



Town of Bluffton, South Carolina

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year End June 30, 2012



In This Report

A Message from the Director	3	Education News.....	14
A Bluffton “State of Mind”	4	What’s Happening Around Town.....	15
Organizational Chart	6	2012 Financial Highlights	16
Awards and Accolades	7	Where Our Money Comes From.....	18
Elected Officials	8	Where Your Money Goes.....	19
Town Council Priorities	9	Assets and Liabilities	20
Government Services.....	10	Outstanding Bonds	21
Bluffton Tourism.....	12	Revenues vs. Expenditures.....	22
Bluffton Business News.....	13	Federal Grants in Action.....	23



Demographic and Economic Statistics

Population Statistics

Population	12,530 ⁽¹⁾
% Male.....	48.9% ⁽¹⁾
% Female	51.1% ⁽¹⁾
% with Bachelor’s degree or higher	33.2% ⁽¹⁾
Median age.....	32.7 Years ⁽¹⁾
Per capita income	\$27,247 ⁽²⁾
Median family income.....	\$64,000 ⁽²⁾
Average travel time to work in minutes.....	22.9 ⁽²⁾

Unemployment Rate

County	8.7% ⁽³⁾
State	10.3% ⁽³⁾

References

- (1) 2010 Census
- (2) U.S. Census Bureau, 2007—2011 American Community Survey
- (3) Annual Bureau of Labor Statistics



Town of Bluffton Vision 2025

Bluffton 2025 is a beautiful Southern town that is the heart of the Lowcountry. The Bluffton community has an authentic historic district, celebrates the May River and respects the Bluffton character.

Bluffton is a community of livable neighborhoods and has unique community destinations. Bluffton residents enjoy an active lifestyle and opportunities to have fun.



A Message from the Director

To the Citizens of the Town of Bluffton:

I am pleased to present to you the Town of Bluffton's (the Town's) Popular Annual Financial Report for the fiscal year ended June 30, 2012. This report is intended to increase awareness throughout the community of the financial operations of the Town. As such, this report is written in a manner that will summarize and communicate, in a user friendly manner, the Town's financial condition. I am pleased to announce that the Town of Bluffton received the Award of Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association ("the GFOA") for our first Popular Annual Financial Report prepared for Fiscal Year Ended June 30, 2011.

In addition to providing financial information, it is important to demonstrate what makes Bluffton a great place to live and work. Bluffton's "State of Mind" uniqueness contributes to a variety of community events and destinations. It is important for us to demonstrate the role the Town government is playing in supporting these activities.

Financial information within this report is derived in large part from the Town's 2012 independently audited set of financial statements that are prepared in accordance with generally accepted accounting principles. These audited statements are part of the Town's 2012 Comprehensive Annual Financial Report ("CAFR"). We are proud to say that the Town's CAFR has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for each of the last four years.

I welcome any feedback, comments, or concerns regarding the information included in this report.

Sincerely,

A handwritten signature in blue ink that reads "Shirley A. Freeman".

Shirley A. Freeman
Director of Finance / Administration





A Bluffton “State of Mind”

Bluffton’s “State of Mind” uniqueness contributes to a variety of community events and destinations. The Town hosts festivals throughout the year that celebrate the May River, Gullah Heritage, seafood harvests and other local art and cultural interests. Bluffton supports its active community providing for areas to engage in river sports, nature pathways and parks.

Parks and Leisure Trails

- ▶ Oyster Factory Park
- ▶ Dubois Park
- ▶ Oscar Frazier Park
- ▶ Buckwalter Regional Park
- ▶ Tom Herbkersman Park
- ▶ Pritchard Street Park
- ▶ Buckwalter Place Greenway Trail
- ▶ Linear Park and Leisure Trail
- ▶ MC Riley Sports Complex



Linear Park Leisure Trail

Lowcountry Artists

- ▶ Four Corners Art Gallery
- ▶ Jacob Preston Studio
- ▶ Society of Bluffton Artists
- ▶ Pluff Mud Art
- ▶ Palmetto Bluff Gallery
- ▶ May River Art Gallery
- ▶ The Filling Station Art Gallery
- ▶ Gallery without Walls



Annual Festivals and Events

- ▶ Winter Art Walk
- ▶ Shag & Drag
- ▶ Bluffton Farmer’s Market
- ▶ Bluffton Village Festival
- ▶ Historic Bluffton Arts and Seafood Festival
- ▶ May River Clean-up
- ▶ Hand Me Down Gullah Festival
- ▶ Burning of Bluffton
- ▶ BBQ & Blues Festival
- ▶ Beer & Brats Festival
- ▶ Bluffton International Craft Beer Festival
- ▶ The Turkey Chase 5k
- ▶ Annual Bluffton Christmas Tree Lighting and Light Up the Night Event
- ▶ Bluffton Christmas Parade





The Hargray building at the USC Beaufort Campus

Colleges and Universities

The following post-secondary schools provide educational advancement opportunities to the citizens of Bluffton:

- ▶ The University of South Carolina at Beaufort (USCB)
- ▶ The Technical College of the Lowcountry (TCL)
- ▶ Savannah College of Art and Design (SCAD)

Transportation

Bluffton is located:

- ▶ 15 miles from Interstate Highway 95
- ▶ 26 miles from the Savannah/Hilton Head International Airport
- ▶ 12 miles from the Hilton Head Island Airport

The Palmetto Breeze offers public transit service via nine routes through Bluffton daily.



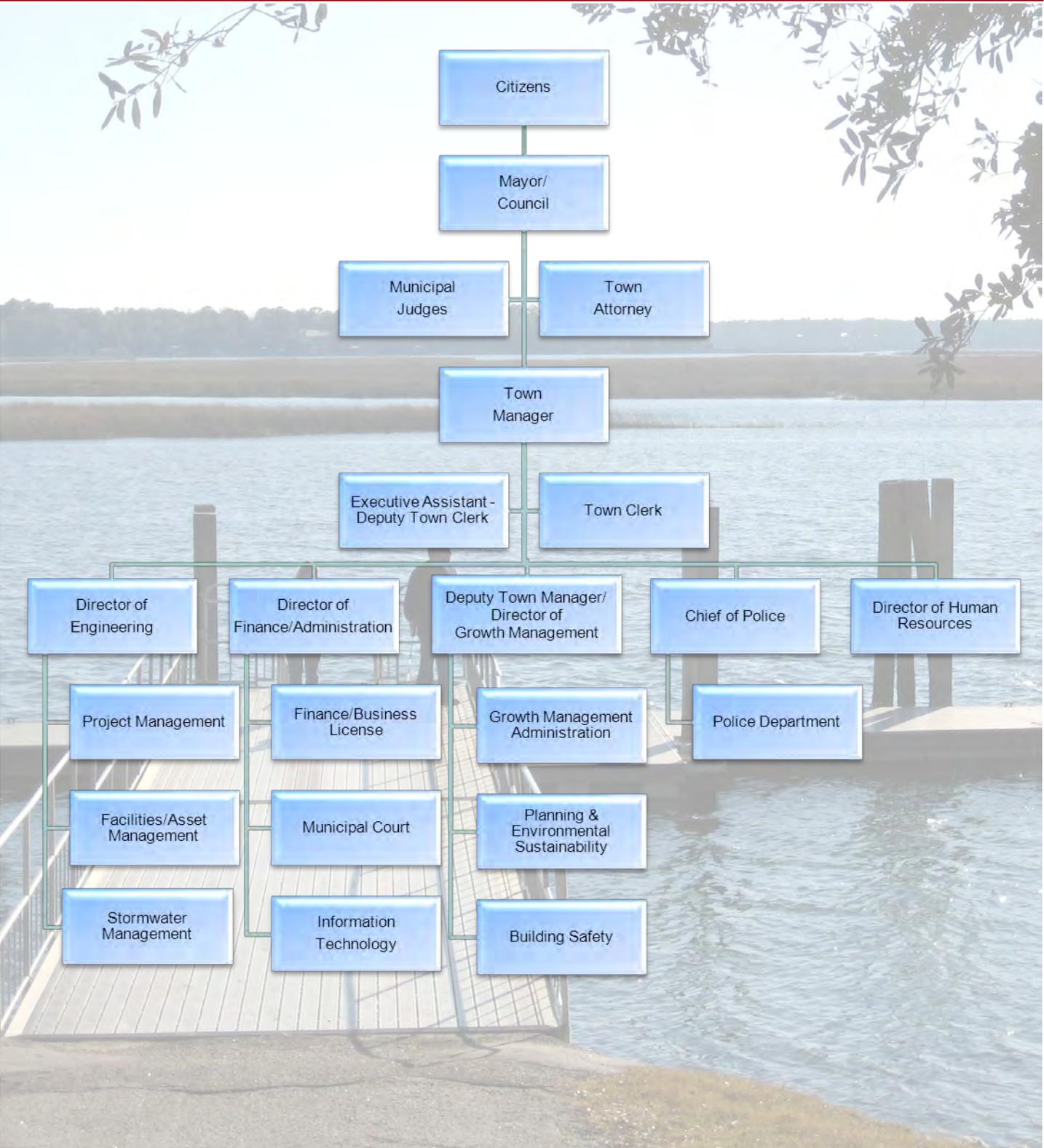
Boat ramp at Oyster Factory Park

About this Report

Although this report is largely derived from the Town's 2012 Comprehensive Annual Financial Report, this report is not prepared in accordance with generally accepted accounting principles ("GAAP"). Information on governmental funds is presented using the current financial resources measurement focus and the modified accrual basis of accounting. The report is presented in a summarized manner, and certain financial statements and note disclosures required by GAAP are omitted. A copy of the Town's audited 2012 CAFR, which is prepared in accordance with GAAP and contains more detailed information, is located at www.townofbluffton.sc.gov/documents/cafr.2012.pdf



Organizational Chart





Awards and Accolades

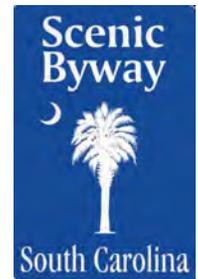
The Bluffton Police Department proudly announced that at the Commission on Accreditation for Law Enforcement Agencies (CALEA) Conference the commission unanimously voted to grant reaccreditation status to the department. This vote marks the high professional standards of the agency and ranks us in the top-tier of law enforcement departments. This award is for three years and will require a re-inspection for continuation at that time.



The Town of Bluffton received its Tree City USA designation. To qualify as a Tree City USA community, a town or city must meet four standards established by The Arbor Day Foundation and the National Association of State Foresters. These four standards include the existence of a Tree Board or Department, a Tree Care Ordinance, a community Forestry Program with an annual budget of at least \$2/capita and an annual Arbor Day Observance and Proclamation. These standards were established to ensure that every qualifying community would have a viable tree management plan and program.



Governor Nikki Haley signed South Carolina Act 116 on February 1, 2012 approving the modification connecting the SC-46 Scenic Byway to the All Joy Road (S-13) Scenic Byway, which are now collectively known as the May River Scenic Byway. Approval of this Act officially adds Bridge Street and Boundary Street to the South Carolina State Scenic Byway network. This new Scenic Byway network stretches from the Jasper County line, continues through Old Town Bluffton, and concludes at the end of All Joy Road at Brighton Beach on the May River.



The Town's Finance Department is a proud recipient of the Distinguished Budget Presentation Award, the Certificate of Achievement for Excellence in Financial Reporting Award and the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (GFOA). These attainments represent significant accomplishments by the Town, financial staff and management and signify the highest standards for preparation of budget and financial reports.



The Town of Bluffton received the 2012 Palmetto Forum Affordable Housing Achievement Award in the Housing Development Category for the Wharf Street Redevelopment Project Development from the South Carolina State Housing Finance and Development Authority. The focus of the Palmetto Affordable Housing Forum was on restoration and revitalization in the affordable housing industry and the award was given for projects that exemplify innovation, best practices and excellence.





Elected Officials

The Town of Bluffton was incorporated in 1852. The Town operates under a Council–Manager form of government. Town Council is composed of a Mayor and four Council Members. Mayor and Council members serve staggered four-year terms. The at-large elections are non-partisan and as of June 30, 2012 there were approximately 6,900* registered voters on the rolls.

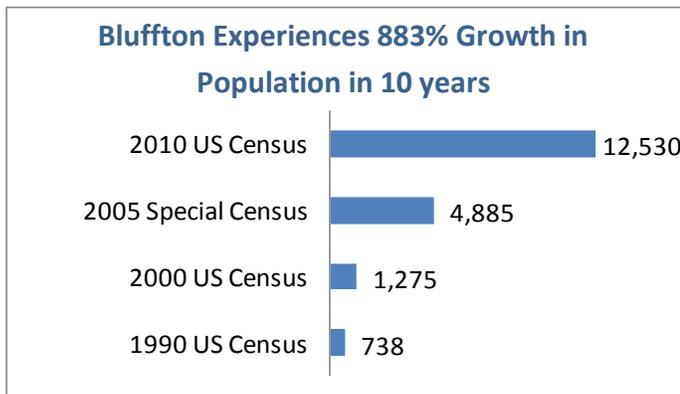


Pictured from left: Councilman Michael Raymond, Councilwoman Karen Lavery, Mayor Lisa Sulka, Mayor Pro Tem Oliver Brown, and Councilman Ted Huffman.

Town Council is responsible for setting millage rates during the annual budget process prior to the start of each fiscal year. The property tax rate was 49 mills in the year 2000 but has decreased to 38 mills in recent years due in large part to the Town’s increased population and property development.

FY 2012 Fact	Figure
Town Property Tax Rate:	\$35.70/\$1,000 TAV
Town Bonded Debt Tax Rate:	\$2.30/\$1,000 TAV
Total County –Wide Property Tax Rate:	\$226.30/\$1,000 TAV
Town Share of Total:	17%
Total Annual Budget:	\$14,535,480
Employees:	97 FTEs
Outstanding Debt:	\$17,905,087

TAV—Taxable Assessed Value
FTEs—Full-time Equivalents



Shrimping boat docked at Oyster Factory Park

* Per Beaufort County’s Board of Elections and Registration



Town Council Priorities

Town Council adopted the following Goals by 2017 and Priorities for 2012 during their Spring of 2012 Strategic Planning Session:

Goal 1: Regional Economic Center with Diverse Economy

- ▶ Develop and Implement an Economic Development Policy
- ▶ Expand Partnership with Chamber of Commerce(s)
- ▶ Explore Buckwalter Place/Tech Park Multi-County Industrial Park Revenue Base for Infrastructure Projects



Grand Opening of the Don Ryan Center for Innovation at Buckwalter Tech Park

Goal 2: Livable, Sustainable Bluffton Communities

- ▶ Buck Island/Simmons ville Sewer Phase 3
- ▶ Development of the Affordable Housing Policy
- ▶ Old Town Master Plan Update
- ▶ Continuation of Buckwalter Place Infrastructure
- ▶ Increase Undergrounding Utilities
- ▶ Progression of Buck Island/Simmons ville Neighborhood Plan
- ▶ Development of a Tree and Reforestation Policy

Goal 3: Celebrate the May River

- ▶ Stoney Creek Wetlands Restoration
- ▶ Continuation of the Next Phase of Development of Oyster Factory Park



Red Cedar Elementary Student on a nature walk along the May River

Goal 4: Town Government: Excellent Services, Financially Responsible

- ▶ Hiring a Public Information Officer
- ▶ Identification of Welcome/Visitor Center
- ▶ Development of an Employee Compensation Policy
- ▶ Millage: Direction
- ▶ Funding Projections for Future Capital Projects
- ▶ Development of a Reserve Policy for Equipment Replacement

Goal 5: Upgraded Town Infrastructure and Facilities

- ▶ Bluffton Parkway Phase 5B
- ▶ Direction for Future Use of Area Ball fields
- ▶ Buck Island/ 46 Intersection



Tree Canopy at Oyster Factory Park



Government Services

Town government must ensure that adequate services are being provided to Town residents and businesses in order to maintain its economy. A large portion of the Town's budget provides for police and municipal court, building safety, community development and growth management, stormwater management and capital projects.



Police and Municipal Court

The Police Department is responsible for:

- ▶ Protection of life and property
- ▶ Enforcement of criminal and traffic law
- ▶ Prevention of crime

Municipal Court's mission is to provide an unbiased environment for citizens needing judicial services in an efficient and timely manner.



Facilities and Asset Management

The Building and Grounds & Facilities / Asset Management Group is responsible for the maintenance of:

- ▶ Roads and Town facilities
- ▶ Stormwater drainage and equipment

Both groups assist Town staff with requests from citizens, capital projects and special events.

Building Safety and Growth Management

The Building Safety Department is responsible for the management and coordination of the building permitting process including E911 addressing.

Building permitting and inspection processes promote consistency and quality in the regulatory process.

The department is responsible for providing information and seminars to the building community and general public regarding building safety and construction codes.

This division also provides emergency operations and Town disaster recovery planning.





Stormwater Management and Environmental Initiatives

In response to public demand, the Town of Bluffton, with Beaufort County and stakeholders, committed to take action to protect shellfish harvesting in the May River. Following the US EPA guidelines, Town staff worked with consultants, Beaufort County, topic experts and local residents to develop the May River Watershed Action Plan, which was adopted by Town Council in November 2011.

The May River Watershed Action Plan:

- ▶ Provides a strategy for assessing problems and implementing solutions to restore shellfish harvesting in the May River.
- ▶ Provides a strategy for assessing and implementing preventative measures to protect the May River from future degradation.
- ▶ Identifies opportunities for land purchase, conservation easement purchase, and public, private and public/private opportunities for retrofit projects.



The Town of Bluffton, its Citizens, and Town Officials were acknowledged by the South Carolina General Assembly and the South Carolina House of Representatives with Resolutions adopted in March 2012. The Resolutions recognize and honor the Town of Bluffton, its Citizens, and Town Officials for their vision that has produced past and continued efforts to protect the history, culture, and natural resources of the community and surrounding area and that sets the highest standards in providing sustainable growth for the future including its adoption of the May River Watershed Action Plan.



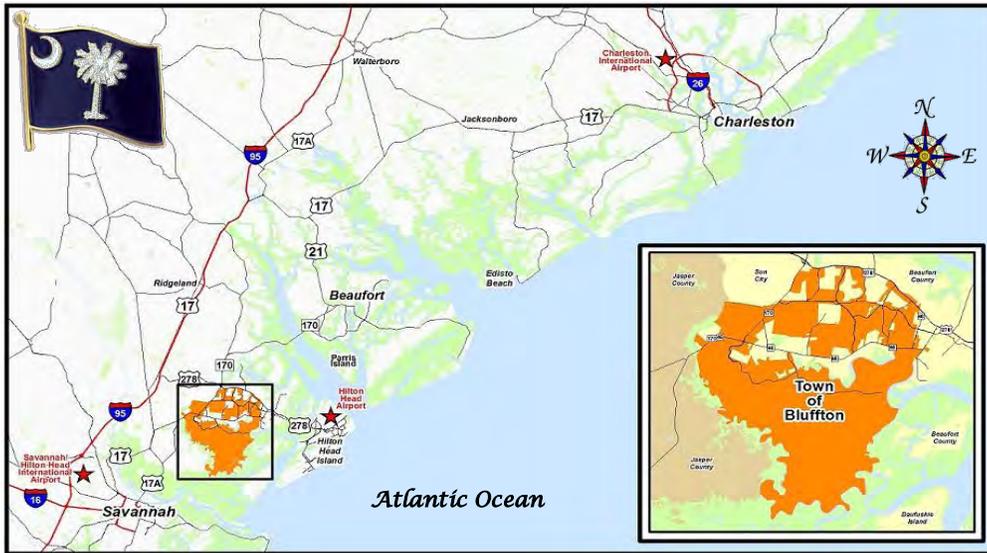
Utilizing over \$35,000 in Clean Water Act Section 319 Grant Funds the Town was able to assist citizens with over 100 Septic System repairs in 2012 preventing overflow from entering the May River.



Over 200 volunteer residents, town staff, and elected officials participate in two community clean-up events each year. These events help to prevent trash from entering the pristine May River. The day includes environmental education spotlights from University of South Carolina at Beaufort students and staff as well as participation from area vendors.



Bluffton Tourism



As depicted in the map to the left, the Town of Bluffton is located in Beaufort County, a southern coastal county in South Carolina. Bluffton is located just 12 miles west of Hilton Head Island, SC approximately 20 miles northeast of Savannah, GA, 25 miles southwest of Parris Island, and 90 miles southwest of Charleston, SC.

Hilton Head Island is home to one of golf's greatest traditions, South Carolina's only PGA Tour event, the RBC Heritage is sponsored by the Royal Bank of Canada and presented by Boeing typically the week following the Masters.



year, Savannah's St. Patrick's Day traditions are steeped in the area's rich Irish heritage.

Parris Island is one of the most visited military facilities in the world, hosting more than 120,000 visitors a year. This translates into a significant economic impact for surrounding communities. Most visitors come to attend the recruit Graduation Ceremony. Visitors to these and other area events can find lodging, dining, tours and attractions in nearby Bluffton.



The St. Patrick's Day celebration in Savannah, Georgia is the city's largest annual celebration and the second largest St. Patrick's Day gathering in the United States. Attracting roughly 400,000 Irish and honorary Irish visitors and local celebrators each



The Town of Bluffton is home to the award winning Inn at Palmetto Bluff :

- ▶ One of only four properties in South Carolina to receive a 2012 Five Diamond rating from AAA.
- ▶ It has received the Forbes Travel Guide Four Star Award for 2012.
- ▶ U.S. News and World Report ranked it the top hotel in the U.S.
- ▶ Conde Nast Traveler rated it the 17th best hotel worldwide.



The Inn at Palmetto Bluff

The Inn was developed by Charlotte-based Crescent Resources and is managed by Auberge Resorts. It is in the Palmetto Bluff planned community in Bluffton and features 50 cottage-style suites, a Jack Nicklaus Signature golf course and amenities such as horseback riding, kayaking and nature preserves.



Bluffton Business News



A 35,000 square foot Family Entertainment Center, Station 300- www.station300.com, featuring the most advanced technology available opened in early 2012. This state-of-the-art Family Entertainment Center not only serves as the area’s social and entertainment hub, but also involves a software development component. The new technology will be implemented first in the Bluffton Family Entertainment Center and then be commercialized and sold across the world to other Family Entertainment Centers.

The Don Ryan Center for Innovation is a Public-Private venture supported by the Town of Bluffton, Clemson University, CareCore National and the Buckwalter Tech Park along with other area businesses to support new technology company formations and business development in Bluffton, SC.

Get your idea there faster.

DON RYAN
CENTER FOR INNOVATION

Logos at the bottom: ARxChange, ISS Group, bottlesUp, green bug, SURFACE SCIENTIFICS, JESTER, NUTRI FUSION.

The Clemson program, Building the Technology Village, is exclusive to Bluffton and 4 other communities across South Carolina. The Center’s method of operation with innovators is to supply them with consulting, business planning resources, and space to enable them to accelerate growth. Additionally, the program assists innovators with identifying potential funding resources and preparing funding requests.

The 10 Largest Employers Located in the Town

- ▶ Beaufort County School District (Bluffton Only)
- ▶ CareCore National, LLC
- ▶ The Inn at Palmetto Bluff
- ▶ Hargray Communications
- ▶ Publix Supermarkets
- ▶ The Kroger Company
- ▶ Town of Bluffton
- ▶ Bluffton Township Fire District
- ▶ Outback Steakhouse
- ▶ Jim N Nicks BBQ



Education News



Ten years ago, the Town of Bluffton had one elementary school. Today we are proud to claim one high school, two middle schools and five elementary schools. In 2012, 86.5 percent of Bluffton High School students passed the high school exit exam on their first attempt, up from 72 percent in 2009. That's the best performance of any high school in the district and considerably better than the state average of 80 percent. Of eight schools in the district rated Excellent on 2012 School Report Cards from the South Carolina

Department of Education, three were Bluffton schools (Okatie Elementary, Pritchardville Elementary and Bluffton High). The other five were all rated Good, therefore all Bluffton schools were rated either Good or Excellent.



Beaufort County is a past receipt of America's Promise Alliance's *100 Best Communities for Young People* for its comprehensive menu of initiatives to help young people. The

national competition recognizes communities across the country that focus on reducing high school dropout rates and providing service and support to youth.



HE McCracken Middle School Students participating in the 2012 Beach Sweep River Sweep event

Pritchardville Elementary School has earned a prestigious national certification for its energy-efficient and environmentally friendly design and construction. Students completed the installation of a plaque at the school's entrance designating its certification as LEED-Silver by the U.S. Green Building Council. LEED (Leadership in Energy and Environmental Design) is an elaborate and demanding process that has become the industry standard by which sustainable and environmental construction programs are measured. LEED for Schools measures building performance in six key areas: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality and innovation in design.





What's Happening Around Town

Fiscal Year 2012 was another busy year for the Town of Bluffton and its citizens. The Town completed work on two major parks, installed Old Town wayfinding signage, took new steps to protect the May River, a prominent citizen was recognized by the President of the United States and one of our local farmers markets was nationally recognized!



Ida Martin, founder of Bluffton Self Help was one of 12 citizens awarded the Presidential Citizens Medal by President Barack Obama in October of 2011 for her volunteer work within the Bluffton community. The award recognizes Americans who have “performed exemplary deeds of service for their country or fellow citizens”. It is one of the highest civilian awards in the U.S.



The Town of Bluffton’s watershed-based overhaul of the Unified Development Ordinance made it possible to

work with local developer, Crescent Resources, to permanently transfer a minimum of 1,300 residential dwelling units from the headwaters of the May River in Palmetto Bluff. Transferring this density prevents approximately 146 acres of impervious surfaces (i.e. roofs, concrete roads and driveways), and its resulting runoff pollutants from entering the headwaters of the May River.



The Preserve America Grant was utilized by the Town for the installation of wayfinding signage in Old Town Bluffton. The Town installed signs for a unified interpretive signage system that includes large directional signs, kiosk signs, street signs, and pedestrian oriented directional signage throughout Old Town.



The Bluffton Farmers Market was ranked 4th in the state of South Carolina and 19th nationwide in

Work was completed in FY 2012 on a new pavilion in Oyster Factory Park and seating areas, hardscape and landscaping within Dubois Park in Old Town. When you visit these parks, take your laptop or smartphone with you and connect to the Internet using our new wireless hotspots!



the midsize market division by American Farmland Trust. The AFT’s America’s Favorite Farmers Markets™ contest’s purpose is to raise national awareness about local farmers markets, the role they play in supporting local farms, and the need to protect America’s farmland.



2012 Financial Highlights

The previous sections of this document provided information on what is happening in our Town. The remainder of this document will provide readers with the Town's financial information for the fiscal year ended June 30, 2012.



The Heyward House and Bluffton Welcome Center circa 1840

A Successful Year

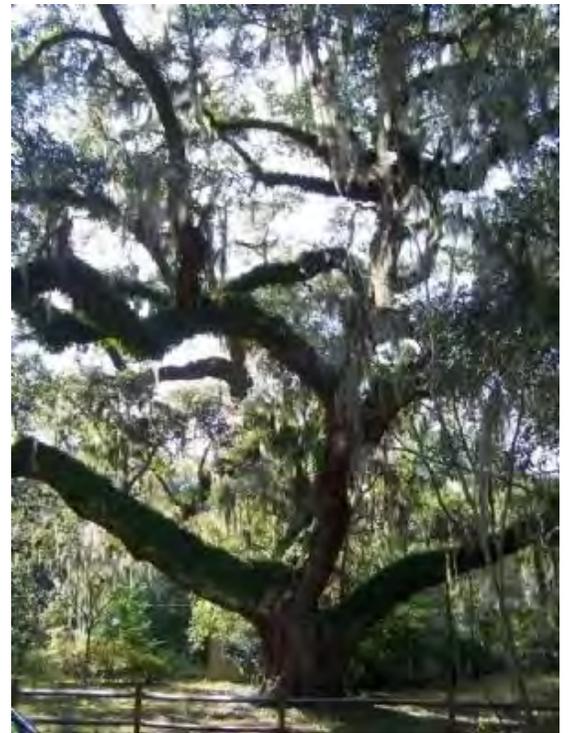
- ▶ The General Fund (the chief operating fund of the Town) had revenues in excess of expenditures (net change in fund balance) in the amount of \$462,620 during the fiscal year.
- ▶ At the end of the fiscal year the General Fund had a total fund balance of \$5,211,591 of which \$2,520,528 was unassigned or unrestricted. As a measure of the General Fund's liquidity, this results in 50% and 24% respectively of the year's total General Fund expenditures (\$10,453,363).
- ▶ The Town completed the majority of the work on phase two of the Buck Island—Simmonsville sewer project using a Community Development Block Grant. This project brought sewer service to 39 new households and 130 citizens.
- ▶ The Town completed work on the Wharf Street Redevelopment Project with the assistance of the Neighborhood Stabilization Program and HOME Grants. This project built six affordable cottage-style homes within the Old Town.
- ▶ The number of businesses licensed in the Town increased by approximately 15% in the current fiscal year. As of June 30, 2012 there were 2,263 businesses licensed by the Town of Bluffton.



Streetscape at the Calhoun Street Promenade

The Challenges Ahead

- ▶ **Sustainable Neighborhoods**—Sustainable planning helps to safeguard the environment and spur economic development while also improving citizen’s health.
- ▶ **Fund Balance Reserves**—The Town strives to maintain service levels and adequate fund balance reserves through the adoption of financial policies. Financial policy standards were all met again in FY 2012.
- ▶ **Infrastructure Maintenance**—Appropriately funding public assets and infrastructure as to not accumulate deferred maintenance costs. In FY 2012 the Town initiated a Equipment Replacement Reserve to help alleviate the costs of future vehicle replacements.
- ▶ **Economic Development**—Attracting and retaining businesses and adopting additional economic development strategies will continue to be a top priority in FY 2013.



The first South Carolina secession movement began in Bluffton under what is now known as the Secession Oak tree, led by R. Barnwell Rhett on July 31, 1844.



Where Our Money Comes From

Like all governments, the Town pays for the services it provides to its citizens and businesses from various sources, referred to as revenue, such as various taxes, grants and charges for services.

The General Fund

When assessing the financial results of the Town, it is important that we focus on the Town’s General Fund. The General Fund is the general operating fund of the Town and supports the regular day-to-day operations of the Town. It is used to account for all revenues and expenditures of the Town, except for those required to be accounted for in another fund. Below are the details of where the Town’s revenues come from:



* Licenses & Permits		
	2012	2011
Franchise Fees	\$ 1,250,200	\$ 1,202,270
Business Licenses	1,107,572	1,031,663
MASC Insurance Tax Collections	984,755	803,738
MASC Telecommunications	89,175	88,262
Building Permits	576,706	532,291
Municipal Improvemt. Dist. Fees	150,300	159,300
Administrative Fees	50,646	94,646
Fee in Lieu of Developer Fees	21,146	90,000
Application Fees	37,328	21,999
Total	\$ 4,267,828	\$ 4,024,169

Licenses and Permits

Major sources of revenues from licensing and permitting are as follows:

- ▶ Franchise Fees—Revenues resulting from any utility franchise fees paid to the Town including gas, electric, and cable.
- ▶ Business Licenses—Revenues collected for all businesses licensed in the Town.
- ▶ Municipal Association of South Carolina (MASC) Telecommunications and Insurance Tax—Revenues collected by MASC for the Town pursuant to the Telecommunications Act of 1999 and insurance and broker’s tax.
- ▶ Building Safety Permits—Revenues from building permitting and inspection fees collected for residential and commercial development.
- ▶ Municipal Improvement District Fees—Revenues paid per dwelling unit in the Jones, New Riverside, and Buckwalter Tracts upon initial building permit application.



Where Our Money Goes



Tom Herbkersman Park in Old Town Bluffton

Once the Town receives taxes and other revenues, the monies must be spent efficiently to provide services to the citizens and businesses of the Town. As this section will further detail, the Town provides a variety of services to its residents and businesses.

Once again, because the General Fund finances the regular day-to-day operations of the Town, this will be our primary focus.

During the year ended 2012, the Town expended its funds as shown below. The per capita amounts represent the amount that the Town expended on each type of service per resident while the aggregate represents the total amount spent.

The expenditures shown below are classified by the type of service provided. Below is a summary of the function and departments reported within the pie chart.

Administrative expenditures include the costs of all elected officials and the Executive, Human Resources, Finance, Information Technology Departments and other Town-wide costs.

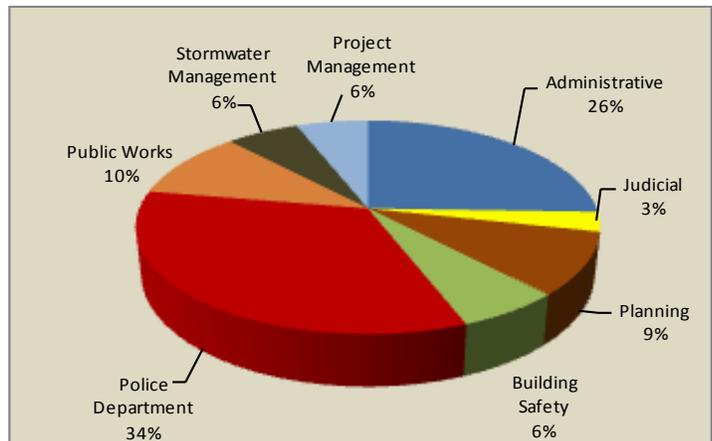
Judicial expenditures include the costs of Municipal Court and Judges.

Planning expenditures include the costs of Growth Management and the Planning & Environmental Sustainability Department.

Public Works expenditures include the costs of the Facilities/Asset Management Department.

The remaining functions represent actual individual departments within the Town.

Expenditures Per Capita		
	Total \$s	Per Capita
Administrative	\$ 2,665,811	\$ 213
Judicial	310,176	25
Planning	990,387	79
Building Safety	649,635	52
Police Department	3,505,718	280
Public Works	1,084,895	87
Stormwater Mgmt.	628,031	50
Project Mgmt.	618,710	49
Total	\$ 10,453,363	\$ 834





Assets and Liabilities

So far we have focused on where the Town's money comes from and where the Town's money goes. This focus is beneficial in understanding the flow of current financial resources. When we look at the overall financial condition of the Town, it is better to use the full accrual basis of accounting, which is similar to the basis of accounting used in the private sector. This allows us to consider all assets, liabilities, revenues and expenses of the Town.

The following schedule is intended to show the difference (defined as net assets) between the Town's total assets and the Town's total liabilities as of June 30, 2012. The Statement of Net Assets reflects a healthy financial condition.

Net Assets	
Our Assets—What We Have	
Unrestricted current assets consisting mainly of cash and amounts owed to the Town	\$ 7,285,461
Restricted current assets consisting entirely of cash	4,123,652
Noncurrent Assets	828,796
Capital assets consisting primarily of land, buildings, equipment and vehicles	26,310,414
Total Assets of the Town	\$38,548,323
Our Liabilities—What We Owe	
Current liabilities consisting of all the amounts the Town owes and expects to pay in FY 2013 except for bonds	\$ 1,051,688
Amounts the Town owes and expects to pay after 2013, except for bonds	625,167
Amount of bonds payable	17,737,087
Total Liabilities of the Town	\$19,413,942
Net Assets	\$19,134,381

The assets of the Town exceeded its liabilities at the close of the fiscal year by \$19,134,381 (net assets). Of this amount, \$5,203,006 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens and creditors. Portions of the restricted net asset amount are designated for future capital improvements, tourism projects and related support, debt service and other designated purposes.



Outstanding Bonds

A major liability of the Town is the amount of outstanding general obligation and revenue bonds. The Town's total bond issuances outstanding as of June 30, 2012 equal approximately \$17.7 million dollars. The Town maintains a bond rating of Aa2 from Moody's and a AA- from Standard and Poor's rating agencies. Rating agencies assess the credit quality of municipal bond issues and assign a credit rating based on their analysis. Both agencies stated the high ratings reflect the growth in the Town's tax base in recent years and a healthy financial position supported by fiscal policies, professional management and modest debt as shown in the bonds per capita results below.

Bonds					
(in thousands)	2008	2009	2010	2011	2012
General Obligation Bonds					
Beginning balance	\$ 80	\$ 60	\$ 40	\$ 20	\$ 6,500
Debt issued during the year	-	-	-	6,500	-
Principal repaid during the year	(20)	(20)	(20)	(20)	-
Ending Balance	\$ 60	\$ 40	\$ 20	\$ 6,500	\$ 6,500
TIF Revenue Bonds					
Beginning balance	\$ 14,000	\$ 14,000	\$ 13,450	\$ 12,875	\$ 11,870
Debt issued during the year	-	-	-	11,870	-
Principal repaid during the year	-	(550)	(575)	(12,875)	(630)
Ending Balance	\$ 14,000	\$ 13,450	\$ 12,875	\$ 11,870	\$ 11,240
Total Outstanding Bonds	\$ 14,060	\$ 13,490	\$ 12,895	\$ 18,370	\$ 17,740
Outstanding Bonds per Capita	\$ 2,878	\$ 2,762	\$ 1,029	\$ 1,466	\$ 1,416



Heyward Cove opens to the May River in the Old Town District of Bluffton



Revenues vs. Expenditures

The table below summarizes the revenue and expenditure activity of the Town’s General Fund. The Town’s revenues covered service expenditures as well as limited debt and capital outlay expenditures.

The General Fund	
Revenues of the Town (including other financing sources)	\$ 10,915,983
Expenditures of the Town to provide services	(9,864,899)
Excess Revenues	\$ 1,051,084
Debt Service Expenditures	(40,769)
Capital Outlay Expenditures	(547,695)
Excess Revenues	\$ 462,620

The Town maintains a separate Capital Improvement Program Fund to account for the financial transactions and resources used by the Town for the acquisition or construction of major capital projects. The table below lists the capital projects and related expenditures that the Town incurred during fiscal year 2012.

The Capital Improvements Program Fund	
Beginning Fund Balance	\$ 2,935,729
Capital Improvements Program Revenue	1,214,803
Capital Expenditures by Project:	
Bluffton and Buckwalter Parkways	(750,000)
May River Road/ Bruin Road Streetscape	(306,025)
Old Town Signage	(89,350)
Oyster Factory Park	(187,702)
Dubois Park	(155,102)
Buck Island / Simmonsville Sewer	(693,314)
Wharf Street Redevelopment Project	(750,441)
Buck Island / Simmonsville Sidewalk & Lighting	(75,428)
Other Projects	(167,396)
Funding transfers from other Funds	600,597
Ending Fund Balance	\$ 1,576,371



A quiet tree lined gravel pathway in Bluffton



Church of the Cross circa 1857

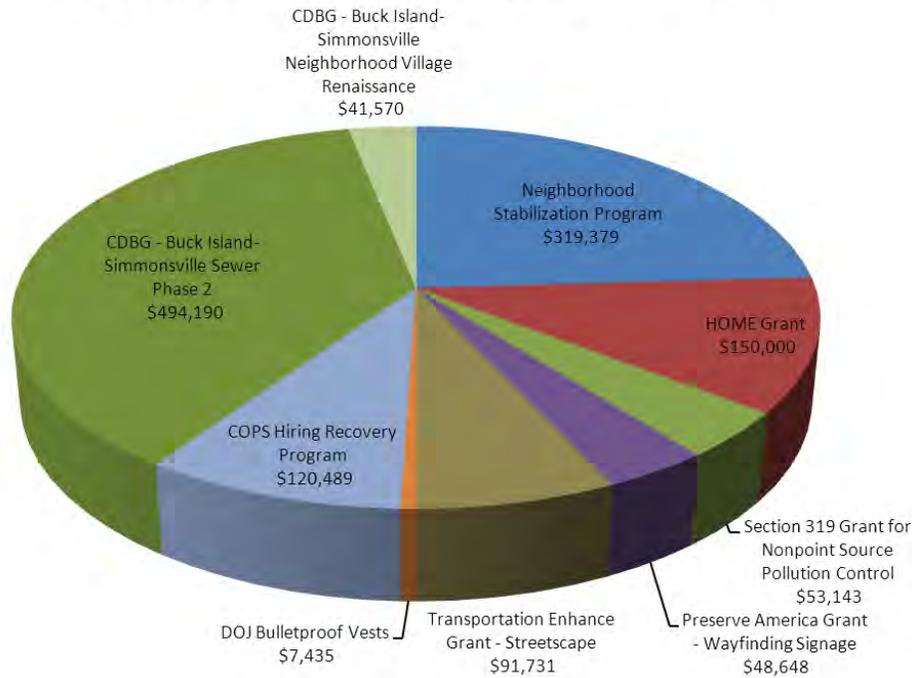


Oyster shell recycling for the population of future oyster harvests.



Federal Grants in Action

FY 2012 Grant Reimbursements - \$1,326,585



As depicted in the graph above during FY 2012, the Town received \$1,326,585 in federal grant funds . Under the terms of the grant agreements, the Town must use the grant revenue to fulfill a specific purpose. As such, the Town’s discretionary use of grant awards is limited, as all grant monies received must be used to fulfill the grant’s purpose.

The Town received and expended grants related to the Housing and Economic Recovery Act (HERA) for the Wharf Street Redevelopment Project, American Recovery and Reinvestment Act of 2009 (ARRA) for community policing services, Community Development Block Grants (CDBG) for sewer projects, as well as funds for parks and recreation, streetscape improvements and way finding signage from other sources during the fiscal year.



Wharf Street Redevelopment Project



Additional copies of this report may be obtained by contacting:

The Town of Bluffton
Attn: Finance Department
20 Bridge Street
Bluffton, SC 29910
(843)706-4545

In addition, this report is available at:

www.townofbluffton.sc.gov/documents/pafr.2012.pdf

