

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

TOWN OF MOUNT PLEASANT
SOUTH CAROLINA

FOR FISCAL YEAR ENDED
JUNE 30, 2010



FINANCE DIVISION
OF ADMINISTRATIVE SERVICES

CHARLES H. POTTS
DIRECTOR OF ADMINISTRATIVE SERVICES

JEANNE N. GRIFFIN
FINANCIAL SERVICES OFFICER

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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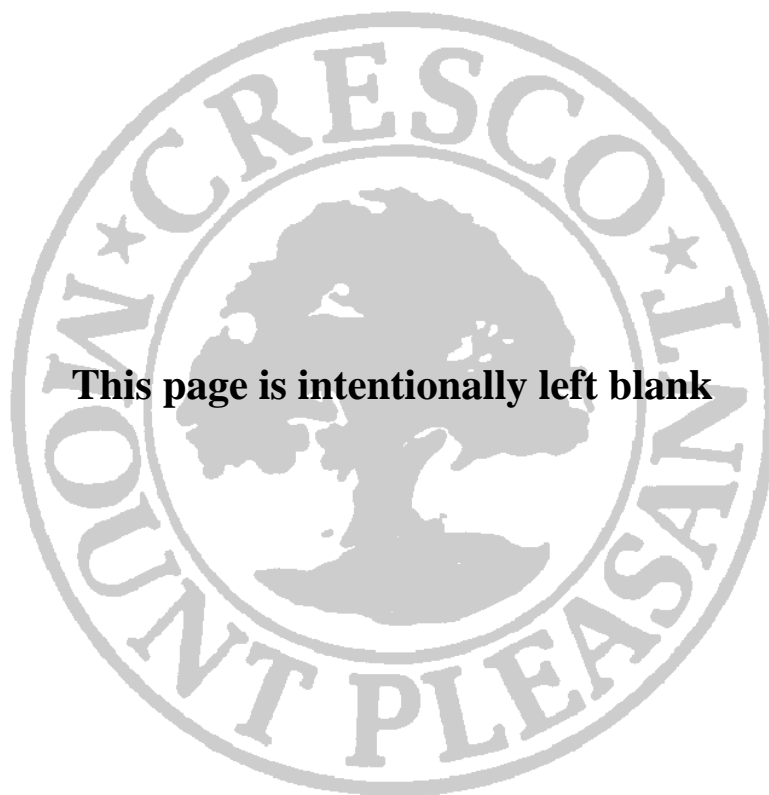
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100 ANN EDWARDS LANE
P.O. BOX 745
MT. PLEASANT, SC 29465

TOWN OF MOUNT PLEASANT



SOUTH CAROLINA
www.townofmountpleasant.com

TEL (843) 884-8517
FAX (843) 849-2060

December 22, 2010

To the Honorable Mayor, Members of the Town Council, and Citizens of the Town of Mount Pleasant:

State law requires that every general-purpose local government publish a complete set of financial statements presented 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. This report is published to fulfill that requirement for the fiscal year ended June 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The cost of internal control should not exceed anticipated benefits. Accordingly, the objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Greene, Finney & Horton, Certified Public Accountants, have issued an unqualified opinion on the Town of Mount Pleasant’s financial statements for the year ended June 30, 2010. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with the Financial Statements.

Profile of the Government

The Town of Mount Pleasant, incorporated in 1837, is located in the southeastern part of South Carolina, connected by the Arthur Ravenel, Jr. Bridge across the Cooper River to the City of Charleston. The City of Charleston is the second most populous municipality in South Carolina only behind the capital city of Columbia. Mount Pleasant is currently the fourth most populous municipality in South Carolina, with a population of 66,418 as reported in the 2010 census.

The Town of Mount Pleasant has a strong council/weak mayor form of government. Town Council is composed of the Mayor and eight council members elected at large. Council terms run for a period of four years with four of the council seats terms expiring on alternating years. Under this form of government, the Mayor acts as chief executive officer. The Mayor and the Council enact ordinances and resolutions relative to municipal services, levy taxes, establish appropriations, issue debt and institute other fees and regulations, which aid in the maintenance of equitable treatment and quality standards within the municipality. To assist the Mayor in his office, the Council employs a Town Administrator to oversee and coordinate activities among the various departments of the government. The Town Administrator ensures that management functions are carried out within the policies and procedures endorsed by Council along with ensuring personnel requirements and budget constraints are upheld by department heads charged with managing the daily operations necessary to provide services to the residents and businesses of the Town.

The Town of Mount Pleasant currently employs approximately 600 full time employees, divided into nine departments which provide a full range of municipal services. These services include police and fire protection, municipal court, sanitation services, maintenance of buildings and infrastructure, recreational facilities and programs, construction permitting and building inspections, land use planning and code enforcement, and general administrative and legal support. In the fiscal year ending June 30, 2010, the transportation division became a new department. This newly created department was formerly housed with planning and development functions. Water and wastewater services to the Town of Mount Pleasant are provided by Mount Pleasant Waterworks. This commission is an entity separate from the municipal government; however, it is dependent on the Town for substantial approval of all bond issuances and is reflected in the financial statements as a component unit.

The Town of Mount Pleasant's budget, revenues, tax levies and appropriations are prepared in accordance with the South Carolina Code of Laws and the Town Code of Ordinances. The Town Administrator submits revenue projections and proposed budgets to the Council no later than May 1, prior to the beginning of the fiscal year. The appropriate standing committees review proposals and Town Council legally adopts the budgets for the General Fund and the majority of the Special Revenue Funds by enacting the Appropriations Ordinance effective July 1. Supplemental budgetary appropriations are subject to the same procedures as in the original budget ordinance.

Local Economy

Mount Pleasant is traditionally known for its historical architecture, famed landmarks, wholesome recreational amenities, fine seafood, residential communities, retail establishments and temperate climate. Mount Pleasant plays an active part in the regional tourism market. Ocean access has allowed for expansion of the South Carolina State Ports Authority's facilities which have provided the Town with an international connection. Mount Pleasant's most important man-made resource is an excellent highway network providing easy access to metropolitan Charleston's main gateway, Interstate 26, to Charleston International Airport via I-526, Highway 17 to Myrtle Beach, and to the beaches of the East Cooper region via the Isle of Palms Connector, the Ben Sawyer Causeway along with easy access to Charleston via the Arthur Ravenel, Jr. Bridge.

The Town has experienced growth over the previous year moving from the fifth largest city in the State to the fourth largest. In addition, the Town's unemployment rate dropped to 5.9% from 6.3% in the prior year. This rate compares favorably to the national average of 9.6%; State of South Carolina rate of 11%; and Charleston County's rate of 9.1%.

Beginning with the fiscal year ending 6/30/2008, the Town adopted a long-term approach to budgeting when 27 vacant positions were frozen. Today there are approximately 44 vacant frozen positions. This coupled with no cost of living increases to employees has helped the Town navigate the economic recession without having to furlough employees or utilize reserve funds in order to operate. The Council also accepted responsibility to buy local since the Town is one of the principal employers in Mount Pleasant. Council has encouraged Town departments to buy local where possible. Based on information provided to the Council by groups such as the Lowcountry Local First, approximately \$45 stays in the local community for every \$100 spent.

The Town also achieved the designation of "All American City" from the National Civic League in June 2010. This 61 year old awards program recognizes neighborhoods, villages, towns, cities, counties and metro regions for outstanding civic accomplishments. To win, communities have to demonstrate an ability to address serious challenges with innovative, grassroots strategies that promote civic engagement and cooperation between the public, private and nonprofit sectors. Through a winning presentation, the delegation of 41 Mount Pleasant Citizens traveled to Kansas City Missouri, and highlighted ongoing work to revitalize the main street in Mount Pleasant, Coleman Boulevard, the civic engagement that spearheaded the public improvements to major thoroughfares, and the cooperative relationship with the Charleston County School District and all the other community stakeholders.

Major initiatives

The widening of US Highway 17 has been designated by Town Council as its most important initiative. The significance of this project to the Town and the surrounding transportation network cannot be underestimated. This highway links five states and six major eastern coastal cities: Orlando, and Jacksonville, Florida; Savannah, Georgia; Charleston, South Carolina; Wilmington, North Carolina; and Norfolk, Virginia. Expansion of US Highway 17 was prompted by a change in development patterns and the on-going population growth. Since 1987, traffic volume has increased from 17,000 to 50,000 vehicles per day. By 2030, it is estimated that 70,000 vehicles will travel this thoroughfare daily.

Another major initiative for the Town is the revitalization of Coleman Boulevard and the surrounding area. Coleman Boulevard is regarded as the “Main Street” of Mount Pleasant. It is not only an area of commercial importance, but Coleman Boulevard is also a natural, historical, cultural and civic asset. It must be preserved and promoted to maintain its competitiveness and vitality into the future. Most of Mount Pleasant’s population growth in the past decade has occurred in the north area of town, resulting in a growth in businesses to service the outlying developments. With each new store opening, Coleman Boulevard’s aging businesses fell a little more behind. Town Council recognized the need to support a revitalization effort in this unique part of town.

Awards and acknowledgments

The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Mount Pleasant for its comprehensive annual financial report (“CAFR”) for the fiscal year ended June 30, 2009. This was the twenty-second consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR, which satisfied both generally accepted accounting principles and applicable legal requirements.

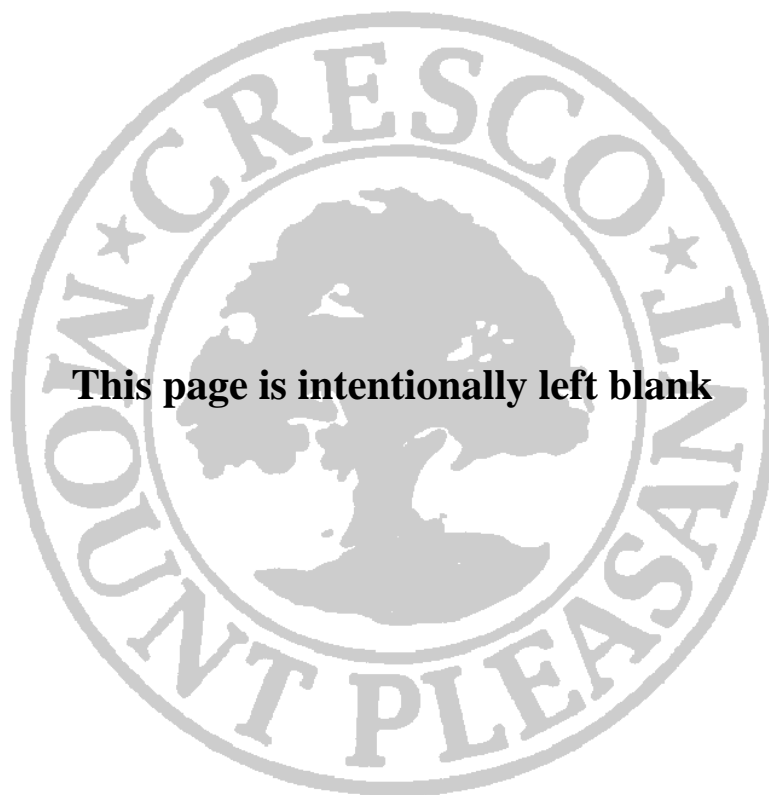
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the finance staff. We wish to express our appreciation to the Town’s various departments who assisted and contributed to its preparation. Credit also must be given to the Mayor and Town Council for their unflinching support for maintaining the highest standards of professionalism in the management of the Town of Mount Pleasant’s finances.

Respectfully submitted,



Charles H. Potts
Director of Administrative Services



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MAYOR

William D. Swails

MAYOR PRO TEMPORE

Paul S. Gawrych

COUNCIL MEMBERS

John W. Burn
Elton Carrier
Nick Collins
Paul S. Gawrych

Kenneth Glasson
Linda Page
Craig Rhyne
Thomasena Stokes-Marshall

MUNICIPAL JUDGES

Larry Duffy, Jr.
Tom Hesse
Jack Sinclair
Tanya Staubes
David Michel

TOWN ADMINISTRATOR

Robert McPherson Burdette

DEPUTY TOWN ADMINISTRATOR

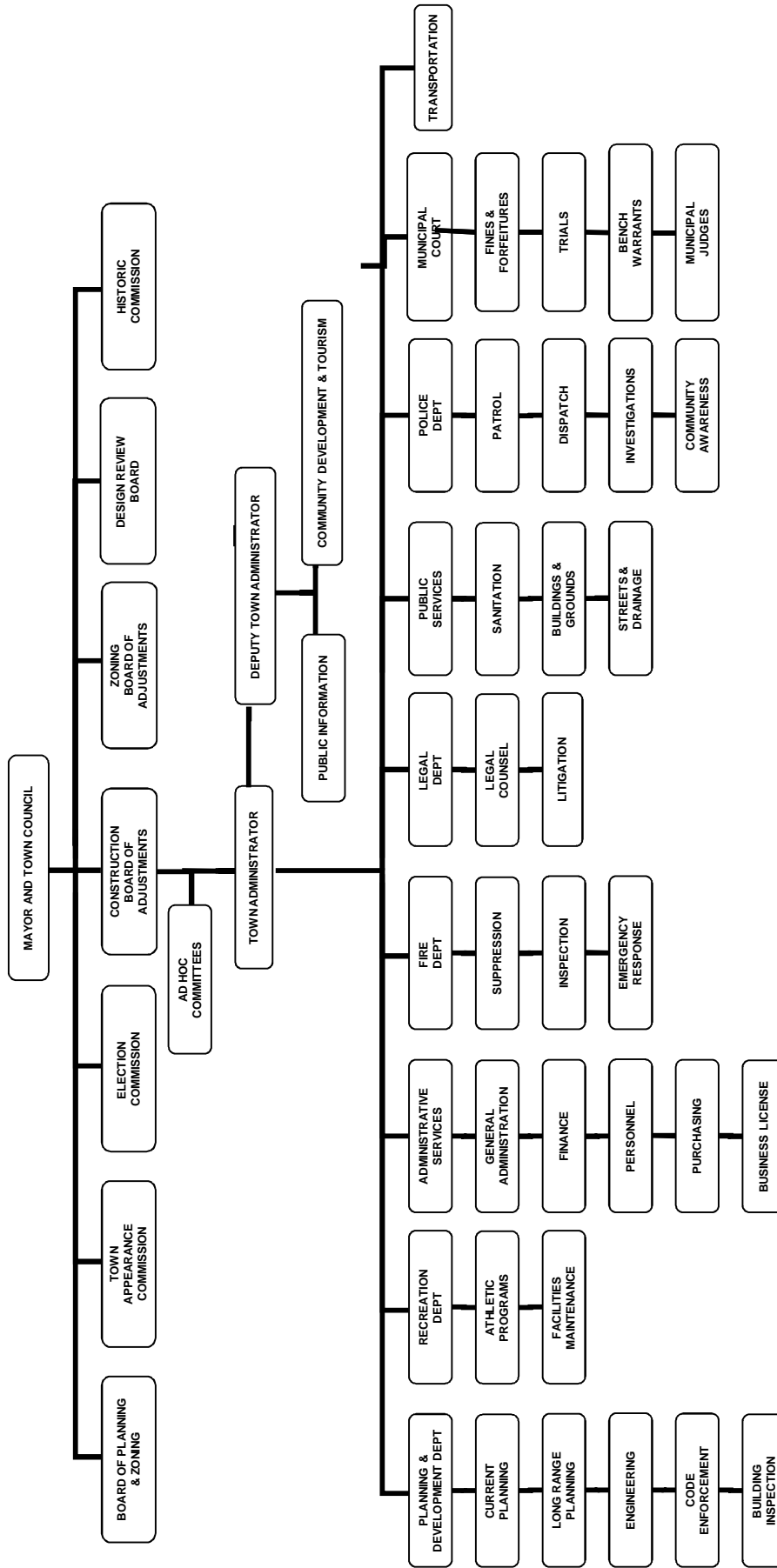
Eric DeMoura

DEPARTMENT HEADS

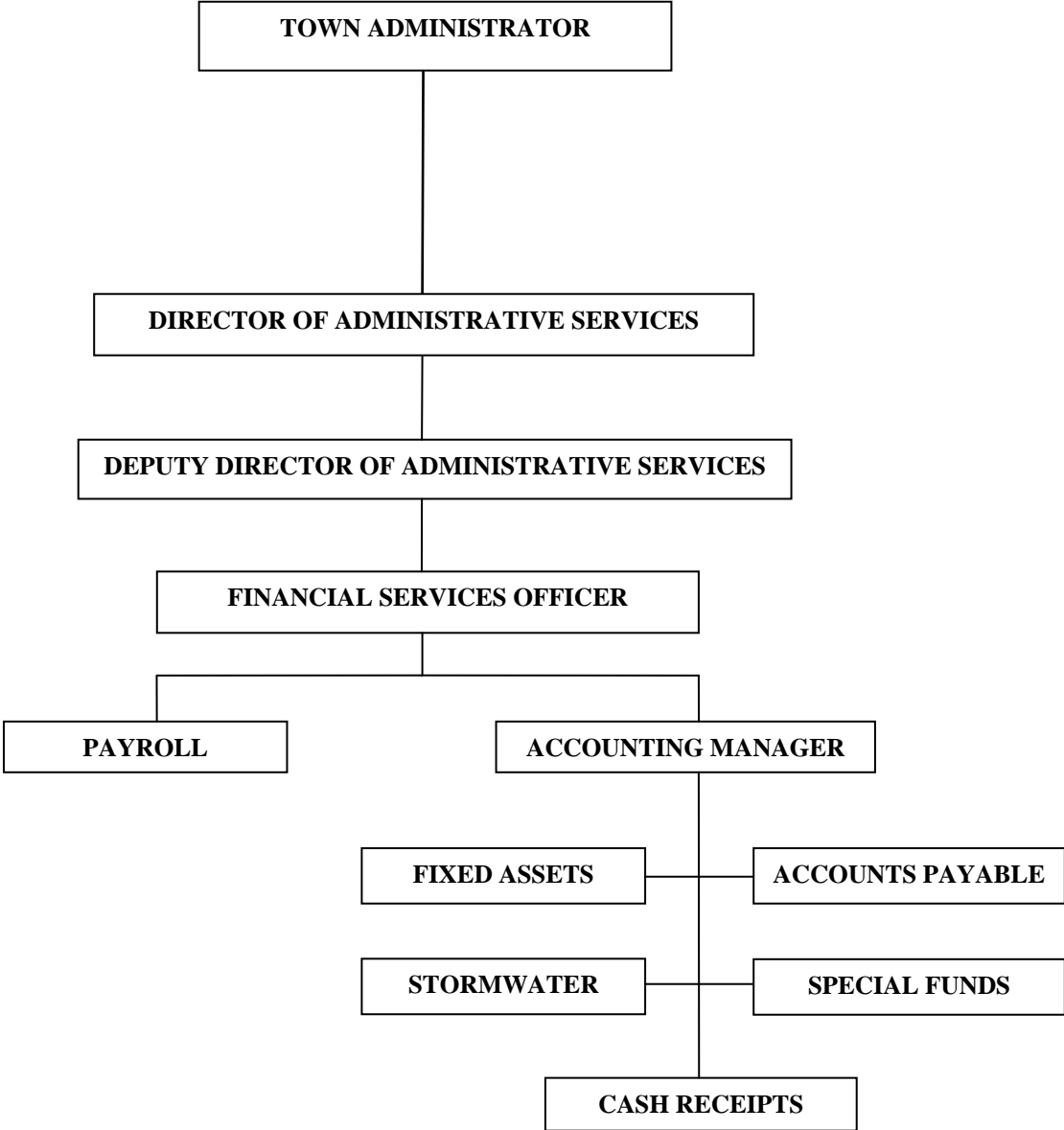
Town Attorney
Clerk of Court
Director of Administrative Services
Police Chief
Fire Chief
Planning and Development Director
Public Services Director
Recreation Director
Transportation Director

R. Allen Young
Levica Kirvin
Charles H. Potts
Harry Sewell
Herbert Williams
Christiane Farrell
Joseph H. Peele, III
Kenneth Ayoub
Brad Morrison

TOWN OF MOUNT PLEASANT



**FINANCE DIVISION
OF ADMINISTRATIVE SERVICES
ORGANIZATIONAL CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Mount Pleasant
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of Town Council
Town of Mount Pleasant, South Carolina

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 Mount Pleasant, South Carolina (the "Town"), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the basic financial statements of the Commission of Public Works for the Town of Mount Pleasant ("Waterworks"), a discretely presented component unit, which statements reflect total assets and net assets of \$270,047,218 and \$209,023,704, respectively, as of June 30, 2010 and total revenues of \$30,211,497 for the year ended June 30, 2010. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Waterworks, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the basic 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 of Mount Pleasant, South Carolina, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, budgetary comparison schedules, and the other post employment benefit plan schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 22, 2010

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

As management of the Town of Mount Pleasant ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. This discussion and analysis not only includes the Town itself (known as the primary government), but also a component unit (due to its significance to the Town). The component unit of the Town includes one legally separate entity ("Component Unit" or "Waterworks") for which the Town is financially accountable. Separate financial statements are prepared by Waterworks and are available at the offices of Mount Pleasant Waterworks, 1619 Rifle Range Road, Mount Pleasant, South Carolina 29464.

The intent of this discussion and analysis is to look at the Town's financial performance as a whole (including its discretely presented component unit). We would encourage readers to not only consider the information presented here but also the information provided in the letter of transmittal, basic financial statements and notes to the basic financial statements to enhance their understanding the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

Town (Primary Government)

- The assets of the Town exceeded its liabilities at the close of the fiscal year by approximately \$482,778,000 (net assets). Of this amount, approximately \$11,230,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by approximately \$3,386,000, as total revenues of approximately \$83,087,000 exceeded total expenses of approximately \$79,566,000, and was reduced by approximately \$135,000 due to the reclassification of special revenue funds to fiduciary funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$59,016,000, a decrease of approximately \$382,000 over the prior year fund balance (which includes an approximate \$135,000 reduction for a change in special revenue funds to fiduciary funds).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was approximately \$15,326,000, or approximately 30% of total General Fund expenditures for the year ended June 30, 2010.
- The Town's total capital assets increased approximately \$379,000 (.08%) during the current fiscal year, as capital asset additions of approximately \$10,252,000 exceeded depreciation expense of approximately \$9,858,000 and net disposals of capital assets of approximately \$15,000.
- The Town's total long-term obligations decreased by approximately \$4,187,000 (8%) during the current fiscal year. The primary decreases in long-term obligations include debt and capital lease principal payments of approximately \$6,965,000 and \$1,468,000, respectively. These were partially offset by changes to long term obligations related to OPEB (approximately \$1,364,000), net infrastructure credits (approximately \$2,214,000), and the issuance of a new capital lease (approximately \$902,000).
- The Town implemented Government Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in fiscal year 2009. This Statement established standards for the measurement, recognition and display of Other Post Employment Benefits ("OPEB") expenditures and related liabilities (assets), note disclosures, and required supplementary information in financial reports. The Town engaged an actuary to determine the impact of adopting this Statement. The actuary's valuation based on the present design of the OPEB plan resulted in an unfunded actuarial accrued liability and an annual required contribution ("ARC") of approximately \$11,934,000 and \$1,725,000, respectively. The Town funded approximately \$455,000 and \$475,000 of its 2010 and 2009 ARC, respectively. The Town's net OPEB liability was approximately \$2,614,000 and \$1,250,000 at June 30, 2010 and June 30, 2009, respectively.

Component Unit (Waterworks)

- The assets of the Component Unit exceeded its liabilities at the close of the fiscal year by approximately \$209,024,000 (net assets). Of this amount, approximately \$13,085,000 (unrestricted net assets), or 6% may be used to meet the government's ongoing obligations to citizens and creditors.
- The Component Unit's total net assets increased by approximately \$1,647,000, as total expenses of approximately \$28,565,000 exceeded total revenues of approximately \$30,212,000.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

FINANCIAL HIGHLIGHTS (CONTINUED)

Component Unit (Waterworks) (Continued)

- The Component Unit's total capital assets increased by approximately \$682,000 (.3%) during the current fiscal year, as capital asset additions of approximately \$10,871,000 exceeded depreciation expense of approximately \$10,181,000 and net disposals of approximately \$8,000.
- The Component Unit's total debt decreased by approximately \$10,773,000 (16%) during the current fiscal year primarily due to early retirement of four State Revolving Loans of approximately \$7,759,000, scheduled principal payments of approximately \$3,048,000, partially offset by net changes in premiums and deferred loss on refunding of approximately \$34,000.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information), and *Statistical Section*.

Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise 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 supplementary information that will enhance the reader's understanding of the financial condition of the Town.

Government-Wide Basic Financial Statements

The basic financial statements include two kinds of statements that present different views of the Town. The *government-wide basic financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The basic financial statements include not only the Town itself (known as the primary government), but also a component unit. The component unit of the Town includes one legally separate entity ("Waterworks") for which the Town is financially accountable. Financial information for Waterworks is discretely presented (in separate columns) in the government-wide basic financial statements as business-type activities.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide basic financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include general government, justice department, public safety, public service, highways and streets, planning and development, and culture and recreation services. Taxes, business licenses, building permits, impact assessments, and state and federal grant funds finance most of these activities. The business-type activities are water and sewer services provided by Waterworks (discretely presented component unit) for which it charges its customers to provide.

The government-wide basic financial statements can be found as listed in the table of contents.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Fund Basic Financial Statements

The fund basic 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 all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide basic financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund basic financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between *government activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* is described in a reconciliation that is a part of the fund basic financial statements.

The Town maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Impact Assessment Fund, GO Bond Capital Projects Fund, TIF Bond Capital Projects Fund, and Hwy 17/I-526 Interchange Capital Projects Fund – as they are considered major funds. Information from the other governmental funds is combined into aggregated presentations – other governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report. The basic governmental fund financial statements can be found as listed in the table of contents.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide basic financial statement because the resources of those funds are not available to support the Town's own programs.

Agency Funds are used to account for assets the Town holds on behalf of others. The Carolina Park Fund and Fireman's Fund are used by the Town to account for the receipt and disbursement of funds received from a (a) development related to charitable contributions and the (b) the State relating to the payment of one percent of the premiums received by out of state fire insurance companies. In addition, the Federal and State Seized Asset Funds were reclassified as Agency Funds in fiscal year 2010 due to the fact that Council is not legally responsible for managing these funds as these funds are used to account for assets that were forfeited and/or seized during a law enforcement action. These assets are held until completion of court proceedings. Agency funds are custodial in nature and do not present results of operations. The basic financial statement of the fiduciary funds can be found as listed in the table of contents.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to the basic financial statements can be found as listed in the table of contents.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Regarding the Town's major funds, the Town adopts an annual budget for its General Fund, as required by the General Statutes, and the Impact Assessment Fund (special revenue fund). Required budgetary comparison schedules have been provided for both of these funds to demonstrate compliance with their budgets. The Town also sponsors a single-employer defined benefit healthcare plan ("OPEB Plan"). The Town has provided the required schedule of employer contributions and the schedule of funding progress for the OPEB plan. Required supplementary information can be found as listed in the table of contents.

Other supplementary information, including non-major governmental funds and budgetary comparison schedules for non-major budgeted funds, is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 - Major Features of the Town's Government-Wide and Fund Basic Financial Statements			
	Fund Basic Financial Statements		
	Government-Wide Basic Financial Statements	Governmental Funds	Fiduciary Funds
Scope	Entire Town (except fiduciary funds) and the Component Unit.	The activities of the Town that are not fiduciary.	Instances in which the Town is the trustee or agent for someone else's resources.
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net assets. ▪ Statement of activities. 	<ul style="list-style-type: none"> ▪ Balance sheet. ▪ Statement of revenues, expenditures, and changes in fund balances. 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net assets.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon, thereafter; no capital assets included.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's and Component Unit's net assets at June 30, 2010 compared to June 30, 2009:

	Town's Governmental Activities		Component Unit's Business-Type Activities	
	2010	2009	2010	2009 *
Assets:				
Current and Other Assets	\$ 78,721,534	78,252,494	26,161,535	\$ 37,029,569
Capital Assets, Net	471,823,883	471,445,225	243,885,683	243,203,492
Total Assets	<u>550,545,417</u>	<u>549,697,719</u>	<u>270,047,218</u>	<u>280,233,061</u>
Liabilities:				
Long-Term Liabilities	51,474,928	55,661,523	57,995,198	68,768,218
Other Liabilities	16,292,449	14,644,242	3,028,316	4,088,003
Total Liabilities	<u>67,767,377</u>	<u>70,305,765</u>	<u>61,023,514</u>	<u>72,856,221</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	443,765,261	441,947,333	185,338,194	173,689,840
Restricted Assets	27,782,465	27,739,839	10,600,317	20,661,429
Unrestricted	11,230,314	9,704,782	13,085,193	13,025,571
Total Net Assets	<u>\$ 482,778,040</u>	<u>479,391,954</u>	<u>209,023,704</u>	<u>\$ 207,376,840</u>

* Certain amounts have been restated due to a prior period adjustment. See Note IV in the basic financial statements for additional information.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Town's (Primary Government)

The Town's current and other assets at June 30, 2010 increased by approximately \$469,000 from the prior year, primarily due to an increase related to intergovernmental receivables. The majority of the increase is related to funds due to the Town from the South Carolina State Infrastructure Bank ("SCIB") for the Highway 17/I-526 Interchange Project. The Town's capital assets at June 30, 2010 increased by approximately \$379,000 from the prior year, which is representative of donated infrastructure (including right of ways) and the completion of capital projects during the year which moved items from Construction in Progress to Buildings and Improvements. During 2010, the Town received donated infrastructure and other capital assets of approximately \$4,179,000, of this amount approximately \$2,504,000 is representative of right-of-ways/land and the balance of approximately \$1,675,000 is primarily representative of asphalt, curbs, pipes and sidewalks. This was in addition to purchased/constructed capital asset additions of approximately \$6,073,000, for a combined increase of approximately \$10,252,000 in capital assets. These increases were offset by depreciation expense of approximately \$9,858,000 and the net disposal of miscellaneous capital assets (net) of approximately \$15,000.

Total liabilities at June 30, 2010 decreased by approximately \$2,538,000 or a total decrease of (4%) from the prior year; this reduction is due primarily to the payment of debt and capital lease principal payments for the year of approximately \$8,432,000, partially offset by new capital leases of approximately \$902,000, increase in net OPEB liability of approximately \$1,364,000, and net infrastructure credit increases of approximately \$2,214,000.

The Town's net assets increased by approximately \$3,386,000 during the current fiscal year or a total increase of approximately 1%, which is primarily the result of donated capital assets and other changes in revenues and expenses. Please see discussion following the next table regarding this change.

In the case of the Town, assets exceeded liabilities (net assets) by approximately \$482,778,000 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets of approximately \$443,765,000 (92%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generally be used to liquidate these liabilities.

An additional portion of the Town's net assets of approximately \$27,782,000 (6%) represents resources that are subject to external restrictions on how they may be used. These net assets are restricted primarily for special revenue programs which are restricted by the revenue source (i.e. impact assessment fees, tax increment financing revenues, accommodation taxes, hospitality taxes, etc.). The remaining balance is unrestricted net assets of approximately \$11,230,000 (2%) which may be used to meet the government's ongoing obligations to citizens and creditors.

Waterworks (Component Unit)

The Component Unit's current and other assets decreased at June 30, 2010 by approximately \$10,868,000, primarily due to expenditures for capital assets. The Component Unit's capital assets at June 30, 2010 increased by approximately \$682,000 from the prior year. During 2010, the Component Unit had capital asset additions of approximately \$10,871,000 which were partially offset by depreciation expense of approximately \$10,181,000, and net disposals of approximately \$8,000.

Total liabilities at June 30, 2010 decreased by approximately \$11,833,000 from the prior year primarily due to early retirement of four State Revolving Loans of approximately \$7,759,000 and scheduled principal payments of approximately \$3,048,000. No new debt was issued during fiscal year 2010.

Net assets increased approximately \$1,647,000 (1%) during 2010. Net assets invested in capital assets, net of related liabilities increased by approximately \$11,648,000 primarily as a result of an increase in capital assets of approximately \$682,000 and a reduction of debt of approximately \$10,773,000. Restricted Net Assets decreased by approximately \$10,061,000 primarily as a result of the early retirement of four State Revolving Loans. Unrestricted net assets increased approximately \$60,000 (.5%) in 2010.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in net assets for fiscal year 2010 compared to 2009.

	Town's Governmental Activities		Component Unit's Business-Type Activities	
	2010 ~	2009 ^	2010	2009 *
Revenues:				
Program Revenues:				
Charges for Services	\$ 22,286,382	21,084,560	25,519,169	\$ 23,642,327
Operating Grants and Contributions	411,152	203,584	-	-
Capital Grants and Contributions	17,182,046	17,817,111	1,135,051	1,714,662
General Revenues:				
Property Taxes	25,820,293	23,809,134	-	-
Other Taxes	14,944,947	12,540,464	-	-
State Shared	1,545,082	1,842,370	-	-
Other	897,461	1,081,775	3,557,277	7,239,388
Total Revenues	83,087,363	78,378,998	30,211,497	32,596,377
Expenses:				
General Government	16,189,104	13,459,229	-	-
Justice Department	1,129,690	1,100,973	-	-
Public Safety	16,807,589	17,073,966	-	-
Public Service	8,075,906	7,697,292	-	-
Highway and Streets	17,712,422	-	-	-
Planning and Development	12,204,970	16,310,158	-	-
Culture and Recreation	5,670,673	7,807,177	-	-
Interest and Other Charges	1,775,416	2,093,596	-	-
Water & Sewer	-	-	28,564,633	29,503,641
Total Expenses	79,565,770	65,542,391	28,564,633	29,503,641
Net Change in Net Assets	3,521,593	12,836,607	1,646,864	3,092,736
Net Assets - Beginning of Year, Before Reclassification	479,391,954	466,555,347	207,376,840	204,284,104
Reclassification	(135,507)	-	-	-
Net Assets - Beginning of Year, As Restated	479,256,447	466,555,347	207,376,840	204,284,104
Net Assets - End of Year	\$ 482,778,040	479,391,954	209,023,704	\$ 207,376,840

^ Certain amounts have been reclassified to agree to the current year presentation.

~ Net assets have been reclassified due to a change in fund type. See Note IV in the basic financial statements for additional information.

* Certain amounts have been restated due to a prior period adjustment. See Note IV in the basic financial statements for additional information.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Town's (Primary Government)

Revenues exceeded expenses by approximately \$3,522,000 for fiscal 2010 governmental activities. Revenues increased from the prior year by approximately \$4,708,000 (6%) to approximately \$83,087,000. The largest portion of this increase is related to property taxes of approximately \$2,011,000 and other taxes of approximately \$2,404,000 as compared to the prior year. Expenses increased approximately \$14,023,000 (21%) over the prior to approximately \$79,566,000. General Government increases included higher health insurance related costs for employees and retirees of approximately (24%) and increases related to utility costs of approximately (23%). The Town also created the Transportation Department in fiscal year 2010, which is shown under Highways and Streets. Expenditures related to road projects are shown in this category. The majority of older construction in progress related road projects continued to be tracked under Planning & Development. Coupled with the increases, there is a decrease of (27%) in Culture and Recreation due to operational expenditures related to the opening of new facilities in fiscal year 2009 and debt service related costs decreasing by 15% in fiscal year 2010.

Waterworks (Component Unit)

The Component Unit's revenues exceeded expenses by approximately \$1,647,000 for fiscal year 2010. Total revenues decreased from the prior year by approximately \$2,385,000 (7%) to approximately \$30,211,000 primarily due to (a) a decrease in other revenues of approximately \$3,682,000 (51%) related to lower investment earnings and less capital contributions from developers, and (b) an increase in charges for services of approximately \$1,877,000 (8%), and (c) a decrease in capital grants and contributions of approximately \$580,000 (34%) related to fewer capacity fees from customers as a result of the economic slowdown.

The Component unit's expenses decreased approximately \$939,000 (3%) over the prior year primarily due to a decrease in all categories of operating expenses for fiscal year 2010.

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 spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of approximately \$59,016,000, which represents a decrease of approximately \$247,000 (after the reclassification of special revenue funds to fiduciary funds of approximately \$135,000) in comparison with the prior year. Approximately 26% of this total amount (\$15,326,000) constitutes General Fund unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is unreserved for a particular fund type, unreserved but designated for a particular purpose, or reserved to indicate that it is not available for new spending because it has already been committed, as follows: (1) for special revenue (\$14,466,000), (2) for capital projects (\$28,933,000), (3) for a capital lease purchase (\$180,000), and (4) for advance payments (\$112,000).

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

FINANCIAL ANALYSIS OF THE TOWN’S FUNDS (CONTINUED)

Governmental funds (Continued)

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance was approximately \$15,437,000. As a measure of the General Fund’s liquidity, it may be useful to compare total unreserved fund balance to total General Fund expenditures. Total unreserved undesignated fund balance of the General Fund represents approximately 30% of total General Fund expenditures. The net increase in the fund balance of the General Fund was approximately \$2,957,000 during the current year. Highlights for the General Fund were as follows:

- General Fund revenues increased approximately \$1,081,000 (2%) primarily due to property taxes and franchise fees.
- General Fund other financing sources/uses increased approximately \$2,255,000 as compared to the prior year primarily due to increases related to transfers-in to cover payroll related expenditures for Public Safety previously budgeted in the Hospitality Tax Fund.
- General Fund expenditures increased by approximately \$2,656,000 (6%) over the previous fiscal year; primarily due to increases in health insurance related costs and increases in utility costs.
- Another major change in 2010 was moving the Capital Lease related expenditures to the Capital Equipment Fund.

Ending fund balances for the special revenue funds decreased by approximately \$1,295,000. A comparison by fund to the prior fiscal year is listed below:

	<u>2010</u>	<u>2009</u>
Impact Assessments	\$ 3,775,282	\$ 5,591,637
Accommodations Tax	1,139,073	1,091,498
Donor Programs	852,870	847,809
Hospitality Tax	7,013,564	6,380,706
State Seized Assets	-	56,762
Federal Seized Assets	-	78,745
Special Permit	337,185	238,617
Storm Water Utility	1,088,261	913,863
Victims Advocate	129,366	144,848
Developer’s Escrow	7,109	355,626
Public Safety Grants	-	700
Planning Grants	-	45,439
Recreation Grants	-	4,574
Public Service Grants	8,641	8,641
Federal Grants	101,145	1,251
State Grants	13,598	-
Total	<u>\$ 14,466,094</u>	<u>\$ 15,760,716</u>

The fund balance for the Impact Assessment Fund decreased primarily due to changes in net operating transfers for 2010 as compared to 2009, or a 43% decrease. These transfers were processed to meet capital debt service obligations. The most significant change is related to moving the State Seized and Federal Seized Asset Funds from Special Revenue Funds to Agency Funds as these are held in a fiduciary relationship by the Town. Other noticeable changes are related to moving grants from separate accounting funds for each grant to a categorized fund of either State/Local Grants or Federal Grants.

Fund balances in the capital project funds decreased by approximately \$2,045,000 in fiscal year 2010 related to expenditures for numerous ongoing construction projects which had begun in prior fiscal years. Some of the major projects include improvements to Hungry Neck Boulevard and the Highway 17/I-526 Interchange project.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

FINANCIAL ANALYSIS OF THE TOWN’S FUNDS (CONTINUED)

Fiduciary Funds – The Carolina Park Fund, Fireman’s 1% Insurance and Inspection Fund, and the Federal and State Seized Asset Funds comprise the fiduciary funds held by the Town and account for resources from a development related to charitable contributions, 1% of Insurance Payments within the State that are held for the benefit of fire personnel, as well as revenues from law enforcement related drug cases. Approvals for disbursements for the Fireman’s Insurance and Inspection Fund are filtered through the State and Local Supervisory Boards to ensure that expenditures are not liabilities to be assumed by the General Fund. The State and Federal Seized Asset Fund expenditures are filtered through the Police Department. The Fiduciary Funds had amounts held in custody for others of approximately \$439,000 at June 30, 2010.

General Fund Budgetary Highlights: During the fiscal year, the Town prepared a mid-year revision to the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased budgeted revenues, expenditures and net other financing sources by approximately \$557,000. In total, these changes netted out resulting in no change in expected fund balance from the original to final budget. Variances between actual and the final budgeted amounts were due to:

- Actual property tax revenues were approximately 3% above the budgeted amount.
- Actual expenditures were approximately 3% under budget primarily due to vacant positions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Town’s and Component Unit’s capital assets for its governmental activities and business-type activities, respectively, as of June 30, 2010, amounted to approximately \$471,824,000 and \$243,886,000 (net of accumulated depreciation). This investment in capital assets includes land, utility plant, construction in progress, buildings, improvements, machinery and equipment, roads, sewer/water lines and other infrastructure. The capital assets (net of accumulated depreciation) as of June 30, 2010 and 2009 were as follows:

	Town's		Component Unit's	
	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009 *
Land	\$ 260,941,737	256,529,929	5,941,883	\$ 5,913,557
Construction in Progress	12,138,723	23,367,134	9,901,421	9,515,113
Buildings and Building Improvements	41,801,929	28,258,874	22,313,255	22,026,580
Improvements Other Than Buildings	7,223,023	7,180,579	-	-
Utility Plant Lines and Infrastructure	-	-	263,661,330	255,335,772
Infrastructure	237,035,107	235,411,992	-	-
Machinery and Equipment	22,476,925	21,470,671	34,699,848	33,257,578
Less: Accumulated Depreciation	(109,793,561)	(100,773,954)	(92,632,054)	(82,845,108)
Total	\$ 471,823,883	471,445,225	243,885,683	\$ 243,203,492

* Certain amounts have been restated due to a prior period adjustment. See Note IV in the basic financial statements for additional information.

Town’s (Primary Government)

The total increase in the Town’s capital assets for the current fiscal year was approximately \$379,000 or .08%. Major capital asset events during the current fiscal year included the following:

- Completion of the new Water Front Park resulting in moving the project from Construction in Progress to Buildings and Building Improvements.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

- Donated infrastructure (including right of ways) and land of approximately \$4,179,000 was received by the Town primarily for community/developer streets, right-of-way acquisitions related to road projects, and infrastructure improvements related to storm water pipes/drainage.
- On-going design and engineering work related to the Old Park Drainage Project and Shem Creek.
- Depreciation expense was approximately \$9,858,000 for 2010 compared to \$9,629,000 for 2009.

Waterworks (Component Unit)

The total increase in the Component Unit's capital assets for the current fiscal year was approximately \$682,000 or .3%. Major capital asset events during the current fiscal year included the following:

- Developer system contribution (donated capital assets) of approximately \$3,064,000.
- Old Village Distribution System of approximately \$1,663,000.
- Whipple road project of approximately \$1,249,000.
- RRWWTP CAP Project of approximately \$999,000.
- Pump station upgrade of approximately \$688,000.
- Depreciation expense of approximately \$10,181,000.

Additional information on the Town's and Component Unit's capital assets can be found in Notes I and III of the basic financial statements.

Debt – As of June 30, 2010, the Town and its Component Unit had total outstanding long-term obligations of approximately \$51,475,000 and \$57,995,000, respectively. Of the Town's total, \$24,050,000 was general obligation debt which is backed by the full faith and credit of the Town. The Town and its Component Unit's total long-term obligations as of June 30, 2010 and 2009 were as follows:

	Town's		Component Unit's	
	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
General Obligation Bonds	\$ 24,050,000	28,960,000	-	-
Tax Increment Bonds	14,286,400	16,340,900	-	-
Revenue Bonds	-	-	48,265,000	50,905,000
State Revolving Loans	-	-	9,573,030	17,739,960
Subtotal	38,336,400	45,300,900	57,838,030	68,644,960
Premiums	183,226	213,939	1,050,924	1,102,134
Deferred Loss on Refunding	-	-	(893,756)	(978,876)
Total Debt	38,519,626	45,514,839	57,995,198	68,768,218
Capital Leases	2,362,302	2,928,101	-	-
Arbitrage Rebate	-	268,587	-	-
Net OPEB Liability	2,613,750	1,250,000	-	-
Infrastructure Credits	6,150,091	3,935,661	-	-
Compensated Absences	1,829,159	1,764,335	-	-
Total Long-Term Obligations	\$ 51,474,928	55,661,523	57,995,198	\$ 68,768,218

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt (Continued)

Town's (Primary Government)

The total decrease in the Town's long-term obligations for the current fiscal year was approximately \$4,187,000 or 8%. Major events during the current fiscal year included the following:

- Issuance of one new capital leases of approximately \$902,000 which was used to fund the purchase of essential use vehicles for Planning and Sanitation, as well as to purchase new computer software and programs.
- Principal payments on debt and capital leases of approximately \$8,432,000.
- The Town implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions in fiscal year 2009. The actuary's valuation based on the present design of the OPEB plan resulted in an unfunded actuarial accrued liability and an annual required contribution ("ARC") of approximately \$11,934,000 and \$1,725,000, respectively. The Town funded approximately \$455,000 and \$475,000 of its 2010 and 2009 ARC, respectively. The Town had a net OPEB liability of approximately \$2,614,000 and \$1,250,000 at June 30, 2010 and June 30, 2009, respectively.
- The Town from time to time enters into development agreements in accordance with Chapter 157 of the Town's code of ordinances. In certain development agreements, the Town may allow a developer to donate eligible infrastructure projects in lieu of a paid transportation impact assessment fee. The Town recently received donated infrastructure (road) for which the Town issued a transportation infrastructure credit of approximately \$2,241,000. The developer used approximately \$27,000 of these credits in 2010 which left an ending balance of approximately \$6,150,000 for future years.
- The state of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town's statutory debt limit at June 30, 2010 was approximately \$46,516,000. The Town had non-referendum bonded debt of approximately \$15,056,000 which resulted in the Town having an unused legal debt margin of approximately \$31,461,000.

Waterworks (Component Unit)

- The Component Unit's total debt decreased by approximately \$10,773,000 (16%) during the current fiscal year primarily due to early retirement of four State Revolving Loans of approximately \$7,759,000, scheduled principal payments of approximately \$3,048,000, partially offset by net changes in premiums and deferred loss on refunding of approximately \$34,000.

Additional information regarding the Town's long-term obligations can be found in Note III in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES FOR THE TOWN

- The population in the Town of Mount Pleasant grew above the prior year by approximately 1,477 individuals, which represents a 2% increase in population making the Town of Mount Pleasant the fourth largest municipality in the State.
- The school enrollment increased from 10,751 to 12,086, or by 1,335 students which represents an increase of approximately (12%) above the prior year.
- Per capita personal income grew to \$42,007 from \$39,839 or (5%) above the prior fiscal year.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES FOR THE TOWN (CONTINUED)

- Total assessed property values of the Town increased approximately (3%) from approximately \$555,321,000 in fiscal year 2009 as compared to approximately \$574,691,000 in fiscal year 2010.

All of the above factors were considered when developing the budgets for fiscal year 2011. The budget process began in March of 2010, with the Town Council adopting a total General Fund budget of \$53,423,394 which represents an increase of approximately (2%) from the prior year's budgeted expenditures.

- Town Council limited increases in expenditures to those items necessary to maintain the current levels of service to the Town's citizens without raising taxes.
- In an effort to maintain the existing workforce and to avoid layoffs or furloughs in an uncertain economy, the Town elected for the third fiscal year in a row, to not provide cost of living increases to Town of Mount Pleasant employees.
- Town Council approved funding in the amount of \$1,143,150 for fiscal year ending June 30, 2011 under a three year lease purchase agreement to replace vehicles and equipment; in addition to funding in the amount of \$2,178,000 under a seven year agreement for Heavy Equipment needed in the Public Services and the Fire Department.
- The 2011 fiscal year budget was approved by Town Council with no fund balance appropriation to balance General Fund operational expenditures and with no changes in the total millage levied.

REQUESTS FOR TOWN INFORMATION

This financial report is designed to provide a general overview of the Town of Mount Pleasant's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to the Director of Administrative Services, 100 Ann Edwards Lane, Mount Pleasant, SC 29464.

Basic Financial Statements

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

JUNE 30, 2010

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNIT MT. PLEASANT WATER WORKS
ASSETS		
Cash and Cash Equivalents	\$ 24,052,177	\$ 9,046,585
Cash and Cash Equivalents - Restricted	44,238,172	11,637,417
Property Taxes Receivable, Net	652,061	-
Intergovernmental Receivables	6,060,321	-
Other Receivables, Net	3,605,983	4,417,977
Prepays	-	211,208
Inventories	-	298,949
Bond Issuance Costs, Net	112,820	549,399
Capital Assets:		
Non-Depreciable	273,080,460	15,843,304
Depreciable, Net	198,743,423	228,042,379
TOTAL ASSETS	550,545,417	270,047,218
LIABILITIES		
Accounts Payable	2,192,462	531,073
Retainage Payable	560,603	552,291
Intergovernmental Payables	70,704	-
Security Deposit Liability	51,500	923,304
Accrued Payroll and Fringe Liability	1,628,171	516,695
Health Claims Liability	786,168	-
Escrow For Seized Funds	68,582	-
Accrued Interest Payable	291,699	210,505
Unearned Revenue	10,642,560	294,448
Noncurrent Liabilities:		
Due Within One Year	8,425,645	3,166,148
Due In More Than One Year	43,049,283	54,829,050
TOTAL LIABILITIES	67,767,377	61,023,514
NET ASSETS		
Invested In Capital Assets, Net Of Related Debt	443,765,261	185,338,194
Restricted For:		
Special Revenue	11,380,176	-
Capital Projects/Debt Service	16,402,289	-
Capital Projects	-	9,062,275
Debt Service	-	1,538,042
Unrestricted	11,230,314	13,085,193
TOTAL NET ASSETS	\$ 482,778,040	\$ 209,023,704

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENTAL ACTIVITIES	COMPONENT UNIT MT. PLEASANT WATERWORKS
PRIMARY GOVERNMENT:						
Governmental Activities:						
General Government	\$ 16,189,104	153,741	3,795	-	(16,031,568)	\$ -
Justice Department	1,129,690	677,056	-	-	(452,634)	-
Public Safety	16,807,589	647,729	333,832	219,499	(15,606,529)	-
Public Service	8,075,906	1,109,839	22,004	275,000	(6,669,063)	-
Highway and Streets	17,712,422	-	-	-	(17,712,422)	-
Planning and Development	12,204,970	17,279,328	28,513	16,651,820	21,754,691	-
Culture and Recreation	5,670,673	2,418,689	23,008	35,727	(3,193,249)	-
Interest and Other Charges	1,775,416	-	-	-	(1,775,416)	-
Total Governmental Activities	79,565,770	22,286,382	411,152	17,182,046	(39,686,190)	-
COMPONENT UNIT:						
Mount Pleasant Waterworks	28,564,633	25,519,169	-	1,135,051	-	(1,910,413)
Total Component Unit	\$ 28,564,633	25,519,169	-	1,135,051	-	(1,910,413)
General Revenues:						
Taxes:						
Property Taxes					25,820,293	-
Sales Taxes					8,918,755	-
Accommodation Taxes					1,181,372	-
Hospitality Taxes					3,665,002	-
Franchise Taxes					1,012,738	-
Other Taxes					167,080	-
Payments in Lieu of Taxes					32,316	-
State Shared Revenue Not Restricted to Specific Programs					1,545,082	-
Grants And Contributions Not Restricted to Specific Programs					-	3,226,939
Miscellaneous Revenue					479,873	35,885
Interest Earned					254,977	245,063
Gain On Sale Of Capital Assets					130,295	49,390
Total General Revenues					43,207,783	3,557,277
NET CHANGE IN NET ASSETS					3,521,593	1,646,864
NET ASSETS - Beginning of Year, as Previously Reported					479,391,954	208,524,626
Reclassification of Net Assets/Prior Period Adjustment					(135,507)	(1,147,786)
NET ASSETS - Beginning of Year, as Restated					<u>479,256,447</u>	<u>207,376,840</u>
NET ASSETS, End of Year					482,778,040	\$ 209,023,704

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	GENERAL FUND	IMPACT ASSESSMENT SPECIAL REVENUE FUND
ASSETS		
Cash And Cash Equivalents	\$ 24,052,177	-
Cash And Cash Equivalents - Restricted	114,419	3,685,897
Property Taxes Receivable, Net	652,061	-
Intergovernmental Receivables	2,357,754	-
Other Receivables, Net	346,923	90,868
Due From Other Funds	2,804,285	1,827
TOTAL ASSETS	30,327,619	3,778,592
TOTAL LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	881,600	-
Retainage Payable	-	-
Due To Other Funds	663,606	3,310
Intergovernmental Payables	70,704	-
Security Deposit Liability	51,500	-
Accrued Payroll and Fringe Liability	1,628,171	-
Health Claims Liability	786,168	-
Escrow For Seized Funds	68,582	-
Deferred Tax Revenue	527,459	-
Unearned Revenue	10,212,366	-
TOTAL LIABILITIES	14,890,156	3,310
FUND BALANCES		
Reserved For:		
Capital Lease Purchase	-	-
Unreserved, Designated For:		
General Fund - Advance Payments	111,703	-
Unreserved, Undesignated, Reported In:		
General Fund	15,325,760	-
Special Revenue Funds	-	3,775,282
Capital Projects Funds	-	-
TOTAL FUND BALANCES	15,437,463	3,775,282
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,327,619	3,778,592

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

GO BOND CAPITAL PROJECTS FUND	TIF BOND CAPITAL PROJECTS FUND	HWY 17/I-526 INTERCHANGE CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	-	-	\$ 24,052,177
19,548,142	9,166,235	-	11,723,479	44,238,172
-	-	-	-	652,061
1,123,406	-	1,061,318	1,517,843	6,060,321
-	-	-	104,019	541,810
1,535	652,532	-	44,292	3,504,471
20,673,083	9,818,767	1,061,318	13,389,633	79,049,012
861,325	8,400	268,493	172,644	2,192,462
550,009	-	10,594	-	560,603
1,049,069	-	792,825	995,661	3,504,471
-	-	-	-	70,704
-	-	-	-	51,500
-	-	-	-	1,628,171
-	-	-	-	786,168
-	-	-	-	68,582
-	-	-	-	527,459
-	-	-	430,194	10,642,560
2,460,403	8,400	1,071,912	1,598,499	20,032,680
-	-	-	179,972	179,972
-	-	-	-	111,703
-	-	-	-	15,325,760
-	-	-	10,690,812	14,466,094
18,212,680	9,810,367	(10,594)	920,350	28,932,803
18,212,680	9,810,367	(10,594)	11,791,134	59,016,332
20,673,083	9,818,767	1,061,318	13,389,633	\$ 79,049,012

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

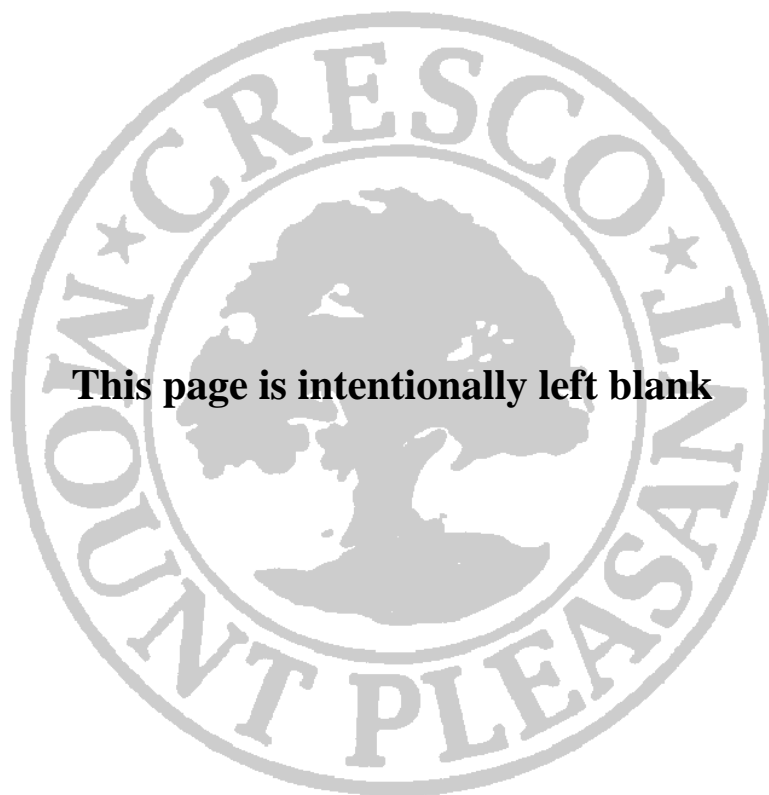
TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 59,016,332

Amounts reported for the governmental activities in the Statement of Net Assets are different because of the following:

Outstanding property taxes and other revenues which will be collected in the future, but are not available soon enough to pay for the current period's expenditures are therefore deferred in the funds.	527,459
Long-term receivables that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are not recognized in the governmental funds but are recognized in the Statement of Net Assets	3,064,173
Bond issuance costs are amortized over the lives of the bonds; however, in governmental accounting, bond issuance costs are expenditures the year they are incurred. The bond issuance costs of \$351,093 is shown net of accumulated amortization expense of \$238,273.	112,820
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$581,617,444 and the accumulated depreciation was \$109,793,561	471,823,883
Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end.	(291,699)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt and Premiums	(38,519,626)
Capital Leases	(2,362,302)
Net OPEB Liability	(2,613,750)
Infrastructure Credits	(6,150,091)
Compensated Absences (Vacation and Compensatory Time Earned)	(1,829,159)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 482,778,040**

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	IMPACT ASSESSMENT SPECIAL REVENUE FUND
REVENUES		
Property, Sales and Other Taxes	\$ 22,931,552	-
Licenses and Permits	18,073,897	-
Intergovernmental	1,747,153	-
Fines and Forfeitures	585,825	-
Investment Earnings	59,229	-
Charges for Services	3,056,798	1,257,956
Other Revenues	147,068	15,000
TOTAL REVENUES	46,601,522	1,272,956
EXPENDITURES		
Current:		
General Government	13,128,544	-
Justice Department	1,106,540	-
Public Safety	15,628,117	-
Public Service	6,621,384	12,640
Highways and Streets	546,842	-
Planning and Development	1,570,555	-
Culture and Recreation	4,238,290	-
Capital Outlay		
General Government	208,724	-
Public Service	-	-
Planning and Development	-	-
Culture and Recreation	-	-
Debt Service:		
Principal	6,377,699	-
Interest	1,211,994	-
Intergovernmental	-	-
TOTAL EXPENDITURES	50,638,689	12,640
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,037,167)	1,260,316
OTHER FINANCING SOURCES (USES)		
Transfers In	7,330,245	-
Transfers Out	(481,541)	(3,076,671)
Sale of Capital Assets	145,324	-
Capital Lease	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,994,028	(3,076,671)
NET CHANGE IN FUND BALANCES	2,956,861	(1,816,355)
FUND BALANCE - Beginning of Year, as Previously Reported	12,480,602	5,591,637
Reclassification of Fund Balances	-	-
FUND BALANCES - Beginning of Year, Restated	12,480,602	5,591,637
FUND BALANCES - End of Year	\$ 15,437,463	3,775,282

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

GO BOND CAPITAL PROJECTS FUND	TIF BOND CAPITAL PROJECTS FUND	HWY 17/I-526 INTERCHANGE CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	8,648,739	-	4,065,778	\$ 35,646,069
-	-	-	-	18,073,897
3,347,999	8,000	14,714,424	1,481,160	21,298,736
-	-	-	91,230	677,055
31,938	30,594	-	74,107	195,868
-	-	-	1,054,892	5,369,646
-	1,805	-	336,043	499,916
3,379,937	8,689,138	14,714,424	7,103,210	81,761,187
247,566	103,907	-	1,622,903	15,102,920
-	-	-	19,358	1,125,898
91,163	-	-	648,002	16,367,282
103,854	69,095	-	939,571	7,746,544
-	-	-	23,137	569,979
-	-	-	28,703	1,599,258
1,046,563	371,270	-	286,444	5,942,567
635,589	517,819	-	-	1,362,132
22,651	-	-	23,653	46,304
5,768,022	-	-	-	5,768,022
-	-	-	12,427	12,427
-	2,054,500	-	-	8,432,199
-	625,321	-	-	1,837,315
2,039,530	377,895	14,725,018	-	17,142,443
9,954,938	4,119,807	14,725,018	3,604,198	83,055,290
(6,575,001)	4,569,331	(10,594)	3,499,012	(1,294,103)
2,193,000	1,723,279	-	1,493,844	12,740,368
(818,752)	(3,653,280)	-	(4,710,124)	(12,740,368)
-	-	-	-	145,324
-	-	-	901,900	901,900
1,374,248	(1,930,001)	-	(2,314,380)	1,047,224
(5,200,753)	2,639,330	(10,594)	1,184,632	(246,879)
23,413,433	7,171,037	-	10,742,009	59,398,718
-	-	-	(135,507)	(135,507)
23,413,433	7,171,037	-	10,606,502	59,263,211
18,212,680	9,810,367	(10,594)	11,791,134	\$ 59,016,332

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (246,879)
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	93,104
The collection of principal amounts related to long-term receivables is considered income in the governmental funds but the repayment is shown as a reduction of the long-term receivable in the Statement of Net Assets.	(921,071)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	8,432,199
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt or entering into capital leases increases long term liabilities in the Statement of Net Assets	(901,900)
Bond issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities.	(34,441)
Premiums on issuance of debt must be deferred and amortized over the life of the respective debt in the Statement of Activities. These proceeds were reported as an other financing source in the year they were received in the governmental funds.	30,713
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. The interest reported in the Statement of Activities is additional interest accrued.	65,627
The Town from time to time accepts donated infrastructure in lieu of its normal impact assessment fees - which sometimes results in a credit balance. This is the net amount of infrastructure credits provided/used during the current year.	(2,214,430)
A net OPEB liability results from not fully funding the annual required contribution to an OPEB Plan in the current and/or prior years and is not reported as a liability in the governmental funds. This amount represents the change in this liability during the current year and is reported in the Statement of Activities.	(1,363,750)
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.	(64,824)
The Town's arbitrage rebate liability is not reported as a liability in the governmental funds. This amount represents the change in this liability during the current year and is reported in the Statement of Activities.	268,587
Governmental funds report only proceeds received from the sale of capital assets, without any consideration for the net book value of the asset(s) that were sold. The Statement of Activities reports gains or losses based on the proceeds and the net book value of the asset(s) sold.	(15,029)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions (\$10,251,676), which includes donated capital assets (\$4,179,169), exceeded depreciation expense (\$9,857,989) in the current period.	393,687
TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 3,521,593

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUNDS - AGENCY FUNDS

JUNE 30, 2010

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents - Restricted	\$ 445,889
Accounts Receivable	96
TOTAL ASSETS	445,985
LIABILITIES	
Accounts Payable	6,759
Amounts Held in Custody for Others	439,226
TOTAL LIABILITIES	\$ 445,985

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

The Town of Mount Pleasant (“Town”) was organized under a charter originally granted by the State of South Carolina in 1837. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. Accordingly, the Town has adopted the Council-Mayor form of government. The Town Council is composed of a mayor and eight council members (“Council”).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

As required by GAAP, the basic financial statements present the Town’s financial information with its component unit. 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 considered 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 that 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 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 a separate column 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.

Discretely Presented Component Unit

The legal name of the entity is Commissioners of Public Works for the Town of Mount Pleasant (“Waterworks” or “Component Unit”) but the popular name as referred to herein is Mount Pleasant Waterworks or Waterworks.

This entity provides water and wastewater services to the Town and certain surrounding areas. The Waterworks is dependent on the Town for substantial approval for all bond issuances. Waterworks utilizes the full accrual method of accounting under the flow of economic resources measurement focus, and is discretely presented in the basic financial statements. All activities of Waterworks are accounted for within a single enterprise fund. Separate financial statements are prepared and are available at the offices of Mt. Pleasant Waterworks, 1619 Rifle Range Road, Mount Pleasant, South Carolina 29464.

Major Operations

The Town’s major operations include police and fire protection, parks and recreation, sanitation and environmental services, economic/community development, public works, transportation, and general administrative services. In addition, the Town provides water and sewer system through its discretely presented component unit Waterworks.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide basic financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the Town (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these basic financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. The Town does not have any business-type activities.

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 customers or applicants 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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

The **government-wide basic financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Fiduciary Fund basic financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund basic financial statements are prepared (see further detail below). Governmental fund basic financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund basic financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fund basic financial statements report detailed information about the Town. The focus of governmental and enterprise fund basic financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the Town.

Governmental fund types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Funds and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The Town's major and non-major governmental fund types are as follows:

The **General Fund, a major fund**, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any unreserved fund balance is generally considered a resource available for use.

The **Impact Assessment Fund, a major special revenue fund**, is used to account for the funds assessed on residential and non-residential development and used for capital acquisitions or improvements by the general government, police, fire, public services, planning and recreation departments. This is a budgeted fund, and any unreserved fund balance is generally considered available for use.

The **GO Bond Fund, a major capital projects fund**, is used to account for proceeds from the Town's General Obligation Bonds which will be used for expansion and improvements to recreational facilities, transportation projects, and other miscellaneous improvements. Projects for this fund are designated by Town officials. Budgets for capital projects are approved on a project-by-project basis and not on an annual or biennial basis. This is an unbudgeted fund.

The **TIF Bond Fund, a major capital projects fund**, is used to account for proceeds from the Tax Increment Financing Bonds which are being used for transportation improvements. Projects for this fund are designated by Town officials. Budgets for capital projects are approved on a project-by-project basis and not on an annual or biennial basis. This is an unbudgeted fund.

The **Highway 17/I-526 Interchange Fund, a major capital projects fund**, is used to account for funding from the South Carolina Department of Transportation ("SCDOT") under a Cooperative Intergovernmental Agreement between the Town and the SCDOT related to State Infrastructure Bank ("SIB") funding regarding the "Interchange Project". The Town and the South Carolina Department of Transportation have agreed to work cooperatively on the Interchange Project which will consist of functional improvements to the existing at-grade intersection of US 17, Interstate 526 (also known as the Mark Clark Expressway) and Hungryneck Boulevard located in the Town. The Town is responsible for carrying out specific activities necessary to implement and construct the Interchange Project, which includes planning, design, right of way acquisition, construction and other associated coordination as well as administrative activities related to this project.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Special Revenue Funds, non-major funds, are used to account for the proceeds of designated specific revenue sources (other than major capital projects) that are restricted by law or administrative actions to expenditures for specified purposes. Most of these funds have a legally adopted budget and any remaining fund balance is generally reserved for the purpose of the specific revenue source.

Accommodations Tax	Storm Water Utility	Recreation Grants
Donor Programs	Victims Advocate	Public Service Grants
Hospitality Tax	Developer’s Escrow	Federal Grants
State Seized Assets and Drug	Rollout Cart Escrow	State and Local Grants
Federal Seized Assets and Drug	Public Safety Grants	
Special Permit	Planning Grants	

Effective July 1, 2009, the Town elected to change the fund-type for the State and Federal Seized Assets and Drug Funds from special revenue funds to fiduciary/agency funds. Due to this change, the ending fund balances in the prior year were reclassified to agency funds. See agency fund section below for details on these agency funds.

Capital Projects Funds, non-major funds, are used to account for financial resources expended for the acquisition or construction of major capital facilities (other than those financed by the General Fund, Special Revenue, GO Bond, and TIF Bond Funds). These funds are also used to carry on specified ongoing major improvement projects or major equipment acquisitions usually spanning more than one fiscal year. Budgets for capital projects are approved on a project-by-project basis and not on an annual or biennial basis.

Special Projects	Capital Equipment
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Fiduciary Fund Types include Agency Funds. An agency fund is generally used to account for miscellaneous assets that the government holds on behalf of others. The Town’s agency funds are custodial in nature and do not present results of operations. The Town has four unbudgeted agency funds which include the **Carolina Park Fund, Fireman’s Fund, State Seized Assets and Drug Fund, and the Federal Seized Assets and Drug Fund**. These funds are used by the Town to account for the receipt and disbursement of funds from (a) a development related to charitable contributions, (b) the State relating to the payment of one percent of the premiums received by out of state fire insurance companies, (c) state assets that were forfeited and/or seized during a law enforcement action and (d) federal assets that were forfeited and/or seized during a law enforcement action. Effective July 1, 2009, the Town elected to change the fund-type for the State and Federal Seized Assets and Drug Funds from special revenue funds to agency funds. Due to this change, the ending prior year fund balances were reclassified to agency funds.

Component Unit – GAAP

Waterworks basic financial statements are presented on the full accrual basis of accounting in accordance with GAAP. Waterworks applies all applicable GASB pronouncements, as well as the following pronouncements issued prior to December 1, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (“FASB”) Statements and Interpretations and the Accounting Principles Board (“APB”) Opinions. The provisions of FASB Statement No. 71, “Accounting for the Effects of Certain Types of Regulation,” have not been adopted by the Component Unit.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

The Town's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the Town to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) 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.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) 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.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Town's cash and investment objectives are safety, liquidity and yield. The Town reports its cash and investments at fair value which is normally determined by quoted market prices.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

2. Receivables and Payables

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying basic financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts or payables have been recorded.

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Charleston County under a joint billing and collection agreement. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 th	3%
February 1 st	an additional 7%
March 16 th	an additional 5%

On March 16th, the property tax bills are transferred to the delinquent tax collection office of Charleston County and the properties are subject to sale.

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. Other personal property taxes are levied in October and are payable by December 31.

The Town records receivables related to federal, state, and local grants when the reimbursable expenditure is incurred, less an allowance for amounts estimated to be uncollectible (if any). All net grant receivables at year end are recognized as revenue, except those that are not expected to be collected within one year for which the amounts are deferred.

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

3. Inventories and Prepaid Items

Inventories and prepaid items in the governmental funds are accounted for using the purchase method (expensed when paid). If significant amounts of inventories or prepaid items exist in the governmental funds, the Town records these amounts in the balance sheet.

Component Unit – Inventories and Prepaid Items

Waterworks inventories consist of construction material, repair parts, and chemicals. Materials and supplies inventories are stated at the lower of average cost or market (first-in, first-out method). Prepaid items in the Component Unit are recorded using the consumption method (expensed as used).

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

4. Capital Assets

All of the Town's capital assets are general capital assets as the Town does not have any proprietary funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets, but are not reported in the fund basic financial statements.

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide basic financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated fair market value (as estimated by the Town) at the date of donation. Improvements by the Town to roads owned by the state are not capitalized but are expensed as incurred.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Interest costs during construction are not capitalized in the Town's governmental funds but are capitalized for qualified property in the Town's Component Unit. Component unit interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds. Interest is not capitalized on assets acquired or constructed with gifts and grants (e.g. special assessments, contributions, impact fees) that are restricted by the donor or grantor to acquisition of those assets.

Capital assets are depreciated on the straight-line method using the following estimated useful lives:

<u>Primary Government</u>	<u>Years</u>
Land improvements	10-100
Buildings and building improvements	10-50
Infrastructure	30-50
Machinery and equipment	3-20
Furniture and fixtures	3-30
Vehicles	5-10
 <u>Component Unit (Waterworks)</u>	
Utility plant and systems	30-60
Utility plant equipment and tools	3-30
Water capacity rights	20-40
Buildings	30-40
Furniture, fixtures and equipment	3-20
Meters	8-15
Vehicles	5-10

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

5. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated unused vacation, to a maximum of eighteen (18) days, and accumulated compensatory time, is payable upon termination if the employee leaves the Town in good standing. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town.

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." The entire compensated absence liability and expense is reported on the government-wide basic financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide basic financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund basic financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt or capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and capital leases, compensated absences, contractually required pension contributions, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund basic financial statements until due and payable.

7. *Fund Balance*

In the fund basic financial statements, the Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Designations of fund balance represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in an expenditure. Fund balance reserves can be established for, but not limited to the following: prepaids, inventory, non-current receivables, prior year appropriations, grant projects, debt service, capital projects and special revenue programs. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

8. *Net Assets*

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets are classified as invested in capital assets net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

9. *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

10. *Accounting Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

11. *Comparative Data*

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town has elected to present its budgetary comparison information for the General Fund and the Impact Assessment Special Revenue Fund as separate schedules and not as basic financial statements. These were the only two major funds for which the Town had legally adopted budgets. See the Notes to the Required Supplementary Information (following the notes to the basic financial statements) for details regarding the Town's budgetary information and process.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2010, none of the Town's primary government bank balances of approximately \$68,869,000 (with a carrying value of approximately \$68,736,000) were exposed to custodial credit risk.

Investments

As of June 30, 2010, the Town had did not have any investments as defined by GASB #40. The Town has the following investment policies:

Interest Rate Risk: The Town does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash, cash equivalents and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2010 were (a) those imposed by the revenue source (i.e. hospitality tax, accommodation taxes, impact assessment fees, etc.), and (b) unspent capital lease and bond proceeds.

Component Unit - Waterworks Deposits and Investments

As of June 30, 2010, the carrying amount and bank balance of deposits for Waterworks was approximately \$1,351,000 (which excludes \$2,000 in cash on hand amounts) and \$1,676,000. No significant amounts were uninsured and uncollateralized at June 30, 2010. Waterworks investments included approximately \$8,836,000 invested with the State Treasurer’s Local Government Investment Pool (2a 7-like pool) and approximately \$10,495,000 in the NBSC Money Market fund.

The following table reconciles the amounts reported as deposits and investments in the notes to the financial statements to cash and cash equivalents and investments (if any) reported in the Statement of Net Assets:

Financial Statements		
Statement of Net Assets	Town	Component Unit
Cash and Cash Equivalents	\$ 24,052,177	\$ 9,046,585
Cash and Cash Equivalents - Restricted	44,238,172	11,637,417
<u>Statement of Assets and Liabilities - Fiduciary Funds - Agency Funds</u>		
Cash and Cash Equivalents - Restricted	445,889	-
Total	<u>\$ 68,736,238</u>	<u>\$ 20,684,002</u>
Notes		
Deposits and Cash on Hand	\$ 68,736,238	\$ 1,353,224
Investments	-	19,330,778
Total	<u>\$ 68,736,238</u>	<u>\$ 20,684,002</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Deferred/Unearned Revenue

Property Taxes

The Town's FY 10 real and business personal property taxes (which was for tax year 2009) were levied on September 30, 2009, and were due beginning on this date based on the assessed valuation as of January 1, 2009. Property taxes were considered late on January 16, 2010. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly.

Assessed values are established by the Charleston County Tax Assessor and the South Carolina Tax Commission. The Town's current operating and debt service millage rate was 35.7 mills and 2.9 mills, respectively (same as the prior year). Town property taxes are billed and collected by Charleston County under a joint billing and collection agreement. Amounts received by Charleston County but not yet remitted to the Town at year end are included in the caption "Due from Other Governments" in the balance sheet and statement of net assets.

Development Receivable

In December 2004, the Town entered into a land development agreement with a developer whereby the Town agreed to annex the development into the Town (along with numerous other provisions as defined) and provided for an agreed upon impact assessment fee of \$6,000,000 which was to be paid over 12 years at \$500,000 per year beginning on December 20, 2005.

Since the impact assessment fee related to this development agreement qualifies as a structured payment plan, the amount owed under the development agreement has been discounted and recorded as a receivable in the statement of net assets. No amounts were recorded in the Town's governmental fund basic financial statements as this was considered a long-term receivable and was not available at June 30, 2010.

The Town's governmental activities net receivables at June 30, 2010 consisted of the following:

	Property Taxes	Inter-governmental Receivables	Other Receivables		
			Storm Water	Development Receivable	Other Miscellaneous
<u>Primary Government</u>					
Gross Receivables	\$ 817,390	6,060,321	155,464	3,064,173	\$ 437,562
Allow. for Collectability	(165,329)	-	(51,216)	-	-
Net Receivables	<u>\$ 652,061</u>	<u>6,060,321</u>	<u>104,248</u>	<u>3,064,173</u>	<u>\$ 437,562</u>

Component Unit - Receivables

The Town's Component Unit (Waterworks) net receivables at June 30, 2010 consisted of the following:

	Customer Accounts Receivable	Financed Customer Receivables	Other Receivables	Allowance for Doubtful Accounts	Total
<u>Component Unit</u>					
Receivables	\$ 5,327,233	180,653	201,259	(1,291,168)	\$ 4,417,977

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Deferred/Unearned Revenue (Continued)

Deferred/Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue).

At June 30, 2010, the various components of deferred/unearned revenue were as follows:

<u>Primary Government</u>	<u>Fund</u>	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
Property Taxes Receivable	General	\$ 527,459	-	\$ 527,459
Advance Fees for Franchise, Insurance, Recreation and Business Licenses	General	-	10,212,366	10,212,366
Developer's Escrow Funds	Special Revenue	-	279,096	279,096
Other	Special Revenue/Capital Projects	-	151,098	151,098
Total Deferred/Unearned Revenue		<u>\$ 527,459</u>	<u>10,642,560</u>	<u>\$ 11,170,019</u>

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2010, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ 2,804,285	\$ 663,606
Impact Assessment Special Revenue Fund	1,827	3,310
GO Bond Capital Projects Fund	1,535	1,049,069
TIF Bond Capital Projects Fund	652,532	-
Hwy 17/I-526 Interchange Fund	-	792,825
Other Non-Major Governmental Funds:		
Other Governmental Funds	44,292	995,661
Totals	<u>\$ 3,504,471</u>	<u>\$ 3,504,471</u>

Interfund receivables and payables are a result of the General Fund financing salaries and other operating expenditures for Grant Funds, Special Revenue Funds, and Capital Project Funds. All of these amounts are expected to be paid within one year.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 7,330,245	\$ 481,541
Impact Assessment Special Revenue Fund	-	3,076,671
GO Bond Capital Projects Fund	2,193,000	818,752
TIF Bond Capital Projects Fund	1,723,279	3,653,280
Other Non-Major Governmental Funds:		
Other Governmental Funds	1,493,844	4,710,124
Totals	<u>\$ 12,740,368</u>	<u>\$ 12,740,368</u>

During the course of normal operations and in order to support the numerous functions of the Town, transactions between funds may occur. The Town uses transfers to move unrestricted receipts so that they may be used for various programs in other funds.

Transfers into the General Fund were processed to meet the capital debt service obligations of the Town. Transfers out of the General Fund for 2010 consisted primarily of funds needed to meet grant matching obligations as appropriated by Town Council during the fiscal year. The total amounts transferred out of the Impact Assessment Special Revenue Fund were processed to meet capital debt service obligations. The total amounts transferred out of the TIF Bond Capital Projects Fund were related to various capital projects as appropriated by Town Council. The transfers in and out between the GO Bond Capital Projects Fund and Other Governmental Funds were processed primarily to meet funding requirements related to various capital projects as appropriated by Town Council during the fiscal year and were provided related to capital debt service obligations of the Town.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 256,529,929	3,011,303	-	1,400,505	\$ 260,941,737
Construction In Progress	23,367,134	3,362,426	-	(14,590,837)	12,138,723
Total Capital Assets, Non-Depreciable	279,897,063	6,373,729	-	(13,190,332)	273,080,460
Capital Assets, Depreciable:					
Buildings and Building Improvements	28,258,874	352,723	-	13,190,332	41,801,929
Improvements Other than Buildings	7,180,579	42,444	-	-	7,223,023
Infrastructure	235,411,992	1,623,115	-	-	237,035,107
Machinery and Equipment	21,470,671	1,859,665	853,411	-	22,476,925
Total Capital Assets, Depreciable	292,322,116	3,877,947	853,411	13,190,332	308,536,984
Less: Accumulated Depreciation for:					
Buildings and Building Improvements	7,219,007	900,667	-	-	8,119,674
Improvements Other than Buildings	3,197,768	336,112	-	-	3,533,880
Infrastructure	76,277,386	6,936,653	-	-	83,214,039
Machinery and Equipment	14,079,793	1,684,557	838,382	-	14,925,968
Total Accumulated Depreciation	100,773,954	9,857,989	838,382	-	109,793,561
Total Capital Assets, Depreciable, Net	191,548,162	(5,980,042)	15,029	13,190,332	198,743,423
Governmental Activities Capital Assets, Net	\$ 471,445,225	393,687	15,029	-	\$ 471,823,883

Capital asset additions and depreciation expense for governmental activities was charged to functions/programs as follows:

Functions/Programs	Additions	Expense
Governmental Activities:		
General Government	\$ 1,996,858	\$ 553,169
Justice Department	-	1,297
Public Safety	440,000	794,562
Public Service	803,339	783,153
Planning and Development	5,968,574	6,966,208
Culture and Recreation	1,042,905	759,600
Total - Governmental Activities	\$ 10,251,676	\$ 9,857,989

The cost of equipment recorded under capital lease was approximately \$8,874,000. Accumulated amortization was approximately \$3,346,000 at June 30, 2010. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

The Town receives from time to time donated infrastructure for new subdivisions/projects that are given to the Town from various developers. In 2010, the Town received approximately \$4,179,000 in donated infrastructure, land (including right of ways), and other capital assets primarily related to several new subdivisions. The Town's engineers inspect and approve (verifying that the donated infrastructure meets federal, state and local building codes) donated infrastructure before the Town takes over ownership. The Town's engineers also provide the estimates for linear feet of right of ways, pavement, sidewalks, etc. that are used by finance to calculate the fair market value of the donation that is recorded in the Town's capital asset system. The Town also issued approximately \$2,241,000 in infrastructure credits related to these donated assets. These credits are netted with the donated assets on the Statement of Activities.

Construction Commitments

The Town has numerous ongoing projects as of June 30, 2010, for building improvements/renovations, transportation projects, and other construction projects. Total remaining commitments on these contracts were approximately \$3,096,000 at June 30, 2010.

South Carolina Transportation Infrastructure Bank

In May 2007, the Town entered into an intergovernmental agreement with the South Carolina Transportation Infrastructure Bank ("SIB") for financial assistance in funding the US 17/I-526 Interchange (the "Interchange Project") for approximately \$40,000,000, in the form of an initial grant of \$7,000,000 for engineering and environmental work and \$33,000,000 for completion of the Interchange Project. In August 2008, the Town entered into an amended agreement for an additional \$11,400,000, with the South Carolina Infrastructure Bank for the acquisition of rights of way. From inception to June 30, 2010, the Town has expended approximately \$17,163,000 for engineering and environmental work related to this state project. Improvements by the Town to roads owned by the state are not capitalized but are expensed as incurred as intergovernmental expenditures.

Component Unit - Waterworks Capital Assets

Beginning in December 1995, the Commission of Waterworks entered into a wholesale water contract with the Charleston Water System ("CWS") to purchase water supply, treatment and transmission services. Various provisions are provided to adjust the charges as a result of water used in excess of the contracted capacity, changing costs of the systems, and other conditions. Waterworks is obligated to fund capital additions and enhancement to the related plant and system based on its acquired capacity. Waterworks purchased approximately 68% of its water supply from CWS for 2010.

Following is a summary of capital assets contributions Waterworks received for the year ended June 30, 2010:

<u>Capital Contributions/Donations</u>	<u>Year Ended June 30, 2010</u>
Developer Contributed Systems:	
Water	\$ 1,808,114
Wastewater, other than pump stations	<u>1,256,010</u>
Total Developer Contributed Systems	<u>\$ 3,064,124</u>

During 2010, Waterworks capitalized interest expense of approximately \$172,000.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Component Unit - Waterworks Capital Assets (Continued)

Capital asset activity for the Town's Component Unit (Waterworks) for the year ended June 30, 2010, was as follows:

	Restated Beginning Balance *	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 5,913,557	28,326	-	\$ 5,941,883
Construction In Progress	9,515,113	386,308	-	9,901,421
Total Capital Assets, Non-Depreciable	<u>15,428,670</u>	<u>414,634</u>	<u>-</u>	<u>15,843,304</u>
Capital Assets, Depreciable:				
Buildings	22,026,580	286,675	-	22,313,255
Utility Plant Lines and Infrastructure	255,335,772	8,325,558	-	263,661,330
Machinery and Equipment	33,257,578	1,843,657	401,387	34,699,848
Total Capital Assets, Depreciable	<u>310,619,930</u>	<u>10,455,890</u>	<u>401,387</u>	<u>320,674,433</u>
Less: Accumulated Depreciation	82,845,108	10,180,858	393,912	92,632,054
Total Capital Assets, Depreciable, Net	<u>227,774,822</u>	<u>275,032</u>	<u>7,475</u>	<u>228,042,379</u>
Business-Type Activities Capital Assets, Net	<u>\$ 243,203,492</u>	<u>689,666</u>	<u>7,475</u>	<u>\$ 243,885,683</u>

* Certain amounts have been restated due to a prior period adjustment. See Note IV for additional information.

In the normal course of business, Waterworks enters into agreements with contractors and consultants for the construction and expansion of the water/sewer system. At June 30, 2010, open contracts and obligations for construction approximated \$2,500,000.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations

The Town issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of the Town. Tax Increment Bonds (“TIF”) are considered a special obligation of the Town payable solely from ad valorem taxes generated by improvements to real property within the redevelopment project area. The full faith, credit, and taxing powers of the Town are not pledged for the payment of the TIF bonds nor the interest thereon. Capital Lease (“CL”) obligations are special obligations of the Town payable from the general revenues of the Town. The full faith, credit and taxing powers of the Town are not pledged for the payment of capital lease obligations nor the interest thereon.

Details on the Town’s outstanding debt issues and capital leases as of June 30, 2010 are as follows:

<i>General Obligation Bonds</i>	<u>Balance at June 30, 2010</u>
\$1,245,000 general obligation serial bond issued in July, 1992 (“GOB-7/92”), due in annual installments of \$30,000 to \$115,000 beginning February 1, 1995 through February 1, 2012, plus interest at 5.9% to 7.0% due semi-annually. The proceeds of this issue were primarily used for the construction of a fire station, three balls and one multi-purpose field at Jones Recreational Center and the acquisition of other property for a recreational facility at Rifle Range Road.	\$ 225,000
\$4,125,000 general obligation serial bond issued in June, 1999 (“GOB-6/99”), due in annual installments of \$125,000 to \$385,000 beginning June 1, 2000 through June 1, 2014, plus interest at 4.0% to 6.0% due semi-annually. The proceeds were primarily used for constructing, improving, and expanding the Town’s municipal complex and recreational facilities.	1,435,000
\$3,940,000 general obligation bond issued February, 2001 (“GOB-2/01”), due in annual installments of \$315,000 to \$475,000 beginning February 1, 2002 through February 1, 2011, plus interest at 4.10% to 4.20%, due semi-annually. The proceeds from this issue were primarily used for constructing, improving and expanding the (a) police facilities, (b) public service facilities at Six Mile, (c) recreation facilities (Park West, Moultrie School, and Town Hall), and transportation projects at Van Smith Connector, Patriots Point Road and Bowman Road.	475,000
\$8,045,000 general obligation bond issued in February, 2002 (“GOB-2/02”), due in annual installments of \$655,000 to \$975,000 beginning February 1, 2003 through February 1, 2012, plus interest at 2.75% to 4.25%, due semi-annually. The proceeds from this issue were primarily used for constructing, improving and expanding (a) recreational facilities (playgrounds, tennis courts, swimming pools, etc.) of approximately \$1,956,000 and (b) transportation projects (Van Smith Connector, widening of Patriots Point and Whipple Roads, Mathis Ferry Road realignment, various intersection improvements along Mathis Ferry Road, SC Highway 41, and Rifle Range Road and extensions of Hungryneck boulevard) of approximately \$6,089,000. Issued under referendum and thus not subject to the 8% debt limit.	1,905,000
\$1,800,000 general obligation bond issued in April, 2003 (“GOB-4/03”), due in annual installments of \$140,000 to \$225,000 beginning February 1, 2004 through February 1, 2013, plus interest at 2.89% due semi-annually. The proceeds from this issue were primarily used to fund (a) a contribution to the Charleston County School District for a portion of the cost of new school auditorium in Mount Pleasant, (b) Phase IV construction projects at the Recreation Complex at Park West and (c) upgrades to the track facilities at the old Wando High School.	\$ 635,000

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

	Balance at June 30, 2010
<i>General Obligation Bonds</i>	
<p>\$12,650,000 general obligation bond issued December 2005 (“GOB-12/05”), due in semi-annual installments of \$1,145,000 to \$1,695,000 beginning December 1, 2006 through December 1, 2014, plus interest at 3.250% to 4.00%, due semi-annually. The proceeds from this issue were primarily used for constructing, improving and/or expanding the following: (a) Jones Center, (b) installing lights at Cario Middle School, (c) gymnasium for Park West, (d) construction funding for the expansion of the Town municipal complex, (e) visitors center, (f) senior citizens facility, and (g) transportation projects (for Bowman Road, Hungryneck Boulevard Phase II & III, Whipple Road, and the Beaucastle Frontage Road). A premium on the issuance of these bonds was received of \$67,271 and debt issuance costs incurred of \$39,714. \$2,755,345 of this issue was issued under referendum and thus not subject to the 8% debt limit.</p>	\$ 7,710,000
<p>\$15,695,000 general obligation bond issued March 2007 (“GOB-3/07”), due in semi-annual installments of \$1,285,000 to \$1,885,000 beginning December 1, 2008 through December 1, 2016, plus interest at 4.00%, due semi-annually. The proceeds from this issue were primarily used for constructing, improving and/or expanding the following: (a) transportation projects for Hungryneck Boulevard, Highway 17, and Park West, (b) recreation projects at Carolina Park, Park West, Whipple Road and a senior service center, and (c) miscellaneous projects (including fire/police training facility, municipal complex, Six-Mile Public Services Complex, economic development infrastructure, and piping along Mathis Ferry Road). A premium on the issuance of these bonds was received of \$226,310 and debt issuance costs incurred of \$62,954. \$4,333,816 of this issue was issued under referendum and thus not subject to the 8% debt limit.</p>	11,665,000
<i>Tax Increment Financing Bonds</i>	
<p>\$4,900,000 tax increment financing bonds issued in September, 2001 (“TIF-9/01”), due in annual installments of \$225,000 to \$455,000 beginning October 1, 2002 through October 1, 2016, plus interest at 4.27%, due semi-annually. The proceeds from this issue were used in accordance with the redevelopment plan which consisted of construction projects for the following redevelopment areas (a) East Cooper Gateway, (b) Coleman Boulevard, (c) Bowman Road/K-Mart, (d) U.S. 17/Isle of Palms Connector, and (e) I-526 Gateway and Long Point Road. Issue not subject to the 8% debt limit requirement.</p>	2,755,000
<p>\$6,315,000 tax increment financing bonds issued in April, 2003 (“TIF-4/03”), due in annual installments of \$320,000 to \$615,000 beginning October 1, 2003 through October 1, 2016, plus interest at 3.69%, due semi-annually. The proceeds from this issue were used in accordance with the redevelopment plan and were primarily used to further the construction work initiated under earlier TIFs. Issue not subject to the 8% debt limit requirement.</p>	3,690,000
<p>\$1,300,000 tax increment financing bonds issued in February, 2004 (“TIF-2/04”), due in annual installments of \$105,000 to \$160,000 beginning October 1, 2004 through October 1, 2013, plus interest at 3.48%, due semi-annually. The proceeds from this issue were used in accordance with the redevelopment plan and were primarily used to further the construction work initiated under the earlier TIFs. Issue not subject to the 8% debt limit requirement.</p>	\$ 595,000

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

	Balance at June 30, 2010
<i>Tax Increment Financing Bonds (Continued)</i>	
<p>\$8,000,000 tax increment financing bonds issued in February, 2005 (“TIF-2/05”), due in annual installments of \$672,850 to \$945,900 beginning October 1, 2005 through October 1, 2014, plus interest at 4.34%, due semi-annually. The proceeds from this issue were used in accordance with the redevelopment plan and were primarily used to further the construction work initiated under the earlier TIFs. Issue not subject to the 8% debt limit requirement.</p>	\$ 4,351,400
<p>\$4,485,000 tax increment financing bonds issued in March, 2006 (“TIF-3/06”), due in annual installments of \$375,000 to \$530,000 beginning October 1, 2006 through October 1, 2015, plus interest at 4.14%, due semi-annually. The proceeds from this issue were used in accordance with the redevelopment plan and were primarily used to further the construction work initiated under the earlier TIFs. Issue not subject to the 8% debt limit requirement. Debt issuance costs were incurred of \$13,042.</p>	2,895,000
<p>Total Outstanding General Obligation and Tax Increment Bonds</p>	<u>\$38,336,400</u>
<i>Capital Lease Obligations</i>	
<p>\$1,923,243 capital lease was entered into in December, 2005 (“CL-12/05”), with annual installments (including interest) of \$298,693 beginning January 15, 2006 through January 15, 2012 which includes interest at 2.83%. The proceeds from this capital lease obligation were primarily used to fund the Town-wide replacement of its radio systems (almost all of which were under the Town’s capitalization limit)</p>	\$ 572,951
<p>\$2,121,324 capital lease was entered into in September, 2006 (“CL-9/06”), with semi-annual installments (including interest) of \$301,616 beginning September 6, 2006 through March 8, 2011 which includes interest at 3.84%. The proceeds from this capital lease obligation were primarily used to fund the purchase of a fire truck, essential use vehicles, and equipment.</p>	145,461
<p>\$1,562,228 capital lease was entered into in August, 2007 (“CL-8/07”), with semi-annual installments (including interest) of \$234,100 beginning August 1, 2008 through February 1, 2012 which includes interest at 4.06%. The proceeds from this capital lease obligation were primarily used to fund the purchase of a fire truck, essential use vehicles, and equipment.</p>	249,524
<p>\$60,308 capital lease was entered into in July, 2008 (“CL-7/08”), with annual installments (including interest) of \$21,468 beginning July 25, 2009 through July 25, 2011 which includes interest at 3.36%. The proceeds from this capital lease obligation were primarily used to fund the acquisition and installation of data collection hardware and software.</p>	40,866
<p>\$631,944 capital lease was entered into in August, 2008 (“CL-8/08A”), with semi-annual installments (including interest) of \$109,402 beginning August 22, 2008 through February 22, 2011 which includes interest at 3.09%. The proceeds from this capital lease obligation were primarily used to fund public safety vehicle purchases and generator, several trucks and mowers for the public service department, and other vehicles for the planning department.</p>	\$ 213,836

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

	Balance at June 30, 2010
<i>Capital Lease Obligations (Continued)</i>	
\$688,000 capital lease was entered into in August, 2008 (“CL-8/08B”), with semi-annual installments (including interest) of \$90,899 beginning August 22, 2008 through February 22, 2012 which includes interest at 3.23%. The proceeds from this capital lease obligation were primarily used to fund the purchase of two packers, one scow, and one tractor trailer.	\$ 349,376
\$901,900 capital lease was entered into in September, 2009 (“CL-9/09”), with semi-annual installments (including interest) of \$119,423 beginning January 1, 2010 through September 1, 2013 which includes interest at 2.80%. The proceeds from this capital lease obligation were primarily used to fund the purchase of one dump truck, one loader packer, one refuse truck and computer equipment.	790,288
Total Outstanding Capital Lease Obligations	<u>\$ 2,362,302</u>

The Town from time to time enters into development agreements in accordance with Chapter 157 of the Town’s code of ordinances. In certain development agreements, the Town may allow developers to donate eligible infrastructure projects in lieu of a paid transportation impact assessment fee. The Town has received donated infrastructure (road) for which the Town issued transportation infrastructure credits of approximately \$6,177,000. Approximately \$27,000 of these credits was used in 2010 which left an ending balance of approximately \$6,150,000 for future years.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2010, the Town had approximately \$15,056,000 of bonded debt subject to the 8% limit of approximately \$46,516,000 resulting in an unused legal debt margin of approximately \$31,461,000.

Interest paid on the debt issued by the Town is exempt from federal income tax. The Town sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. At June 30, 2010, the Town had no arbitrage rebate liability. The decrease in the arbitrage rebate liability during 2010 was due to (a) the Town paying approximately \$209,000 in arbitrage to the federal government and (b) the state of the economy and the resulting overall drop in interest rates.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2010:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
General Obligation Bonds:					
GOB-7/92	\$ 330,000	-	105,000	225,000	\$ 110,000
GORB-10/93	205,000	-	205,000	-	-
GOB-6/99	1,750,000	-	315,000	1,435,000	335,000
GOB-2/01	950,000	-	475,000	475,000	475,000
GOB-2/02	2,795,000	-	890,000	1,905,000	930,000
GOB-4/03	825,000	-	190,000	635,000	200,000
GOB-12/05	9,040,000	-	1,330,000	7,710,000	1,395,000
GOB-3/07	13,065,000	-	1,400,000	11,665,000	1,460,000
Total General Obligation Bonds	28,960,000	-	4,910,000	24,050,000	4,905,000
Tax Increment Bonds:					
TIF-9/01	3,070,000	-	315,000	2,755,000	340,000
TIF-4/03	4,115,000	-	425,000	3,690,000	450,000
TIF-2/04	725,000	-	130,000	595,000	135,000
TIF-2/05	5,115,900	-	764,500	4,351,400	797,750
TIF-3/06	3,315,000	-	420,000	2,895,000	435,000
Total Tax Increment Bonds	16,340,900	-	2,054,500	14,286,400	2,157,750
Subtotal	45,300,900	-	6,964,500	38,336,400	7,062,750
Premium on Issuance of GOB-12/05	41,041	-	7,406	33,635	-
Premium on Issuance of GOB-3/07	172,898	-	23,307	149,591	-
Total Debt	45,514,839	-	6,995,213	38,519,626	7,062,750
Capital Leases:					
CL-12/05	847,655	-	274,704	572,951	282,478
CL-9/06	389,066	-	243,605	145,461	145,461
CL-8/07	694,013	-	444,489	249,524	164,689
CL-7/08	60,308	-	19,442	40,866	20,095
CL-8/08A	421,213	-	207,377	213,836	213,836
CL-8/08B	515,846	-	166,470	349,376	171,890
CL-9/09	-	901,900	111,612	790,288	218,113
Total Capital Leases	2,928,101	901,900	1,467,699	2,362,302	1,216,562
Arbitrage Rebate	268,587	6,424	275,011	-	-
Net OPEB Liability	1,250,000	1,818,750	455,000	2,613,750	-
Infrastructure Credits	3,935,661	2,241,184	26,754	6,150,091	-
Compensated Absences	1,764,335	959,586	894,762	1,829,159	146,333
Total Governmental Activities	\$ 55,661,523	5,927,844	10,114,439	51,474,928	\$ 8,425,645

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Resources from the General Fund and TIF Bond funds have been used to liquidate the governmental activities debt and capital lease obligations. Resources from the General Fund have been used to liquidate the compensated absence liabilities and net OPEB liability.

Presented below is a summary of debt service requirements to maturity by year for the Town's governmental activities as of June 30, 2010:

Year Ending June 30,	Debt		Capital Leases		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2011	\$ 7,062,750	1,450,126	1,216,562	65,875	\$ 9,795,313
2012	6,897,500	1,160,107	797,863	30,368	8,885,838
2013	6,088,750	874,310	230,660	8,185	7,201,905
2014	6,136,500	623,329	117,217	2,206	6,879,252
2015	5,845,900	370,240	-	-	6,216,140
2016-2020	6,305,000	243,350	-	-	6,548,350
Totals	<u>\$ 38,336,400</u>	<u>4,721,462</u>	<u>2,362,302</u>	<u>106,634</u>	<u>\$ 45,526,798</u>

Component Unit - Waterworks Long-Term Obligations

Details on the Component Unit's (Waterworks) outstanding debt issues as of June 30, 2010 are as follows:

<i>Revenue Bonds</i>	Balance at June 30, 2010
Waterworks and Sewer Systems Revenue Refunding Improvement Bond, Series 2002, issued for \$31,210,000. Due in annual principal installments ranging from \$360,000 to \$2,140,000 from 2006 through 2032 with interest at 3.0% to 5.25% per annum, due June 1 and December 1. The proceeds from this bond were primarily used for construction and to refund the 1992 bonds.	\$22,700,000
Waterworks and Sewer Systems Revenue Improvement Bonds, Series 2005A, issued for \$10,000,000. Due in annual principal installments ranging from \$425,000 to \$1,360,000 from 2008 through 2014 with interest at 3.5% to 4.0% per annum, due June 1 and December 1. The proceeds from this bond were primarily used to expand existing water and wastewater facilities, construct additional facilities and provide for capacity studies and various renewal and replacement projects.	5,565,000
Waterworks and Sewer Systems Revenue Improvement Bonds, Series 2005B, issued for \$20,000,000. Due in annual principal installments ranging from \$990,000 to \$2,020,000 from 2014 through 2025 with variable interest not to exceed 12%, interest payable monthly (interest ranged between .27% and 7.50% with an average for fiscal year 2009 of 1.33%). The proceeds from this bond were used consistent with the projects listed under the 2005A Revenue Improvement Bonds.	20,000,000
Total Outstanding Revenue Bonds	<u>\$48,265,000</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Component Unit - Waterworks Long-Term Obligations (Continued)

<i>State Revolving Loans Payable</i>	<u>Balance at June 30, 2010</u>
State revolving loan payable to South Carolina State Budget and Control Board for South Carolina Water Pollution Revolving Fund Loan issued in 2005 (“Series 2005C”) for \$10,663,300 with an interest rate of 3.25%. Quarterly principal including interest payments of \$181,793 beginning on November 1, 2007 and ending on August 1, 2017; 70% of the proceeds were received during June 2006 and will be used to fund the expansion of the Rifle Range Road Wastewater Treatment Plant.	\$ 9,573,030
Total Outstanding State Revolving Loans Payable	<u>\$ 9,573,030</u>

A summary of changes in long-term obligations for the Component Unit’s (Waterworks) business-type activities for the year ended June 30, 2010:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit: Business-Type Activities:					
Debt:					
Revenue Bonds	\$ 50,905,000	-	2,640,000	48,265,000	\$ 2,745,000
State Revolving Loans Payable	17,739,960	-	8,166,930	9,573,030	421,148
Total Gross Debt	68,644,960	-	10,806,930	57,838,030	3,166,148
Premium on Refunding Bonds	1,102,134	-	51,210	1,050,924	-
Deferred Loss - Refundings	(978,876)	-	(85,120)	(893,756)	-
Business-Type Activities	\$ 68,768,218	-	10,773,020	57,995,198	\$ 3,166,148

Presented below is a summary of debt service requirements to maturity by year for the Component Unit’s business-type activities:

Year Ending June 30,	Revenue Bonds		State Revolving Loans Payable		Total
	Principal	Interest	Principal	Interest	
Component Unit: Business-Type Activities:					
2011	\$ 2,745,000	1,485,237	421,148	306,025	\$ 4,957,410
2012	2,850,000	1,785,894	435,003	292,170	5,363,067
2013	2,960,000	1,655,044	449,314	277,859	5,342,217
2014	3,110,000	1,514,431	464,896	263,078	5,352,405
2015	3,245,000	1,369,906	479,363	247,810	5,342,079
2016-2020	16,530,000	4,673,544	2,644,006	991,861	24,839,411
2021-2025	11,250,000	2,113,797	3,108,495	527,370	16,999,662
2026-2030	4,190,000	637,850	1,570,805	64,533	6,463,188
2031-2035	1,385,000	106,125	-	-	1,491,125
Totals	\$ 48,265,000	15,341,828	9,573,030	2,970,706	\$ 76,150,564

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Component Unit - Waterworks Long-Term Obligations (Continued)

The bonds and loans, which are in the name of the Town of Mount Pleasant, South Carolina, are secured by a pledge of, and lien upon, all revenues derived from the operations of Waterworks and all funds and accounts derived from such revenues. The Town is not obligated to pay any of these bonds or loans, or any interest thereon.

The order of priority for pledges and security on the capital assets of Waterworks is the revenue bonds and then all of the state revolving fund loans. The bonds and loans include various restrictive covenants and also require Waterworks to maintain various restricted cash and investment accounts to control the receipt and use of revenues, contributions of borrowings, and maintain certain bond and loan sinking and reserve funds.

Waterworks, in accordance with the bond ordinance, covenants and agrees to establish, levy, maintain, revise and collect such fees, rentals, rates and other charges in connection with its system as may be necessary to produce a "Net Earnings" (as defined) at all times at least, as sufficient after making due and reasonable allowances for contingencies, to produce at least one hundred twenty percent (120%) of the annual principal and interest requirements on the outstanding bonds (less payments made from the proceeds of the bonds), to be funded from revenues during the fiscal year with respect to which such rates are being established. For fiscal year 2010, Waterworks surpassed this requirement, with Net Earnings covering debt service of 202%.

IV. OTHER INFORMATION

A. Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2010, the Town made premium payments totaling approximately \$731,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net assets from its most recently issued audited financial statements at December 31, 2009, totaled approximately \$25,402,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The Town pays an annual premium to SCMIT. In the year ended June 30, 2010, the Town made premium payments totaling approximately \$523,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net assets from its most recently issued audited financial statements at December 31, 2009, totaled approximately \$34,484,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town maintains a partial self-insurance program (minimum premium plan) for medical and life insurance coverage for Town employees. The Town has contracted with a plan administrator that directly handles the settlement of all claims. The Town's health insurance plan has an individual stop loss insurance amount of approximately \$125,000 (the Town does not carry aggregate stop loss insurance coverage).

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Self Insurance Health Plan

The liability of approximately \$786,000 reported in the General Fund at June 30, 2010 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

Changes in the reported health liabilities for the past few years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims, Administrative Costs, and Changes in Estimates</u>	<u>Claims/ Administrative Payments</u>	<u>End of Fiscal Year Liability</u>
2005 - 2006	\$ 877,013	3,283,446	(3,524,127)	\$ 636,332
2006 - 2007	636,332	3,520,118	(3,612,034)	544,416
2007 - 2008	544,416	3,945,602	(3,908,850)	581,168
2008 - 2009	581,168	4,155,667	(4,105,667)	631,168
2009 - 2010	\$ 631,168	5,072,453	(4,917,453)	\$ 786,168

The Town has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

Component Unit - Waterworks Risk Management Plans

Waterworks is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. To insure against casualty risks, Waterworks is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina. Waterworks pays annual premiums to the State Insurance Reserve Fund for its general insurance. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

Waterworks acquires insurance from the State Accident Fund for job related injury and illness (workers' compensation) to its employees. Through June 30, 2010, medical insurance coverage, encompassing health, dental, life and other medical benefits to employees and their dependents, was obtained from the South Carolina Local Government Assurance Group.

Waterworks incurred no significant uninsured claims during fiscal year 2010. There was no liability or expense recorded for other actual claims, and management does not believe any provision for unasserted claims is necessary. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions of coverage compared to the prior year.

B. Related Party Transactions

The Town received and Waterworks paid approximately \$214,000 during the fiscal year ended June 30, 2010, which is equal to one percent of Waterworks' gross operating revenues derived from water and wastewater sales and basic facility charges only in the prior fiscal year. Waterworks provides water and sewer services to the Town at reasonable rates. The Town will waive inspection fees, building permit fees, fee in lieu of taxes, and impact fees where Waterworks is the owner of the property. Waterworks will not charge the Town impact fees for projects that are owned and operated by the Town.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Litigation

The Town is involved in a dispute where property was rezoned to a conservation recreation open space category ("CRO"). The plaintiff's request to Town Council to rezone the property to allow for residential uses was denied. A suit was commenced in June 2009 contending the CRO zoning classification constitutes a taking of the property, either permanent or temporary, for which compensation is due. The Town is vigorously defending the suit and discovery is ongoing. The Town is unable at this time to determine the likelihood of success by the plaintiff and the amount (if any) of any future recovery.

The Town is involved in various condemnation actions whereby the Town is in the process of acquiring property from landowners for various road projects. Certain landowners have challenged the value assigned and are seeking additional amounts. The Town is unable at this time to determine the likelihood of success by the landowners. Any resolution that is favorable to the landowners will result in a sale (exchange transaction) of the property at a higher value than initially expected by the Town.

The Town is a defendant in various other lawsuits arising out of automobile accidents, street defects, and other alleged torts. These cases are being defended by the insurance carrier of the Town and there is minimal risk to the Town.

Component Unit - Waterworks Litigation

During fiscal year 2010 Mount Pleasant Waterworks did not experience any uninsured claims. Accordingly, there is no liability or expense recorded for other actual claims and management does not believe any provision for unasserted claims is necessary.

D. Deferred Compensation Plan

The Town offers its employees the option to participate in the South Carolina 401 (k), Roth 401 (k), and 457 Deferred Compensation plans (the "Deferred Compensation Plans"). The Deferred Contribution Plans are administered by the South Carolina Deferred Compensation Commission ("Commission"). All amounts of compensation contributed under the Deferred Compensation Plans, all income, and rights attribute to such amounts remain the sole property of the participating employee. Current year payroll covered under the Deferred Compensation Plans were approximately \$6,720,000 of the Town's \$23,238,000 total payroll (for all Town employees). Employees can contribute a minimum of \$10 of gross salary per paycheck, up to a maximum of \$16,500 for calendar year 2009 and for calendar year 2010.

Contributions are not available to employees until termination of employment, retirement, death, or foreseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There is no eligibility or vesting requirements. The Town has no obligation to contribute to the Deferred Compensation Plans, and has made no contributions during the year. Employee contributions were approximately \$262,000 for the year ended June 30, 2010. There were no significant changes in plan provisions during the current year.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

E. Retirement Plans

South Carolina Retirement and Police Officer's Retirement System

Full time employees of the Town are covered under two different retirement plans. Town employees, except for fire and police department employees participate in the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan. Town police officers and firemen participate in the South Carolina Police Officers' Retirement System ("SCPORS"), a cost-sharing multiple-employer defined benefit pension plan.

The SCRS was established by the South Carolina state legislature on July 1, 1945, for the benefit of teachers and employees of the State and its political subdivisions. The PORS was established by the South Carolina state legislature on July 1, 1962, for the benefit of police officers and firemen. Both the SCRS and the SCPORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plans' provisions are established under Title 9 of the South Carolina Code of Laws and thus only the State of South Carolina has authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and SCPORS is issued and publicly available by writing to the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Group life insurance for active employees are covered by an insurance benefit equal to one year's salary after one year of SCRS service and retirees are covered by a benefit up to \$6,000 based on years of service.

Both employees and the Town are required to contribute to the Plans at rates established under authority of Title 9 of the South Carolina Code of Laws. The Town's contributions are actuarially determined, but are communicated to and paid by the Town as a percentage of the employees' annual earnings. Employees covered under PORS are required to contribute 6.50% of salary. Employees covered under SCRS are required to contribute 6.50% of salary. The Town is required to contribute 11.05% of gross earnings under PORS and 9.39% under SCRS.

The Town's contributions equaled the amount required. The retirement contributions made by the Town and its employees for the current year and each of the two preceding years are as follows:

Fiscal Year	PORS	Percentage of Covered Payroll	SCRS	Percentage of Covered Payroll
<u>Fiscal Year 2010</u>				
Employees	\$ 745,247	6.50%	\$ 668,864	6.50%
Town	1,266,920	11.05%	966,251	9.39%
<u>Fiscal Year 2009</u>				
Employees	668,729	6.50%	765,878	6.50%
Town	1,136,840	11.05%	1,106,399	9.39%
<u>Fiscal Year 2008</u>				
Employees	653,555	6.50%	759,017	6.50%
Town	\$ 1,075,852	10.70%	\$ 1,075,466	9.21%

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

South Carolina Retirement and Police Officer's Retirement System (Continued)

The retirement plans require mandatory participation from employees. Current year payrolls covered under both systems are as follows:

Fiscal Year	PORS Payroll	SCRS Payroll	Total PORS/SCRS Payroll
Fiscal Year 2010	\$ 11,465,342	10,290,211	\$ 21,755,553
Fiscal Year 2009	10,288,145	11,782,733	22,070,878
Fiscal Year 2008	\$ 10,054,691	11,677,157	\$ 21,731,848

Total payroll for 2010, 2009, and 2008 for all Town employees was approximately \$23,238,000, \$23,275,000, and \$23,059,000, respectively.

F. Postemployment Benefits Other Than Pensions

Plan Description

The Town sponsors a defined benefit postemployment healthcare plan (the "OPEB Plan") that provides medical and dental insurance for retirees under the Medicare eligible age of 65. Eligibility and benefit provisions are different for each of the three groups:

Group #1: Employees who retired prior to November 1, 2008. Employees must have a minimum of five years of service with the Town and be eligible to retire in the SCRS or PORS to be eligible to receive medical benefits from the Town upon retirement. Health insurance benefits continue in accordance with the provisions in effect prior to November 1, 2008.

Group #2: Employees hired prior to November 1, 2008. Employees must have a minimum of ten years of service with the Town and be eligible to retire in the SCRS or PORS to be eligible to receive medical benefits from the Town upon retirement. Active members with five years of service with the Town as of November 1, 2008 who will become eligible to retire prior to November 1, 2013 are "grandfathered" are not required to have ten years for eligibility. Health insurance benefits are provided through the Town's plan until the retiree reaches Medicare-eligibility age, at which point the Town will provide a Medicare supplemental plan.

Group #3: Employees hired after November 1, 2008. Employees must have a minimum of ten years of service with the Town and be eligible to retire in the SCRS or PORS to be eligible to receive benefits from the Town upon retirement. Health insurance benefits are provided through the Town's plan until the retiree reaches Medicare-eligibility age, at which point benefits cease.

Information regarding SCRS and PORS eligibility may be found above in Note IV.E. The OPEB Plan is approved each year by the Town's Council; the benefit and contribution requirements of the Town and plan members are established and amended by the Town's Council. These contributions are neither guaranteed nor mandatory. The Town has retained the right to unilaterally modify its payments toward retiree health care benefits at any time.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

F. Postemployment Benefits Other Than Pensions (Continued)

Plan Description (Continued)

As of July 1, 2008, the measurement date, there were 558 covered participants; 33 members are retirees receiving benefits and 525 are active participants and dependents.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina ("MASC"). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

Funding Policy

Retirees contribute an amount for medical and dental coverage based on years of service with the Town being responsible for any remaining portion. Retirees contribute as follows:

Years of Service	Retiree Portion	Retiree Coverage	Family Coverage
0 - 4	100%	\$ 243.83	\$ 496.00
5 - 9	75%	182.86	442.31
10 - 14	50%	121.91	388.64
15 - 19	25%	60.96	334.97
20 +	5%	\$ 12.19	\$ 292.02

Note: Group #2 retirees are not required to contribute toward the cost of coverage when they become eligible for Medicare.
Note: Group #3 retirees are not eligible for coverage from the Town when they become eligible for Medicare.

The Town's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

F. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions (Continued)

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2008
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollars
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	7.5% annual return net of both administrative and investment related expenses
Health Cost Trend:	8.25% from 2009 to 2010 and decreasing in .25% steps from 8.25% until they reach 5%
Coverage Elections:	75% of eligible retirees will elect coverage; 50% of those who elect coverage will elect to cover the spouse
Active Participant Marriage Assumption	100% of all active employees are assumed to be married with female spouses assumed to be 3 or 4 years younger for the SCRS and PORS, respectively.
Mortality Table:	UP-94
Implicit Subsidy:	Total cost of coverage for pre-65 retirees is 50% higher than the average premium rate to account for implicitly subsidized costs.

The Town implemented GASB Statement No. 45 in fiscal year 2009, the asset valuation method used is market value. The SC ORBET trust’s actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan’s UAAL is being amortized as level dollars on an open basis. The remaining amortization period at June 30, 2010 is thirty years.

Annual OPEB Costs and Rollforward of Net OPEB Obligation

For 2010, the Town’s annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2010) was as follows:

1.	Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ 1,250,000
2.	One Year's Interest on the Net OPEB Obligation	93,750
3.	ARC (Normal Cost Plus Any Amortization Payments)	1,725,000
4.	Adjustment to Annual Required Contribution	-
5.	Annual OPEB Cost: (2)+(3)+(4)	<u>1,818,750</u>
6.	Contributions Made for the Plan Year	455,000
7.	Increase (Decrease) in Net OPEB Obligation (Asset): (5)-(6)	<u>1,363,750</u>
8.	Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	<u><u>\$ 2,613,750</u></u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

F. Postemployment Benefits Other Than Pensions (Continued)

Schedule of Employer Contributions

Contributions include \$100,000 paid by the Town to the OPEB Plan to pre-fund benefits and approximately \$355,000 made by the Town through payment of covered participants' explicit and implicit subsidized benefits.

Fiscal year 2009 was the year of implementation of GASB Statement #45 and the Town has elected to implement prospectively from that date. Therefore, only two years of comparative data in the schedule of employer contributions are available. Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation (asset) were as follows:

Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 1,725,000	475,000	27.54%	\$ 1,250,000
June 30, 2010	\$ 1,818,750	455,000	25.02%	\$ 2,613,750

Schedule of Funding Progress

This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is provided only for those years for which an actuarial valuation was prepared/available as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2008	\$ 100,000	12,034,000	11,934,000	0.83%	\$ 23,275,000	51.27%

Component Unit - Waterworks OPEB

Waterworks sponsors a single-employer defined benefit health care plan that provides postretirement health, dental, and life insurance premium benefits for employees and Commissioners who have achieved 20 years of service with Waterworks. Waterworks has joined the SC ORBET and an actuarial was done based on the payroll as of July 1, 2007. Based on the actuarial valuation for July 1, 2007, Waterworks had an UAAL and ARC of approximately \$3,210,000 and \$324,000, respectively. Waterworks paid 100% of the ARC for fiscal year 2010.

G. Prior Period Adjustments and Fund Reclassifications

Effective July 1, 2009, the Town elected to change the fund-type for the State and Federal Seized Assets and Drug Funds from special revenue funds to fiduciary/agency funds. Due to this change, the prior year ending fund balances for the State Seized Assets and Drug Fund and the Federal Seized Assets and Drug Fund of approximately \$57,000 and \$79,000 were reclassified to agency funds. In addition, the Town elected to reclassify several other immaterial fund balances within special revenue funds.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONTINUED)

G. Prior Period Adjustments and Fund Reclassifications (Continued)

Component Unit - Waterworks

During a conversion to a new depreciation software system in fiscal year 2010, Waterworks discovered the depreciation expense for 2009 was under reported. Waterworks made an entry to correct the accumulated depreciation and depreciation expense for fiscal year 2009. The amount of depreciation expense reported for fiscal year 2009 was approximately \$8,303,000 and should have been approximately \$9,451,000. The prior year net assets (invested in capital assets net of related debt) have thus been restated by \$1,148,000 for this error.

H. Commitments

The Town extended their Fleet Management and Maintenance Contract through fiscal year 2011 for approximately \$1,028,000.

In February 2010, the Town entered into a Municipal State Highway Project Agreement with Charleston County to construct and improve certain segments of Johnnie Dodds Boulevard. In June 2010, the agreement was amended to expand the project area to include construction for the Bowman Road widening project. The Town is responsible for the funding of the Bowman Road portion of the agreement.

I. Subsequent Events

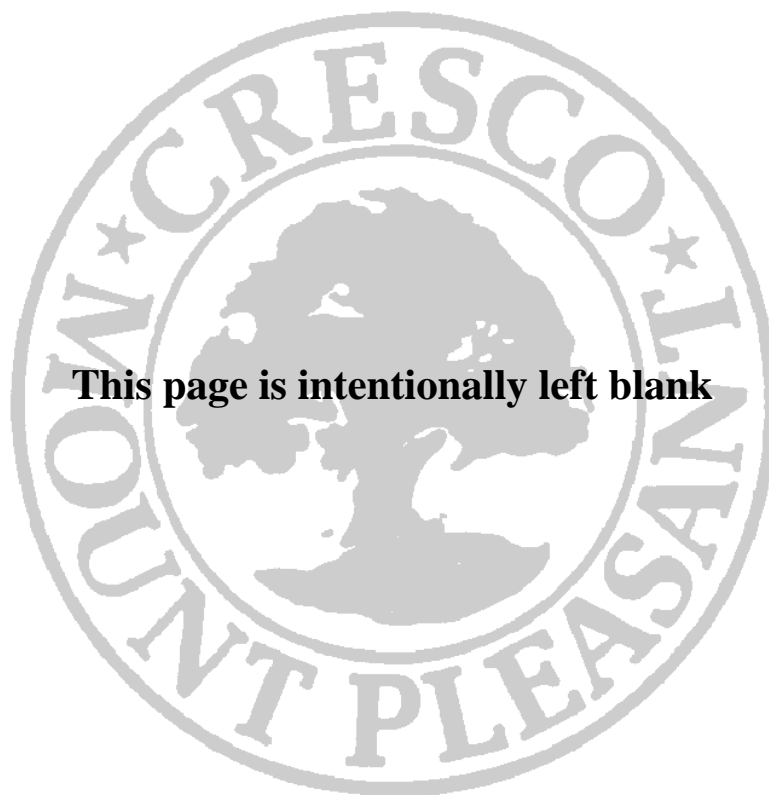
The property in conjunction with the Development Receivable discussed in note III.B was sold on July 14, 2010. The land development agreement was conveyed to the buyer.

In August 2010, the Hwy 17 Interchange agreement with SCDOT was amended to increase the project area to include construction for the Hwy 17 widening project and increased funding requirements for both parties. The SCDOT earmarked approximately \$3,036,000 in federal government funding.

On August 17, 2010, the Town issued \$20,000,000 General Obligation Bonds to defray the costs of design, acquiring, constructing, and expanding various capital improvements within the Town. The bonds are due in annual installments of \$780,000 to \$1,750,000 beginning December 1, 2010 through December 1, 2024, plus interest at 2.89% due semi-annually.

In August 2010, the Town entered into two capital leases with SunTrust Equipment Financing & Leasing Corporation for various equipment. The first lease is a three year lease with an annual interest rate of 2.025% and semi-annual lease payments of approximately \$195,000 beginning in August of 2010 and continuing through February 2013. The second lease is a seven year lease with an annual interest rate of 2.365% and semiannual lease payments of \$167,736 beginning August 2010 and continuing through February 2017.

In November 2010, the Town joined with the Charleston County Park and Recreation Commission to purchase approximately 245 acres of land for \$20,000,000, of which the Town expects its portion to be approximately \$10,000,000.



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Required Supplementary Information



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property, Sales and Other Taxes	\$ 22,237,660	22,253,645	22,931,552	\$ 677,907
Licenses and Permits	18,176,037	17,909,963	18,073,897	163,934
Intergovernmental	1,799,872	1,740,824	1,747,153	6,329
Fines and Forfeits	653,068	586,464	585,825	(639)
Investment Earnings	225,000	110,000	59,229	(50,771)
Charges for Services	2,917,452	2,800,190	3,056,798	256,608
Other Revenues	29,300	63,600	147,068	83,468
TOTAL REVENUES ALL SOURCES	46,038,389	45,464,686	46,601,522	1,136,836
EXPENDITURES				
Current:				
General Government	12,986,401	12,899,383	13,128,544	(229,161)
Justice:				
Municipal Court Department	609,786	619,023	569,207	49,816
Legal Department	466,511	510,511	537,333	(26,822)
Public Safety:				
Police Department	10,618,382	10,383,027	9,493,974	889,053
Fire Department	6,331,589	6,335,639	6,134,143	201,496
Public Service	7,189,349	7,030,919	6,621,384	409,535
Highways and Streets	620,632	619,882	546,842	73,040
Planning and Development	1,900,516	1,822,566	1,570,555	252,011
Culture and Recreation	4,223,631	4,223,631	4,238,290	(14,659)
Capital Outlay				
General Government	356,830	404,114	208,724	195,390
Debt Service:				
Principal	6,484,800	6,386,710	6,377,699	9,011
Interest	1,231,788	1,202,985	1,211,994	(9,009)
TOTAL EXPENDITURES	53,020,215	52,438,390	50,638,689	1,799,701
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,981,826)	(6,973,704)	(4,037,167)	2,936,537
OTHER FINANCING SOURCES (USES)				
Transfers In	7,338,411	7,330,245	7,330,245	-
Transfers Out	(456,585)	(481,541)	(481,541)	-
Sale of Capital Assets	100,000	125,000	145,324	20,324
Total Other Financing Sources (Uses)	6,981,826	6,973,704	6,994,028	20,324
NET CHANGE IN FUND BALANCES	-	-	2,956,861	2,956,861
FUND BALANCES - Beginning of Year	12,480,602	12,480,602	12,480,602	-
FUND BALANCES - End of Year	\$ 12,480,602	12,480,602	15,437,463	\$ 2,956,861

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
IMPACT ASSESSMENT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Investment Earnings	\$ 61,896	61,896	-	\$ (61,896)
Charges for Services	864,746	846,390	1,257,956	411,566
Other Revenues	-	-	15,000	15,000
TOTAL REVENUES	926,642	908,286	1,272,956	364,670
EXPENDITURES				
Current:				
General Government	43,689	17,867	-	17,867
Public Service	12,653	12,653	12,640	13
TOTAL EXPENDITURES	56,342	30,520	12,640	17,880
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	870,300	877,766	1,260,316	382,550
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,076,671)	(3,076,671)	(3,076,671)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,076,671)	(3,076,671)	(3,076,671)	-
NET CHANGE IN FUND BALANCES	(2,206,371)	(2,198,905)	(1,816,355)	382,550
FUND BALANCE - Beginning of Year	5,591,637	5,591,637	5,591,637	-
FUND BALANCE - End of Year	\$ 3,385,266	3,392,732	3,775,282	\$ 382,550

Note: The Town's original and final budget reflected the use of appropriated fund balance of \$2,206,371 and \$2,198,905, respectively.

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

YEAR ENDED JUNE 30, 2010

A. BASIS OF ACCOUNTING

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

B. BUDGETARY INFORMATION

The Town follows the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

1. Prior to May 1, the Town Administrator submits to the Town Council a proposed operating budget previously reviewed by the appropriate standing committees of Council for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings, Budget Committee meetings, and Council meetings are conducted by the Budget Committee, which includes all members of Town Council, at the Municipal Complex to inform and obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance by July 1. The budget is amended at midyear. Any supplemental budgetary appropriations made at this time are subject to the same procedures as the original budget ordinance.
4. The Town Administrator is authorized to administer the budget and may only transfer appropriated funds between accounts within each department without Town Council's prior approval provided the transfer does not alter the total appropriations for a function/department. Town Council must approve any revisions that alter the total appropriations of a fund. Department managers are responsible for managing their respective budgets. Department managers are not allowed to make transfers of appropriated funds. The legal level of budgetary authority is at the departmental level.
5. Legally adopted budgets are employed as a management control device during the year for the General Fund and six (6) Special Revenue Funds (i.e. Impact Assessment Fund, Accommodations Tax Fund, Special Permit Fund, Storm Water Utility Fund, Victims Advocate Fund, Hospitality Tax Fund). Expenditures may not legally exceed appropriations on the fund level. The following are budgeted as received: Federal Grants Fund, State Grants Fund, Donor Programs Fund, Developer's Escrow Fund, and Rollout Cart Escrow. The remaining Special Revenue and Capital Projects Funds are not formally budgeted but effective budgetary control is achieved through the various grant budgets, bond indentures, and construction project authorizations.
6. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP.
7. The budgets at the end of the year for these funds represent the budgets adopted and amended by the Town Council plus encumbrances and funds designated for continuing projects carried over from the preceding year.
8. Encumbrances do not lapse but are brought forward to the new fiscal year and added to the budget adopted by Town Council for that year. It is Town policy to close out all encumbrances possible before year-end. The Town had no encumbrances at June 30, 2010.
9. All unencumbered appropriations, except those designated as continuing projects by the Town Administrator, lapse at year-end.
10. Town Council made one supplementary budget adjustment at mid-year to adjust the revenue and expense budgets to reflect new estimates for current year activity/results.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS**

YEAR ENDED JUNE 30, 2010

Fiscal year 2009 was the first year of implementation of GASB Statement No. 45 and the Town has elected to implement prospectively. Therefore, information prior to that date is not available. In future years, three-year trend information will be presented.

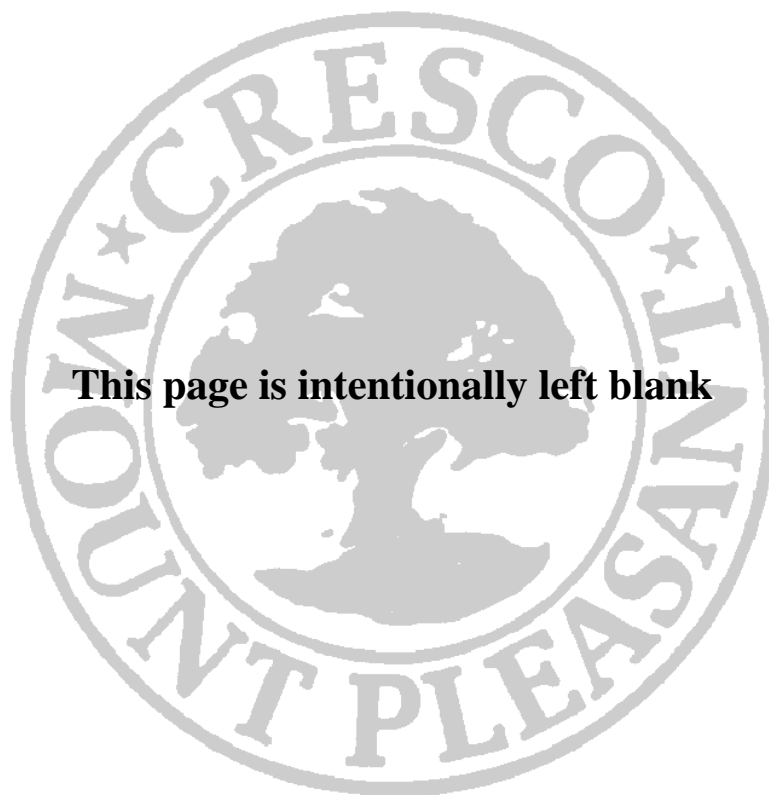
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Applicable to Fiscal Year Ending	Annual Required Contribution	Actual Contribution	Percent Funded
June 30, 2009	\$ 1,725,000	\$ 475,000	27.54%
June 30, 2010	\$ 1,818,750	\$ 455,000	25.02%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2008	\$ 100,000	12,034,000	11,934,000	0.83%	\$ 23,275,000	51.27%

Other Supplementary Information



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**Nonmajor Governmental Funds
Special Revenue and Capital Project Funds**

Special Revenue Funds

Accommodations Tax Fund – To account for state and local funds relating to accommodations tax revenue and for disbursements for tourism-related activities.

Donor Programs Fund – To account for funds donated to the Town of Mount Pleasant for specific projects such as police public relations, recreation equipment, Fire Dept. honor guard, and miscellaneous landscaping and public services.

Hospitality Tax Fund – To account for receipts and disbursements for the Town's 2% hospitality tax applied to food and beverage sales.

State Seized Assets and Drug Fund – To account for illegal drug profits seized and confiscated in the name of the State of South Carolina. The Town of Mount Pleasant uses awarded funds in the deterrence of illegal drug use through investigation and education. Effective July 1, 2009, the Town elected to change the fund-type for this fund from a special revenue fund to a fiduciary/agency fund. Due to this change, the ending fund balance in the prior year was reclassified to an agency funds.

Federal Seized Assets and Drug Fund – To account for illegal drug profits seized and confiscated in the name of the Federal Drug Enforcement Agency. The Town of Mount Pleasant uses awarded funds in the deterrence of illegal drug use through investigation and education. Effective July 1, 2009, the Town elected to change the fund-type for this fund from a special revenue fund to a fiduciary/agency fund. Due to this change, the ending fund balance in the prior year was reclassified to an agency funds.

Special Permit Fund – To account for revenue from temporary permits issued by the State for the sale of alcoholic beverages and the expenditure of these fees as dictated by State law.

Storm Water Utility Fund – To account for the annual collection of storm water fees and the disbursement of funds to maintain, repair and improve the Town's drainage system.

Victims Advocate Fund – To account for funds received from Municipal Court fines to be used to assist victims of crime as mandated by State law.

Developer's Escrow Fund – To account for funds the Town of Mount Pleasant receives from residential developers to ensure proper infrastructure and land improvements are performed during the construction of new neighborhoods.

Rollout Cart Escrow Fund – To account for fees assessed to residents for the purchase of additional rollout cart containers.

Public Safety Grants Fund – To account for funds received for police or fire salaries and equipment, these funds will be eliminated and reported in the future in the State/Local Grants Fund which will be implemented effective July 1, 2009 or the Federal Award Fund to meet GFOA recommended practices to limit the number of accounting funds created and to group like funds.

Planning Grants Fund – To account for funds received for infrastructure improvements, these numerous accounting funds will be eliminated and reported in the future in the State/Local Grants Fund which will be implemented effective July 1, 2009 or the Federal Award Fund to meet GFOA recommended practices to limit the number of accounting funds created and to group like funds.

Recreation Grant Fund – To account for funds received for recreational programs and equipment, these numerous accounting funds will be eliminated and reported in the future in the State/Local Grants Fund which will be implemented effective July 1, 2009 or the Federal Award Fund to meet GFOA recommended practices to limit the number of accounting funds created and to group like funds.

**Nonmajor Governmental Funds
Special Revenue and Capital Project Funds**

Special Revenue Funds (Continued)

Public Service Grants Fund – To account for funds received for drainage improvements. these accounting funds will be eliminated and reported in the future in the State/Local Grants Fund which will be implemented in fiscal year 2011 or the Federal Award Fund to meet GFOA recommended practices to limit the number of accounting funds created and to group like funds.

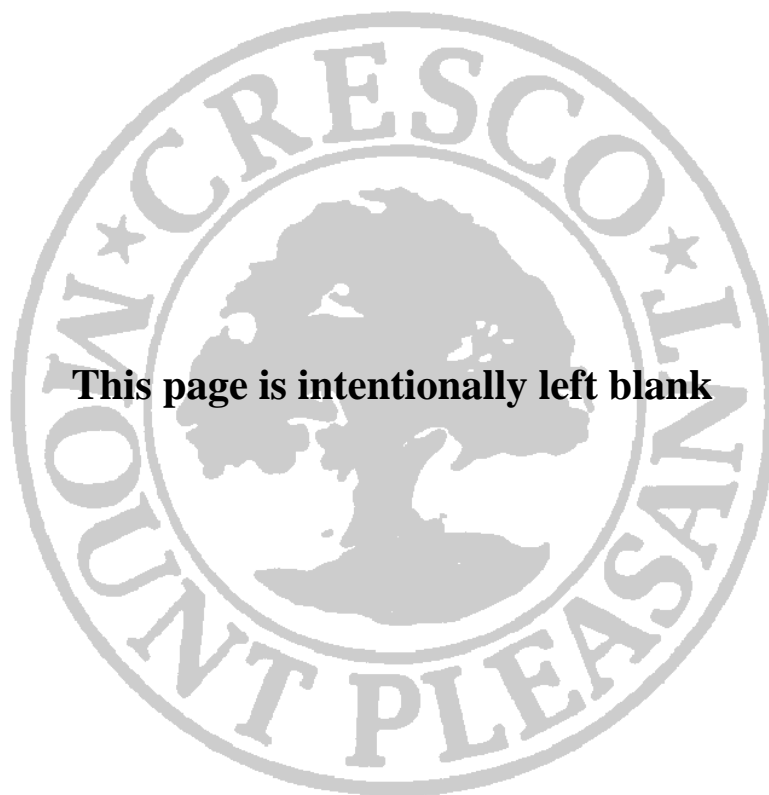
Federal Grants Award Fund – Established during fiscal year ending June 30, 2009 to account for grant awards from the Federal Government as identified in the Catalog of Federal Domestic Assistance (“CFDA”) and reported in the annual Schedule of Expenditures of Federal Awards (“SEFA”) report in order to better comply with Federal A-133 reporting requirements. Old grants reported in separate accounting funds will be closed and moved to this newly created accounting fund and all new awards will be reported in this new accounting fund to help ensure compliance related to federal reporting requirements.

State and Local Grants Award Fund – Established to account for State and Local Grants received by the Town of Mount Pleasant which have reporting restrictions imposed upon the funds or internally have been reported in separate accounting funds in prior years.

Capital Project Funds

Special Projects Fund – This Accounting Fund was established in 2010 to monitor Special Projects which are either non-asset related and/or to prevent the creation of multiple funds until the existing Capital Project Funds can be closed or redistributed to the correct GOB or TIF Bond Funds and/or Special Revenue Funds from where the projects originated.

Capital Equipment Fund – This fund was created in the June 30, 2009 fiscal year and lease proceeds remaining from the current fiscal year will be accounting for in this fund and all new lease proceeds for the acquisition of new capital equipment in future years will be reported in this same accounting fund verses creating multiple funds each fiscal year to better comply with GFOA recommended practices.



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	SPECIAL REVENUE			
	ACCOMM- ODATIONS TAX	DONOR PROGRAMS	HOSPITALITY TAX	STATE SEIZED ASSETS AND DRUG
ASSETS				
Cash And Cash Equivalents - Restricted	\$ 846,288	878,385	6,331,880	-
Accounts Receivable	(229)	-	-	-
Due From Other Funds	-	-	-	-
Intergovernmental Receivable	415,326	-	692,371	-
TOTAL ASSETS	1,261,385	878,385	7,024,251	-
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	94,373	6,870	3,218	-
Due To Other Funds	27,939	18,645	7,469	-
Deferred/Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	122,312	25,515	10,687	-
FUND BALANCES				
Reserved for Capital Lease Purchase	-	-	-	-
Unreserved, Undesignated	1,139,073	852,870	7,013,564	-
TOTAL FUND BALANCES	1,139,073	852,870	7,013,564	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,261,385	878,385	7,024,251	-

SPECIAL REVENUE

FEDERAL SEIZED ASSETS AND DRUG	SPECIAL PERMIT	STORM WATER UTILITY	VICTIMS ADVOCATE	DEVELOPER'S ESCROW	ROLLOUT CART ESCROW
-	341,500	1,134,704	123,251	286,205	\$ -
-	-	104,248	-	-	-
-	-	-	6,588	-	1,124
-	9,780	-	-	-	-
-	351,280	1,238,952	129,839	286,205	1,124
-	5,454	27,441	473	-	-
-	8,641	16,546	-	-	-
-	-	106,704	-	279,096	1,124
-	14,095	150,691	473	279,096	1,124
-	-	-	-	-	-
-	337,185	1,088,261	129,366	7,109	-
-	337,185	1,088,261	129,366	7,109	-
-	351,280	1,238,952	129,839	286,205	\$ 1,124

(Continued)

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	SPECIAL REVENUE		
	PUBLIC SAFETY GRANTS	PLANNING GRANTS	RECREATION GRANTS
ASSETS			
Cash And Cash Equivalents - Restricted	\$ -	-	-
Accounts Receivable	-	-	-
Due From Other Funds	-	-	-
Intergovernmental Receivable	-	207,083	-
TOTAL ASSETS	-	207,083	-
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	-	-	-
Due To Other Funds	-	207,083	-
Deferred/Unearned Revenue	-	-	-
TOTAL LIABILITIES	-	207,083	-
FUND BALANCES			
Reserved For Capital Lease Purchase	-	-	-
Unreserved, Undesignated	-	-	-
Total Fund Balances	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	207,083	-

SPECIAL REVENUE			CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
PUBLIC SERVICE GRANTS	FEDERAL GRANTS	STATE AND LOCAL GRANTS	SPECIAL PROJECTS	CAPITAL EQUIPMENT	
-	520,026	100,344	940,250	220,646	\$ 11,723,479
-	-	-	-	-	104,019
8,641	27,939	-	-	-	44,292
-	193,933	(650)	-	-	1,517,843
8,641	741,898	99,694	940,250	220,646	13,389,633
-	3,985	299	19,900	10,631	172,644
-	593,536	85,759	-	30,043	995,661
-	43,232	38	-	-	430,194
-	640,753	86,096	19,900	40,674	1,598,499
-	-	-	-	179,972	179,972
8,641	101,145	13,598	920,350	-	11,611,162
8,641	101,145	13,598	920,350	179,972	11,791,134
8,641	741,898	99,694	940,250	220,646	\$ 13,389,633

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE			
	ACCOMM- ODATIONS TAX	DONOR PROGRAMS	HOSPITALITY TAX	STATE SEIZED ASSETS AND DRUG
REVENUES				
Property, Sales and Other Taxes	\$ 400,776	-	3,665,002	-
Intergovernmental	721,697	-	-	-
Fines and Forfeits	-	-	-	-
Investment Earnings	2,973	978	54,741	-
Charges for Services	-	-	-	-
Other Revenues	2,073	83,255	-	-
TOTAL REVENUES	1,127,519	84,233	3,719,743	-
EXPENDITURES				
Current:				
General Government	416,194	30,744	211,398	-
Justice Department	-	-	-	-
Public Safety	-	6,054	-	-
Public Service	43,847	37,570	-	-
Highways and Streets	-	-	12,328	-
Planning and Development	10,896	3,163	-	-
Culture and Recreation	30,845	41,698	-	-
Capital Outlay:				
Public Service	-	-	-	-
Culture and Recreation	12,427	-	-	-
TOTAL EXPENDITURES	514,209	119,229	223,726	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	613,310	(34,996)	3,496,017	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	40,057	335,694	-
Transfers Out	(565,735)	-	(3,198,853)	-
Capital Lease	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(565,735)	40,057	(2,863,159)	-
NET CHANGE IN FUND BALANCES	47,575	5,061	632,858	-
FUND BALANCES - Beginning of Year, as Previously Reported	1,091,498	847,809	6,380,706	56,762
Reclassification of Fund Balances	-	-	-	(56,762)
FUND BALANCE - Beginning of Year, Restated	1,091,498	847,809	6,380,706	-
FUND BALANCE - End of Year	\$ 1,139,073	852,870	7,013,564	-

SPECIAL REVENUE

FEDERAL SEIZED ASSETS AND DRUG	SPECIAL PERMIT	STORM WATER UTILITY	VICTIMS ADVOCATE	DEVELOPER'S ESCROW	ROLLOUT CART ESCROW
-	-	-	-	-	\$ -
-	167,080	-	-	-	-
-	-	-	91,230	-	-
-	126	10,469	215	1,703	-
-	-	1,052,639	-	-	2,253
-	36,854	50	-	-	-
-	204,060	1,063,158	91,445	1,703	2,253
-	81,485	25,280	-	220	-
-	-	-	19,358	-	-
-	-	-	87,569	-	-
-	20,596	322,846	-	-	2,253
-	-	-	-	-	-
-	-	1,649	-	-	-
-	-	-	-	-	-
-	102,081	349,775	106,927	220	2,253
-	101,979	713,383	(15,482)	1,483	-
-	-	-	-	-	-
-	(3,411)	(538,985)	-	(350,000)	-
-	-	-	-	-	-
-	(3,411)	(538,985)	-	(350,000)	-
-	98,568	174,398	(15,482)	(348,517)	-
78,745	238,617	913,863	144,848	355,626	-
(78,745)	-	-	-	-	-
-	238,617	913,863	144,848	355,626	-
-	337,185	1,088,261	129,366	7,109	\$ -

(Continued)

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE		
	PUBLIC SAFETY GRANTS	PLANNING GRANTS	RECREATION GRANTS
REVENUES			
Property, Sales and Other Taxes	\$ -	-	-
Intergovernmental	26,304	-	-
Fines and Forfeits	-	-	-
Investment Earnings	-	-	-
Charges for Services	-	-	-
Other Revenues	40	-	145
TOTAL REVENUES	26,344	-	145
EXPENDITURES			
Current:			
General Government	-	-	-
Justice Department	-	-	-
Public Safety	33,477	-	-
Public Service	-	-	-
Highways and Streets	-	-	-
Planning and Development	-	-	-
Culture and Recreation	-	-	145
Capital Outlay:			
Public Service	-	-	-
Culture and Recreation	-	-	-
TOTAL EXPENDITURES	33,477	-	145
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,133)	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	6,433	-	-
Transfers Out	-	(49,730)	-
Capital Lease	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,433	(49,730)	-
NET CHANGE IN FUND BALANCES	(700)	(49,730)	-
FUND BALANCES - Beginning of Year, as Previously Reported	700	45,439	4,574
Reclassification of Fund Balances	-	4,291	(4,574)
FUND BALANCE - Beginning of Year, Restated	700	49,730	-
FUND BALANCE - End of Year	\$ -	-	-

SPECIAL REVENUE			CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
PUBLIC SERVICE GRANTS	FEDERAL GRANTS	STATE AND LOCAL GRANTS	SPECIAL PROJECTS	CAPITAL EQUIPMENT	
-	-	-	-	-	\$ 4,065,778
25,922	450,761	89,396	-	-	1,481,160
-	-	-	-	-	91,230
-	-	420	1,059	1,423	74,107
-	-	-	-	-	1,054,892
-	213,626	-	-	-	336,043
25,922	664,387	89,816	1,059	1,423	7,103,210
-	32,784	11,485	-	813,313	1,622,903
-	-	-	-	-	19,358
-	442,902	78,000	-	-	648,002
5,680	-	3,911	19,900	482,968	939,571
-	-	-	10,809	-	23,137
-	12,995	-	-	-	28,703
-	213,756	-	-	-	286,444
23,653	-	-	-	-	23,653
-	-	-	-	-	12,427
29,333	702,437	93,396	30,709	1,296,281	3,604,198
(3,411)	(38,050)	(3,580)	(29,650)	(1,294,858)	3,499,012
3,411	145,645	12,604	950,000	-	1,493,844
-	(3,410)	-	-	-	(4,710,124)
-	-	-	-	901,900	901,900
3,411	142,235	12,604	950,000	901,900	(2,314,380)
-	104,185	9,024	920,350	(392,958)	1,184,632
8,641	1,251	-	-	572,930	10,742,009
-	(4,291)	4,574	-	-	(135,507)
8,641	(3,040)	4,574	-	572,930	10,606,502
8,641	101,145	13,598	920,350	179,972	\$ 11,791,134

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ACCOMMODATIONS TAX SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Property, Sales and Other Taxes	\$ 355,162	400,776	\$ 45,614
Intergovernmental	653,471	721,697	68,226
Investment Earnings	6,800	2,973	(3,827)
Other Revenues	-	2,073	2,073
TOTAL REVENUES	1,015,433	1,127,519	112,086
EXPENDITURES			
Current:			
General Government	452,201	416,194	36,007
Public Service	100,537	43,847	56,690
Planning and Development	11,450	10,896	554
Culture and Recreation	34,338	30,845	3,493
Capital Outlay			
Culture and Recreation	12,500	12,427	73
TOTAL EXPENDITURES	611,026	514,209	96,817
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	404,407	613,310	208,903
OTHER FINANCING SOURCES (USES)			
Transfers Out	(565,735)	(565,735)	-
TOTAL OTHER FINANCING SOURCES (USES)	(565,735)	(565,735)	-
NET CHANGE IN FUND BALANCES	(161,328)	47,575	208,903
FUND BALANCE - Beginning of Year	1,091,498	1,091,498	-
FUND BALANCE - End of Year	\$ 930,170	1,139,073	\$ 208,903

Note: The Town's final budget reflected the use of appropriated fund balance of \$161,328.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DONOR PROGRAMS SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Investment Earnings	\$ -	978	\$ 978
Other Revenues	121,313	83,255	(38,058)
TOTAL REVENUES	121,313	84,233	(37,080)
EXPENDITURES			
Current:			
General Government	183,727	30,744	152,983
Public Safety	28,290	6,054	22,236
Public Service	58,186	37,570	20,616
Planning and Development	548,476	3,163	545,313
Culture and Recreation	155,897	41,698	114,199
TOTAL EXPENDITURES	974,576	119,229	855,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(853,263)	(34,996)	818,267
OTHER FINANCING SOURCES (USES)			
Transfers In	-	40,057	40,057
TOTAL OTHER FINANCING SOURCES (USES)	-	40,057	40,057
NET CHANGE IN FUND BALANCES	(853,263)	5,061	858,324
FUND BALANCE - Beginning of Year	847,809	847,809	-
FUND BALANCE - End of Year	\$ (5,454)	852,870	\$ 858,324

Note: The Town's final budget reflected the use of appropriated fund balance of \$853,263.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOSPITALITY TAX SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Property, Sales and Other Taxes	\$ 3,313,600	3,665,002	\$ 351,402
Investment Earnings	66,000	54,741	(11,259)
TOTAL REVENUES	3,379,600	3,719,743	340,143
EXPENDITURES			
Current:			
General Government	212,423	211,398	1,025
Highways and Streets	135,000	12,328	122,672
Culture and Recreation	507,382	-	507,382
TOTAL EXPENDITURES	854,805	223,726	631,079
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,524,795	3,496,017	971,222
OTHER FINANCING SOURCES (USES)			
Transfers In	334,838	335,694	856
Transfers Out	(3,198,853)	(3,198,853)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,864,015)	(2,863,159)	856
NET CHANGE IN FUND BALANCES	(339,220)	632,858	972,078
FUND BALANCE - Beginning of Year	6,380,706	6,380,706	-
FUND BALANCE - End of Year	\$ 6,041,486	7,013,564	\$ 972,078

Note: The Town's final budget reflected the use of appropriated fund balance of \$339,220.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL PERMIT SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental	\$ 133,000	167,080	\$ 34,080
Investment Earnings	3,000	126	(2,874)
Other Revenues	39,671	36,854	(2,817)
TOTAL REVENUES	175,671	204,060	28,389
EXPENDITURES			
Current:			
General Government	122,205	81,485	40,720
Public Service	21,600	20,596	1,004
TOTAL EXPENDITURES	143,805	102,081	41,724
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	31,866	101,979	70,113
OTHER FINANCING SOURCES (USES)			
Transfers Out	(15,000)	(3,411)	11,589
TOTAL OTHER FINANCING SOURCES (USES)	(15,000)	(3,411)	11,589
NET CHANGE IN FUND BALANCES	16,866	98,568	81,702
FUND BALANCE - Beginning of Year	238,617	238,617	-
FUND BALANCE - End of Year	\$ 255,483	337,185	\$ 81,702

Note: The Town's final budget reflected an expected surplus of \$16,866.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORM WATER UTILITY SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Investment Earnings	\$ 5,000	10,469	\$ 5,469
Charges for Services	1,016,602	1,052,639	36,037
Other Revenues	-	50	50
TOTAL REVENUES	1,021,602	1,063,158	41,556
EXPENDITURES			
Current:			
General Government	52,967	25,280	27,687
Public Service	445,225	322,846	122,379
Planning and Development	1,850	1,649	201
TOTAL EXPENDITURES	500,042	349,775	150,267
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	521,560	713,383	191,823
OTHER FINANCING SOURCES (USES)			
Transfers Out	(538,986)	(538,985)	1
TOTAL OTHER FINANCING SOURCES (USES)	(538,986)	(538,985)	1
NET CHANGE IN FUND BALANCES	(17,426)	174,398	191,824
FUND BALANCE - Beginning of Year	913,863	913,863	-
FUND BALANCE - End of Year	\$ 896,437	1,088,261	\$ 191,824

Note: The Town's final budget reflected the use of appropriated fund balance of \$17,426.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VICTIMS ADVOCATE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Fines and Forfeits	\$ 98,395	91,230	\$ (7,165)
Investment Earnings	300	215	(85)
TOTAL REVENUES	<u>98,695</u>	<u>91,445</u>	<u>(7,250)</u>
EXPENDITURES			
Current:			
Justice Department	23,259	19,358	3,901
Public Safety	108,862	87,569	21,293
TOTAL EXPENDITURES	<u>132,121</u>	<u>106,927</u>	<u>25,194</u>
NET CHANGE IN FUND BALANCES	(33,426)	(15,482)	17,944
FUND BALANCE - Beginning of Year	<u>144,848</u>	<u>144,848</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ 111,422</u>	<u>129,366</u>	<u>\$ 17,944</u>

Note: The Town's final budget reflected the use of appropriated fund balance of \$33,426.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY GRANTS SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental	\$ 26,615	26,304	\$ (311)
Other Revenues	-	40	40
TOTAL REVENUES	26,615	26,344	(271)
EXPENDITURES			
Current:			
Public Safety	33,797	33,477	320
TOTAL EXPENDITURES	33,797	33,477	320
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,182)	(7,133)	49
OTHER FINANCING SOURCES (USES)			
Transfers In	6,482	6,433	(49)
TOTAL OTHER FINANCING SOURCES (USES)	6,482	6,433	(49)
NET CHANGE IN FUND BALANCES	(700)	(700)	-
FUND BALANCE - Beginning of Year	700	700	-
FUND BALANCE - End of Year	\$ -	-	\$ -

Note: The Town's final budget reflected the use of appropriated fund balance of \$700.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PLANNING GRANTS SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	\$ -	(49,730)	\$ (49,730)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(49,730)</u>	<u>(49,730)</u>
NET CHANGE IN FUND BALANCES	-	(49,730)	(49,730)
FUND BALANCES - Beginning of Year, as Previously Reported	45,439	45,439	-
Reclassification of Fund Balance	4,291	4,291	-
FUND BALANCE - Beginning of Year, Restated	<u>49,730</u>	<u>49,730</u>	<u>-</u>
FUND BALANCE - End of Year	<u><u>\$ 49,730</u></u>	<u><u>-</u></u>	<u><u>\$ (49,730)</u></u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RECREATION GRANTS SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Other Revenues	\$ 1,159	145	\$ (1,014)
TOTAL REVENUES	<u>1,159</u>	<u>145</u>	<u>(1,014)</u>
EXPENDITURES			
Current:			
Culture and Recreation	1,159	145	1,014
TOTAL EXPENDITURES	<u>1,159</u>	<u>145</u>	<u>1,014</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - Beginning of Year, as Previously Reported	4,574	4,574	-
Reclassification of Fund Balance	(4,574)	(4,574)	-
FUND BALANCE - Beginning of Year, Restated	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SERVICE GRANTS SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental	\$ 25,922	25,922	\$ -
TOTAL REVENUES	25,922	25,922	-
EXPENDITURES			
Current:			
Public Service	5,680	5,680	-
Capital Outlay			
Public Service	28,883	23,653	5,230
TOTAL EXPENDITURES	34,563	29,333	5,230
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,641)	(3,411)	5,230
OTHER FINANCING SOURCES (USES)			
Transfers In	8,641	3,411	(5,230)
TOTAL OTHER FINANCING SOURCES (USES)	8,641	3,411	(5,230)
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCE - Beginning of Year	-	8,641	(8,641)
FUND BALANCE - End of Year	\$ -	8,641	\$ (8,641)

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FEDERAL GRANTS SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental	\$ 900,529	450,761	\$ (449,768)
Other Revenues	335,867	213,626	(122,241)
TOTAL REVENUES	1,236,396	664,387	(572,009)
EXPENDITURES			
Current:			
General Government	96,204	32,784	63,420
Public Safety	520,892	442,902	77,990
Planning and Development	239,083	12,995	226,088
Culture and Recreation	465,090	213,756	251,334
TOTAL EXPENDITURES	1,321,269	702,437	618,832
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,873)	(38,050)	46,823
OTHER FINANCING SOURCES (USES)			
Transfers In	129,047	145,645	16,598
Transfers Out	-	(3,410)	(3,410)
TOTAL OTHER FINANCING SOURCES (USES)	129,047	142,235	13,188
NET CHANGE IN FUND BALANCES	44,174	104,185	60,011
FUND BALANCES - Beginning of Year, as Previously Reported	-	1,251	(1,251)
Reclassification of Fund Balance	-	(4,291)	4,291
FUND BALANCE - Beginning of Year, Restated	-	(3,040)	3,040
FUND BALANCE - End of Year	\$ 44,174	101,145	\$ 63,051

Note: The Town's final budget reflected an expected surplus of \$44,174.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE AND LOCAL GRANTS SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental	\$ 114,207	89,396	\$ (24,811)
Investment Earnings	-	420	420
TOTAL REVENUES	114,207	89,816	(24,391)
EXPENDITURES			
Current:			
General Government	11,485	11,485	-
Public Safety	86,000	78,000	8,000
Public Service	3,948	3,911	37
Culture and Recreation	25,968	-	25,968
TOTAL EXPENDITURES	127,401	93,396	34,005
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,194)	(3,580)	9,614
OTHER FINANCING SOURCES (USES)			
Transfers In	13,194	12,604	(590)
TOTAL OTHER FINANCING SOURCES (USES)	13,194	12,604	(590)
NET CHANGE IN FUND BALANCES	-	9,024	9,024
FUND BALANCES - Beginning of Year, as Previously Reported	-	-	-
Reclassification of Fund Balance	-	4,574	(4,574)
FUND BALANCE - Beginning of Year, Restated	-	4,574	(4,574)
FUND BALANCE - End of Year	\$ -	13,598	\$ 4,450

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>BALANCE AT JUNE 30, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT JUNE 30, 2010</u>
ASSETS				
Cash and Cash Equivalents	\$ 357,930	512,454	424,495	\$ 445,889
Accounts Receivable	20	76	-	96
TOTAL ASSETS	<u>357,950</u>	<u>512,530</u>	<u>424,495</u>	<u>445,985</u>
LIABILITIES				
Accounts Payable	75	646,725	640,041	6,759
Amounts Held for Custody for Others	357,875	512,454	431,103	439,226
TOTAL LIABILITIES	<u>\$ 357,950</u>	<u>1,159,179</u>	<u>1,071,144</u>	<u>\$ 445,985</u>

Note: The Town elected to change the fund type of the State and Federal Seized Asset and Drug Special Revenue Funds to agency funds at the beginning of FY 2010. The beginning balance at June 30, 2009 has been restated by \$135,507 to reflect this change.

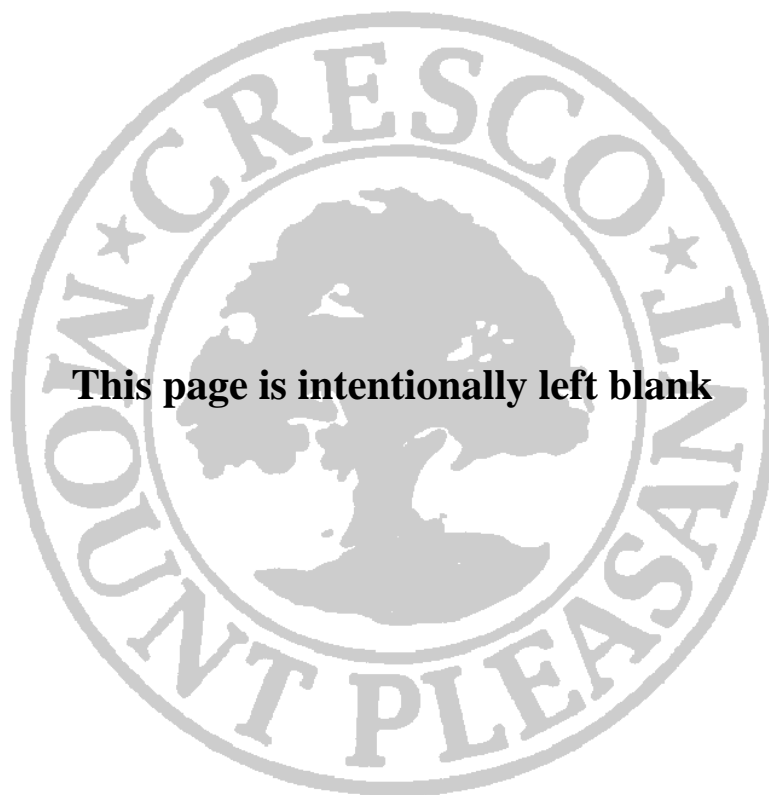
TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES

VICTIMS' ADVOCATE SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	<u>TOTAL</u>	<u>REMITTANCE TO STATE</u>	<u>RETAINED BY TOWN</u>	<u>GENERAL FUND</u>	<u>VICTIMS' ADVOCATE</u>	<u>TOTAL TOWN REVENUE</u>
<u>Municipal Court</u>						
Fines						
Traffic/Criminal	\$ 585,825	-	585,825	585,825	-	\$ 585,825
DUI	43,320	43,320	-	-	-	-
Total Fines	<u>629,145</u>	<u>43,320</u>	<u>585,825</u>	<u>585,825</u>	<u>-</u>	<u>585,825</u>
Assessments	596,558	537,017	59,541	-	59,541	59,541
Surcharge	320,776	289,087	31,689	-	31,689	31,689
	<u>\$ 1,546,479</u>	<u>869,424</u>	<u>677,055</u>	<u>585,825</u>	<u>91,230</u>	<u>\$ 677,055</u>



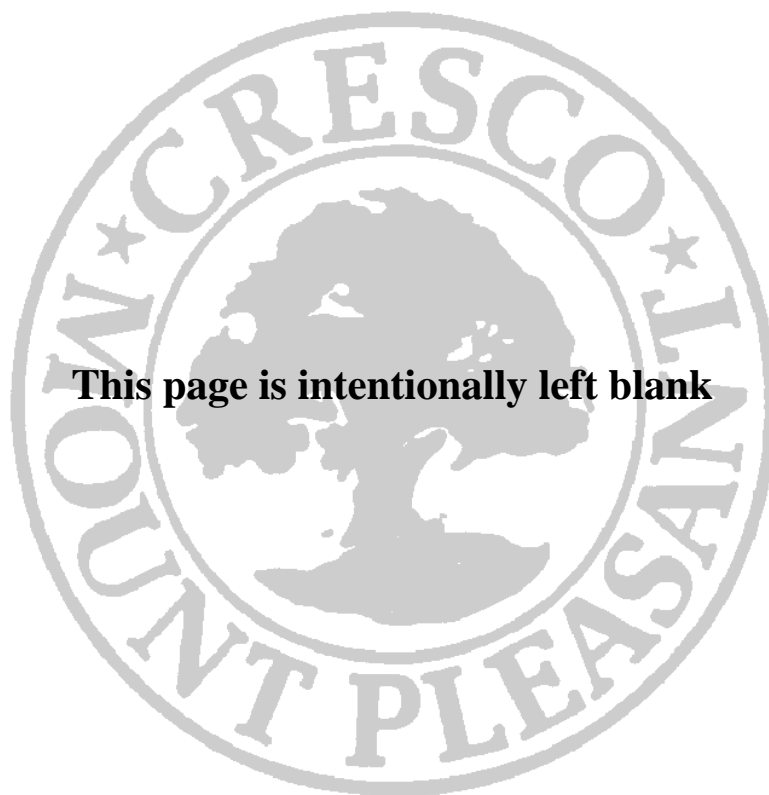
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STATISTICAL SECTION

This part of the Town of Mount Pleasant’s comprehensive annual financial report presents 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.

Contents	Page
Financial Trends Information <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>	103
Revenue Capacity Information <i>These schedules contain information to help the reader assess the Town’s most significant local revenue source, the property tax.</i>	108
Debt Capacity Information <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 ability to issue additional debt in the future.</i>	112
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>	117
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town provides and the activities it performs.</i>	119

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 1

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$443,765,261	441,947,333	426,452,091	395,230,198	372,027,447	356,728,778	348,150,946	\$ 325,192,943
Restricted	27,782,465	27,739,839	31,386,649	27,544,757	28,982,541	28,822,622	8,424,223	14,262,626
Unrestricted	11,230,314	9,704,782	8,716,607	9,849,121	10,141,707	6,442,214	12,216,055	4,452,929
Total Governmental Activities Net Assets	<u>\$482,778,040</u>	<u>479,391,954</u>	<u>466,555,347</u>	<u>432,624,076</u>	<u>411,151,695</u>	<u>391,993,614</u>	<u>368,791,224</u>	<u>\$ 343,908,498</u>

Notes: Figures are obtained from the statement of net assets, which was not required prior to the 2003 GASB 34 implementation. Therefore, figures prior to 2003 are not available. Certain amounts which were presented in prior year comprehensive annual financial reports have been restated due to prior period adjustments.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 2

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental Activities:								
General Government	\$ 16,189,104	5,576,261	5,483,720	5,325,818	4,586,190	4,231,764	3,914,747	\$ 4,567,052
Justice Department	1,129,690	1,100,973	1,266,886	949,633	889,535	766,253	805,137	814,011
Public Safety	16,807,589	17,073,966	16,902,495	16,517,318	14,717,810	13,358,223	13,084,923	12,276,000
Public Services	8,075,906	7,697,292	7,724,763	7,369,891	6,594,680	5,671,035	5,331,433	5,103,023
Highways and Streets	17,712,422	-	-	-	-	-	-	-
Planning and Development	12,204,970	16,310,158	9,324,388	9,055,504	9,200,740	7,094,725	8,452,061	10,123,545
Culture and Recreation	5,670,673	7,807,177	5,816,592	4,542,856	5,044,255	4,038,979	3,778,973	2,612,891
Nondepartmental	-	7,882,968	6,400,967	5,755,593	6,708,653	8,609,882	5,159,463	3,668,744
Interest on Long Term Debt	1,775,416	2,093,596	2,396,467	2,184,467	1,794,242	1,358,879	1,275,207	1,326,173
Total Primary Governmental Expenses	79,565,770	65,542,391	55,316,278	51,701,080	49,536,105	45,129,740	41,801,944	40,491,439
Program Revenues								
Governmental Activities:								
Charges for Services	22,286,382	21,084,560	21,653,213	22,692,397	22,984,600	23,813,343	14,435,654	15,611,668
Operating Grants and Contributions	411,152	203,584	254,946	206,624	359,222	1,723,264	548,026	446,426
Capital Grants and Contributions	17,182,046	17,817,111	28,909,057	14,680,052	12,186,015	15,492,710	26,317,370	9,929,193
Total Governmental Activities Program Revenues	39,879,580	39,105,255	50,817,216	37,579,073	35,529,837	41,029,317	41,301,050	25,987,287
Total Primary Government Net (Expense)	(39,686,190)	(26,437,136)	(4,499,062)	(14,122,007)	(14,006,268)	(4,100,423)	(500,894)	(14,504,152)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes:								
Property Taxes	25,820,293	23,809,134	19,966,585	17,228,564	16,990,202	15,467,010	14,470,421	13,470,849
Sales Taxes	8,918,755	6,207,761	6,668,125	7,209,631	6,590,033	4,949,453	4,336,339	3,998,778
Accommodation Taxes	1,181,372	1,328,270	1,591,382	1,305,020	1,152,103	1,058,314	1,055,196	1,030,625
Hospitality Taxes	3,665,002	3,638,671	3,685,370	3,511,877	3,450,577	3,123,033	2,746,264	2,379,908
Franchise Taxes	1,012,738	1,229,862	912,197	769,422	791,841	561,137	503,941	461,678
Other Taxes	167,080	135,900	135,650	118,400	135,900	134,600	147,295	109,950
State Shared Revenue	1,545,082	1,842,370	1,931,058	1,747,260	1,542,928	1,289,175	1,237,769	1,227,087
Merchants Inventory Reimbursed	32,316	79,836	78,217	68,689	71,639	-	70,832	70,869
Interest Earned	254,977	647,815	2,786,929	3,403,818	1,853,306	508,240	221,064	340,518
Miscellaneous Revenue	479,873	220,534	462,403	189,918	337,369	142,237	544,245	152,039
Gain on Sale of Capital Assets	130,295	133,590	212,417	41,789	248,451	69,614	50,254	33,515
Total Primary Government General Revenues	43,207,783	39,273,743	38,430,333	35,594,388	33,164,349	27,302,813	25,383,620	23,275,816
Change in Net Assets								
Total Primary Government	\$ 3,521,593	12,836,607	33,931,271	21,472,381	19,158,081	23,202,390	24,882,726	\$ 8,771,664

Notes: Information was obtained from the Statement of Activities, which was not a GAAP reporting requirement until fiscal year 2003. Therefore, figures prior to 2003 are not available.

Certain amounts which were presented in prior year comprehensive annual financial reports have been restated due to prior period adjustments.

Beginning in fiscal year 2010, Nondepartmental expenses were added to General Government. In addition, some expenses previously charged to Planning and Development were charged to Highways and Streets.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ -	117,966	103,775	281,424	635,566	35,158	-	-	407,758	\$ 596,052
Unreserved	15,437,463	12,362,636	10,100,548	11,197,580	10,970,191	6,512,715	4,817,441	4,033,026	4,851,397	6,032,838
Total General Fund	15,437,463	12,480,602	10,204,323	11,479,004	11,605,757	6,547,873	4,817,441	4,033,026	5,259,155	6,628,890
All Other Governmental Funds										
Reserved	179,972	572,930	-	-	-	-	-	17,369,109	15,357,635	3,433,685
Unreserved, Reported In:										
Special Revenue Funds	14,466,094	15,760,716	13,587,784	13,332,840	16,331,053	15,948,925	13,615,133	12,233,245	9,403,258	8,473,576
Capital Projects Funds	28,932,803	30,584,470	48,855,385	62,459,052	40,408,602	20,167,417	10,366,075	-	-	-
Total All Other Governmental Funds	\$ 43,578,869	46,918,116	62,443,169	75,791,892	56,739,655	36,116,342	23,981,208	29,602,354	24,760,893	\$ 11,907,261

Note: Certain amounts which were presented in prior year comprehensive annual financial reports have been restated due to prior period adjustments.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	\$ 35,646,069	33,909,293	30,737,072	28,331,654	27,422,440	23,779,197	21,914,682	20,187,926	13,222,495	\$ 12,357,667
Licenses, Permits, and Franchise Fees	18,073,897	16,769,982	16,226,647	15,343,018	15,168,911	12,443,463	11,154,900	10,142,527	10,269,493	10,038,143
Intergovernmental Revenues	21,298,736	5,250,789	6,535,311	3,988,064	3,763,119	4,274,717	3,063,803	2,762,775	3,488,180	3,275,116
Charges for Services	5,369,646	4,934,193	8,09,245	7,744,124	7,969,764	6,218,489	5,493,877	4,969,438	3,908,903	4,446,110
Fines and Forfeitures	677,055	752,476	2,818,451	704,517	870,593	857,295	896,822	766,811	715,345	638,195
Investment Earnings	195,868	713,347	5,720,798	3,518,154	1,853,306	478,942	340,501	340,501	575,037	859,993
Other Revenues	499,916	1,881,921	1,190,236	224,804	539,425	270,453	1,172,594	482,141	1,731,673	65,426
Total Revenues	81,761,187	64,212,001	64,037,760	59,854,335	57,587,558	48,322,556	43,917,741	39,652,119	33,911,126	31,680,650
Expenditures										
General Government	15,102,920	6,697,837	5,425,119	4,839,968	4,246,260	4,036,200	3,584,599	3,643,813	2,935,695	2,700,834
Justice	1,125,898	1,155,996	1,255,874	942,351	888,715	764,588	806,060	813,024	721,888	729,855
Public Safety	16,367,282	16,103,852	15,732,707	14,982,534	13,547,977	12,501,356	12,086,396	11,239,758	10,547,944	9,428,482
Public Service	7,746,544	7,060,455	7,167,183	7,125,130	6,074,483	5,826,491	4,835,076	4,434,017	4,078,711	3,899,832
Planning and Development	569,979	5,896,626	5,001,594	4,175,033	3,110,901	2,851,087	2,340,530	2,415,296	3,053,473	2,187,101
Highway and Streets	1,599,258	-	-	-	-	-	-	-	-	-
Culture and Recreation	5,942,567	5,083,387	7,276,002	6,573,972	4,302,514	3,722,857	6,139,291	3,466,388	2,842,768	3,252,837
Nondepartmental	-	6,227,986	5,698,407	4,791,789	4,128,098	5,765,748	10,569,274	3,327,955	3,380,899	2,157,956
Capital Outlay	7,188,885	20,084,579	21,416,818	5,967,689	9,703,201	4,010,723	5,351,140	10,891,608	5,117,422	4,799,410
Debt Service	8,432,199	8,562,906	9,043,727	7,401,080	5,411,002	3,946,684	3,983,633	3,989,591	2,962,159	2,537,158
Principal	1,837,315	2,150,997	2,443,988	2,171,253	1,745,722	1,231,511	1,272,907	1,172,379	871,571	639,325
Interest	-	-	-	55,021	52,756	-	-	-	-	-
Intergovernmental	17,142,443	-	-	-	-	-	-	-	-	-
Total Expenditures	83,055,290	79,024,621	80,461,419	59,025,820	53,211,629	44,657,245	50,968,906	45,393,829	36,512,530	32,332,790
Excess of Revenues Over (Under) Expenditures	(1,294,103)	(4,812,620)	(16,423,659)	828,515	4,375,929	3,665,311	(7,051,165)	(5,741,710)	(2,601,404)	(652,140)
Other Financing Sources (Uses)										
Transfers In	12,740,368	14,833,476	11,486,029	27,460,485	49,102,910	4,214,608	20,957,364	3,242,556	23,910,512	-
Transfers Out	(12,740,368)	(14,833,476)	(11,486,029)	(27,460,485)	(49,102,910)	(4,214,608)	(20,957,364)	(3,242,556)	(23,910,512)	-
Bonds Issued	-	-	-	15,695,000	17,135,000	8,000,000	1,300,000	8,115,000	12,945,000	3,940,000
Premium on Bonds Issued	-	-	-	226,310	67,271	-	-	-	-	-
Capital Leases	901,900	1,380,252	1,562,228	2,121,324	3,772,143	2,063,090	852,001	1,200,578	1,017,500	2,555,925
Sale of Capital Assets	145,324	183,594	238,027	54,335	330,854	137,165	62,433	41,464	153,948	37,501
Total Other Financing Sources (Uses)	1,047,224	1,563,846	1,800,255	18,096,969	21,305,268	10,200,255	2,214,434	9,357,042	14,116,448	6,533,426
Net Change in Fund Balance	\$ (246,879)	(13,248,774)	(14,623,404)	18,925,484	25,681,197	13,865,566	(4,836,731)	3,615,332	11,515,044	\$ 5,881,286
Capital Expenditures	\$ 6,072,507	\$ 15,789,498	25,605,698	8,542,962	6,540,997	5,652,565	11,831,506	8,504,203	7,463,822	\$ 4,207,215
Debt Service as a Percentage Of Noncapital Expenditures	13.34%	16.94%	20.94%	19.07%	15.45%	13.28%	13.43%	13.99%	13.20%	11.29%

Note: Certain amounts which were presented in prior year comprehensive annual financial reports have been restated due to prior period adjustments. Beginning in fiscal year 2010, Nondepartmental expenses were added to General Government. In addition, some expenses previously charged to Planning and Development were charged to Highways and Streets.

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ended June 30	Property Tax	Sales Tax	Accommodation Tax ¹	Hospitality Tax ²	Total
2010	\$ 25,689,171	5,891,120	400,776	3,665,002	\$ 35,646,069
2009	23,659,269	6,207,761	403,592	3,638,671	33,909,293
2008	19,925,011	6,668,125	458,566	3,685,370	30,737,072
2007	17,194,628	7,209,631	415,518	3,511,877	28,331,654
2006	17,017,241	6,590,033	364,589	3,450,577	27,422,440
2005	15,363,539	4,949,453	343,172	3,123,033	23,779,197
2004	14,496,093	4,346,154	326,171	2,746,264	21,914,682
2003	13,425,994	4,086,542	295,482	2,379,908	20,187,926
2002	9,366,114	3,856,381	-	-	13,222,495
2001	\$ 8,865,359	3,492,308	-	-	\$ 12,357,667

Source: Charleston County Treasurer

¹ Prior to 2003, Accommodations Taxes were recorded as intergovernmental revenues.

² Hospitality Taxes were adopted in January 2002.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ¹ as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2010	\$ 256,829,013	251,042,290	39,068,817	34,514,370	6,763,650	\$ 574,690,840	0.386	\$ 11,434,617,546	5.03%
2009	247,491,284	241,197,320	40,105,647	32,846,040	6,320,000	555,320,291	0.386	11,028,095,334	5.04%
2008	228,594,152	218,134,087	37,511,560	29,231,490	6,259,350	507,211,939	0.386	9,945,185,456	5.10%
2007	221,306,536	202,629,600	36,496,544	25,327,803	6,329,420	479,431,063	0.386	9,395,632,404	5.10%
2006	191,544,675	189,785,620	39,113,712	26,403,920	5,627,740	441,220,187	0.386	8,488,652,401	5.20%
2005	147,679,856	123,934,530	40,058,447	24,912,240	5,122,160	331,462,913	0.472	6,182,724,428	5.36%
2004	135,805,519	120,529,920	39,045,180	21,794,290	4,895,850	312,279,059	0.472	5,826,177,724	5.36%
2003	123,655,604	109,185,824	37,585,031	19,305,530	4,625,850	285,106,139	0.472	5,374,500,319	5.30%
2002	91,888,309	103,581,353	37,254,247	19,464,590	4,324,800	247,863,699	0.480	4,498,604,865	5.51%
2001	\$ 76,507,175	61,914,351	34,153,241	17,829,640	3,896,990	\$ 186,507,417	0.595	\$ 3,245,945,426	5.75%

Source: Charleston County Auditor

¹Includes tax-exempt property

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Town of Mount Pleasant			Charleston County			Overlapping Rates			Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	
2010	0.357	0.029	0.386	0.459	0.085	0.544	0.987	0.279	1.266	2.196
2009	0.357	0.029	0.386	0.438	0.086	0.524	1.007	0.239	1.246	2.156
2008	0.357	0.029	0.386	0.437	0.087	0.524	0.974	0.182	1.156	2.066
2007	0.386	-	0.386	0.437	0.087	0.524	0.948	0.136	1.084	1.994
2006	0.386	-	0.386	0.437	0.087	0.524	0.931	0.158	1.089	1.999
2005	0.472	-	0.472	0.548	0.136	0.684	1.111	0.124	1.235	2.391
2004	0.472	-	0.472	0.543	0.141	0.684	1.072	0.121	1.193	2.349
2003	0.472	-	0.472	0.543	0.141	0.684	0.914	0.204	1.118	2.274
2002	0.480	-	0.480	0.575	0.169	0.744	0.838	0.218	1.056	2.280
2001	0.595	-	0.595	0.737	0.222	0.959	0.928	0.252	1.180	2.734
2000	0.595	-	0.595	0.737	0.222	0.959	0.928	0.298	1.226	2.780

Source: Charleston County Auditor

Notes: Millage rates above are per \$100 of assessed value.

In 2008, the Town adopted a separate debt millage.

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

<u>Taxpayer</u>	2010			2001		
	Taxable Assessed Value	Rank	Taxes Paid	Taxable Assessed Value	Rank	Taxes Paid
SCE&G	\$ 6,495,010	1	231,532	3,172,230	2	\$ 134,442
IMI Mount Pleasant, LLC	4,070,760	2	136,099	-	-	-
Nemlorp	3,513,000	3	117,451	1,939,080	4	74,008
Oakland Properties	2,416,810	4	80,802	-	-	-
Cityview Riveroaks 360, LP	1,846,440	5	71,238	-	-	-
Automated Trading Desk	1,668,437	6	55,781	-	-	-
American Medical International	1,383,730	7	46,263	1,381,630	5	52,732
Gray Properties 5205, LLC	1,301,100	8	43,500	-	-	-
BNP/Paces Watch	1,272,360	9	42,539	664,440	9	25,359
Keystone Legends I, LP Inc	1,105,450	10	36,959	-	-	-
Developers Diversified Realty	-	-	-	866,280	8	33,063
Mount Pleasant FAC, LLC	-	-	-	3,258,260	1	124,357
Harbor Point Associates	-	-	-	1,027,560	7	39,219
Bell South	-	-	-	2,154,700	3	91,318
Cooper Hall Inc	-	-	-	662,100	10	25,270
Southhampton Apartments, LLC	-	-	-	1,153,620	6	44,030
Totals	<u>\$ 25,073,097</u>		<u>862,164</u>	<u>16,279,900</u>		<u>\$ 643,798</u>

Source: Charleston County Treasurer

Note: These figures represent millage solely for the Town of Mount Pleasant.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 22,373,940	\$ 20,270,447	91%	\$ -	\$ 20,270,447	91%
2009	21,868,691	19,426,871	89%	518,284	19,945,155	91%
2008	20,721,916	17,939,760	87%	602,160	18,541,920	89%
2007	21,749,701	18,404,985	85%	721,566	19,126,551	88%
2006	20,825,593	16,654,020	80%	306,946	16,960,966	81%
2005	15,645,049	14,761,383	94%	193,346	14,954,729	96%
2004	14,739,572	14,251,933	97%	203,710	14,455,643	98%
2003	13,457,010	13,146,634	98%	213,719	13,360,353	99%
2002	12,105,048	11,378,887	94%	241,717	11,620,604	96%
2001	\$ 11,009,201	\$ 10,814,025	98%	\$ 214,099	\$ 11,028,124	100%

Sources: Charleston County Treasurer
Charleston County Auditor

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	TIF Bonds	Capital Leases			
2010	\$ 24,050,000	14,286,400	2,362,302	\$ 40,698,702	1.46%	\$ 613
2009	28,960,000	16,340,900	2,928,101	48,229,001	1.86%	743
2008	33,960,000	18,323,550	3,128,105	55,411,655	2.31%	856
2007	38,730,000	20,225,650	3,937,504	62,893,154	2.90%	997
2006	26,355,000	22,033,500	4,089,410	52,477,910	2.41%	844
2005	15,825,000	19,050,000	2,106,769	36,981,769	1.84%	626
2004	17,840,000	11,740,000	1,285,363	30,865,363	1.67%	551
2003	19,990,000	10,990,000	1,716,995	32,696,995	1.90%	609
2002	20,325,000	4,900,000	2,146,008	27,371,008	1.77%	546
2001	\$ 13,820,000	-	2,550,667	\$ 16,370,667	1.34%	\$ 344

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2010	\$ 24,050,000	-	\$ 24,050,000	0.21%	\$ 362
2009	28,960,000	-	28,960,000	0.26%	446
2008	33,960,000	-	33,960,000	0.34%	525
2007	38,730,000	-	38,730,000	0.41%	614
2006	26,355,000	-	26,355,000	0.31%	424
2005	15,825,000	-	15,825,000	0.26%	268
2004	17,840,000	-	17,840,000	0.31%	319
2003	19,990,000	-	19,990,000	0.37%	373
2002	20,325,000	-	20,325,000	0.45%	405
2001	\$ 13,820,000	-	\$ 13,820,000	0.43%	\$ 290

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Charleston County General	\$ 497,881,042	19.37%	\$ 96,439,558
Public School Districts	224,880,527	19.37%	43,559,358
Parks and Recreation Commission	14,930,000	19.37%	2,891,941
Subtotal, Overlapping Debt	737,691,569	19.37%	142,890,857
Town of Mount Pleasant Direct Debt	40,698,702	100%	40,698,702
Total Direct and Overlapping Debt	\$ 778,390,271		\$ 183,589,559

Sources: Charleston County Treasurer
 Charleston County Parks and Recreation Commission.

Notes: 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 Mount Pleasant. This process recognizes that, when considering the government'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.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 13

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 14,920,593	18,639,448	22,808,491	24,982,325	26,517,033	35,297,615	38,354,485	40,576,955	44,931,223	\$ 46,516,359
Total Net Debt Applicable to Limit	13,820,000	12,280,000	12,600,000	11,135,000	9,835,000	15,111,575	22,887,431	20,363,567	17,644,703	15,055,839
Legal Debt Margin	\$ 1,100,593	6,359,448	10,208,491	13,847,325	16,682,033	20,186,040	15,467,054	20,213,388	27,286,520	\$ 31,460,520

Total Net Debt Applicable to the

Limit as a Percentage of Debt Limit

	92.62%	65.88%	55.24%	44.57%	37.09%	42.81%	59.67%	50.19%	39.27%	32.37%
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Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$ 574,690,840
Add Back: Exempt Real Property	6,763,650
Total Assessed Value	<u>\$ 581,454,490</u>
Debt Limit (8% of Total Assessed Value)	\$ 46,516,359
Debt Applicable to Limit:	
General Obligation Bonds	24,050,000
Less: Amounts Issued Under Referendum	(8,994,161)
Total Net Debt Applicable to Limit	<u>15,055,839</u>
Legal Debt Margin	<u>\$ 31,460,520</u>

Note: Article Eight (8), Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight per centum (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exempt was thirty five per centum (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight per centum (8%) of assessed valuation; whereas, with a referendum any amount can be floated.

Note: Certain amounts for 2007 and 2009 have been corrected.

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Tax Increment Financing (TIF) Bonds				
	TIF Property Tax Collections	TIF Debt Service		Coverage	
		Principal	Interest		
2010	\$ 8,648,739	2,054,500	\$ 625,321	3.23	
2009	7,195,211	1,982,650	708,059	2.67	
2008	5,621,065	1,902,100	786,787	2.09	
2007	4,257,881	1,807,850	866,661	1.59	
2006	4,044,775	1,501,500	782,361	1.77	
2005	3,052,642	690,000	447,541	2.68	
2004	2,909,056	550,000	411,991	3.02	
2003	2,395,790	225,000	207,279	5.54	
2002	165,467	-	108,102	1.53	
2001	\$ -	-	\$ -	-	

Note: The Town's first Tax Increment Financing bonds (TIF) were issued during fiscal year 2002.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age³	School Enrollment⁴	Unemployment Rate⁵
2010	66,418	\$ 2,789,998	\$ 42,007	37.7	12,086	5.9%
2009	64,941	2,587,185	39,839	37.7	10,751	6.3%
2008	64,707	2,398,000	37,059	37.2	10,520	3.5%
2007	63,067	2,169,126	34,394	36.6	10,448	3.1%
2006	62,213	2,179,135	35,027	36.6	10,257	2.0%
2005	59,104	2,009,950	34,007	35.9	10,239	2.1%
2004	56,012	1,849,348	33,017	35.9	9,570	1.7%
2003	53,654	1,719,933	32,056	35.9	9,068	1.7%
2002	50,137	1,545,373	30,823	35.9	8,845	1.7%
2001	47,609	\$ 1,217,838	\$ 25,580	35.9	8,451	1.1%

Source:

¹ Town of Mount Pleasant Planning Department. The Town of Mount Pleasant contracted with the U.S. Census Bureau to conduct a special population census completed during fiscal year 1995-96 and fiscal year 2005-06, and the official count is reflected for fiscal years 1996 and 2005. For fiscal year 2001, the official count for the 2000 Census is reflected.

^{2,3} Figures obtained from Berkeley, Charleston, Dorchester Council of Governments and the Town of Mount Pleasant Planning Department.

⁴ Figures for school enrollment provided by Charleston County School District.

⁵ Figures obtained from the South Carolina Employment Security Commission.

Note: Population and median age information are based on surveys conducted during the last calendar year.

Personal income information is a total for the year.

School enrollment is based on the census at the start of the school year.

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2009			2000		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Mount Pleasant	600	1	0.95%	334	3	0.81%
East Cooper Medical Center	560	2	0.89%	610	1	1.48%
Motley Rice LLC	315	3	0.50%	-	-	-
Mediterranean Shipping Co., Inc.	225	4	0.36%	-	-	-
Franke at Seaside	225	5	0.36%	-	-	-
Sandpiper Retirement Community	225	6	0.36%	-	-	-
Whole Foods Market	204	7	0.32%	-	-	-
Mount Pleasant Manor	153	8	0.24%	-	-	-
Charleston Harbor Resort & Marina	150	9	0.24%	150	7	0.36%
Wild Wing Café	150	10	0.24%	-	-	-
Publix Supermarket	-	-	-	275	5	0.67%
Pelican Food Systems	-	-	-	500	2	1.21%
Ness Motley Loadholt Richardson & Poole	-	-	-	300	4	0.73%
Wal Mart	-	-	-	250	6	0.61%
Lowes	-	-	-	140	8	0.34%
Charleston Nursing & Rehab	-	-	-	132	9	0.32%
Harris Teeter	-	-	-	125	10	0.30%
	<u>2,807</u>		<u>4.46%</u>	<u>2,816</u>		<u>6.83%</u>
TOTAL						

Source: Charleston Metro Chamber of Commerce.

Notes: Employment figures for periods ending December 31.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 17

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN CALENDAR YEARS

UNAUDITED

Function	Full - Time Equivalent Employees as of December 31,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government	39	52	40	39	37	34	36	35	32	29
Justice	14	20	21	20	21	17	18	17	19	18
Public Safety										
Police										
Sworn	136	134	135	135	141	132	127	124	117	105
Non-Sworn	41	45	38	38	41	37	40	37	36	33
Fire	108	110	116	115	109	103	105	97	91	82
Public Services	126	122	120	122	109	123	102	101	96	99
Planning	26	36	37	38	35	33	35	36	35	32
Transportation*	6	0	0	0	0	0	0	0	0	0
Recreation	39	37	38	38	38	36	37	37	35	30
Total	535	556	545	545	531	515	500	484	461	428

Source: Town of Mount Pleasant Payroll Department

*New Department in Fiscal Year 2009/2010

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Stormwater Utility Billings ¹	26,962	26,834	31,206	30,433	28,284	26,636	25,365	24,577	22,461	-
Justice										
Cases Filed	15,258	16,232	17,903	14,343	15,469	13,976	14,161	13,318	12,053	11,738
Police										
Part I Offenses ²	1,527	1,550	1,422	1,451	1,500	1,795	1,795	1,796	1,892	2,046
Fire ³										
Emergency Calls ⁴	5,532	5,473	5,384	5,103	5,057	4,886	4,515	4,390	4,329	6,318
Inspections	2,834	3,040	3,378	1,408	699	1,250	2,031	1,744	2,207	3,212
Public Services										
Tons of Garbage Collected	23,180	23,206	24,536	24,303	23,867	24,493	21,759	20,338	19,372	17,838
Tons of Trash Collected	21,370	19,408	21,099	22,245	21,007	25,986	21,872	18,136	16,607	11,923
Planning										
Building Permits	1,860	1,566	1,835	2,387	2,857	2,708	3,053	2,134	1,791	2,014
Dwelling Units	30,143	29,926	29,398	28,741	27,604	26,524	26,217	25,428	24,503	23,198
Culture and Recreation ⁵										
Youth Athletic Enrollment	10,164	9,542	9,733	9,651	3,497	3,055	2,610	2,371	2,100	-

Sources: Various town departments.

¹ Data prior to fiscal year 2002 is not available.

² Part I offenses are murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson.

³ Data previous to fiscal year 2003 is based on calendar year rather than fiscal year.

⁴ Data prior to fiscal year 2002 reflects total apparatus movement, not total emergency calls. Multiple apparatus respond to certain emergencies.

⁵ Data reported prior to 2007 only includes 6 months; Data prior to fiscal year 2002 is not available.

CAPITAL ASSETS STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Safety										
Police Stations	4	5	5	7	7	7	6	5	5	5
Fire Stations	5	5	5	5	5	5	5	6	6	6
Public Services - Sanitation										
Collection Trucks	22	21	24	24	24	19	16	10	10	10
Culture and Recreation										
Recreation Acreage	191.53	191.53	190.53	189.53	190.73	176.91	151.79	151.79	151.79	151.79
Recreation Facilities	22	22	21	20	21	21	20	20	18	18
Planning										
Streets Miles Added*	0.96	4.37	7.66	4.23	0.347	4.391	3.442	3.048	2.154	-
Total Acres Annexed	34.88	89.12	96.21	137.92	604.73	1,782.30	581.86	163.50	71.11	9.40

Sources: Various town departments and asset database.

*Information not available before the 2002 GASB 34 implementation.