<u>(260,696)</u>
EXPENDITURES				
Stormwater Management	<u>1,167,065</u>	<u>1,869,207</u>	<u>727,813</u>	<u>(1,141,394)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(75,765)</u>	<u>(487,907)</u>	<u>392,791</u>	<u>880,698</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(480,000)</u>	<u>(1,338,810)</u>	<u>(152,701)</u>	<u>1,186,109</u>
Net Change in Fund Balance	<u>(555,765)</u>	<u>(1,826,717)</u>	<u>240,090</u>	<u>2,066,807</u>
Fund Balance - Beginning	<u>1,871,197</u>	<u>1,871,197</u>	<u>1,871,197</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,315,432</u>	<u>\$ 44,480</u>	<u>\$ 2,111,287</u>	<u>\$ 2,066,807</u>

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, (“GAAP”), as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The Town has implemented GASB standards up to and including GASB statement number 68 as of June 30, 2015. The more significant of the Town’s accounting policies are described in the paragraphs below.

A. Reporting Entity

The Town of Bluffton (the “Town”), a political subdivision of the State of South Carolina, was incorporated in 1852. The Town is a municipal corporation governed by an elected five member council. The Town operates under a Council-Manager form of government. The Town provides a range of services to its citizens including police protection, sanitation, public improvements, parks, recreation, cultural, economic development, planning, municipal court, permitting and general administration.

As required by GAAP, the basic financial statements present the Town’s financial information with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability which is presumed to exist if the Town both appoints a voting majority of the entity’s governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town. In order to be fiscally independent an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify the budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town.

Finally, an entity could be a component unit even if it met all the conditions for fiscal independence described above if excluding it would cause the Town’s basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government’s operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand are reported in separate column in the basic financial statements to emphasize they are legally separate from the Town. Based on the criteria above, the Town has two discretely presented component unit detailed below; the Town does not have any blended component units.

The Don Ryan Center for Innovation - The Bluffton Technology Incubator Corporation DBA The Don Ryan Center for Innovation (“DRCI”) was established in November of 2011 and was formed for charitable purposes including, but not limited to, the specific and primary purpose of providing small technology start up and development resulting in expanded employment, economic prosperity and business opportunities for businesses and residents of the Town of Bluffton. The Town shall have the right to vote on: the election and removal of directors of the seven members Board of Directors, the disposition of the corporation’s assets, and any election to dissolve the corporation. The DRCI shall submit an annual budget to the Town. The Town has hired and employs the Chief Executive Officer of the DRCI. The net position of the DRCI at June 30, 2015 was \$3,231 and the Town has a receivable from the DRCI of \$11,807 at year-end. Additional financial information can be obtained from the Don Ryan Center for Innovation at PO Box 2277, Bluffton, SC 29910.

The Bluffton Public Development Corporation - The Bluffton Public Development Corporation (“BPDC”) was established in September of 2012 and was formed for charitable purposes including, but not limited to engaging in the economic development of the Town of Bluffton. The Town shall have the right to vote on: the election and removal of directors of the ten member Board of Directors, the disposition of the corporation’s assets, and any election to dissolve the corporation. The BPDC shall submit an annual budget to the Town. The Town’s Assistant Town Manager is the Executive Director of the BPDC. The net position of the BPDC at June 30, 2015 was \$18,197 and the Town has a receivable from the BPDC of \$5,035 at year-end. Additional financial information can be obtained from the Town of Bluffton, PO Box 386, Bluffton, SC 29910.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – Basis of Accounting

Government-wide Statements – The government-wide financial statements include the statement of net position and the statement of activities. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. These statements report financial information about the primary government (the Town) and its legally separate component units for which the primary government is financially accountable. While activities of discretely presented component units are reported in the Town's government-wide financial statements, separate columns are utilized so that the activities of these component units can be viewed independently from those of the primary government.

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 primary operating fund of the Town. It is used to account for all financial resources except those to be accounted for in another fund.

Capital Improvements Program Fund – Capital Projects Fund - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

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.

Stormwater Fund - This fund is used to account for the stormwater utility fees collected by and distributed to the municipalities by the County for use in the Town's Stormwater Management Program and related Capital Improvements Projects.

Hospitality Tax Fund - This fund is used to account for the local hospitality tax fees collected by the Town for use in Tourism related expenditures and related Capital Improvements Projects.

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.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Government 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.

1. Adoption of New Accounting Standards and Restatement

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting & Financial Reporting for Pensions, is effective for fiscal years beginning after June 15, 2014 and has been implemented in the financial statements of the Town for fiscal year 2015. This statement addresses accounting and financial reporting requirements for employers participating in the South Carolina Retirement Systems administered by the South Carolina Public Employee Benefit Authority. GASB Statement No. 68 requires participating employers to report their proportionate share of the plan's net pension liability, pension expense, and deferred inflows and outflows of resources as well as additional note disclosures and required supplementary information. GASB 67 and 68 represent a break in the relationship between the accounting for and reporting of pensions and the funding of pensions. While the changes impact accounting and reporting requirements, they do not have an impact on the actuarial methods and assumptions utilized in the determination of employer contribution rates required to fund the plan.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

As a result of the preceding, the financial statements for the Town have been restated to report a net pension liability and deferred contributions subsequent to the measurement date. The following table provides the effect on net position of the change:

	Total Net Position
Net position, beginning of year	<u>\$ 26,639,693</u>
SCRS net pension liability at 7-1-14	(6,842,211)
PORS net pension liability at 7-1-14	(3,543,228)
Total net pension liability at 7-1-14	<u>(10,385,439)</u>
SCRS deferred outflow of resources related to contributions subsequent to measurement date	367,106
PORS deferred outflow of resources related to contributions subsequent to measurement date	263,963
Total deferred outflow of resources related to contributions subsequent to measurement date	<u>631,069</u>
Net position, restated	<u>\$ 16,885,323</u>

The impact of the above on the beginning unrestricted net position would be a decrease from \$8,328,146 to \$(1,426,224).

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. A formalized budget for the Hospitality Tax Fund was not passed in 2015 and is not anticipated in future years. These funds are transferred to capital projects funds for tourism related capital improvement projects approved by Council. All annual budget appropriations lapse at fiscal year-end.

The Town follows a budget calendar in establishing the budgets for the next year ensuring the following criteria is met:

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, Debt Service Fund, and Stormwater 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.

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 are contractual amounts outstanding at year end and are reported under the GASB 54 fund balance categories since they do not constitute expenditures or liabilities.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

F. Deposits and Investments

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). Investments for the government are reported at fair value.

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 October 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 except roads, buildings and computer software which is \$50,000. Donated capital 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	10 to 35
Drainage	25
Roads	20
Land Improvements	10 to 20
Sidewalks and Trails	20 to 30
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 position. 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 employees accrue Paid Time Off (PTO) in varying percentages to specified maximums depending on tenure with the Town. 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 amount of the liability generally reported as a current liability is based on amounts paid out during the current fiscal year.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

L. Allowance for Uncollectible Accounts

All receivables are expected to be collected, so an allowance for uncollectible accounts was not considered necessary.

M. Net Position/Fund Balances

Net Position – Net position in the government-wide financial statements is classified as either net investment in capital assets, restricted, or unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law.

Fund Balance – Fund balance is intended to serve as a measure of the financial resources available in a governmental fund. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks, ensure stable tax rates, maintain bond rating, and not jeopardize the continuation of necessary public services. This policy will ensure the Town maintains adequate fund balance reserves in the Town's Governmental Funds to provide the capacity to:

1. Supply sufficient cash flow for daily financial needs,
2. Secure and maintain investment grade bond ratings,
3. Deliver adequate reserves to offset significant economic downturns or revenue shortfalls, and
4. Offer adequate reserves for unforeseen expenditures related to emergencies.

Fund balance levels are also a crucial consideration to long-term financial planning. Fund Balance for the Town's Funds will be comprised of the following categories:

1. Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted - amounts that are limited in how they can be spent due to external legal restrictions, such as externally imposed by creditors (debt covenants), grantors, contributors, laws, or regulations of other governments.
3. Committed - amounts used for a specific purpose pursuant to a council imposed ordinance and can only be modified or removed by the same formal council action. These can include amounts set aside based on self-imposed limitations established and set in place prior to fiscal year-end, but can be calculated after the fiscal year-end.
4. Assigned - amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Requires no formal action by year-end from Town Council and is delegated to the Town Manager and/or Director of Finance as per the adopted Fund Balance Financial Policy.
5. Unassigned - amounts that are not reported in any other classification. Only reported within the General Fund; when the Town transfers resources from the general fund to another governmental fund, it is communicating that, at a minimum, it intends to use those resources for the purpose of the fund receiving them (minimally designated as Assigned).

The General Fund will be the only fund that has unassigned fund balance. All other funds' fund balances will be designated at minimum as assigned by their original intent.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

General Fund Unassigned Fund Balance

1. The Town of Bluffton will strive to maintain a committed General Fund balance equal to 15% of the budgeted governmental fund expenditures as the Emergency Recovery Fund (\$1,866,331 for FY 2015). After this fund balance is achieved the unassigned balance maintained during the following fiscal years should not fall below 8% of the budgeted operating Governmental Fund expenditures.
2. Management is expected to manage the budget so that revenue shortfalls and expenditures do not impact the Town's total unassigned fund balance.
3. The order of expenditure must be classified. The Town shall spend funds from restricted fund balance first, and then committed fund balance, assigned fund balance and lastly unassigned fund balance. Whenever multiple revenue sources are available, the Town will use resources in this order (as deemed by the agency granting funds or bond ordinances): bond proceeds, Federal funds, State funds, local county funds, and Town funds. The Town Manager may deviate from this order when it best meets the needs of the Town.

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, 2015 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, 2015, none of the Town's primary government bank balances of \$21,849,204 (book balance of \$20,710,780) 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, 2015
Amounts insured by FDIC coverage	\$ 500,000
Amounts collateralized with securities held by the pledging financial institution in the Town's name	22,892,910
Excess Collateralization	(1,543,706)
Total bank balances	\$ 21,849,204

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 \$6,316,877 at June 30, 2015. These amounts are legally restricted according to developer agreements and Town ordinances for capital projects.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

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.
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 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 \$54,721. 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.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 4 – Receivables

At June 30, 2015, the Town's receivable balances were as follows:

	General Fund	Capital Improvements Program Fund	Stormwater Fund	Hospitality Tax Fund	Other Governmental Funds	Total
Receivables:						
Administrative fees	\$ -	\$ 2,200	\$ -	\$ -	\$ -	\$ 2,200
Alcohol taxes	-	15,050	-	-	-	15,050
Contract police services	13,357	-	-	-	-	13,357
Federal & state grants	-	15,400	-	-	-	15,400
Fines and Fees	840	4,500	-	-	-	5,340
Franchise fees	207,764	-	-	-	-	207,764
Hospitality taxes	581	-	-	391,525	-	392,106
Licenses & permits	279,002	-	-	-	-	279,002
Local accommodations taxes	-	-	-	-	124,697	124,697
Local government fund	65,446	-	-	-	-	65,446
Other/miscellaneous	43,117	-	-	-	-	43,117
Property taxes	110,596	-	-	-	-	110,596
School resources	118,413	-	-	-	-	118,413
State accommodations taxes	-	-	-	-	77,874	77,874
Stormwater utility fees	-	-	10,766	-	-	10,766
Total Receivables	\$ 839,116	\$ 37,150	\$ 10,766	\$ 391,525	\$ 202,571	\$ 1,481,128

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 5 – Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2015 was as follows:

	Beginning Balances	Additions/ Completions	Disposals/ Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 14,595,674	\$ -	\$ -	\$ -	\$ 14,595,674
Construction in progress	1,036,198	114,787	(607,455)	-	543,530
Total capital assets not being depreciated	<u>15,631,872</u>	<u>114,787</u>	<u>(607,455)</u>	<u>-</u>	<u>15,139,204</u>
Capital assets being depreciated:					
Building and improvements	7,499,621	12,200	-	-	7,511,821
Drainage	683,071	-	-	-	683,071
Roads	3,935,539	208,737	-	-	4,144,276
Sidewalks and Trails	1,870,094	-	-	-	1,870,094
Land Improvements	182,495	372,865	-	-	555,360
Machinery and equipment	2,012,494	110,484	(132,689)	-	1,990,289
Vehicles	1,914,383	376,118	(285,940)	-	2,004,561
Total capital assets being depreciated	<u>18,097,697</u>	<u>1,080,404</u>	<u>(418,629)</u>	<u>-</u>	<u>18,759,472</u>
Less accumulated depreciation for:					
Building and improvements	1,393,901	238,035	-	-	1,631,936
Drainage	204,924	34,154	-	-	239,078
Roads	1,124,153	209,823	-	-	1,333,976
Sidewalks and Trails	237,438	75,543	-	-	312,981
Land Improvements	41,822	20,937	-	-	62,759
Machinery and equipment	1,581,956	126,275	(132,689)	-	1,575,542
Vehicles	1,352,558	186,323	(285,940)	-	1,252,941
Total accumulated depreciation	<u>5,936,752</u>	<u>891,090</u>	<u>(418,629)</u>	<u>-</u>	<u>6,409,213</u>
Total capital assets being depreciated, net	<u>12,160,945</u>				<u>12,350,259</u>
Governmental activity capital assets, net	<u>\$ 27,792,817</u>				<u>\$ 27,489,463</u>

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

Administration	\$ 24,633
Public Works	87,846
Stormwater	26,152
Building Safety	6,425
Engineering	358,300
Information Technology	42,697
Municipal Court	664
Planning	1,594
Police Department	291,401
Community Development	51,378
Total Depreciation Expense	<u>\$ 891,090</u>

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 6 – Employee Retirement Systems and Plans

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement Systems (SCRS), the Police Officers Retirement System (PORS) and additions to/deductions from SCRS's & PORS's fiduciary net positions have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan administrator. The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the SCRS and serves as a co-trustee of the SCRS in conducting that review.

Plan descriptions. The South Carolina Retirement Systems (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school Towns, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Employers' proportionate shares were calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares.

The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Membership. Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system are as follows.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work,

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 6 – Employee Retirement Systems and Plans (continued)

unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits provided. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system are as follows.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions. Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one half of one percent per year.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 6 – Employee Retirement Systems and Plans (continued)

Required employee contribution rates for fiscal year 2014-2015 are as follows:

Employee		
SCRS	Employee Class Two	8.00% of earnable compensation
	Employee Class Three	8.00% of earnable compensation
PORS	Employee Class One	\$21 per month
	Employee Class Two	8.41% of earnable compensation
	Employee Class Three	8.41% of earnable compensation

Required employer contributions for fiscal year 2014-2015 are as follows:

Employer		
SCRS	Employer Class Two	10.75% of earnable compensation
	Employer Class Three	10.75% of earnable compensation
	Employer Incidental Death Benefit	.15% of earnable compensation
PORS	Employer Class One	7.80% of earnable compensation
	Employer Class Two	13.01% of earnable compensation
	Employer Class Three	13.01% of earnable compensation
	Employer Incidental Death Benefit	0.20% of earnable compensation
	Employer Accidental Death Program	0.20% of earnable compensation

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a total liability of \$9,839,884 for its proportionate share of the net pension liabilities for both plans in aggregate. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of July 1, 2013. The Town's proportion of the net pension liabilities were based on a projection of the Town's historical employer contributions. At June 30, 2014, the Town's proportion was 0.038147 percent for SCRS and 0.170920 percent for PORS.

For the year ended June 30, 2015, the Town recognized pension expense of \$746,598, which includes \$460,318 for SCRS and \$286,280 for PORS. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS		PORS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 186,100	\$ -	\$ 87,321	\$ -	\$ 273,421	\$ -
Net difference between projected and actual investment earnings	-	553,701	-	378,622	-	932,323
Town contributions subsequent to the measurement date	410,713	-	322,885	-	733,598	-
Total	<u>\$ 596,813</u>	<u>\$ 553,701</u>	<u>\$ 410,206</u>	<u>\$ 378,622</u>	<u>\$ 1,007,019</u>	<u>\$ 932,323</u>

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 6 – Employee Retirement Systems and Plans (continued)

\$733,598 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SCRS	PORS	Total
Measurement period ending June 30,			
2015	\$ (80,863)	\$ (72,010)	\$ (152,873)
2016	(80,863)	(72,010)	(152,873)
2017	(80,863)	(72,010)	(152,873)
2018	(125,013)	(75,271)	(200,284)
Thereafter			
Net Balance of deferred outflows/(inflows) of resources	\$(367,601)	\$(291,301)	\$ (658,902)

Actuarial assumptions and methods. Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS. The following provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefits adjustments	lesser of 1% or \$500	lesser of 1% or \$500

Mortality rates were based on the RP-2000 Mortality Table with adjustments for mortality improvements based on Scale AA. Those rates are as follows:

<u>Job Class</u>	<u>Males</u>	<u>Females</u>
General Employees	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety Employees	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 6 – Employee Retirement Systems and Plans (continued)

Long-term expected rate of return. The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term			
Cash	2.0%	0.3	0.01
Short duration	3.0%	0.6	0.02
Domestic Fixed Income			
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income			
Global fixed income	3.0%	0.8	0.02
Emerging markets debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives			
Hedge funds (low beta)	8.0%	4	0.32
Private debt	7.0%	10.2	0.71
Private equity	9.0%	10.2	0.92
Real estate (broad market)	5.0%	5.9	0.29
commodities	3.0%	5.1	0.15
Total expected real return	<u>100.0%</u>		<u>5.88</u>
Inflation for actuarial purposes			<u>2.75</u>
Total expected nominal return			<u>8.63</u>

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 6 – Employee Retirement Systems and Plans (continued)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Town's proportionate share of the net pension liability:			
SCRS	\$ 8,498,944	\$ 6,567,649	\$ 4,956,395
PORS	4,572,730	3,272,235	2,196,009
Total	\$ 13,071,674	\$ 9,839,884	\$ 7,152,404

Payables to the pension plan. \$98,149 was payable to the SCRS at year end for both employee withholdings and for the employer portions of the pension contributions. The employer portion totaled \$60,566. This amount was liquidated in the subsequent period.

Note 7 – Long-term Obligations

The following is a summary of changes in the Town's long-term obligations as of June 30, 2015:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Next Fiscal Year
Governmental activities					
Bonds and notes payable:					
General obligation bonds	\$ 6,300,000	\$ -	\$ (210,000)	\$ 6,090,000	\$ 215,000
Revenue bonds	9,920,000	8,923,000	(9,920,000)	8,923,000	710,635
Intergovernmental Agreement	300,000	-	(100,000)	200,000	100,000
Capital lease obligations	527,533	555,900	(163,479)	919,954	273,429
Total bonds and notes payable	17,047,533	9,478,900	(10,393,479)	16,132,954	1,299,064
Other liabilities:					
Compensated absences	584,117	465,716	(418,475)	631,358	418,475
Governmental activities long-term liabilities	\$ 17,631,650	\$ 9,944,616	\$ (10,811,954)	\$ 16,764,312	\$ 1,717,539

General Obligation Bonds

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 (BABs) at a net 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 incurred a premium of \$379 on the bond issue.

This bond issue resulted in a tax levy of 2.3 mills to the Debt Service Fund in fiscal year 2011 for the initial interest payments on the bonds. Additionally, the Town receives a 32.5% Federal Interest Rebate from the IRS on the interest payments which totaled \$106,746 in FY 2015.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 7 – Long-term Obligations (continued)

A schedule of the amounts due follows:

\$6,500,000 General Obligation Bonds dated July 8, 2010.

Fiscal Year Ending June 30,	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2016	3.200%	\$ 322,493	\$ 215,000	\$ 537,493
2017	3.550%	315,613	225,000	540,613
2018	3.800%	307,625	235,000	542,625
2019	4.200%	298,695	240,000	538,695
2020	4.400%	288,615	245,000	533,615
2021	4.700%	277,835	255,000	532,835
2022	4.700%	265,850	265,000	530,850
2023	5.000%	253,395	270,000	523,395
2024	5.000%	239,895	280,000	519,895
2025	5.300%	225,895	290,000	515,895
2026	5.300%	210,525	300,000	510,525
2027	5.750%	194,625	310,000	504,625
2028	5.750%	176,800	320,000	496,800
2029	6.000%	158,400	335,000	493,400
2030	6.000%	138,300	350,000	488,300
2031	6.000%	117,300	360,000	477,300
2032	6.000%	95,700	375,000	470,700
2033	6.000%	73,200	390,000	463,200
2034	6.000%	49,800	405,000	454,800
2035	6.000%	25,500	425,000	450,500
		<u>\$ 4,036,061</u>	<u>\$ 6,090,000</u>	<u>\$ 10,126,061</u>

Tax Increment Revenue Refunding Bonds

On December 1, 2014, the Town issued \$8,923,000 of tax increment financing bonds bearing interest at 2.58% for a current refunding of the \$9,920,000 of outstanding principal of tax increment financing bonds issued by the Town in 2010. The principal and interest on the bonds is payable from tax revenues received by the Town with respect to the Redevelopment Project Area. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$254,853 and a reduction of \$736,548 in future debt service payments.

A schedule of the amounts due follows:

\$8,923,000 Tax Increment Revenue Refunding Bonds dated December 1, 2014

Fiscal Year Ending June 30,	Interest Rate	Interest	Principal	Total
2016	2.580%	\$ 221,046	\$ 710,635	\$ 931,681
2017	2.580%	202,472	729,209	931,681
2018	2.580%	183,413	748,268	931,681
2019	2.580%	163,855	767,826	931,681
2020	2.580%	143,786	787,895	931,681
2021	2.580%	123,193	808,488	931,681
2022	2.580%	102,061	829,620	931,681
2023	2.580%	80,377	851,304	931,681
2024	2.580%	58,127	873,554	931,681
2025	2.580%	35,295	896,386	931,681
2026	2.580%	11,866	919,815	931,681
		<u>\$ 1,325,491</u>	<u>\$ 8,923,000</u>	<u>\$ 10,248,491</u>

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 7 – Long-term Obligations (continued)

Capital Leases

On March 1, 2012, the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of seven (7) 2011 Ford Crown Victoria Sedans. The purchase price of the new vehicles and associated equipment was \$168,000. The lease bears an interest rate of 1.84% and is payable in annual installments of principal and interest of \$43,950 through March of 2016. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$168,000 Lease Purchase Agreement dated March 1, 2012

Fiscal Year Ending June 30	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2016	1.840%	\$ 794	\$ 43,156	\$ 43,950
		\$ 794	\$ 43,156	\$ 43,950

On February 15, 2013 the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of seven (7) 2013 Ford SUVs. The purchase price of the new vehicles and associated equipment was \$200,000. The lease bears an interest rate of 1.350% and is payable in annual installments of principal and interest of \$51,699 through March of 2017. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$200,000 Lease Purchase Agreement dated February 12, 2013

Fiscal Year Ending June 30	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2016	1.350%	\$ 1,368	\$ 50,331	\$ 51,699
2017	1.350%	689	51,010	51,699
		\$ 2,057	\$ 101,341	\$ 103,398

On March 27, 2014 the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of seven (7) 2014 Ford Utility Police Interceptor vehicles, the removable outfitting equipment and one (1) Rhino boom mower. The purchase price of the new vehicles and associated equipment was \$291,000. The lease bears an interest rate of 1.21% and is payable in annual installments of principal and interest of \$74,964 through March of 2018. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$291,000 Lease Purchase Agreement dated March 27, 2014

Fiscal Year Ending June 30	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2016	1.210%	\$ 2,657	\$ 72,307	\$ 74,964
2017	1.210%	1,782	73,182	74,964
2018	1.210%	896	74,068	74,964
		\$ 5,335	\$ 219,557	\$ 224,892

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 7 – Long-term Obligations (continued)

On October 31, 2014 the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of twelve (12) 2015 Ford Explorer Police vehicles and the removable outfitting equipment. The purchase price of the new vehicles and associated equipment was \$555,900. The lease bears an interest rate of 1.62% and is payable in annual installments of principal and interest of \$116,641 through October of 2019. The lease is being paid annually through the general fund. A schedule of the amount due for this lease follows:

\$555,900 Lease Purchase Agreement dated October 31, 2014

Fiscal Year Ending June 30	Interest Rate	Governmental Activities		
		Interest	Principal	Total
2016	1.620%	\$ 9,005	\$ 107,636	\$ 116,641
2017	1.620%	7,262	109,379	116,641
2018	1.620%	5,490	111,151	116,641
2019	1.620%	3,689	112,952	116,641
2020	1.620%	1,859	114,782	116,641
		<u>\$ 27,305</u>	<u>\$ 555,900</u>	<u>\$ 583,205</u>

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

The assets acquired through outstanding capital leases are as follows:

Asset:	Governmental Activities
Vehicles & Equipment	\$ 868,392
Less: Accumulated Depreciation	(280,208)
	<u>\$ 588,184</u>

Annual requirements to amortize general long-term debt at June 30, 2015, excluding the accruals for compensated absences and intergovernmental agreement, are summarized as follows:

Fiscal Year Ending	Capitalized Leases		General Obligation Bonds		Revenue Bonds		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 273,430	\$ 13,825	\$ 215,000	\$ 322,493	\$ 710,635	\$ 221,046	\$ 1,199,065	\$ 557,364
2017	233,571	9,733	225,000	315,613	729,209	202,472	1,187,780	527,818
2018	185,219	6,386	235,000	307,625	748,268	183,413	1,168,487	497,424
2019	112,952	3,689	240,000	298,695	767,826	163,855	1,120,778	466,239
2020	114,782	1,859	245,000	288,615	787,895	143,786	1,147,677	434,260
2021-2025	-	-	1,360,000	1,262,870	4,259,352	399,053	5,619,352	1,661,923
2026-2030	-	-	1,615,000	878,650	919,815	11,867	2,534,815	890,517
2031-2035	-	-	1,955,000	361,500	-	-	1,955,000	361,500
Totals	<u>\$ 919,954</u>	<u>\$ 35,492</u>	<u>\$ 6,090,000</u>	<u>\$ 4,036,061</u>	<u>\$ 8,923,000</u>	<u>\$ 1,325,492</u>	<u>\$ 15,932,954</u>	<u>\$ 5,397,045</u>

Total interest paid and accrued by the Town of Bluffton during the year ended June 30, 2015 was approximately \$684,047 of which, none was capitalized. All bonds are being repaid out of the Debt Service Fund and the intergovernmental agreement is being paid out of the Capital Improvements Program Fund. All other debt is being repaid from the General Fund.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 8 – 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, 2015 was \$146,494,550. The computation of legal debt limits is as follows:

General obligation debt limit (\$146,494,550 x 8%)	\$ 11,719,564
General obligation debt at June 30, 2015	6,090,000
Excess of debt limit over general obligation debt	<u>\$ 5,629,564</u>

Note 9 – Fund Balances

As prescribed by GASB Statement No.54, governmental funds report fund balance in classifications based primarily on the extent which the Town is bound to constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, fund balances for all the major and non-major funds were distributed as follows:

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable: Prepaid Assets	\$ 177,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,877
Restricted for:							
Drug Enforcement (SC Code of Laws 44-53-530 (g))	13,134	-	-	-	-	-	13,134
Stormwater Improvement (SW Fee Ordinance)	-	-	-	2,111,287	-	-	2,111,287
TIF Debt Service (Bond & Budget Ordinance)	-	-	680,596	-	-	-	680,596
GO Bond Debt Service (Bond & Budget Ordinance)	-	-	292,631	-	-	-	292,631
Municipal Improvement District Funds (Development Agreement)	660,951	436,834	-	-	-	-	1,097,785
Boat Ramp Repair (Development Agreement)	-	-	-	-	-	158,768	158,768
Buckwalter Park (Development Agreement)	-	670,187	-	-	-	-	670,187
Linear Park (Development Agreement)	-	179,805	-	-	-	-	179,805
Kent Estates Leisure Trail (Development Agreement)	28,000	42,000	-	-	-	-	70,000
Village of Verdier Leisure Trail (Development Agreement)	42,000	28,000	-	-	-	-	70,000
Tree Fund (unified code)	80,900	-	-	-	-	-	80,900
Tourism Projects and Related Support (SC Code 6-1-530 & 730)	-	-	-	-	2,876,661	200,055	3,076,716
Committed to:							
Emergency Recovery Fund (Budget Ordinance)	1,866,331	-	-	-	-	22,200	1,888,531
Equipment & Vehicle Replacement Reserve (Budget Ordinance)	467,471	-	-	-	-	-	467,471
Assigned to:							
Other Capital Improvement Purposes	-	1,494,675	-	-	-	-	1,494,675
Unassigned:	8,019,132	-	-	-	-	-	8,019,132
Total Fund Balances	<u>\$ 11,355,796</u>	<u>\$ 2,851,501</u>	<u>\$ 973,227</u>	<u>\$ 2,111,287</u>	<u>\$ 2,876,661</u>	<u>\$ 381,023</u>	<u>\$ 20,549,495</u>

Ordinance No. 2014-10 "Fiscal Year 2015 Budget" establishes the following designated reserve fund:
Emergency Recovery Fund – shall be funded at an amount equal to or greater than fifteen (15) percent of the current fiscal year General Fund budget amount. For Fiscal Year 2015, this amount was established as \$1,866,331. The fund amount is established by Council Ordinance every year with the adoption of each year's General Fund budget. The fund was created to provide emergency funds for a natural disaster (i.e. hurricane) or other state of emergency.

Town of Bluffton
Notes to Financial Statements
June 30, 2015

Note 10 – Net Investment in Capital Assets

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

Capital Assets	\$ 33,898,676
Less: Accumulated Depreciation	(6,409,213)
	27,489,463
Less: Outstanding Principal of Capital-Related Borrowings	
General obligation bonds	(6,090,000)
Revenue bonds	(8,923,000)
Capital lease obligations	(919,954)
	(15,932,954)
Net Investment in Capital Assets	\$ 11,556,509

Note 11 – Interfund Balances and Activity

Due From/To Other Funds

Amounts due from/to funds resulted from temporary borrowings related to capital expenditures, budget transfers and bond payments. The composition of interfund balances as of June 30, 2015, 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	Stormwater Fund	Hospitality Tax Fund	Non Major Governmental Funds	
General Fund	\$ -	\$ 11,456	\$ 1,912	\$ 340	\$ 8,879	\$ 22,587
Capital Improvements Program Fund	216,111	-	144,509	28,749	2,781	392,150
Hospitality Tax Fund	59,717	-	-	-	23,441	83,158
Debt Service Fund	21,284	-	-	-	-	21,284
Non Major Governmental Funds	50	-	-	-	-	50
Total	\$ 297,162	\$ 11,456	\$ 146,421	\$ 29,089	\$ 35,101	\$ 519,229

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, 2015, are summarized as follows:

Transfers In	Transfers Out			Total
	Stormwater Fund	Hospitality Tax Fund	Non Major Governmental Fund	
General Fund	\$ 8,190	\$ 500,000	\$ 33,620	\$ 541,810
Capital Improvements Program Fund	144,511	277,156	231,785	653,452
Totals	\$ 152,701	\$ 777,156	\$ 265,405	\$ 1,195,262

Town of Bluffton
Notes to Financial Statements
June 30, 2015

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. In accordance with state law, the first \$25,000 and five percent (5%) thereafter is transferred to the General Fund and thirty percent (30%) is distributed to the Hilton Head Island-Bluffton Chamber of Commerce's Visitor and Convention Bureau. Transfers to the General Fund for the year ended June 30, 2015 totaled \$33,620 and the distributions to the Visitor and Convention Bureau totaled \$51,719. The remaining amounts (65%) are restricted to tourism-related projects approved by Town Council.

The Bluffton Historical Preservation Society received grant appropriations and expenditures of \$100,000 and expenditures of \$99,929 with an encumbrance of \$71 for the year ending June 30, 2015.

The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the Special Revenue Fund. Fund balance at June 30, 2015, was \$76,802 with \$71 encumbered by unpaid balances of approved grants.

Note 14 – Local Accommodations Tax Fund

Local Accommodations Tax Fund is a special revenue fund to record Local Accommodations Tax receipts and grants approved by Town Council payable out of appropriations. Eight percent (8%) of Local Accommodations Taxes is required by Town Ordinance to be transferred to the Hilton Head Island-Bluffton Chamber of Commerce. For the period ending June 30, 2015, this amount totaled \$26,261. The remaining amounts are allocated to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ending June 30, 2015, were as follows:

Grant Recipient	Appropriations	Expenditures	Lapsed	Encumbrances
Old Town Bluffton Merchants Society	\$ 48,000	\$ 48,000	\$ -	\$ -
Historic Bluffton Arts & Seafood Festival	23,000	23,000	-	-
The Farmers Market of Bluffton	14,149	13,846	-	303
Society of Bluffton Artists	7,000	2,000	-	5,000
Greater Bluffton Chamber of Commerce-Boiled Peanut Festival	13,000	11,378	-	1,622
Greater Bluffton Chamber of Commerce-Taste of Bluffton	7,149	7,149	-	-
Celebrate Bluffton, Inc.	2,660	1,885	-	775
USGA Jr. Amateur Championship	16,000	1,578	-	14,422
Prior Year Grant Appropriations	-	71,298	-	-
Total	<u>\$ 130,958</u>	<u>\$ 180,134</u>	<u>\$ -</u>	<u>\$ 22,122</u>

The fund balance of the Special Revenue Fund is restricted for tourism-related projects under SC Code except for the allowable 1% committed to Emergency Recovery by Town Council. Fund balance at June 30, 2015, was \$145,453 of which \$71,298 was encumbered by unpaid balances of approved grants.

Note 15 – Operating Leases

The Town entered into a lease with Beaufort County School District for the Town Hall facilities in December of 2000 and amended February 2015 for \$108 extended to December 2099.

The Town entered into a lease with Government Capital Corporation in September 2014 for a records management system.

In addition, the Town has several five-year lease agreements for copiers designated to the various departments. For the year ended June 30, 2015, base payments under these leases totaled \$94,127. Future minimum lease payments are as follows:

Year ending June 30,	Lease Amounts
2016	\$ 87,126
2017	88,559
2018	80,067
2019	68,832
	<u>\$ 324,584</u>

Town of Bluffton
Notes to Financial Statements
June 30, 2015

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 with no lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$60,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

Note 17 – Other Post-Employment Benefits

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

Note 18 – Commitments and Contingencies

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

Arbitrage

State and local bonds issued after 1984 are subject to arbitrage restrictions as enacted by the Federal Government. To retain a bond's tax exempt status, local governments must comply with the regulations as adopted by the government to expend all of the bond proceeds within designated periods. The Town believes it is in compliance with all arbitrage rules as of June 30, 2015.

Town of Bluffton
Schedules of Required Supplementary Information
Pension Plan – Schedule of Town’s Proportionate Share of Net Pension Liability
June 30, 2015

	SCRS		PORS	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	0.038147%	N/A	0.170920%	N/A
Town's proportionate share of the net pension liability (asset)	\$ 6,567,649	\$ 6,842,211	\$ 3,272,235	\$ 3,543,228
Town's covered-employee payroll	\$ 3,768,002	\$ 3,463,292	\$ 2,407,795	\$ 2,055,787
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.30%	197.56%	135.90%	172.35%
Plan fiduciary net position as a percentage of the total pension liability	59.90%	N/A	59.90%	N/A

N/A - Information not applicable

* - The amounts presented for each fiscal year were determined as of 6/30 of the previous year.

Note: Information for the previous eight (8) years is not readily available.

Town of Bluffton
Schedules of Required Supplementary Information
Pension Plan – Schedule of Town's Contributions
June 30, 2015

	SCRS		PORS	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Contractually required contribuion	\$ 405,061	\$ 367,109	\$ 313,255	\$ 263,963
Contributions in relation to the contractually required contribution	(405,061)	(367,109)	(313,255)	(263,963)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,768,002	\$3,463,292	\$2,407,795	\$ 2,055,787
Contributions as a percentage of covered-employee payroll	10.75%	10.60%	13.01%	12.84%

Note: Information for the previous eight (8) years is not readily available.

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/ (Under)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,136,700	\$ 4,136,700	\$ 4,471,223	\$ 334,523
Licenses & Permits				
Franchise Fees	1,605,615	1,657,115	1,944,479	
Business Licenses	1,336,900	1,336,900	1,786,429	
MASC Telecommunications	105,000	105,000	89,475	
MASC Insurance Tax Collection	1,327,400	1,327,400	1,645,522	
Building Permits	1,002,575	1,002,575	1,608,131	
Administrative Fees	44,000	44,000	44,000	
Application Fees	55,000	55,000	63,225	
Total Licenses & Permits	5,476,490	5,527,990	7,181,261	1,653,271
Intergovernmental				
State Shared Revenues				
Local Government Fund	278,145	278,145	282,221	
Federal Grants	-	132,620	75,408	
Total State Shared Revenues	278,145	410,765	357,629	(53,136)
Other Local Governments				
School Resource Officers	167,265	167,265	182,295	
School Crossing Guards	55,100	55,100	52,310	
Total Other Local Governments	222,365	222,365	234,605	12,240
Total Intergovernmental	500,510	633,130	592,234	(40,896)
Service Revenues				
Contract Police Services	60,000	60,000	65,820	
Impact Fee Collection Fee	27,000	27,000	38,183	
Development Fees	440,000	440,000	738,711	
Total Sales and Service	527,000	527,000	842,714	315,714
Fines & Fees				
Municipal Court	150,000	150,000	241,739	
Victims Assistance	20,000	20,000	35,649	
Forfeitures	-	-	2,253	
Total Fees and Fines	170,000	170,000	279,641	109,641
Miscellaneous Revenues				
Donations	5,000	5,000	5,100	
Miscellaneous	25,000	45,000	145,452	
Rental Income	24,700	24,700	31,026	
Interest Income	3,200	3,200	8,988	
Total Miscellaneous	57,900	77,900	190,566	112,666
Total Revenues	10,868,600	11,072,720	13,557,639	2,484,919
EXPENDITURES				
Legislative	123,750	123,750	126,291	2,541
Economic Development	414,425	255,278	248,943	(6,335)
Executive	357,450	709,505	674,000	(35,505)
Public Information	90,025	92,135	85,845	(6,290)
Human Resources	226,215	236,330	234,489	(1,841)
Non-Departmental	1,091,550	1,082,150	971,594	(110,556)
Finance	681,000	679,385	614,757	(64,628)
Municipal Court	236,500	236,500	228,639	(7,861)
Municipal Judges	45,170	48,670	45,809	(2,861)
Information Technology	654,630	734,795	701,866	(32,929)
Facilities and Asset Management	1,147,580	1,099,920	985,061	(114,859)
Project Management	532,645	532,645	534,352	1,707
Growth Management Administration	430,350	356,930	336,652	(20,278)
Planning and Environmental Sustainability	468,340	587,047	396,272	(190,775)
Building Safety	980,345	984,930	943,115	(41,815)
Police	4,791,615	4,754,225	4,853,873	99,648
Debt Service Principal	163,480	163,480	163,479	(1)
Debt Service Interest	7,135	7,135	7,133	(2)
Total Expenditures	12,442,205	12,684,810	12,152,170	(532,640)
Excess (Deficiency) of Revenues Over Expenditures	(1,573,605)	(1,612,090)	1,405,469	3,017,559
OTHER FINANCING SOURCES (USES)				
Capital Leases	718,500	587,646	555,900	(31,746)
Transfers In (Out)	855,105	1,024,444	541,810	(482,634)
Total Other Financing Sources and Uses	1,573,605	1,612,090	1,097,710	(514,380)
Net Change in Fund Balance	-	-	2,503,179	2,503,179
Fund Balance - Beginning	8,852,617	8,852,617	8,852,617	-
Fund Balance - Ending	\$ 8,852,617	\$ 8,852,617	\$ 11,355,796	\$ 2,503,179

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – CAPITAL IMPROVEMENT PROGRAM FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/ (Under)
	Original	Final		
REVENUES				
Federal/State Revenue				
Federal Grants	\$ 100,000	\$ 877,500	\$ 41,895	\$ (835,605)
State Grants	-	-	162,000	162,000
Total Federal/State Revenue	<u>100,000</u>	<u>877,500</u>	<u>203,895</u>	<u>(673,605)</u>
Other Revenues				
Intergovernmental Revenue	-	-	87,507	87,507
Interest Income	-	-	2,833	2,833
Development Fees	180,000	205,000	343,800	138,800
Total Other Revenues	<u>180,000</u>	<u>205,000</u>	<u>434,140</u>	<u>229,140</u>
Total Revenues	<u>280,000</u>	<u>1,082,500</u>	<u>638,035</u>	<u>(444,465)</u>
EXPENDITURES				
Capital Outlay				
BIS Sidewalks & Lighting - Phase I	-	8,932	248	(8,684)
Bluffton Parkway Phase 5B	25,000	75,000	41,102	(33,898)
Buck Island Sewer - Phase I	-	3,734	-	(3,734)
Buck Island Sewer - Phase II	-	4,601	495	(4,106)
Buck Island Sewer - Phase III	300,000	1,530,060	58,978	(1,471,082)
Buck Island Sewer - Phase IV	160,000	267,125	39,587	(227,538)
Buck Island Sewer - Phase V	150,000	242,039	102,086	(139,953)
Buckwalter Place Improvements	-	75,000	-	(75,000)
Buckwalter Place Tech Park Improvements	1,125,000	1,025,000	-	(1,025,000)
Calhoun Street & Adjacent Area Study	200,000	311,027	45,220	(265,807)
General Pathways	375,000	440,106	21,525	(418,581)
Jason-Able Sewer	100,000	100,000	29,733	(70,267)
Land Acquisition	1,000,000	1,000,000	-	(1,000,000)
May River Road/Bruin Road Streetscape - Phase II & III	200,000	1,569,759	23,238	(1,546,521)
Oyster Factory Park	240,000	902,608	94,436	(808,172)
Parks and Recreation Improvements	50,000	82,837	19,177	(63,660)
Police Department Camera System Install	-	116,500	84,367	(32,133)
Police Sub-Station Renovations	-	50,000	28,660	(21,340)
Small Home Series	-	14,314	8,849	(5,465)
Tech Park Expansion	-	102,431	100,000	(2,431)
Total Expenditures	<u>3,925,000</u>	<u>7,921,073</u>	<u>697,701</u>	<u>(7,223,372)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,645,000)</u>	<u>(6,838,573)</u>	<u>(59,666)</u>	<u>6,778,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	1,520,000	4,713,573	653,452	(4,060,121)
Total Other Financing Sources and Uses	<u>1,520,000</u>	<u>4,713,573</u>	<u>653,452</u>	<u>(4,060,121)</u>
Net Change in Fund Balance	(2,125,000)	(2,125,000)	593,786	2,718,786
Fund Balance - Beginning	2,257,715	2,257,715	2,257,715	-
Fund Balance - Ending	<u>\$ 132,715</u>	<u>\$ 132,715</u>	<u>\$ 2,851,501</u>	<u>\$ 2,718,786</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/ (Under)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,478,735	\$ 1,478,735	\$ 1,617,841	\$ 139,106
MID Fees	150,000	150,000	155,777	5,777
Interest Income	175	175	149	(26)
Federal Interest Rebate	105,030	105,030	106,746	1,716
Total Revenues	<u>1,733,940</u>	<u>1,733,940</u>	<u>1,880,513</u>	<u>146,573</u>
EXPENDITURES				
Other Miscellaneous	47,890	47,890	-	(47,890)
Issuance Cost	-	52,500	52,500	-
Bond Principal	900,000	10,130,000	10,130,000	-
Bond Interest	636,050	659,125	626,085	(33,040)
Total Expenditures	<u>1,583,940</u>	<u>10,889,515</u>	<u>10,808,585</u>	<u>(80,930)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>150,000</u>	<u>(9,155,575)</u>	<u>(8,928,072)</u>	<u>227,503</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(150,000)	(150,000)	-	150,000
Proceeds from Bond Issuance	-	8,923,000	8,923,000	-
Total Other Financing Sources and Uses	<u>(150,000)</u>	<u>8,773,000</u>	<u>8,923,000</u>	<u>150,000</u>
Net Change in Fund Balance	-	(382,575)	(5,072)	377,503
Fund Balance - Beginning	978,299	978,299	978,299	-
Fund Balance - Ending	<u>\$ 978,299</u>	<u>\$ 595,724</u>	<u>\$ 973,227</u>	<u>\$ 377,503</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – STORMWATER FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/ (Under)
	Original	Final		
REVENUES				
Licenses & Permits				
Stormwater Fees	\$ 1,090,800	\$ 1,090,800	\$ 1,115,601	\$ 24,801
Federal/State Revenue				
Federal Grants	-	290,000	-	(290,000)
State Grants	-	-	4,500	4,500
Total Federal/State Revenue	-	290,000	4,500	(285,500)
Other Revenues				
Interest Income	500	500	503	3
Total Revenues	1,091,300	1,381,300	1,120,604	(260,696)
EXPENDITURES				
Personnel				
Stormwater	475,155	475,155	404,182	(70,973)
Operating Costs				
Stormwater	261,910	261,910	215,397	(46,513)
Capital Outlay				
319 Pilot Project	-	47,284	19,222	(28,062)
319 Grant - Phase II	10,000	499,973	30,386	(469,587)
Wetlands Restoration	320,000	399,915	58,626	(341,289)
Hampton Lake Stormwater BMP Retrofit	100,000	100,000	-	(100,000)
Hampton Hall Stormwater BMP Retrofit	-	84,970	-	(84,970)
Total Expenditures	1,167,065	1,869,207	727,813	(1,141,394)
Excess (Deficiency) of Revenues Over Expenditures	(75,765)	(487,907)	392,791	880,698
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(480,000)	(1,338,810)	(152,701)	1,186,109
Total Other Financing Sources and Uses	(480,000)	(1,338,810)	(152,701)	1,186,109
Net Change in Fund Balance	(555,765)	(1,826,717)	240,090	2,066,807
Fund Balance - Beginning	1,871,197	1,871,197	1,871,197	-
Fund Balance - Ending	\$ 1,315,432	\$ 44,480	\$ 2,111,287	\$ 2,066,807

TOWN OF BLUFFTON, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Boat Ramp Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 57,604	\$ 67,027	\$ 124,631
Restricted Cash and Cash Equivalents	160,943	-	-	160,943
Other Receivables	-	77,874	124,697	202,571
Due from other Funds	50	-	-	50
Total Assets	<u>\$ 160,993</u>	<u>\$ 135,478</u>	<u>\$ 191,724</u>	<u>\$ 488,195</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ -	\$ 49,835	\$ 22,236	\$ 72,071
Due to other Funds	2,225	8,841	24,035	35,101
Total Liabilities	<u>2,225</u>	<u>58,676</u>	<u>46,271</u>	<u>107,172</u>
Fund Balances:				
Restricted	158,768	76,802	123,253	358,823
Committed	-	-	22,200	22,200
Total Fund Balances	<u>158,768</u>	<u>76,802</u>	<u>145,453</u>	<u>381,023</u>
Total Liabilities and Fund Balances	<u>\$ 160,993</u>	<u>\$ 135,478</u>	<u>\$ 191,724</u>	<u>\$ 488,195</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

COMBINING OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Boat Ramp Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Accommodations Taxes	\$ -	\$ 197,398	\$ 328,263	\$ 525,661
Development Fees	14,550	-	-	14,550
Interest Income	437	15	45	497
Total Revenues	<u>14,987</u>	<u>197,413</u>	<u>328,308</u>	<u>540,708</u>
EXPENDITURES				
Current				
Administrative	15	-	-	15
Community Development	-	181,648	203,371	385,019
Total Expenditures	<u>15</u>	<u>181,648</u>	<u>203,371</u>	<u>385,034</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,972</u>	<u>15,765</u>	<u>124,937</u>	<u>155,674</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(2,225)</u>	<u>(33,620)</u>	<u>(229,560)</u>	<u>(265,405)</u>
Total Other Financing Sources and Uses	<u>(2,225)</u>	<u>(33,620)</u>	<u>(229,560)</u>	<u>(265,405)</u>
Net Change in Fund Balance	12,747	(17,855)	(104,623)	(109,731)
Fund Balance - Beginning	<u>146,021</u>	<u>94,657</u>	<u>250,076</u>	<u>490,754</u>
Fund Balance - Ending	<u>\$ 158,768</u>	<u>\$ 76,802</u>	<u>\$ 145,453</u>	<u>\$ 381,023</u>

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>	G2-G6
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>	G7-G12
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>	G13-G17
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>	G18-G19
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>	G20-G22

Sources: *Unless otherwise noted, the information in these schedules is derived from the Annual Financial Statements audit reports for the relevant year.*

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 12,307,261	\$ 17,950,214	\$ 12,047,567	\$ 12,518,793	\$ 9,807,190	\$ 8,600,498	\$ 8,456,941	\$ 9,552,186	\$ 10,745,284	\$ 11,556,509
Restricted	598,582	559,677	4,531,438	2,492,544	214,401	5,152,452	5,474,434	6,629,087	7,566,263	8,501,809
Unrestricted	(298,311)	524,326	4,313,844	5,653,065	7,654,350	4,609,087	5,203,005	6,543,899	8,328,146	1,316,955
Total governmental activities net position	<u>\$ 12,607,532</u>	<u>\$ 19,034,217</u>	<u>\$ 20,892,849</u>	<u>\$ 20,664,402</u>	<u>\$ 17,675,941</u>	<u>\$ 18,362,037</u>	<u>\$ 19,134,380</u>	<u>\$ 22,725,172</u>	<u>\$ 26,639,693</u>	<u>\$ 21,375,273</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General Government:										
Administration	\$ 873,837	\$ 1,550,544	\$ 2,715,940	\$ 3,171,895	\$ 2,807,552	\$ 2,624,831	\$ 2,741,335	\$ 2,953,686	\$ 3,177,857	\$ 3,675,493
Judicial	317,630	619,267	451,086	278,295	307,603	307,168	312,215	300,056	261,663	278,425
Planning	807,697	695,190	841,091	1,011,981	1,556,322	1,212,826	997,773	896,613	797,378	744,605
Public Safety:										
Building Safety	-	-	375,157	740,370	985,977	806,099	666,711	685,841	832,699	962,685
Police	1,810,753	2,875,137	3,106,849	3,506,817	3,383,148	3,423,620	3,680,878	3,752,007	4,007,350	4,801,530
Public Works	726,092	899,639	452,851	546,691	779,592	820,750	912,322	912,800	945,375	1,034,327
Environmental Protection/Stormwater Management	-	-	816,075	918,052	-	-	628,636	638,438	644,128	652,579
Engineering/Project Management	-	638,985	477,419	686,276	662,107	808,562	665,071	612,469	487,943	876,330
Community Development	8,158,171	749,409	856,205	1,287,273	1,258,689	3,820,154	2,787,424	1,500,055	1,070,319	1,027,545
Interest on Long-Term Debt	260,244	566,589	642,512	558,983	523,777	756,571	705,764	1,005,006	664,378	684,047
Total governmental activities expenses	<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>	<u>\$ 14,580,581</u>	<u>\$ 14,098,129</u>	<u>\$ 13,256,971</u>	<u>\$ 12,889,090</u>	<u>\$ 14,737,566</u>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General Government										
Administration	\$ 1,876,519	\$ 2,902,467	\$ 3,156,457	\$ 3,306,249	\$ 3,177,906	\$ 3,276,217	\$ 3,601,641	\$ 4,120,809	\$ 5,016,969	\$ 5,465,905
Judicial	673,572	550,653	218,263	246,837	256,973	227,290	196,065	190,993	164,583	277,388
Planning	1,001,680	1,374,021	817,380	583,987	1,256,292	450,158	382,225	557,075	630,359	898,669
Public Safety										
Building Safety	-	-	-	199,312	424,196	532,291	576,706	979,777	1,090,532	1,608,131
Police	12,103	22,322	86,153	89,156	65,008	75,353	55,985	56,638	54,610	65,820
Environmental Protection/Stormwater Management	-	-	393,835	956,318	-	-	-	-	-	-
Community Development	4,263,922	1,198,882	322,274	151,897	159,275	165,000	156,750	242,225	-	343,800
Operating grants and contributions	84,382	127,955	114,983	146,419	403,468	467,776	410,086	267,960	236,472	317,366
Capital grants and contributions	822,635	3,505,187	96,295	150,600	183,252	2,849,085	2,172,461	2,552,546	1,565,210	1,322,203
Total governmental activities program revenues	<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>	<u>\$ 8,043,170</u>	<u>\$ 7,551,919</u>	<u>\$ 8,968,023</u>	<u>\$ 8,758,735</u>	<u>\$ 10,299,282</u>
Net (Expense)Revenue										
Total governmental activities net expense	<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>	<u>\$ (6,537,411)</u>	<u>\$ (6,546,210)</u>	<u>\$ (4,288,948)</u>	<u>\$ (4,130,355)</u>	<u>\$ (4,438,284)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 1,670,715	\$ 2,973,010	\$ 3,811,999	\$ 4,706,019	\$ 5,245,883	\$ 5,152,002	\$ 5,233,427	\$ 5,573,318	\$ 5,580,452	\$ 6,089,064
Other taxes	605,108	1,164,091	1,245,040	1,115,603	1,118,513	1,324,608	1,514,316	1,720,504	1,849,205	2,015,182
Intergovernmental Revenue	121,565	284,170	277,104	407,173	170,274	233,896	284,065	330,780	617,942	634,044
Investment earnings	434,870	758,217	651,325	311,680	181,283	108,796	35,283	10,070	9,576	12,963
Capital contributions	839,577	-	-	-	-	-	-	-	-	-
Gain/(Loss) on Sale of Capital Assets	-	-	912,810	-	-	-	-	-	-	-
Miscellaneous	68,026	160,470	489,892	106,936	118,199	404,205	251,462	245,068	91,201	176,981
Total governmental activities	<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>	<u>\$ 7,223,507</u>	<u>\$ 7,318,553</u>	<u>\$ 7,879,740</u>	<u>\$ 8,148,376</u>	<u>\$ 8,928,234</u>
Change in Net Position										
Governmental activities	<u>\$ (479,750)</u>	<u>\$ 6,426,685</u>	<u>\$ 1,858,625</u>	<u>\$ (228,447)</u>	<u>\$ 495,755</u>	<u>\$ 686,096</u>	<u>\$ 772,343</u>	<u>\$ 3,590,792</u>	<u>\$ 4,018,021</u>	<u>\$ 4,489,950</u>

Schedule 3

Town of Bluffton, SC

Program Revenues by Function/Program, Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program										
Governmental activities:										
General Government										
Administration	\$ 1,876,519	\$ 2,902,467	\$ 3,156,457	\$ 3,306,249	\$ 3,177,906	\$ 3,276,217	\$ 3,601,641	\$ 4,120,809	\$ 5,016,969	\$ 5,465,905
Municipal Court	673,572	550,653	218,263	246,837	256,973	227,290	196,065	190,993	164,583	277,388
Planning	1,001,680	1,374,021	817,380	583,987	1,256,292	450,158	382,225	557,075	630,359	898,669
Public Safety										
Building Safety	-	-	-	199,312	424,196	532,291	576,706	979,777	1,090,532	1,608,131
Police	12,103	22,322	86,153	89,156	65,008	75,353	55,985	56,638	54,610	65,820
Environmental Protection/Stormwater Management	-	-	393,835	956,318	-	-	-	-	-	-
Community Development	4,263,922	1,198,882	322,274	151,897	159,275	165,000	156,750	242,225	-	343,800
Operating grants and contributions	84,382	127,955	114,983	146,419	403,468	467,776	410,086	267,960	236,472	317,366
Capital grants and contributions	822,635	3,505,187	96,295	150,600	183,252	2,849,085	2,172,461	2,552,546	1,565,210	1,322,203
Total governmental activities	<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>	<u>\$ 8,043,170</u>	<u>\$ 7,551,919</u>	<u>\$ 8,968,023</u>	<u>\$ 8,758,735</u>	<u>\$ 10,299,282</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Pre-GASB 54 ¹										
General Fund										
Reserved	\$ 2,592,912	\$ 2,677,873	\$ 530,164	\$ 253,102	\$ 630,934					
Unreserved	1,161,523	2,651,867	4,506,377	3,718,570	3,419,594					
Total General Fund	<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	\$ 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>\$ 18,281,682</u>	<u>\$ 13,558,054</u>	<u>\$ 10,665,054</u>	<u>\$ 8,434,069</u>	<u>\$ 4,950,364</u>					
Post-GASB 54 ¹										
General Fund										
Nonspendable					\$ 148,094	\$ 174,744	\$ 168,714	\$ 167,490	\$ 184,569	\$ 177,877
Restricted					436,555	540,516	688,579	895,290	759,661	824,985
Committed					1,567,690	1,567,691	1,833,770	1,939,386	1,990,521	2,333,802
Assigned					194,379	132,992	-	-	-	-
Unassigned					1,703,810	2,333,024	2,520,528	3,968,242	5,917,866	8,019,132
Total General Fund					<u>\$ 4,050,528</u>	<u>\$ 4,748,967</u>	<u>\$ 5,211,591</u>	<u>\$ 6,970,408</u>	<u>\$ 8,852,617</u>	<u>\$ 11,355,796</u>
All Other Governmental Funds										
Restricted					\$ 4,492,059	\$ 4,437,192	\$ 4,668,755	\$ 5,566,307	\$ 6,622,033	\$ 7,676,824
Committed					9,999	780,050	237,594	315,565	135,730	22,200
Assigned					448,306	833,838	381,712	865,782	1,004,002	1,494,675
Total all other governmental funds					<u>\$ 4,950,364</u>	<u>\$ 6,051,080</u>	<u>\$ 5,288,061</u>	<u>\$ 6,747,654</u>	<u>\$ 7,761,765</u>	<u>\$ 9,193,699</u>

¹ The Town implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in FY 2011. FY 2010 has been recalculated for comparison purposes.

Notes: 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)

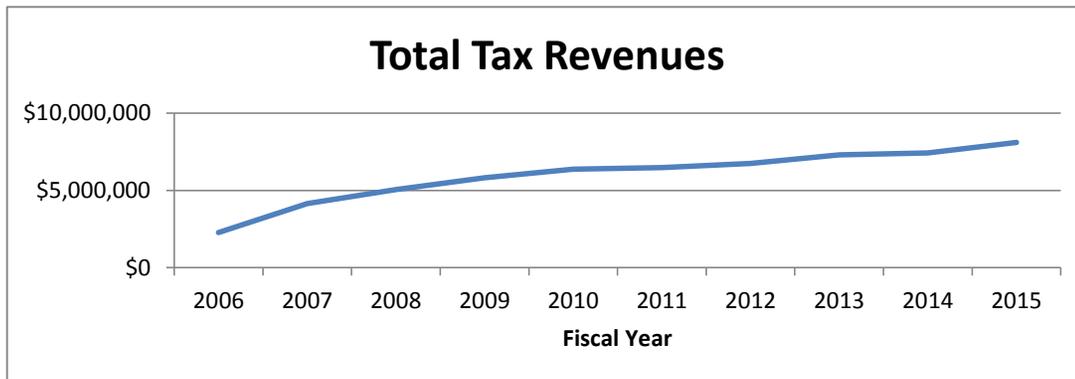
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes (see Schedule 6)	\$ 2,275,823	\$ 4,137,101	\$ 5,057,039	\$ 5,821,622	\$ 6,364,396	\$ 6,476,610	\$ 6,747,743	\$ 7,293,822	\$ 7,429,657	\$ 8,104,246
Licenses and permits	7,104,420	4,563,527	4,242,728	5,012,441	4,787,752	5,125,588	5,477,203	6,521,506	7,570,195	8,796,439
Fees and Fines	685,675	550,653	218,263	246,837	256,973	227,290	196,065	190,993	164,583	279,641
Charges for services	37,701	940,015	622,648	395,121	294,925	330,695	335,540	513,105	598,890	857,264
Intergovernmental	121,565	284,170	277,104	407,173	170,274	483,896	284,065	675,842	843,547	711,079
Grants and entitlements	489,254	2,777,292	114,983	155,879	586,720	1,413,877	1,543,111	1,514,043	179,462	283,803
Investment earnings	434,870	758,217	626,817	282,147	154,621	83,373	35,283	10,070	9,576	13,466
Other revenues	1,325,366	1,010,470	574,376	227,433	218,199	497,904	251,463	172,818	111,201	181,578
Total revenues	\$ 12,474,674	\$ 15,021,445	\$ 11,733,958	\$ 12,548,653	\$ 12,833,860	\$ 14,639,233	\$ 14,870,473	\$ 16,892,199	\$ 16,907,111	\$ 19,227,516
Expenditures										
Legislative	\$ -	\$ 59,011	\$ 95,581	\$ 136,996	\$ 142,930	\$ 126,729	\$ 82,606	\$ 95,321	\$ 103,148	\$ 126,291
Executive	-	335,051	784,241	995,011	464,927	317,952	328,699	379,349	425,677	729,375
Economic Development	-	-	-	-	-	-	54,309	164,527	191,686	248,943
Human Resources	-	-	-	-	-	184,193	187,384	185,885	234,151	234,489
Non-Departmental	1,384,281	733,503	1,393,442	1,151,854	1,003,794	774,025	842,452	831,061	895,425	971,594
Finance	-	305,652	358,048	410,066	568,429	588,792	592,727	628,670	609,957	614,757
Municipal Court	306,907	594,764	424,501	229,093	254,623	257,753	268,860	251,726	223,621	228,639
Municipal Judges	-	16,237	31,025	44,228	49,456	47,437	41,316	47,026	37,373	45,809
Information Technology	-	-	-	382,810	397,046	446,551	494,425	535,309	557,241	651,962
Public Works	508,365	810,439	378,345	447,916	685,502	753,620	796,449	834,542	845,448	938,131
Environmental Protection/Stormwater Management	-	-	807,623	908,517	111,079	-	574,097	629,281	624,318	619,579
Engineering/Project Management	-	612,531	411,951	618,370	599,358	745,533	618,710	567,703	490,314	510,368
Growth Management	-	-	-	-	398,903	322,261	380,789	391,703	449,054	336,652
Planning and Community Development	755,502	689,220	830,649	1,000,233	1,046,341	879,713	609,598	497,474	361,910	396,287
Building Safety	-	-	340,488	710,054	970,950	792,362	649,635	676,502	815,999	943,115
Police	1,569,141	2,643,167	2,765,268	3,116,134	3,065,401	3,086,150	3,343,082	3,488,330	3,723,356	4,532,209
Community Development	961,077	494,210	428,247	359,476	199,836	328,621	376,272	428,422	391,361	385,019
Capital Outlay	3,087,604	10,425,448	5,308,586	3,347,144	4,190,769	7,325,822	2,972,393	2,251,728	1,964,449	1,178,887
Debt Service										
Interest	260,244	566,589	580,995	565,371	532,966	659,431	706,611	686,850	667,612	685,718
Principal	232,215	232,368	294,393	1,629,764	1,556,399	908,743	1,418,461	690,858	960,609	10,393,479
Cost of Issuance	-	-	-	-	-	174,239	-	-	-	-
Total expenditures	\$ 9,065,336	\$ 18,518,190	\$ 15,233,383	\$ 16,053,037	\$ 16,238,709	\$ 18,719,927	\$ 15,338,875	\$ 14,262,267	\$ 14,572,709	\$ 24,771,303
Excess of revenues over (under) expenditures	3,409,338	(3,496,745)	(3,499,425)	(3,504,384)	(3,404,849)	(4,080,694)	(468,402)	2,629,932	2,334,402	(5,543,787)
Other Financing Sources (Uses)										
Issuance of Bonds	\$ 14,000,000	\$ -	\$ -	\$ -	\$ -	\$ 18,370,000	\$ -	\$ -	\$ -	\$ 8,923,000
Underwriter's Premium (Discount)	-	-	-	-	-	(3,121)	-	-	-	-
Current Refund of Existing Debt	-	-	-	-	-	(12,875,000)	-	-	-	-
Sale of Capital Assets	250,000	-	120,000	-	-	387,970	-	388,479	74,420	-
Capital Leases	385,178	348,422	193,220	208,531	-	-	168,000	200,000	591,000	555,900
Transfers In	2,373,094	7,925,627	4,744,520	3,666,517	3,876,944	2,936,493	1,844,092	924,997	1,295,929	1,195,262
Transfers Out	(2,373,094)	(7,925,627)	(4,744,520)	(3,666,517)	(3,876,944)	(2,936,493)	(1,844,092)	(924,997)	(1,295,929)	(1,195,262)
Total other financing sources (uses)	\$ 14,635,178	\$ 348,422	\$ 313,220	\$ 208,531	\$ -	\$ 5,879,849	\$ 168,000	\$ 588,479	\$ 665,420	\$ 9,478,900
Net change in fund balances	\$ 18,044,516	\$ (3,148,323)	\$ (3,186,205)	\$ (3,295,853)	\$ (3,404,849)	\$ 1,799,155	\$ (300,402)	\$ 3,218,411	\$ 2,999,822	\$ 3,935,113
Debt service as a percentage of non-capital expenditures	8.7%	6.4%	7.9%	16.4%	15.9%	11.8%	14.5%	10.8%	12.6%	47.9%

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

Fiscal Year	Property Tax	State Accommodations Tax	Local Accommodations Tax	Local Hospitality Tax	Total
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
2011	5,152,002	160,372	211,054	953,182	6,476,610
2012	5,233,427	194,910	243,085	1,076,321	6,747,743
2013	5,573,318	231,360	298,286	1,190,858	7,293,822
2014	5,580,452	193,264	322,103	1,333,838	7,429,657
2015	6,089,064	197,398	328,263	1,489,521	8,104,246
Change 2006-2015	264.5%	97.9%	85.8%	353.1%	256.1%

Source: Town Finance Department

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



Schedule 7

Town of Bluffton, SC

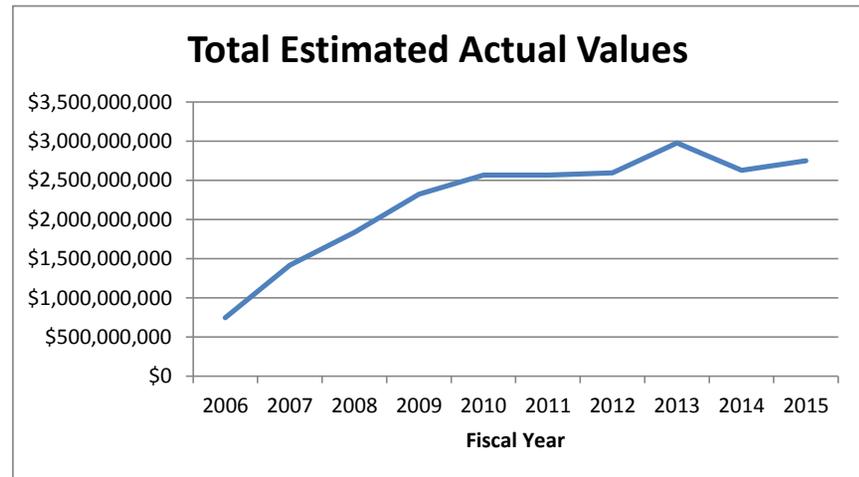
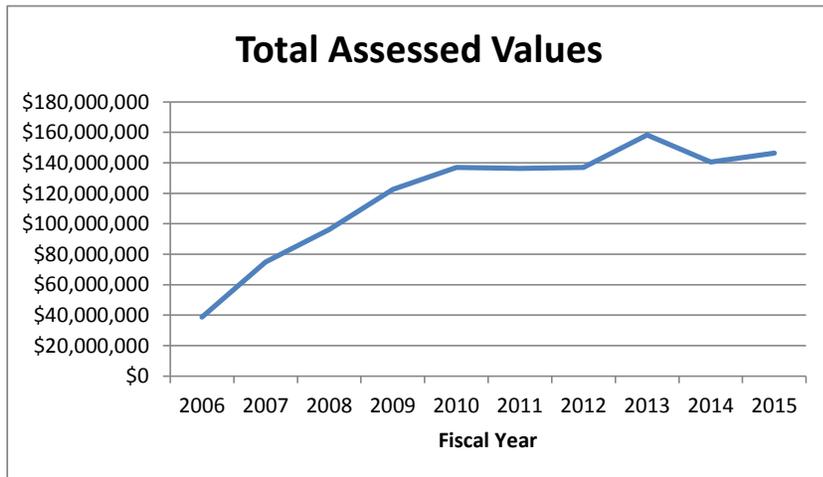
Assessed Value and Estimated Actual Value of Taxable Property

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		
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%
2011	2010	130,372,943	2,464,735,850	6,093,820	101,563,667	136,466,763	2,566,299,517	38.0	5.32%
2012	2011	130,578,732	2,489,307,650	6,372,315	106,205,250	136,951,047	2,595,512,900	38.0	5.28%
2013	2012	149,190,533	2,822,563,022	9,196,340	153,272,333	158,386,873	2,975,835,355	38.0	5.32%
2014	2013	130,020,720	2,452,999,629	10,538,720	175,645,333	140,559,440	2,628,644,962	44.4	5.35%
2015	2014	136,945,050	2,590,016,419	9,549,500	159,158,333	146,494,550	2,749,174,752	44.4	5.33%

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 2009. Currently, the county assesses property at 6% and 4% of actual value for real property, 10.5% for personal property, and 6% for motor vehicles. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$1,000 of assessed value.



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

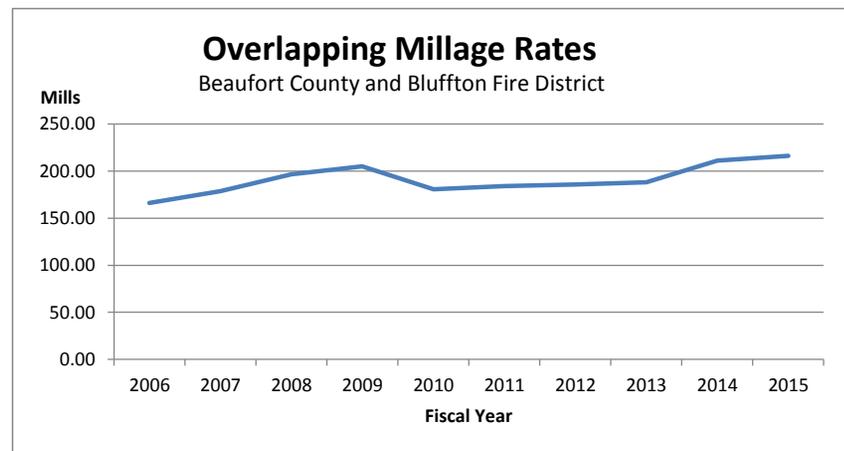
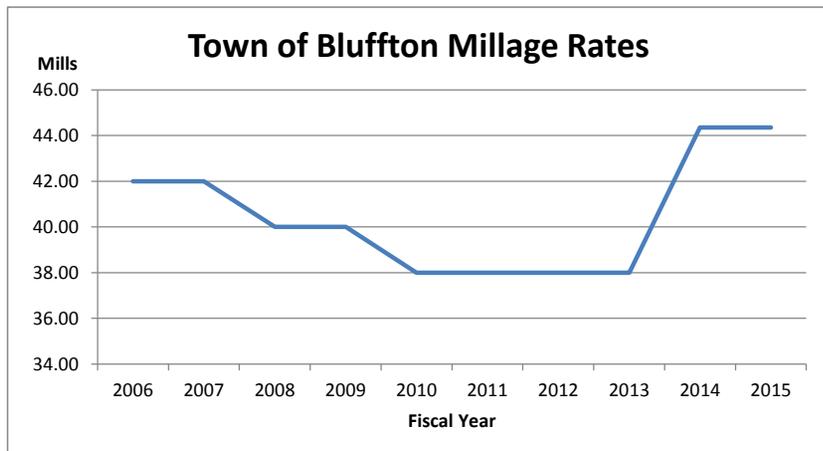
Town Direct Rates					Overlapping Rates						
Fiscal Year	Tax Year	General Fund	Debt Service	Total Direct Rate	County Operations	County Debt	County Schools Operations	County Schools Debt	Bluffton Fire District	Total Overlapping Rate	Total Rate
2006	2005	42.00	-	42.00	39.70	5.40	82.00	19.00	20.20	166.30	208.30
2007	2006	42.00	-	42.00	39.20	5.40	96.20	17.00	21.00	178.80	220.80
2008	2007	40.00	-	40.00	41.60	5.80	104.70	22.60	22.00	196.70	236.70
2009	2008	40.00	-	40.00	47.90	4.00	102.60	28.00	22.70	205.20	245.20
* 2010	2009	38.00	-	38.00	42.34	3.64	90.26	24.40	20.05	180.69	218.69
2011	2010	35.70	2.30	38.00	42.97	4.57	90.26	26.33	20.05	184.18	222.18
2012	2011	35.70	2.30	38.00	42.97	4.57	90.26	28.00	20.05	185.85	223.85
2013	2012	35.70	2.30	38.00	44.08	4.44	91.26	28.00	20.49	188.27	226.27
** 2014	2013	40.00	4.35	44.35	46.48	5.48	103.50	31.71	24.02	211.19	255.54
2015	2014	40.00	4.35	44.35	51.38	5.48	103.50	31.71	24.02	216.09	260.44

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

* Represents Reassessment and millage rollback
 ** Represents Reassessment and millage rollforward

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 impacted 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 District 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 2015 Tax Year 2014			Fiscal Year 2006 Tax Year 2005		
	Total Assessed Value	Rank¹	Percentage of Total Town Taxable Assessed Value	Total Assessed Value	Rank¹	Percentage of Total Town Taxable Assessed Value
South Carolina Electric & Gas	\$ 4,360,910	1	2.98%	\$ 1,326,690	1	3.42%
Palmetto Electric Cooperative	1,712,190	2	1.17%			
Garrison Bluffton LLC	1,306,610	3	0.89%			
East Coast Newspaper Inc.	1,912,750	4	1.31%			
Palmetto Bluff Lodge LLC	1,138,900	5	0.78%	503,336	6	1.30%
Bluffton Telephone Company Inc	1,026,560	6	0.70%	491,440	5	1.27%
May River Forest LLC	884,240	7	0.60%	271,545	10	0.70%
Crowne Old Carolina LLC A Delaware LLC	826,350	8	0.56%			
BRE Mariner Belfair Town Village LLC	768,330	9	0.52%			
Bluffton Land Investors LLC	628,310	10	0.43%			
Hampton Lake LLC				987,810	2	2.54%
Equity One (Belfair) Inc.				957,946	3	2.47%
Village Park Communities LLC				495,330	4	1.28%
Buckwalter JV LLC				305,226	7	0.79%
JPR Properties Inc				435,774	8	1.12%
Rose Canyon Bluffton LLC				407,178	9	1.05%
Total	\$ 14,565,150		9.20%	\$ 6,182,275		15.92%

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		Collections In Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	2005	1,630,720	1,655,762	101.54%	n/a	1,655,762	101.54%
2007	2006	3,143,837	2,950,990	93.87%	n/a	2,950,990	93.87%
2008	2007	3,846,106	3,703,569	96.29%	72,109	3,775,678	98.17%
2009	2008	4,905,127	4,555,641	92.88%	287,529	4,843,170	98.74%
2010	2009	5,176,582	4,875,274	94.18%	172,822	5,048,096	97.52%
2011	2010	5,100,085	4,899,168	96.06%	153,203	5,052,371	99.06%
2012	2011	5,293,555	4,976,802	94.02%	207,463	5,184,266	97.94%
2013	2012	5,426,594	5,275,406	97.21%	122,449	5,397,855	99.47%
2014	2013	5,610,943	5,364,595	95.61%	n/a	5,364,595	95.61%
2015	2014	5,989,057	5,839,214	97.50%	n/a	5,839,214	97.50%

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

Note: Penalties associated with delinquent collections are not included in this schedule. For fiscal years 2003 through 2007, information for collections in subsequent years is not available. Therefore, delinquent collections are shown in the year collected and may result in collection percentages exceeding 100%. Information relative to collections in subsequent years is available beginning with fiscal year 2008.

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
2005	0%	0%	5%
2006	0%	0%	5%
2007	0%	1%	6% *
2008	0%	1%	6%
2009	0%	1%	6%
2010	0%	1%	6%
2011	0%	1%	6%
2012	0%	1%	6%
2013	0%	0%	6%
2014	0%	0%	6%
2015	0%	0%	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
2006	100,000	14,000,000	89,352	-	7,750,000	375,599	22,314,951	0.40%	4,568
2007	80,000	14,000,000	80,324	-	3,710,000	520,681	18,391,005	0.29%	2,884
2008	60,000	14,000,000	70,756	-	2,970,000	449,079	17,549,835	0.26%	1,833
2009	40,000	13,450,000	60,612	-	2,230,000	313,945	16,094,557	0.23%	1,305
2010	20,000	12,875,000	49,859	-	1,490,000	137,346	14,572,205	0.22%	1,164
2011	6,500,000	11,870,000	38,463	-	750,000	-	19,158,463	0.29%	1,486
2012	6,500,000	11,240,000	-	-	-	168,000	17,908,000	0.26%	1,406
2013	6,500,000	10,590,000	-	-	-	327,142	17,417,142	0.24%	1,347
2014	6,300,000	9,920,000	-	-	300,000	527,533	17,047,533	0.21%	1,253
2015	6,090,000	8,923,000	-	-	200,000	919,944	16,132,944	0.20%	1,061

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
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%	6
2009	40,000	40,000	-	40,000	0.00%	3
2010	20,000	20,000	-	20,000	0.00%	2
2011	6,500,000	6,500,000	-	6,500,000	0.25%	504
2012	6,500,000	6,500,000	-	6,500,000	0.25%	510
2013	6,500,000	6,500,000	-	6,500,000	0.22%	503
2014	6,300,000	6,300,000	-	6,300,000	0.24%	463
2015	6,090,000	6,090,000	-	6,090,000	0.22%	401

Note: 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, 2015**

<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	\$ 284,485,621	8.2%	\$ 21,620,907
Beaufort County General Obligation Debt	207,847,814	8.2%	15,796,434
Bluffton Fire District	8,356,460	32.8%	<u>2,506,938</u>
Subtotal, overlapping debt			39,924,279
Town direct debt			<u>17,047,533</u>
Total direct and overlapping debt			<u><u>\$ 56,971,812</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 2015

Assessed value	\$ 146,494,550
Debt Limit (8% of assessed value)	11,719,564
Debt applicable to limit	<u>(6,090,000)</u>
Legal Debt Margin (without a Referendum)	<u>\$ 5,629,564</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 3,106,133	\$ 5,988,262	\$ 7,692,212	\$ 9,810,254	\$ 10,961,884	\$ 10,917,341	\$ 10,956,084	\$ 12,670,950	\$ 11,244,755	\$ 11,719,564
Total net debt applicable to limit	100,000	80,000	60,000	40,000	20,000	6,500,000	6,500,000	6,500,000	6,300,000	6,090,000
Legal debt margin	3,006,133	5,908,262	7,632,212	9,770,254	10,941,884	4,417,341	4,456,084	6,170,950	4,944,755	5,629,564
Total net debt applicable to the limit as a percentage of debt limit	3.22%	1.34%	0.78%	0.41%	0.18%	59.54%	59.33%	51.30%	56.03%	51.96%

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 only when approved by a majority vote of the qualified electors of the political subdivisions voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

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

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

Fiscal Year	Tax Increment Bonds				
	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
2006	991,964	-	235,591	235,591	4.21
2007	1,674,745	-	546,200	546,200	3.07
2008	1,238,577	-	546,200	546,200	2.27
2009	1,290,579	550,000	535,472	1,085,472	1.19
2010	1,483,104 *	575,000	513,526	1,088,526	1.36
2011	1,120,407	-	210,623	210,623	5.32
2012	1,221,889	630,000	370,916	1,000,916	1.22
2013	1,196,684	650,000	350,372	1,000,372	1.20
2014	1,170,795	670,000	329,186	999,186	1.17
2015	1,294,921	690,000	274,323	964,323	1.34

Note: Revenue includes property taxes and MID (Municipal Improvement District) fees, Municipal Improvement Development Fees (MIDF), and Development Agreement Fees.

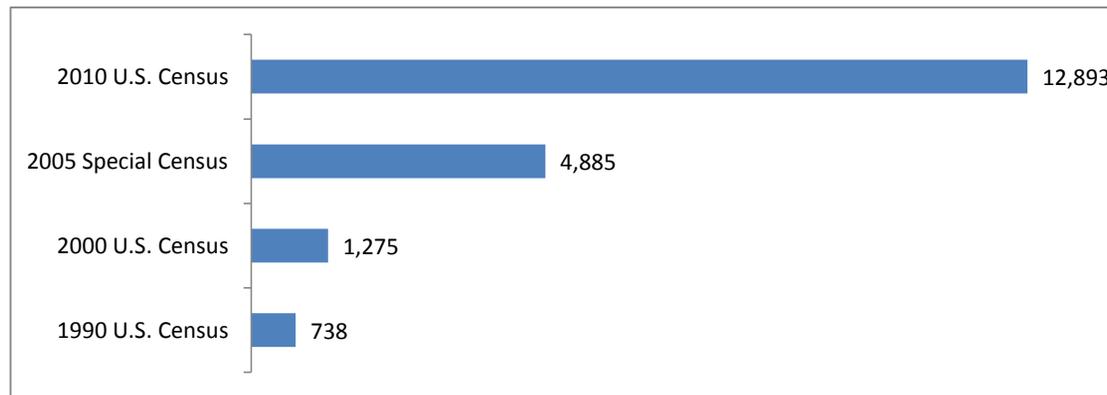
* Bonds Refinanced to take advantage of lower interest rates. Only property taxes and MID fees were used in subsequent years.

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*
2005	4,885	5,635,079	39,824	3,721	18,974	4.9%
2006	6,377	6,325,937	42,971	4,052	19,229	4.7%
2007	9,576	6,680,773	44,123	4,423	19,221	4.3%
2008	12,333	6,972,712	44,583	4,625	19,067	5.3%
2009	12,519	6,614,260	41,407	5,256	19,525	8.9%
2010	12,893	6,520,432	40,001	5,345	19,626	9.0%
2011	12,734	6,861,132	41,662	4,913	19,953	9.2%
2012	12,932	7,217,962	42,952	5,245	20,852	7.9%
2013	13,606	8,268,664	41,663	5,491	20,704	5.9%
2014	15,199	8,113,329	46,137	5,516	20,812	5.7%

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

Sources: Population for 2005 and 2010 provided by U.S. Census Bureau; Population for remaining years are estimates only as provided by the Census Bureau's Population Division; 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.



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

<u>Employer</u>	2015			2006		
	<u># of Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>	<u># of Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>
Beaufort County School District (Bluffton)	556	1	n/a	n/a	n/a	n/a
eviCore National, LLC	354	2	n/a	n/a	n/a	n/a
Inn at Palmetto Bluff	347	3	n/a	n/a	n/a	n/a
Publix	234	4	n/a	n/a	n/a	n/a
NHC Healthcare/Bluffton	207	5	n/a	n/a	n/a	n/a
Resort Services, Inc.	180	6	n/a	n/a	n/a	n/a
Hargray	150	7	n/a	n/a	n/a	n/a
Bluffton Township Fire Department	129	8	n/a	n/a	n/a	n/a
Kroger	125	9	n/a	n/a	n/a	n/a
Town of Bluffton	107	10	n/a	n/a	n/a	n/a

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

Notes: 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Administration	7.0	2.0	4.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Information Technology	0.0	0.0	0.0	2.0	4.0	4.0	3.5	4.0	4.0	4.0
Municipal Court	5.0	5.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Executive	0.0	7.0	8.0	7.0	5.0	3.0	3.0	4.0	4.0	4.0
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	2.0	2.0
Human Resources	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0
Finance	5.0	5.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Growth Management Administration	0.0	0.0	0.0	0.0	4.0	4.0	3.0	3.0	3.0	4.0
Planning & Community Development	10.0	8.0	13.0	10.0	5.0	5.0	5.0	6.0	4.0	3.0
Environmental Protection										
Environmental Protection	0.0	0.0	7.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Stormwater Management	0.0	0.0	0.0	0.0	0.0	0.0	5.5	5.0	6.0	6.0
Engineering										
Project Management	0.0	8.5	4.5	6.5	6.5	9.0	7.0	6.0	5.0	5.0
Public Works										
Public Works	5.0	5.0	5.0	4.0	6.0	8.0	8.0	8.0	9.0	11.0
Public Safety										
Police	28.0	33.0	36.0	38.0	39.0	40.0	40.0	40.0	44.0	49.0
Building Safety	0.0	0.0	4.0	5.0	10.0	7.0	8.0	9.0	11.0	12.0
Total	60.0	73.5	91.5	90.5	89.5	93.0	97.0	98.0	104.0	112.0

Source: Town Finance Department

Note: Data represents the number of employees ending June 30 each year. A full-time equivalent is a measurement equal to one 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Business licenses issued	1,274	2,214	2,207	2,208	2,280	1,961	2,245	2,422	2,549	2,476
Hospitality Tax remitters	n/a	58	81	81	89	100	108	110	112	133
Accommodations Tax remitters	4	4	4	5	4	4	10	10	14	23
Court case counts	3,420	6,928	5,251	8,302	8,242	6,514	6,466	5,170	3,867	7,009
Jury trial counts	2	5	-	6	5	5	4	6	3	11
Planning and Community Development applications issued	377	334	294	260	183	254	296	346	422	362
Environmental Protection/Stormwater Management										
Certificates of compliance	29	49	46	30	17	8	7	16	6	n/a
Notices to comply	6	183	176	151	117	15	49	602	1,171	n/a
Stop work orders	1	-	1	-	-	-	-	-	-	-
Citations	n/a	11	30	13	-	-	-	-	-	-
Outreach/Education (# of people)	n/a	1,483	834	996	1,250	1,366	1,508	4,687	2,324	5,000
Public Safety										
Police calls for service	14,000	18,155	18,477	23,543	34,000	35,864	32,102	30,034	38,366	41,061
Domestic calls	536	732	428	657	915	558	674	655	750	515
Traffic collisions	1,041	787	820	693	1,011	1,012	960	1,107	634	871
Citations	5,107	5,818	8,064	10,886	11,724	9,828	11,094	8,466	7,063	8,628
Arrests	609	919	1,083	1,216	1,510	1,231	1,023	947	880	1,069
Reports	2,754	3,005	2,859	2,978	3,976	3,656	2,910	2,693	3,656	3,216
Building permit counts	1,509	1,175	699	682	657	695	803	1,005	1,456	1,532
Development permits Issued	56	64	39	21	17	11	28	34	13	27
Construction site inspections	n/a	n/a	n/a	n/a	5,415	5,722	6,402	11,787	20,872	24,398
Public Projects & Facilities										
# of capital improvement projects to manage	5	17	20	18	16	21	24	24	13	15
# of parks to maintain	4	4	6	6	6	7	7	7	7	7
# of pathways to maintain	7	9	11	12	12	13	14	15	19	15

*1,997 in person programs; assumes increased numbers due to stormwater PSAs (County Channel & Town Hall) and Kiosk at library

Source: 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Town-owned parcels	11	19	26	27	27	28	27	28	30	30
Town-owned property acreage	409	419	544	551	551	571	564	571	577	577
Town vehicles	1	1	1	2	3	2	2	3	3	4
Environmental Protection/Stormwater Management										
Town vehicles	-	2	3	3	-	-	3	5	3	3
Engineering										
Town vehicles	1	1	4	5	4	4	2	1	2	2
Public Works										
Town vehicles	3	3	5	7	7	7	7	7	6	6
Utility vehicles	-	-	-	-	-	1	1	1	1	1
Dump Truck	-	-	-	-	-	-	1	1	1	1
Tractor	-	-	-	-	-	-	1	1	1	1
Public Safety										
Law Enforcement Center	-	-	-	-	-	1	1	1	1	1
Police vehicles	22	31	38	42	42	41	47	47	47	50
Police mobility vehicles	-	-	-	-	2	2	2	2	3	3
Police Boat - Marine Patrol	1	1	1	1	1	1	1	1	1	1
Town vehicles (Building Safety)	-	-	1	3	4	3	3	5	6	7
Public Projects & Facilities										
Streets (miles)	0.88	3.14	3.70	3.95	3.95	4.25	3.81	3.81	3.81	3.81
Pathways (miles)	0.88	2.45	3.01	3.01	6.25	6.25	11.86	11.86	11.86	11.86
Parks (count)	4	4	6	6	6	7	7	7	7	7

Source: Finance Department and Public Works Department

TOWN OF BLUFFTON, SOUTH CAROLINA
MUNICIPAL FINES, ASSESSMENTS AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2015

Fines and Fees Collected	\$ 246,676
Assessments Collected	\$ 226,585
Surcharges Collected	\$ 94,875
Assessments Collected for Victim Services	\$ 28,390
Surcharges Collected for Victim Services	\$ 7,220
Total fines, assessments and surcharges collected	<u>\$ 603,747</u>
Fines and Fees retained by the Town	\$ 235,596
Assessments retained by the Town	\$ -
Surcharges retained by the Town	\$ -
Assessments for Victim Services retained by the Town	\$ 28,390
Surcharges for Victim Services retained by the Town	\$ 7,220
Total fines, assessments and surcharges retained by the Town	<u>\$ 271,206</u>
Fines and Fees remitted to State Treasurer	\$ 11,080
Assessments remitted to State Treasurer	\$ 226,585
Surcharges remitted to State Treasurer	\$ 94,875
Total fines, assessments and surcharges remitted to State Treasurer	<u>\$ 332,541</u>

Note: This schedule is required by SC 14-1-208E and is an annual reconciliation of amounts collected and remitted to State Treasurer on the State Treasurer's monthly remittance form.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the Town of Bluffton, South Carolina (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that might be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KRT CPAs P.C.

Savannah, Georgia
December 22, 2015

Tel 912-232-0475 Fax 912-232-0478

6600 Abercorn Street, Suite 200 | Savannah, GA 31405 | P.O. Box 16149 | Savannah, GA 31416 | krtcpa.com