



Town of
BLUFFTON
South Carolina



ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

bluffton
HEART OF THE LOWCOUNTRY™

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**TOWN OF BLUFFTON,
SOUTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

TOWN OF BLUFFTON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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Lisa Sulka
Mayor
Larry Toomer
Mayor Pro Tempore
Stephen Steese
Town Manager



Council Members
Fred Hamilton
Dan Wood
Bridgette Frazier
Kimberly Gammon
Town Clerk

February 8, 2023

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

We are pleased to submit the Annual Comprehensive Financial Report ("ACFR") of the Town of Bluffton, South Carolina (the "Town") for fiscal year ended June 30, 2022.

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.

The 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 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, 2022. The Independent Auditors' Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Town of Bluffton Profile

The Town of Bluffton, settled in 1825 and incorporated in 1852, is located in Beaufort County, a southern coastal county in South Carolina. The Town is located just 12 miles west of Hilton Head Island, 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. Council is primarily responsible for setting policies, passing ordinances, adopting the budget, appointing committees, and hiring both the Town's manager and attorney. The Town Manager carries out the policies and ordinances of the Council, oversees the day-to-day operations of the Town, and appoints the heads of the various departments.

The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town also has the power by statute to extend its corporate limits by voluntary annexation as deemed appropriate by Council.

The original Town Boundary was approximately one square mile in area (640 acres). When the Town's neighboring resort area of Hilton Head Island began to reach the "build out" stage of their development, the 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 48 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 34,667 acres, a majority of which is located three or more miles from the heart of the Town.

According to the 2020 U.S. Census, Bluffton is one of the State's fastest growing municipalities and the State's 4th largest municipality in area. The 2020 Census shows Bluffton had approximately 27,716 citizens compared to 12,893 in the 2010 Census, a 215% increase.

Local Economy

According to the U.S. Census Bureau, the 2020 median family income for the Town was \$74,489 compared to \$67,344 in the 2010 Census. The 2020 Census shows the per capita income for Beaufort County as \$59,318, as compared to \$47,502 for South Carolina.

For the year ended June 30, 2022, the building industry remains strong with new single-family/multi-family housing permits being issued consistently and a stable revenue stream for Building Permits and Development Fees of approximately \$5.2 million. The Town issued approximately 4,200 business licenses, with almost 1,700 of these businesses located within the Town limits. Business License revenue increased over last year 22% to approximately \$3.6 million. Contractors represent approximately 15% of in-town businesses and Professional Services represent approximately 24%. Other predominate in-town businesses include Retail, 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. The Town Council authorized the merger of the DRCI Incubator and the Bluffton Public Development Corporation (PDC) in late FY 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 these general areas: Business Incubation, Economic Development, Membership, and Member Flex Space (The HUB). The goal is to create a vibrant entrepreneurial business climate within the region. We have graduated over 30 companies that have created more than 100 new jobs for the region.

Major Initiatives and Revitalization Efforts

Facilities improvement projects cost approximately \$513,000 with an expansion at the law enforcement center accounting for \$475,000 of that amount.

Sewer, lighting and sidewalk projects cost approximately \$1.2 million, with sidewalks accounting for \$781,000.

Park improvement project spending of approximately \$625,000 include major renovations at Oscar Frazier Park, and the New Riverside Park and Trail.

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 December of each year. Each department prepares a comprehensive list of goals and objectives highlighting the programs, projects and initiatives to be considered for the upcoming fiscal year. The departments submit their requests for general fund appropriation to the Town Manager in the spring of each year.

The Capital Improvements Program (“CIP”) is developed through input from the citizens and the Town’s Planning Commission. Their input is used as the starting point for developing a proposed budget.

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

The Town Manager presents this proposed budget to Council for review in May of each year. Council is required under state law to hold a public hearing and to adopt a final budget no later than June 30, the close of the Town’s fiscal year.

The appropriated budget is prepared by major fund and department. Once adopted by Council, the budgetary control is maintained by the Town Manager at the fund level. Council must approve by ordinance any amendment to the budget which causes a change in the total appropriation of any fund.

Long-term Financial Planning

As a part of the budget process, the Town began developing long-range financial plans in 2006. Additionally, the Town has held strategic planning sessions the last eight years to develop and update strategic goals and objectives for Council and staff. The 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 14th 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 annual comprehensive 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 annual comprehensive 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,



Chris Forster, MPA, CPFO, CGFM,
Assistant Town Manager

TOWN OF BLUFFTON, SOUTH CAROLINA

PRINCIPAL OFFICIALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Elected Officials

Mayor
The Honorable Lisa Sulka

Council Members:
Larry Toomer - Mayor Pro Tempore
Bridgette Frazier
Fred Hamilton
Dan Wood

Appointed Officials

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

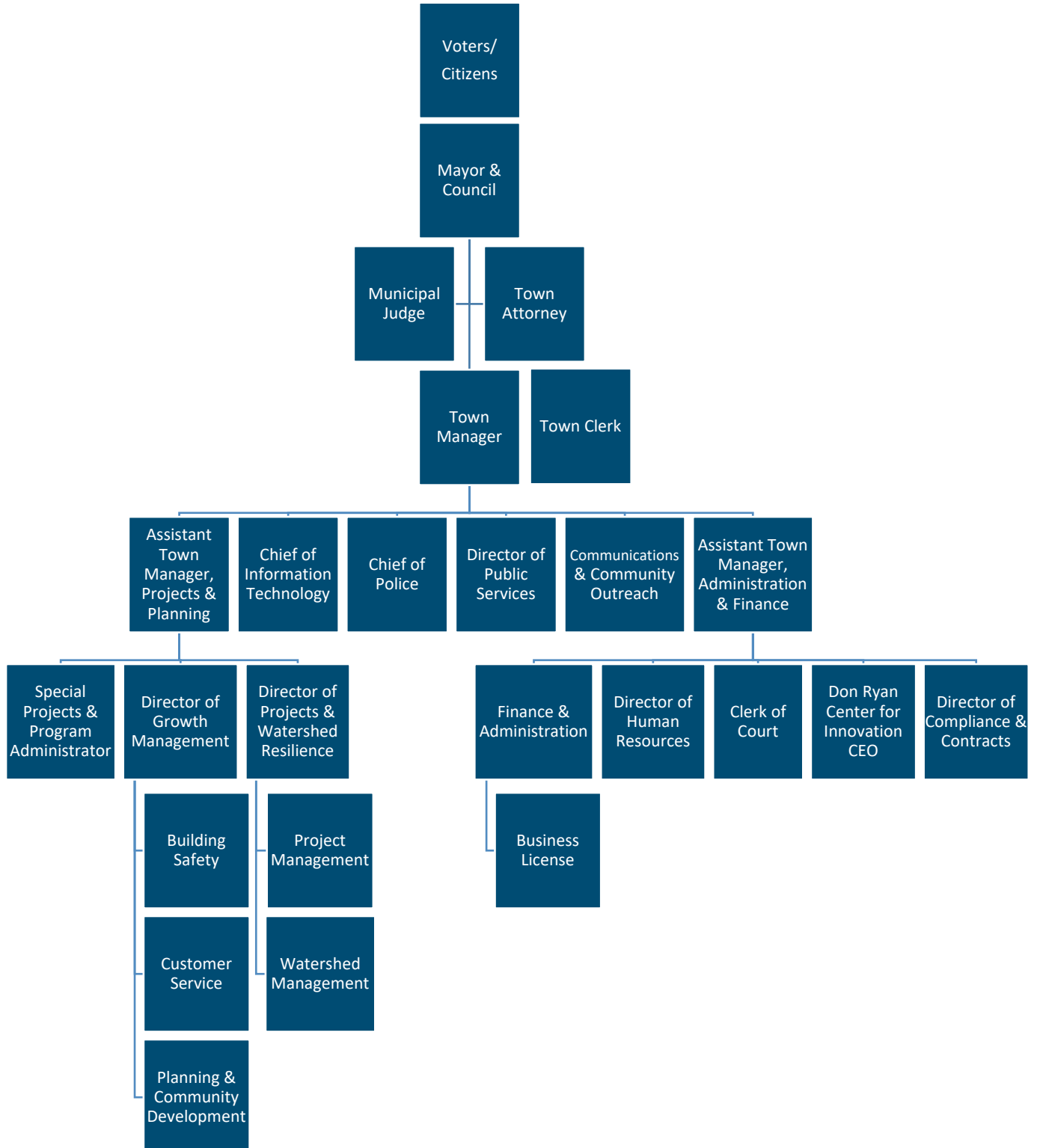
Senior Management

Chris Forster
Heather Colin
Kim Gammon
Stephenie Price
Anni Evans
Lisa Cunningham
Kim Jones
Kevin Icard
Tommy Sunday
David Nelems

Assistant Town Manager, Admin & Finance
Assistant Town Manager, Projects & Planning
Town Clerk
Chief of Police
Director of Human Resources
Clerk of Court
Director of Projects & Watershed Resilience
Director of Growth Management
Director of Information Technology
CEO, Don Ryan Center for Innovation

TOWN OF BLUFFTON, SOUTH CAROLINA

ORGANIZATIONAL CHART FOR THE FISCAL YEAR ENDED JUNE 30, 2022



TOWN OF BLUFFTON, SOUTH CAROLINA

GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Bluffton
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("*Government Auditing Standards*"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System, the Schedule of Proportionate Share of the Net Pension Liability – Police Officers' Retirement System, the Schedule of Contributions – South Carolina Retirement System, and the Schedule of Contributions – Police Officers' Retirement System as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) as required by the South Carolina Code of Laws, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual fund financial statements and schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

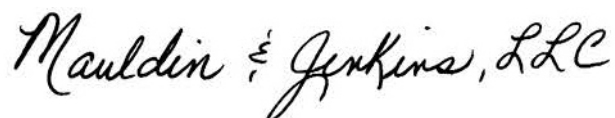
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditors report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly large and stylized.

Savannah, Georgia
February 8, 2023

TOWN OF BLUFFTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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, 2022. 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 and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$64,858,995 (*net position*). Of this amount, \$11,757,213 (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 related to pensions was (\$388,509), of which the majority was due to employer contributions and changes in actuarial assumptions.
- The Town's total net position increased by \$14,570,077 or 29% for fiscal year 2022.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$59,886,737, an increase of \$14,137,742. This increase is comparable to the fiscal year 2021 increase. Approximately 23.57% of this total amount, or \$14,116,090 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 \$14,116,090 or 68.46% of total General Fund expenditures for the fiscal year.
- The Town's total long-term debt decreased by \$3,927,702 (11.3%) during the current fiscal year. The Town had principal payments on outstanding debt of \$1,592,333, which includes bond principal payments of \$1,350,170. The compensated absences liability increased by \$97,284.
- The Town of Bluffton's bond rating at June 30, 2022, 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 Management's Discussion and Analysis ("MD&A") is 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and 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 Program Fund, Debt Service

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2022, are prepared using the financial statement-reporting model as mandated by the Governmental Accounting Standards Board ("GASB").

Statement of Net Position
Figure 1

	Governmental Activities		
	2022	2021	% Change
Current and other assets	\$ 66,780,395	\$ 50,416,262	32%
Capital assets, net	35,576,477	36,179,737	-2%
Total assets	102,356,872	86,595,999	18%
Deferred outflows of resources related to pensions	2,796,823	3,811,596	-27%
Total assets and deferred outflows of resources	\$ 105,153,695	\$ 90,407,595	16%
Current and other liabilities	\$ 8,104,296	\$ 6,369,045	27%
Long-term liability outstanding	13,083,912	14,026,484	-7%
Net pension liability	15,921,160	19,079,147	-17%
Total liabilities	37,109,368	39,474,676	-6%
Deferred inflows of resources related to pensions	3,185,332	644,001	395%
Total liabilities and deferred inflows of resources	40,294,700	40,118,677	0%
Net position:			
Net investment in capital assets	27,384,926	26,497,134	3%
Restricted	25,716,856	17,008,185	51%
Unrestricted	11,757,213	6,783,599	73%
Total net position	64,858,995	50,288,918	29%
Total liabilities, deferred inflows of resources and net position	\$ 105,153,695	\$ 90,407,595	16%

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 \$64,858,995 as of June 30, 2022. The Town's overall financial position improved, and net position increased by \$14,570,077 or 29% during fiscal year 2022.

The Town increased its current and other assets by \$16,348,273. The improved cash position is largely attributable unused restricted cash approved for uncompleted capital projects. The 29% increase in the Town's total net position is the result of continued conservative budgeting and Town growth.

The \$2,210,531 net increase in current and other liabilities is primarily related to the increase in unearned revenue from unspent funds of the American Rescue Plan Act. The \$3,927,702 net decrease in the Town's long-term liabilities is mainly due to the reduction in the Town's net pension liability of \$3.1 million. The remaining decrease is primarily due to the payment of bond obligations in the amount of \$1.3 million for fiscal year 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The significant decrease in the deferred outflows is due primarily to the assumption changes of \$968,634 and a decrease in employer contributions subsequent to the measurement date of \$844,060. 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 increase is primarily due to the overall increase in the total pension liability of the plan. This resulted in an overall increase in the combined SCRS and PORS net pension liability of \$2.76 million.

The Town's restricted net position represents resources subject to external restrictions on how they may be used. The increase of \$8.7 million from the prior year reflects an increase in the nonmajor governmental funds for restrictions on debt service funds of approximately \$5 million bond projects account.

The following table presents the Town's changes in net position for the fiscal years ended June 30, 2022 and 2021.

Statement of Activities
Figure 2

	2022	2021	% Change
Revenues			
Program revenues:			
Charges for services	\$ 18,217,449	\$ 16,472,246	11%
Operating grants and contributions	1,343,587	655,425	105%
Capital grants and contributions	710,702	1,349,903	-47%
General revenues:			
Property taxes	11,714,237	10,362,658	13%
Accommodations taxes	3,394,022	2,131,460	59%
Hospitality taxes	3,279,685	2,565,705	28%
Interest	70,492	50,743	39%
Unrestricted intergovernmental revenue	946,083	861,609	10%
Miscellaneous	245,026	186,012	32%
Total revenue	<u>39,921,283</u>	<u>34,635,761</u>	<u>15%</u>
Expenses			
Current:			
Administrative	7,164,020	6,656,915	8%
Judicial	951,917	438,107	117%
Planning	2,291,696	1,247,888	84%
Building safety	962,165	917,401	5%
Police department	7,235,621	7,344,682	-1%
Public works	1,928,569	2,009,698	-4%
Stormwater management	1,014,708	1,045,730	-3%
Project management	886,363	1,524,434	-42%
Community development	2,680,256	2,931,008	-9%
Interest on long-term debt	235,891	600,358	-61%
Total expenses	<u>25,351,206</u>	<u>24,716,221</u>	<u>3%</u>
Change in net position	14,570,077	9,919,540	47%
Net position beginning	50,288,918	40,369,378	25%
Net position, ending	<u>\$ 64,858,995</u>	<u>\$ 50,288,918</u>	<u>29%</u>

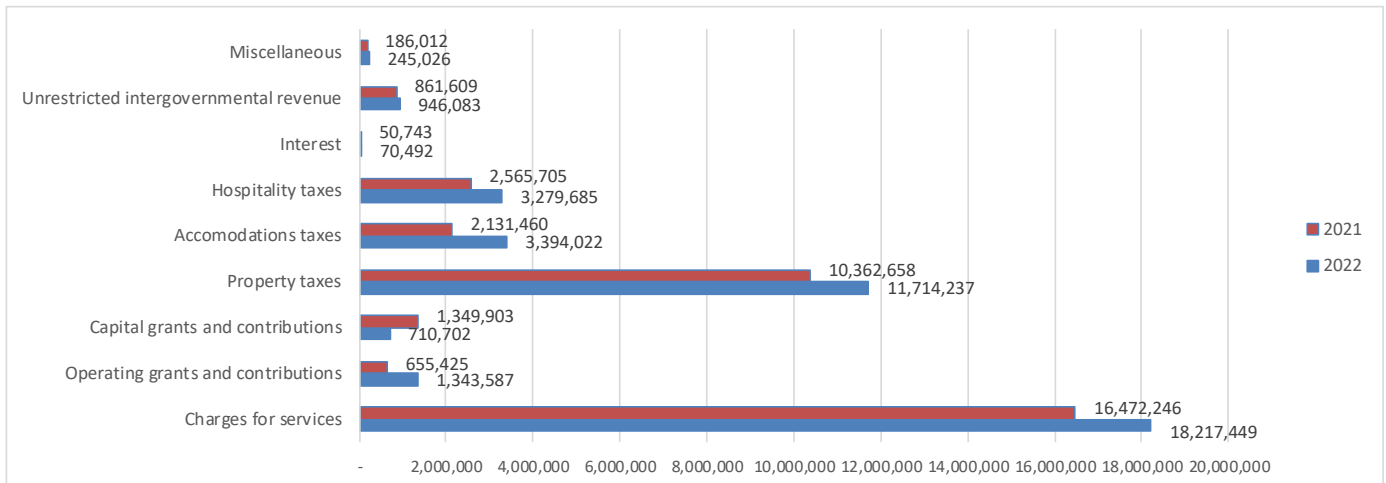
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities – Governmental activities increased the Town's net position by \$14,570,077. 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 29% of total revenue. Accommodations taxes and Hospitality taxes increased as well over the prior year, accounting for 5.4% and 8.2% of total revenue, respectively. These factors combined with the Town's efforts to control General Fund spending resulted in an increase in net position of over \$14.5 million. Charges for services account for 46.5% of total revenue and include business licenses, franchise fees, permit fees, and development fees. All other revenue sources comprise 10.6% of all funds received by the Town.

The following charts compare fiscal years 2022 and 2021 revenues by source and expenses by program:

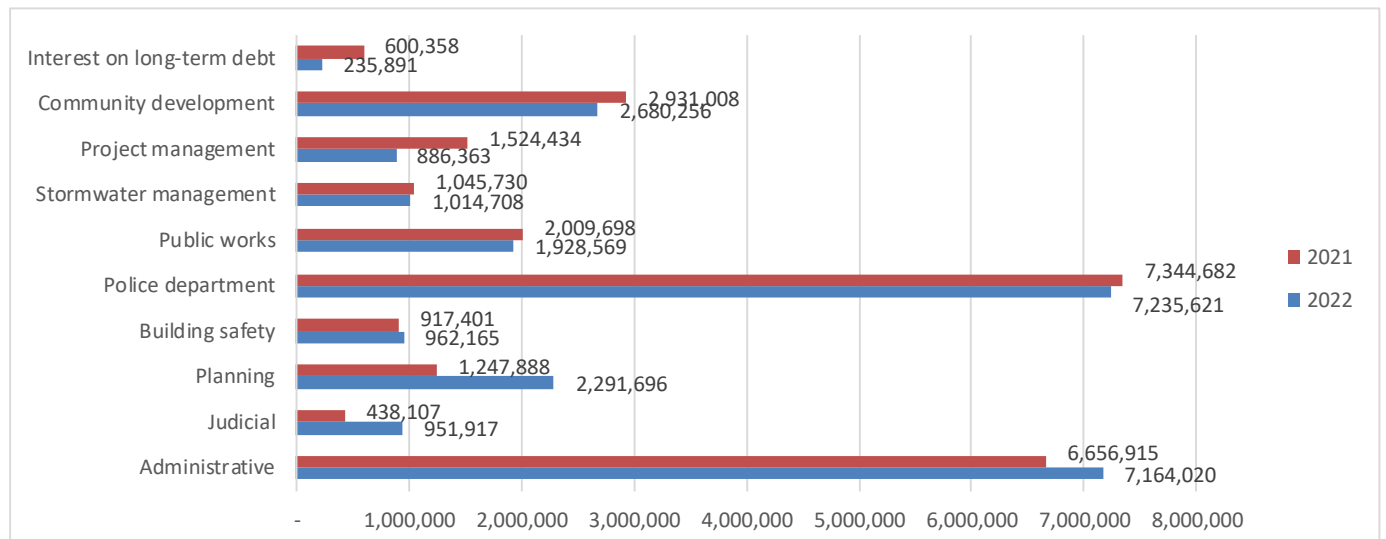
Revenues by Source – Governmental Activities

Figure 3



Expenses by Program – Governmental Activities

Figure 4



MANAGEMENT'S DISCUSSION AND ANALYSIS

Major expenses for fiscal year 2022 were associated with the Police Department (33%), Administration (33%), Community Development (4%), Public Works (8%), Project Management (4%), Planning (7%) Watershed Management (4%) functions, Building Safety (3%), and Judicial 4%). Administration expenses included costs for contracts to provide the Town services such as waste management, personnel costs and routine computer hardware and software costs. The Town infrastructure, and the Town park and open space improvements were the majority of expenditures in Project Management and Community Development.

Transfers between the funds in fiscal year 2022 increased by \$1.7 million primarily due to the increase of transfers into the Capital Improvements Fund of approximately \$1.9 million. The major transfer to the General Fund for fiscal year 2022 is \$645,000 from the Hospitality Tax Fund to support tourism projects and related support personnel. Transfers In for the Capital Improvements Program Fund from the General Fund were \$3,542,633 and were used to fund portions of the Fund's budgeted projects in fiscal year 2022.

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 balances 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 \$59,886,737, an increase of \$14,137,742 from the prior fiscal year. Increases in revenues of \$5.3, with expenditures remaining approximately the same are the major drivers of this increase. Approximately 23.5% of total fund balance, or \$14,116,090, constitutes unassigned fund balance which is available for spending at the Town's discretion. The remainder of fund balances (\$45,770,647) are designated to indicate that they are not available for new spending. They have been designated as nonspendable (\$388,110), restricted (\$30,663,767), committed (\$9,220,994) or assigned (\$5,497,776). 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 the Town Council's designations for the Emergency Recovery Fund, the Equipment and Vehicle Replacement 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 and various environmental preservations.

The General Fund is the chief operating fund of the Town. The total fund balance of the Town's General Fund increased \$5,132,946 during fiscal year 2022; this is primarily from excess revenues over expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund revenues (excluding transfers in and other financing sources) for the fiscal year 2022 were \$25,277,799, an increase of \$3,556,368 or 16% from the previous year. Licenses and Permits totaled \$12,929,194, an increase of \$2,119,015 or 19.6% over the prior year. Building permits represent the largest increase for revenues within the Licenses and Permits category with an increase of \$1,474,449, and business licenses increased \$644,566 within this same category. Property tax revenues for the General Fund totaled \$8,237,692, an increase of \$932,401 or 12.8% 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 \$20,618,330, a spending increase of \$2,700,132 from the prior year or 15%. The increase was primarily due to increases in the police department and municipal court.

At the end of the fiscal year, the unassigned fund balance of the General Fund was \$14,116,090 while the total General Fund balance was \$24,376,530. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures. Unassigned fund balances represent 68.5% of the total General Fund expenditures, while total fund balances represent 118% of that same amount.

The Capital Improvements Program ("CIP") Fund's fund balance increased \$3,840,521 during fiscal year 2022. The increase is due to unspent project funds for projects not completed within fiscal year 2022.

At the end of the fiscal year, the fund balance in the Debt Service Fund was \$8,725,051 an increase of \$2,236,869 from the prior year. This increase is attributable to the continued residential and commercial growth in the tax increment financing ("TIF") District.

The Stormwater Utility Fund's fund balance increased \$1,215,325 during fiscal year 2022. The 68% increase is reflective of the decrease of funds transferred to capital improvement projects in fiscal year 2022 for the Watershed Management Division's sewer projects, and the stormwater work on capital improvement projects.

The Local Accommodations Tax Fund is a major fund for fiscal year 2022, and had an increase in fund balance of \$765,782, or 56% over the prior year, and is due to the increase in local accommodations tax revenue.

The Hospitality Tax Fund's fund balance increased \$2,521,837 or 78.5% during fiscal year 2022. Much of the increase is due to an increase in Hospitality Tax and a decrease in transfers out for capital projects eligible for Hospitality Tax funding.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on a few 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 \$1,038,132, starting at \$21,165,764, and ending at \$22,203,896.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Actual revenues for the General Fund were \$5,948,877 more than the original adopted budget and \$4,793,383 more than the revised budget. 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 \$1,585,566 below revised budget. The favorable variance was due to delays in hiring open positions and grant expenditure delays until 2023.

Capital Assets and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental activities as of June 30, 2022, totals \$35,576,477 (net of accumulated depreciation). These assets include land, building and improvements, drainage, roads, sidewalks and trails, land improvements, machinery and equipment, and vehicles. The total decrease in the Town's investment in capital assets for the current fiscal year was 1.7%, mainly attributable to the trade in of numerous vehicles in accordance with the new fleet leasing plan the Town has entered.

Capital asset transactions during the year included land improvements at Calhoun Street Regional Dock, land acquisition in Old Town Bluffton, sidewalk and lighting improvements in the Buck Island-Simmons ville Road area, six police vehicles, and machinery and equipment for town-wide maintenance of assets including additional parks and open spaces.

Town of Bluffton's Capital Assets

Figure 5

	2022	2021
Land	\$ 16,862,254	\$ 16,862,254
Building and improvements	9,315,823	9,492,805
Drainage	275,019	310,697
Roads	2,344,115	2,606,556
Sidewalks and trails	2,280,812	1,431,250
Land improvements	3,343,409	3,420,938
Machinery and equipment	701,217	740,531
Vehicles	389,900	466,440
Construction in progress	63,928	848,266
Total	<u>\$ 35,576,477</u>	<u>\$ 36,179,737</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt – At the end of the current fiscal year, the Town has total bond debt outstanding of \$12,463,233. Of this amount, \$7.9 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 \$3,541,057.

Town of Bluffton's Outstanding Debt
Figure 6

	2022	2021
General obligation bonds	\$ 7,905,000	\$ 8,265,000
Refunded TIF bonds	3,541,057	4,370,677
Leases	650,677	-
Financed purchases	366,499	534,005
Total	<u>\$ 12,463,233</u>	<u>\$ 13,169,682</u>

The Town's debt decreased \$866,999 during the current fiscal year excluding compensated absences and the net pension liability. The decrease included \$1,350,170 of bond principal payments, \$167,506 reduction in financed purchases and a net increase in Leases of \$650,677. 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 \$23,830,041 of which \$15,925,041 is remaining for additional general obligation issues. At June 30, 2022, only \$7.905 million of the Town's debt applies to this limitation.

The Town maintained a bond rating of Aa1 from Moody's Investor Service and a rating of AA+ from Standard and Poor's Corporation at June 30, 2021. Moody's upgraded the Town to an Aa1 in 2017 and Standard and Poor's upgraded the town to AA+ in 2019. 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's long-term debt can be found in Note 9 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 slightly in fiscal year 2022. This trend was anticipated for fiscal year 2022 as supply chain issues of raw materials and labor shortages were prevalent. New single-family housing starts continue to fuel the elevated growth in the Town. The number of Business Licenses issued of approximately 4,200 is an increase over the prior year, with approximately 1,700 of these businesses being located within the Town limits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Town is entering the 11th 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 moved 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 was 3.2% matching the State's rate of 3.2% at June 30, 2022. Currently, no data is available specifically for the Town of Bluffton.
- The fiscal year 2023 General Fund budget is balanced at \$24,855,205, a decrease of 5.3% from fiscal year 2022's budget. The transfer out to the Construction Improvement Plan Fund was \$3 million less than in fiscal year 2022.
- The fiscal year 2023 Consolidated Municipal Budget was developed by our elected officials and the Town staff working together for the betterment of the community in delivering a balanced budget. The fiscal year 2023 budget sets a tax rate of 38.5 mills, with a projected increase in assessed values. The General Fund will receive 36.8 mills and the Debt Service Fund will receive 1.7 mills.
- The Capital Improvements Program Fund budget for fiscal year 2023 is \$27,959,997. The majority of these expenditures are for sewer improvements which support the improved water quality initiatives in the Buck Island/Simmonsville area and Historic District of approximately \$4.5 million, additional improvements to sidewalk and road improvements of approximately \$2.9 million, Park Development of \$5 million and Land Acquisition of approximately \$4.7 million, \$1.4 million for the restoration of the historic Squire Poe Carriage House, \$1.7 million for the Affordable Housing Project, and approximately \$800,000 in various facilities maintenance.
- The Debt Service Fund provides for the payment of bond principal and interest payments totaling \$2,244,714 for fiscal year 2022. This includes principal and interest payments for the Refunded TIF Bonds issued in 2014, as well as for the refunded General Obligation Bonds, Series 2020 and the newly issued General Obligations Bonds, Series 2020A.
- The Stormwater Fund appropriation for fiscal year 2023 is \$2,395,246. Operational expenditures total \$1,393,831, transfers of \$797,950 to other funds and an expected contribution to Fund Balance of \$203,465 balances the budget of this fund.

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:

Director of Finance and Administration
Town of Bluffton
20 Bridge Street
P.O. Box 386
Bluffton, South Carolina 29910

TOWN OF BLUFFTON, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2022

	Primary Government	Component Unit
	Governmental	The Don Ryan
	Activities	Center for
		Innovation
ASSETS		
Cash and cash equivalents	\$ 41,313,052	\$ 270,446
Restricted cash	20,544,706	-
Receivables, net of allowance		
Taxes	69,529	-
Accounts	3,820,312	14,212
Due from primary government	-	46,849
Prepaid items	388,110	544
Leased assets	644,686	-
Capital assets:		
Non-depreciable	16,926,182	-
Depreciable, net of accumulated depreciation	18,650,295	-
Total assets	<u>102,356,872</u>	<u>332,051</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	2,796,823	-
Total deferred outflows of resources	<u>2,796,823</u>	<u>-</u>
LIABILITIES		
Accounts payable	3,661,947	87,927
Accrued interest payable	113,163	-
Salaries and benefits payable	745,360	7,914
Deposits and bonds payable	299,498	-
Unearned revenue	1,316,131	500
Due to component unit	46,849	-
Due to other governments	179,187	-
Non-current liabilities		
Due within one year	1,742,161	-
Due in more than one year	13,083,912	-
Net pension liability - due in more than one year	15,921,160	-
Total liabilities	<u>37,109,368</u>	<u>96,341</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred refunding charge	128,957	-
Pensions	3,056,375	-
Total deferred inflows of resources	<u>3,185,332</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	27,384,926	-
Restricted for:		
Capital projects	6,213,510	-
Tourism projects and related support	10,696,059	-
Debt service	8,773,769	-
Other purposes	33,518	235,710
Unrestricted	11,757,213	-
Total net position	<u>\$ 64,858,995</u>	<u>\$ 235,710</u>

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, 2022

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	\$ 7,164,020	\$ 9,640,699	\$ 671,061	\$ -	\$ 3,147,740	\$ -
Judicial	951,917	1,099,867	-	-	147,950	-
Planning	2,291,696	1,097,291	-	-	(1,194,405)	-
Building safety	962,165	3,178,935	-	-	2,216,770	-
Police department	7,235,621	97,774	672,526	-	(6,465,321)	-
Public works	1,928,569	-	-	-	(1,928,569)	-
Stormwater management	1,014,708	2,593,483	-	-	1,578,775	-
Project management	886,363	-	-	710,702	(175,661)	-
Community development	2,680,256	509,400	-	-	(2,170,856)	-
Interest on long-term debt	235,891	-	-	-	(235,891)	-
Total governmental activities	25,351,206	18,217,449	1,343,587	710,702	(5,079,468)	-
Total Primary Government	\$ 25,351,206	\$ 18,217,449	\$ 1,343,587	\$ 710,702	(5,079,468)	-
Component Unit						
Don Ryan Center for Innovation	\$ 420,018	\$ 6,900	\$ 464,443	\$ -	-	51,325
General revenues:						
Property, including fee in lieu of taxes					11,714,237	-
Accommodations taxes					3,394,022	-
Hospitality taxes					3,279,685	-
Interest income					70,492	390
Unrestricted revenue from use of money and property					946,083	-
Miscellaneous revenues					245,026	-
Total general revenues					19,649,545	390
Change in net position					14,570,077	51,715
Net position, beginning of year					50,288,918	183,995
Net position, end of year					\$ 64,858,995	\$ 235,710

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

TOWN OF BLUFFTON, SOUTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Local Accommodations Tax Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 29,551,742	\$ 753,853	\$ -	\$ -	\$ 2,558,562	\$ 7,020,874	\$ 1,428,021	\$ 41,313,052
Restricted cash and cash equivalents	581,291	2,742,005	8,756,581	3,431,230	-	-	5,033,599	20,544,706
Property taxes receivable, net	52,523	-	17,006	-	-	-	-	69,529
Other receivables	1,855,802	921,472	-	9,493	188,815	324,579	520,151	3,820,312
Prepaid assets	388,110	-	-	-	-	-	-	388,110
Due from other funds	1,091,430	5,311,412	250,460	79,540	1,488,352	719,232	21,402	8,961,828
Total assets	<u>\$ 33,520,898</u>	<u>\$ 9,728,742</u>	<u>\$ 9,024,047</u>	<u>\$ 3,520,263</u>	<u>\$ 4,235,729</u>	<u>\$ 8,064,685</u>	<u>\$ 7,003,173</u>	<u>\$ 75,097,537</u>
TOTAL LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 2,980,291	\$ 275,467	\$ -	\$ 144,685	\$ 48,527	\$ -	\$ 212,977	\$ 3,661,947
Deposits and bonds payable	299,498	-	-	-	-	-	-	299,498
Due to other funds	3,605,427	53,790	298,996	357,062	2,055,744	2,329,791	261,018	8,961,828
Due to component unit	46,849	-	-	-	-	-	-	46,849
Due to other governments	170,645	8,542	-	-	-	-	-	179,187
Unearned revenue	1,316,131	-	-	-	-	-	-	1,316,131
Salaries and benefits payable	725,527	-	-	19,833	-	-	-	745,360
Total liabilities	<u>9,144,368</u>	<u>337,799</u>	<u>298,996</u>	<u>521,580</u>	<u>2,104,271</u>	<u>2,329,791</u>	<u>473,995</u>	<u>15,210,800</u>
FUND BALANCES								
Non-spendable	388,110	-	-	-	-	-	-	388,110
Restricted	91,444	4,543,167	8,725,051	2,998,683	2,041,350	5,734,894	6,529,178	30,663,767
Committed	9,130,886	-	-	-	90,108	-	-	9,220,994
Assigned	650,000	4,847,776	-	-	-	-	-	5,497,776
Unassigned	14,116,090	-	-	-	-	-	-	14,116,090
Total fund balances	<u>24,376,530</u>	<u>9,390,943</u>	<u>8,725,051</u>	<u>2,998,683</u>	<u>2,131,458</u>	<u>5,734,894</u>	<u>6,529,178</u>	<u>59,886,737</u>
Total liabilities and fund balances	<u>\$ 33,520,898</u>	<u>\$ 9,728,742</u>	<u>\$ 9,024,047</u>	<u>\$ 3,520,263</u>	<u>\$ 4,235,729</u>	<u>\$ 8,064,685</u>	<u>\$ 7,003,173</u>	<u>\$ 75,097,537</u>

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, 2022

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

Total governmental fund balances		\$ 59,886,737
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:		
Cost of assets	\$ 48,201,276	
Accumulated depreciation	<u>(12,624,799)</u>	
		35,576,477
Leased assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:		
Leased assets	\$ 725,334	
Accumulated amortization	<u>(80,648)</u>	
		644,686
Deferred outflows of resources related to the Town's pension plan do not consume current financial resources and, therefore, are not reported in the funds:		2,796,823
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	\$ (15,921,160)	
Compensated absences payable	(1,171,882)	
Accrued interest payable	(113,163)	
Financed purchases	(366,499)	
Leases	(650,677)	
Revenue bonds	(3,541,057)	
Deferred refunding charges	(128,957)	
General obligation bonds and bond premiums	<u>(9,095,958)</u>	
		(30,989,353)
Deferred inflows of resources related to the Town's pension plan are acquisitions of net position applicable to future periods and, therefore, are not reported in the funds:		<u>(3,056,375)</u>
Net position of governmental activities		<u>\$ 64,858,995</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, 2022

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Local Accommodations Tax Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Property taxes	\$ 8,237,692	\$ -	\$ 3,476,545	\$ -	\$ -	\$ -	\$ -	\$ 11,714,237
Hospitality and accommodations taxes	-	-	-	-	2,141,481	3,279,685	1,252,541	6,673,707
Licenses and permits	12,929,194	509,400	355,200	-	-	-	-	13,793,794
Stormwater utility fees	-	-	-	2,593,483	-	-	-	2,593,483
Grants and entitlements	715,253	710,702	-	-	-	-	411	1,426,366
Intergovernmental	983,995	234,811	-	-	-	-	-	1,218,806
Service revenues	1,037,492	-	-	-	-	-	19,250	1,056,742
Fees and fines	1,099,867	-	-	-	-	-	28,763	1,128,630
Interest income	31,780	3,221	12,390	-	3,095	9,112	10,894	70,492
Miscellaneous	242,526	2,500	-	-	-	-	-	245,026
Total revenues	25,277,799	1,460,634	3,844,135	2,593,483	2,144,576	3,288,797	1,311,859	39,921,283
Expenditures								
Current:								
Legislative	127,210	-	-	-	-	-	-	127,210
Economic development	641,074	-	-	-	-	-	-	641,074
Executive	493,279	-	-	-	-	-	-	493,279
Human Resources	316,415	-	-	-	-	-	-	316,415
Non-departmental	3,209,113	-	-	-	-	-	-	3,209,113
Finance	1,233,874	-	-	-	-	-	-	1,233,874
Municipal court	229,872	-	-	-	-	-	-	229,872
Municipal judges	719,808	-	-	-	-	-	-	719,808
Information technology	890,397	-	-	-	-	-	-	890,397
Facilities and asset management	1,807,194	-	-	-	-	-	-	1,807,194
Stormwater management	-	-	-	950,051	-	-	-	950,051
Project management	831,551	-	-	-	-	-	-	831,551
Growth management	223,579	-	-	-	-	-	-	223,579
Planning and environmental sustainability	1,596,179	-	-	-	-	-	-	1,596,179
Building safety	672,270	-	-	-	-	-	-	672,270
Police	7,358,658	-	-	-	-	-	276	7,358,934
Community development	-	-	-	-	172,113	-	635,475	807,588
Capital outlay	-	2,530,849	-	-	-	-	-	2,530,849
Debt service:								
Principal retirement	242,163	-	1,189,620	-	-	-	-	1,431,783
Interest	25,694	-	412,161	-	-	-	-	437,855
Total expenditures	20,618,330	2,530,849	1,601,781	950,051	172,113	-	635,751	26,508,875
Excess (deficiency) of revenues over (under) expenditures	4,659,469	(1,070,215)	2,242,354	1,643,432	1,972,463	3,288,797	676,108	13,412,408
Other financing sources (uses)								
Transfers in	1,130,290	4,965,736	293,300	-	-	-	-	6,389,326
Transfers out	(3,542,633)	(55,000)	(298,785)	(428,107)	(1,206,681)	(766,960)	(91,160)	(6,389,326)
Lease issuance	725,334	-	-	-	-	-	-	725,334
Total other financing sources (uses)	(1,687,009)	4,910,736	(5,485)	(428,107)	(1,206,681)	(766,960)	(91,160)	725,334
Net change in fund balances	2,972,460	3,840,521	2,236,869	1,215,325	765,782	2,521,837	584,948	14,137,742
Fund balances, beginning of year	21,404,070	5,550,422	6,488,182	1,783,358	1,365,676	3,213,057	5,944,230	45,748,995
Fund balances, end of year	\$ 24,376,530	\$ 9,390,943	\$ 8,725,051	\$ 2,998,683	\$ 2,131,458	\$ 5,734,894	\$ 6,529,178	\$ 59,886,737

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, 2022

Net change in fund balances - total governmental funds	\$	14,137,742
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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 depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$	658,181	
Depreciation expense		<u>(1,261,441)</u>	(603,260)

Governmental funds report leased asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over the shorter of the lease term or their estimated useful lives as amortization expense. This is the amount by which capital outlay exceeded amortization expense in the current period.

Capital outlay	\$	725,334	
Amortization expense		<u>(80,648)</u>	644,686

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.

Lease issuance	\$	(725,334)	
Repayment of debt		<u>1,431,783</u>	706,449

Pension expense that is related to net pension liability as recorded in the statement of activities is based on the Town'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 Town's proportionate share of pension expense exceeds actual contributions.

(420,220)

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	\$	(1,171,882)	
Prior year		1,074,598	
Amortization of premiums and deferred refunding charges		182,653	
Accrued interest expense:			
Current year		(113,163)	
Prior year		<u>132,474</u>	<u>104,680</u>

Change in net position of governmental activities	\$	<u><u>14,570,077</u></u>
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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, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 6,994,158	\$ 6,994,158	\$ 8,237,692	\$ 1,243,534
Licenses and permits	10,527,054	10,632,054	12,929,194	2,297,140
Intergovernmental	752,710	1,803,204	1,699,248	(103,956)
Service revenues	710,000	710,000	1,037,492	327,492
Fees and fines	200,000	200,000	1,099,867	899,867
Miscellaneous	145,000	145,000	274,306	129,306
Total revenues	19,328,922	20,484,416	25,277,799	4,793,383
Expenditures				
Current:				
Legislative	154,655	345,405	127,210	218,195
Economic development	400,325	742,525	641,074	101,451
Executive	1,174,292	801,522	493,279	308,243
Human resources	465,517	535,242	316,415	218,827
Non-departmental	2,802,558	3,472,978	3,209,113	263,865
Finance	1,107,169	1,055,269	1,233,874	(178,605)
Municipal court	56,526	52,926	229,872	(176,946)
Municipal judges	374,820	378,420	719,808	(341,388)
Information technology	1,333,225	1,397,900	890,397	507,503
Facilities and asset management	2,023,674	1,986,956	1,807,194	179,762
Project management	925,636	867,336	831,551	35,785
Growth management	254,807	254,807	223,579	31,228
Planning and environmental sustainability	1,605,071	1,845,880	1,596,179	249,701
Building safety	716,983	710,648	672,270	38,378
Police	7,593,365	7,578,941	7,358,658	220,283
Debt service:				
Principal retirement	164,767	164,767	242,163	(77,396)
Interest	12,374	12,374	25,694	(13,320)
Total expenditures	21,165,764	22,203,896	20,618,330	1,585,566
Excess (deficiency) of revenues over (under) expenditures	(1,836,842)	(1,719,480)	4,659,469	6,378,949
Other financing sources (uses)				
Transfers in	2,507,342	5,152,613	1,130,290	(4,022,323)
Transfers out	(1,280,000)	(4,042,633)	(3,542,633)	500,000
Lease issuance	609,500	609,500	725,334	115,834
Total other financing sources (uses)	1,836,842	1,719,480	(1,687,009)	(3,406,489)
Net change in fund balances	-	-	2,972,460	2,972,460
Fund balances, beginning of year	21,404,070	21,404,070	21,404,070	-
Fund balances, end of year	\$ 21,404,070	\$ 21,404,070	\$ 24,376,530	\$ 2,972,460

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Stormwater utility fees	\$ 2,259,570	\$ 2,259,570	\$ 2,593,483	\$ 333,913
Total revenues	2,259,570	2,259,570	2,593,483	333,913
Expenditures				
Stormwater management	1,648,640	1,555,517	950,051	605,466
Capital outlay	26,130	35,730	-	35,730
Total expenditures	1,674,770	1,591,247	950,051	641,196
Excess of revenues over expenditures	584,800	668,323	1,643,432	975,109
Other financing sources (uses)				
Transfers out	(584,800)	(668,323)	(428,107)	240,216
Total other financing uses, net	(584,800)	(668,323)	(428,107)	240,216
Net change in fund balances	-	-	1,215,325	1,215,325
Fund balances, beginning of year	1,783,358	1,783,358	1,783,358	-
Fund balances, end of year	<u>\$ 1,783,358</u>	<u>\$ 1,783,358</u>	<u>\$ 2,998,683</u>	<u>\$ 1,215,325</u>

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

TOWN OF BLUFFTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Bluffton, South Carolina (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. The Town shall have the right to vote on: the election and removal of directors of the eleven member 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, 2022, was \$235,710. 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, South Carolina 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 non-fiduciary 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.

Local Accommodations Tax Fund – This fund is used to account for the local accommodation taxes 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 types:

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.

The *Capital Project Fund* accounts for financial resources to be used for the acquisition or construction of major capital items.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds.

Issuance of long-term debt and financing through leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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. 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 purchase 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Items

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

H. 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 and right to use leased assets of the Town are depreciated/amortized on a straight-line basis over the following estimated useful lives:

Asset	Years
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
Right to use leased vehicles	3 – 5

I. Leases

Lessee

The Town is a lessee for noncancellable leases of vehicles. The Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the Town determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported separately on the statement of net position and lease liabilities are reported with non-current liabilities on the statement of net position.

J. 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 assets 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 deferred outflows related to the pension plan that qualify for reporting in this category, and are further disclosed in Note 14.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred inflows related to the pension plan that qualify for reporting in this category, and are further disclosed in Note 14. The other item, deferred refunding charges, resulted from the refunding of bonds and is amortized over the shorter of the life of the new debt or refunded debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

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.

K. 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 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.

L. Long-Term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 Balances – Generally, fund balances represent 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:

- **Non-spendable** – Fund balances are reported as non-spendable 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 Town’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)

M. 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.

N. Accounting Estimates

The preparation of financial statements in conformity with GAAP 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.

O. 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.

P. Allowance for Uncollectable Accounts

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

Q. 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, 2022, are summarized as follows:

Statement of Net Position:	
Cash	\$ 41,313,052
Restricted cash	20,544,706
Total cash	<u>\$ 61,857,758</u>
Cash deposited with financial institutions	\$ 61,857,758
	<u>\$ 61,857,758</u>

The Town had restricted cash in the amount of \$20,544,706 as of June 30, 2022. 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, 2022.

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 items 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 \$1 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, 2022, are as follows:

	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Local Accommodations Tax Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total
Receivables:								
Administrative fees	\$ 44,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,000
Due from other governments	336,424	921,472	-	-	-	-	-	1,257,896
DRCI	62,715	-	-	-	-	-	-	62,715
Franchise fees	366,394	-	-	-	-	-	-	366,394
Hospitality taxes	-	-	-	-	-	324,579	-	324,579
Insurance	377,605	-	-	-	-	-	-	377,605
Licenses and permits	129,359	-	-	-	-	-	-	129,359
Local accommodations taxes	-	-	-	-	188,815	-	-	188,815
Local government fund	162,387	-	-	-	-	-	-	162,387
Other/miscellaneous	22,316	-	-	-	-	-	-	22,316
Property taxes	52,523	-	17,006	-	-	-	-	69,529
School resources	354,602	-	-	-	-	-	-	354,602
State accommodations taxes	-	-	-	-	-	-	517,449	517,449
Vehicle tag fees	-	-	-	-	-	-	2,702	2,702
Stormwater utility fees	-	-	-	9,493	-	-	-	9,493
Total receivables	<u>\$ 1,908,325</u>	<u>\$ 921,472</u>	<u>\$ 17,006</u>	<u>\$ 9,493</u>	<u>\$ 188,815</u>	<u>\$ 324,579</u>	<u>\$ 520,151</u>	<u>\$ 3,889,841</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

Due To	Due From							Total
	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Local Accommodations Tax Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ -	\$ 140,412	\$ 621,169	\$ 158,022	\$ 171,827	\$ 1,091,430
Capital Improvements Project Fund	3,479,461	-	298,996	-	255,042	1,223,494	54,419	5,311,412
Debt Service Fund	33,810	-	-	216,650	-	-	-	250,460
Stormwater Fund	25,750	53,790	-	-	-	-	-	79,540
Local Accommodations Tax Fund	-	-	-	-	1,453,580	-	34,772	1,488,352
Hospitality Tax Fund	45,004	-	-	-	-	674,228	-	719,232
Nonmajor Governmental Funds	21,402	-	-	-	-	-	-	21,402
	<u>\$ 3,605,427</u>	<u>\$ 53,790</u>	<u>\$ 298,996</u>	<u>\$ 357,062</u>	<u>\$ 2,329,791</u>	<u>\$ 2,055,744</u>	<u>\$ 261,018</u>	<u>\$ 8,961,828</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. All interfund balances noted above are the result of the time lag between the dates that interfund goods and services are provided or the reimbursable expenditures occur.

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

Transfers In	Transfers Out							Total
	General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Hospitality Tax Fund	Local Accommodations Tax Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 55,000	\$ -	\$ 130,000	\$ 645,000	\$ 213,913	\$ 86,377	\$ 1,130,290
Capital Improvements Project Fund	3,542,633	-	298,785	4,807	121,960	992,768	4,783	4,965,736
Debt Service Fund	-	-	-	293,300	-	-	-	293,300
	<u>\$ 3,542,633</u>	<u>\$ 55,000</u>	<u>\$ 298,785</u>	<u>\$ 428,107</u>	<u>\$ 766,960</u>	<u>\$ 1,206,681</u>	<u>\$ 91,160</u>	<u>\$ 6,389,326</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. Transfers to the Capital Improvements Project Fund are to fund capital projects from various revenue sources. Transfers to the Debt Service Fund are outlined in item (1) above.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 16,862,254	\$ -	\$ -	\$ -	\$ 16,862,254
Construction in progress	848,266	510,501	-	(1,294,839)	63,928
Total	<u>17,710,520</u>	<u>510,501</u>	<u>-</u>	<u>(1,294,839)</u>	<u>16,926,182</u>
Capital assets, being depreciated:					
Buildings and improvements	12,561,063	-	-	190,788	12,751,851
Drainage	759,271	-	-	-	759,271
Roads	5,196,627	-	-	-	5,196,627
Sidewalks and trails	2,253,275	-	-	944,313	3,197,588
Land improvements	3,818,522	-	-	72,746	3,891,268
Machinery and equipment	2,887,733	46,440	-	86,992	3,021,165
Vehicles	2,982,447	101,240	(626,363)	-	2,457,324
Total	<u>30,458,938</u>	<u>147,680</u>	<u>(626,363)</u>	<u>1,294,839</u>	<u>31,275,094</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,068,258)	(367,770)	-	-	(3,436,028)
Drainage	(448,574)	(35,678)	-	-	(484,252)
Roads	(2,590,071)	(262,441)	-	-	(2,852,512)
Sidewalks and trails	(822,025)	(94,751)	-	-	(916,776)
Land improvements	(397,584)	(150,275)	-	-	(547,859)
Machinery and equipment	(2,147,202)	(172,746)	-	-	(2,319,948)
Vehicles	(2,516,007)	(177,780)	626,363	-	(2,067,424)
Total	<u>(11,989,721)</u>	<u>(1,261,441)</u>	<u>626,363</u>	<u>-</u>	<u>(12,624,799)</u>
Total capital assets, being depreciated, net	<u>18,469,217</u>	<u>(1,113,761)</u>	<u>-</u>	<u>1,294,839</u>	<u>18,650,295</u>
Governmental activities capital assets, net	<u>\$ 36,179,737</u>	<u>\$ (603,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,576,477</u>

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

Governmental Activities	
Administrative	\$ 36,968
Public works	114,079
Stormwater	32,313
Engineering	588,315
Information technology	22,673
Planning	1,636
Police department	329,693
Community development	135,764
Total depreciation expense - governmental activities	<u>\$ 1,261,441</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASE ASSETS

Lease asset activity for the Town for the year ended June 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Remeasure	Ending Balance
Governmental activities					
Leased assets, being amortized:					
Vehicles	-	725,334	-	-	725,334
Total	-	725,334	-	-	725,334
Less accumulated amortization for:					
Vehicles	-	(80,648)	-	-	(80,648)
Total	-	(80,648)	-	-	(80,648)
Total leased assets, being amortized, net	\$ -	\$ 644,686	\$ -	\$ -	\$ 644,686

NOTE 8. 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	\$ 48,201,276
Leased assets	725,334
Less: accumulated depreciation	(12,624,799)
Less: accumulated amortization	(80,648)
	<u>36,221,163</u>
Less: General obligation bonds	(9,095,958)
Less: Revenue bonds	(3,541,057)
Less: Financed purchases	(366,499)
Less: Leases	(650,677)
Plus: Unspent bond proceeds	4,946,911
Deferred refunding charges	(128,957)
	<u>(8,836,237)</u>
Net investment in capital assets	<u>\$ 27,384,926</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT

The following is a summary of changes in the Town's long-term obligations as of June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 8,265,000	\$ -	\$ (360,000)	\$ 7,905,000	\$ 380,000
GO bond premium	1,351,508	-	(160,550)	1,190,958	-
Total GO bonds	9,616,508	-	(520,550)	9,095,958	380,000
Revenue bonds	4,370,677	-	(829,620)	3,541,057	851,304
Financed purchases	534,005	-	(167,506)	366,499	138,652
Leases	-	725,334	(74,657)	650,677	137,829
Compensated absences	1,074,598	1,755,711	(1,658,427)	1,171,882	234,376
Net pension liability	19,079,147	6,142,570	(9,300,557)	15,921,160	-
Total long-term liabilities	<u>\$ 34,674,935</u>	<u>\$ 8,623,615</u>	<u>\$ (12,551,317)</u>	<u>\$ 30,747,233</u>	<u>\$ 1,742,161</u>

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

A. General Obligation Bonds

In fiscal year 2021, the Town issued General Obligation Bonds, Series 2020A in the amount of \$5,250,000 for the purpose of funding the Stormwater Utility Fund Capital Improvements Program Projects, which include projects to improve the water quality and economic viability of the May River and surrounding rivers and watersheds. This bond issue did not require a new tax levy or increase in the current millage rate. The bonds carry a 5% interest rate and principal and interest are payable through 2040.

Additionally, in fiscal year 2021, the Town issued General Obligation Bonds, Series 2020 in the amount of \$4,405,000 for the purpose of refunding the Series 2010 Bonds and paying the cost of issuance of the Series 2020 bonds. The refunding resulted in a \$59,000 net annual savings and reduced the debt millage rate to 1.7 mills. The 2020 bonds carry a 5% interest rate and principal and interest are payable through 2035.

A schedule of the amounts due are as follows:

Fiscal Year ending June 30,	Principal	Interest	Total
2023	\$ 380,000	\$ 292,100	\$ 672,100
2024	400,000	273,100	673,100
2025	420,000	253,100	673,100
2026	440,000	232,100	672,100
2027	460,000	210,100	670,100
2028 – 2032	2,660,000	695,100	3,355,100
2033 – 2037	2,310,000	281,600	2,591,600
2038 – 2040	835,000	50,550	885,550
Total	<u>\$ 7,905,000</u>	<u>\$ 2,287,750</u>	<u>\$ 10,192,750</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

B. 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 tax increment financing ("TIF") district and a pledge of the Municipal Improvement District ("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 are as follows:

<u>Fiscal Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 851,304	\$ 80,377	\$ 931,681
2024	873,554	58,127	931,681
2025	896,386	35,295	931,681
2026	919,813	11,866	931,679
Total	<u>\$ 3,541,057</u>	<u>\$ 185,665</u>	<u>\$ 3,726,722</u>

C. Financed Purchases

On September 2, 2016, the Town entered into a financed purchase 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.

On November 6, 2018, the Town entered into a financed purchase agreement with Palmetto State Bank for the purchase of three Ford Police Interceptors, one Ford Police truck, one Chevrolet Police truck, one track loader, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

C. Financed Purchases (Continued)

On November 6, 2018, the Town entered into a financed purchase agreement with Suntrust Equipment Finance and Leasing Corp for the purchase of vehicles and equipment. The purchase price of the vehicles and equipment was \$425,528. The lease bears interest at a rate of 2.02% and is payable in annual installments of principal and interest of \$90,319 through October 2025. The lease is being paid annually through the General Fund. A schedule of the amount due for this lease follows:

A schedule of the amounts due are as follows:

<u>Fiscal Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 138,652	\$ 8,654	\$ 147,306
2024	142,043	5,262	147,305
2025	85,804	1,784	87,588
Total	<u>\$ 366,499</u>	<u>\$ 15,700</u>	<u>\$ 382,199</u>

D. Leases

During the fiscal year ended June 30, 2022, the Town entered into a lease agreement with Enterprise Fleet Management for the lease of a number of vehicles for the police department. The purchase price of the each vehicle ranges from \$33,002 to \$66,188. The leases bear interest at a rate of 3.2% - 3.6% and are payable in annual installments of principal and interest over their lease terms that extend through 2027. The leases are being paid annually through the General Fund. A schedule of the amount due for these leases is as follows:

<u>Fiscal Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 137,829	\$ 20,395	\$ 158,224
2024	142,689	15,536	158,225
2025	147,720	10,505	158,225
2026	152,928	5,296	158,224
2027	69,511	735	70,246
Total	<u>\$ 650,677</u>	<u>\$ 52,467</u>	<u>\$ 703,144</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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, 2022, was \$270,341,655. The computation of legal debt limits is as follows:

General obligation debt limit (\$270,341,655 x 8%)	\$ 23,830,041
General obligation debt at June 30, 2022	<u>(7,905,000)</u>
Excess of debt limit over general obligation debt	<u><u>\$ 15,925,041</u></u>

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, 2022, totaled \$86,377, and the distributions to the Visitor and Convention Bureau totaled \$368,262. The remaining amounts (65%) are restricted to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ended June 30, 2022, were as follows:

Grant Recipient	Appropriations	Expenditures	Lapsed	Encumbrances
State Accommodations Tax				
Beaufort County Parks and Leisure	\$ 41,927	\$ -	\$ 41,927	\$ -
Bluffton Gullah Heritage Center	60,000	-	-	60,000
Bluffton MLK Observance Committee	49,274	20,396	7,104	21,774
Boys & Girls Club of the Lowcountry	10,000	-	-	10,000
Farmers Market of Bluffton	66,796	35,324	11,579	19,893
Hilton Head Symphony Orchestra	60,024	21,650	-	38,374
Historic Bluffton Arts and Seafood Festival	88,407	54,528	8,957	24,922
Historic Bluffton Foundation	445,458	117,517	80,458	247,483
May River Theater, Inc.	32,698	-	-	32,698
Old Town Merchants Society	34,372	7,322	18,372	8,678
SC Lowcountry Tourism	25,755	-	-	25,755
Society of Bluffton Artists	24,437	10,450	-	13,987
Town of Bluffton	215,000	-	-	215,000
Total State Accommodations Tax	<u>\$ 1,154,148</u>	<u>\$ 267,187</u>	<u>\$ 168,397</u>	<u>\$ 718,564</u>

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, 2022, was \$1,388,016.

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 ended June 30, 2022, this amount totaled \$171,130. The remaining amounts are allocated to tourism-related projects approved by Town Council.

Grant appropriations and expenditures for the year ended June 30, 2022, were as follows:

<u>Grant Recipient</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed</u>	<u>Encumbrances</u>
Local Accommodations Tax				
Hilton Head Symphony Orchestra	\$ 6,000	\$ 983	\$ 5,017	\$ -
Total Local Accommodations Tax	<u>\$ 6,000</u>	<u>\$ 983</u>	<u>\$ 5,017</u>	<u>\$ -</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, 2022, was \$2,131,458.

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 to which the Town is bound to constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2022, fund balances were distributed as follows:

		General Fund	Capital Improvements Program Fund	Debt Service Fund	Stormwater Fund	Local Accommodations Tax Fund	Hospitality Tax Fund	NonMajor Governmental Funds	Total Governmental Funds
Fund Balances:									
Non-spendable: Prepaid Assets		\$ 388,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,110
Restricted for:									
Drug Enforcement	(SC Code of Laws 44-53-530 (g))	-	-	-	-	-	-	12,074	12,074
Victims Services	(SC Code of Laws 14-1-208E)	3,719	-	-	-	-	-	-	3,719
Public Safety	(Budget Ordinance)	-	-	-	-	-	-	29,141	29,141
Stormwater Improvement	(SW Fee Ordinance)	-	-	-	2,998,683	-	-	-	2,998,683
TIF Debt Service	(Bond & Budget Ordinance)	-	-	8,281,457	-	-	-	-	8,281,457
GO Bond Debt Service	(Bond & Budget Ordinance)	-	-	443,594	-	-	-	4,995,629	5,439,223
Municipal Improvement									
District Funds	(Development Agreement)	-	2,446,320	-	-	-	-	-	2,446,320
Boat Ramp Repair	(Development Agreement)	-	-	-	-	-	-	104,318	104,318
Buckwalter Park	(Development Agreement)	-	354,185	-	-	-	-	-	354,185
Linear Park	(Development Agreement)	-	140,863	-	-	-	-	-	140,863
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)	17,725	-	-	-	-	-	-	17,725
Tourism Projects and Related Support	(SC Code 6-1-530 & 730)	-	1,531,799	-	-	2,041,350	5,734,894	1,388,016	10,696,059
Committed to:									
Emergency Recovery Fund	(Budget Ordinance)	7,932,380	-	-	-	90,108	-	-	8,022,488
Capital Asset Reserve	(Budget Ordinance)	1,198,506	-	-	-	-	-	-	1,198,506
Assigned to:									
Preservation Grant		250,000	-	-	-	-	-	-	250,000
Proactive Preservation		300,000	-	-	-	-	-	-	300,000
Tree Remediation		100,000	-	-	-	-	-	-	100,000
Other Capital Improvement Purposes		-	4,847,776	-	-	-	-	-	4,847,776
Unassigned:		14,116,090	-	-	-	-	-	-	14,116,090
Total Fund Balances		<u>\$ 24,376,530</u>	<u>\$ 9,390,943</u>	<u>\$ 8,725,051</u>	<u>\$ 2,998,683</u>	<u>\$ 2,131,458</u>	<u>\$ 5,734,894</u>	<u>\$ 6,529,178</u>	<u>\$ 59,886,737</u>

Ordinance No. 2021-08 *Fiscal Year 2022 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 governmental funds expenditure budget amount. For the fiscal year 2022, this amount was established as \$7,932,380. 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.

Capital Asset Reserve Fund – This reserve shall be capped at the value of the most recent five years of depreciation expense. This reserve shall be funded at an amount equal to 50% of depreciation expense from the most recently audited financial statements. This funding will occur in years in which there is a positive net change in the prior year’s General Fund 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 Departmental Cost Centers and reduce the Capital Asset Reserve each year. For the fiscal year 2022, this amount was established at \$1,198,506.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. FUND BALANCES (CONTINUED)

Fiscal year 2022 also includes assigned fund balances for a Preservation Grant, Proactive Preservation, and Tree Remediation.

NOTE 14. DEFINED BENEFIT PENSION PLAN

Description of the Entity

The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the State agency responsible for the administration and management of the various retirement systems (the "Systems") and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the South Carolina Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

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.

South Carolina Police Officers' Retirement System – To be eligible for PORS membership, an employee must be required by the terms of his or her 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. 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%.

Required employee contribution rates for the year ended June 30, 2022, 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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

Required employer contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

Employee Class Two	16.41% of earnable compensation
Employee Class Three	16.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers' Retirement System

Employee Class Two	18.84% of earnable compensation
Employee Class Three	18.84% 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 of the ongoing plan 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 regarding the net pension liability 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. An experience report on the Systems was most recently issued for the reporting period ending June 30, 2019.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2021, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Assumptions used in the July 1, 2021, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 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 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% 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
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
		Total expected real return	5.18%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.43%

NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

The June 30, 2021 (the measurement date), total pension liability, net pension liability, and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2020, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, 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, 2022 (measurement date of June 30, 2021), 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:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability	Town's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 25,637,767	\$ 15,573,953	\$ 10,063,814	60.7%	0.046503%
PORS	\$ 19,770,820	\$ 13,913,474	\$ 5,857,346	70.4%	0.227654%

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for SCRS and PORS. The ACFR 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, South Carolina 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 7.00%. 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 13,182,342	\$ 10,063,814	\$ 7,471,671
PORS	8,498,260	5,857,346	3,694,033
Total	<u>\$ 21,680,602</u>	<u>\$ 15,921,160</u>	<u>\$ 11,165,704</u>

Pension Expense

For the fiscal year ended June 30, 2022, the Town recognized its proportionate share of collective pension expense of \$734,873 and recognition of deferred amounts from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$175,437 for a total of \$910,310 for the SCRS plan. Additionally, for the fiscal year ended June 30, 2022, the Town recognized its proportionate share of collective pension expense of \$640,795, and recognition of deferred amounts from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$(48,640), for a total of \$592,155 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, 2022, 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	\$ 171,425	\$ 13,582	\$ 199,262	\$ 18,242	\$ 370,687	\$ 31,824
Net difference between projected and actual earnings on pension plan investments	-	1,461,901	-	1,313,190	-	2,775,091
Assumption changes	550,860	-	417,774	-	968,634	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	371,047	41,574	242,395	207,886	613,442	249,460
Employer contributions subsequent to the measurement date	507,015	-	337,045	-	844,060	-
Total	<u>\$ 1,600,347</u>	<u>\$ 1,517,057</u>	<u>\$ 1,196,476</u>	<u>\$ 1,539,318</u>	<u>\$ 2,796,823</u>	<u>\$ 3,056,375</u>

Town contributions subsequent to the measurement date of \$507,015 and \$337,045, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period	Fiscal Year	SCRS	PORS
Ending June 30,	Ending June 30,		
2021	2022	\$ 28,585	\$ (60,479)
2022	2023	56,508	(57,047)
2023	2024	(44,162)	(106,428)
2024	2025	(464,656)	(455,933)
Total		<u>\$ (423,725)</u>	<u>\$ (679,887)</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)

A. Commitments and Contingent Liabilities (Continued)

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30 2022, the Town has contractual commitments on uncompleted contracts of \$462,873.

Encumbrances

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 reported only in the General Fund. These encumbrances totaled \$66,610 for the year ended June 30, 2022.

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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLUFFTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE, 2022

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

<u>Plan Year Ended June 30,</u>	<u>Town's proportion of the net pension liability</u>	<u>Town's proportionate share of the net pension liability</u>	<u>Town's covered payroll</u>	<u>Town's share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.046503%	\$ 10,063,814	\$ 4,454,142	225.9%	60.7%
2020	0.044783%	11,442,849	4,996,106	229.0%	54.1%
2019	0.043852%	9,825,842	4,768,301	206.1%	54.1%
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

<u>Plan Year Ended June 30,</u>	<u>Town's proportion of the net pension liability</u>	<u>Town's proportionate share of the net pension liability</u>	<u>Town's covered payroll</u>	<u>Town's share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.227654%	\$ 5,857,346	\$ 2,902,305	201.8%	70.4%
2020	0.230275%	7,636,298	3,478,642	219.5%	58.8%
2019	0.228060%	6,462,170	3,088,033	209.3%	61.7%
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, 2022

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
2022	\$ 507,015	\$ 507,015	\$ -	\$ 5,633,505	9.00%
2021	686,383	686,383	-	4,454,142	15.41%
2020	769,900	769,900	-	4,996,106	15.41%
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
2022	\$ 337,045	\$ 337,045	\$ -	\$ 3,456,867	9.75%
2021	517,771	517,771	-	2,902,305	17.84%
2020	620,590	620,590	-	3,478,642	17.84%
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

TOWN OF BLUFFTON, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Boat Ramp Fund	State Accommodations Tax Fund	Vehicle Tag Fee Fund	Seized and Forfeited Assets Fund	TIF Project Fund	
ASSETS						
Cash	\$ 126,817	\$ 1,275,866	\$ 25,338	\$ -	\$ -	\$ 1,428,021
Restricted cash and cash equivalents	-	-	-	25,447	5,008,152	5,033,599
Other receivables	-	517,449	2,702	-	-	520,151
Due from other funds	19,501	-	1,101	800	-	21,402
Total assets	<u>\$ 146,318</u>	<u>\$ 1,793,315</u>	<u>\$ 29,141</u>	<u>\$ 26,247</u>	<u>\$ 5,008,152</u>	<u>\$ 7,003,173</u>
TOTAL LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 200,940	\$ -	\$ 12,037	\$ -	\$ 212,977
Due to other funds	42,000	204,359	-	2,136	12,523	261,018
Total liabilities	<u>42,000</u>	<u>405,299</u>	<u>-</u>	<u>14,173</u>	<u>12,523</u>	<u>473,995</u>
FUND BALANCES						
Restricted:						
Public safety	-	-	29,141	12,074	-	41,215
Tourism	-	1,388,016	-	-	-	1,388,016
Capital projects	104,318	-	-	-	4,995,629	5,099,947
Total fund balances	<u>104,318</u>	<u>1,388,016</u>	<u>29,141</u>	<u>12,074</u>	<u>4,995,629</u>	<u>6,529,178</u>
Total liabilities and fund balances	<u>\$ 146,318</u>	<u>\$ 1,793,315</u>	<u>\$ 29,141</u>	<u>\$ 26,247</u>	<u>\$ 5,008,152</u>	<u>\$ 7,003,173</u>

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, 2022

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Boat Ramp Fund	State Accommodations Tax Fund	Vehicle Tag Fee Fund	Seized and Forfeited Assets Fund	TIF Project Fund	
Revenues						
Accommodations taxes	\$ -	\$ 1,252,541	\$ -	\$ -	\$ -	\$ 1,252,541
Development fees	19,250	-	-	-	-	19,250
Tag fees	-	-	28,763	-	-	28,763
Interest income	247	2,105	217	26	8,299	10,894
Confiscated revenues	-	-	-	411	-	411
Total revenues	19,497	1,254,646	28,980	437	8,299	1,311,859
Expenditures						
Current:						
Police	-	-	-	276	-	276
Community development	25	635,450	-	-	-	635,475
Total expenditures	25	635,450	-	276	-	635,751
Excess (deficiency) of revenues over (under) expenditures	19,472	619,196	28,980	161	8,299	676,108
Other financing uses						
Transfers out	-	(86,377)	-	-	(4,783)	(91,160)
Total other financing uses	-	(86,377)	-	-	(4,783)	(91,160)
Net change in fund balances	19,472	532,819	28,980	161	3,516	584,948
Fund balances, beginning of year	84,846	855,197	161	11,913	4,992,113	5,944,230
Fund balances, end of year	\$ 104,318	\$ 1,388,016	\$ 29,141	\$ 12,074	\$ 4,995,629	\$ 6,529,178

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, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 6,994,158	\$ 6,994,158	\$ 8,237,692	\$ 1,243,534
Licenses and permits:				
Franchise fees	2,951,060	2,951,060	2,925,275	(25,785)
Business licenses	2,269,134	2,321,634	3,569,652	1,248,018
MASC telecommunications	68,000	68,000	57,570	(10,430)
MASC insurance tax collector	2,528,280	2,528,280	3,088,202	559,922
Building permits	2,616,580	2,669,080	3,178,935	509,855
Administration fees	44,000	44,000	44,000	-
Application fees	50,000	50,000	65,560	15,560
Total licenses and permits	10,527,054	10,632,054	12,929,194	2,297,140
Intergovernmental				
State shared revenues:				
Local government fund	280,000	280,000	627,923	347,923
Federal grants	50,000	1,100,494	715,253	(385,241)
Total state shared revenues	330,000	1,380,494	1,343,176	(37,318)
Other local governments:				
School resource officers	355,880	355,880	283,998	(71,882)
School crossing guards	66,830	66,830	72,074	5,244
Total other local governments	422,710	422,710	356,072	(66,638)
Total intergovernmental	752,710	1,803,204	1,699,248	(103,956)
Service revenues:				
Contract police services	85,000	85,000	69,011	(15,989)
Impact collection fee	25,000	25,000	57,818	32,818
Development fees	600,000	600,000	910,663	310,663
Total sales and service	710,000	710,000	1,037,492	327,492
Fees and fines:				
Municipal court	180,000	180,000	101,534	(78,466)
Victims assistance	20,000	20,000	13,351	(6,649)
Check fee	-	-	984,982	984,982
Total fees and fines	200,000	200,000	1,099,867	899,867
Miscellaneous:				
Donations	-	-	13,996	13,996
Miscellaneous	100,000	100,000	164,970	64,970
Rental income	20,000	20,000	63,560	43,560
Interest income	25,000	25,000	31,780	6,780
Total miscellaneous	145,000	145,000	274,306	129,306
Total revenues	19,328,922	20,484,416	25,277,799	4,793,383
Expenditures				
Current:				
Legislative	154,655	345,405	127,210	218,195
Economic development	400,325	742,525	641,074	101,451
Executive	1,174,292	801,522	493,279	308,243
Human resources	465,517	535,242	316,415	218,827
Non-departmental	2,802,558	3,472,978	3,209,113	263,865
Finance	1,107,169	1,055,269	1,233,874	(178,605)
Municipal court	56,526	52,926	229,872	(176,946)
Municipal judges	374,820	378,420	719,808	(341,388)
Information technology	1,333,225	1,397,900	890,397	507,503
Facilities and asset management	2,023,674	1,986,956	1,807,194	179,762
Project management	925,636	867,336	831,551	35,785
Growth management	254,807	254,807	223,579	31,228
Planning and environmental sustainability	1,605,071	1,845,880	1,596,179	249,701
Building safety	716,983	710,648	672,270	38,378
Police	7,593,365	7,578,941	7,358,658	220,283
Debt service:				
Principal retirement	164,767	164,767	242,163	(77,396)
Interest	12,374	12,374	25,694	(13,320)
Total expenditures	21,165,764	22,203,896	20,618,330	1,585,566
Excess (deficiency) of revenues over (under) expenditures	(1,836,842)	(1,719,480)	4,659,469	6,378,949
Other financing sources (uses)				
Transfers in	2,507,342	5,152,613	1,130,290	(4,022,323)
Transfers out	(1,280,000)	(4,042,633)	(3,542,633)	500,000
Lease issuance	609,500	609,500	725,334	115,834
Total other financing sources, net	1,836,842	1,719,480	(1,687,009)	(3,406,489)
Net change in fund balances	-	-	2,972,460	2,972,460
Fund balances, beginning of year	21,404,070	21,404,070	21,404,070	-
Fund balances, end of year	\$ 21,404,070	\$ 21,404,070	\$ 24,376,530	\$ 2,972,460

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Other revenues:				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 234,811	\$ 149,811
Interest income	-	-	3,221	3,221
Donations	-	35,000	2,500	(32,500)
Development fees	291,600	291,600	509,400	217,800
Total other revenues	376,600	411,600	749,932	338,332
State revenues	500,000	555,000	90,000	(465,000)
Federal revenues	600,000	600,000	620,702	20,702
Total revenues	1,476,600	1,566,600	1,460,634	(105,966)
Expenditures				
Current:				
BIS - neighborhood sidewalks	425,751	711,226	197,000	514,226
Boundary street lighting	-	45,426	1,023	44,403
Bridge Street streetscape	1,379,034	1,465,497	25,827	1,439,670
Buck Island sewer - Phase V	-	729,110	26,905	702,205
Calhoun Street and adjacent area study	228,704	477,786	34,477	443,309
Calhoun Street dock improvements	-	4,500	4,500	-
Community safety cameras Phase 5	58,500	75,931	68,554	7,377
Don Ryan Center for innovation uplift	-	12,427	11,085	1,342
Garvin-Garvey House interpretive signage	53,983	53,983	21,593	32,390
Ghost Roads	11,200	22,477	9,300	13,177
Goethe Shultz improvements - Phase II	538,197	1,029,428	517,268	512,160
Historic District sewer extension Phase 1	-	289,707	139,848	149,859
Historic District sewer extension Phase 2	299,716	382,295	9,970	372,325
Historic District sewer extension Phase 3	170,665	195,573	1,842	193,731
Historic District sewer extension Phase 4	112,500	138,383	1,008	137,375
Historic District sewer extension Phase 5	138,095	154,993	872	154,121
Historic District sewer extension Phase 6	2,450	26,523	3,217	23,306
Boundary Street streetscape	80,000	186,571	40,310	146,261
Land acquisition	998,386	3,004,319	1,444	3,002,875
Law enforcement center facility improvements	85,398	603,938	474,660	129,278
Old Town lighting and street signs	192,878	389,942	68,578	321,364
Oscar Frazier Park	76,350	111,084	108,066	3,018
Oyster Factory Park improvements	292,575	319,412	29,140	290,272
Park improvements	83,800	101,800	67,212	34,588
Public works facility improvements	66,900	20,700	4,194	16,506
River Trail	187,500	189,558	65,388	124,170
Riverside Park/Barn Site	1,381,095	1,546,487	135,071	1,411,416
Rotary Community Center facility improvements	33,500	36,501	515	35,986
Sewer connection program	329,300	540,034	13,282	526,752
Squire Pope Carriage House preservation	52,850	99,050	92,281	6,769
Watershed Management Facility	8,500	16,218	4,775	11,443
Town Hall redevelopment	-	32,920	-	32,920
Town of Bluffton housing project	880,321	950,527	-	950,527
May River Pocket Park	141,330	141,330	19,066	122,264
Buckwalter Park	-	6,027	1,100	4,927
Buckwalter Place Multi County Commerce Park	2,604,190	3,026,066	33,186	2,992,880
Comprehensive drainage improvement plans	153,000	153,000	8,908	144,092
Buck Island Drainage Improvements	229,800	229,800	-	229,800
Stoney Crest Campground/Old Palmetto Bluff Road Drainage Improvements	10,000	10,000	-	10,000
Network Improvements	180,000	250,000	196,539	53,461
Document management	100,000	100,000	43,951	56,049
Wharf Street Lighting	9,000	9,000	-	9,000
Wright Family Park	-	72,523	48,894	23,629
Total expenditures	11,595,468	17,962,072	2,530,849	15,431,223
Deficiency of revenues under expenditures	(10,118,868)	(16,395,472)	(1,070,215)	15,325,257
Other financing sources				
Transfers in	10,118,868	17,050,472	4,965,736	(12,084,736)
Transfers out	-	(55,000)	(55,000)	-
Proceeds from issuance of debt	-	(600,000)	-	600,000
Total other financing sources	10,118,868	16,395,472	4,910,736	(11,484,736)
Net change in fund balances	-	-	3,840,521	3,840,521
Fund balances, beginning of year	5,550,422	5,550,422	5,550,422	-
Fund balances, end of year	\$ 5,550,422	\$ 5,550,422	\$ 9,390,943	\$ 3,840,521

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$ 2,925,580	\$ 2,925,580	\$ 3,476,545	\$ 550,965
MID Fees	347,950	347,950	355,200	7,250
Interest income	4,400	4,400	12,390	7,990
Total revenues	3,277,930	3,277,930	3,844,135	566,205
Expenditures				
Other miscellaneous	50	50	-	50
Debt service:				
Principal retirement	1,189,620	1,189,620	1,189,620	-
Interest	412,161	412,161	412,161	-
Total expenditures	1,601,831	1,601,831	1,601,781	50
Excess of revenues over expenditures	1,676,099	1,676,099	2,242,354	566,255
Other financing sources (uses)				
Transfers in	553,338	2,481,435	293,300	(2,188,135)
Transfers out	(2,229,437)	(4,157,534)	(298,785)	3,858,749
Total other financing sources (uses)	(1,676,099)	(1,676,099)	(5,485)	1,670,614
Net change in fund balances	-	-	2,236,869	2,236,869
Fund balances, beginning of year	6,488,182	6,488,182	6,488,182	-
Fund balances, end of year	\$ 6,488,182	\$ 6,488,182	\$ 8,725,051	\$ 2,236,869

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Licenses and permits:				
Stormwater fees	\$ 2,259,570	\$ 2,259,570	\$ 2,593,483	\$ 333,913
Total revenues	2,259,570	2,259,570	2,593,483	333,913
Expenditures				
Personnel:				
Stormwater	684,025	684,025	536,212	147,813
Operating costs:				
Stormwater	964,615	871,492	413,839	457,653
Capital outlay	26,130	35,730	-	35,730
Total expenditures	1,674,770	1,591,247	950,051	641,196
Excess of revenues over expenditures	584,800	668,323	1,643,432	975,109
Other financing uses				
Transfers out	(584,800)	(668,323)	(428,107)	240,216
Total other financing uses, net	(584,800)	(668,323)	(428,107)	240,216
Net change in fund balances	-	-	1,215,325	1,215,325
Fund balances, beginning of year	1,783,358	1,783,358	1,783,358	-
Fund balances, end of year	\$ 1,783,358	\$ 1,783,358	\$ 2,998,683	\$ 1,215,325

STATISTICAL SECTION

STATISTICAL SECTION

(unaudited)

This part of the Town of Bluffton's comprehensive financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Town's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	63 – 67
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.</i>	68 – 72
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's abilities to issue additional debt in the future.</i>	73 – 78
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	79 and 80
Operating Information <i>These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and activities it performs.</i>	81 – 83

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

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 1 NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 9,552,186	\$ 10,745,284	\$ 11,556,509	\$ 11,494,116	\$ 13,698,001	\$ 18,219,570	\$ 22,392,823	\$ 24,422,794	\$ 26,497,134	\$ 27,384,926
Restricted	6,629,087	7,566,263	8,501,810	10,006,700	8,494,579	8,845,823	10,490,769	12,814,471	17,008,185	25,716,856
Unrestricted	6,543,899	8,328,146	1,316,954	4,208,504	6,039,836	3,054,693	2,902,157	3,132,113	6,783,599	11,757,213
Total governmental activities net position	<u>\$ 22,725,172</u>	<u>\$ 26,639,693</u>	<u>\$ 21,375,273</u>	<u>\$ 25,709,320</u>	<u>\$ 28,232,416</u>	<u>\$ 30,120,086</u>	<u>\$ 35,785,749</u>	<u>\$ 40,369,378</u>	<u>\$ 50,288,918</u>	<u>\$ 64,858,995</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 2 CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government:										
Administration	\$ 2,953,686	\$ 3,177,857	\$ 3,675,493	\$ 4,210,681	\$ 4,858,208	\$ 4,966,547	\$ 6,273,450	\$ 6,202,766	\$ 6,656,915	\$ 7,164,020
Judicial	300,056	261,663	278,425	302,390	325,019	349,155	408,166	446,349	438,107	951,917
Planning	896,613	797,378	744,605	873,476	801,474	950,748	1,269,985	1,142,227	1,247,888	2,291,696
Public safety:										
Building safety	685,841	832,699	962,685	981,279	1,036,905	1,057,626	924,154	918,640	917,401	962,165
Police	3,752,007	4,007,350	4,801,530	5,691,428	6,720,715	6,720,974	6,471,843	7,383,736	7,344,682	7,235,621
Public works	912,800	945,375	1,034,327	938,380	1,417,406	1,111,464	1,606,484	1,631,797	2,009,698	1,928,569
Environmental protection/stormwater management	638,438	644,128	652,579	963,939	800,781	826,253	923,714	1,190,662	1,045,730	1,014,708
Engineering/project management	612,469	487,943	876,330	921,486	1,170,935	6,164,446	1,376,125	1,387,003	1,524,434	886,363
Community development	1,500,055	1,070,319	1,027,545	2,694,505	4,364,665	732,980	3,074,469	3,655,085	2,931,008	2,680,256
Interest on long-term debt	1,005,006	664,378	684,047	568,805	539,244	495,484	460,301	505,359	600,358	235,891
Total governmental activities expenses	<u>\$ 13,256,971</u>	<u>\$ 12,889,090</u>	<u>\$ 14,737,566</u>	<u>\$ 18,146,369</u>	<u>\$ 22,035,352</u>	<u>\$ 23,375,677</u>	<u>\$ 22,788,691</u>	<u>\$ 24,463,624</u>	<u>\$ 24,716,221</u>	<u>\$ 25,351,206</u>
Program revenues (see Schedule 3)										
Governmental activities										
Charges for services:										
General government										
Administration	\$ 4,120,809	\$ 5,016,969	\$ 5,465,905	\$ 5,764,361	\$ 6,127,510	\$ 6,729,624	\$ 7,436,407	\$ 7,586,183	\$ 8,045,415	\$ 9,640,699
Judicial	190,993	164,583	277,388	278,360	320,564	256,426	854,685	777,341	1,110,475	1,099,867
Planning	557,075	630,359	898,669	1,055,317	1,324,816	1,023,161	1,229,496	900,352	1,250,293	1,097,291
Public safety										
Building safety	979,777	1,090,532	1,608,131	2,118,220	2,063,472	2,059,110	2,158,592	1,909,129	2,650,798	3,178,935
Police	56,638	54,610	65,820	59,585	70,910	80,014	107,752	70,901	594,003	97,774
Stormwater management	-	-	-	-	-	-	-	-	-	2,593,483
Community development	242,225	-	343,800	642,600	521,100	607,500	402,300	354,600	590,400	509,400
Operating grants and contributions	267,960	236,472	317,366	480,525	691,119	639,252	508,799	338,115	655,425	1,343,587
Capital grants and contributions	2,552,546	1,565,210	1,322,203	2,614,001	2,579,042	1,808,630	2,010,096	2,627,022	3,580,765	710,702
Total governmental activities program revenues	<u>\$ 8,968,023</u>	<u>\$ 8,758,735</u>	<u>\$ 10,299,282</u>	<u>\$ 13,012,969</u>	<u>\$ 13,698,533</u>	<u>\$ 13,203,717</u>	<u>\$ 14,708,127</u>	<u>\$ 14,563,643</u>	<u>\$ 18,477,574</u>	<u>\$ 20,271,738</u>
Net (expense) revenue										
Total governmental activities net expense	<u>\$ (4,288,948)</u>	<u>\$ (4,130,355)</u>	<u>\$ (4,438,284)</u>	<u>\$ (5,133,400)</u>	<u>\$ (8,336,819)</u>	<u>\$ (10,171,960)</u>	<u>\$ (8,080,564)</u>	<u>\$ (9,899,981)</u>	<u>\$ (6,238,647)</u>	<u>\$ (5,079,468)</u>
General revenues and other changes in Net position										
Governmental activities										
Taxes:										
Property taxes	\$ 5,573,318	\$ 5,580,452	\$ 6,089,064	\$ 6,716,062	\$ 7,158,104	\$ 7,666,528	\$ 8,734,446	\$ 9,580,551	\$ 10,362,658	\$ 11,714,237
Other taxes	1,720,504	1,849,205	2,015,182	2,224,751	2,860,650	3,186,291	3,478,490	3,203,461	4,697,165	6,673,707
Intergovernmental revenue	330,780	617,942	634,044	615,847	686,837	904,018	1,012,759	1,461,571	861,609	946,083
Investment earnings	10,070	9,576	12,963	12,200	31,460	40,103	50,675	77,060	50,743	70,492
Gain/(loss) on sale of capital assets	-	-	-	(171,500)	-	(14,328)	-	-	-	-
Miscellaneous	245,068	91,201	176,981	70,087	122,864	277,018	469,858	160,967	186,012	245,026
Total governmental activities	<u>\$ 7,879,740</u>	<u>\$ 8,148,376</u>	<u>\$ 8,928,234</u>	<u>\$ 9,467,447</u>	<u>\$ 10,859,915</u>	<u>\$ 12,059,630</u>	<u>\$ 13,746,228</u>	<u>\$ 14,483,610</u>	<u>\$ 16,158,187</u>	<u>\$ 19,649,545</u>
Change in net position										
Governmental activities	<u>\$ 3,590,792</u>	<u>\$ 4,018,021</u>	<u>\$ 4,489,950</u>	<u>\$ 4,334,047</u>	<u>\$ 2,523,096</u>	<u>\$ 1,887,670</u>	<u>\$ 5,665,664</u>	<u>\$ 4,583,629</u>	<u>\$ 9,919,540</u>	<u>\$ 14,570,077</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 3 PROGRAM REVENUES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Governmental activities										
General government:										
Administration	\$ 4,120,809	\$ 5,016,969	\$ 5,465,905	\$ 5,764,361	\$ 6,127,510	\$ 6,729,624	\$ 7,436,407	\$ 7,586,183	\$ 8,045,415	\$ 9,640,699
Municipal court	190,993	164,583	277,388	278,360	320,564	256,426	854,685	777,341	1,110,475	1,099,867
Planning	557,075	630,359	898,669	1,055,317	1,324,816	1,023,161	1,229,496	900,352	1,250,293	1,097,291
Public safety:										
Building safety	979,777	1,090,532	1,608,131	2,118,220	2,063,472	2,059,110	2,158,592	1,909,129	2,650,798	3,178,935
Police	56,638	54,610	65,820	59,585	70,910	80,014	107,752	70,901	594,003	97,774
Stormwater management	-	-	-	-	-	-	-	-	-	2,593,483
Community development	242,225	-	343,800	642,600	521,100	607,500	402,300	354,600	590,400	509,400
Operating grants and contributions	267,960	236,472	317,366	480,525	691,119	639,252	508,799	338,115	655,425	1,343,587
Capital grants and contributions	2,552,546	1,565,210	1,322,203	2,614,001	2,579,042	1,808,630	2,010,096	2,627,022	3,580,765	710,702
Total governmental activities	<u>\$ 8,968,023</u>	<u>\$ 8,758,735</u>	<u>\$ 10,299,282</u>	<u>\$ 13,012,969</u>	<u>\$ 13,698,533</u>	<u>\$ 13,203,717</u>	<u>\$ 14,708,127</u>	<u>\$ 14,563,643</u>	<u>\$ 18,477,574</u>	<u>\$ 20,271,738</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 4 FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS *(modified accrual basis of accounting)*

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Non-spendable	\$ 167,490	\$ 184,569	\$ 177,876	\$ 245,442	\$ 253,037	\$ 215,178	\$ 262,573	\$ 339,693	\$ 418,091	\$ 388,110
Restricted	895,290	759,661	824,985	860,630	624,615	165,318	150,982	150,983	113,114	91,444
Committed	1,939,386	1,990,521	2,333,802	2,673,900	4,229,733	5,698,030	3,566,936	3,682,235	3,638,085	9,130,886
Unassigned	3,968,242	5,917,866	8,019,133	10,049,350	10,017,064	8,182,666	10,894,662	12,098,213	17,234,780	14,116,090
Total General Fund	<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>	<u>\$ 16,271,124</u>	<u>\$ 21,404,070</u>	<u>\$ 24,376,530</u>
All Other Governmental Funds:										
Restricted	\$ 5,566,307	\$ 6,622,033	\$ 7,676,824	\$ 9,146,070	\$ 7,869,964	\$ 8,680,505	\$ 10,339,787	\$ 12,663,488	\$ 21,884,718	\$ 30,572,323
Committed	315,565	135,730	22,200	261,202	1,772,001	162,561	581,791	55,757	68,717	90,108
Assigned	865,782	1,004,002	1,494,675	1,933,087	1,600,458	1,908,993	1,837,046	2,493,532	2,391,490	4,847,776
Total all other governmental funds	<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>\$ 12,758,624</u>	<u>\$ 15,212,777</u>	<u>\$ 24,344,925</u>	<u>\$ 35,510,207</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 5 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes (see Schedule 6)	\$ 1,333,838	\$ 1,489,521	\$ 1,638,139	\$ 1,896,962	\$ 1,972,006	\$ 10,852,818	\$ 12,212,936	\$ 12,784,012	\$ 15,059,823	\$ 18,387,944
Licenses and permits	6,521,506	7,570,195	8,796,439	9,982,960	10,374,179	11,087,574	11,853,795	11,702,407	13,959,116	16,387,277
Fees and fines	190,993	164,583	279,641	297,783	320,564	256,426	854,685	777,341	1,656,887	1,128,630
Charges for services	513,105	598,890	857,264	1,042,973	1,199,479	983,420	1,208,538	863,211	1,183,918	1,056,742
Intergovernmental	675,842	843,547	711,079	904,097	970,671	967,217	1,063,879	1,486,006	845,478	1,218,806
Grants and entitlements	1,514,043	179,462	283,803	1,397,633	1,497,857	813,098	739,989	1,196,249	1,693,784	1,426,366
Investment earnings	10,070	9,576	13,466	12,702	31,460	40,103	50,675	77,060	50,743	70,492
Other revenues	172,818	111,201	181,578	72,955	186,460	277,018	469,858	160,967	186,012	245,026
Total revenues	\$ 10,932,215	\$ 10,966,975	\$ 12,761,409	\$ 15,608,065	\$ 16,552,676	\$ 25,277,674	\$ 28,454,355	\$ 29,047,253	\$ 34,635,761	\$ 39,921,283
Expenditures										
Legislative	\$ 95,321	\$ 103,148	\$ 126,291	\$ 154,466	\$ 147,754	\$ 152,222	\$ 159,084	\$ 145,606	\$ 105,319	\$ 127,210
Executive	379,349	425,677	729,375	911,914	805,686	816,845	925,500	904,947	916,192	493,279
Economic development	164,527	191,686	248,943	178,005	207,858	350,721	287,800	380,474	371,447	641,074
Human resources	185,885	234,151	234,489	286,519	285,411	258,841	320,445	385,606	343,827	316,415
Non-departmental	831,061	895,425	971,594	1,086,435	1,442,473	1,460,311	1,723,552	1,901,339	2,204,399	3,209,113
Finance	628,670	609,957	614,757	711,162	714,980	736,361	908,668	885,793	939,114	1,233,874
Municipal court	251,726	223,621	228,639	238,894	253,192	269,722	330,896	359,046	47,274	229,872
Municipal judges	47,026	37,373	45,809	52,811	52,188	55,783	53,323	51,847	358,875	719,808
Information technology	535,309	557,241	602,567	729,118	1,001,627	931,311	1,461,190	1,166,553	1,294,112	890,397
Public works	834,542	845,448	938,131	839,274	1,302,326	1,026,545	1,482,283	1,481,690	1,829,154	1,807,194
Environmental protection/stormwater management	629,281	624,318	619,579	634,437	724,005	740,587	841,506	1,082,133	935,940	950,051
Engineering/project management	567,703	490,314	510,368	540,200	762,967	929,344	900,996	829,930	844,992	831,551
Growth management	391,703	449,054	336,652	360,106	305,618	227,417	223,186	185,769	222,040	223,579
Planning and community development	497,474	361,910	396,287	839,624	726,953	876,908	1,155,812	1,029,394	1,147,383	1,596,179
Building safety	676,502	815,999	943,115	578,904	662,922	656,963	633,186	651,005	591,485	672,270
Police	3,488,330	3,723,356	4,532,209	5,271,030	6,031,612	5,796,672	5,732,617	6,677,882	6,407,558	7,358,934
Community development	428,422	391,361	385,019	333,752	346,394	507,345	567,360	509,820	589,410	807,588
Capital outlay	2,251,728	1,964,449	1,278,887	3,154,082	6,681,188	8,996,269	6,627,721	5,178,787	4,299,499	2,530,849
Debt service:										
Interest	686,850	667,612	662,643	564,365	539,974	505,006	474,327	447,143	675,292	437,855
Principal	690,858	960,609	1,112,874	1,361,064	1,320,759	1,332,590	1,284,376	1,367,893	2,334,602	1,431,783
Cost of issuance	-	-	-	-	-	-	-	-	127,328	-
Total expenditures	\$ 14,262,267	\$ 14,572,709	\$ 15,518,228	\$ 18,826,162	\$ 24,315,887	\$ 26,627,763	\$ 26,093,828	\$ 25,622,657	\$ 26,585,242	\$ 26,508,875
Excess of revenues over (under) expenditures	\$ (3,330,052)	\$ (3,605,734)	\$ (2,756,819)	\$ (3,218,097)	\$ (7,763,211)	\$ (1,350,089)	\$ 2,360,527	\$ 3,424,596	\$ 8,050,519	\$ 13,412,408
Other financing sources (uses)										
Issuance of bonds	-	-	8,923,000	-	-	-	-	-	9,485,000	-
Underwriter's premium (discount)	-	-	(23,075)	-	-	-	-	-	1,485,063	-
Current refund of existing debt	-	-	(9,230,000)	-	-	-	-	-	(4,755,488)	-
Sale of capital assets	388,479	74,420	-	273,432	588,654	-	-	-	-	-
Capital leases	200,000	591,000	555,900	521,000	325,000	-	260,000	425,528	-	725,334
Transfers In	924,997	1,295,929	1,195,262	1,898,320	4,097,065	9,267,163	5,189,010	4,281,229	4,679,039	6,389,326
Transfers out	(924,997)	(1,295,929)	(1,195,262)	(1,898,320)	(4,097,065)	(9,267,163)	(5,189,010)	(4,281,229)	(4,679,039)	(6,389,326)
Total other financing sources (uses)	\$ 588,479	\$ 665,420	\$ 225,825	\$ 794,432	\$ 913,654	\$ -	\$ 260,000	\$ 425,528	\$ 6,214,575	\$ 725,334
Net change in fund balances	\$ (2,741,573)	\$ (2,940,314)	\$ (2,530,994)	\$ (2,423,665)	\$ (6,849,557)	\$ (1,350,089)	\$ 2,620,527	\$ 3,850,124	\$ 14,265,094	\$ 14,137,742
Debt service as a percentage of non-capital expenditures	10.8%	12.6%	11.9%	10.6%	8.7%	7.7%	7.6%	7.8%	12.3%	7.2%

TOWN OF BLUFFTON, SOUTH CAROLINA

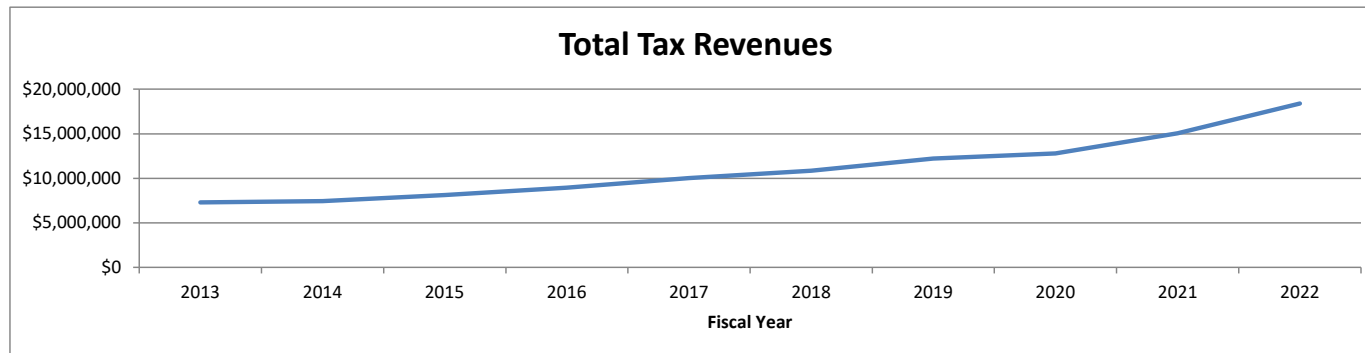
SCHEDULE 6 TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS *(modified accrual basis of accounting)*

Fiscal Year	Property Tax	State Accommodations Tax	Local Accommodations Tax	Local Hospitality Tax	Total
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
2020	9,580,551	429,256	701,853	2,072,352	12,784,012
2021	10,362,658	836,319	1,295,141	2,565,705	15,059,823
2022	11,714,237	1,252,541	2,141,481	3,279,685	18,387,944

Change					
2013-2022	110.2%	441.4%	617.9%	175.4%	152.1%

Source: Town Finance Department

Notes: The State of South Carolina imposes a local 2% Accommodations Tax of which a portion is distributed to the Town on a quarterly basis.



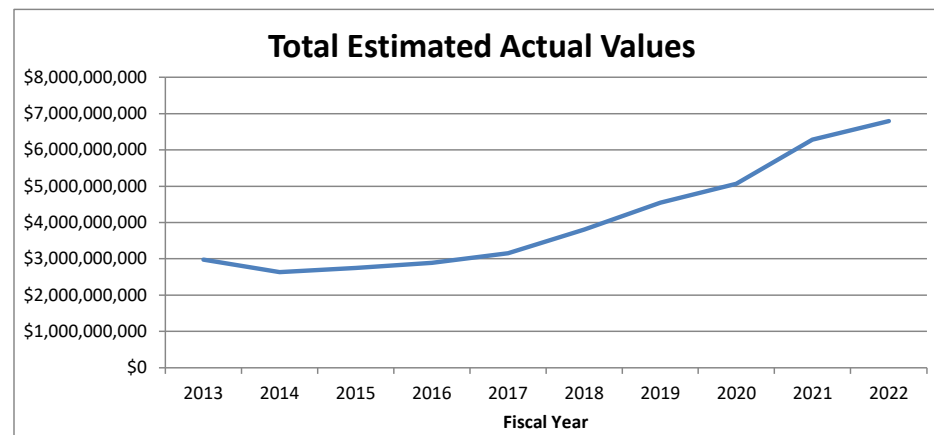
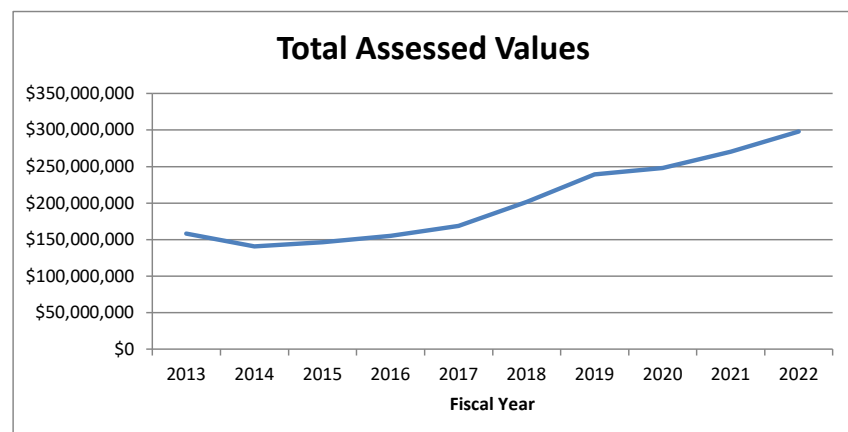
TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 7 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Real and 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		
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	2,452,999,629	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%
2020	2019	230,101,761	4,762,941,176	18,103,801	301,730,022	248,205,562	5,064,671,198	38.50	4.90%
2021	2020	250,789,550	5,927,521,139	19,552,105	359,489,250	270,341,655	6,287,010,389	38.50	4.30%
2022	2021	278,400,650	6,471,933,139	19,474,858	324,580,963	297,875,508	6,796,514,102	38.50	4.38%

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 2018. 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 Overlapping Rate	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			
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
2020	2019	35.30	3.20	38.50	54.30	5.50	5.50	114.00	31.70	24.10	1.60		236.70	275.20
2021	2020	36.80	1.70	38.50	53.90	5.50	4.80	114.00	36.30	24.10	1.60		240.20	278.70
2022	2021	36.80	1.70	38.50	53.90	5.60	5.30	121.60	36.30	24.10	1.60		248.40	286.90

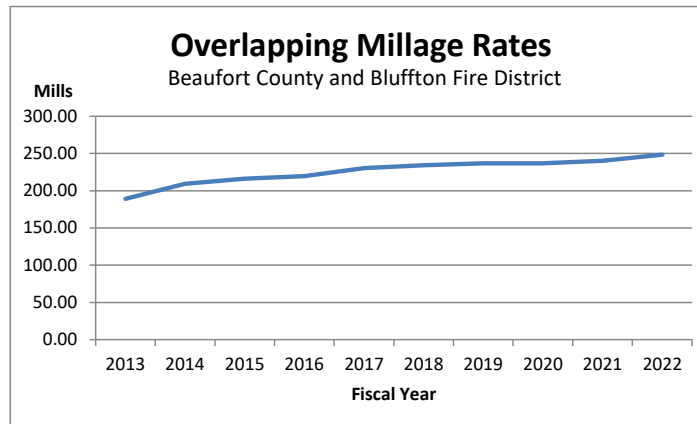
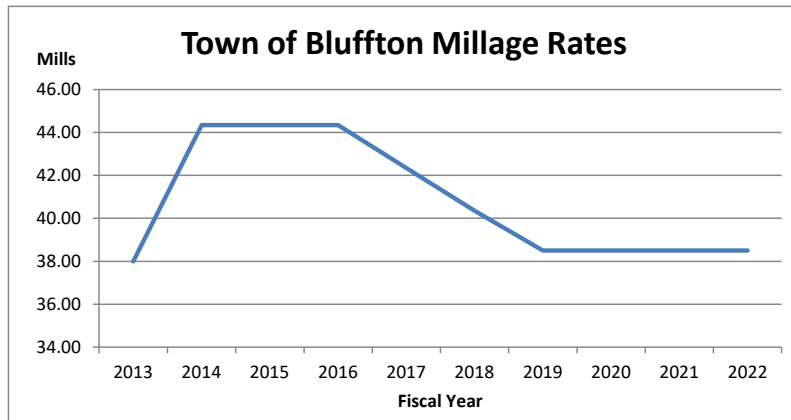
Source: Beaufort County Auditor's Office and Town Finance Department

* 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 TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2022 Tax Year 2021			Fiscal Year 2013 Tax Year 2012		
	Total Assessed Value	Rank ¹	Percentage of Total Town Taxable Assessed Value	Total Assessed Value	Rank ¹	Percentage of Total Town Taxable Assessed Value
Dominion Energy South	\$ 5,951,310	1	2.00%	\$ 4,109,110	1	3.00%
Passco One Hampton DST	3,307,500	2	1.11%			0.00%
Neyland Apartment Associates	2,580,000	3	0.87%			
Crowne Old Carolina LLC	2,292,000	4	0.77%			
Palmetto Electric Cooperative	2,012,820	5	0.68%	1,836,070	2	1.34%
Bluffton Telephone Company	1,833,270	6	0.62%	1,079,250	7	0.79%
DXE 12 Wilkinson LLC	1,032,000	7	0.35%			
PBLH LLC	986,700	8	0.33%	1,174,560	6	0.86%
Everest Bluffton Mob LLC	967,500	9	0.32%			
Old Carolina Property LLC	933,060	10	0.31%			
East Coast Newspaper Inc.	-		-	2,534,890	3	1.85%
JP Morgan Chase Commercial Mortgage	-		-	1,274,730	4	0.93%
May River Forest LLC	-		-	3,338,780	5	2.44%
NHC Healthcare/Bluffton LLC	-		-	955,300	8	0.70%
BRE Mariner Belfair Town Village LLC	-		-	875,220	9	0.64%
Hampton Lake LLC	-		-	2,561,630	10	1.87%
Total	\$ 21,896,160		7.35%	\$ 19,739,540		14.41%

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
2013	2012	\$ 5,426,594	\$ 5,275,406	97.21%	\$ 122,449	\$ 5,397,855	99.47%
2014	2013	5,610,943	5,364,595	95.61%	7,279	5,364,595	95.61%
2015	2014	5,989,057	5,978,582	99.83%	32,515	5,978,582	99.83%
2016	2015	6,876,467	6,550,702	95.26%	n/a	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	8,597,686	8,566,314	99.64%	n/a	8,566,314	99.64%
2020	*	9,652,689	9,397,631	97.36%	n/a	9,397,631	97.36%
2021	*	10,623,522	10,172,420	95.75%	n/a	10,172,420	95.75%
2022		11,746,994	11,414,985	97.17%	n/a	11,414,985	97.17%

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 the time of printing. Therefore, delinquent collections may be shown in the year collected and may result in collection percentages slightly (immaterial) higher.

*COVID-19

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
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%
2020	0%	1%	6%
2021	0%	1%	6%
2022	0%	0%	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	Financed Purchases	Leases	Intergovernmental Agreement Payments	Capital Leases	Operating Payable	Total	Percentage of Personal Income ^a	Per Capita ^a
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	0.00%	465
2020	4,930,000	5,179,165	-	-	-	840,119	-	10,949,284	0.00%	n/a
2021	9,616,518	4,370,677	-	-	-	534,005	-	14,521,200	0.00%	n/a
2022	9,095,958	3,541,057	366,499	650,677 *	-	- *	-	13,654,191	0.00%	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.

* Implementation of GASB 87

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
2013	\$ 6,500,000	\$ 6,500,000	0.25%	\$ 478
2014	6,300,000	6,300,000	0.23%	415
2015	6,090,000	6,090,000	0.21%	364
2016	5,875,000	5,875,000	0.19%	311
2017	5,650,000	5,650,000	0.15%	281
2018	5,415,000	5,415,000	0.14%	234
2019	5,175,000	5,175,000	0.11%	202
2020	4,930,000	4,930,000	0.10%	193
2021	9,616,518	9,616,518	0.13%	298
2022	9,095,958	9,095,958	0.12%	246

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, 2022

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Beaufort County School District	\$ 523,225,519	13.7%	\$ 71,681,896
Beaufort County General Obligation Debt	205,795,000	13.7%	28,193,915
Bluffton Fire District	11,723,544	47.7%	5,592,130
Subtotal, overlapping debt			105,467,942
Town direct debt			13,654,191
Total direct and overlapping debt			<u>\$ 119,122,133</u>

Sources: Beaufort County's Town Finance Department, and 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

Assessed value	\$297,875,508
Debt Limit (8% of assessed value)	23,830,041
Debt applicable to limit	(7,905,000)
Legal Debt Margin (without a Referendum)	<u>\$ 15,925,041</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 12,670,950	\$ 11,244,755	\$ 11,719,564	\$ 12,404,000	\$ 13,507,717	\$ 16,129,838	\$ 19,154,095	\$ 19,025,454	\$ 21,627,332	\$ 23,830,041
Total net debt applicable to limit	6,500,000	6,300,000	6,090,000	5,875,000	5,650,000	5,415,000	5,175,000	4,930,000	8,265,000	7,905,000
Legal debt margin	6,170,950	4,944,755	5,629,564	6,529,000	7,857,717	10,714,838	13,979,095	14,095,454	13,362,332	15,925,041
Total net debt applicable to the limit as a percentage of debt limit	51.30%	56.03%	51.96%	47.36%	41.83%	33.57%	27.02%	25.91%	38.22%	33.17%

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

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

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 16 PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Tax Increment Bonds				
	Revenue	Debt Service		Total	Coverage
		Principal	Interest		
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
2020	2,471,033	787,895	143,786	931,681	2.65
2021	2,745,263	808,488	123,193	931,681	2.95
2022	3,103,571	829,620	102,061	931,681	3.33

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

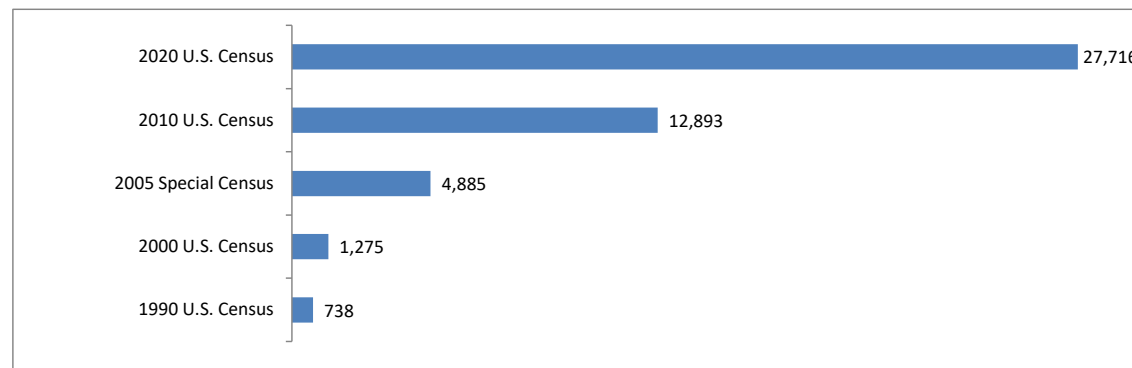
TOWN OF BLUFFTON, SOUTH CAROLINA

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*
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	859,300,788	37,204	8,000	22,014	3.9%
2019	25,557	991,049,346	38,778	8,000	22,345	3.00%
2020	27,716	1,212,824,444	43,759	8,762	21,229	7.40%
2021	32,191	1,517,161,830	47,130	8,526	21,120	2.90%

* Town of Bluffton data not available due to low population; Beaufort County data provided alternatively
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.
BCSD School Enrollment taken from BCSD ACFR



TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 18 PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	# of Employees	Rank	% of Total Town Employment	# of Employees	Rank	% of Total Town Employment
Beaufort County School District- Bluffton only	1,025	1	n/a	521	1	n/a
Montage Palmetto Bluff	540	2	n/a	323	3	n/a
Publix	512	3	n/a	225	4	n/a
Kroger	350	4	n/a	122	8	n/a
Palmetto Bluff	337	5	n/a			
NHC Healthcare/The Palmettos	204	6	n/a			
Hargray	200	7	n/a	170	6	n/a
Bluffton Township Fire Department	172	8	n/a	126	7	n/a
Town of Bluffton	161	9	n/a	104	9	n/a
Right At Home	135	10	n/a			
EviCore National, LLC/CareCore National, LLC				474	2	n/a
Resort Services Inc.				180	5	n/a
Outback Steakhouse				85	10	n/a

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	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Information technology	4.0	4.0	4.0	4.0	4.5	5.5	5.5	6.0	6.0	7.0
Municipal court	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Executive	4.0	4.0	4.0	5.5	6.5	7.5	5.5	5.0	5.0	6.0
Economic development	1.0	2.0	2.0	1.0	3.0	3.0	3.0	2.0	3.0	3.0
Human resources	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Finance	7.0	7.0	7.0	8.5	9.5	11.0	8.5	9.0	9.0	10.0
Growth management administration	3.0	3.0	4.0	4.0	7.0	7.0	4.0	4.0	3.0	3.0
Planning and community development	6.0	4.0	3.0	3.0	5.0	5.0	9.0	9.0	8.0	11.0
Environmental Protection:										
Stormwater management	5.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	8.0
Engineering:										
Project management	6.0	5.0	5.0	6.5	7.5	8.0	9.0	6.0	8.0	7.0
Public works:										
Public works	8.0	9.0	11.0	9.0	9.0	10.0	9.0	12.0	13.0	14.0
Public safety:										
Police	40.0	44.0	49.0	58.0	60.0	59.0	57.0	61.0	67.0	67.0
Building safety	9.0	11.0	12.0	13.0	7.0	7.0	7.0	7.0	7.0	7.0
Total	98.0	104.0	112.0	123.5	130.0	134.0	129.5	134.0	142.0	149.0

Source: Town Finance Department

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

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE 20 OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Business licenses issued	2,422	2,549	2,476	2,297	2,793	3,317	3,679	2,771	3,199	4,197
Hospitality Tax remitters	110	112	133	113	135	145	146	186	197	193
Accommodations Tax remitters	10	14	23	33	28	49	59	85	126	146
Court case counts	5,170	3,867	7,009	6,301	7,324	8,392	6,139	6,551	5,282	3,409
Jury trial counts	6	3	11	14	64	61	202	-	-	145
Planning and Community Development applications issued	346	422	362	340	299	346	236	181	175	174
Environmental Protection/Stormwater Management:										
Certificates of compliance	16	6	n/a	57	120	59	53	41	51	29
Notices to comply	602	1,171	n/a	300	363	383	254	300	300	251
Stop work orders	-	-	-	-	8	11	5	18	38	30
Citations	-	-	-	1	13	3	3	7	7	3
Outreach/Education (# of people)	4,687	2,324	5,000	5,500 *	5,500 *	5,000	9,932	7,187	7,528	8,164
Sediment and Erosion Control Inspections	1,964	-	2,159	1,331	1,849	1,840	1,688	1,632	1,950	3,028
Public Safety:										
Police calls for service	30,034	38,366	41,061	45,000	46,350	53,000	50,317	84,709	76,879	52,720
Domestic calls	655	750	515	475	489	470	631	631	552	602
Traffic collisions	1,107	634	871	1,080	1,112	1,200	1,239	1,137	1,320	1,492
Citations	8,466	7,063	8,628	6,200	6,368	9,400	7,138	7,680	6,670	4,572
Arrests	947	880	1,069	735	757	825	502	391	357	248
Reports	2,693	3,656	3,216	3,200	3,296	3,502	2,812	2,429	2,253	2,527
Building permit counts	1,005	1,456	1,532	1,723	1,846	1,816	1,606	1,731	1,588	1,264
Development permits Issued	34	13	27	43	52	69	40	22	25	34
Construction site inspections	11,787	20,872	24,398	19,002	16,009	16,145	14,453	16,232	19,931	19,297
Public Projects and Facilities:										
Number of capital improvement projects to manage	24	13	16	21	25	29	33	37	39	42
Number of parks to maintain	7	7	7	7	8	8	13	13	12	12
Number of pathways to maintain	15	19	19	23	23	23	23	23	22	22

*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	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Town-owned parcels	28	30	30	30	32	34	36	36	39	39
Town-owned property acreage	571	577	577	574	577	578	624	624	625	625
Town vehicles	3	3	4	4	7	7	7	8	8	8
Environmental Protection/Stormwater Management:										
Town vehicles	5	3	3	3	3	3	3	3	4	3
Engineering:										
Town vehicles	1	2	2	2	4	4	2	2	2	1
Public Works:										
Town vehicles	7	6	6	8	9	9	10	10	10	10
Utility vehicles	1	1	1	-	-	1			-	1
Dump truck	1	1	1	-	1	1	1	1	1	1
Tractor	1	1	1	2	2	2	3	5	5	2
Public Safety:										
Law enforcement center	1	1	1	1	1	1	1	1	1	1
Police vehicles	47	47	50	61	61	62	68	73	77	62
Police mobility vehicles	2	3	3	3	3	2	2	3	6	5
Police boat - marine patrol	1	1	1	1	1	1	1	1	1	1
Town vehicles (building safety)	5	6	7	7	6	6	7	9	9	9
Public Projects and Facilities:										
Streets (miles)	3.81	3.81	3.81	3.03	3.06	3.06	3.06	3.06	3.06	3.06
Pathways (miles)	11.86	11.86	11.86	11.86	11.95	14.27	14.64	14.64	14.64	14.64
Parks (count)	7	7	7	7	8	8	10	10	11	11

Source: Finance Department and Public Works Department

SUPPLEMENTAL SECTION

TOWN OF BLUFFTON, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022**

FOR THE STATE TREASURER'S OFFICE:

MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:		
Court fines and assessments collected	\$ 225,514	\$ 225,514
Court fines and assessments remitted to State Treasurer	121,497	121,497
Total Court Fines and Assessments retained	\$ 104,017	\$ 104,017
Surcharges and Assessments retained for victim services:		
Surcharges collected and retained	\$ 2,405	\$ 2,405
Assessments retained	10,946	10,946
Total Surcharges and Assessments retained for victim services	\$ 13,351	\$ 13,351

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	<u>Municipal</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 20,618	\$ 20,618
Victim Service Revenue:		
Victim Service Fines Retained by Town	-	-
Victim Service Assessments Retained by Town	10,946	10,946
Victim Service Surcharges Retained by Town	2,405	2,405
Interest Earned	-	-
Grant Funds Received	-	-
Grant from:		-
General Funds Transferred to Victim Service Fund	-	-
Contribution Received from Victim Service Contracts:		
(1) Town of	-	-
(2) Town of	-	-
(3) City of	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 33,969	\$ 33,969

(Continued)

TOWN OF BLUFFTON, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022**

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

VICTIM SERVICE FUNDS COLLECTED	<u>Municipal</u>	<u>Total</u>
Expenditures for Victim Service Program:		
Salaries and Benefits	29,430	29,430
Operating Expenditures	820	820
Victim Service Contract(s):		
(1) Entity's Name		-
(2) Entity's Name		-
Victim Service Donation(s):		
(1) Domestic Violence Shelter:	-	-
(2) Rape Crisis Center:	-	-
(3) Other local direct crime victims service agency:	-	-
Transferred to General Fund	-	-
Total Expenditures from Victim Service Fund/Program (B)	30,250	30,250
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	3,719	3,719
Less: Prior Year Fund Deficit Repayment	-	-
Carryforward Funds – End of Year	\$ 3,719	3,719

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 GOVERNMENT AUDITING STANDARDS**

**The Honorable Mayor and Members
of the Town Council
Town of Bluffton, South Carolina
Bluffton, South Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the discretely presented component 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 8, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 Town'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 Town of Bluffton, South Carolina's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly prominent.

Savannah, Georgia
February 8, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members
of the Town Council
Town of Bluffton, South Carolina
Bluffton, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Bluffton, South Carolina's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2022. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Savannah, Georgia
February 8, 2023

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Grant Identification Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Direct Awards:				
Bulletproof Vest Partnership Program	16.607	NA	\$ 1,949	\$ -
Total U.S. Department of Justice			<u>1,949</u>	<u>-</u>
U.S. Department of the Interior				
Direct Awards:				
Historic Preservation Funds Grants-In-Aid	15.904	P17AP00260	48,526	-
Total U.S. Department of the Interior			<u>48,526</u>	<u>-</u>
Environmental Protection Agency				
Passed through the South Carolina Department of Health and and Environmental Control				
Section 319(h) Nonpoint Source Implementation Grant	66.460	EQ-0-263	82,141	-
Total Environmental Protection Agency			<u>82,141</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Direct Awards:				
Community Development Block Grant	14.228	4-NR-18-001	490,035	-
Total U.S. Department of Housing and Urban Development			<u>490,035</u>	<u>-</u>
U.S. Department of Treasury				
Direct Awards:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	NA	671,061	-
Total U.S. Department of Treasury			<u>671,061</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,293,712</u>	<u>\$ -</u>

TOWN OF BLUFFTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") includes the federal award activity of the Town under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Town, it is not intended to and does not present the net position, changes in net position, or cash flows of the Town.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Town has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the fiscal year ended June 30, 2022.

NOTE 5. SUBRECIPIENTS

The Town did not pass funding through to subrecipients during the fiscal year ended June 30, 2022.

TOWN OF BLUFFTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

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

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

___ Yes X None reported

Type of auditor's report issued

Unmodified

Any audit findings disclosed that are required to be reported in accordance with?

___ Yes X No

Identification of major programs:

AL Number
21.027

Name of Federal Program or Cluster
U.S. Department of Treasury:
Coronavirus State and Local Fiscal
Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs?

\$750,000

Auditee qualified as a low-risk auditee?

___ Yes X No

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

TOWN OF BLUFFTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
PRIOR YEAR FINDINGS AND RESPONSES

None reported.