



Town of
BLUFFTON
South Carolina



Photo courtesy of Brett Lance Photography

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

bluffton
HEART OF THE LOWCOUNTRY™

www.TownofBluffton.sc.gov

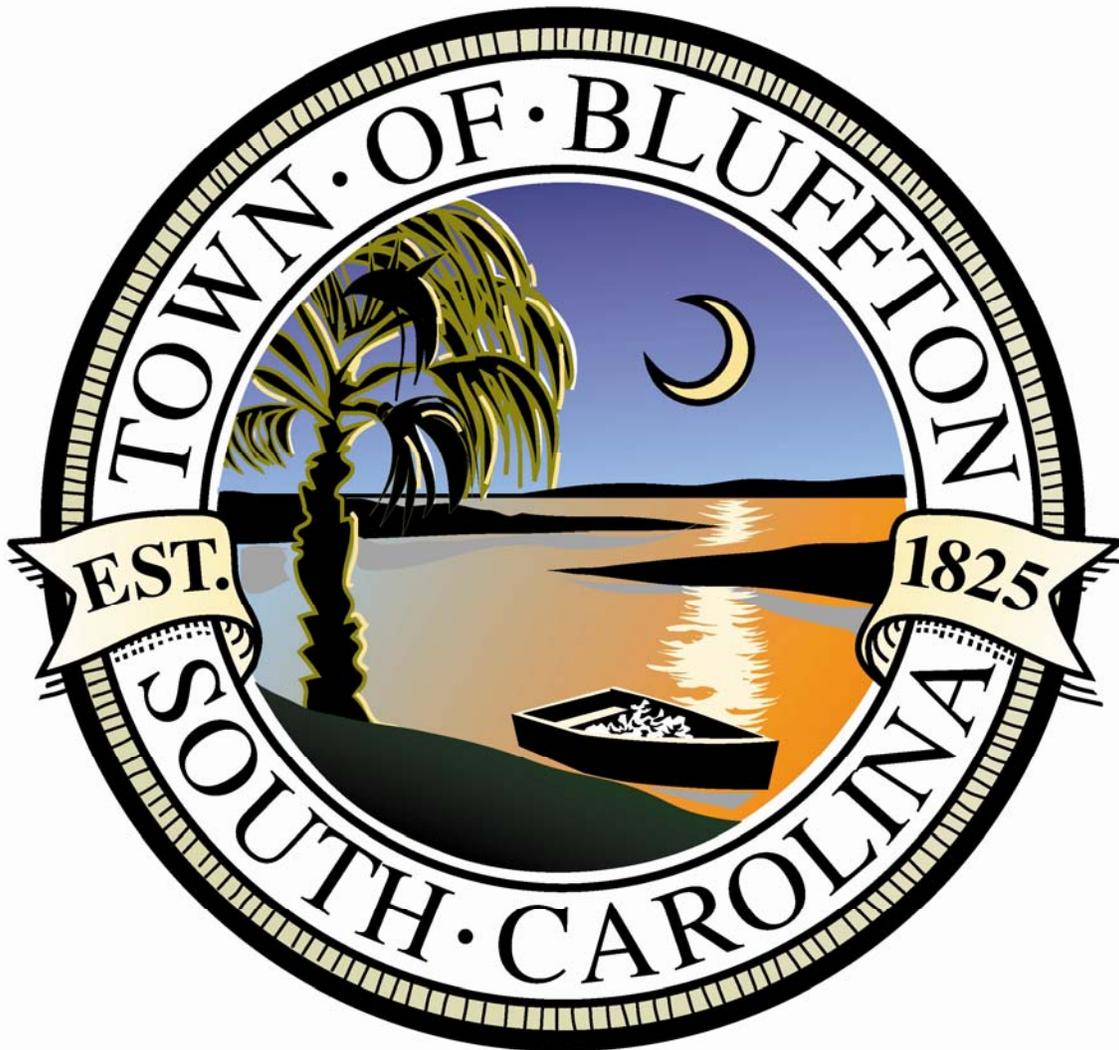
**TOWN OF BLUFFTON,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

For the Year Ended June 30, 2019



Prepared by:
Finance Department

Vickie Isaacs
Interim Director of Finance & Administration

TOWN OF BLUFFTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

TRANSMITTAL LETTER.....	i – iv
PRINCIPAL OFFICIALS.....	v
ORGANIZATIONAL CHART.....	vi
GFOA CERTIFICATE OF ACHIEVEMENT.....	vii

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4 – 15

FINANCIAL STATEMENTS:

Government-wide Financial Statements

Statement of Net Position.....	16
Statement of Activities.....	17

Fund Financial Statements

Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis General Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis Stormwater Fund.....	23
Notes to Financial Statements	24 – 54

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System	55
Schedule of Proportionate Share of the Net Pension Liability – Police Officers Retirement System	55
Schedule of Contributions – South Carolina Retirement System.....	56
Schedule of Contributions – Police Officers Retirement System	56

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds.....	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	58
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual GAAP Basis – General Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual GAAP Basis – Capital Improvement Program Fund.....	60

TOWN OF BLUFFTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

FINANCIAL STATEMENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual GAAP Basis – Debt Service Fund.....	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual GAAP Basis – Stormwater Fund.....	62

STATISTICAL SECTION

Statistical Information:

Schedule 1: Net Position by Component.....	63
Schedule 2: Changes in Net Position	64
Schedule 3: Program Revenues by Function/Program.....	65
Schedule 4: Fund Balances, Governmental Funds	66
Schedule 5: Changes in Fund Balances, Governmental Funds.....	67
Schedule 6: Tax Revenues by Source, Governmental Funds	68
Schedule 7: Assessed Value and Estimated Actual Value of Taxable Property	69
Schedule 8: Direct and Overlapping Property Tax Rates	70
Schedule 9: Principal Property Tax Payers.....	71
Schedule 10: Property Tax Levies and Collections.....	72
Schedule 11: Direct and Overlapping Sales Tax Rates.....	73
Schedule 12: Ratios of Outstanding Debt by Type	74
Schedule 13: Ratios of General Bonded Debt Outstanding	75
Schedule 14: Direct and Overlapping Governmental Activities Debt.....	76
Schedule 15: Legal Debt Margin Information.....	77
Schedule 16: Pledged Revenue Coverage	78
Schedule 17: Demographic and Economic Statistics	79
Schedule 18: Principal Employers	80
Schedule 19: Full-Time-Equivalent Town Government Employees by Function/Program	81
Schedule 20: Operating Indicators by Function/Program	82
Schedule 21: Capital Asset Statistics by Function/Program.....	83

SUPPLEMENTAL SECTION

Municipal Schedule of Court Fines, Assessments and Surcharges.....	84 and 85
--	-----------

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL

REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT

OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH

<i>GOVERNMENT AUDITING STANDARDS</i>	86 and 87
--	-----------

SCHEDULE OF FINDINGS AND RESPONSES.....	88
---	----

Lisa Sulka
Mayor

Larry Toomer
Mayor Pro Tempore

Marc Orlando
Town Manager



Council Members
Fred Hamilton
Harry Lutz
Dan Wood

Kim Chapman
Town Clerk

December 3, 2019

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, 2019.

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 Mauldin & Jenkins, LLC. Based upon their independent audit, an unmodified opinion was rendered for the Town's financial statements for the fiscal year ended June 30, 2019. 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 Independent Auditor's Report.

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, South Carolina 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 other members. Members of Council are elected for a term of four years. The 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 the 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. The 2010 Census shows Bluffton had approximately 12,893 citizens compared to 1,275 in the 2000 Census. The estimated population today is over 23,000 residents.

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, 2019, the building industry remains strong with 828 new single-family housing permits issued and a stable revenue stream for Building Permits and Development Fees of approximately \$2.8 million. The Town issued over 3,600 business licenses, with almost 1,700 of these businesses located within Town limits. Business license revenue increased over last year 8% to approximately \$2.5 million. Contractors represent approximately 17% of in-town businesses. Other predominate in-town businesses include retail, professional services, medical, personal services (beauty and spa services, pet services, event planners and suppliers, photographers, etc.), and restaurants.

The Don Ryan Center for Innovation (DRCI) was a public-private partnership initiated by Clemson University, eviCore Healthcare, and the Town of Bluffton to establish the state's first incubator in a non-metropolitan area of the state. Town Council authorized the merger of the DRCI Incubator and the Bluffton Public Development Corporation (PDC) in late fiscal year 2018 into a single entity known as the Don Ryan Center for Innovation. This merger was approved by the State of South Carolina on July 31,

2017. The DRCI fosters and promotes economic development in six general areas: Business Incubation, Co-working offerings (The HUB), Education & Outreach, Business Attraction, Expansion & Retention, Workforce Development, and Business Startup/Concierge Services. In addition, the DRCI has partnerships with the Beaufort County School District and the Savannah College of Art and Design (SCAD) to promote and teach the foundations of entrepreneurship. The goal is to create a vibrant entrepreneurial business climate within the region. We have graduated to over 30 companies that have created more than 100 new jobs for the region.

Major Initiatives and Revitalization Efforts

Streetscape and lighting projects included May River/Bruin Road, Calhoun Street, Old Town, Mellichamp and Boundary Street, with approximately \$667,000 spent on these projects.

Land acquisition and park improvements during the fiscal year included the completion of the Dog Park, improvements at Oyster Factory Park and the Rotary Community Center, and renovations at 68 Boundary Street and 184 Bluffton Road. And initial work was started on the Wright Family Park. The cost of these projects was approximately \$1.6 million.

The Town embarked on a \$4.7 million Town Hall renovation project that was completed in early 2019. The renovation project included new Council Chambers, Municipal Court, additional office space for twelve employees, new conference rooms, archives, technology and overall workspace enhancements.

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. This year's process encompassed a five-year plan for capital projects.

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. The 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 the Council, the budgetary control is maintained by the Town Manager at the fund level. The 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 seven 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 three 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, Moody's upgraded the Town's bond rating in October 2017 from Aa2 to Aa1, 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, 2018. This was the 11th 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 Cindy Taulbee, Accounting and Risk Manager for the vital role played in the coordination and completion of this project.

Respectfully,



Vickie Isaacs,
Interim Director of Finance & Administration



Town of Bluffton, South Carolina
Elected and Appointed Officials
Year Ended June 30, 2019

Elected Officials

Mayor: The Honorable Lisa Sulka

Council:

Larry Toomer – Mayor Pro Tempore
Fred Hamilton
Harry Lutz
Dan Wood

Appointed Officials

Marc Orlando – Town Manager

Terry A. Finger – Town Attorney
Honorable Clifford Bush, III – Chief Municipal Court Judge

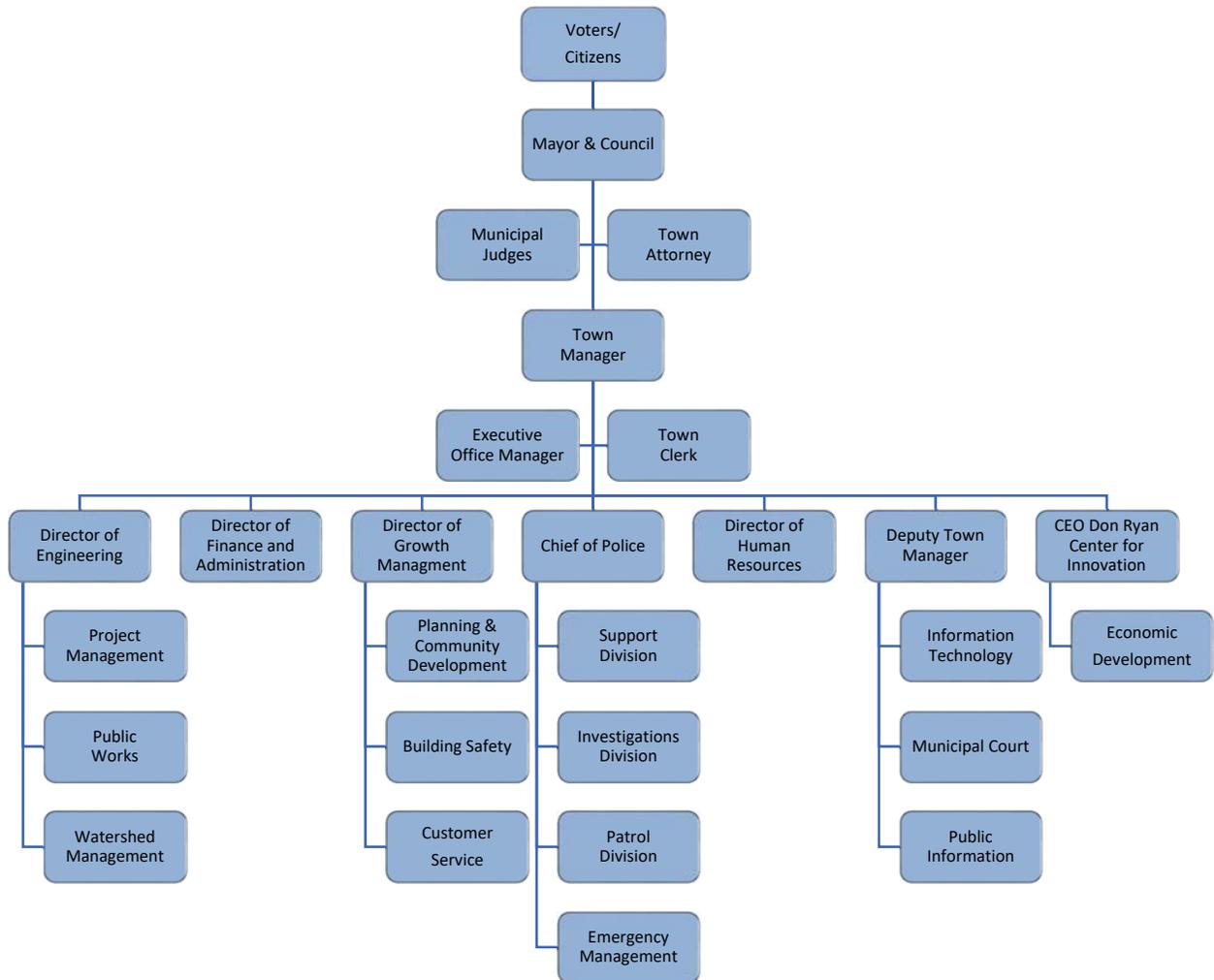
Senior Management

Scott Marshall	Deputy Town Manager
Bryan McIlwee	Director of Engineering and Public Works
Heather Colin	Director of Growth Management
Vickie Isaacs	Interim Director of Finance & Administration
Katherine Robinson	Director of Human Resources
Trent Williamson	Executive Director of Don Ryan Center for Innovation
Christopher Chapmond	Chief of Police
Kim Chapman	Town Clerk

TOWN OF BLUFFTON, SOUTH CAROLINA

ORGANIZATIONAL CHART

JUNE 30, 2019





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, 2018

Christopher P. Morrill

Executive Director/CEO

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR'S REPORT

**Honorable 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Bluffton, South Carolina** (the "Town"), as of and for the year ended June 30, 2019, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bluffton, South Carolina, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Stormwater Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 15), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System (page 55), the Schedule of Proportionate Share of the Net Pension Liability – Police Officers Retirement System (page 55), the Schedule of Contributions – South Carolina Retirement System (page 56) and the Schedule of Contributions – Police Officers Retirement System (page 56) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bluffton, South Carolina's basic financial statements. The introductory section, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Stormwater Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Improvement Program Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund, the combining and individual nonmajor fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund , the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Stormwater Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Improvement Program Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund, the combining and individual nonmajor fund financial statements, and the Uniform Schedule of Court Fines, Assessments and Surcharges 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 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Stormwater Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Improvement Program Fund, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund, the combining and individual nonmajor fund financial statements, and the Uniform Schedule of Court Fines, Assessments and Surcharges are fairly stated in all material respects in relation to the basic financial statements as 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 3, 2019, on our consideration of the Town of Bluffton, South Carolina’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 solely 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 the effectiveness of the Town’s 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 of Bluffton, South Carolina’s internal control over financial reporting and compliance.



Savannah, Georgia
December 3, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF BLUFFTON

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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 i through iv of this report.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$35,785,749 (*net position*). Of this amount, \$2,902,157 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and vendors. The net of deferred outflows to deferred inflows was \$3,008,211, of which the majority was due to changes in proportion and differences between employer contribution and proportionate share of contributions.
- The Town's total net position increased by \$5,665,664 or 18.8% for fiscal year 2019.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$27,633,777, an increase of \$2,620,527 in comparison with the prior year. Approximately 39% of this total amount, or \$10,894,662, is available for spending at the Town's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$10,894,662 or 65.7% of total General Fund expenditures for the fiscal year.
- The Town's total debt decreased by \$993,243 (7.8%) during the current fiscal year. The Town had principal payments on outstanding debt of \$1,034,892 and the compensated absences liability increased by \$41,649.
- The Town of Bluffton's bond rating at June 30, 2019, was Aa1 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.

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

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 one non-major component unit, the Don Ryan Center for Innovation, is reported separately from the primary government.

The Government-wide Financial Statements can be found on pages 16 through 17 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

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

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 18 through 23 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 24 through 54 of this report.

Other Supplemental information – In addition to the basic financial statements and accompanying notes, the report also presents certain supplementary information. The required supplementary information can be found on pages 55 and 56 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 57 through 62 of this report.

Government-wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2019, are prepared using the financial statement-reporting model as mandated by the Governmental Accounting Standards Board (GASB).

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

Statement of Net Position
Figure 1

	Governmental Activities		% Change
	2019	2018	
Current and other assets	\$ 32,467,818	\$ 31,159,785	4%
Capital assets, net	34,284,472	31,146,111	10%
Total assets	<u>66,752,290</u>	<u>62,305,896</u>	<u>7%</u>
Deferred outflows of resources related to pensions	<u>3,448,040</u>	<u>4,424,043</u>	<u>-22%</u>
Total assets and deferred outflows of resources	<u>\$ 70,200,330</u>	<u>\$ 66,729,939</u>	<u>5%</u>
Current and other liabilities	\$ 6,994,677	\$ 8,170,361	-14%
Long-term liability outstanding	10,692,063	11,825,626	-10%
Net pension liability	16,288,012	16,608,444	-2%
Total liabilities	<u>33,974,752</u>	<u>36,604,431</u>	<u>-7%</u>
Deferred inflows of resources related to pensions	<u>439,829</u>	<u>5,423</u>	<u>8010%</u>
Total liabilities and deferred inflows of resources	<u>34,414,581</u>	<u>36,609,854</u>	<u>-6%</u>
Net position:			
Net investment in capital assets	22,392,823	18,219,570	23%
Restricted	10,490,769	8,845,823	19%
Unrestricted	2,902,157	3,054,692	-5%
Total net position	<u>35,785,749</u>	<u>30,120,085</u>	<u>19%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 70,200,330</u>	<u>\$ 66,729,939</u>	<u>5%</u>

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 \$35,785,749 as of June 30, 2019. The Town's overall financial position improved and net position increased by \$5,665,664 or 18.8% during fiscal year 2019.

The Town increased its current and other assets by \$1,308,034 as a result of improved cash position and fiscal year 2019 franchise fee receivables received in July 2019. The improved cash position is largely attributable to larger than expected revenues exceeding expenses. The 18.8% increase in the Town's total net position is the result of continued conservative budgeting and Town growth.

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

The \$1,175,684 net decrease in current and other liabilities is related to the timing and management of outstanding payables and the reduction in retainage payable due to the completion of several large capital projects. The \$1,133,563 net decrease in the Town's long-term liabilities is related to the principal payments from the general obligation and revenue bonds due in fiscal year 2019 and the principal payments on capital leases.

The significant decrease in the deferred outflows is due primarily to the changes in proportion and differences between employer contribution and proportionate share of contributions in the amount of \$537,400 and a change in plan assumptions of \$404,518. GASB 68 requires the collective deferred outflows and inflows arising from differences between projected and actual plan investment earnings in different measurement periods to be aggregated and included as a net collective deferred outflow or inflow. The Net Pension Liability decrease is primarily due to the overall decrease in the Town's proportionate share and improved market conditions which led to an increase in fiduciary net position of the plan. This resulted in an overall decrease in the combined SCRS and PORS net pension liability of \$320,432.

The Town's restricted net position represents resources subject to external restrictions on how they may be used. The increase from prior year reflects an increase of \$520,600 in tourism projects and related support and an increase for debt service of approximately \$1.3 million. The remaining is a balance of \$2,902,157 in unrestricted funds and may be used to meet the ongoing obligations to citizens and creditors.

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

The following table presents the Town's changes in net position for the fiscal years ending June 30, 2019 and 2018.

Statement of Activities
Figure 2

	Governmental Activities		% Change
	2019	2018	
Revenues:			
Program revenues:			
Charges for services	\$ 13,673,343	\$ 12,106,692	13%
Operating grants and contributions	508,799	639,252	-20%
Capital grants and contributions	525,985	457,773	15%
General revenues:			
Property taxes	8,734,446	7,666,528	14%
Accommodations taxes	1,232,302	1,214,284	1%
Hospitality taxes	2,246,188	1,972,006	14%
Interest	50,675	40,103	26%
Unrestricted intergovernmental revenue	1,012,759	904,018	12%
Miscellaneous	469,858	277,018	70%
Total revenue	<u>28,454,355</u>	<u>25,277,674</u>	<u>13%</u>
Expenses:			
Current:			
Administrative	6,273,450	4,980,875	26%
Judicial	408,166	349,155	17%
Planning	1,269,985	950,748	34%
Building safety	924,154	1,057,626	-13%
Police department	6,471,843	6,720,974	-4%
Public works	1,606,484	1,111,464	45%
Stormwater management	923,714	826,253	12%
Project management	1,376,125	1,359,728	1%
Community development	3,074,469	5,537,698	-44%
Interest on long-term debt	460,301	495,484	-7%
Total expenses	<u>22,788,691</u>	<u>23,390,005</u>	<u>-3%</u>
Change in net position	5,665,664	1,887,669	200%
Net position beginning	30,120,085	28,232,416	7%
Net position, ending	<u>\$ 35,785,749</u>	<u>\$ 30,120,085</u>	<u>19%</u>

Governmental Activities – Governmental activities increased the Town's net position by \$5,665,664. This increase is attributable to better than expected revenue increases, with the continued growth of the Town evident in the increase in property tax revenue, which is 31% of total revenue. Interest income was enhanced with the move of funds to higher interest bearing vehicles. These factors combined with the Town's efforts to control General Fund spending resulted in an increase in net position of over \$5.6 million. Charges for services account for 48% of total revenue and include business licenses, franchise fees, permit fees, and development fees. Hospitality taxes are almost 8% of total revenue with accommodations taxes remaining steady at approximately 4%, and all other revenue sources comprising 9% of all funds received by the Town.

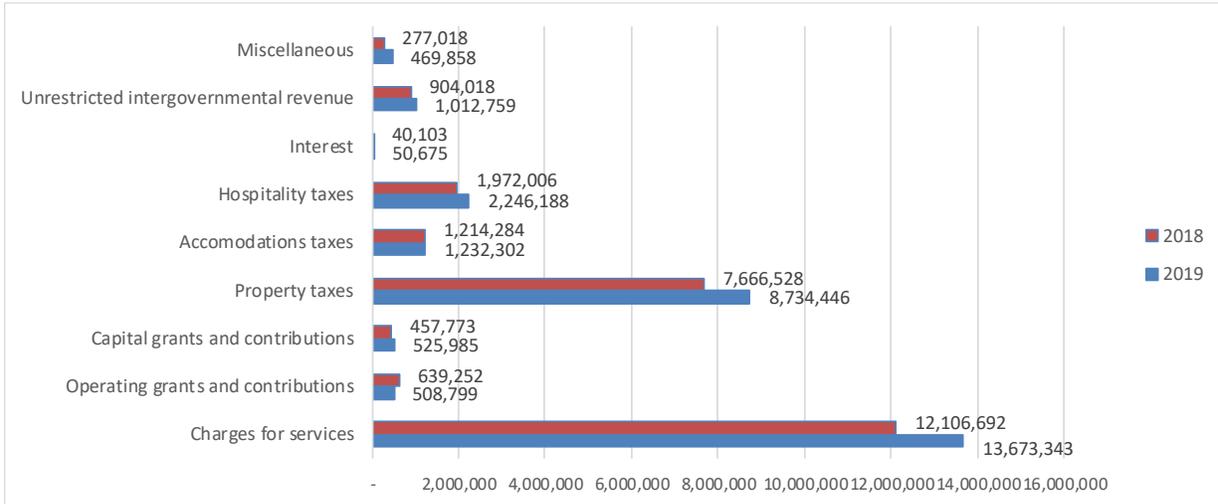
TOWN OF BLUFFTON

Management's Discussion and Analysis

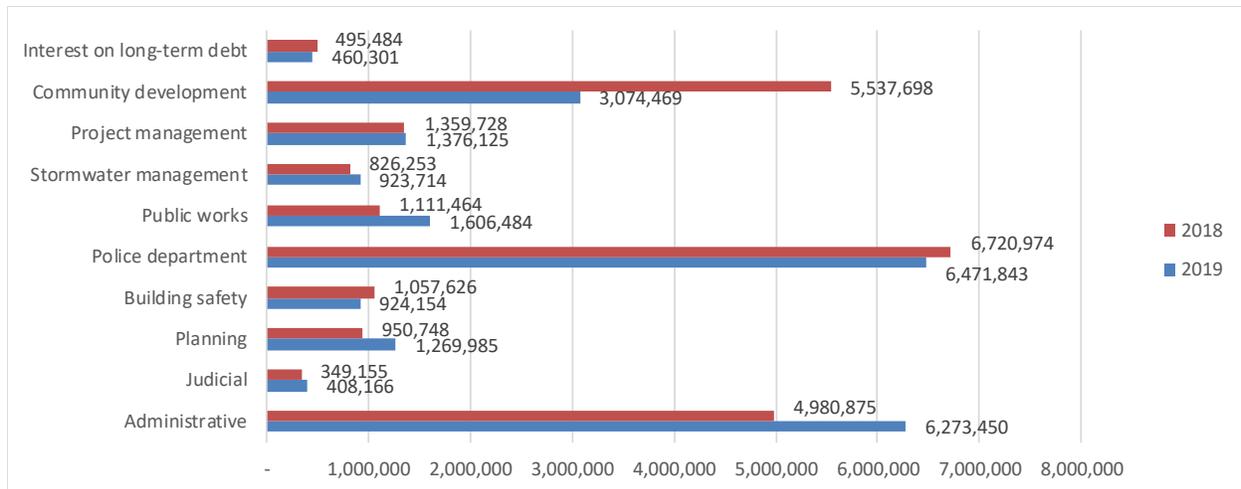
June 30, 2019

The following charts compare fiscal years 2019 and 2018 revenues by source and expenses by program:

Revenues by Source – Governmental Activities
Figure 3



Expenses by Program – Governmental Activities
Figure 4



Major expenses for fiscal year 2019 were associated with the Police Department (28%), Administration (27%), Community Development (14%), Project Management (6%), Building Safety (4%) and Public Works functions (7%). Administration expenses included costs for contracts to provide Town services, personnel costs and routine computer hardware and software costs. Town Hall renovations and various Town Park and Open Space improvements were the majority of expenditures in Project Management and Community Development.

Transfers between the funds in fiscal year 2019 decreased by \$4,078,153 primarily due to the decrease of transfers into the Capital Improvements Fund of approximately \$2.5 million. Transfers In for Capital Improvements Program Fund from other funds were \$4,598,821 and were used to fund portions of the

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

Fund's budgeted projects in fiscal year 2019. Transfers to the General Fund remained consistent with the prior year, only decreasing by \$698. The major transfer to the General Fund for fiscal year 2019 is \$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 \$27,633,777, an increase of \$2,620,527 from the prior fiscal year. Approximately 39% of total fund balance, or \$10,894,662, constitutes unassigned fund balance which is available for spending at the Town's discretion. The remainder of fund balances (\$16,739,115) are designated to indicate that they are not available for new spending. They have been designated as nonspendable (\$262,573), restricted (\$10,490,769), committed (\$4,148,727) or assigned (\$1,837,046). 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, the Equipment & Vehicle Replace Reserves, and contract encumbrances for various capital improvements within the Town. 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 \$613,961 during fiscal year 2019, with 63% of that increase arising from excess revenues over expenditures.

General Fund revenues (excluding transfers in and other financing sources) for fiscal year 2019 were \$18,828,678, an increase of \$2,092,877 or 12.5% from the previous year. Licenses and Permits totaled \$9,723,709, an increase of \$815,220 or 9% over the prior year. Franchise Fees and MASC Insurance Tax collections represent the largest increase for revenues within the Licenses and Permits category with an increase of \$530,951, while the Business License and Permit Fee Revenue contributed an increase of \$283,763. Property tax revenues for the General Fund totaled \$6,025,904, an increase of \$620,144 or 11.5% 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 \$16,586,865, a spending increase of \$1,704,234 from the prior year or 11.5%, and correlates to the increase in General Fund revenues. Notable increases of \$529,879, \$455,738, \$278,904, and \$263,241 were in information technology (IT), facilities and asset management, planning and environmental sustainability, and Town-wide non-departmental expenditures, respectively. The increase in IT includes additional investments in software and hardware in the newly renovated Town Hall, as well as increases in staff. Increases within planning and environmental sustainability were

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

consistent across the categories of expenditures, and were due to Town growth in, and maintenance of, parks and open spaces.

At the end of the fiscal year, the unassigned fund balance of the General Fund was \$10,894,662 while the total General Fund balance was \$14,875,153. As a measure of the General Fund's liquidity, it may be 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 90% of that same amount.

The Capital Improvements Program (CIP) Fund's fund balance decreased \$428,046 during fiscal year 2019. The decrease is due to more capital outlays being covered by revenues rather than transfers to the fund from General Fund, stormwater fees and hospitality taxes.

At the end of the fiscal year, the fund balance in the Debt Service Fund was \$3,527,410, an increase of \$1,439,294 from the prior year. This increase is attributable to the continued residential and commercial growth in the TIF District.

The Stormwater Utility Fund's fund balance increased \$303,126 during fiscal year 2019. The 23% increase is reflective of the decrease of funds transferred to capital improvement projects in fiscal year 2019 for the Watershed Management Division's sewer projects, and the stormwater work on capital improvement projects.

The Hospitality Tax Fund's fund balance increased \$399,165 or 23% during fiscal year 2019. The majority of the increase is due to increased hospitality taxes of \$274,182 (70%).

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 \$140,217, starting at \$18,697,560, and ending at \$18,557,343.

Actual revenues for the General Fund were \$1,752,973 more than the original adopted budget and \$1,914,544 more than the revised budget. Licenses and Permits exceeded budget by \$807,209 or 9%. The Town saw a better than expected increase in property taxes, residential building permits and their related fees as town growth continues it will continue to affect these revenue classes.

Actual expenditures for the General Fund were \$1,970,478 below revised budget. The favorable variance was due to delays in hiring open positions and grant expenditure delays until 2020.

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

Capital Assets and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental activities as of June 30, 2019, totals \$34,284,472 (net of accumulated depreciation). These assets include land, building and improvements, drainage, roads, sidewalks and trails, land improvements, machinery and equipment, and vehicles. The total increase in the Town's investment in capital assets for the current fiscal year was 10%, mainly attributable to additions in land of approximately \$454,000, Town Hall betterments of approximately \$2.2 million, and road improvements of \$756,693 at June 30, 2019, less accumulated depreciation expenses of \$9,590,461.

Capital asset transactions during the year included the purchase of land at 200 New Riverside Road and 1095 May River Road, four police vehicles, one public works vehicle, and machinery and equipment for town-wide maintenance of assets including additional parks and open spaces.

Town of Bluffton's Capital Assets
Figure 5

	2019	2018
Land	\$ 16,375,697	\$ 15,921,677
Building and improvements	9,961,952	5,461,247
Drainage	382,053	417,731
Roads	3,131,438	2,599,351
Sidewalks and trails	1,620,752	1,646,984
Land improvements	1,439,794	1,407,800
Machinery and equipment	595,149	468,401
Vehicles	434,299	552,902
Construction in progress	343,338	2,670,018
Total	<u>\$ 34,284,472</u>	<u>\$ 31,146,111</u>

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

Long-term Debt – At the end of the current fiscal year, the Town has total debt outstanding of \$11,891,649. Of this amount, \$5.175 million of General Obligation Debt is secured by the full faith and credit of the Town. Tax Increment Financing District bonded debt funded from incremental tax revenue represents \$5,967,060.

Town of Bluffton's Outstanding Debt
Figure 6

	2019	2018
General obligation bonds	\$ 5,175,000	\$ 5,415,000
Refunded TIF bonds	5,967,060	6,734,886
Capital leases	749,589	776,655
Total	<u>\$ 11,891,649</u>	<u>\$ 12,926,541</u>

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

The Town's debt decreased \$1,034,892 during the current fiscal year excluding compensated absences. This was related to bond principal payments and capital lease payment schedules. 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 \$19,154,095, of which \$13,979,095 is remaining for additional general obligation issues. At June 30, 2019, only \$5.175 million of the Town's debt applies to this limitation.

The Town maintained a bond rating of Aa1 from Moody's Investor Service at June 30, 2019, and received an upgrade to AA+ from Standard and Poor's Corporation in June 2014. Moody's upgraded the Town to an Aa1 in October of 2017. Both agencies have 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 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- 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. Located on the banks of the pristine May River, the Town is home to the 20,660 acre Palmetto Bluff, an upscale award winning resort and residential development.
- The number of residential building permits and development permits decreased in fiscal year 2019. This downward trend is expected as the Town begins to reach its currently planned build out. New single family housing starts are estimated at \$274 million for fiscal year 2019. The number of Business Licenses issued grew by 10.9% to 3,679 in fiscal year 2019. That upswing is expected to continue into 2020.
- The Town is entering the ninth year of a non-profit public/private economic development venture to operate a technology business incubator in the Town of Bluffton. The Don Ryan Center for Innovation (DRCI) was created as 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 with Clemson University to commercialize technology and create new businesses. In 2020, the DRCI will move from its temporary location to a permanent home at Buckwalter Place within the new Southeastern Development Associates Commercial Project.
- The unemployment rate for Beaufort County is 3.3% and is below the state's rate of 3.5% at June 30, 2019. Currently, no data is available specifically for the Town of Bluffton.
- The fiscal year 2020 General Fund budget is balanced at \$20,032,800, down less than .5% from fiscal year 2019's original budget. This slight decrease is attributable to an anticipated fiscal year 2020 similar to fiscal year 2019.

TOWN OF BLUFFTON
Management's Discussion and Analysis
June 30, 2019

- The fiscal year 2020 Consolidated Municipal Budget was developed by our elected officials and Town staff working together for the betterment of the community in delivering a balanced budget. Due to the 5-year reassessment mandated by state law, the fiscal year 2020 budget sets a rollback tax rate of 38.5 mills, with a projected increase in assessed values. The General Fund will receive 35.3 mills and the Debt Service Fund will receive 3.2 mills.
- The Capital Improvements Program Fund appropriation for fiscal year 2020 is \$9,661,470. The majority of these expenditures are for sewer improvements which support the improved water quality initiatives in the Buck Island/Simmons ville area and Historic District of approximately \$1.9 million, additional improvements to the multi-county commerce park of \$975,060, sidewalk and road improvements of approximately \$1 million, and Park Development and Land Acquisition of approximately \$3.5 million.
- The Debt Service Fund provides for the payment of bond principal and interest payments totaling \$1,465,296 for fiscal year 2020. This includes principal and interest payments for the Refunded TIF Bonds issued in 2014, as well as for General Obligation Bonds, Series 2010A. A transfer of \$991,670 to the Capital Improvements Fund providing for roadway improvements allowable within the Bond Ordinance is also planned.
- The Stormwater Fund appropriation for fiscal year 2020 is \$2,051,695. Operational expenditures total \$1,320,973, and a transfer of \$670,722 to the Capital Improvements Fund provides for sewer and watershed projects, and a \$60,000 transfer to the General Fund provides for the public works stormwater maintenance program and the stormwater management plan.

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 and 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, 2019

	Primary Government	Component Unit
	Governmental Activities	The Don Ryan Center for Innovation
ASSETS		
Cash and cash equivalents	\$ 19,641,591	\$ 91,416
Restricted cash	8,498,440	-
Receivables, net of allowance		
Taxes	38,953	-
Accounts	4,026,261	13,006
Due from primary government	-	3,045
Prepaid items	262,573	-
Capital assets:		
Non-depreciable	16,719,035	-
Depreciable, net of accumulated depreciation	17,565,437	-
Total assets	66,752,290	107,467
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions made subsequent to measurement date	1,207,137	-
Differences between expected and actual experience related to pension expense	216,847	-
Pension assumption changes	815,916	-
Differences between projected and actual investment earnings earnings	285,311	-
Changes in proportion and differences between employer contribution and proportionate share of contributions	922,829	-
Total deferred outflows of resources	3,448,040	-
LIABILITIES		
Accounts payable	2,138,513	69,109
Accrued interest payable	119,513	-
Salaries and benefits payable	404,412	6,648
Deposits and bonds payable	513,647	-
Unearned revenue	887,589	-
Due to component unit	3,045	-
Due to other governments	886,835	-
Noncurrent liabilities		
Due within one year	2,041,123	-
Due in more than one year	10,692,063	-
Net pension liability - due in more than one year	16,288,012	-
Total liabilities	33,974,752	75,757
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience related to pension expense	57,822	-
Changes in proportion and differences between employer contribution and proportionate share of contributions	382,007	-
Total deferred inflows of resources	439,829	-
NET POSITION		
Net investment in capital assets	22,392,823	-
Restricted for:		
Capital projects	3,697,167	-
Tourism projects and related support	3,296,497	-
Debt service	3,390,094	-
Other purposes	107,011	31,710
Unrestricted	2,902,157	-
Total net position	\$ 35,785,749	\$ 31,710

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Don Ryan Center for Innovation
Governmental activities:						
Administrative	\$ 6,273,450	\$ 7,436,407	\$ 57,920	\$ -	\$ 1,220,877	\$ -
Judicial	408,166	854,685	-	-	446,519	-
Planning	1,269,985	1,229,496	-	-	(40,489)	-
Building safety	924,154	2,158,592	-	-	1,234,438	-
Police department	6,471,843	107,752	450,879	-	(5,913,212)	-
Public works	1,606,484	-	-	-	(1,606,484)	-
Stormwater management	923,714	1,484,111	-	15,000	575,397	-
Project management	1,376,125	-	-	510,985	(865,140)	-
Community development	3,074,469	402,300	-	-	(2,672,169)	-
Interest on long-term debt	460,301	-	-	-	(460,301)	-
Total governmental activities	22,788,691	13,673,343	508,799	525,985	(8,080,564)	-
Total Primary Government	22,788,691	13,673,343	508,799	525,985	(8,080,564)	-
Component Unit:						
Don Ryan Center for Innovation	\$ 322,593	\$ 15,395	\$ 298,615	\$ -	\$ -	\$ (8,583)
General revenues:						
Property, including fee in lieu of taxes					8,734,446	-
Accommodations taxes					1,232,302	-
Hospitality taxed					2,246,188	-
Interest income					50,675	45
Unrestricted revenue from use of money and property					1,012,759	-
Miscellaneous revenues					469,858	-
Loss on sale of capital assets					-	-
Total general revenues					13,746,228	45
Change in net position					5,665,664	(8,538)
Net position, beginning of year					30,120,085	40,248
Net position, end of year					\$ 35,785,749	\$ 31,710

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 15,029,217	\$ 1,503,205	\$ -	\$ -	\$ 1,431,389	\$ 1,677,780	\$ 19,641,591
Restricted cash and cash equivalents	148,888	1,898,344	3,611,571	2,754,842	-	84,795	8,498,440
Property taxes receivable, net	27,931	-	11,022	-	-	-	38,953
Other receivables	2,296,376	640,760	10,173	15,026	591,881	472,045	4,026,261
Prepaid assets	262,573	-	-	-	-	-	262,573
Due from other funds	1,309,014	1,845,217	-	2,613	574,420	50,486	3,781,750
Total assets	\$ 19,073,999	\$ 5,887,526	\$ 3,632,766	\$ 2,772,481	\$ 2,597,690	\$ 2,285,106	\$ 36,249,568
LIABILITIES							
Accounts payable	\$ 1,336,767	\$ 621,097	\$ -	\$ 34,021	\$ -	\$ 146,628	\$ 2,138,513
Deposits and bonds payable	513,647	-	-	-	-	-	513,647
Due to other funds	1,072,750	259,911	105,356	1,088,249	491,862	763,622	3,781,750
Due to component unit	3,045	-	-	-	-	-	3,045
Due to other governments	878,893	7,942	-	-	-	-	886,835
Unearned revenue	-	887,589	-	-	-	-	887,589
Salaries and benefits payable	393,744	-	-	10,668	-	-	404,412
Total liabilities	4,198,846	1,776,539	105,356	1,132,938	491,862	910,250	8,615,791
FUND BALANCES							
Nonspendable	262,573	-	-	-	-	-	262,573
Restricted	150,982	2,273,941	3,390,094	1,639,543	1,710,101	1,326,108	10,490,769
Committed	3,566,936	-	137,316	-	395,727	48,748	4,148,727
Assigned	-	1,837,046	-	-	-	-	1,837,046
Unassigned	10,894,662	-	-	-	-	-	10,894,662
Total fund balances	14,875,153	4,110,987	3,527,410	1,639,543	2,105,828	1,374,856	27,633,777
Total liabilities and fund balances	\$ 19,073,999	\$ 5,887,526	\$ 3,632,766	\$ 2,772,481	\$ 2,597,690	\$ 2,285,106	\$ 36,249,568

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total governmental fund balances:		\$ 27,633,777
Amounts reported for governmental activities in the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:		
Cost of assets	\$ 43,874,932	
Accumulated depreciation	<u>(9,590,460)</u>	34,284,472
Other long-term assets related to pension expense are not available to pay for current expenditures and are therefore, not reported or are deferred in the funds:		
Contributions made subsequent to measurement date	1,207,137	
Differences between expected and actual experience related to pension expense	216,847	
Pension assumption changes	815,916	
Differences between projected and actual investment earnings	285,311	
Changes in proportion and differences between employer contribution and proportionate share of contributions	<u>922,829</u>	3,448,040
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liabilities	(16,288,012)	
Compensated absences payable	(841,537)	
Accrued interest payable	(119,513)	
Capital leases	(749,579)	
Revenues bonds	(5,967,070)	
General obligation bonds	<u>(5,175,000)</u>	(29,140,711)
Other long-term liabilities related to pension expense do not consume current financial resources and are therefore, not reported in the funds:		
Differences between expected and actual experience related to pension expense	(57,822)	
Changes in proportion and differences between employer contribution and proportionate share of contributions	<u>(382,007)</u>	<u>(439,829)</u>
Net position of governmental activities		<u>\$ 35,785,749</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 6,025,904	\$ -	\$ 2,708,542	\$ -	\$ -	\$ -	\$ 8,734,446
Hospitality and accommodations taxes	-	-	-	-	2,246,188	1,232,302	3,478,490
Licenses and permits	9,723,709	402,300	243,675	-	-	-	10,369,684
Stormwater utility fees	-	-	-	1,484,111	-	-	1,484,111
Grants and entitlements	210,436	510,985	-	15,000	-	3,568	739,989
Intergovernmental	631,243	332,817	99,819	-	-	-	1,063,879
Service revenues	1,187,988	-	-	-	-	20,550	1,208,538
Fees and fines	854,685	-	-	-	-	-	854,685
Interest income	30,595	9,152	4,740	-	3,096	3,092	50,675
Miscellaneous	164,118	305,740	-	-	-	-	469,858
Total revenues	<u>18,828,678</u>	<u>1,560,994</u>	<u>3,056,776</u>	<u>1,499,111</u>	<u>2,249,284</u>	<u>1,259,512</u>	<u>28,454,355</u>
Expenditures:							
Current:							
Legislative	159,084	-	-	-	-	-	159,084
Economic development	287,800	-	-	-	-	-	287,800
Executive	925,500	-	-	-	-	-	925,500
Human Resources	320,445	-	-	-	-	-	320,445
Non-departmental	1,723,552	-	-	-	-	-	1,723,552
Finance	908,668	-	-	-	-	-	908,668
Municipal court	330,896	-	-	-	-	-	330,896
Municipal judges	53,323	-	-	-	-	-	53,323
Information technology	1,461,190	-	-	841,506	-	-	1,461,190
Facilities and asset management	1,482,283	-	-	-	-	-	1,482,283
Stormwater management	-	-	-	-	-	-	-
Project management	900,996	-	-	-	-	-	900,996
Growth management	223,186	-	-	-	-	-	223,186
Planning and environmental sustainability	1,155,812	-	-	-	-	-	1,155,812
Building Safety	633,186	-	-	-	-	-	633,186
Police	5,732,617	-	-	-	-	-	5,732,617
Community development	-	-	-	39,860	-	567,360	567,360
Capital outlay	-	6,587,861	-	-	-	-	6,587,861
Debt service:							
Principal retirement	276,550	-	1,007,826	-	-	-	1,284,376
Interest	11,777	-	462,550	-	-	-	474,327
Total expenditures	<u>16,586,865</u>	<u>6,587,861</u>	<u>1,470,376</u>	<u>881,366</u>	<u>-</u>	<u>567,360</u>	<u>26,083,828</u>
Excess (deficiency) of revenues over (under) expenditures	2,241,813	(5,026,867)	1,586,400	617,745	2,249,284	692,152	2,360,527
Other financing sources (uses):							
Transfers in	590,189	4,598,821	-	-	-	-	5,189,010
Transfers out	(2,478,041)	-	(147,106)	(314,619)	(1,850,119)	(399,125)	(5,189,010)
Capital leases	260,000	-	-	-	-	-	260,000
Total other financing sources (uses)	<u>(1,627,852)</u>	<u>4,598,821</u>	<u>(147,106)</u>	<u>(314,619)</u>	<u>(1,850,119)</u>	<u>(399,125)</u>	<u>260,000</u>
Net change in fund balances	613,961	(428,046)	1,439,294	303,126	399,165	293,027	2,620,527
Fund balances, beginning of year	<u>14,261,192</u>	<u>4,539,033</u>	<u>2,088,116</u>	<u>1,336,417</u>	<u>1,706,663</u>	<u>1,081,829</u>	<u>25,013,250</u>
Fund balances, end of year	<u>\$ 14,875,153</u>	<u>\$ 4,110,987</u>	<u>\$ 3,527,410</u>	<u>\$ 1,639,543</u>	<u>\$ 2,105,828</u>	<u>\$ 1,374,856</u>	<u>\$ 27,633,777</u>

The accompanying notes are an integral part of these financial statements.

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 FISCAL YEAR ENDED JUNE 30, 2019**

Net change in fund balances - total governmental funds \$ 2,620,527

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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 4,365,724	
Depreciation expense	<u>(1,101,690)</u>	3,264,034

In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds report only proceeds from disposal of capital assets. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold or disposed.

Cost of capital assets	(573,855)	
Accumulated depreciation	<u>448,182</u>	(125,673)

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Capital leases	(260,000)	
Repayment of debt	<u>1,294,892</u>	1,034,892

Pension expense that is related to net pension liability as recorded in the statement of activities is based on the City's proportionate share of pension expense of the retirement system as a whole, whereas pension expense recorded in the funds are based on the use of financial resource (e.g., required contributions). Thus the change in net position differs from the change in fund balance by the amount by which the City's proportionate share of pension expense exceeds actual contributions. (1,089,977)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details are as follows:

Compensated absences:		
Current year	(841,537)	
Prior year	799,888	
Accrued interest expense		
Current year	(119,513)	
Prior year	<u>123,023</u>	<u>(38,139)</u>

Change in net position of governmental activities \$ 5,665,664

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 5,700,000	\$ 5,700,000	\$ 6,025,904	\$ 325,904
Licenses and permits	8,916,500	8,916,500	9,723,709	807,209
Intergovernmental	1,013,105	851,534	841,679	(9,855)
Service revenues	966,100	966,100	1,187,988	221,888
Fees and fines	290,000	290,000	854,685	564,685
Miscellaneous	190,000	190,000	194,713	4,713
Total revenues	<u>17,075,705</u>	<u>16,914,134</u>	<u>18,828,678</u>	<u>1,914,544</u>
Expenditures:				
Current:				
Legislative	169,705	169,705	159,084	10,621
Economic development	386,045	386,045	287,800	98,245
Executive	999,830	975,508	925,500	50,008
Human resources	349,259	359,673	320,445	39,228
Non-departmental	1,901,716	1,920,616	1,723,552	197,064
Finance	1,106,225	976,276	908,668	67,608
Municipal court	309,945	338,045	330,896	7,149
Municipal judges	61,530	61,530	53,323	8,207
Information technology	1,491,256	1,519,536	1,461,190	58,346
Facilities and asset management	1,515,469	1,579,780	1,482,283	97,497
Project management	1,068,832	989,345	900,996	88,349
Growth management	221,175	223,955	223,186	769
Planning and environmental sustainability	1,772,765	1,819,596	1,155,812	663,784
Building safety	735,425	706,800	633,186	73,614
Police	6,320,052	6,242,602	5,732,617	509,985
Debt service:				
Principal retirement	276,551	276,551	276,550	1
Interest	11,780	11,780	11,777	3
Total expenditures	<u>18,697,560</u>	<u>18,557,343</u>	<u>16,586,865</u>	<u>1,970,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,621,855)</u>	<u>(1,643,209)</u>	<u>2,241,813</u>	<u>3,885,022</u>
Other financing sources (uses):				
Transfers in	2,766,656	3,851,076	590,189	(3,260,887)
Transfers out	(1,419,016)	(2,482,082)	(2,478,041)	4,041
Capital leases	274,215	274,215	260,000	(14,215)
Total other financing sources (uses)	<u>1,621,855</u>	<u>1,643,209</u>	<u>(1,627,852)</u>	<u>(3,271,061)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>613,961</u>	<u>613,961</u>
Fund balances, beginning of year	<u>14,261,192</u>	<u>14,261,192</u>	<u>14,261,192</u>	<u>-</u>
Fund balances, end of year	<u>\$ 14,261,192</u>	<u>\$ 14,261,192</u>	<u>\$ 14,875,153</u>	<u>\$ 613,961</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS STORMWATER FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 1,400,000	\$ 1,400,000	\$ 1,484,111	\$ 84,111
Intergovernmental	-	15,000	15,000	-
Miscellaneous	150	150	-	(150)
Total revenues	<u>1,400,150</u>	<u>1,415,150</u>	<u>1,499,111</u>	<u>83,961</u>
Expenditures:				
Stormwater management	1,094,995	1,109,995	841,506	268,489
Capital outlay	42,914	42,914	39,860	3,054
Total expenditures	<u>1,137,909</u>	<u>1,152,909</u>	<u>881,366</u>	<u>271,543</u>
Excess of revenues over expenditures	<u>262,241</u>	<u>262,241</u>	<u>617,745</u>	<u>355,504</u>
Other financing sources (uses):				
Transfers in	352,115	718,215	-	(718,215)
Transfers out	(614,356)	(980,456)	(314,619)	665,837
Total other financing uses, net	<u>(262,241)</u>	<u>(262,241)</u>	<u>(314,619)</u>	<u>(52,378)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>303,126</u>	<u>303,126</u>
Fund balances, beginning of year	<u>1,336,417</u>	<u>1,336,417</u>	<u>1,336,417</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,336,417</u>	<u>\$ 1,336,417</u>	<u>\$ 1,639,543</u>	<u>\$ 303,126</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BLUFFTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 more significant of the Town's accounting policies are described in the paragraphs below.

A. Reporting Entity

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 columns in the basic financial statements to emphasize they are legally separate from the Town. Based on the criteria above, the Town has one discretely presented component unit as detailed below; the Town does not have any blended component units. The discretely presented component unit was deemed such because the Town appoints a voting majority of the component unit governing board and the Town can impose its will on the component unit, however it is legally separate.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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 eleven 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, 2019, was \$31,710. Separate statements are not prepared but additional financial information can be obtained from the Don Ryan Center for Innovation at P.O. Box 2277, Bluffton, SC 29910.

B. Government-wide and Fund Financial Statements

Government-wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable, when applicable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The Town does not have any proprietary funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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.

Nonmajor Funds

In addition, the Town reports the following fund type:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, accommodations taxes and other special purpose fees.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State-levied locally shared taxes are recognized as revenue in the year appropriated by the state.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are considered to be measurable if the amount is known or reasonably estimable at year-end. The following revenue sources are deemed both measurable and available if collected within 60 days of year-end: delinquent property taxes, investment earnings, fines and forfeitures, state-levied locally shared taxes, insurance taxes, certain charges for services such as sanitation fees, and grant revenues for which all eligibility requirements imposed by the provider have been met. Permits, vehicle and some franchise taxes, licenses, and miscellaneous revenues, although they may be available within 60 days of year-end, are considered to be measurable only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of general long-term debt and proceeds for acquisitions under capital leases are reported as other financing sources.

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 2018 and is not anticipated in future years. These funds are transferred to capital projects funds for tourism related capital improvement projects approved by the Council. All annual budget appropriations lapse at fiscal year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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 for the General Fund, Special Revenue Funds, Debt Service and Capital Projects Funds. Encumbrances are recorded when purchased orders are issued, but are not considered expenditures until liabilities for payments are incurred. Encumbrances for outstanding purchase orders do not lapse at year-end.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are \$5,000 for all categories except roads, buildings and computer software which is \$50,000. Donated capital assets are recorded at acquisition 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>Asset</u>	<u>Years</u>
Buildings and improvements	10 - 35
Drainage	25
Roads	20
Land improvements	10 - 20
Sidewalks and trails	20 - 30
Machinery and equipment	5 - 15
Vehicles	5

I. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has five items that qualify for reporting in this category, which are related to pension obligations as follows:

4. Pension contributions made subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the subsequent year.
5. The net difference between the projected and actual earnings on pension plan investments, which is deferred and amortized over a closed five-year period.
6. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
7. Changes in actuarial assumptions adjust the net pension liability and are amortized into pension expense over the expected remaining service lives of plan members.
8. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned Revenue

The Town also defers revenue recognition in connection with resources that have been billed or received, but not yet earned, such as memberships and gift certificates, when applicable.

J. 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 System (SCRS) and the Police Officers Retirement System (PORS) and additions to/deductions from the SCRS's and PORS's fiduciary net position have been determined on the accrual basis of accounting as they are reported by SCRS and PORS, respectively, in accordance with Generally Accepted Accounting Principles (GAAP). 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.

K. Long-Term Obligation

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes 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 fiscal year-end.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the Government’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Town has authorized the Town Manager and Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town’s policy to use fund balance in the following order: (1) committed, (2) assigned, and (3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Town has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

M. Accounting 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.

N. 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.

O. Allowance for Uncollectable Accounts

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

P. 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 15th.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS

Total deposits and investments as of June 30, 2019, are summarized as follows:

Statement of Net Position:	
Cash	\$ 19,641,591
Restricted cash	8,498,440
Total cash	<u>\$ 28,140,031</u>
Cash deposited with financial institutions	\$ 28,140,031
	<u>\$ 28,140,031</u>

The Town had restricted cash in the amount of \$8,498,440 as June 30, 2019. These amounts are legally restricted according to developer agreements and Town ordinances for capital projects.

All of the Town's deposits are properly collateralized as of June 30, 2019.

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) General obligations of the State of South Carolina or any of its political units or 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (CONTINUED)

- 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 town 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 town treasurer to hold funds in deposit accounts with banking institutions as otherwise authorized by law.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2019, are as follows:

	General	Capital	Debt Service	Stormwater	Hospitality	Nonmajor	Total
	Fund	Improvements Program Fund	Fund	Fund	Tax Fund	Governmental Funds	
Receivables:							
Administrative fees	\$ 44,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,000
Contract police services	28,612	-	-	-	-	-	28,612
Due from other governments	67,608	397,125	10,173	-	-	-	474,906
DRCI	61,421	10,000	-	-	-	-	71,421
Federal and state grants	41,068	210,985	-	-	-	-	252,053
Franchise fees	1,631,675	-	-	-	-	-	1,631,675
Hospitality taxes	-	-	-	-	591,881	-	591,881
Licenses and permits	63,386	22,650	-	-	-	-	86,036
Local accommodations taxes	-	-	-	-	-	262,556	262,556
Local government fund	76,421	-	-	-	-	-	76,421
Other/miscellaneous	29,490	-	-	-	-	-	29,490
Property taxes	141,436	-	11,022	-	-	-	152,458
School resources	139,190	-	-	-	-	-	139,190
State accommodations taxes	-	-	-	-	-	209,489	209,489
Stormwater utility fees	-	-	-	15,026	-	-	15,026
Total receivables	<u>\$ 2,324,307</u>	<u>\$ 640,760</u>	<u>\$ 21,195</u>	<u>\$ 15,026</u>	<u>\$ 591,881</u>	<u>\$ 472,045</u>	<u>\$ 4,065,214</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019, is as follows:

Due To	General	Capital	Debt Service	Stormwater	Hospitality	Nonmajor	Total
	Fund	Improvements Program Fund	Fund	Fund	Tax Fund	Governmental Funds	
General Fund	\$ -	\$ 259,911	\$ -	\$ 943,250	\$ 16,443	\$ 89,410	\$ 1,309,014
Capital Improvements Project Fund	860,907	-	105,356	144,999	475,419	258,536	1,845,217
Stormwater Fund	2,613	-	-	-	-	-	2,613
Hospitality Tax Fund	162,535	-	-	-	-	411,885	574,420
Nonmajor Governmental Funds	46,695	-	-	-	-	3,791	50,486
	<u>\$ 1,072,750</u>	<u>\$ 259,911</u>	<u>\$ 105,356</u>	<u>\$ 1,088,249</u>	<u>\$ 491,862</u>	<u>\$ 763,622</u>	<u>\$ 3,781,750</u>

Interfund balances largely result from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2019, is as follows:

Transfers In	General	Debt Service	Stormwater	Hospitality	Nonmajor	Total
	Fund	Fund	Fund	Tax Fund	Governmental Funds	
General Fund	\$ -	\$ -	\$ 42,709	\$ 500,000	\$ 47,480	\$ 590,189
Capital Improvements Project Fund	2,478,041	147,106	271,910	1,350,119	351,645	4,598,821
	<u>\$ 2,478,041</u>	<u>\$ 147,106</u>	<u>\$ 314,619</u>	<u>\$ 1,850,119</u>	<u>\$ 399,125</u>	<u>\$ 5,189,010</u>

Transfers are used: (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 15,921,677	\$ -	\$ -	\$ 454,020	\$ 16,375,697
Construction in progress	2,670,018	4,003,252	-	(6,329,932)	343,338
Total	<u>18,591,695</u>	<u>4,003,252</u>	<u>-</u>	<u>(5,875,912)</u>	<u>16,719,035</u>
Capital assets, being depreciated:					
Buildings and improvements	7,805,833	9,687	(430,961)	4,904,628	12,289,187
Drainage	759,271	-	-	-	759,271
Roads	4,439,934	-	-	756,693	5,196,627
Sidewalks and trails	2,187,497	-	-	65,778	2,253,275
Land improvements	1,554,704	-	-	88,593	1,643,297
Machinery and equipment	2,299,708	203,500	(142,894)	60,220	2,420,534
Vehicles	2,444,421	149,285	-	-	2,593,706
Total	<u>21,491,368</u>	<u>362,472</u>	<u>(573,855)</u>	<u>5,875,912</u>	<u>27,155,897</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,344,586)	(290,679)	308,030	-	(2,327,235)
Drainage	(341,540)	(35,678)	-	-	(377,218)
Roads	(1,840,583)	(224,606)	-	-	(2,065,189)
Sidewalks and trails	(540,513)	(92,010)	-	-	(632,523)
Land improvements	(146,904)	(56,599)	-	-	(203,503)
Machinery and equipment	(1,831,307)	(134,230)	140,152	-	(1,825,385)
Vehicles	(1,891,519)	(267,888)	-	-	(2,159,407)
Total	<u>(8,936,952)</u>	<u>(1,101,690)</u>	<u>448,182</u>	<u>-</u>	<u>(9,590,460)</u>
Total capital assets, being depreciated, net	<u>12,554,416</u>	<u>(739,218)</u>	<u>(125,673)</u>	<u>5,875,912</u>	<u>17,565,437</u>
Governmental activities capital assets, net	<u>\$ 31,146,111</u>	<u>\$ 3,264,034</u>	<u>\$ (125,673)</u>	<u>\$ -</u>	<u>\$ 34,284,472</u>

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

Administrative	\$ 75,801
Public works	81,506
Stormwater	44,855
Building safety	7,864
Engineering	424,825
Information technology	23,214
Municipal court	1,586
Planning	1,062
Police department	195,866
Community development	245,111
Total depreciation expense - governmental activities	<u>\$ 1,101,690</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. 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	\$ 43,874,932
Less: accumulated depreciation	<u>(9,590,460)</u>
	<u>34,284,472</u>
Less: outstanding principal of capital-related borrowings	
General obligation bonds	(5,175,000)
Revenue bonds	(5,967,060)
Capital lease obligations	<u>(749,589)</u>
	<u>(11,891,649)</u>
 Net investment in capital assets	 <u>\$ 22,392,823</u>

NOTE 8. LONG-TERM DEBT

The following is a summary of changes in the Town's long-term obligations as of June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 5,415,000	\$ -	\$ (240,000)	\$ 5,175,000	\$ 245,000
Revenue bonds	6,734,886	-	(767,826)	5,967,060	787,895
Capital leases payable	776,655	260,000	(287,066)	749,589	334,998
Compensated absences	799,888	622,152	(580,503)	841,537	673,230
Net pension liability	16,608,444	3,785,108	(4,105,540)	16,288,012	-
Total long-term liabilities	<u>\$ 30,334,873</u>	<u>\$ 4,667,260</u>	<u>\$ (5,980,935)</u>	<u>\$ 29,021,198</u>	<u>\$ 2,041,123</u>

Generally, the General Fund is used to liquidate the net pension liability and compensated absences.

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.

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 \$99,819 in the fiscal year ended 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A schedule of the amounts due follows:

<u>Fiscal Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 245,000	\$ 288,615	\$ 533,615
2021	255,000	277,835	532,835
2022	265,000	265,850	530,850
2023	270,000	253,395	523,395
2024	280,000	239,895	519,895
2025 - 2029	1,555,000	966,425	2,521,425
2030 - 2034	1,880,000	474,300	2,354,300
2035	425,000	25,500	450,500
Total	<u>\$ 5,175,000</u>	<u>\$ 2,791,815</u>	<u>\$ 7,966,815</u>

Revenue 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 these bonds are paid via the pledged revenue of up to 50% of the incremental increase in property taxes due to the economic development in the Town's TIF district and a pledge of the MID fees. The full faith, credit and taxing powers of the Town are not pledged for the payment of the TIF Bonds nor the interest on these bonds. 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:

<u>Fiscal Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 787,895	\$ 143,786	\$ 931,681
2021	808,488	123,193	931,681
2022	829,620	102,061	931,681
2023	851,304	80,377	931,681
2024	873,554	58,127	931,681
2025 and 2026	1,816,199	47,163	1,863,362
Total	<u>\$ 5,967,060</u>	<u>\$ 554,707</u>	<u>\$ 6,521,767</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Capital Leases Payable

On October 31, 2014, the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of twelve 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:

Year ending June 30,	Amount
2020	\$ 116,641
Total minimum lease payments	116,641
Less: Amounts representing interest	(1,859)
Present value of future minimum lease payments	114,782
Less current portion	(114,782)
Long-term portion of capital leases	\$ -

On September 30, 2015, the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of five 2016 Ford Police Interceptors, various other service trucks, and mowing equipment. The purchase price of the vehicles and equipment was \$521,000. The lease bears an interest rate of 1.63% and is payable in annual installments of principal and interest of \$109,350 through October 2020. The lease is being paid annually through the General Fund. A schedule of the amount due for this lease follows:

Year ending June 30,	Amount
2020	\$ 109,350
2021	109,350
Total minimum lease payments	218,700
Less: Amounts representing interest	(5,234)
Present value of future minimum lease payments	213,466
Less current portion	(105,871)
Long-term portion of capital leases	\$ 107,595

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Capital Leases Payable (Continued)

On September 2, 2016, the Town entered into a lease agreement with Branch Banking and Trust Company for the purchase of four 2017 Ford Police Interceptors, two transit vans, two tractors with mowers, and one trailer. The purchase price of the vehicles and equipment was \$325,000. The lease bears an interest rate of 1.63% and is payable in annual installments of principal and interest of \$67,755 through October 2021. The lease is being paid annually through the General Fund. A schedule of the amount due for this lease follows:

Year ending June 30,	Amount
2020	\$ 67,755
2021	67,755
2022	29,843
Total minimum lease payments	165,353
Less: Amounts representing interest	(4,012)
Present value of future minimum lease payments	161,341
Less current portion	(65,497)
Long-term portion of capital leases	\$ 95,844

On November 6, 2018, the Town entered into a lease agreement with Palmetto State Bank for the purchase of three Ford Police Interceptors, one Ford Police truck, one Chevrolet Police truck, one track load, and one stand blower. The purchase price of the vehicles and equipment was \$260,000. The lease bears interest at a rate of 3.13% and is payable in annual installments of principal and interest of \$56,987 through November 2023. The lease is being paid annually through the General Fund. A schedule of the amount due for this lease follows:

Year ending June 30,	Amount
2020	\$ 56,987
2021	56,987
2022	56,987
2023	56,987
2034	56,987
Total minimum lease payments	284,935
Less: Amounts representing interest	(24,935)
Present value of future minimum lease payments	260,000
Less current portion	(48,848)
Long-term portion of capital leases	\$ 211,152

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Capital Leases Payable (Continued)

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:

Vehicles and equipment	\$ 1,044,376
Less: accumulated depreciation	<u>(646,691)</u>
	<u>\$ 397,685</u>

Total interest paid and accrued by the Town during the year ended June 30, 2019, was approximately \$476,432, 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.

NOTE 9. COMPUTATION OF LEGAL DEBT LIMITATION

The Town's general obligation debt is limited by law to 8% of the total assessed value of all taxable real and personal property within Town limits. The largest projected assessed value as of June 30, 2019, was \$239,426,189. The computation of legal debt limits is as follows:

General obligation debt limit ($\$239,426,189 \times 8\%$)	\$ 19,154,095
General obligation debt at June 30, 2019	<u>(5,175,000)</u>
Excess of debt limit over general obligation debt	<u>\$ 13,979,095</u>

NOTE 10. OPERATING LEASES

The Town entered into a lease with Beaufort Town 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 fiscal year ended June 30, 2019, base payments under these leases totaled \$93,532.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OPERATING LEASES (CONTINUED)

Future minimum lease payments for the leases are as follow:

Year ending June 30,	Amount
2020	\$ 29,491
2021	25,824
2022	16,244
2023	697
Total	\$ 72,256

NOTE 11. 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 5% thereafter is transferred to the General Fund and 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, 2019, totaled \$47,480, and the distributions to the Visitor and Convention Bureau totaled \$134,882. The remaining amounts (65%) are restricted to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ended June 30, 2019, were as follows:

Grant Recipient	Appropriations	Expenditures	Lapsed	Encumbrances
State Accommodations Tax				
Beaufort County Black Chamber of Commerce	\$ 7,960	\$ 7,960	\$ -	\$ -
Beaufort County Parks and Leisure	114,450	-	-	114,450
Bluffton Historical Preservation Society	404,769	189,487	12,506	202,776
Hilton Head Island Concours d' Elegance	17,500	-	-	17,500
Total State Accommodations Tax	\$ 544,679	\$ 197,447	\$ 12,506	\$ 334,726

The unpaid balances for approved grants are reflected as an encumbrance of fund balance in the State Accommodations Tax Fund. Fund balance at June 30, 2019, was \$490,751.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. 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 fiscal year ending June 30, 2019, this amount totaled \$60,616. The remaining amounts are allocated to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ended June 30, 2019, were as follows:

<u>Grant Recipient</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed</u>	<u>Encumbrances</u>
Local Accommodations Tax				
Bluffton Historical Preservation Society	\$ 17,657	\$ -	\$ 17,657	\$ -
Beaufort County PALS Dixie Softball	1,717	-	-	1,717
Celebrate Bluffton, Inc.	7,132	-	-	7,132
Community Foundation of the Lowcountry	15,000	10,327	-	4,673
Farmers Market of Bluffton	52,170	18,502	15,683	17,985
Greater Bluffton Chamber of Commerce - Boiled Peanut Festival	602	-	602	-
Greater Bluffton Chamber of Commerce - Taste of Bluffton	58,764	41,809	719	16,236
Hilton Head Island-Bluffton Chamber of Commerce	25,000	-	-	25,000
Hilton Head Symphony Orchestra	21,690	20,135	-	1,555
Historic Bluffton Arts & Seafood Festival	52,113	40,259	4,043	7,811
Society of Bluffton Artists	26,151	13,356	-	12,795
Old Town Merchants Society	41,544	30,280	-	11,264
Total Local Accommodations Tax	<u>\$ 319,540</u>	<u>\$ 174,668</u>	<u>\$ 21,047</u>	<u>\$ 106,168</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, 2019, was \$768,796.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. 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, 2019, 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	\$ 262,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,573
Restricted for:							
Drug Enforcement (SC Code of Laws 44-53-530 (g))	-	-	-	-	-	26,029	26,029
Victims Services (SC Code of Laws 14-1-208E)	42,263	-	-	-	-	-	42,263
Stormwater Improvement (SW Fee Ordinance)	-	-	-	1,639,543	-	-	1,639,543
TIF Debt Service (Bond & Budget Ordinance)	-	-	2,993,583	-	-	-	2,993,583
GO Bond Debt Service (Bond & Budget Ordinance)	-	-	396,511	-	-	-	396,511
Municipal Improvement District Funds (Development Agreement)	-	978,352	-	-	-	-	978,352
Boat Ramp Repair (Development Agreement)	-	-	-	-	-	89,280	89,280
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)	38,719	-	-	-	-	-	38,719
Tourism Projects and Related Support (SC Code 6-1-530 & 730)	-	375,597	-	-	1,710,101	1,210,799	3,296,497
Committed to:							
Emergency Recovery Fund (Budget Ordinance)	2,755,886	-	-	-	-	48,748	2,804,634
Equipment and Vehicle Replacement Reserve (Budget Ordinance)	811,050	-	-	-	-	-	811,050
Contract (68 Boundary Street)	-	-	-	-	224,024	-	224,024
Contract (BIS Sidewalks)	-	-	137,316	-	-	-	137,316
Contract (184 Bluffton Road)	-	-	-	-	121,218	-	121,218
Contract (Calhoun Street Dock)	-	-	-	-	50,485	-	50,485
Assigned to:							
Other Capital Improvement Purposes	-	1,837,046	-	-	-	-	1,837,046
Unassigned:	10,894,662	-	-	-	-	-	10,894,662
Total Fund Balances	<u>\$ 14,875,153</u>	<u>\$ 4,110,987</u>	<u>\$ 3,527,410</u>	<u>\$ 1,639,543</u>	<u>\$ 2,105,828</u>	<u>\$ 1,374,856</u>	<u>\$ 27,633,777</u>

Ordinance No. 2018-06 “Fiscal Year 2019 Budget” establishes the following designated reserve funds:

Emergency Recovery Fund – shall be funded at an amount equal to or greater than 15% of the current fiscal year General Fund expenditure budget amount. For the fiscal year 2019, this amount was established as \$2,804,634. 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.

Vehicle and Equipment Replacement Reserve Fund – This reserve shall be funded at an amount equal to 115% of the designated assets’ prior completed fiscal year’s depreciation cost from uncommitted Fund Balance. This funding will occur in years in which there is a positive net change in the prior year’s fund balance. In addition, any insurance proceeds from totaled vehicles and proceeds from the sale of vehicles and equipment will be designated as reserved for future vehicle or equipment purchases. Debt Service requirements (lease principal and interest payments) are charged to Department Cost Centers and reduce the Vehicle and Equipment Replacement Reserve each year. For the fiscal year 2019, this amount was established at \$811,050.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN

Overview:

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 State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina, and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description:

The Town contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan that 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 districts and political subdivisions.

In addition to the SCRS pension plan, the Town also contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan that 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.

Membership:

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

South Carolina Retirement System – Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Membership (Continued):

South Carolina Police Officers Retirement System – 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, 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:

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 is presented below.

South Carolina Retirement System – 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 or retired members of employees who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits (Continued):

South Carolina Police Officers Retirement – 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 1% or \$500 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. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the Board, are insufficient to maintain the amortization period set in statute, the Board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85%, then the Board, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, then effective on the following July 1st, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

The Retirement System Funding and Administrative Act establishes a ceiling on employer contribution rates at 9% and 9.75% for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS and 21.24% for PORS. The amortization period is scheduled to be reduced on year for each of the next 10 years to a twenty year amortization period.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Required employee contribution rates for the year ended June 30, 2019, are as follows:

South Carolina Retirement System	
Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

South Carolina Police Officers Retirement System	
Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

Required employer contribution rates for the year ended June 30, 2019, are as follows:

South Carolina Retirement System	
Employee Class Two	14.41% of earnable compensation
Employee Class Three	14.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System	
Employee Class Two	16.84% of earnable compensation
Employee Class Three	16.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

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, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020, annual valuation is complete.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued):

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2018, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the July 1, 2018, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued):

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year of the Systems. 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 below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global public equity	33.0%	6.99%	2.31%
Private equity	9.0%	8.73%	0.79%
Equity options securities	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real estate (private)	6.0%	3.54%	0.21%
Real estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunities	13.0%		
GTAA/Risk parity	8.0%	3.70%	0.30%
Hedge funds (non-PA)	2.0%	3.45%	0.07%
Other opportunistic strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed credit	6.0%	3.05%	0.18%
Emerging markets debt	5.0%	3.94%	0.20%
Private debt	7.0%	3.89%	0.27%
Alternatives	12.0%		
Core fixed income	10.0%	0.94%	0.90%
Cash and short duration (net)	2.0%	0.34%	0.01%
	<u>100.0%</u>		
		Total expected real return	5.03%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u><u>7.28%</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability:

The June 30, 2018 (the measurement date), total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2017, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2019 (measurement date of June 30, 2018), the net pension liability amounts for the Town's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employer's Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</u>	<u>Town's Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 21,409,320	\$ 11,583,478	\$ 9,825,842	54.1%	0.043852%
PORS	\$ 16,885,482	\$ 10,423,312	\$ 6,462,170	61.7%	0.228060%

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%. 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 Town's 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. The following table presents the sensitivity of the net pension liabilities to changes in the discount rate:

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 12,555,602	\$ 9,825,842	\$ 7,874,326
PORS	8,711,813	6,462,170	4,619,524
Total	\$ 21,267,415	\$ 16,288,012	\$ 12,493,850

Pension Expense:

For the fiscal year ended June 30, 2019, the Town recognized its proportionate share of collective pension expense of \$956,530 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$259,626 for a total of \$1,216,156 for the SCRS plan. Additionally, for the fiscal year ended June 30, 2019, the Town recognized its proportionate share of collective pension expense of \$844,181, and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$243,019, for a total of \$1,087,200 for the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, 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
Governmental activities						
Differences between expected and actual experience	\$ 17,737	\$ 57,822	\$ 199,110	\$ -	\$ 216,847	\$ 57,822
Net difference between projected and actual earnings on pension plan investments	156,083	-	129,228	-	285,311	-
Assumption changes	389,834	-	426,082	-	815,916	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	315,689	-	607,140	382,007	922,829	382,007
Employer contributions subsequent to the measurement date	687,112	-	520,025	-	1,207,137	-
Total	<u>\$ 1,566,455</u>	<u>\$ 57,822</u>	<u>\$ 1,881,585</u>	<u>\$ 382,007</u>	<u>\$ 3,448,040</u>	<u>\$ 439,829</u>

Town contributions subsequent to the measurement date of \$687,112 and \$520,025, for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Governmental Activities			
Measurement Period	Fiscal Year	SCRS	PORS
Ending June 30,	Ending June 30,		
2018	2019	\$ 463,210	\$ 455,298
2019	2020	326,319	342,520
2020	2021	(30,659)	117,131
2021	2022	62,651	64,604
Total		<u>\$ 821,521</u>	<u>\$ 979,553</u>

NOTE 15. OTHER INFORMATION

A. Commitments and Contingent Liabilities

Litigation

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. OTHER INFORMATION (CONTINUED)

Construction Commitments

At June 30, 2019, the Town had the following construction commitments:

Construction services (68 Boundary Street)	\$	224,024
Construction services (BIS Sidewalks)	\$	137,316
Construction services (184 Bluffton Road)	\$	121,218
Construction services (Calhoun Street Dock)	\$	50,485

As discussed in note 1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amounts of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Debt Service Fund	\$	137,316
Hospitality Tax Fund		395,727
	<u>\$</u>	<u>533,043</u>

B. 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 16. SUBSEQUENT EVENT

In September 2019, Town Council approved an ordinance authorizing the issuance and sale of a not to exceed \$5,200,000 General Obligation Refunding Bonds, Series 2020 or such other appropriate series designation, for the purpose of reducing the interest on the Town's outstanding General Obligation Bonds, Taxable Series 2010A (Build America Bonds).

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF BLUFFTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE, 2019

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SOUTH CAROLINA RETIREMENT SYSTEM

Plan Year Ended June 30	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.043852%	\$ 9,825,842	\$ 4,544,792	216.2%	54.1%
2017	0.043464%	\$ 9,784,445	\$ 4,385,398	223.1%	53.3%
2016	0.041865%	\$ 8,942,302	\$ 4,054,074	220.6%	52.9%
2015	0.040187%	\$ 7,621,658	\$ 3,768,002	202.3%	57.0%
2014	0.038147%	\$ 6,567,649	\$ 3,462,291	189.7%	59.9%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY POLICE OFFICERS RETIREMENT SYSTEM

Plan Year Ended June 30	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.228060%	\$ 6,462,170	\$ 3,156,690	204.7%	61.7%
2017	0.249090%	\$ 6,823,999	\$ 3,354,450	203.4%	60.9%
2016	0.225660%	\$ 5,723,809	\$ 2,407,795	237.7%	60.4%
2015	0.170920%	\$ 3,272,235	\$ 2,055,787	159.2%	64.6%
2014	0.170920%	\$ 3,272,235	\$ 2,055,787	159.2%	67.6%

Note: Each year the Town will add an additional year of data until a total of ten years is presented.

TOWN OF BLUFFTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE OF CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM

Year Ended June 30	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 687,112	\$ 687,112	\$ -	\$ 4,768,301	14.41%
2018	\$ 616,274	\$ 616,274	\$ -	\$ 4,544,792	13.56%
2017	\$ 506,952	\$ 506,952	\$ -	\$ 4,385,398	11.56%
2016	\$ 448,381	\$ 448,381	\$ -	\$ 4,054,074	11.06%
2015	\$ 410,713	\$ 410,713	\$ -	\$ 3,768,002	10.90%

SCHEDULE OF CONTRIBUTIONS POLICE OFFICERS RETIREMENT SYSTEM

Year Ended June 30	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 520,025	\$ 520,025	\$ -	\$ 3,088,033	16.84%
2018	\$ 506,333	\$ 506,333	\$ -	\$ 3,156,690	16.04%
2017	\$ 477,674	\$ 477,674	\$ -	\$ 3,354,450	14.24%
2016	\$ 395,280	\$ 395,280	\$ -	\$ 2,407,795	16.42%
2015	\$ 322,885	\$ 322,885	\$ -	\$ 2,055,787	15.71%

Note: Each year the Town will add an additional year of data until a total of ten years is presented.

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF BLUFFTON, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds				
	Boat Ramp Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Seized and Forfeited Assets Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash	\$ -	\$ 386,072	\$ 1,291,708	\$ -	\$ 1,677,780
Restricted cash and cash equivalents	46,180	-	-	38,615	84,795
Other receivables	-	209,489	262,556	-	472,045
Due from other funds	43,125	3,533	3,028	800	50,486
Total assets	\$ 89,305	\$ 599,094	\$ 1,557,292	\$ 39,415	\$ 2,285,106
LIABILITIES					
Accounts payable	\$ 25	\$ 77,091	\$ 58,262	\$ 11,250	\$ 146,628
Due to other funds	-	31,252	730,234	2,136	763,622
Total liabilities	25	108,343	788,496	13,386	910,250
FUND BALANCES					
Restricted:					
Public safety	-	-	-	26,029	26,029
Tourism	-	490,751	720,048	-	1,210,799
Capital projects	89,280	-	-	-	89,280
Committed:					
Tourism	-	-	48,748	-	48,748
Total fund balances	89,280	490,751	768,796	26,029	1,374,856
Total liabilities and fund balances	\$ 89,305	\$ 599,094	\$ 1,557,292	\$ 39,415	\$ 2,285,106

TOWN OF BLUFFTON, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds				
	Boat Ramp Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Seized and Forfeited Assets Fund	Total Nonmajor Governmental Funds
Revenues:					
Accommodations taxes	\$ -	\$ 474,608	\$ 757,694	\$ -	\$ 1,232,302
Development fees	20,550	-	-	-	20,550
Interest income	92	810	2,168	22	3,092
Confiscated revenues	-	-	-	3,568	3,568
Total revenues	<u>20,642</u>	<u>475,418</u>	<u>759,862</u>	<u>3,590</u>	<u>1,259,512</u>
Expenditures:					
Current:					
Community development	-	332,329	235,031	-	567,360
Total expenditures	<u>-</u>	<u>332,329</u>	<u>235,031</u>	<u>-</u>	<u>567,360</u>
Excess of revenues over expenditures	<u>20,642</u>	<u>143,089</u>	<u>524,831</u>	<u>3,590</u>	<u>692,152</u>
Other financing uses					
Transfers out	-	(47,480)	(351,645)	-	(399,125)
Total other financing uses	<u>-</u>	<u>(47,480)</u>	<u>(351,645)</u>	<u>-</u>	<u>(399,125)</u>
Net change in fund balances	20,642	95,609	173,186	3,590	293,027
Fund balances, beginning of year	<u>68,638</u>	<u>395,142</u>	<u>595,610</u>	<u>22,439</u>	<u>1,081,829</u>
Fund balances, end of year	<u>\$ 89,280</u>	<u>\$ 490,751</u>	<u>\$ 768,796</u>	<u>\$ 26,029</u>	<u>\$ 1,374,856</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 5,700,000	\$ 5,700,000	\$ 6,025,904	\$ 325,904
Licenses and permits				
Franchise fees	2,500,000	2,500,000	2,592,411	92,411
Business licenses	1,750,000	1,750,000	2,470,803	720,803
MASC telecommunications	62,500	62,500	72,531	10,031
MASC insurance tax collection	1,980,000	1,980,000	2,300,662	320,662
Building permits	2,500,000	2,500,000	2,158,592	(341,408)
Administration fees	44,000	44,000	44,000	-
Application fees	80,000	80,000	84,710	4,710
Total licenses and permits	<u>8,916,500</u>	<u>8,916,500</u>	<u>9,723,709</u>	<u>807,209</u>
Intergovernmental				
State shared revenues				
Local government fund	291,215	291,215	294,795	3,580
Federal grants	365,420	203,849	210,436	6,587
Total state shared revenues	<u>656,635</u>	<u>495,064</u>	<u>505,231</u>	<u>10,167</u>
Other local governments				
School resource officers	293,510	293,510	278,992	(14,518)
School crossing guards	62,960	62,960	57,456	(5,504)
Total other local governments	<u>356,470</u>	<u>356,470</u>	<u>336,448</u>	<u>(20,022)</u>
Total intergovernmental	<u>1,013,105</u>	<u>851,534</u>	<u>841,679</u>	<u>(9,855)</u>
Service revenues				
Contract police services	106,100	106,100	107,752	1,652
Impact fee collection fee	60,000	60,000	47,722	(12,278)
Development fees	800,000	800,000	1,032,514	232,514
Total sales and service	<u>966,100</u>	<u>966,100</u>	<u>1,187,988</u>	<u>221,888</u>
Fees and fines				
Municipal court	250,000	250,000	165,902	(84,098)
Victims assistance	40,000	40,000	24,975	(15,025)
Check fee	-	-	663,808	663,808
Total fees and fines	<u>290,000</u>	<u>290,000</u>	<u>854,685</u>	<u>564,685</u>
Miscellaneous				
Donations	-	-	7,885	7,885
Miscellaneous	100,000	100,000	101,339	1,339
Rental income	80,000	80,000	54,894	(25,106)
Interest income	10,000	10,000	30,595	20,595
Total miscellaneous	<u>190,000</u>	<u>190,000</u>	<u>194,713</u>	<u>4,713</u>
Total revenues	<u>17,075,705</u>	<u>16,914,134</u>	<u>18,828,678</u>	<u>1,914,544</u>
Expenditures:				
Current:				
Legislative	169,705	169,705	159,084	10,621
Economic development	386,045	386,045	287,800	98,245
Executive	999,830	975,508	925,500	50,008
Human resources	349,259	359,673	320,445	39,228
Non-departmental	1,901,716	1,920,616	1,723,552	197,064
Finance	1,106,225	976,276	908,668	67,608
Municipal court	309,945	338,045	330,896	7,149
Municipal judges	61,530	61,530	53,323	8,207
Information technology	1,491,256	1,519,536	1,461,190	58,346
Facilities and asset management	1,515,469	1,579,780	1,482,283	97,497
Project management	1,068,832	989,345	900,996	88,349
Growth management	221,175	223,955	223,186	769
Planning and environmental sustainability	1,772,765	1,819,596	1,155,812	663,784
Building safety	735,425	706,800	633,186	73,614
Police	6,320,052	6,242,602	5,732,617	509,985
Debt service:				
Principal retirement	276,551	276,551	276,550	1
Interest	11,780	11,780	11,777	3
Total expenditures	<u>18,697,560</u>	<u>18,557,343</u>	<u>16,586,865</u>	<u>1,970,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,621,855)</u>	<u>(1,643,209)</u>	<u>2,241,813</u>	<u>3,885,022</u>
Other financing sources (uses):				
Transfers in	2,766,656	3,851,076	\$ 590,189	(3,260,887)
Transfers out	(1,419,016)	(2,482,082)	(2,478,041)	4,041
Capital leases	274,215	274,215	260,000	(14,215)
Total other financing sources (uses)	<u>1,621,855</u>	<u>1,643,209</u>	<u>(1,627,852)</u>	<u>(3,271,061)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>613,961</u>	<u>613,961</u>
Fund balances, beginning of year	14,261,192	14,261,192	14,261,192	-
Fund balances, end of year	<u>\$ 14,261,192</u>	<u>\$ 14,261,192</u>	<u>\$ 14,875,153</u>	<u>\$ 613,961</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
CAPITAL IMPROVEMENT PROGRAM FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Other revenues:				
Intergovernmental	\$ 611,411	\$ 609,755	\$ 332,817	\$ (276,938)
Interest income	-	-	9,152	9,152
Donations	-	221,000	305,740	84,740
Development fees	300,000	300,000	402,300	102,300
Total other revenues	911,411	1,130,755	1,050,009	(80,746)
State revenues	293,750	766,100	300,000	(466,100)
Federal revenues	956,618	852,663	210,985	(641,678)
Total revenues	2,161,779	2,749,518	1,560,994	(1,188,524)
Expenditures:				
Capital outlay				
Buck Island Sewer - Phase IV	-	50,000	3,817	46,183
Buck Island Sewer - Phase V	1,391,600	1,803,867	54,394	1,749,473
BIS - Neighborhood Sidewalks	240,460	257,736	88,810	168,926
Calhoun Street and Adjacent Area Study	50,000	61,009	28,851	32,158
Dog Park	-	58,500	57,578	922
Don Ryan Center for Innovation Uplift	189,508	192,648	-	192,648
Dr Mellichamp Drive Streetscape	-	207,741	63,402	144,339
Goethe Shultz Road Pathways	-	16,559	16,559	-
Goethe Shultz Improvements - Phase II	-	36,123	12,615	23,508
Jason-Able Sewer	-	198,680	6,941	191,739
Land Acquisition	500,000	521,750	509,801	11,949
May River Preserve	331,206	356,326	343,456	12,870
May River Road/Bruin Road Streetscape - Phase II & III	-	325,862	296,138	29,724
Multiple County Commerce Park	765,689	1,257,485	1,129,039	128,446
Old Town Lighting & Streetsigns	333,228	277,103	212,831	64,272
Oyster Factory Park Improvements	20,000	155,713	149,155	6,558
Town Hall Redevelopment	1,469,616	2,348,020	2,338,421	9,599
Town Facility Maintenance	27,000	27,000	13,657	13,343
Sewer Connection Program	250,000	281,384	-	281,384
Calhoun Street Dock Improvements	202,409	716,285	2,432	713,853
68 Boundary Street Renovations	684,105	823,922	243,290	580,632
184 Bluffton Road Improvements	488,524	556,330	222,771	333,559
Wright Family Park	1,141,742	1,147,251	100,612	1,046,639
Oscar Frazier Park	-	261,995	261,994	1
Squire Pope Carriage House Preservation	80,000	80,000	3,650	76,350
Boundary Street Lighting	183,500	183,500	67,382	116,118
Historic District Sewer Extension Phase 1	111,750	111,750	46,548	65,202
Historic District Sewer Extension Phase 2	67,750	67,750	25,905	41,845
Community Safety Cameras Phase 4	93,676	93,676	84,399	9,277
Law Enforcement Center Facility Improvements	72,400	99,900	96,263	3,637
Public Works Facility Improvements	51,400	51,400	51,396	4
Rotary Community Center Facility Improvements	20,000	27,700	20,211	7,489
Garvin-Garvey House Interpretive Signage	78,590	80,960	35,543	45,417
Total expenditures	8,844,153	12,735,925	6,587,861	6,148,064
Deficiency of revenues under expenditures	(6,682,374)	(9,986,407)	(5,026,867)	4,959,540
Other financing sources:				
Transfers in	6,182,374	9,486,407	4,598,821	(4,887,586)
Proceeds from issuance of debt	500,000	500,000	-	(500,000)
Total other financing sources	6,682,374	9,986,407	4,598,821	(5,387,586)
Net change in fund balances	-	-	(428,046)	(428,046)
Fund balances, beginning of year	4,539,033	4,539,033	4,539,033	-
Fund balances, end of year	\$ 4,539,033	\$ 4,539,033	\$ 4,110,987	\$ (428,046)

TOWN OF BLUFFTON, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
DEBT SERVICE FUND
FOR THE YEAR FISCAL ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 2,532,170	\$ 2,532,170	\$ 2,708,542	\$ 176,372
MID Fees	238,140	238,140	243,675	5,535
Interest income	275	275	4,740	4,465
Federal interest rebate	96,910	96,910	99,819	2,909
Total revenues	<u>2,867,495</u>	<u>2,867,495</u>	<u>3,056,776</u>	<u>189,281</u>
Expenditures:				
Other miscellaneous	756,309	721,898	-	721,898
Debt service:				
Principal retirement	1,007,826	1,007,826	1,007,826	-
Interest	462,550	462,550	462,550	-
Total expenditures	<u>2,226,685</u>	<u>2,192,274</u>	<u>1,470,376</u>	<u>721,898</u>
Excess of revenues over expenditures	<u>640,810</u>	<u>675,221</u>	<u>1,586,400</u>	<u>911,179</u>
Other financing sources (uses):				
Transfers in	-	25,000	-	(25,000)
Transfers out	(640,810)	(700,221)	(147,106)	553,115
Total other financing uses, net	<u>(640,810)</u>	<u>(675,221)</u>	<u>(147,106)</u>	<u>528,115</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,439,294</u>	<u>1,439,294</u>
Fund balances, beginning of year	<u>2,088,116</u>	<u>2,088,116</u>	<u>2,088,116</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,088,116</u>	<u>\$ 2,088,116</u>	<u>\$ 3,527,410</u>	<u>\$ 1,439,294</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
STORMWATER FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits:				
Stormwater fees	\$ 1,400,000	\$ 1,400,000	\$ 1,484,111	\$ 84,111
Other revenues:				
Miscellaneous	150	150	-	(150)
Total local revenues	<u>1,400,150</u>	<u>1,400,150</u>	<u>1,484,111</u>	<u>83,961</u>
State revenues	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total revenues	<u>1,400,150</u>	<u>1,415,150</u>	<u>1,499,111</u>	<u>83,961</u>
Expenditures:				
Personnel:				
Stormwater	518,980	493,980	436,876	57,104
Operating costs:				
Stormwater	576,015	616,015	404,630	211,385
Capital outlay	<u>42,914</u>	<u>42,914</u>	<u>39,860</u>	<u>3,054</u>
Total expenditures	<u>1,137,909</u>	<u>1,152,909</u>	<u>881,366</u>	<u>271,543</u>
Excess of revenues over expenditures	<u>262,241</u>	<u>262,241</u>	<u>617,745</u>	<u>355,504</u>
Other financing sources (uses):				
Transfers in	352,115	718,215	-	(718,215)
Transfers out	<u>(614,356)</u>	<u>(980,456)</u>	<u>(314,619)</u>	<u>665,837</u>
Total other financing uses, net	<u>(262,241)</u>	<u>(262,241)</u>	<u>(314,619)</u>	<u>(52,378)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>303,126</u>	<u>303,126</u>
Fund balances, beginning of year	<u>1,336,417</u>	<u>1,336,417</u>	<u>1,336,417</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,336,417</u>	<u>\$ 1,336,417</u>	<u>\$ 1,639,543</u>	<u>\$ 303,126</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.

Table of Contents

Page

Financial Trends

63 and 64

These schedules contain trend information to help the reader understand how the Town's financial performance and well being have changed over time.

Revenue Capacity

65 - 73

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

Debt Capacity

74 - 78

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.

Demographic and Economic Information

79 - 81

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

82 and 83

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.

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

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF BLUFFTON, SOUTH CAROLINA

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 9,807,190	\$ 8,600,498	\$ 8,456,941	\$ 9,552,186	\$ 10,745,284	\$ 11,556,509	\$ 11,494,116	\$ 13,698,001	\$ 18,219,570	\$ 22,392,823
Restricted	214,401	5,152,452	5,474,434	6,629,087	7,566,263	8,501,810	10,006,700	8,494,579	8,845,823	10,490,769
Unrestricted	7,654,350	4,609,087	5,203,005	6,543,899	8,328,146	1,316,954	4,208,504	6,039,836	3,054,693	2,902,157
Total governmental activities net position	\$ 17,675,941	\$ 18,362,037	\$ 19,134,380	\$ 22,725,172	\$ 26,639,693	\$ 21,375,273	\$ 25,709,320	\$ 28,232,416	\$ 30,120,086	\$ 35,785,749

TOWN OF BLUFFTON, SOUTH CAROLINA

**Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government:										
Administration	\$ 2,807,552	\$ 2,624,831	\$ 2,741,335	\$ 2,953,686	\$ 3,177,857	\$ 3,675,493	\$ 4,210,681	\$ 4,858,208	\$ 4,966,547	\$ 6,273,450
Judicial	307,603	307,168	312,215	300,056	261,663	278,425	302,390	325,019	349,155	408,166
Planning	1,556,322	1,212,826	997,773	896,613	797,378	744,605	873,476	801,474	950,748	1,269,985
Public safety:										
Building safety	985,977	806,099	666,711	685,841	832,699	962,685	981,279	1,036,905	1,057,626	924,154
Police	3,383,148	3,423,620	3,680,878	3,752,007	4,007,350	4,801,530	5,691,428	6,720,715	6,720,974	6,471,843
Public works	779,592	820,750	912,322	912,800	945,375	1,034,327	938,380	1,417,406	1,111,464	1,606,484
Environmental protection/stormwater management	-	-	628,636	638,438	644,128	652,579	963,939	800,781	826,253	923,714
Engineering/project management	662,107	808,562	665,071	612,469	487,943	876,330	921,486	1,170,935	6,164,446	1,376,125
Community development	1,258,689	3,820,154	2,787,424	1,500,055	1,070,319	1,027,145	2,694,505	4,364,665	732,980	3,074,469
Interest on long-term debt	523,777	756,571	705,764	1,005,006	664,378	684,047	568,805	539,244	495,484	460,301
Total governmental activities expenses	\$ 12,264,767	\$ 14,580,581	\$ 14,098,129	\$ 13,256,971	\$ 12,889,090	\$ 14,737,566	\$ 18,146,369	\$ 22,035,352	\$ 23,375,677	\$ 22,788,691
Program revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government:										
Administration	\$ 3,177,906	\$ 3,276,217	\$ 3,601,641	\$ 4,120,809	\$ 5,016,969	\$ 5,465,905	\$ 5,764,361	\$ 6,127,510	\$ 6,729,624	\$ 7,436,407
Judicial	256,973	227,290	196,065	190,993	164,583	277,388	278,360	320,564	256,426	854,685
Planning	1,256,292	450,158	382,225	557,075	630,359	898,669	1,055,317	1,324,816	1,023,161	1,229,496
Public safety:										
Building safety	424,196	532,291	576,706	979,777	1,090,532	1,608,131	2,118,220	2,063,472	2,059,110	2,158,592
Police	65,008	75,353	55,985	56,638	54,610	65,820	59,585	70,910	80,014	107,752
Community development	159,275	165,000	156,750	242,225	-	343,800	642,600	521,100	607,500	402,300
Operating grants and contributions	403,468	467,776	410,086	267,960	236,472	317,366	480,525	691,119	639,252	508,799
Capital grants and contributions	183,252	2,849,085	2,172,461	2,552,546	1,565,210	1,322,203	2,614,001	2,579,042	1,808,630	2,010,096
Total governmental activities program revenues	\$ 5,926,370	\$ 8,043,170	\$ 7,551,919	\$ 8,968,023	\$ 8,758,735	\$ 10,299,282	\$ 13,012,969	\$ 13,698,533	\$ 13,203,717	\$ 14,708,127
Net (expense) revenue										
Total governmental activities net expense	\$ (6,338,397)	\$ (6,537,411)	\$ (6,546,210)	\$ (4,288,948)	\$ (4,130,355)	\$ (4,438,284)	\$ (5,133,400)	\$ (8,336,819)	\$ (10,171,960)	\$ (8,080,564)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 5,245,883	\$ 5,152,002	\$ 5,233,427	\$ 5,573,318	\$ 5,580,452	\$ 6,089,064	\$ 6,716,062	\$ 7,158,104	\$ 7,666,528	\$ 8,734,446
Other taxes	1,118,513	1,324,608	1,514,316	1,720,504	1,849,205	2,015,182	2,224,751	2,860,650	3,186,291	3,478,490
Intergovernmental revenue	170,274	233,896	284,065	330,780	617,942	634,044	615,847	686,837	904,018	1,012,759
Investment earnings	181,283	108,796	35,283	10,070	9,576	12,963	12,200	31,460	40,103	50,675
Capital contributions	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on sale of capital assets	118,199	404,205	251,462	245,068	91,201	176,981	70,087	122,864	277,018	469,858
Miscellaneous	6,834,152	7,223,507	7,318,553	7,879,740	8,148,376	8,928,234	9,467,447	10,859,915	12,059,630	13,746,228
Total governmental activities	\$ 495,755	\$ 686,096	\$ 772,343	\$ 3,590,792	\$ 4,018,021	\$ 4,489,950	\$ 4,334,047	\$ 2,523,096	\$ 1,887,670	\$ 5,665,664

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 3
 Program Revenues by Function/Program
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Governmental activities:										
General government										
Administration	\$ 3,177,906	\$ 3,276,217	\$ 3,601,641	\$ 4,120,809	\$ 5,016,969	\$ 5,465,905	\$ 5,764,361	\$ 6,127,510	\$ 6,729,624	\$ 7,436,407
Municipal court	256,973	227,290	196,065	190,993	164,583	277,388	278,360	320,564	256,426	854,685
Planning	1,256,292	450,158	382,225	557,075	630,359	898,669	1,055,317	1,324,816	1,023,161	1,229,496
Public safety										
Building safety	424,196	532,291	576,706	979,777	1,090,532	1,608,131	2,118,220	2,063,472	2,059,110	2,158,592
Police	65,008	75,353	55,985	56,638	54,610	65,820	59,585	70,910	80,014	107,752
Community development	159,275	165,000	156,750	242,225	-	343,800	642,600	521,100	607,500	402,300
Operating grants and contributions	403,468	467,776	410,086	267,960	236,472	317,366	480,525	691,119	639,252	508,799
Capital grants and contributions	183,252	2,849,085	2,172,461	2,552,546	1,565,210	1,322,203	2,614,001	2,579,042	1,808,630	2,010,096
Total governmental activities	\$ 5,926,370	\$ 8,043,170	\$ 7,551,919	\$ 8,968,023	\$ 8,758,735	\$ 10,299,282	\$ 13,012,969	\$ 13,698,533	\$ 13,203,717	\$ 14,708,127

TOWN OF BLUFFTON, SOUTH CAROLINA

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Pre-GASB 54¹										
General Fund										
Reserved	\$ 630,934									
Unreserved	3,419,594									
Total General Fund	<u>\$ 4,050,528</u>									
All Other Governmental Funds										
Reserved	\$ 4,748,173									
Unreserved, reported in:										
Special revenue funds	202,191									
Total all other governmental funds	<u>\$ 4,950,364</u>									
Post-GASB 54¹										
General Fund										
Nonspendable	\$ 148,094	\$ 174,744	\$ 168,714	\$ 167,490	\$ 184,569	\$ 177,876	\$ 245,442	\$ 253,037	\$ 215,178	\$ 262,573
Restricted	436,555	540,516	688,579	895,290	759,661	824,985	860,630	624,615	165,318	150,982
Committed	1,567,690	1,567,691	1,833,770	1,939,386	1,990,521	2,333,802	2,673,900	4,229,733	5,698,030	3,566,936
Assigned	194,379	132,992	-	-	-	-	-	-	-	-
Unassigned	1,703,810	2,333,024	2,520,528	3,968,242	5,917,866	8,019,133	10,049,350	10,017,064	8,182,666	10,894,662
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>	<u>\$ 13,829,322</u>	<u>\$ 15,124,449</u>	<u>\$ 14,261,192</u>	<u>\$ 14,875,153</u>
All Other Governmental Funds										
Restricted	\$ 4,492,059	\$ 4,437,192	\$ 4,668,755	\$ 5,566,307	\$ 6,622,033	\$ 7,676,824	\$ 9,146,070	\$ 7,869,964	\$ 8,680,505	\$ 10,339,787
Committed	9,999	780,050	237,594	315,565	135,730	22,200	261,202	1,772,001	162,561	581,791
Assigned	448,306	833,838	361,712	865,782	1,004,002	1,494,675	1,933,087	1,600,458	1,908,993	1,837,046
Total all other governmental funds	<u>\$ 4,950,364</u>	<u>\$ 6,051,080</u>	<u>\$ 5,268,061</u>	<u>\$ 6,747,654</u>	<u>\$ 7,761,765</u>	<u>\$ 9,193,699</u>	<u>\$ 11,340,359</u>	<u>\$ 11,242,423</u>	<u>\$ 10,752,059</u>	<u>\$ 12,768,624</u>

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

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 5
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes (see Schedule 6)	\$ 6,364,396	\$ 6,476,610	\$ 6,747,743	\$ 7,293,822	\$ 7,429,657	\$ 8,104,246	\$ 8,940,813	\$ 10,018,754	\$ 10,852,818	\$ 12,212,936
Licenses and permits	4,787,752	5,125,588	5,477,203	6,521,506	7,570,195	8,796,439	9,982,960	10,374,179	11,087,574	11,853,795
Fees and fines	256,973	227,290	196,065	190,993	164,583	279,641	297,783	320,564	256,426	854,685
Charges for services	294,925	330,685	335,540	513,105	598,890	857,264	1,042,973	1,199,479	983,420	1,208,538
Inergovernmental	170,274	483,896	284,065	675,842	843,547	711,079	904,097	970,671	967,217	1,063,879
Grants and entitlements	586,720	1,413,877	1,543,111	1,514,043	179,462	283,803	1,397,633	1,497,857	813,098	739,989
Investment earnings	154,621	83,373	35,283	10,070	9,576	13,466	12,702	31,460	40,103	50,675
Other revenues	218,199	497,904	251,463	172,818	111,201	181,578	72,955	186,460	277,018	469,858
Total revenues	\$ 12,833,860	\$ 14,639,233	\$ 14,870,473	\$ 16,892,199	\$ 16,907,111	\$ 19,227,516	\$ 22,651,916	\$ 24,599,424	\$ 25,277,674	\$ 28,454,355
Expenditures										
Legislative	\$ 142,930	\$ 126,729	\$ 82,606	\$ 95,321	\$ 103,148	\$ 126,291	\$ 154,466	\$ 147,754	\$ 152,222	\$ 159,084
Executive	464,927	317,952	328,699	379,349	425,677	729,375	911,914	805,686	816,845	925,500
Economic development	-	-	54,309	164,527	191,686	248,943	178,005	178,005	350,721	287,800
Human resources	-	184,193	187,384	185,885	234,151	234,489	286,519	285,411	258,841	320,445
Non-departmental	1,003,794	774,025	842,452	831,061	895,425	971,594	1,086,435	1,442,473	1,460,311	1,723,552
Finance	568,429	588,792	592,727	628,670	609,957	614,757	711,162	714,980	736,361	908,668
Municipal court	254,623	257,753	268,860	251,726	223,621	228,639	238,894	253,192	269,722	330,896
Municipal judges	49,456	47,437	41,316	47,026	37,373	45,809	52,811	52,188	55,783	53,323
Information technology	397,046	446,551	494,425	535,309	557,241	602,567	729,118	1,001,627	931,311	1,461,190
Public works	685,502	753,620	796,449	834,542	845,448	938,131	839,274	1,302,326	1,026,545	1,482,283
Environmental protection/stormwater management	111,079	-	574,097	629,281	624,318	619,579	634,437	724,005	740,587	841,506
Engineering/project management	599,358	745,533	618,710	567,703	490,314	510,368	540,200	762,967	929,344	900,996
Growth management	1,046,341	322,261	380,789	391,703	449,054	336,652	360,106	336,618	227,417	223,186
Planning and community development	1,046,341	879,713	609,598	497,474	361,910	396,624	839,624	726,953	876,908	1,155,812
Building safety	970,950	792,362	649,635	676,502	815,999	943,115	578,904	662,922	656,963	633,186
Police	3,065,401	3,086,150	3,343,082	3,488,330	3,723,356	4,532,209	5,271,030	6,031,612	5,796,672	5,732,617
Community development	199,836	328,621	376,272	428,422	391,361	385,019	333,752	346,394	507,345	567,360
Capital outlay	4,190,769	7,325,822	2,972,393	2,251,728	1,964,449	1,278,887	3,154,082	6,681,188	8,996,269	6,627,721
Debt service	-	-	-	-	-	-	-	-	-	-
Interest	532,966	659,431	706,611	686,850	667,612	662,643	564,365	539,974	505,006	474,327
Principal	1,556,399	908,743	1,418,461	690,858	960,609	1,112,874	1,361,064	1,320,759	1,332,590	1,284,376
Cost of issuance	-	174,239	-	-	-	-	-	-	-	-
Total expenditures	\$ 16,238,709	\$ 18,719,927	\$ 15,338,875	\$ 14,262,267	\$ 14,572,709	\$ 15,518,228	\$ 18,826,162	\$ 24,315,887	\$ 26,627,763	\$ 26,093,828
Excess of revenues over (under) expenditures	\$ (3,404,849)	\$ (4,080,694)	\$ (468,402)	\$ 2,629,932	\$ 2,334,402	\$ 3,709,288	\$ 3,825,754	\$ 283,537	\$ (1,350,089)	\$ 2,360,527
Other financing Sources (uses)										
Issuance of bonds	-	18,370,000	-	-	-	8,923,000	-	-	-	-
Underwriter's premium (discount)	-	(3,121)	-	-	-	(23,075)	-	-	-	-
Current refund of existing debt	-	(12,875,000)	-	-	-	(9,230,000)	-	-	-	-
Sale of capital assets	-	387,970	-	388,479	74,420	-	273,432	588,654	-	-
Capital leases	-	-	168,000	200,000	591,000	555,900	521,000	325,000	-	260,000
Transfers In	3,876,944	2,936,493	1,844,092	924,997	1,295,929	1,195,262	1,898,320	4,097,065	9,267,163	5,189,010
Transfers out	(3,876,944)	(2,936,493)	(1,844,092)	(924,997)	(1,295,929)	(1,195,262)	(1,898,320)	(4,097,065)	(9,267,163)	(5,189,010)
Total other financing sources (uses)	\$ -	\$ 5,879,849	\$ 168,000	\$ 588,479	\$ 665,420	\$ 225,825	\$ 794,432	\$ 913,654	\$ -	\$ 260,000
Net change in fund balances	\$ (3,404,849)	\$ 1,799,155	\$ (300,402)	\$ 3,218,411	\$ 2,999,822	\$ 3,935,113	\$ 4,620,166	\$ 1,197,191	\$ (1,350,089)	\$ 2,620,527
Debt service as a percentage of non-capital expenditures	15.9%	11.8%	14.5%	10.8%	12.6%	11.9%	10.6%	8.7%	7.7%	8.1%

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 6

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

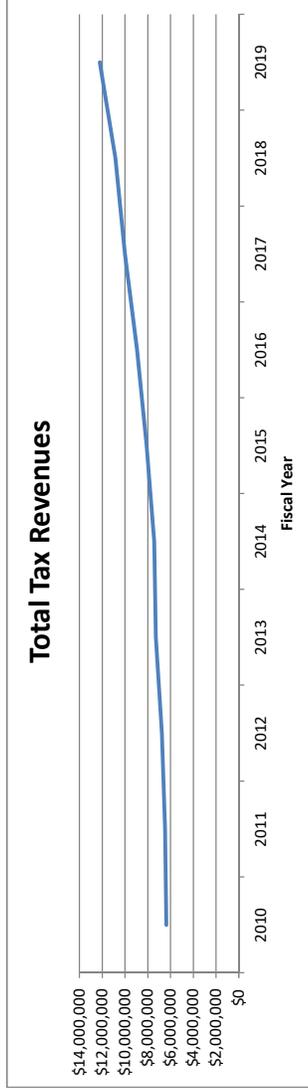
(modified accrual basis of accounting)

Fiscal Year	Property Tax	State Accommodations Tax	Local Accommodations Tax	Local Hospitality Tax	Total
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
2016	6,716,062	219,142	367,470	1,638,139	8,940,813
2017	7,158,104	360,408	603,280	1,896,962	10,018,754
2018	7,666,528	470,744	740,008	1,972,006	10,849,286
2019	8,734,446	474,608	757,694	2,246,188	12,212,936

Change 2010-2019 66.5% 374.3% 340.9% 165.3% 91.9%

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.



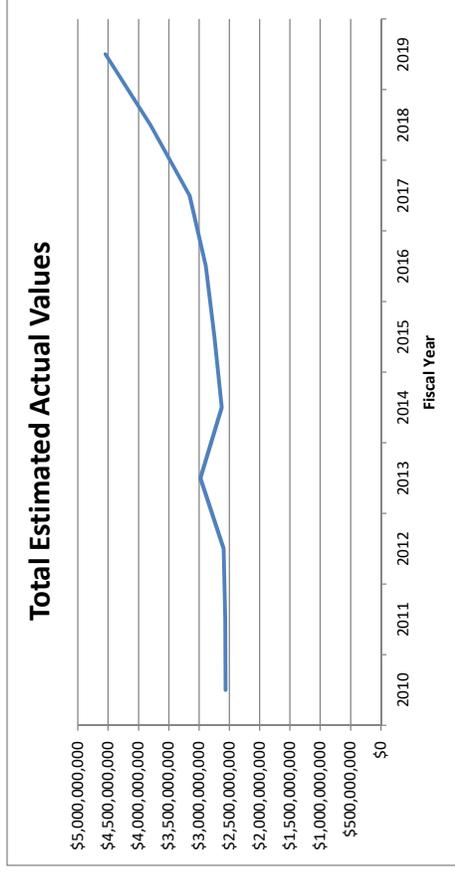
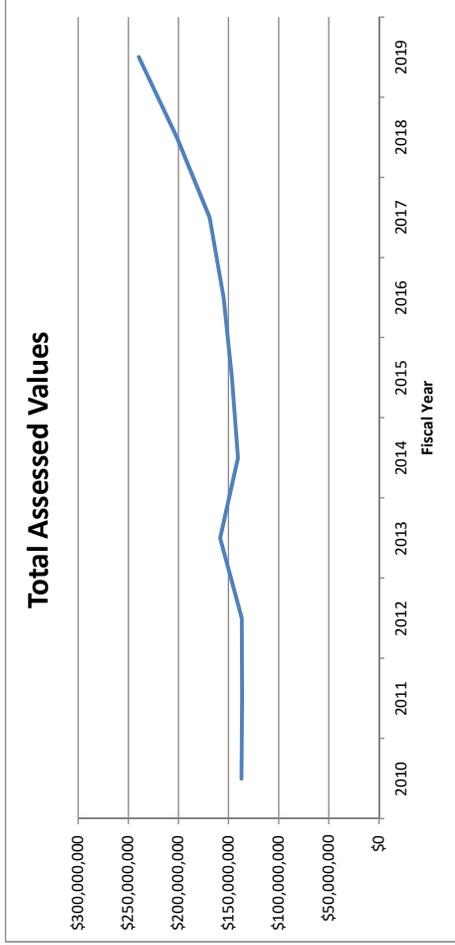
TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 7 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		
2009	2008	\$ 117,639,926	\$ 2,240,638,874	\$ 4,988,255	\$ 83,137,583	\$ 122,628,181	\$ 2,323,776,458	40.00	5.28%
2010	2009	131,730,227	2,476,463,407	5,293,319	88,221,983	137,023,546	2,564,685,390	38.00	5.34%
2011	2010	130,372,943	2,464,735,850	6,093,820	101,563,667	136,466,763	2,566,299,517	38.00	5.32%
2012	2011	130,578,732	2,489,307,650	6,372,315	106,205,250	136,951,047	2,595,512,900	38.00	5.28%
2013	2012	149,190,533	2,822,563,022	9,196,340	153,272,333	158,386,873	2,975,835,355	38.00	5.32%
2014	2013	130,020,720	2,452,989,629	10,538,720	175,645,333	140,559,440	2,628,644,962	44.35	5.35%
2015	2014	136,945,050	2,590,016,419	9,549,500	159,158,333	146,494,550	2,749,174,752	44.35	5.33%
2016	2015	140,889,336	2,654,799,615	14,139,420	235,657,000	155,028,756	2,890,456,615	44.35	5.36%
2017	2016	154,685,800	2,919,919,981	14,160,660	236,011,000	168,846,460	3,155,930,981	42.35	5.35%
2018	2017	186,163,210	3,544,760,914	15,459,770	257,662,833	201,622,980	3,802,423,748	40.35	5.30%
2019	2018	222,663,410	4,265,244,781	16,762,779	279,938,407	239,426,189	4,545,183,188	38.50	5.27%

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.



TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 8 Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

(rate per thousand of assessed value)

Fiscal Year	Tax Year	Town Direct Rates					Overlapping Rates							Total Rate
		General Fund	Debt Service	Total Direct Rate	County Operations	County Debt	County Land Purchase	County Schools Operations	County Schools Debt	Bluffton Fire District Operations	Bluffton Fire District Debt	Total Overlapping Rate		
2009	2008	40.00	-	40.00	45.50	4.00	2.40	102.60	28.00	22.30	0.40	205.20	245.20	
2010	2009	38.00	-	38.00	40.21	3.64	2.13	90.26	24.43	19.67	0.37	180.71	218.71	
2011	2010	35.70	2.30	38.00	40.21	4.57	2.76	90.26	26.33	19.67	0.38	184.18	222.18	
2012	2011	35.70	2.30	38.00	40.21	4.57	2.76	90.26	28.00	19.67	0.38	185.85	223.85	
2013	2012	35.70	2.30	38.00	40.21	4.44	3.87	92.26	28.00	20.49	-	189.27	227.27	
2014	2013	40.00	4.35	44.35	46.48	5.48	4.34	97.45	31.71	24.02	-	209.48	253.83	
2015	2014	40.00	4.35	44.35	46.48	5.48	4.90	103.50	31.71	24.02	-	216.09	260.44	
2016	2015	40.00	4.35	44.35	48.77	5.48	4.90	103.50	31.71	24.02	1.22	219.60	263.95	
2017	2016	39.00	3.35	42.35	50.89	5.48	4.90	111.50	31.71	24.64	1.10	230.22	272.57	
2018	2017	37.00	3.35	40.35	53.01	5.58	4.80	113.50	31.71	24.70	1.04	234.34	274.69	
2019	2018	35.30	3.20	38.50	54.30	5.50	5.50	114.00	31.70	24.10	1.60	236.70	275.20	

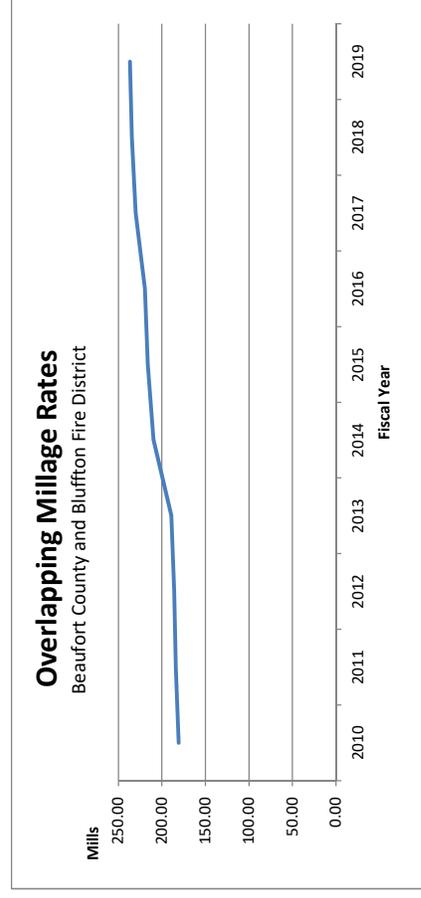
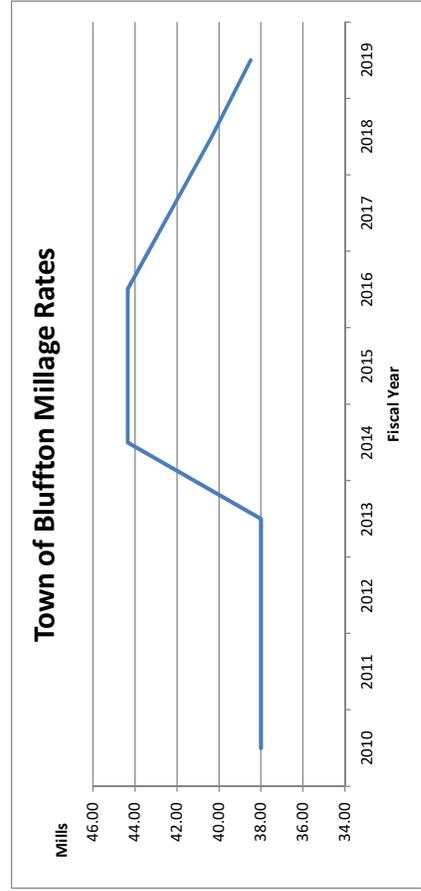
Source: Beaufort County Auditor's Office and Town Finance Department

* 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.



TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 9
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2019 Tax Year 2018			Fiscal Year 2010 Tax Year 2009		
	Total Assessed Value	Rank ¹	Percentage of Total Town Taxable Assessed Value	Total Assessed Value	Rank ¹	Percentage of Total Town Taxable Assessed Value
South Carolina Electric & Gas	\$ 5,570,480	1	2.33%	\$ 3,293,000	1	2.40%
Palmetto Electric Cooperative	1,872,760	3	0.78%	2,267,300	2	1.65%
Palmetto Bluff Lodge LLC	3,068,240	2	1.28%	884,060	7	0.72%
May River Forest	1,568,980	4	0.66%	5,235,520	4	4.27%
Bluffton Telephone Company Inc	1,243,660	5	0.52%	665,200	9	0.54%
Berkeley Place Bluffton SC LLC	1,075,690	6	0.45%			
Bre Mariner Belfair Town Village LLC	919,110	7	0.38%			
East Coast Newspapers	860,880	8	0.36%	3,300,930	3	2.69%
Crowne Old Carolina LLC A Delaware LLC	826,350	9	0.35%			
Real Sub LLC	726,160	10	0.30%			
Hampton Lake LLC				3,954,780	5	3.23%
Sea Turtle Entertainment				1,016,210	8	0.83%
Equity One (Belfair)				1,083,090	6	0.88%
Rose Canyon Bluffton LLC				541,090	10	0.44%
Total	\$ 17,732,310		7.41%	\$ 22,241,180		17.66%

Source: Beaufort County Assessor's Office

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

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 10
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
2010	2009	\$ 5,176,582	\$ 4,875,274	94.18%	\$	5,048,096	97.52%
2011	2010	5,100,085	4,899,168	96.06%	172,822	5,052,371	99.06%
2012	2011	5,293,555	4,976,802	94.02%	153,203	5,184,266	97.94%
2013	2012	5,426,594	5,275,406	97.21%	207,463	5,397,855	99.47%
2014	2013	5,610,943	5,364,595	95.61%	122,449	5,364,595	95.61%
2015	2014	5,989,057	5,978,582	99.83%	7,279	5,978,582	99.83%
2016	2015	6,876,467	6,550,702	95.26%	32,515	6,550,702	95.26%
2017	2016	7,141,565	7,025,202	98.37%	n/a	7,025,202	98.37%
2018	2017	7,587,957	7,522,431	99.14%	n/a	7,522,431	99.14%
2019	2018	8,597,886	8,566,314	99.64%	n/a	8,566,314	99.64%

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

Note: Penalties associated with delinquent collections are not included in this schedule. For some fiscal years, information for collections in subsequent years is not always available at time of printing. Therefore, delinquent collections may be shown in the year collected and may result in collection percentages slightly (immaterial) higher.

n/a - not available at time of printing.

TOWN OF BLUFFTON, SOUTH CAROLINA

**Schedule 11
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

Fiscal Year	Town Direct Rate	Beaufort County	South Carolina
2010	0%	1%	6%
2011	0%	1%	6%
2012	0%	1%	6%
2013	0%	0%	6%
2014	0%	0%	6%
2015	0%	0%	6%
2016	0%	0%	6%
2017	0%	0%	6%
2018	0%	0%	6%
2019	0%	1%	6%

Sources: Beaufort County and Town Finance Department

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 12
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds		Revenue Bonds	Retirement Notes Payable	Other Notes Payable	Intergovernmental Payments	Capital Leases	Operating Payable	Total	Percentage of Personal Income ^a	Per Capita ^a
	Bonds	Bonds									
2010	20,000	12,875,000	49,859	-	1,490,000	137,346	-	14,572,205	0.00%	1,130	
2011	6,500,000	11,870,000	38,463	-	750,000	-	-	19,158,463	0.01%	1,505	
2012	6,500,000	11,240,000	-	-	-	168,000	-	17,908,000	0.01%	1,385	
2013	6,500,000	10,590,000	-	-	-	327,142	-	17,417,142	0.00%	1,280	
2014	6,300,000	9,920,000	-	-	300,000	527,533	-	17,047,533	0.00%	1,122	
2015	6,090,000	8,923,000	-	-	200,000	919,944	219,146	16,352,090	0.00%	978	
2016	5,875,000	8,212,365	-	-	38,000	1,167,525	-	15,292,890	0.00%	809	
2017	5,650,000	7,483,156	-	-	-	1,125,974	-	14,259,130	0.00%	708	
2018	5,415,000	6,734,888	-	-	-	771,296	-	12,921,184	0.00%	559	
2019	5,175,000	5,967,060	-	-	-	749,579	-	11,891,639	n/a	n/a	

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.

n/a - not available at time of printing.

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 13

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total Gross	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2010	20,000	20,000	0.00%	2
2011	6,500,000	6,500,000	0.25%	504
2012	6,500,000	6,500,000	0.25%	510
2013	6,500,000	6,500,000	0.22%	503
2014	6,300,000	6,300,000	0.24%	463
2015	6,090,000	6,090,000	0.22%	401
2016	5,875,000	5,875,000	0.20%	351
2017	5,650,000	5,650,000	0.18%	299
2018	5,415,000	5,415,000	0.14%	269
2019	5,175,000	5,175,000	0.11%	224

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.

TOWN OF BLUFFTON, SOUTH CAROLINA

**Schedule 14
Direct and Overlapping Governmental Activities Debt**

As of June 30, 2019

<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	\$ 276,393,221	9.8%	21,005,885
Beaufort County General Obligation Debt	213,830,070	9.8%	16,251,085
Bluffton Fire District	13,337,254	39.4%	4,001,176
Subtotal, overlapping debt			41,258,146
Town direct debt			11,891,641
Total direct and overlapping debt			\$ 53,149,787

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.

TOWN OF BLUFFTON, SOUTH CAROLINA

**Schedule 15
Legal Debt Margin Information
Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed value										
Debt Limit (8% of assessed value)	\$ 10,961,884	\$ 10,917,341	\$ 10,956,084	\$ 12,670,950	\$ 11,244,755	\$ 11,719,564	\$ 12,404,000	\$ 13,507,717	\$ 16,129,838	\$ 19,154,095
Debt applicable to limit	20,000	6,500,000	6,500,000	6,500,000	6,300,000	6,090,000	5,875,000	5,650,000	5,415,000	5,175,000
Legal Debt Margin (without a Referendum)	10.941,884	4,417,341	4,456,084	6,170,950	4,944,755	5,629,564	6,529,000	7,857,717	10,714,838	13,979,095
Total net debt applicable to the limit as a percentage of debt limit	0.18%	59.54%	59.33%	51.30%	56.03%	51.96%	47.36%	41.83%	33.57%	27.02%

\$ 239,426,189
19,154,095
(5,175,000)
\$ 13,979,095

Note: Article X, Section 14, of the South Carolina Constitution of 1895 as amended provides that a city or town shall incur General Obligation Debt over the 8% limit only when approved by a majority vote of the qualified electors of the political subdivisions voting in a referendum authorized by law.

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 16
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Tax Increment Bonds					Coverage
	Revenue	Principal	Debt Service		Total	
			Interest			
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
2016	1,568,346	710,635	221,046		931,681	1.68
2017	1,564,116	729,209	202,472		931,681	1.68
2018	1,778,438	748,268	183,413		931,681	1.91
2019	2,172,578	767,826	163,855		931,681	2.33

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.

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 17 Demographic and Economic Statistics Last Ten Calendar Years

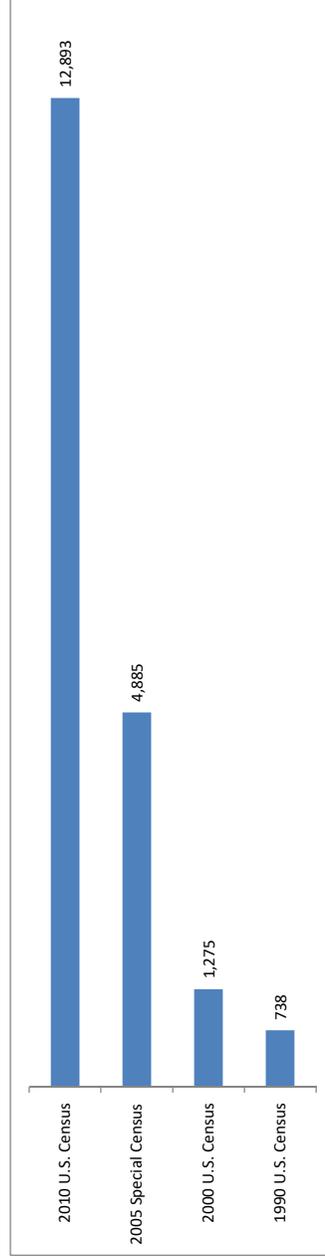
Calendar Year	Population	Personal Income	Per Capita Personal Income	Town of Bluffton School Enrollment	Beaufort County School Enrollment	Annual Unemployment Rate*
2009	12,519	\$ 535,600,377	42,783	5,256	19,525	8.7%
2010	12,893	374,000,144	29,008 **	5,345	19,626	8.7%
2011	12,734	346,963,298	27,247	4,913	19,953	8.7%
2012	12,932	373,773,596	28,903	5,245	20,852	7.6%
2013	13,606	354,218,604	26,034	5,912	20,285	6.4%
2014	15,199	391,009,474	25,726	6,262	20,622	5.7%
2015	16,728	469,906,248	28,091	6,642	21,120	5.5%
2016	18,897	584,465,313	30,929	7,149	21,439	4.6%
2017	20,126	662,608,298	32,923	8,208	21,952	3.3%
2018	23,097	n/a	n/a	8,000	22,014	3.9%

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

**Town of Bluffton data beginning in 2010.

n/a - not available at time of printing.

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. Census Bureau, American Fact Finder; Unemployment rate provided by U.S. Department of Labor, Bureau of Labor and Statistics.



TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 18
Principal Employers
Current Year and Nine Years Ago

Employer	2019			2010		
	# of Employees	Rank	% of Total Town Employment	# of Employees	Rank	
Beaufort County School District - Bluffton only	1,030	1	n/a	525	1	
Inn at Palmetto Bluff & Palmetto Bluff Clubs	750	2	n/a	192	4	
Kroger	464	3	n/a	120	6	
EviCore National, LLC/CareCore National, LLC	400	4	n/a	396	2	
Publix	310	5	n/a	200	3	
Right At Home	275	6	n/a			
NHC Healthcare/Bluffton	250	7	n/a	185	5	
Hargray	170	8	n/a			
Resort Services Inc.	153	9	n/a	109	7	
Bluffton Township Fire Department	149	10	n/a	90	8	
Town of Bluffton				85	9	
Outback Steakhouse				75	10	
Jim N Nick's Barbeque Restaurant						

Source: Town's Finance Department

n/a - not available at time of printing.

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 19
Full-Time-Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	-	-	-	-	-	-	-	-	-	-
Administration	4.0	4.0	3.5	4.0	4.0	4.0	4.0	4.5	5.5	5.5
Information technology	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Municipal court	5.0	3.0	3.0	4.0	4.0	4.0	5.5	6.5	7.5	5.5
Executive	-	-	1.0	1.0	2.0	2.0	1.0	3.0	3.0	3.0
Economic development	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Human resources	6.0	7.0	7.0	7.0	7.0	7.0	8.5	9.5	11.0	8.5
Finance	4.0	4.0	3.0	3.0	3.0	4.0	4.0	7.0	7.0	4.0
Growth management administration	5.0	5.0	5.0	6.0	4.0	3.0	3.0	5.0	5.0	9.0
Planning and community development	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Stormwater management	-	-	5.5	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Engineering	6.5	9.0	7.0	6.0	5.0	5.0	6.5	7.5	8.0	9.0
Project management	6.0	8.0	8.0	8.0	9.0	11.0	9.0	9.0	10.0	9.0
Public works	39.0	40.0	40.0	40.0	44.0	49.0	58.0	60.0	59.0	57.0
Police	10.0	7.0	8.0	9.0	11.0	12.0	13.0	7.0	7.0	7.0
Building safety	89.5	93.0	97.0	98.0	104.0	112.0	123.5	130.0	134.0	129.5
Total										

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.

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 20
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Business licenses issued	2,280	1,961	2,245	2,422	2,549	2,476	2,297	2,793	3,317	3,679
Hospitality Tax remitters	89	100	108	110	112	133	113	135	145	146
Accommodations Tax remitters	4	4	10	10	14	23	33	28	49	59
Court case counts	8,242	6,514	6,466	5,170	3,867	7,009	6,301	7,324	8,392	6,139
Jury trial counts	5	5	4	6	3	11	14	64	61	202
Planning and Community Development applications issued	183	254	296	346	422	362	340	299	346	236
Environmental Protection/Stormwater Management										
Certificates of compliance	17	8	7	16	6	n/a	57	120	59	53
Notices to comply	117	15	49	602	1,171	n/a	300	363	383	254
Stop work orders	-	-	-	-	-	-	-	8	11	5
Citations	-	-	-	-	-	-	1	13	3	3
Outreach/Education (# of people)	1,250	1,366	1,508	4,687	2,324	5,000	5,500 *	5,500 *	5,000	9,932
Sediment and Erosion Control Inspections	-	-	-	1,984	-	2,159	1,331	1,849	1,840	1,688
Public Safety										
Police calls for service	34,000	35,864	32,102	30,034	38,366	41,061	45,000	46,350	53,000	50,317
Domestic calls	915	558	674	655	750	515	475	489	470	631
Traffic collisions	1,011	1,012	960	1,107	634	871	1,080	1,112	1,200	1,239
Citations	11,724	9,828	11,094	8,466	7,063	8,628	6,200	6,368	9,400	7,138
Arrests	1,510	1,231	1,023	947	880	1,069	735	757	825	502
Reports	3,976	3,656	2,910	2,693	3,656	3,216	3,200	3,296	3,502	2,812
Building permit counts	657	695	803	1,005	1,456	1,532	1,723	1,846	1,816	1,606
Development permits issued	17	11	28	34	13	27	43	52	69	40
Construction site inspections	5,415	5,722	6,402	11,787	20,872	24,398	19,002	16,009	16,145	14,453
Public Projects & Facilities										
# of capital improvement projects to manage	16	21	24	24	13	16	21	25	29	33
# of parks to maintain	6	7	7	7	7	7	7	8	8	13
# of pathways to maintain	12	13	14	15	19	19	23	23	23	23

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

Source: Town departments

n/a - not available at time of printing

TOWN OF BLUFFTON, SOUTH CAROLINA

Schedule 21
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Town-owned parcels	27	28	27	28	30	30	30	32	34	36
Town-owned property acreage	551	571	564	571	577	577	574	577	578	624
Town vehicles	3	2	2	3	3	4	4	7	7	7
Environmental Protection/Stormwater Management										
Town vehicles	-	-	3	5	3	3	3	3	3	3
Engineering										
Town vehicles	4	4	2	1	2	2	2	4	4	2
Public Works										
Town vehicles	7	7	7	7	6	6	8	9	9	10
Utility vehicles	-	1	1	1	1	1	-	-	1	1
Dump Truck	-	-	1	1	1	1	-	1	1	1
Tractor	-	-	1	1	1	1	2	2	2	3
Public Safety										
Law enforcement center	-	1	1	1	1	1	1	1	1	1
Police vehicles	42	41	47	47	47	50	61	61	62	68
Police mobility vehicles	2	2	2	2	3	3	3	3	2	2
Police Boat - marine patrol	1	1	1	1	1	1	1	1	1	1
Town vehicles (building safety)	4	3	3	5	6	7	7	6	6	7
Public Projects and Facilities										
Streets (miles)	3.95	4.25	3.81	3.81	3.81	3.81	3.03	3.06	3.06	3.06
Pathways (miles)	6.25	6.25	11.86	11.86	11.86	11.86	11.86	11.95	14.27	14.64
Parks (count)	6	7	7	7	7	7	7	8	8	10

Source: Finance Department and Public Works Department

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF BLUFFTON, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

FOR THE STATE TREASURER'S OFFICE:

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	N/A	N/A	\$ 388,582	\$ 388,582
Court fines and assessments remitted to State Treasurer	N/A	N/A	222,680	222,680
Total Court Fines and Assessments retained	N/A	N/A	\$ 165,902	\$ 165,902
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 5,501	\$ 5,501
Assessments retained	N/A	N/A	19,473	19,473
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 24,974	\$ 24,974

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ 40,169	N/A	\$ 40,169
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	19,473	N/A	19,473
Victim Service Surcharges Retained by City/County Treasurer	5,501	N/A	5,501
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 65,143	N/A	\$ 65,143

TOWN OF BLUFFTON, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC) (CONTINUED)

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 21,760	N/A	\$ 21,760
Operating Expenditures	1,120	N/A	1,120
Victim Service Contract(s):			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
Total Expenditures from Victim Service Fund/Program (B)	\$ 22,880	N/A	\$ 22,880
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	42,263	N/A	42,263
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ 42,263	N/A	42,263

COMPLIANCE SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



**INDEPENDENT AUDITOR'S 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**

**The Honorable 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 aggregate discretely presented component unit, and the aggregate remaining fund information of the Town of Bluffton, South Carolina (the "Town") as of and for the year ended June 30, 2019, 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 3, 2019.

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 we consider to 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.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 3, 2019

TOWN OF BLUFFTON, SOUTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ___ Yes X No

Significant deficiencies identified not considered to be material weaknesses? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2019, due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV
PRIOR YEAR FINDINGS AND RESPONSES**

None reported.

THIS PAGE INTENTIONALLY LEFT BLANK