

# TOWN OF NANTUCKET, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2014

**On the cover:** Nantucket Harbor offers an excellent and well-protected harbor with some of the finest marinas in the country. Every year, thousands of boaters flock to Nantucket to experience the history of the island while mooring in the harbor or tying off at one of the Town's many marinas.



**Above:** Nantucket's Main Street is one of the most beautiful thoroughfares in the world. Visitors are always impressed with its serpentine, meandering lay-out, lovely old houses, bustling merchants and cobblestone pavement. The cobblestones, which are very unique, are a great part of the interest, charm and folklore of the island. Tracing their beginnings to approximately 1840, there are many who believe the cobblestones were ballast from empty whaling ships returning to their homeport after unloading their cargo abroad. Others believe that homeowners, tired of the muddy streets, all contributed to a fund and purchased the cobblestone from Gloucester for the direct purpose of constructing Main Street. A movement to pave over the cobblestone in 1919, during the growth of the then recently invented automobile was defeated.

# TOWN OF NANTUCKET, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

C. Elizabeth Gibson, Town Manager



*Prepared by the Finance Department  
Brian E. Turbitt, Director of Municipal Finance*



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# INTRODUCTORY SECTION



The Jared Coffin house, a historic mansion in the heart of Nantucket, is a rich landmark with ties to the sea that lines its sandy shores. Built in 1845 by Jared Coffin, one of the most successful ship owners during the island's prime whaling days, this splendid three-story mansion was constructed in the center of the Town as his family's residence. It was the first such 'mansion' ever built on the island. Since it was erected, the Jared Coffin House has served as a centerpiece of the Nantucket Historic District and is presently a hotel comprised of 43 rooms.



**TOWN OF NANTUCKET, MASSACHUSETTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2014**

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# Town and County of Nantucket

## Board of Selectmen • County Commissioners

Rick Atherton, Chairman  
Robert DeCosta, Vice Chairman  
Matthew Fee  
Bruce D. Miller  
Tobias Glidden



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C. Elizabeth Gibson  
Town & County Manager

### Letter of Transmittal

November 1, 2014

Honorable Board of Selectmen and Citizens of the Town of Nantucket, Massachusetts:

We are pleased to acknowledge that the Town of Nantucket has completed its inaugural installment of the *Comprehensive Annual Financial Report* (CAFR). The report, which was prepared by the Town's Department of Municipal Finance, is for the fiscal year ended June 30, 2014. We are confident this transmission will be the beginning of what will be an annual endeavor.

The Town is responsible for the accuracy, completeness and fairness of the data presented in the CAFR. This letter of transmittal and the **management's discussion and analysis**, located in the financial section of the CAFR, provide a comprehensive financial overview of the Town and ensure that the financial and general operations of Town government remain transparent, and therefore open for easy viewing.

The CAFR represents a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America (GAAP), that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the Town.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and rating agencies as well as its citizens and taxpayers.

Since the report consists of management's representations concerning the finances of the Town, management assumes full responsibility for the completeness and reliability of all of the information presented. In addition, management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Nantucket's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Nantucket’s financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is to provide on an annual basis reasonable assurance that the financial statements of the Town of Nantucket are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Nantucket’s financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Nantucket is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Nantucket’s separately issued Single Audit Reports Pursuant to OMB Circular A-133.

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

### **Profile of the Town**

The Town of Nantucket is located on Nantucket Island and the adjacent islets of Tuckernuck and Muskeget. It is situated in the Atlantic Ocean and lies approximately 25 miles south of Cape Cod. It is bound by Nantucket Sound on the north and west, and by the Atlantic Ocean on the south and east. The Town has a total area of 304 square miles of which 45 square miles is land and 259 square miles is water. The island comprises the County of Nantucket, the smallest county in Massachusetts by land area.



Nantucket was deeded in 1641 by the English to merchants from Watertown, Massachusetts and Martha's Vineyard. In 1659 these merchants sold their interest in Nantucket to a group of investors led by Tristram Coffin for 30 pounds and two beaver hats. These investors began to populate Nantucket and in the 1670s the Nantucket whaling industry began. It was part of Dukes County, New York until 1691 when it was transferred to the Province of Massachusetts Bay and became Nantucket County. Nantucket's whaling industry boomed until around the mid 1800's when it was surpassed by New Bedford. This coupled with the great fire of 1846 sent the Town into an economic decline from which it took the better part of a century to recover. In the 1950's speculative developers began buying large parts of the island and restoring or developing them to eventually create a high-end market destination in the Northeast United States which is what it has evolved into in the present day. In 2008 Nantucket was cited as having home values amongst the highest in the United States, and presently, the Town's equalized valuation (market value) ranks fourth in Massachusetts behind Boston, Cambridge and Brookline.

Nantucket is a tourist destination and summer colony. The population of the island increases from just over 10,000 year round to approximately 50,000 in the summer. It is approximately 90 air miles from Boston and 170 air miles from New York City.



The island is accessible year-round via ferry service served by the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (Steamship Authority) from the port of Hyannis. In calendar 2013, the Steamship Authority transported approximately 600,000 passengers, 65,000 passenger vehicles and 45,000 commercial vehicles to Nantucket Island.

The island is also served by Hy-line Cruises (the Hy-line), who operates one high speed ferry year-round and a larger, traditional ferry during peak seasons. Hy-line normally has over 200,000 embarkations annually and is very popular with professional daily commuters and contractors due to the speed of the transport and frequency of travel.





The Nantucket Regional Transit Authority ("NRTA") provides seasonal fixed route shuttle service and year- round advanced reservation van service ("Your Island Ride") for elders and persons with disabilities in Nantucket. The fixed route service operates daily mid-May through early October with complementary para-transit service; and a less frequent schedule operates before Memorial Day and after Labor Day. The Your Island Ride van service operates year-round Monday through Friday.

The Town owns and operates its own municipal airport, Nantucket Memorial Airport, which provides daily service to Boston, New York, Hyannis, Martha's Vineyard and New Bedford, in addition to less frequent travel to Philadelphia and Washington D.C. The airport is serviced by 6 airlines, some of which are seasonal. Governed by the Nantucket Airport Commission, the airport is a self-supporting enterprise fund. It is located 3 miles southeast of the center of town and in calendar 2013 with over 178,000 aircraft operations it was the second busiest airport in the Commonwealth trailing only Logan International Airport in Boston.





The Town offers a full range of other traditional municipal services including police and fire protection, education, maintenance of streets, a sanitary landfill with materials recovery and composting facilities, water and sewer services, parks and recreational facilities. In addition, Nantucket also owns and operates Our Island Home, a nursing facility that provides long-term skilled nursing, short-term rehabilitation, palliative and respite care for elderly island residents. It is a 45-bed smoke-free facility dually licensed in Medicaid and Medicare since August 2007.

Nantucket prides itself on the quality of its school system. There are three Town administered schools in Nantucket;

1. Nantucket High School (grades 9 – 12)
2. Cyrus Pierce Middle School (grades 6 – 8)
3. Nantucket Elementary School (grades PK – 5)

The executive branch of the public schools consists of a five-member School Committee elected to three-year terms on a staggered basis. The School Committee is the policy setting board. The Superintendent of Schools acts as the Chief Executive Officer responsible for enforcing the policies of the School Committee, and the School Business Manager acts as the Chief Financial Officer.



School enrollment for fiscal year 2014 is 1,483 (a 20% increase from 2009) and funding for schools is received via taxation and governmental revenues based on a minimum net school spending formula established by the Massachusetts Department of Elementary and Secondary Education (ESE). The Town currently spends almost double the minimum legal requirement on each student.

The mission of the Nantucket Public Schools, in partnership with the community, is a “commitment to providing a challenging curriculum, skilled instruction, and a learning environment that responds to individual student academic needs. Work is guided by research and the belief that every student is capable of attaining high levels of educational achievement in preparation for meeting the rigorous demands of the twenty-first century.”

The Town operates under the selectmen, town manager and open town meeting form of government. The five elected Selectmen make policy decisions and the Town Manager is responsible for carrying out and enforcing the policies of the Selectmen and for managing the day to day operations of the Town.

An annual operating budget is approved by Town Meeting in April. This annual budget serves as the foundation for the Town’s financial planning and control. The budget is prepared by fund, function (e.g. general government), department (e.g. finance) and category (e.g. Personnel Services, Purchase of Services, Supplies, Other Charges & Expenses) allowing the department heads to allocate resources within the department. Transfers between categories need approval from Town Meeting unless specifically exempted by state statute.

### **Factors Affecting Economic Condition**

**Industry** Tourism represents 37% of the Town’s private employment on the Island, and thus is an important component of the Town’s economy. The management of Nantucket’s tourism industry is aided by the Town’s Visitor Services department, which is supported through revenues from the local option Room Occupancy Tax collections. The Town received over \$2.3 million from this source in fiscal 2013 and approximately \$2.6 million for fiscal 2014. The preservation of open space is an important component of the Town’s tourism-based economy. It is estimated that approximately 40% of the Island is currently preserved as open space or conservation land either by the Town, the Nantucket Islands Land Bank or various non-profit local entities.

**Property Taxes** The growth of the Town’s main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a ballot vote by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased more proportionally. As a result, balancing the annual budget can be a challenge. Given its geographical location and the limitations of being an island, the Town does not have a large commercial and industrial property tax base so it relies heavily on residential property taxes. Approximately 88% of the Town’s property taxes are derived from residential taxes therefore new growth is essential to revenue growth and the ability to sustain the Town’s annual costs. The following table summarizes the Town’s new growth over the prior 5 calendar years:

Table 1

Calendar Year	# of Permits	Residential Value	Non-Residential Value	Total Value
2013	1,384	\$ 155,601,701	\$ 18,099,456	\$ 173,701,157
2012	1,485	147,981,125	14,540,467	162,521,592
2011	1,339	113,150,665	7,627,649	120,778,314
2010	1,095	105,463,222	13,166,864	118,630,086
2009	877	88,742,997	67,313,372	156,056,369
Total	6,180	\$ 610,939,710	\$ 120,747,808	\$ 731,687,518

Growth has been much stronger than expected with nearly 3/4 billion dollars added to the Town's equalized valuation (market value) during this period. The Town's strong equalized valuation is attractive to stakeholders in the Town's securities as the Town currently ranks 4<sup>th</sup> in total equalized valuation in the Commonwealth of Massachusetts. In addition, in measuring equalized valuation per capita, it is 1<sup>st</sup> in the Commonwealth by a significant margin with a factor of almost \$1.7 million per resident.

The Town's strong growth as summarized in Table 1, has allowed the Town's taxpayers the benefit of reduced property taxes through a large levy capacity. In fact the taxpayers benefited from a 3% to 4% saving in each of the last 3 fiscal years.

This is summarized in Table 2 below:

Table 2

Fiscal Year	Levy Limit	Levy	Levy Capacity	Tax savings
2014	67,372,224	64,647,039	2,725,185	4.04%
2013	65,695,822	63,618,274	2,077,548	3.16%
2012	64,834,729	62,274,744	2,559,985	3.95%
2011	63,114,088	63,040,150	73,938	0.12%
2010	61,394,213	61,333,595	60,618	0.10%

**Economic Development** The Town's downtown center remains a vibrant hub for small retail establishments, hospitality/resorts and restaurants. The Nantucket Island Chamber of Commerce, founded in 1937 and incorporated in 1954, has a diverse membership comprised of more than 650 businesses. The Town, including the Nantucket Planning and Economic Development Commission and Visitor Services department, has an on-going relationship with the Chamber involving the Town's economic issues.

In 2008 at the annual town meeting, the town approved a study of an area known as the Wilkes Square Redevelopment site, which includes National Grid, Greenhound, Winthrop, and Nantucket Island Resort properties. To that end, the Board of Selectmen established a Downtown Revitalization Committee and charged it with identifying goals for the Nantucket downtown area that balance economic strength with community preservation, and encourage greater venues for social activity while recognizing the importance of planning.

The focus of the study was to:

- Attract a wide range of individuals through a multifunctional environment including: housing, work, shopping, culture, entertainment, government, and tourist attractions.
- Balance the human, social, and economic needs with the infrastructure requirements of parking, public transportation, bike racks, road access, traffic flow, sidewalks, and water front walkways.
- Attract commercial business to locate downtown by providing guidance on financing, zoning, and preliminary site design.
- Protect the unique qualities, historical significance, and feel of the Town.
- Incorporate attractive space for civic gatherings.

The study area is approximately a 5.65-acre area bounded by Main Street, Commercial Street, Washington Street, and New Whale Street. The site is currently owned by multiple land owners.

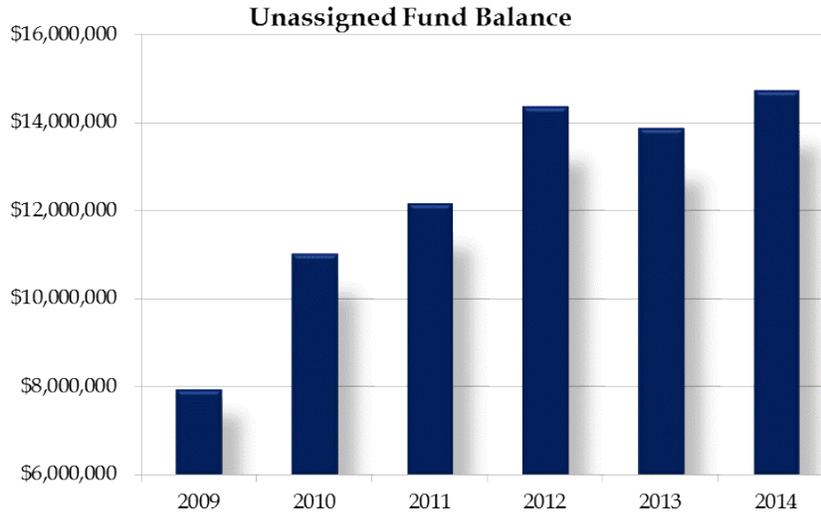
The site's close proximity to downtown and its waterfront location, present an extraordinary opportunity for the Town to develop its waterfront into a mixed-use gateway that will be a common ground for year-round residents as well as summertime residents and visitors.

The vision for the site offers strategic opportunities to resolve or clarify long-standing infrastructure and transportation issues in Town, affords a strong vision for the program including a hotel, residential development, retail, dining and social venues.



**Unassigned Fund Balances** One of the methods the Town uses to maintain reserves from year to year is to conservatively forecast revenues. This allows the Town to use free cash (surplus) for reserves, capital projects or other non-operating one-time expenses. Since the Town has a significant level of levy capacity as previously discussed, the challenge of conservatively forecasting revenue is diminished and as a result, the Town has been able to maintain and/or increase reserves from year to year.

The following illustrates the Town’s unassigned fund balance trend since 2009:



### Long-term Financial Planning

The Town prepares rolling ten-year operating budget projections. The Town believes this will (1) provide better insight when preparing annual budgets; (2) alert the Town to any potential budget issues far ahead of when these situations become real; and (3) allow the Town to determine when available financing for its capital needs can be provided or if a need for borrowing to finance projects is required.

The following represents the Town’s ten-year revenue projections:

Fiscal Year	Real and Personal Property Taxes	Intergovernmental Aid	Local Receipts	Miscellaneous Nonrecurring	Total
2015	\$ 64,045,384	\$ 1,155,816	\$ 10,326,031	\$ 1,848,007	\$ 77,375,237
2016	69,333,000	2,342,711	9,566,140	554,245	81,796,096
2017	71,643,000	2,342,711	9,566,140	554,245	84,106,096
2018	73,363,000	2,377,852	9,757,464	565,330	86,063,646
2019	74,951,000	2,413,520	9,952,618	576,637	87,893,775
2020	75,219,000	2,449,723	10,151,676	588,171	88,408,570
2021	77,533,000	2,486,469	10,354,715	599,936	90,974,120
2022	79,908,000	2,523,767	10,561,814	611,936	93,605,517
2023	82,345,000	2,561,624	10,773,057	624,176	96,303,857
2024	84,837,000	2,600,049	10,988,524	636,661	99,062,234

The Town expects that annual budget sources as forecasted will be sufficient to fund annual appropriations.

## Capital Improvements

The Town continues to invest aggressively in capital improvements. In the past five years the Town has invested approximately \$200 million in improving facilities and adding much needed infrastructure. The following were key capital initiatives:

- Improvement to Nantucket Memorial Airport, much of which was funded from Federal grants, almost \$55 million.
- A new Public Safety building over \$15.5 million.
- Improvements to the municipal water infrastructure; almost \$20 million.
- Improvements to the Siasconset water infrastructure; almost \$9 million.
- Improvements to the municipal sewer infrastructure; over \$60 million, some of this funded through the State subsidized, low interest loan program.
- Improvements to Schools; almost \$6 million.
- Improvements to roads, sidewalks, curbs and catch basins; almost \$10 million of which almost half was funded through the State Chapter 90 Program.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate.

The publication of this CAFR represents an important achievement in the ability of the Town of Nantucket to provide enhanced financial information and accountability to its citizens, elected and appointed officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff in the Finance Office. Special thanks also go to the certified public accounting firm of Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

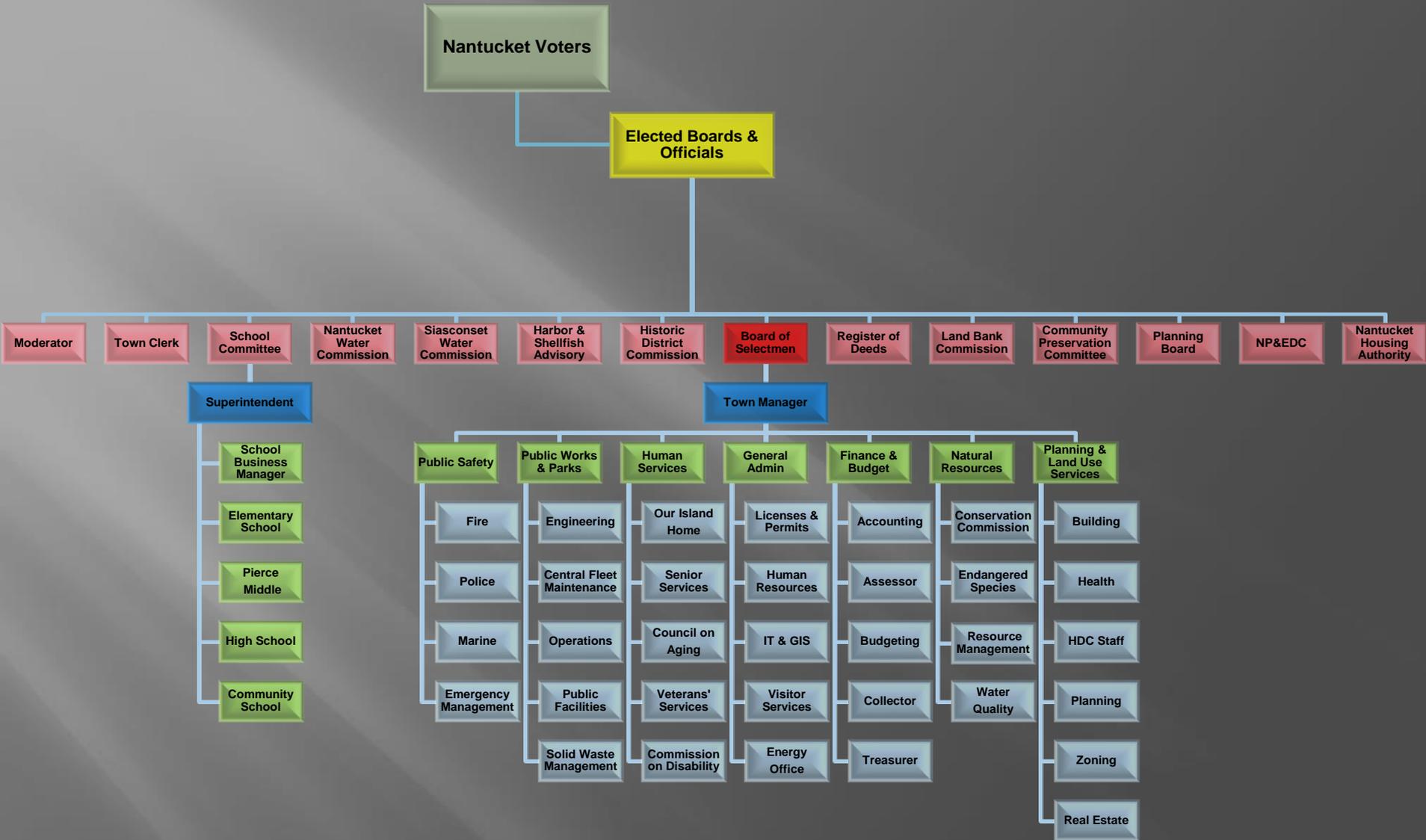
Respectfully submitted,



C. Elizabeth Gibson  
Town Manager



Brian E. Turbitt  
Director of Municipal Finance



**PRINCIPAL TOWN OFFICIALS**  
**As of June 30, 2014**

Elected Officials

Board of Selectmen	John R. Atherton, Chairman Robert DeCosta, Vice Chairman Matthew Fee Bruce Miller Tobias Glidden
Town Moderator Town Clerk	Sarah Alger Catherine Flanagan Stover
School Committee	Dr. Timothy Lepore, Chairman Melissa Murphy, Vice Chairman Robin Harvey, Secretary Jennifer Iller Pauline Proch

Appointed Financial Committees

Audit Committee	John R. Atherton, Chairman Bruce Miller Matthew T. Mulcahy
Finance Committee	Matthew T. Mulcahy, Chairman Christopher J. Kickham James Kelly David Worth Clifford Williams Craig Spery Stephen Maury Joseph T. Grause, Jr. John Tiffany

Principal Executive Officers

Town Manager	C. Elizabeth Gibson
Superintendent of Schools	W. Michael Cozort
Director of Finance	Brian E. Turbitt

# FINANCIAL SECTION



The Nantucket Atheneum, the island's unique library, plays a vital role in the Nantucket community.

Relying on both public and private funding, the Atheneum provides something for everyone: a wide variety of cultural and educational services and events; an expansive collection of books, online databases, periodicals, audiobooks, CDs and DVDs; and access to 1.4 million items through the Cape Libraries Automated Material Sharing network.

The Atheneum is certified by Massachusetts Board of Library Commissioners which ensures a high standard of excellence.





## **INDEPENDENT AUDITOR'S REPORT**

Honorable Board of Selectmen  
Town of Nantucket, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, (the "Town") as of and for the year ended June 30, 2014 which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Nantucket Islands Land Bank, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note III. Subsection H, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion was not modified with respect to this matter.

## **Restatement of Prior Year Ending Balances**

As more fully described in Note IV, a restatement of prior year ending net position balances was made to Nantucket Islands Land Bank, a discretely presented component unit, the Town's business-type activities and the Nantucket Memorial Airport Enterprise Fund.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the funding and contribution progress for pension benefits and other post-employment benefits information and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2014, on our consideration of the Town of Nantucket, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.



Roselli, Clark and Associates  
Certified Public Accountants  
Woburn, Massachusetts 01801  
December 20, 2014



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## **Management's Discussion and Analysis**



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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

As the management of the Town, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the Town and its component units for the fiscal year ended June 30, 2014.

**Financial Highlights**

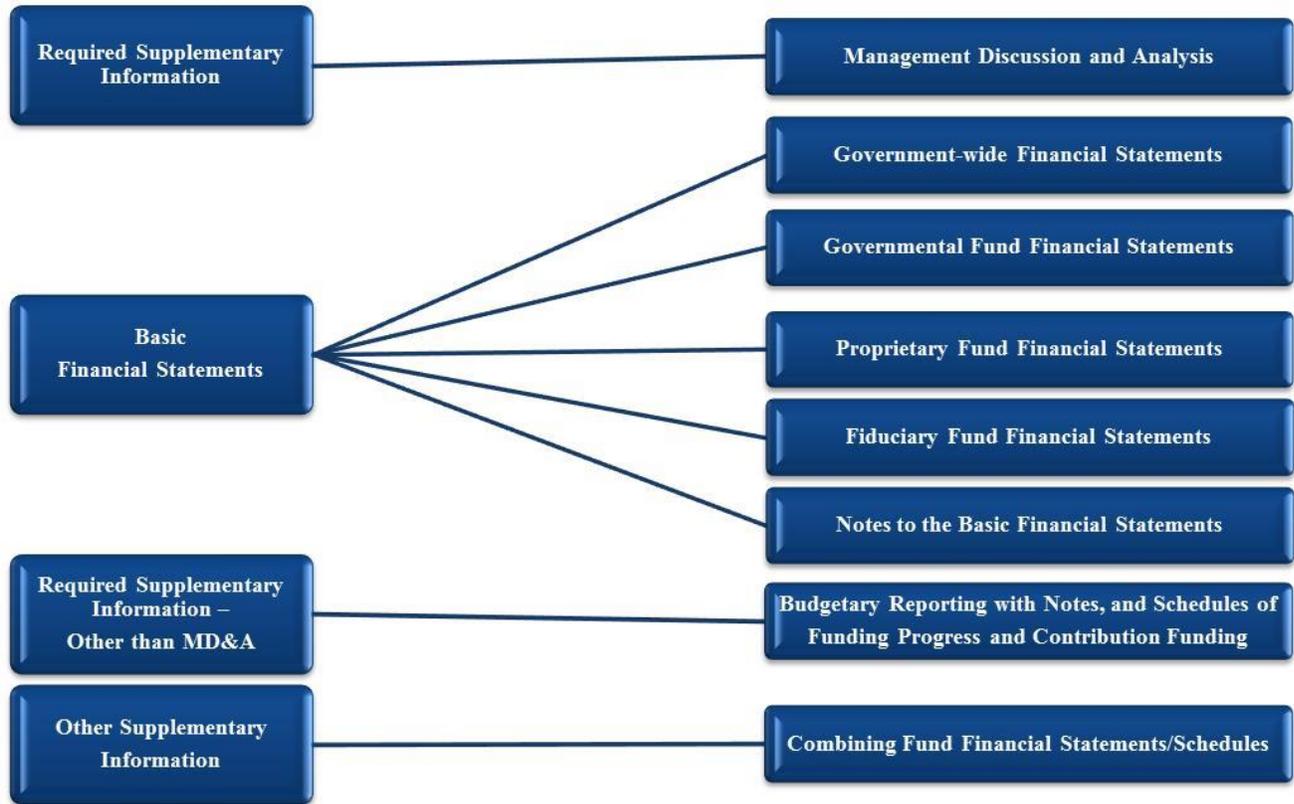
- The assets and deferred inflows of the Town exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by approximately \$326.2 million (*total net position*).
- The government’s total net position increased by approximately \$4.9 million (1.5% of total net position) over the prior year. This consisted of increases in both governmental activities’ net position by approximately \$ 4.4 million (2.2% of total governmental activities’ net position) and in business - type activities’ net position of approximately \$0.6 million (0.5% of business-type activities’ net position).
- The Town’s Unassigned Fund Balance reported in the General Fund was approximately \$14.7 million (21.5% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$25.5 million (37.2% of General Fund expenditures). The Town reported a Restricted Fund Balance of \$0.3 million in its Town Capital Projects Fund and reported Total Fund Balances of approximately \$18.5 million in the Combined Nonmajor Governmental Funds.
- The Town’s total debt decreased by over \$7.0 million during the fiscal year. Detail of this net decrease is illustrated as follows:

Regular scheduled maturities:	
Governmental Activities	\$ (5,405,946)
Business-Type Activities	(5,224,019)
Amortization of bond premium:	
Governmental Activities	(22,543)
Business-Type Activities	(132,697)
Issuance of debt	
Governmental Activities	-
Business-Type Activities	3,761,000
	\$ (7,024,205)

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The layout and relationship of the financial statements and supplementary information is visually illustrated as follows:



**Government-wide Financial Statements** – The *government-wide 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 *statement of position* presents information on all of the Town’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 (e.g., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements consist of three classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*); (2) those whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*), and (3) *component units*.

The Town's governmental activities consist of:

1. General government;
2. Public safety;
3. Education;
4. Public works;
5. Health and human services;
6. Culture and recreation; and,
7. Interest expense.

The Town's business-type activities consist of:

1. Siasconset Water District;
2. Wannacomet Water District;
3. Sewer;
4. Nantucket Memorial Airport;
5. Our Island Home; and
6. Solid waste.

The Town's component units consist of:

1. Nantucket County; and
2. Nantucket Islands Land Bank.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed—amounts constrained by a government using its highest level of decision-making authority
- Assigned—amounts a government intends to use for a particular purpose
- Unassigned—amounts that are not constrained at all will be reported in the general fund or in other major funds if negative

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at

the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Town maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Town Capital Projects Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements.

The Town adopts an annual appropriated budget for its general fund and its enterprise funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds** – The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for all the business-type activities previously discussed.

*Internal service funds* are used to report activities that service all other Town Departments. The Town uses an internal service fund to account for self-insured health insurance claims.

**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 financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$326.2 million at the close of the most recent fiscal year.

The condensed Statement of Net Position is as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b><u>Assets</u></b>						
Current and other assets	\$ 57,813,945	\$ 55,207,342	\$ 33,655,404	\$ 33,632,184	\$ 91,469,349	\$ 88,839,526
Capital assets, net	230,518,065	231,330,728	203,147,189	200,338,265	433,665,254	431,668,993
<b>Total assets</b>	<b>288,332,010</b>	<b>286,538,070</b>	<b>236,802,593</b>	<b>233,970,449</b>	<b>525,134,603</b>	<b>520,508,519</b>
<b>Deferred outflows of resources</b>	<b>42,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,100</b>	<b>-</b>
<b><u>Liabilities</u></b>						
Long-term liabilities	77,357,997	79,160,096	90,809,753	91,572,974	168,167,750	170,733,070
Other liabilities	13,315,733	14,053,131	17,537,374	14,514,004	30,853,107	28,567,135
<b>Total liabilities</b>	<b>90,673,730</b>	<b>93,213,227</b>	<b>108,347,127</b>	<b>106,086,978</b>	<b>199,020,857</b>	<b>199,300,205</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Net Position</u></b>						
Invested in capital assets	175,687,378	179,338,227	112,541,419	116,596,172	288,228,797	295,934,399
Restricted	20,511,155	15,818,386	-	-	20,511,155	15,818,386
Unrestricted	1,501,847	(1,831,770)	15,914,047	11,287,299	17,415,894	9,455,529
<b>Total Net Position</b>	<b>\$ 197,700,380</b>	<b>\$ 193,324,843</b>	<b>\$ 128,455,466</b>	<b>\$ 127,883,471</b>	<b>\$ 326,155,846</b>	<b>\$ 321,208,314</b>

By far, the largest portion (approximately \$288.2 million) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. 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 be used to liquidate these liabilities.

An additional portion, approximately \$20.5 million, of the Town's net position represents resources that are subject to external restrictions on how they may be used. The final portion, approximately \$17.4 million is unrestricted and may be used to meet the Town's current obligations and commitments.

Condensed changes in net position data is presented as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services	\$ 6,446,350	\$ 5,562,748	\$ 33,592,609	\$ 31,799,794	\$ 40,038,959	\$ 37,362,542
Operating grants and contributions	6,230,362	6,022,440	-	85,992	6,230,362	6,108,432
Capital grants and contributions	289,066	1,874,830	2,570,717	1,989,292	2,859,783	3,864,122
General revenues:						
Property taxes	64,160,459	63,594,267	-	-	64,160,459	63,594,267
Hotel and meals excise	3,558,082	3,092,446	-	-	3,558,082	3,092,446
Intergovernmental	278,049	737,402	-	-	278,049	737,402
Other	6,234,349	6,169,618	44,030	55,748	6,278,379	6,225,366
<b>Total Revenues</b>	<b>87,196,717</b>	<b>87,053,751</b>	<b>36,207,356</b>	<b>33,930,826</b>	<b>123,404,073</b>	<b>120,984,577</b>
<b><u>Expenses</u></b>						
General government	10,068,331	9,765,641	-	-	10,068,331	9,765,641
Public safety	14,779,274	14,042,554	-	-	14,779,274	14,042,554
Education	36,829,209	35,190,752	-	-	36,829,209	35,190,752
Public works	4,862,640	4,171,361	-	-	4,862,640	4,171,361
Health and human services	1,641,325	2,301,279	-	-	1,641,325	2,301,279
Culture and recreation	5,622,457	2,327,315	-	-	5,622,457	2,327,315
Debt service	2,075,324	2,368,538	-	-	2,075,324	2,368,538
Siasconset water	-	-	724,927	712,820	724,927	712,820
Wannacomet water	-	-	3,624,731	3,785,742	3,624,731	3,785,742
Sewer	-	-	6,002,582	6,149,616	6,002,582	6,149,616
Nantucket Memorial Airport	-	-	15,592,198	14,523,220	15,592,198	14,523,220
Our Island Home	-	-	7,670,514	7,079,676	7,670,514	7,079,676
Solid Waste	-	-	8,963,029	11,302,336	8,963,029	11,302,336
<b>Total Expenses</b>	<b>75,878,560</b>	<b>70,167,440</b>	<b>42,577,981</b>	<b>43,553,410</b>	<b>118,456,541</b>	<b>113,720,850</b>
Change in net position before transfers	11,318,157	16,886,311	(6,370,625)	(9,622,584)	4,947,532	7,263,727
<b>Transfers</b>	<b>(6,942,620)</b>	<b>(8,303,291)</b>	<b>6,942,620</b>	<b>8,303,291</b>	<b>-</b>	<b>-</b>
Change in net position	4,375,537	8,583,020	571,995	(1,319,293)	4,947,532	7,263,727
Net position, beginning of year, as	193,324,843	184,741,823	127,883,471	129,202,764	321,208,314	313,944,587
Net position, end of year	<u>\$ 197,700,380</u>	<u>\$ 193,324,843</u>	<u>\$ 128,455,466</u>	<u>\$ 127,883,471</u>	<u>\$ 326,155,846</u>	<u>\$ 321,208,314</u>

**Governmental Activities** – The governmental activities experienced a net increase in net position by approximately \$ 4.4 million (2.2 % of governmental activities’ net position). This was a result of aggressive policies to conserve expenses and forecast revenues conservatively. This was netted due to increasing the provisions to the Town’s long-term liabilities and other factors.

A detailed list of causes to this net increase in governmental activities is as follows:

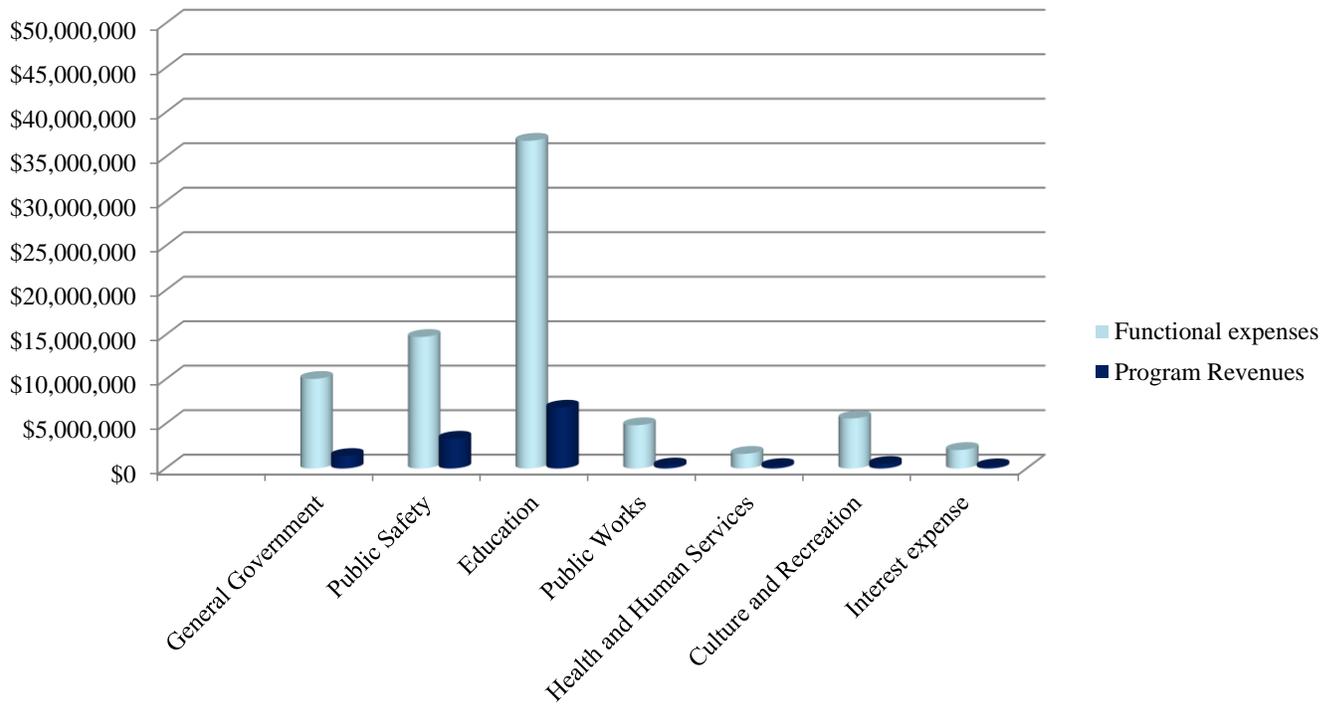
<b>Expenses:</b>	
Provision for other post employment benefits	\$ (3,994,000)
Provision for compensated absences	(356,390)
Provision for workmen's compensation	(157,802)
Favorable expense budget	2,262,029
Restricted fund expenses exceeding revenues	(1,748,687)
Depreciation	(3,506,396)
Various other miscellaneous expense items	(1,891,789)
	<u>\$ (9,393,035)</u>
<b>Revenues:</b>	
Favorable revenue forecast	1,780,138
Gain on sale of capital assets	1,379,639
	<u>\$ 3,159,777</u>
<b>Other Items:</b>	
Forecasted revenue surplus to fund capital additions	\$ 5,202,849
Forecasted revenue surplus to fund principal payback	5,405,946
	<u>\$ 10,608,795</u>
<b>Total Change</b>	<u>\$ 4,375,537</u>

Net position of the business-type activities increased by approximately \$0.6 million (less than 1.0% of business-type activities’ net position) from the prior year balances. Change in net position for each business-type fund is broken down individually as follows:

Siasconset Water District	\$ 277,745
Wannacomet Water District	1,040,215
Sewer	707,506
Nantucket Memorial Airport	(1,023,794)
Our Island Home	(53,120)
Solid Waste	(376,557)
<b>Total Change</b>	<u>\$ 571,995</u>

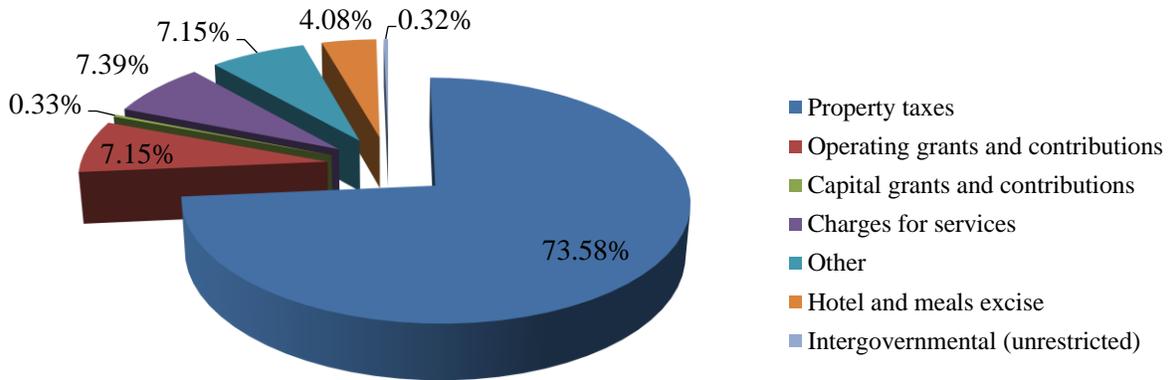
The Nantucket Memorial Airport posted a loss over \$1.0 million however this included one- time maintenance charges of approximately \$0.7 million paid from restricted funds and a non-cash write-off of construction in process in the amount of \$0.4 million for projects that did not evolve past the feasibility stage. All other business – type funds results were consistent with expectations.

Fiscal Year 2014 Expenses and Program Revenues – governmental activities are graphically presented as follows:



Major revenue sources of governmental activities consist of revenue from; Property taxes which represented 73.6% of total revenues, consistent with 73.1% in the prior year. Although the percentage of overall revenue was equal, the property tax amount increased in accordance with proposition 2 1/2, which caps property tax increases at 2 1/2% of the prior year levy plus new growth. No other revenue sources exceeded 10% of total revenues in either fiscal 2014 or 2013.

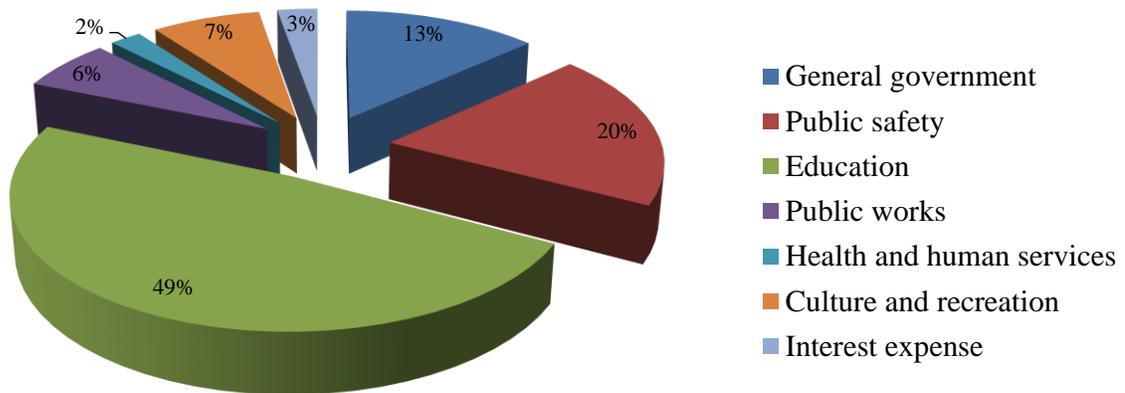
### Revenues



Educational expenses continues to be an area in which the Town devotes substantial resources. Education costs represented the area of largest disbursement for the Town as approximately 48.5% of total disbursements related to education down from 50.2% in the prior year. Actual costs increased despite the ratio decreasing. The increase, representing approximately \$1.6 million was primarily due to an increase in health insurance benefits, post-employment benefits, salaries and general inflation. The Town is required under State law to fund a net school spending calculation. The Town funds well in excess of the minimum requirements. Public Safety expenses represented 19.5% of total expenses, down slightly from 20.0% in the prior year as operations were consistent from year to year. General Government expenses represented approximately 13.3% of total expenses down slightly from 13.9% in the previous year as these operations were also consistent from year to year.

No other expenses represented greater than 10.0% of total expenses in either fiscal 2014 or 2013 however Culture and Recreation costs were \$3.3 million greater year over year due to expenses associated with the preservation of historical assets funded from the Town’s Community Preservation Fund.

## Expenses



### Fund-wide Financial Analysis of the Government’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, *unrestricted 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 close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of approximately \$44.3 million, an increase of approximately \$4.3 million over the prior year.

Decreases of \$0.9 million in the Town Capital Projects Fund were offset by increases in the General Fund of \$2.7 due to favorable operating results and increases in the aggregate Nonmajor Funds of \$2.4 million were primarily due to proceeds received from the sale of a large parcel of real estate.

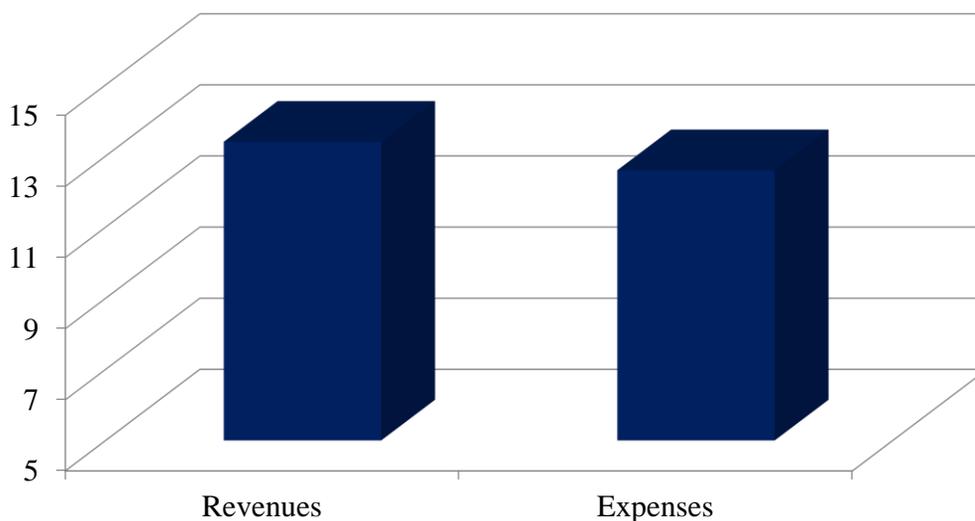
Unassigned fund balance in the general fund was approximately \$14.7 million or 21.5% of general fund expenditures. This is available for spending at the government’s discretion. Assigned fund balance of \$2.0 million; committed fund balance of approximately \$8.1 million and restricted fund balance of \$0.7 million bring total general fund balance to \$25.5 million or 37.2% of general fund expenditures.

The remainder of governmental fund balances are included as Combined Nonmajor Fund Balances and are classified as either (1) non-spendable, due to being the corpus of an endowment in the amount of \$114,762; or (2) restricted due to constraints placed externally by third-parties in the amount of approximately \$18.4 million.

**Proprietary funds** – The Town’s proprietary funds are made up of the same type of information found in the government-wide financial statements under business-type activities, but in more detail; and (2) the Town’s Internal Service Fund which accounts for the Town’s Health Claims Fund.

The Health Claims Fund has a Net Asset balance of approximately \$1.0 million. This represents an increase of approximately \$0.8 million over the prior year. A positive amount from contributions combined with lower claim activity contributed to operating revenues exceeding operating expenses.

### Health Claims Fund



**Fiduciary Fund** – The Town’s fiduciary fund is comprised primarily of the Town’s Private Purpose Trust Funds whose net assets are approximately \$2.4 million. These assets are used strictly for purposes outside of the public domain such as scholarships and public assistance and decreased by about \$347,000 over the prior year due to increased scholarships awarded and other public assistance.

In addition, the Town has elected to establish a trust under Chapter 32B Section 20 of the MGL whose sole purpose will be to accumulate funds to reduce the Town’s unfunded Postemployment Benefits. In 2013 the Town elected to transfer seed money of \$250,000 to establish the first contribution to the fund. No contributions were made during 2014.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended were for the most part not significant (less than 1%).

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to the report.

### **Capital Asset and Debt Administration**

**Capital Assets** – The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to approximately \$433.7 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$2.7 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total increase is due to capital investments exceeding depreciation for the year.

Additional information on the Town’s capital assets can be found in Note II subsection D.

**Long-term Debt** – At the end of the current fiscal year, the Town had total debt outstanding of approximately \$137.2 million. The entire amount comprises debt backed by the full faith and credit of the government. The Town’s total debt decreased by approximately \$7.0 million during the fiscal year due to:

Regular scheduled maturities:	
Governmental Activities	\$ (5,405,946)
Business-Type Activities	(5,224,019)
Amortization of bond premium:	
Governmental Activities	(22,543)
Business-Type Activities	(132,697)
Issuance of debt	
Governmental Activities	-
Business-Type Activities	3,761,000
	<u>\$ (7,024,205)</u>

The Town’s most recent credit evaluation resulted in an “Aa2” rating from Moody’s Investment Services for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the Town is approximately \$855 million, which is significantly in excess of the Town’s outstanding general obligation debt classified as inside the debt limit.

Bond anticipation note payable balances outstanding at year-end amount to approximately \$9.0 million. \$6.0 million of this amount relates to sewer projects; \$1.3 million to water projects; \$1.0 million to Airport activities; \$1.1 million to Community Preservation and \$0.5 million to the Septic Loan Program. Additional information on the Town’s short-term and long-term debt can be found in Note II under subsections F and G.

## **Economic Factors and Next Year's Budgets and Rates**

- Consistent with both State and National work force trends, the Town's unemployment rates have improved over the last 24 months and have stabilized from the historic lows reached at the peak of the recession in 2009. While this trend is expected to continue, the extent, timing or certainty of any full economic rebound cannot be reasonably estimated at this time.
- The Town's real estate tax base is made up predominantly of residential taxes, which comprise nearly 87.8% of the Town's real estate tax base. The Town also relies heavily on its commercial and industrial real estate tax base, which in aggregate comprise 10.2 % of the Town's real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy plus new growth.
- The Town's housing market continues to be vibrant and consistently outpaces the state and national indexes. Average home prices approximate \$1.5 million and the average residential tax rate is 3.67 per \$1,000.
- The Town has responded well to the recent economic challenges. Reductions in local revenue, primarily interest income and other reductions in revenue have caused the Town to aggressively seek other revenue producing initiatives in order to maintain appropriations in ways that preserved local service levels.
- All of the above items were considered when the Town developed its budget for fiscal year 2015. The budget was adopted in April 2014 and the Town expects its tax rate to be certified in December 2014.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Finance Director, 37 Washington Street, Nantucket, Massachusetts 02554.

Complete stand-alone financial statements for Nantucket County may be obtained from the Office of the Director of Finance 37 Washington Street, Nantucket, Massachusetts 02554.

Complete stand-alone financial statements for Nantucket Islands Land Bank may be obtained by contacting Nantucket Islands Land Bank, 22 Broad Street, Nantucket, Massachusetts 02554.

Complete stand-alone financial statements for Nantucket Memorial Airport may be obtained from the Office of the Director of Finance 37 Washington Street, Nantucket, Massachusetts 02554.

## **Basic Financial Statements**



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TOWN OF NANTUCKET, MASSACHUSETTS

STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Nantucket County	Nantucket Islands Land Bank
<b>Assets</b>					
Cash and cash equivalents	\$ 42,296,622	\$ 24,594,935	\$ 66,891,557	\$ 3,475,767	\$ 11,361,086
Investments	4,387,888	-	4,387,888	-	1,253,006
Investments, designated	-	-	-	-	4,707,175
Receivables, net:					
Property taxes	3,163,348	-	3,163,348	-	-
User fees	-	4,718,029	4,718,029	-	-
Departmental and other	4,145,421	431,532	4,576,953	-	234,611
Intergovernmental	1,990,666	3,518,475	5,509,141	81,534	-
Inventory	-	392,433	392,433	-	269,209
Deposit held by third party	1,830,000	-	1,830,000	-	-
Other assets	-	-	-	-	92,737
Restricted cash and cash equivalents	-	-	-	-	1,768,189
Restricted investments	-	-	-	-	2,846,160
Cash surrender value of life insurance	-	-	-	-	764,946
Land conservation rights	-	-	-	-	30,000
Capital assets not being depreciated	181,967,158	33,030,444	214,997,602	3,283,842	257,810,267
Capital assets, net of depreciation	48,550,907	170,116,745	218,667,652	42,583	16,144,796
<b>Total Assets</b>	<b>288,332,010</b>	<b>236,802,593</b>	<b>525,134,603</b>	<b>6,883,726</b>	<b>297,282,182</b>
Deferred Outflows of Resources	42,100	-	42,100	-	-
<b>Liabilities</b>					
Warrants and accounts payable	2,520,369	1,718,580	4,238,949	6,011	246,934
Accrued payroll and withholdings	1,251,050	276,898	1,527,948	28,697	-
Accrued expenses	-	-	-	-	696,909
Health claims incurred but not reported	775,395	-	775,395	-	-
Accrued interest	628,817	901,490	1,530,307	-	-
Other liabilities	196,962	380,977	577,939	-	-
Bond anticipation notes payable	1,621,551	8,300,200	9,921,751	-	-
Noncurrent liabilities:					
Due within one year	6,321,589	5,959,461	12,281,050	-	4,212,533
Due in more than one year	77,357,997	90,809,521	168,167,518	106,380	25,103,430
<b>Total Liabilities</b>	<b>90,673,730</b>	<b>108,347,127</b>	<b>199,020,857</b>	<b>141,088</b>	<b>30,259,806</b>
Deferred Inflows of Resources	-	-	-	-	-
<b>Net Position</b>					
Net Investment in Capital Assets	175,687,378	112,541,419	288,228,797	3,326,425	244,825,076
Restricted:					
Nonexpendable permanent funds	114,762	-	114,762	-	-
Federal and State grants	1,543,943	-	1,543,943	-	-
Community preservation	5,668,115	-	5,668,115	-	-
Sale of real estate	4,932,855	-	4,932,855	-	-
Revolving funds	4,899,114	-	4,899,114	-	-
Other purposes	3,352,366	-	3,352,366	2,121,457	4,614,349
Unrestricted	1,501,847	15,914,047	17,415,894	1,294,756	17,582,951
<b>Total Net Position</b>	<b>\$ 197,700,380</b>	<b>\$ 128,455,466</b>	<b>\$ 326,155,846</b>	<b>\$ 6,742,638</b>	<b>\$ 267,022,376</b>

See accompanying notes to basic financial statements.

TOWN OF NANTUCKET, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units	
								Nantucket County	Nantucket Islands Land Bank
Primary government:									
Governmental activities:									
General government	\$ 10,068,331	\$ 917,730	\$ 486,574	\$ -	\$ (8,664,027)	\$ (8,664,027)			
Public safety	14,779,274	3,213,998	37,169	98,594	(11,429,513)	(11,429,513)			
Education	36,829,209	1,490,713	5,345,336	-	(29,993,160)	(29,993,160)			
Public works	4,862,640	340,272	-	-	(4,522,368)	(4,522,368)			
Health and human services	1,641,325	188,221	88,788	-	(1,364,316)	(1,364,316)			
Culture and recreation	5,622,457	295,416	22,495	190,472	(5,114,074)	(5,114,074)			
Interest expense	2,075,324	-	250,000	-	(1,825,324)	(1,825,324)			
Total governmental activities	75,878,560	6,446,350	6,230,362	289,066	(62,912,782)	(62,912,782)			
Business-type activities:									
Siasconset water	724,927	862,804	-	-	\$ 137,877	137,877			
Wannacomet water	3,624,731	4,833,938	-	-	1,209,207	1,209,207			
Sewer	6,002,582	6,133,941	-	762,312	893,671	893,671			
Nantucket Memorial Airport	15,592,198	12,761,708	91,000	1,717,405	(1,022,085)	(1,022,085)			
Our Island Home	7,670,514	5,507,647	-	-	(2,162,867)	(2,162,867)			
Solid waste	8,963,029	3,492,571	-	-	(5,470,458)	(5,470,458)			
Total business-type activities	42,577,981	33,592,609	91,000	2,479,717	(6,414,655)	(6,414,655)			
Total Primary Government	\$ 118,456,541	\$ 40,038,959	\$ 6,321,362	\$ 2,768,783	(62,912,782)	(6,414,655)	(69,327,437)		
Component units:									
Nantucket County	\$ 790,527	\$ 945,151	\$ 170,201	\$ -			324,825		-
Nantucket Islands Land Bank	7,016,431	21,869,068	443,100	-			-		15,295,737
Total Component units	\$ 7,806,958	\$ 22,814,219	\$ 613,301	\$ -			324,825		15,295,737
General Revenues:									
Property taxes					64,160,459	-	64,160,459	-	-
Motor vehicle and boat excise					2,314,472	-	2,314,472	-	-
Hotel and meals excise					3,558,082	-	3,558,082	-	-
Community Preservation Fund surcharges					1,782,598	-	1,782,598	-	-
Grants and contributions not restricted to specific programs					278,049	-	278,049	-	-
Penalties and interest on taxes					598,411	-	598,411	-	-
Unrestricted investment income					159,229	44,030	203,259	8,413	82,854
Gain (loss) on sale of capital assets					1,379,639	-	1,379,639	-	(65,599)
Transfers (net)					(6,942,620)	6,942,620	-	-	-
Total general revenues and transfers					67,288,319	6,986,650	74,274,969	8,413	17,255
Change in Net Position					4,375,537	571,995	4,947,532	333,238	15,312,992
Net Position:									
Beginning of year, as restated (see Note IV)					193,324,843	127,883,471	321,208,314	6,409,400	251,709,384
End of year					\$ 197,700,380	\$ 128,455,466	\$ 326,155,846	\$ 6,742,638	\$ 267,022,376

See accompanying notes to basic financial statements.

**TOWN OF NANTUCKET, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014**

	General Fund	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 21,412,743	\$ 352,396	\$ 19,836,431	\$ 41,601,570
Investments	4,272,906	-	114,982	4,387,888
Receivables, net of allowance for uncollectibles:				
Property taxes	3,006,688	-	156,660	3,163,348
Departmental and other	3,802,641	-	161,282	3,963,923
Intergovernmental	423,213	-	1,567,453	1,990,666
Due from other funds	776,230	-	-	776,230
<b>Total Assets</b>	<u>33,694,421</u>	<u>352,396</u>	<u>21,836,808</u>	<u>55,883,625</u>
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 33,694,421</u>	<u>\$ 352,396</u>	<u>\$ 21,836,808</u>	<u>\$ 55,883,625</u>
<b>Liabilities:</b>				
Warrants and accounts payable	\$ 1,268,580	\$ 6,482	\$ 358,858	\$ 1,633,920
Accrued payroll and withholdings	1,164,273	-	86,777	1,251,050
Other liabilities	-	-	196,962	196,962
Due to other funds	-	-	776,230	776,230
Bond anticipation notes payable	-	-	1,621,551	1,621,551
<b>Total Liabilities</b>	<u>2,432,853</u>	<u>6,482</u>	<u>3,040,378</u>	<u>5,479,713</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	2,373,564	-	156,660	2,530,224
Unavailable revenue - other	3,382,805	-	161,282	3,544,087
<b>Total Deferred Inflows of Resources</b>	<u>5,756,369</u>	<u>-</u>	<u>317,942</u>	<u>6,074,311</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	114,762	114,762
Restricted	650,518	345,914	18,363,726	19,360,158
Committed	8,061,318	-	-	8,061,318
Assigned	2,047,757	-	-	2,047,757
Unassigned	14,745,606	-	-	14,745,606
<b>Total Fund Balances</b>	<u>25,505,199</u>	<u>345,914</u>	<u>18,478,488</u>	<u>44,329,601</u>
<b>Total Liabilities , Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 33,694,421</u>	<u>\$ 352,396</u>	<u>\$ 21,836,808</u>	<u>\$ 55,883,625</u>

See accompanying notes to basic financial statements.

TOWN OF NANTUCKET, MASSACHUSETTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014

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<b>Total Governmental Fund Balances</b>	<b>\$ 44,329,601</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	230,518,065
Other assets are not available to pay for current-period expenditures and are therefore deferred inflows of financial resources in the funds.	6,074,311
Assets and liabilities of the Town's internal service funds are included in the Statement of Net Position, but are not reported in the governmental funds.	1,036,235
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds, interest is not reported until due.	(628,817)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:	
Unamortized premiums on bonds	(40,366)
Bonds and notes payable	(54,830,687)
Compensated absences	(1,540,760)
Other postemployment benefits	(27,217,202)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 197,700,380</u></b>

See accompanying notes to basic financial statements.

**TOWN OF NANTUCKET, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 63,434,664	\$ -	\$ -	\$ 63,434,664
Intergovernmental	4,479,707	-	3,639,639	8,119,346
Motor vehicle and other excises	2,478,758	-	33,851	2,512,609
Hotel and meals taxes	3,558,082	-	-	3,558,082
Community preservation surcharges	-	-	1,773,519	1,773,519
Licenses and permits	1,405,911	-	-	1,405,911
Penalties and interest on taxes	598,411	-	-	598,411
Fines and forfeitures	296,917	-	-	296,917
Investment income	114,392	-	33,129	147,521
Departmental and other revenue	1,691,987	-	2,949,256	4,641,243
Contributions and donations	-	-	372,331	372,331
<b>Total Revenues</b>	<u>78,058,829</u>	<u>-</u>	<u>8,801,725</u>	<u>86,860,554</u>
<b>Expenditures:</b>				
Current:				
General government	7,515,564	223,343	734,652	8,473,559
Public safety	8,603,860	8,877	1,387,531	10,000,268
Education	23,710,704	-	3,071,779	26,782,483
Public works	3,288,705	4,405	819,123	4,112,233
Health and human services	912,264	-	323,815	1,236,079
Culture and recreation	1,182,179	29,449	3,871,814	5,083,442
Pension and fringe benefits	15,661,255	-	-	15,661,255
State and county assessments	566,814	-	-	566,814
Debt service:				
Principal	4,994,611	-	411,333	5,405,944
Interest	2,186,325	-	-	2,186,325
<b>Total Expenditures</b>	<u>68,622,281</u>	<u>266,074</u>	<u>10,620,047</u>	<u>79,508,402</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>9,436,548</u>	<u>(266,074)</u>	<u>(1,818,322)</u>	<u>7,352,152</u>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	-	-	3,888,758	3,888,758
Transfers in	1,751,972	-	350,000	2,101,972
Transfers out	(8,403,098)	(641,494)	-	(9,044,592)
<b>Total Other Financing Sources (Uses)</b>	<u>(6,651,126)</u>	<u>(641,494)</u>	<u>4,238,758</u>	<u>(3,053,862)</u>
<b>Net Change in Fund Balances</b>	2,785,422	(907,568)	2,420,436	4,298,290
Fund Balances - Beginning	<u>22,719,777</u>	<u>1,253,482</u>	<u>16,058,052</u>	<u>40,031,311</u>
Fund Balances - Ending	<u>\$ 25,505,199</u>	<u>\$ 345,914</u>	<u>\$ 18,478,488</u>	<u>\$ 44,329,601</u>

See accompanying notes to basic financial statements.

TOWN OF NANTUCKET, MASSACHUSETTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2014

<b>Net Change in Fund Balances - Total Governmental Fund Balances</b>	<b>\$ 4,298,290</b>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, when a capital asset is disposed of, a gain or loss is calculated and reported in the Statement of Activities whereas the in the governmental funds, proceeds are reported as revenues.</p> <p>The net amounts are reflected here as reconciling items:</p>	
Gain on disposal of capital assets reported in the Statement of Activities	1,379,639
Proceeds from disposition of capital assets reported as revenues in the governmental funds	(3,888,758)
Capital outlays	5,202,849
Depreciation expense	<u>(3,506,396)</u>
Net effect of reporting capital assets	(812,666)
<p>In the Statement of Activities, Internal Service Funds established to administer the Town's health insurance and worker's compensation activities are included within the Statement of activities whereas these activities are not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p>	
	778,634
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:</p>	
Repayments of debt	<u>5,405,946</u>
Net effect of reporting long-term debt	5,405,946
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the following differences derived from unavailable revenue.</p>	
	(1,055,189)
<p>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:</p>	
Accrued interest	88,458
Compensated absences	(356,390)
Amortization of premiums on bonds and notes payable	22,543
Other Postemployment benefits	(3,994,092)
Other net items	<u>3</u>
Net effect of reporting long-term liabilities	<u>(4,239,478)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 4,375,537</u></b>
<p>See accompanying notes to basic financial statements.</p>	

TOWN OF NANTUCKET, MASSACHUSETTS

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Business-Type Activities						Governmental	
	Siasconset Water	Wannacomet Water	Sewer	Nantucket Memorial Airport	Our Island Home	Solid Waste	Total	Internal Service Fund
<b>Assets:</b>								
Current assets:								
Cash and cash equivalents	\$ 445,742	\$ 2,662,741	\$ 8,636,658	\$ 6,733,061	\$ 3,413,537	\$ 2,703,196	\$ 24,594,935	\$ 695,052
Receivables (net):								
User charges	140,864	544,074	777,305	874,861	1,809,261	571,664	4,718,029	-
Privilege fees	-	-	431,532	-	-	-	431,532	-
Intergovernmental	-	-	1,478,575	332,272	-	-	1,810,847	-
Inventory	-	21,614	-	370,819	-	-	392,433	-
Reinsured claims receivable	-	-	-	-	-	-	-	181,498
Total current assets	586,606	3,228,429	11,324,070	8,311,013	5,222,798	3,274,860	31,947,776	876,550
Noncurrent assets:								
Receivables (net):								
Intergovernmental	-	-	1,707,628	-	-	-	1,707,628	-
Deposit held by third party	-	-	-	-	-	-	-	1,830,000
Nondepreciable capital assets	3,817,361	5,537,171	12,419,246	8,605,260	-	2,651,406	33,030,444	-
Capital assets (net of depreciation)	8,922,168	28,993,763	71,800,048	54,019,878	682,765	5,698,123	170,116,745	-
Total noncurrent assets	12,739,529	34,530,934	85,926,922	62,625,138	682,765	8,349,529	204,854,817	1,830,000
<b>Total Assets</b>	<b>13,326,135</b>	<b>37,759,363</b>	<b>97,250,992</b>	<b>70,936,151</b>	<b>5,905,563</b>	<b>11,624,389</b>	<b>236,802,593</b>	<b>2,706,550</b>
<b>Deferred Outflows of Resources</b>								
Prepaid expense	-	-	-	-	-	-	-	42,100
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-	-	-	42,100
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 13,326,135</b>	<b>\$ 37,759,363</b>	<b>\$ 97,250,992</b>	<b>\$ 70,936,151</b>	<b>\$ 5,905,563</b>	<b>\$ 11,624,389</b>	<b>\$ 236,802,593</b>	<b>\$ 2,748,650</b>
<b>Liabilities:</b>								
Current liabilities:								
Warrants and accounts payable	7,779	142,332	506,835	784,004	110,789	166,841	1,718,580	886,449
Accrued payroll and withholdings	-	26,974	22,379	86,714	140,262	569	276,898	-
Health claims incurred but not reported	-	-	-	-	-	-	-	775,395
Accrued interest	87,804	232,277	518,723	56,011	-	6,675	901,490	-
Other liabilities	-	-	-	380,977	-	-	380,977	-
Bond anticipation notes payable	500,000	800,000	5,999,200	1,001,000	-	-	8,300,200	-
Unamortized premiums on bonds	5,048	62,717	30,738	28,431	-	-	126,934	-
Compensated absences	-	107,011	23,757	196,095	144,140	-	471,003	-
Workers' compensation claims incurred but not reported	-	-	-	-	-	-	-	50,571
Bonds and notes payable	605,000	1,560,000	2,322,524	834,000	-	40,000	5,361,524	-
Total current liabilities	1,205,631	2,931,311	9,424,156	3,367,232	395,191	214,085	17,537,606	1,712,415
Noncurrent liabilities:								
Unamortized premiums on bonds	70,672	499,812	202,017	213,176	-	-	985,677	-
Compensated absences	-	107,011	23,757	196,094	144,139	-	471,001	-
Landfill closure	-	-	-	-	-	7,294,000	7,294,000	-
Other postemployment benefits	166,434	500,292	341,491	2,094,350	3,124,841	-	6,227,408	-
Bonds and notes payable	6,180,000	18,150,000	39,746,435	11,300,000	-	455,000	75,831,435	-
Total noncurrent liabilities	6,417,106	19,257,115	40,313,700	13,803,620	3,268,980	7,749,000	90,809,521	-
<b>Total Liabilities</b>	<b>7,622,737</b>	<b>22,188,426</b>	<b>49,737,856</b>	<b>17,170,852</b>	<b>3,664,171</b>	<b>7,963,085</b>	<b>108,347,127</b>	<b>1,712,415</b>
<b>Total Deferred Inflows of Resources</b>	-	-	-	-	-	-	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>7,622,737</b>	<b>22,188,426</b>	<b>49,737,856</b>	<b>17,170,852</b>	<b>3,664,171</b>	<b>7,963,085</b>	<b>108,347,127</b>	<b>1,712,415</b>
<b>Net Position:</b>								
Net Investment in capital assets	5,378,809	13,458,405	35,918,380	49,248,531	682,765	7,854,529	112,541,419	-
Unrestricted	324,589	2,112,532	11,594,756	4,516,768	1,558,627	(4,193,225)	15,914,047	1,036,235
<b>Total Net Position</b>	<b>\$ 5,703,398</b>	<b>\$ 15,570,937</b>	<b>\$ 47,513,136</b>	<b>\$ 53,765,299</b>	<b>\$ 2,241,392</b>	<b>\$ 3,661,304</b>	<b>\$ 128,455,466</b>	<b>\$ 1,036,235</b>

See accompanying notes to basic financial statements.

TOWN OF NANTUCKET, MASSACHUSETTS

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities						Total	Governmental
	Siasconset Water	Wannacommet Water	Sewer	Nantucket Memorial Airport	Our Island Home	Solid Waste		Internal Service Fund
<b>Operating Revenues:</b>								
Charges for services	\$ 802,294	\$ 4,554,300	\$ 5,935,331	\$ 12,761,708	\$ 5,494,749	\$ 3,492,571	\$ 33,040,953	\$ -
Contributions	-	-	-	-	-	-	-	12,934,294
Intergovernmental	-	-	-	91,000	-	-	91,000	-
Other	60,510	279,638	198,610	-	12,898	-	551,656	418,706
<b>Total Operating Revenues</b>	<u>862,804</u>	<u>4,833,938</u>	<u>6,133,941</u>	<u>12,852,708</u>	<u>5,507,647</u>	<u>3,492,571</u>	<u>33,683,609</u>	<u>13,353,000</u>
<b>Operating Expenses:</b>								
Operating costs	227,567	2,107,408	2,562,788	11,944,071	7,598,409	8,067,750	32,507,993	-
Depreciation	207,029	778,698	2,197,593	2,391,192	72,105	288,633	5,935,250	-
Maintenance	-	-	-	704,116	-	587,120	1,291,236	-
Employee benefits	-	-	-	-	-	-	-	12,586,074
<b>Total Operating Expenses</b>	<u>434,596</u>	<u>2,886,106</u>	<u>4,760,381</u>	<u>15,039,379</u>	<u>7,670,514</u>	<u>8,943,503</u>	<u>39,734,479</u>	<u>12,586,074</u>
<b>Total Operating Income</b>	<u>428,208</u>	<u>1,947,832</u>	<u>1,373,560</u>	<u>(2,186,671)</u>	<u>(2,162,867)</u>	<u>(5,450,932)</u>	<u>(6,050,870)</u>	<u>766,926</u>
<b>Nonoperating Revenues (Expenses):</b>								
Intergovernmental	-	-	259,563	1,717,405	-	-	1,976,968	-
Investment income	1,618	10,273	6,151	22,789	3,199	-	44,030	11,708
Interest expense	(290,331)	(738,625)	(1,242,201)	(552,819)	-	(19,526)	(2,843,502)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(288,713)</u>	<u>(728,352)</u>	<u>(976,487)</u>	<u>1,187,375</u>	<u>3,199</u>	<u>(19,526)</u>	<u>(822,504)</u>	<u>11,708</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<u>139,495</u>	<u>1,219,480</u>	<u>397,073</u>	<u>(999,296)</u>	<u>(2,159,668)</u>	<u>(5,470,458)</u>	<u>(6,873,374)</u>	<u>778,634</u>
<b>Capital Contributions</b>								
Privilege fees	-	-	502,749	-	-	-	502,749	-
<b>Transfers</b>								
Transfers in	153,500	-	-	304,598	2,295,000	5,300,000	8,053,098	-
Transfers out	(15,250)	(179,265)	(192,316)	(329,096)	(188,452)	(206,099)	(1,110,478)	-
<b>Transfers</b>	<u>138,250</u>	<u>(179,265)</u>	<u>(192,316)</u>	<u>(24,498)</u>	<u>2,106,548</u>	<u>5,093,901</u>	<u>6,942,620</u>	<u>-</u>
<b>Change in Net Position</b>	<u>277,745</u>	<u>1,040,215</u>	<u>707,506</u>	<u>(1,023,794)</u>	<u>(53,120)</u>	<u>(376,557)</u>	<u>571,995</u>	<u>778,634</u>
<b>Net Position at Beginning of Year, as restated (See note IV)</b>	<u>5,425,653</u>	<u>14,530,722</u>	<u>46,805,630</u>	<u>54,789,093</u>	<u>2,294,512</u>	<u>4,037,861</u>	<u>127,883,471</u>	<u>257,601</u>
<b>Net Position at End of Year</b>	<u>\$ 5,703,398</u>	<u>\$ 15,570,937</u>	<u>\$ 47,513,136</u>	<u>\$ 53,765,299</u>	<u>\$ 2,241,392</u>	<u>\$ 3,661,304</u>	<u>\$ 128,455,466</u>	<u>\$ 1,036,235</u>

See accompanying notes to basic financial statements.

TOWN OF NANTUCKET, MASSACHUSETTS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities						Total	Governmental
	Siasconset Water	Wannacomet Water	Sewer	Nantucket Memorial Airport	Our Island Home	Solid Waste		Internal Service Fund
<b>Cash Flows from Operating Activities:</b>								
Receipts from users	\$ 766,789	\$ 4,486,880	\$ 5,926,416	\$ 13,021,757	\$ 4,821,762	\$ 3,426,564	\$ 32,450,168	\$ -
Employee and employer contributions	-	-	-	-	-	-	-	12,934,294
Receipts from other operating revenues	60,510	279,638	198,610	-	12,898	-	551,656	237,208
Payments to employees	-	(1,554,318)	(1,106,710)	(4,270,173)	(3,955,305)	(19,526)	(10,906,032)	-
Payments to vendors	(223,327)	(308,417)	(1,172,871)	(7,701,414)	(3,172,220)	(8,487,754)	(21,066,003)	-
Payments for interfund services used	-	-	-	-	-	-	-	(13,742,036)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>603,972</b>	<b>2,903,783</b>	<b>3,845,445</b>	<b>1,050,170</b>	<b>(2,292,865)</b>	<b>(5,080,716)</b>	<b>1,029,789</b>	<b>(570,534)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>								
Operating grants	-	-	405,048	15,713	-	-	420,761	-
Advances (to) from other funds	412,362	(669,008)	526,304	(23,122)	-	-	246,536	197,000
Transfers in	153,500	-	-	304,598	2,295,000	5,300,000	8,053,098	-
Transfers out	(15,250)	(179,265)	(192,316)	(329,096)	(188,452)	(206,099)	(1,110,478)	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>550,612</b>	<b>(848,273)</b>	<b>739,036</b>	<b>(31,907)</b>	<b>2,106,548</b>	<b>5,093,901</b>	<b>7,609,917</b>	<b>197,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Proceeds from the issuance of bonds and notes	-	-	97,000	3,664,000	-	-	3,761,000	-
Sewer privilege fees	-	-	345,087	-	-	-	345,087	-
Proceeds from capital grants	-	-	-	1,385,133	-	-	1,385,133	-
Acquisition and construction of capital assets	(1,005,294)	(2,374,861)	(3,635,219)	(1,982,091)	(141,585)	(7,880)	(9,146,930)	-
Proceeds from bond anticipation notes	-	-	4,675,981	1,001,000	-	-	5,676,981	-
Repayments of bond anticipation notes	-	-	(97,000)	(4,663,895)	-	-	(4,760,895)	-
Principal payments on bonds and notes	(590,000)	(1,545,000)	(2,284,019)	(765,000)	-	(40,000)	(5,224,019)	-
Interest payments on bonds and notes	(304,383)	(825,374)	(1,341,150)	(592,138)	-	(20,352)	(3,083,397)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(1,899,677)</b>	<b>(4,745,235)</b>	<b>(2,239,320)</b>	<b>(1,952,991)</b>	<b>(141,585)</b>	<b>(68,232)</b>	<b>(11,047,040)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>								
Investment income	1,618	10,273	6,151	22,789	3,199	-	44,030	11,708
Investment of operating cash	-	-	-	-	-	-	-	174,087
<b>Net Cash Provided by Investing Activities</b>	<b>1,618</b>	<b>10,273</b>	<b>6,151</b>	<b>22,789</b>	<b>3,199</b>	<b>-</b>	<b>44,030</b>	<b>185,795</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(743,475)</b>	<b>(2,679,452)</b>	<b>2,351,312</b>	<b>(911,939)</b>	<b>(324,703)</b>	<b>(55,047)</b>	<b>(2,363,304)</b>	<b>(187,739)</b>
<b>Cash and Cash Equivalents:</b>								
Beginning of the year	1,189,217	5,342,193	6,285,346	7,645,000	3,738,240	2,758,243	26,958,239	882,791
End of the year	\$ 445,742	\$ 2,662,741	\$ 8,636,658	\$ 6,733,061	\$ 3,413,537	\$ 2,703,196	\$ 24,594,935	\$ 695,052
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>								
Operating Income (Loss)	\$ 428,208	\$ 1,947,832	\$ 1,373,560	\$ (2,186,671)	\$ (2,162,867)	\$ (5,450,932)	\$ (6,050,870)	\$ 766,926
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>								
Depreciation	207,029	778,698	2,197,593	2,391,192	72,105	288,633	5,935,250	-
<b>Changes in assets and liabilities:</b>								
Receivables	(35,505)	(67,420)	(8,915)	169,049	(672,987)	(66,007)	(681,785)	(181,498)
Prepaid expenses	-	-	-	-	-	-	-	(42,100)
Inventory	-	-	-	74,010	-	-	74,010	-
Accounts payable and accrued expenses	4,240	244,673	283,207	578,691	470,884	(221,660)	1,360,035	(1,113,862)
Landfill closure	-	-	-	-	-	369,250	369,250	-
Other liabilities	-	-	-	23,899	-	-	23,899	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 603,972</b>	<b>\$ 2,903,783</b>	<b>\$ 3,845,445</b>	<b>\$ 1,050,170</b>	<b>\$ (2,292,865)</b>	<b>\$ (5,080,716)</b>	<b>\$ 1,029,789</b>	<b>\$ (570,534)</b>
<b>Noncash investing capital and financing activities:</b>								
Intergovernmental subsidies of debt service	\$ -	\$ -	\$ 1,323,219	\$ -	\$ -	\$ -	\$ 1,323,219	\$ -
Amortization of bond premiums	5,048	65,148	33,005	29,496	-	-	132,697	-
See accompanying notes to basic financial statements.								



**TOWN OF NANTUCKET, MASSACHUSETTS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2014**

	<u>Other Postemployment Benefits Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>Additions</b>		
Contributions:		
Other	\$ -	\$ 55,670
Total contributions	-	55,670
Investment income:		
Interest and dividends	(1,589)	26,760
Net investment earnings	(1,589)	26,760
<b>Total Additions</b>	(1,589)	82,430
<b>Deductions</b>		
Education - scholarships	-	160,900
Health and human services - public assistance	-	185,833
<b>Total Deductions</b>	-	346,733
<b>CHANGE IN NET POSITION</b>	(1,589)	(264,303)
<b>NET POSITION AT BEGINNING OF YEAR</b>	250,111	2,624,355
<b>NET POSITION AT END OF YEAR</b>	\$ 248,522	\$ 2,360,052

See accompanying notes to basic financial statements.

## TOWN OF NANTUCKET, MASSACHUSETTS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

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#### I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Town:

##### A. **Reporting Entity**

The Town is located in Nantucket County, twenty-five miles south of Cape Cod and was incorporated as a Town in 1671. An elected five member Board of Selectmen (“Selectmen”) governs the Town and an appointed Town Manager oversees the Town’s daily executive and administrative duties. The Town provides governmental services for the territory within its boundaries, including police and fire protection, public education in grades K-12, water and sewer services, solid waste disposal, street maintenance, elderly housing, parks and recreational facilities and an airport.

Discretely Presented Component Units – The Town includes two entities as component units in the Town's reporting entity because of the significance of their operations or financial relationships with the Town are such that exclusion would cause the basic financial statements to be misleading. Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government. A description of the discretely presented component units and their relationships with the Town follows:

Nantucket County – The County of Nantucket (“the County”) is presented in a separate column to emphasize that it is legally separate from the Town but included because the Town is financially accountable for, and can impose its will on, the organization. The County shares the same geographical boundaries as the Town, and the Town’s Selectmen serve ex-officio as the County Commissioners. The County operates a Registry of Deeds and a Corrections Office. The County issued complete stand-alone financial statements at June 30, 2014 which may be obtained by contacting the County of Nantucket, 16 Broad Street Nantucket, Massachusetts 02554

Nantucket Islands Land Bank – The Nantucket Islands Land Bank (“the Land Bank”) was created by Chapter 669 of the Acts of 1983 of the Commonwealth of Massachusetts to acquire and manage open space and protect natural resources in Nantucket County. The Land Bank is administered by the Nantucket Islands Land Bank Commission, which is comprised of five elected members. It is legally separate from the Town but presented as a discrete component unit as the Land Bank’s bonds payable are guaranteed by the full faith and credit of the Town. The Land Bank issued complete stand-alone financial statements at June 30, 2014 which may be obtained by contacting Nantucket Islands Land Bank, 22 Broad Street, Nantucket, Massachusetts 02554.

Availability of Financial Information of Certain Town Enterprise Funds – The Nantucket Memorial Airport issues separate stand-alone financial statements which may be obtained by contacting them at 14 Airport Road, Nantucket, MA 02554.

## B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these 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. Likewise the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflow of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
- 2) The total assets and deferred outflows of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In one, moneys must be expended for a specific purpose or project before any amounts will be paid to the; therefore, revenues are recognized as expenditures are incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

*General Fund* – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

*Town Capital Projects Fund* – is used to account for all financial resources that are restricted, committed or assigned for the acquisition or construction of capital facilities and other capital assets of the governmental funds.

*Nonmajor Governmental Funds* – consist of other special revenue and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *Permanent Funds* are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

*Siasconset Water Enterprise Fund* – is used to account for the operations of the Town's water activities in the Siasconset service area of the Town.

*Wannacomet Water Enterprise Fund* – is used to account for the operations of the Town's water activities in the remaining service areas of the Town.

*Sewer Enterprise Fund* – is used to account for the operations of the Town's sewer activities.

*Nantucket Memorial Airport Enterprise Fund* – is used to account for the operations of the Town's airport.

*Our Island Home Enterprise Fund* – is used to account for the operations of Town's nursing home activities.

*Solid Waste Enterprise Fund* – is used to account for the operations of the Town's solid waste activities.

Additionally, the following proprietary fund type is reported:

*Internal Service Fund* – is used to account for the Town's self-insured health insurance and workers' compensation activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and use the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity and cannot be used to support the governmental programs.

The government reports the following fiduciary funds:

*Other Postemployment Benefits Trust Fund* – is used to accumulate funds for future payments of other postemployment benefits for retirees, such as health and life insurance.

*Private Purpose Trust Fund* – is used to account for trust arrangements under which the principal and income benefit individuals, private organizations or other governments. This fund is used for scholarships and affordable housing programs.

*Agency Fund* – is used to account for assets held in a purely custodial capacity. The Town's agency funds consist primarily of student activities, off-duty work details, escrow and other deposits.

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity**

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Town and its component units are reported at fair value.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy. The Town is allowed to take delinquent taxes into tax title fourteen days subsequent to the mailing of a demand for payment of the delinquent taxes.

User charges receivables represent amounts billed for water, sewer, monthly landfill tipping fees, annual commercial landfill user fees, airport travel and fuel sales and nursing home fees. Water and sewer charges are billed monthly and are subject to penalties and interest if not paid by the respective due date. The Town is authorized to take water and sewer fees into tax title fourteen days subsequent to the mailing of a demand for payment of the delinquent taxes.

Real estate taxes, water user fees and sewer user fees that are secured through a lien process are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. Departmental, landfill, airport and nursing home receivables are shown net of an allowance for uncollectible balances based on historical trends and specific account analysis.

Sewer privilege fees represent betterments assessed to property owners related to upgrades to the Surfside Wastewater Treatment Plant. These are considered 100% collectible since they are secured through a lien on the owner's property.

Inventories and Prepaid Items – Inventories of the Wannacomet Water Enterprise Fund and Nantucket Memorial Airport Enterprise Fund are valued at the lower of cost or market, with cost determined on a first-in, first out basis. Certain supplies and small tools are expensed when purchased.

All other inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Restricted Assets – Certain assets of the component units are classified as restricted because their use is restricted by contract covenants.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded

at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than one year. 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.

Capital assets (excluding land and construction-in-process) are depreciated on a straight-line-basis. The estimated useful lives of capital assets being depreciated are as follows:

Buildings and improvements	33-50 years
Machinery and equipment	5-7 years
Vehicles	5-10 years
Infrastructure	40-70 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is assigned to the fund within which it applies.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused sick pay benefits. Vacation time may be carried for a period of 6 months subsequent to year-end and if not used during this period is lost. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

Long-term Obligations – Long-term debt is reported as a liability in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

*Net Position* – In the government-wide financial statements, net position reported as “Net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

*Nonexpendable permanent funds* represent the endowment portion of donor restricted trusts that support governmental programs.

*Federal and State grants* represent assets that have restrictions placed on them from federal and state *granting* agencies.

*Community preservation* represents assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

*Sale of real estate* – represents assets that have accumulated from the proceeds of the sale of Town owned property. These are restricted by state law for the purposes of funding capital projects.

*Revolving funds* – represent assets that have accumulated from user charges assessed to support specific programs. These amounts are restricted by state law for the purpose of funding those programs for which the user charges were assessed.

*Other purposes* represent assets that are restricted by donors for numerous various minor specific governmental programs and uses.

*Fund Equity* – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned as described below:

*Non-spendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

*Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* represents amounts that can only be used for specific purposes pursuant to formal action of the Town Meeting through Town Meeting Articles, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Articles) it employed previously to commit those amounts.

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town has by ordinance authorized the Director of Municipal Finance to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

*Stabilization Fund* – The Town maintains a general stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$4,776,308 at June 30, 2014 and is reported as unassigned fund balance in the General Fund.

*Encumbrances* – The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Director of Finance as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not

reported separately. The Town reports \$2,047,757 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General	Town Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 44,305	\$ 44,305
Restricted:				
General government	-	-	5,742,985	5,742,985
Public safety	-	-	4,055,667	4,055,667
Education	-	-	1,773,295	1,773,295
Public works	-	-	622,151	622,151
Health and human services	-	-	503,584	503,584
Culture and recreation	-	-	68,386	68,386
Community preservation	-	-	5,668,115	5,668,115
Capital outlay	-	345,914	-	345,914
Debt service	650,518	-	-	650,518
Committed:				
General government	1,531,037	-	-	1,531,037
Education	1,028,264	-	-	1,028,264
Public safety	203,846	-	-	203,846
Public works	840,111	-	-	840,111
Assigned:				
Purchase orders	2,047,757	-	-	2,047,757
Subsequent years' budget	4,458,060	-	-	4,458,060
Unassigned	14,745,606	-	-	14,745,606
	<u>\$ 25,505,199</u>	<u>\$ 345,914</u>	<u>\$ 18,478,488</u>	<u>\$ 44,329,601</u>

#### E. Excess of Expenditures Over Appropriations

During the fiscal year ended, the Town overspent its appropriation for unemployment benefits by \$231,322. This will be raised through future tax assessments when the Town sets its tax rate for fiscal year 2015. The Town did not exceed appropriations for any of its other legally adopted line item appropriations in the budget. In addition, the Town did not experience deficits in any of its other funds.

#### F. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

## II. Detailed Notes to All Funds

### A. Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents". The deposits and investments of trust funds are held separately from those of other funds.

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool (the Pool). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (the MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

#### ***Primary Government (Town)***

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has adopted a deposit policy which requires that the Treasurer review each bank doing business with the Town on a quarterly basis. The policy does not restrict the value of uninsured or uncollateralized investments held at any time.

At year-end, the carrying amount of the Town's deposits was \$67,907,555 and the bank balance was \$70,057,652. Of the Town's bank balance, \$19,154,334 was covered by federal depository insurance or the Depositors Insurance Fund ("DIF"), and \$50,789,819 was fully collateralized.

Custodial Credit Risk: Investments - In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town has adopted an investment policy regarding custodial credit risk that requires all securities not held directly by the Treasurer must be held by a third party custodian approved by the Treasurer in the Town's name and tax identification number.

The Town's investments of \$4,293,301 in U.S. government obligations and \$348,500 in corporate debt securities are held by a broker-dealer where the Town's assets are segregated from the broker-dealer firm assets and are protected up to \$500,000 under coverage through the Securities Investor Protection Corporation ("SIPC"). Additionally, the broker-dealer carries excess insurance to cover claims over the SIPC limit through Lloyd's with a firm cap of \$1 billion with no individual client limit. The repurchase agreements consist of overnight sweep agreements which are invested in U.S. Treasury notes.

Interest Rate Risk - The Town limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy limits investments of operating funds to one year or less and limits investment maturities of trust funds and other

special funds to periods no longer than seven years, maintaining an average maturity no greater than three years for the investment portfolio.

Credit Risk – The Town restricts the investment of operating funds to U.S. Treasury or Agency securities which carry “AAA” ratings. Trust and other special funds which are longer-term investments may invest in fixed-income securities which are held principally for capital preservation and income potential and corporate debt that carries a rating of “A” or better by either Standard and Poor’s or Moody’s rating services. If a security falls below the “A” rating, the security will be monitored by the Treasurer and advisor and will be noted as an exception to the policy if held in the investment portfolio. The Treasurer will sell the securities if a decline in value is expected.

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer. The Town has 35% of its investments in United States government backed securities and 13% in MMDT.

At June 30, 2014 the Town had the following investments and maturities:

Investment Type	Fair Value	Time Until Maturity (Years)			
		Less Than 1	1-5	6-10	More Than 10
Corporate fixed income securities	\$ 348,500	\$ -	\$ -	\$ -	\$ 348,500
U.S. government obligations	4,293,301	509,178	2,370,371	1,413,752	-
Certificates of Deposit	4,788,926	1,430,321	2,551,010	655,904	151,691
Total Town investments with maturities	9,430,727	\$ 1,939,499	\$ 4,921,381	\$ 2,069,656	\$ 500,191

Other Investments:

Equities	451,173
Mutual Funds	1,654,968
State Investment Pool	1,770,365
Money Market Mutual Funds	8,825
Total Town investments	\$ 13,316,058

	U.S. Government Agencies & Treasuries	Other Governments (Municipal)	Certificates Of Deposit	Total
AA+	\$ 4,293,301	\$ -	\$ -	\$ 4,293,301
A	-	248,125	-	248,125
BB	-	100,375	-	100,375
Not Rated	-	-	4,788,926	4,788,926
Total - All	\$ 4,293,301	\$ 348,500	\$ 4,788,926	\$ 9,430,727

***Discretely Presented Component Unit – Nantucket County***

Custodial Credit Risk: Deposits- The County has adopted a deposit policy which requires that the Treasurer review each bank doing business with the County on a quarterly basis. The policy does not restrict the value of uninsured or uncollateralized investments held at any time.

At year-end, the carrying amount of the County's deposits was \$3,432,850 and the bank balance of \$3,493,508 was covered by federal depository insurance or fully collateralized.

Custodial Credit Risk: Investments- The County has adopted an investment policy regarding custodial credit risk that requires all securities not held directly by the Treasurer must be held by a third party custodian approved by the Treasurer in the Town/County's name and tax identification number

At year-end, the County's investments consisted of Certificates of Deposit totaling \$42,917 which were covered by federal depository insurance and were not subject to custodial credit risk. These are recorded as cash equivalents at June 30, 2014.

Interest Rate Risk - The County limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy limits investments of operating funds to one year or less and limits investment maturities of trust funds and other special funds to periods no longer than seven years, maintaining an average maturity no greater than three years for the investment portfolio

Credit Risk - The County restricts the investment of operating funds to U.S. Treasury or Agency securities which carry "AAA" ratings. Trust and other special funds which are longer-term investments may invest in fixed-income securities which are held principally for capital preservation and income potential and corporate debt that carries a rating of "A" or better by either Standard and Poor's or Moody's rating services. If a security falls below the "A" rating, the security will be monitored by the Treasurer and advisor and will be noted as an exception to the policy if held in the investment portfolio. The Treasurer will sell the securities if a decline in value is expected

Concentration of Credit Risk – The County does not place a limit on the amount that may be invested in any one issuer

***Discretely Presented Component Unit – Nantucket Islands Land Bank***

Custodial Credit Risk: Deposits -The Land Bank does not have a policy regarding custodial credit risk for deposits. At year-end, the carrying amount of the Land Bank's deposits was \$13,129,275, of which \$301,519 was exposed to custodial credit risk.

The Land Bank is required to hold monies in reserve in accordance with certain land acquisitions and debt service requirements of bond issuances. These reserve funds are included as restricted cash in the financial statements. Restricted Cash consist of the following as of June 30, 2014:

Series A Debt Reserve	\$1,222,129
Mitigation agreements	336,525
Life insurance premium	<u>209,535</u>
	<u>\$1,768,189</u>

Custodial Credit Risk: Investments -The Land Bank does not have a policy regarding custodial credit risk for investments.

At year-end, the Land Bank’s investments consisted of Certificates of Deposit totaling \$7,553,335 which were covered by federal depository insurance or DIF and were not subject to custodial credit risk.

The Land Bank has entered into an agreement with the Town, which requires the Land Bank to establish a working capital reserve fund. This fund, along with the guarantee of the Town of its full faith and credit, secures the Series 2007A, Series 2009A and Series 2012A bonds outstanding as of June 30, 2014. In addition, the Land Bank is prohibited from acquiring additional real estate at any time that an amount equal to one year’s debt service relating to the bonds in the reserve fund is not on deposit.

Interest Rate Risk -The Land Bank does not have a formal policy regarding interest rate risk.

**B. Receivables**

Receivables as of year-end for the Town’s individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
Real estate and personal property taxes	\$ 3,364,399	\$ (248,293)	\$ 3,116,106
Tax liens	2,939,567	-	2,939,567
Motor vehicle and other excise taxes	1,338,561	(518,221)	820,340
Departmental and other	412,258	(161,000)	251,258
Intergovernmental	1,990,666	-	1,990,666
Total	<u>\$ 10,045,451</u>	<u>\$ (927,514)</u>	<u>\$ 9,117,937</u>

Receivables as of year-end for the Town’s propriety funds are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
Water user charges	\$ 684,938	\$ -	\$ 684,938
Sewer user charges	1,208,837	-	1,208,837
Airport user charges	874,861	-	874,861
Our Island Home user charges	1,809,261	-	1,809,261
Solid waste user charges	571,664	-	571,664
Intergovernmental	3,518,475	-	3,518,475
Total	<u>\$ 8,668,036</u>	<u>\$ -</u>	<u>\$ 8,668,036</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

Receivable type:	General	Other	Total
	Fund	Governmental Funds	
Real estate and personal property taxes	\$ 2,521,706	\$ 156,660	\$ 2,678,366
Tax liens	2,744,183	-	2,744,183
Motor vehicle and other excise taxes	400,504	-	400,504
Departmental and other	89,976	161,282	251,258
Intergovernmental	-	-	-
<b>Total</b>	<b>\$ 5,756,369</b>	<b>\$ 317,942</b>	<b>\$ 6,074,311</b>

Massachusetts Water Pollution Abatement Trust – The Town has entered into numerous loan agreements with the Massachusetts Water Pollution Abatement Trust (“MWPAT”). It is expected that the Town will be subsidized by MWPAT on a periodic basis for principal in the amount of \$1,862,984 and interest in the amount of \$1,390,688 until the maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore, a receivable totaling \$1,862,984 has been reported in the Sewer Enterprise Fund.

Also, as of June 30, 2014 the Town had yet to receive, from undrawn loan proceeds an amount of \$1,323,219; however, since the Town is legally obligated for the total amount of the debt, the gross total amount to be received has been recorded as temporary debt in the accompanying basic financial statements and the amount not yet received has been recorded as a receivable in the accompanying basic financial statements within the Sewer Enterprise Fund.

### C. Interfund Receivables, Payables and Transfers

The composition of interfund transfer for the fiscal year ended June 30, 2014, was as follows:

Transfers Out	Transfers In						Total
	General Fund	Nonmajor Governmental Funds	Siasconset Water	Nantucket Memorial Airport	Old Island Home	Solid Waste	
General Fund	\$ -	\$ 350,000	\$ 153,500	\$ 304,598	\$ 2,295,000	\$ 5,300,000	\$ 8,403,098 (1)
Town Capital Projects	641,494	-	-	-	-	-	641,494 (2)
Siasconset Water	15,250	-	-	-	-	-	15,250 (3)
Wannacomet Water	179,266	-	-	-	-	-	179,266 (3)
Sewer	192,316	-	-	-	-	-	192,316 (3)
Nantucket Memorial Airport	329,096	-	-	-	-	-	329,096 (3)
Old Island Home	188,451	-	-	-	-	-	188,451 (3)
Solid Waste	206,099	-	-	-	-	-	206,099 (3)
<b>Total</b>	<b>\$ 1,751,972</b>	<b>\$ 350,000</b>	<b>\$ 153,500</b>	<b>\$ 304,598</b>	<b>\$ 2,295,000</b>	<b>\$ 5,300,000</b>	<b>\$ 10,155,070</b>

(1) Transfer to nonmajor funds to fund community school program and waterways. Transfers to enterprise funds to subsidize operations.

(2) Transfers to general fund to close out unspent capital funds.

(3) Transfers to general fund for indirect costs.

#### D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 170,310,175	\$ -	\$ (2,501,621)	\$ 167,808,554
Construction in process	13,624,174	2,055,148	(1,520,718)	14,158,604
Total capital assets not being depreciated	<u>183,934,349</u>	<u>2,055,148</u>	<u>(4,022,339)</u>	<u>181,967,158</u>
Capital assets being depreciated:				
Buildings and improvements	53,331,503	1,510,874	-	54,842,377
Infrastructure	28,003,801	1,904,620	-	29,908,421
Machinery and equipment	5,305,409	914,374	(413,548)	5,806,235
Vehicles	8,617,299	338,556	(434,390)	8,521,465
Total capital assets being depreciated	<u>95,258,012</u>	<u>4,668,424</u>	<u>(847,938)</u>	<u>99,078,498</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,072,969)	(1,367,851)	-	(20,440,820)
Infrastructure	(19,381,639)	(838,694)	-	(20,220,333)
Machinery and equipment	(3,026,994)	(744,290)	413,548	(3,357,736)
Vehicles	(6,387,531)	(555,561)	434,390	(6,508,702)
Total accumulated depreciation	<u>(47,869,133)</u>	<u>(3,506,396)</u>	<u>847,938</u>	<u>(50,527,591)</u>
Total capital assets being depreciated, net	<u>47,388,879</u>	<u>1,162,028</u>	<u>-</u>	<u>48,550,907</u>
Total governmental activities capital assets, net	<u>\$ 231,323,228</u>	<u>\$ 3,217,176</u>	<u>\$ (4,022,339)</u>	<u>\$ 230,518,065</u>

Capital asset activity for business-type activities for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 17,833,070	\$ -	\$ (6,500)	\$ 17,826,570
Construction in process	<u>9,560,019</u>	<u>8,009,718</u>	<u>(2,365,862)</u>	<u>15,203,875</u>
Total capital assets not being depreciated	<u>27,393,089</u>	<u>8,009,718</u>	<u>(2,372,362)</u>	<u>33,030,445</u>
Capital assets being depreciated:				
Buildings and improvements	13,278,687	154,721	-	13,433,408
Infrastructure	203,730,586	3,561,252	-	207,291,838
Machinery and equipment	22,490,662	217,607	(410,824)	22,297,445
Vehicles	<u>5,308,537</u>	<u>-</u>	<u>(820,934)</u>	<u>4,487,603</u>
Total capital assets being depreciated	<u>244,808,472</u>	<u>3,933,580</u>	<u>(1,231,758)</u>	<u>247,510,294</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,298,617)	(344,033)	-	(5,642,650)
Infrastructure	(46,347,305)	(4,738,917)	-	(51,086,222)
Machinery and equipment	(16,394,181)	(709,417)	410,824	(16,692,774)
Vehicles	<u>(4,649,955)</u>	<u>(142,883)</u>	<u>820,934</u>	<u>(3,971,904)</u>
Total accumulated depreciation	<u>(72,690,058)</u>	<u>(5,935,250)</u>	<u>1,231,758</u>	<u>(77,393,550)</u>
Total capital assets being depreciated, net	<u>172,118,414</u>	<u>(2,001,670)</u>	<u>-</u>	<u>170,116,744</u>
Total business-type activities capital assets, net	<u>\$ 199,511,503</u>	<u>\$ 6,008,048</u>	<u>\$ (2,372,362)</u>	<u>\$ 203,147,189</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-type Activities: Siasconset Water</u></i>				
Capital assets not being depreciated:				
Land	\$ 2,681,127	\$ -	\$ (6,500)	\$ 2,674,627
Construction in process	130,940	1,011,794	-	1,142,734
Total capital assets not being depreciated	<u>2,812,067</u>	<u>1,011,794</u>	<u>(6,500)</u>	<u>3,817,361</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 364,855	\$ -	\$ -	\$ 364,855
Infrastructure	9,890,167	-	-	9,890,167
Machinery and equipment	76,796	-	-	76,796
Total capital assets being depreciated	<u>10,331,818</u>	<u>-</u>	<u>-</u>	<u>10,331,818</u>
Less accumulated depreciation for:				
Buildings and improvements	(210,528)	(9,122)	-	(219,650)
Infrastructure	(941,428)	(194,833)	-	(1,136,261)
Machinery and equipment	(50,665)	(3,074)	-	(53,739)
Total accumulated depreciation	<u>(1,202,621)</u>	<u>(207,029)</u>	<u>-</u>	<u>(1,409,650)</u>
Total capital assets being depreciated, net	<u>9,129,197</u>	<u>(207,029)</u>	<u>-</u>	<u>8,922,168</u>
Total Siasconset Water capital assets, net	<u>\$ 11,941,264</u>	<u>\$ 804,765</u>	<u>\$ (6,500)</u>	<u>\$ 12,739,529</u>
<i><u>Business-type Activities: Wannacomet Water</u></i>				
Capital assets not being depreciated:				
Land	\$ 3,388,367	\$ -	\$ -	\$ 3,388,367
Construction in process	-	2,148,804	-	2,148,804
Total capital assets not being depreciated	<u>3,388,367</u>	<u>2,148,804</u>	<u>-</u>	<u>5,537,171</u>
Capital assets being depreciated:				
Buildings and improvements	1,792,458	-	-	1,792,458
Infrastructure	32,826,514	147,805	-	32,974,319
Machinery and equipment	3,751,282	78,252	-	3,829,534
Vehicles	267,998	-	(30,099)	237,899
Total capital assets being depreciated	<u>38,638,252</u>	<u>226,057</u>	<u>(30,099)</u>	<u>38,834,210</u>
Less accumulated depreciation for:				
Buildings and improvements	(384,726)	(43,409)	-	(428,135)
Infrastructure	(5,531,814)	(658,548)	-	(6,190,362)
Machinery and equipment	(2,908,697)	(75,355)	-	(2,984,052)
Vehicles	(266,611)	(1,386)	30,099	(237,898)
Total accumulated depreciation	<u>(9,091,848)</u>	<u>(778,698)</u>	<u>30,099</u>	<u>(9,840,447)</u>
Total capital assets being depreciated, net	<u>29,546,404</u>	<u>(552,641)</u>	<u>-</u>	<u>28,993,763</u>
Total Wannacomet Water capital assets, net	<u>\$ 32,934,771</u>	<u>\$ 1,596,163</u>	<u>\$ -</u>	<u>\$ 34,530,934</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities: Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 6,375,583	\$ -	\$ -	\$ 6,375,583
Construction in process	2,519,624	3,524,039		6,043,663
Total capital assets not being depreciated	8,895,207	3,524,039	-	12,419,246
Capital assets being depreciated:				
Buildings and improvements	271,701	-	-	271,701
Infrastructure	82,962,990	-	-	82,962,990
Machinery and equipment	15,581,287	103,680	(17,290)	15,667,677
Vehicles	1,180,452	-	(390,350)	790,102
Total capital assets being depreciated	99,996,430	103,680	(407,640)	99,692,470
Less accumulated depreciation for:				
Buildings and improvements	(142,955)	(6,864)	-	(149,819)
Infrastructure	(14,158,490)	(1,701,051)	-	(15,859,541)
Machinery and equipment	(11,065,067)	(420,589)	17,290	(11,468,366)
Vehicles	(735,957)	(69,089)	390,350	(414,696)
Total accumulated depreciation	(26,102,469)	(2,197,593)	407,640	(27,892,422)
Total capital assets being depreciated, net	73,893,961	(2,093,913)	-	71,800,048
Total Sewer capital assets, net	\$ 82,789,168	\$ 1,430,126	\$ -	\$ 84,219,294
<i>Business-type Activities: Nantucket Memorial Airport</i>				
Capital assets not being depreciated:				
Land	\$ 2,736,587	\$ -	\$ -	\$ 2,736,587
Construction in process	6,873,738	1,325,081	(2,330,145)	5,868,674
Total capital assets not being depreciated	9,610,325	1,325,081	(2,330,145)	8,605,261
Capital assets being depreciated:				
Infrastructure	77,273,432	3,413,447	-	80,686,879
Machinery and equipment	1,594,537	5,214	(393,534)	1,206,217
Vehicles	3,741,004	-	(400,485)	3,340,519
Total capital assets being depreciated	82,608,973	3,418,661	(794,019)	85,233,615
Less accumulated depreciation for:				
Infrastructure	(24,938,091)	(2,184,485)	-	(27,122,576)
Machinery and equipment	(1,150,170)	(134,299)	393,534	(890,935)
Vehicles	(3,528,304)	(72,408)	400,485	(3,200,227)
Total accumulated depreciation	(29,616,565)	(2,391,192)	794,019	(31,213,738)
Total capital assets being depreciated, net	52,992,408	1,027,469	-	54,019,877
Total Nantucket Memorial Airport capital assets, net	\$ 62,602,733	\$ 2,352,550	\$ (2,330,145)	\$ 62,625,138

<i>Business-type Activities: Our Island Home</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 35,717	\$ -	\$ (35,717)	\$ -
Capital assets being depreciated:				
Buildings and improvements	1,420,317	146,841	-	1,567,158
Machinery and equipment	185,824	30,461	-	216,285
Vehicles	119,083	-	-	119,083
Total capital assets being depreciated	1,725,224	177,302	-	1,902,526
Less accumulated depreciation for:				
Buildings and improvements	(950,249)	(48,510)	-	(998,759)
Machinery and equipment	(78,324)	(23,595)	-	(101,919)
Vehicles	(119,083)	-	-	(119,083)
Total accumulated depreciation	(1,147,656)	(72,105)	-	(1,219,761)
Total capital assets being depreciated, net	577,568	105,197	-	682,765
Total Our Island Home capital assets, net	\$ 613,285	\$ 105,197	\$ (35,717)	\$ 682,765
<i>Business-type Activities: Solid Waste</i>				
Capital assets not being depreciated:				
Land	\$ 2,651,406	\$ -	\$ -	\$ 2,651,406
Capital assets being depreciated:				
Buildings and improvements	9,429,356	7,880	-	9,437,236
Infrastructure	777,483	-	-	777,483
Machinery and equipment	1,300,936	-	-	1,300,936
Total capital assets being depreciated	11,507,775	7,880	-	11,515,655
Less accumulated depreciation for:				
Buildings and improvements	(3,610,159)	(236,128)	-	(3,846,287)
Infrastructure	(777,482)	-	-	(777,482)
Machinery and equipment	(1,141,258)	(52,505)	-	(1,193,763)
Total accumulated depreciation	(5,528,899)	(288,633)	-	(5,817,532)
Total capital assets being depreciated, net	5,978,876	(280,753)	-	5,698,123
Total Solid Waste capital assets, net	\$ 8,630,282	\$ (280,753)	\$ -	\$ 8,349,529

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>		<b>Business-Type Activities:</b>	
General government	\$ 172,726	Water	\$ 985,727
Public safety	1,157,592	Sewer	2,197,593
Education	1,084,822	Airport	2,391,192
Public works	811,733	Our Island Home	72,105
Health and human services	10,186	Solid waste	288,633
Culture and recreation	269,337		
	<u>\$ 3,506,396</u>		<u>\$ 5,935,250</u>

*Discretely Presented Component Unit - Nantucket County*

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,283,842	\$ -	\$ -	\$ 3,283,842
Capital assets being depreciated:				
Machinery and equipment	211,012	6,505	(29,590)	187,927
Less accumulated depreciation for:				
Machinery and equipment	(159,592)	(15,342)	29,590	(145,344)
Total capital assets being depreciated, net	51,420	(8,837)	-	42,583
Total Nantucket County capital assets, net	<u>\$ 3,335,262</u>	<u>\$ (8,837)</u>	<u>\$ -</u>	<u>\$ 3,326,425</u>

*Discretely Presented Component Unit - Nantucket Islands Land Bank*

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 251,723,240	\$ 6,087,027	\$ -	\$ 257,810,267
Capital assets being depreciated:				
Buildings, improvements and equipment	23,968,879	850,673	(71,400)	24,748,152
Less: accumulated depreciation	(7,568,137)	(1,041,020)	5,801	(8,603,356)
Total capital assets being depreciated, net	16,400,742	(190,347)	(65,599)	16,144,796
Total Nantucket Islands Land Bank capital assets, net	<u>\$ 268,123,982</u>	<u>\$ 5,896,680</u>	<u>\$ (65,599)</u>	<u>\$ 273,955,063</u>

**E. Temporary Debt**

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes (RANS or TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. Temporary notes outstanding at June 30, 2014, are payable as follows:

Type	Interest Rate	Maturity Date	July 1, 2013	Additions	Retirements	June 30, 2014
BAN	0.00%	N/A	\$ 521,551	\$ -	\$ -	\$ 521,551
BAN	1.25%	06/05/14	1,100,000	-	(1,100,000)	-
BAN	1.00%	06/05/15	-	1,100,000	-	1,100,000
BAN	0.70%	06/05/14	633,483	-	(633,483)	-
Total Governmental Notes			<u>2,255,034</u>	<u>1,100,000</u>	<u>(1,733,483)</u>	<u>1,621,551</u>
BAN	1.00%	06/05/15	-	3,301,000	-	3,301,000
BAN	0.13%	12/15/15	-	4,999,200	-	4,999,200
BAN	1.25%	06/06/14	6,060,895	-	(6,060,895)	-
Total Business-Type Notes			<u>6,060,895</u>	<u>8,300,200</u>	<u>(6,060,895)</u>	<u>8,300,200</u>
Total Notes Payable			<u>\$ 8,315,929</u>	<u>\$ 9,400,200</u>	<u>\$ (7,794,378)</u>	<u>\$ 9,921,751</u>

Short-term (BANs) issued for nonmajor governmental funds were used for septic betterments (\$521,551), and recreational fields (\$1,100,000). Those issued for business-type funds were issued for water projects (\$1,300,000), sewer projects (\$5,999,200) and airport projects (\$1,001,000). In addition, the Town has entered into a \$1,000,000 no-interest loan agreement with the MWPAT, with proceeds used to fund the Town’s septic management program. A portion of the loan was permanently financed during the fiscal year (\$478,449), while the remainder (\$521,551) will be recorded as short-term debt until permanently financed.

**F. Long-Term Obligations**

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
Bond and note indebtedness	\$ 60,236,633	\$ -	\$ (5,405,946)	\$ 54,830,687	\$ 5,478,306
Unamortized bond premium	62,909	-	(22,543)	40,366	22,332
Workers' compensation	161,236	12,741	(123,406)	50,571	50,571
Compensated absences	1,184,370	360,099	(3,709)	1,540,760	770,380
Other post employment benefits	23,223,110	6,423,395	(2,429,303)	27,217,202	-
<b>Total Governmental Activities</b>	<b>\$ 84,868,258</b>	<b>\$ 6,796,235</b>	<b>\$ (7,984,907)</b>	<b>\$ 83,679,586</b>	<b>\$ 6,321,589</b>
<i>Business-Type Activities - Siasconset Water:</i>					
Bond and note debt	\$ 7,375,000	\$ -	\$ (590,000)	\$ 6,785,000	\$ 605,000
Unamortized bond premium	80,768	-	(5,048)	75,720	5,048
Other post employment benefits	92,379	119,097	(45,042)	166,434	-
Total Siasconset Water	7,548,147	119,097	(640,090)	7,027,154	610,048
<i>Business-Type Activities - Wannacomet Water:</i>					
Bond and note debt	21,255,000	-	(1,545,000)	19,710,000	1,560,000
Unamortized bond premium	627,676	-	(65,147)	562,529	62,717
Compensated absences	133,226	80,796	-	214,022	107,011
Other post employment benefits	458,999	66,408	(25,115)	500,292	-
Total Wannacomet Water	22,474,901	147,204	(1,635,262)	20,986,843	1,729,728
<i>Business-Type Activities - Sewer:</i>					
Bond and note debt	44,255,978	97,000	(2,284,019)	42,068,959	2,322,524
Unamortized bond premium	265,760	-	(33,005)	232,755	30,738
Compensated absences	43,093	4,421	-	47,514	23,757
Other post employment benefits	341,375	186	(70)	341,491	-
Total Sewer	44,906,206	101,607	(2,317,094)	42,690,719	2,377,019
<i>Business-Type Activities - Nantucket Memorial Airport:</i>					
Bond and note debt	9,235,000	3,664,000	(765,000)	12,134,000	834,000
Unamortized bond premium	271,103	-	(29,496)	241,607	28,431
Compensated absences	303,026	89,163	-	392,189	196,095
Other post employment benefits	1,854,402	385,890	(145,942)	2,094,350	-
Total Nantucket Memorial Airport	11,663,531	4,139,053	(940,438)	14,862,146	1,058,526
<i>Business-Type Activities - Our Island Home:</i>					
Compensated absences	187,666	100,613	-	288,279	144,140
Other post employment benefits	2,756,191	592,872	(224,222)	3,124,841	-
Total Our Island Home	2,943,857	693,485	(224,222)	3,413,120	144,140
<i>Business-Type Activities - Solid Waste:</i>					
Bond and note debt	535,000	-	(40,000)	495,000	40,000
Landfill closure	6,924,750	369,250	-	7,294,000	-
Total Solid Waste	7,459,750	369,250	(40,000)	7,789,000	40,000
<b>Total Business-Type Activities</b>	<b>\$ 96,996,392</b>	<b>\$ 5,569,696</b>	<b>\$ (5,797,106)</b>	<b>\$ 96,768,982</b>	<b>\$ 5,959,461</b>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the respective business-type funds.

The following is a summary of outstanding long-term debt obligations as of June 30, 2014:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.25 - 5.00%	\$ 22,822,000	\$ -	\$ (2,916,800)	\$ 19,905,200
Refunding Bonds	1.50 - 5.00%	19,668,900	-	(1,835,000)	17,833,900
USDA Notes	4.13%	1,242,000	-	(34,500)	1,207,500
Massachusetts Water Pollution Abatement Trust	0.00 - 2.42%	16,503,733	-	(619,646)	15,884,087
<b>Total Governmental Activities</b>		<u>60,236,633</u>	<u>-</u>	<u>(5,405,946)</u>	<u>54,830,687</u>
Add: Unamortized bond premium		62,909	-	(22,543)	40,366
<b>Total Governmental Activities, net</b>		<u>\$ 60,299,542</u>	<u>\$ -</u>	<u>\$ (5,428,489)</u>	<u>\$ 54,871,053</u>
<i>Business-Type Activities - Siasconset Water:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 7,375,000	\$ -	\$ (590,000)	\$ 6,785,000
Total Siasconset Water		<u>7,375,000</u>	<u>-</u>	<u>(590,000)</u>	<u>6,785,000</u>
<i>Business-Type Activities - Wannacomet Water:</i>					
General Obligation Bonds	2.00 - 5.00%	18,860,000	-	(1,490,000)	17,370,000
Refunding Bonds	1.50 - 5.00%	2,395,000	-	(55,000)	2,340,000
Total Wannacomet Water		<u>21,255,000</u>	<u>-</u>	<u>(1,545,000)</u>	<u>19,710,000</u>
<i>Business-Type Activities - Sewer:</i>					
General Obligation Bonds	2.00 - 5.00%	4,943,000	97,000	(543,200)	4,496,800
Refunding Bonds	2.00 - 5.00%	871,100	-	(45,000)	826,100
Massachusetts Water Pollution Abatement Trust	0.00 - 5.50%	38,441,878	-	(1,695,819)	36,746,059
Total Sewer		<u>44,255,978</u>	<u>97,000</u>	<u>(2,284,019)</u>	<u>42,068,959</u>
<i>Business-Type Activities - Nantucket Memorial Airport:</i>					
General Obligation Bonds	2.00 - 5.00%	9,235,000	3,664,000	(765,000)	12,134,000
Total Nantucket Memorial Airport		<u>9,235,000</u>	<u>3,664,000</u>	<u>(765,000)</u>	<u>12,134,000</u>
<i>Business-Type Activities - Solid Waste:</i>					
General Obligation Bonds	2.50 - 5.00%	485,000	-	(40,000)	445,000
Refunding Bonds	1.50 - 4.00%	50,000	-	-	50,000
Total Solid Waste		<u>535,000</u>	<u>-</u>	<u>(40,000)</u>	<u>495,000</u>
<b>Total Business-Type Activities</b>		<u>82,655,978</u>	<u>3,761,000</u>	<u>(5,224,019)</u>	<u>81,192,959</u>
Add: Unamortized bond premium		1,245,307	-	(132,696)	1,112,611
<b>Total Business-Type Activities, net</b>		<u>\$ 83,901,285</u>	<u>\$ 3,761,000</u>	<u>\$ (5,356,715)</u>	<u>\$ 82,305,570</u>

State law permits a Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

Payments on general long-term debt obligation bonds and notes due in future years consist of the following:

Year Ending June 30	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Governmental Activities</i>							
2015	\$ 5,478,306	\$ -	\$ 5,478,306	\$ 1,724,082	\$ (354)	\$ 1,723,728	\$ 7,202,034
2016	5,498,941	-	5,498,941	1,533,653	(292)	1,533,361	7,032,302
2017	5,583,010	-	5,583,010	1,335,113	(228)	1,334,885	6,917,895
2018	5,099,993	-	5,099,993	1,146,236	(162)	1,146,074	6,246,067
2019	3,155,301	-	3,155,301	1,009,178	(96)	1,009,082	4,164,383
2020-2024	15,158,499	-	15,158,499	3,566,536	(32)	3,566,504	18,725,003
2025-2029	8,529,483	-	8,529,483	1,563,660	-	1,563,660	10,093,143
2030-2034	3,317,556	-	3,317,556	614,816	-	614,816	3,932,372
2035-2039	2,664,598	-	2,664,598	214,638	-	214,638	2,879,236
2040-2044	172,500	-	172,500	56,925	-	56,925	229,425
2045-2049	172,500	-	172,500	21,345	-	21,345	193,845
Total	<u>\$ 54,830,687</u>	<u>\$ -</u>	<u>\$ 54,830,687</u>	<u>\$ 12,786,182</u>	<u>\$ (1,164)</u>	<u>\$ 12,785,018</u>	<u>\$ 67,615,705</u>
<i>Business-Type Activities: Siasconset Water</i>							
2015	\$ 605,000	\$ -	\$ 605,000	\$ 273,125	\$ -	\$ 273,125	\$ 878,125
2016	620,000	-	620,000	245,875	-	245,875	865,875
2017	350,000	-	350,000	228,300	-	228,300	578,300
2018	355,000	-	355,000	217,100	-	217,100	572,100
2019	370,000	-	370,000	204,324	-	204,324	574,324
2020-2024	2,015,000	-	2,015,000	780,627	-	780,627	2,795,627
2025-2029	2,400,000	-	2,400,000	336,761	-	336,761	2,736,761
2030-2034	70,000	-	70,000	2,800	-	2,800	72,800
Total	<u>\$ 6,785,000</u>	<u>\$ -</u>	<u>\$ 6,785,000</u>	<u>\$ 2,288,912</u>	<u>\$ -</u>	<u>\$ 2,288,912</u>	<u>\$ 9,073,912</u>
<i>Business-Type Activities: Wannacommet Water</i>							
2015	\$ 1,560,000	\$ -	\$ 1,560,000	\$ 750,120	\$ -	\$ 750,120	\$ 2,310,120
2016	1,598,000	-	1,598,000	695,890	-	695,890	2,293,890
2017	1,523,000	-	1,523,000	640,497	-	640,497	2,163,497
2018	1,500,000	-	1,500,000	585,002	-	585,002	2,085,002
2019	1,509,000	-	1,509,000	527,858	-	527,858	2,036,858
2020-2024	6,882,000	-	6,882,000	1,786,537	-	1,786,537	8,668,537
2025-2029	4,608,000	-	4,608,000	527,017	-	527,017	5,135,017
2030-2034	530,000	-	530,000	26,099	-	26,099	556,099
Total	<u>\$ 19,710,000</u>	<u>\$ -</u>	<u>\$ 19,710,000</u>	<u>\$ 5,539,020</u>	<u>\$ -</u>	<u>\$ 5,539,020</u>	<u>\$ 25,249,020</u>
<i>Business-Type Activities: Sewer</i>							
2015	\$ 2,322,524	\$ (155,356)	\$ 2,167,168	\$ 1,207,992	\$ (252,251)	\$ 955,741	\$ 3,122,909
2016	2,340,733	(164,747)	2,175,986	1,131,326	(228,350)	902,976	3,078,962
2017	2,388,417	(176,386)	2,212,031	1,046,921	(200,123)	846,798	3,058,829
2018	2,276,131	(184,053)	2,092,078	969,039	(179,364)	789,675	2,881,753
2019	2,238,778	(189,738)	2,049,040	899,644	(162,957)	736,687	2,785,727
2020-2024	11,387,406	(915,101)	10,472,305	3,303,521	(367,643)	2,935,878	13,408,183
2025-2029	8,075,216	(77,603)	7,997,613	1,801,948	-	1,801,948	9,799,561
2030-2034	6,202,152	-	6,202,152	942,299	-	942,299	7,144,451
2035-2039	4,837,602	-	4,837,602	237,083	-	237,083	5,074,685
Total	<u>\$ 42,068,959</u>	<u>\$ (1,862,984)</u>	<u>\$ 40,205,975</u>	<u>\$ 11,539,773</u>	<u>\$ (1,390,688)</u>	<u>\$ 10,149,085</u>	<u>\$ 50,355,060</u>

Year Ending June 30	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Business-Type Activities: Nantucket Memorial Airport</i>							
2015	\$ 834,000	\$ -	\$ 834,000	\$ 420,568	\$ -	\$ 420,568	\$ 1,254,568
2016	820,000	-	820,000	401,243	-	401,243	1,221,243
2017	800,000	-	800,000	379,498	-	379,498	1,179,498
2018	720,000	-	720,000	356,662	-	356,662	1,076,662
2019	705,000	-	705,000	335,612	-	335,612	1,040,612
2020-2024	2,915,000	-	2,915,000	1,349,163	-	1,349,163	4,264,163
2025-2029	2,455,000	-	2,455,000	851,118	-	851,118	3,306,118
2030-2034	2,325,000	-	2,325,000	401,633	-	401,633	2,726,633
2035-2039	560,000	-	560,000	40,850	-	40,850	600,850
	<u>\$ 12,134,000</u>	<u>\$ -</u>	<u>\$ 12,134,000</u>	<u>\$ 4,536,347</u>	<u>\$ -</u>	<u>\$ 4,536,347</u>	<u>\$ 16,670,347</u>
<i>Business-Type Activities: Solid Waste</i>							
2015	\$ 40,000	\$ -	\$ 40,000	\$ 18,232	\$ -	\$ 18,232	\$ 58,232
2016	40,000	-	40,000	17,032	-	17,032	57,032
2017	40,000	-	40,000	15,812	-	15,812	55,812
2018	40,000	-	40,000	14,563	-	14,563	54,563
2019	35,000	-	35,000	13,225	-	13,225	48,225
2020-2024	175,000	-	175,000	46,572	-	46,572	221,572
2025-2029	125,000	-	125,000	12,825	-	12,825	137,825
	<u>\$ 495,000</u>	<u>\$ -</u>	<u>\$ 495,000</u>	<u>\$ 138,261</u>	<u>\$ -</u>	<u>\$ 138,261</u>	<u>\$ 633,261</u>

*MWPAT Loan Subsidies* – As previously noted in Note I. B., the Town has entered into loan agreements with the MWPAT. It is expected that the Town will be subsidized by MWPAT on a periodic basis for principal in the amount of \$1,862,984 and interest in the amount of \$1,390,688 until the maturity of these agreements.

The following represents authorized and unissued debt as of June 30, 2014:

Project	Amount
<i>Governmental:</i>	
Title V Septic	\$ 1,521,551
Recreational playing fields	1,100,000
<i>Business-type:</i>	
Siasconset water	500,000
Wannacomet water	1,650,000
Sewer	9,305,613
Nantucket Memorial Airport	5,911,000
Solid waste - landfill	1,133,000
<b>Total Authorized and Unissued</b>	<u><u>\$ 21,121,164</u></u>

***Discretely Presented Component Unit – Nantucket Islands Land Bank***

The following reflects the activity in the long-term liability accounts for the Land Bank for the year ended June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Bond and note indebtedness	\$ 31,532,463	\$ -	\$ (2,399,892)	\$ 29,132,571	\$ 4,153,575
Capital Leases	-	250,135	(66,743)	183,392	58,958
Total Land Bank	<u>\$ 31,532,463</u>	<u>\$ 250,135</u>	<u>\$ (2,466,635)</u>	<u>\$ 29,315,963</u>	<u>\$ 4,212,533</u>

The following is a summary of outstanding long-term debt obligations as of June 30, 2014:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
Notes payable	3.00 - 6.06%	\$ 3,106,218	\$ -	\$ (453,611)	\$ 2,652,607
General Obligation Bonds	2.00 - 5.00%	28,426,245	-	(1,946,281)	26,479,964
Total Land Bank		<u>\$ 31,532,463</u>	<u>\$ -</u>	<u>\$ (2,399,892)</u>	<u>\$ 29,132,571</u>

The general obligation bonds are secured by a second priority security interest in the Land Bank's present and future transfer fees and unrestricted revenue. The bonds are additionally secured by a guarantee of the Town.

Payments on general long-term debt obligation bonds and notes due in future years consist of the following:

Year Ending June 30	Principal	Interest	Total
2015	\$ 4,175,279	\$ 1,005,725	\$ 5,181,004
2016	2,570,736	821,949	3,392,685
2017	2,151,704	738,204	2,889,908
2018	2,226,704	640,167	2,866,871
2019	2,296,704	566,448	2,863,152
2020-2024	8,318,520	1,869,183	10,187,703
2025-2029	6,148,282	637,547	6,785,829
2030-2032	1,244,642	64,090	1,308,732
Total	<u>\$ 29,132,571</u>	<u>\$ 6,343,313</u>	<u>\$ 35,475,884</u>

### **III. Other Information**

#### **A. Retirement System**

*Plan Description* - The Town and the Nantucket County discretely presented component unit contribute to the Barnstable County Retirement System (BCRS), a multiple-employer defined benefit pension plan established under MGL Chapter 32 and is administered by the Barnstable County Retirement Board (BCRB).

The BCRS provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the BCRB and are borne by the BCRS. The BCRS issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC) that includes financial statements and required supplementary information. The report may be obtained by writing to the Barnstable County Retirement System, 750 Attucks Lane, Hyannis, Massachusetts 02601.

*Funding Policy* – Plan members are required to contribute to the BCRS at rates ranging from 5% to 11% of annual covered compensation. The Town and County are required to pay into the BCRS for its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members, the Town, and the County are governed by Chapter 32 of the MGL. The Town's contributions to the BCRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$4,667,475, \$4,543,194, and \$4,372,452 respectively, which equaled its required contribution for each year. The County's contributions to the BCRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$44,672, \$40,348, and \$41,544 respectively, which equaled its required contribution for each year.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### **B. Massachusetts Teachers' Retirement System**

Teachers and certain administrative employees of the School Department participate in a contributory retirement system administered by the Massachusetts Teachers Retirement Board. Contributions to that system totaled \$2,765,243 for the fiscal year and were made entirely by the Commonwealth of Massachusetts, on behalf of the Town, which does not contribute directly to this system.

#### **C. Other Post-Employment Benefits (OPEB)**

*Plan Description* – The Town administers a multiple-employer defined benefit healthcare plan (the "Plan"). The Plan provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining

agreements, state law, and Town ordinance. All benefits are provided through the Town’s self-funded insurance program described previously. The Plan does not issue a stand-alone financial report. The number of participants in the Plan consists of 463 active employees and 307 retired employees for a total of 770.

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town, through negotiation with the Town employee unions. Retirees contribute 10 – 20 percent of the calculated contribution through pension benefit deductions. The remainder of the cost is funded by the Town. The Town pays the remainder. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost is calculated based on the annual required contribution “ARC” of the employer, an actuarially determined amount that is calculated in accordance with GASB Statement #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 liabilities over a period not to exceed thirty years. The following table reflects the activity regarding the Town’s OPEB obligation:

Annual required contribution (ARC)	\$ 7,343,769
Interest on net OPEB obligation	1,291,841
Adjustment to ARC	<u>(1,047,760)</u>
Annual OPEB cost	7,587,850
Contributions made	<u>\$ (2,869,694)</u>
Increase in net OPEB obligation	4,718,156
Net OPEB obligation at beginning of year	<u>28,726,456</u>
Net OPEB obligation at end of year	<u><u>\$ 33,444,612</u></u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 6,257,000	40.5%	\$ 24,161,583
June 30, 2013	\$ 7,177,116	36.4%	\$ 28,726,456
June 30, 2014	\$ 7,587,850*	37.8%	\$ 33,444,609

\* Reflected in the Statement of Activities as follows:

The AOPEBC at June 30, 2014 was charged to the following functional programs: General Government \$650,726; Public Safety \$1,387,817; Education \$3,812,721; Public Works \$362,761; Health and Human Services \$126,245; Culture and Recreation \$83,127; Siasconset water \$119,097; Wannacomet water \$66,408; Sewer \$186; Airport \$385,890; and Old Island Home \$592,872.

***Funding Status and Funding Progress*** – The funded status of the Plan at June 30, 2014, based on the most recent actuarial valuation performed as of June 30, 2012, was as follows (in millions):

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$88.6	\$88.6	0.0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

***Methods and Assumptions*** – Projections of benefits for financial reporting purposes are based on the substantive Plan 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 the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The significant methods and assumptions as of the latest valuation are as follows:

Valuation date:	June 30, 2012
Actuarial cost method	Projected Unit Credit
Amortization method	4.0 percent increasing
Remaining amortization period:	30 years (open)
Interest discount rate:	4.5 percent
Inflation rate:	4.0 percent
Healthcare/Medical cost trend rate:	8.0% decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year

***Discretely Presented Component Unit – Nantucket County***

***Plan Description*** – Nantucket County’s employees participate in the multiple-employer defined benefit healthcare plan administered by the Town which was described previously.

***Funding Policy*** – The contribution requirements of Plan members and the County are established and may be amended by the Town, through negotiation with the County employee unions. Retirees contribute 10 – 20 percent of the calculated contribution through pension benefit deductions. The remainder of the cost is funded by the County. The County currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, and actuarially determined amount that is calculated in accordance with GASB Statement #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 liabilities over a period not to exceed thirty years. The following table reflects the activity regarding the County's OPEB obligation:

Annual required contribution (ARC)	\$	27,517
Interest on net OPEB obligation		4,841
Adjustment to ARC		<u>(3,926)</u>
Annual OPEB cost		28,432
Contributions made	\$	<u>(10,754)</u>
Increase in net OPEB obligation		17,678
Net OPEB obligation at beginning of year		<u>88,699</u>
Net OPEB obligation at end of year	\$	<u><u>106,377</u></u>

**D. Risk Financing**

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 for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

Health Insurance – The Town maintains a "reinsured cost reimbursement program" which covers the group health insurance requirements of a majority of Town employees. The Plan is essentially a self-insurance program and employee claims in excess of \$150,000 are reinsured by the Plan. The Town accrues an amount representing claims incurred but not reported (IBNR), which is based on a one month claims paid average. At June 30, 2014, the amount of the liability for IBNR health insurance claims totaled \$775,395. This liability is the best estimate based on available information. In the fund-wide financial statements, the Town reports these self-insured activities in the Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Changes in the reported liability since July 1, 2011, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year	Current Portion
Fiscal Year 2014	\$667,271	\$13,328,647	\$(13,220,523)	\$775,395	\$775,395
Fiscal Year 2013	778,820	12,022,770	(12,134,319)	667,271	667,271
Fiscal Year 2012	729,885	11,207,253	(11,158,288)	778,820	778,820

Workers' Compensation – The Town is also self-insured for their workers' compensation activities. Workers' compensation claims are administered by a third-party and are funded on a

pay-as-you-go basis from an Internal Service Fund, with annual appropriations being made to the fund. The estimated future workers' compensation liability is based on history and injury type. At June 30, 2014, the amount of the liability for workers' compensation claims totaled \$50,571. This liability is the best estimate based on available information.

Changes in the reported liability since July 1, 2011:

	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year	Current Portion
Fiscal Year 2014	\$161,236	\$157,802	\$(268,467)	\$50,571	\$50,571
Fiscal Year 2013	89,510	234,186	(162,460)	161,236	161,236
Fiscal Year 2012	176,650	102,269	(262,133)	89,510	89,510

**E. Commitments**

The Town is in the process of completing sewer and water system improvements. The Town has entered into contracts to expend approximately \$325,000 and \$700,000, respectively to complete the projects.

**F. Contingencies**

The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2014, cannot be ascertained, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2014. Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

The Town is contingently liable for 35% of any deficit, including operating and debt service costs, which may be incurred by the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Authority"). As of December 31, 2013, the Authority's reserve fund balance totaled \$2,642,500 and bonds outstanding totaled \$54,132,860, net of unamortized premiums of \$1,347,017 and a deferred loss on refunding of \$64,157. For the fiscal year ended December 31, 2013, the Authority's revenues exceeded its cost of services by \$4,159,625. The Town is not required to make payments to the Authority unless the amount in the Authority's reserve fund is insufficient. Since 1962, the Town has not made any payments to the Authority.

## **G. Landfill Closure and Post-Closure Care Costs**

The Town operates a landfill under an Administrative Consent Order (ACO) with the Massachusetts Department of Environmental Protection (DEP). The current ACO allows the Town to mine the current landfill for useable materials through fiscal year 2014. The landfill consists of five cells, three lined and two unlined. The largest cell is unlined and has been closed for several years with sections scheduled for excavation under the mining program. Two cells, which are no longer accepting waste, are uncapped and unlined and have been previously excavated under the mining program. Another cell is inactive, lined but uncapped. There is one lined cell that is currently accepting waste. The final capping and closure of the unclosed cells are dependent on construction of new cells and DEP approval of the continuation of the mining program. The Town has recognized a closure liability of \$7,294,000 in the Solid Waste Enterprise fund. This liability is based on estimates of the cost of all closure and post-closure care for 30 years. Actual costs may change due to inflation, changes in technology, or changes in regulations.

## **H. Implementation of GASB pronouncements**

### Current Year Implementations –

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this Statement are effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

In March 2012, the GASB issued GASB Statement No. 66, *an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

In April 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB 70 is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The provisions of GASB 70 became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

### Future Year Implementation

In June 2012, the GASB issued GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as

they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of GASB 67 become effective for the BCRS as of December 31, 2014 and the correlative impact will be reflected by the Town in fiscal year 2015. The Town believes the adoption of this statement will have a material impact on the financial statements.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013 (fiscal year 2014). The Town believes the adoption of this statement will have a material impact on the financial statements.

In January 2013, the GASB issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. GASB 69 established accounting and financial reporting standards to government combinations and disposals of government operations. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2013 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In November 2013, the GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* — an amendment of GASB Statement No. 68. The Objective of GASB 71 is to address an issue regarding application of the transition provision of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

#### **IV. Prior Period Restatements**

##### **Nantucket Island Land Bank (Discretely Presented Component Unit)**

As the result of implementing GASB Statement No. 65 the Land Bank was required to restate the beginning net position in its Statement of Net Position by \$256,580 due to immediately expensing bond issuance costs that were previously being amortized.

##### **Nantucket Memorial Airport**

During 2014, the Town determined that charges that had previously been classified as maintenance more appropriately should have been capitalized to construction in process. As a result, beginning business-type activities net position and the Nantucket Memorial Airport enterprise fund were increased by \$834,262.



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## **Required Supplementary Information**



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TOWN OF NANTUCKET, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014

BARNSTABLE COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
SCHEDULES OF FUNDING PROGRESS

Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ 651,063,981	\$ 1,173,483,848	\$522,419,867	55.5%	\$ 239,437,303	218.2%
1/1/2010	554,876,554	1,030,210,321	475,333,767	53.9%	234,374,075	202.8%
1/1/2009	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ -	\$ 88,559,116	\$ 88,559,116	0%	N/A	N/A
7/1/2010	-	82,253,000	82,253,000	0%	N/A	N/A
7/1/2009	-	127,923,000	127,923,000	0%	N/A	N/A
7/1/2007	-	104,980,000	104,980,000	0%	N/A	N/A

BARNSTABLE COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
SCHEDULES OF CONTRIBUTION FUNDING

Retirement System

Year Ended December 31,	Total Retirement System			Town		County	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contribution	(B / A) Town's Percentage of System-Wide Actual Contributions	(B) Actual Contribution	(B / A) County's Percentage of System-Wide Actual Contributions
2013	\$ 49,504,212	\$ 49,504,212	100%	\$ 4,667,475	9.4%	\$ 44,672	0.1%
2012	46,702,087	46,702,087	100%	4,543,194	9.7%	40,348	0.1%
2011	43,807,158	43,807,158	100%	4,372,452	10.0%	41,544	0.1%

Other Postemployment Benefits

Year Ended June 30,	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed
2014	\$ 7,343,765	\$ 2,869,694	39.1%
2013	6,995,125	2,622,032	37.5%
2012	5,982,000	2,534,000	42.4%
2011	5,680,000	2,200,000	38.7%
2010	10,647,000	2,587,000	24.3%
2009	10,745,000	2,534,000	23.6%

The Town implemented GASB Statement No. 45 for the fiscal year ending June 30, 2009.

See accompanying independent auditors' report.

TOWN OF NANTUCKET, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Revenues:</b>						
<i>Taxes:</i>						
Real estate taxes	\$ 61,848,844	\$ 61,848,844	\$ 62,474,015	\$ -	62,474,015	625,171
Personal property taxes	1,378,854	1,378,854	1,307,757	-	1,307,757	(71,097)
Tax title	-	-	211,131	-	211,131	211,131
Motor vehicle excise	1,850,100	1,850,100	2,444,483	-	2,444,483	594,383
Boat excise	30,515	30,515	34,275	-	34,275	3,760
Meals taxes	783,500	783,500	860,798	-	860,798	77,298
Room occupancy taxes	2,346,100	2,346,100	2,582,944	-	2,582,944	236,844
	<u>68,237,913</u>	<u>68,237,913</u>	<u>69,915,403</u>	<u>-</u>	<u>69,915,403</u>	<u>1,677,490</u>
<i>Intergovernmental:</i>						
State aid - chapter 70	1,421,503	1,421,503	1,422,222	-	1,422,222	719
State aid - unrestricted	68,601	68,601	68,601	-	68,601	-
State aid - state owned land	209,457	209,457	209,457	-	209,457	-
State aid - other	14,912	14,912	14,184	-	14,184	(728)
	<u>1,714,473</u>	<u>1,714,473</u>	<u>1,714,464</u>	<u>-</u>	<u>1,714,464</u>	<u>(9)</u>
<i>Departmental fees, charges, and other:</i>						
Payments in lieu of taxes	7,330	7,330	-	-	-	(7,330)
Selectmen rentals	137,215	137,215	186,996	-	186,996	49,781
Planning office filing and inspection fees	156,635	156,635	98,074	-	98,074	(58,561)
Police department fees	151,215	151,215	146,878	-	146,878	(4,337)
Public safety detail charges	39,098	39,098	51,395	-	51,395	12,297
Fire department fees	41,705	41,705	56,550	-	56,550	14,845
Inspection fees	175,180	175,180	215,211	-	215,211	40,031
Harbormaster fees	187,080	187,080	178,799	-	178,799	(8,281)
Public works rentals	199,990	199,990	190,404	-	190,404	(9,586)
Historic district fees	97,030	97,030	176,562	-	176,562	79,532
Medicare reimbursements	79,954	79,954	49,245	-	49,245	(30,709)
Other miscellaneous	229,353	229,353	340,873	-	340,873	111,520
	<u>1,501,785</u>	<u>1,501,785</u>	<u>1,690,987</u>	<u>-</u>	<u>1,690,987</u>	<u>189,202</u>
<i>Licenses and permits:</i>						
Liquor licenses	220,500	220,500	293,950	-	293,950	73,450
Building permits	642,918	642,918	900,680	-	900,680	257,762
Other licenses and permits	211,657	211,657	211,281	-	211,281	(376)
	<u>1,075,075</u>	<u>1,075,075</u>	<u>1,405,911</u>	<u>-</u>	<u>1,405,911</u>	<u>330,836</u>
<i>Fines and forfeitures:</i>						
Parking and court fines	197,403	197,403	254,449	-	254,449	57,046
Other fines	11,100	11,100	42,468	-	42,468	31,368
	<u>208,503</u>	<u>208,503</u>	<u>296,917</u>	<u>-</u>	<u>296,917</u>	<u>88,414</u>
<i>Penalties and interest on taxes</i>	<u>677,900</u>	<u>677,900</u>	<u>598,411</u>	<u>-</u>	<u>598,411</u>	<u>(79,489)</u>
<i>Interest and investment income</i>	<u>96,800</u>	<u>96,800</u>	<u>79,072</u>	<u>-</u>	<u>79,072</u>	<u>(17,728)</u>
Total Revenues	<u>73,512,449</u>	<u>73,512,449</u>	<u>75,701,165</u>	<u>-</u>	<u>75,701,165</u>	<u>2,188,716</u>

TOWN OF NANTUCKET, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Expenditures:</b>						
<i>General Government:</i>						
Moderator:						
Salary	175	178	178	-	178	-
Operating	1,500	1,500	1,497	-	1,497	3
	<u>1,675</u>	<u>1,678</u>	<u>1,675</u>	<u>-</u>	<u>1,675</u>	<u>3</u>
Town Administration:						
Salary	534,750	518,250	505,832	-	505,832	12,418
Operating	557,648	584,840	164,286	116,269	280,555	304,285
Articles	2,261,878	2,148,399	381,986	1,766,413	2,148,399	-
	<u>3,354,276</u>	<u>3,251,489</u>	<u>1,052,104</u>	<u>1,882,682</u>	<u>2,934,786</u>	<u>316,703</u>
Finance Committee:						
Operating	17,738	17,738	17,482	-	17,482	256
Articles	500,000	191,595	-	-	-	191,595
	<u>517,738</u>	<u>209,333</u>	<u>17,482</u>	<u>-</u>	<u>17,482</u>	<u>191,851</u>
Finance and Operations:						
Salary	460,512	466,512	466,200	-	466,200	312
Operating	274,149	273,714	124,464	110,393	234,857	38,857
Articles	14,835	19,316	5,132	-	5,132	14,184
	<u>749,496</u>	<u>759,542</u>	<u>595,796</u>	<u>110,393</u>	<u>706,189</u>	<u>53,353</u>
Assessor:						
Salary	393,290	393,290	392,741	-	392,741	549
Operating	191,118	191,553	54,153	69,877	124,030	67,523
	<u>584,408</u>	<u>584,843</u>	<u>446,894</u>	<u>69,877</u>	<u>516,771</u>	<u>68,072</u>
Collector:						
Salary	247,120	254,620	254,336	-	254,336	284
Operating	91,723	91,723	79,259	2,984	82,243	9,480
	<u>338,843</u>	<u>346,343</u>	<u>333,595</u>	<u>2,984</u>	<u>336,579</u>	<u>9,764</u>
Treasurer:						
Salary	356,020	342,520	334,658	-	334,658	7,862
Operating	83,625	83,625	68,183	19,848	88,031	(4,406)
	<u>439,645</u>	<u>426,145</u>	<u>402,841</u>	<u>19,848</u>	<u>422,689</u>	<u>3,456</u>
Information Systems/GIS:						
Salary	458,190	459,190	458,601	-	458,601	589
Operating	269,296	268,296	243,144	14,372	257,516	10,780
Articles	80,719	73,208	48,272	24,936	73,208	-
	<u>808,205</u>	<u>800,694</u>	<u>750,017</u>	<u>39,308</u>	<u>789,325</u>	<u>11,369</u>
Legal:						
Operating	355,863	400,863	377,662	5,000	382,662	18,201
	<u>355,863</u>	<u>400,863</u>	<u>377,662</u>	<u>5,000</u>	<u>382,662</u>	<u>18,201</u>
Human Resources:						
Salary	152,700	152,700	144,798	-	144,798	7,902
Operating	31,842	31,842	24,351	192	24,543	7,299
	<u>184,542</u>	<u>184,542</u>	<u>169,149</u>	<u>192</u>	<u>169,341</u>	<u>15,201</u>
Town Clerk:						
Salary	217,800	228,300	227,574	-	227,574	726
Operating	59,700	59,700	44,346	9,000	53,346	6,354
	<u>277,500</u>	<u>288,000</u>	<u>271,920</u>	<u>9,000</u>	<u>280,920</u>	<u>7,080</u>
Nantucket Planning Office:						
Salary	615,115	606,637	585,384	-	585,384	21,253
Operating	354,424	289,577	79,215	51,232	130,447	159,130
Articles	10,000	10,000	3,555	6,445	10,000	-
	<u>979,539</u>	<u>906,214</u>	<u>668,154</u>	<u>57,677</u>	<u>725,831</u>	<u>180,383</u>

(continued)

TOWN OF NANTUCKET, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Public Buildings:						
Operating	870,021	870,021	720,685	21,771	742,456	127,565
	870,021	870,021	720,685	21,771	742,456	127,565
Natural Resources:						
Salary	243,240	259,740	256,523	-	256,523	3,217
Operating	14,611	14,611	12,426	840	13,266	1,345
	257,851	274,351	268,949	840	269,789	4,562
Insurances:						
Auto casualty	173,000	167,810	106,201	-	106,201	61,609
Blanket liability	1,243,000	1,205,710	1,068,802	-	1,068,802	136,908
Claims deductible	109,500	144,500	69,332	10,203	79,535	64,965
Insurance consulting	33,977	33,977	39,960	-	39,960	(5,983)
	1,559,477	1,551,997	1,284,295	10,203	1,294,498	257,499
<i>Total General Government</i>	<u>11,279,079</u>	<u>10,856,055</u>	<u>7,361,218</u>	<u>2,229,775</u>	<u>9,590,993</u>	<u>1,265,062</u>
Public Safety:						
Police:						
Salary	3,912,550	3,607,862	3,597,550	-	3,597,550	10,312
Operating	735,086	769,680	613,205	152,747	765,952	3,728
	4,647,636	4,377,542	4,210,755	152,747	4,363,502	14,040
Centralized Dispatch:						
Salary	613,745	673,745	673,745	-	673,745	-
	613,745	673,745	673,745	-	673,745	-
Fire:						
Salary	2,239,260	2,269,260	2,269,260	-	2,269,260	-
Operating	232,164	232,164	224,548	4,854	229,402	2,762
Articles	35,076	32,940	32,940	-	32,940	-
	2,506,500	2,534,364	2,526,748	4,854	2,531,602	2,762
Code Enforcement:						
Operating	5,982	5,982	3,140	-	3,140	2,842
	5,982	5,982	3,140	-	3,140	2,842
Inspectors:						
Salary	470,090	476,062	476,062	-	476,062	-
Operating	11,850	16,822	14,910	500	15,410	1,412
	481,940	492,884	490,972	500	491,472	1,412
Emergency Management:						
Operating	13,959	13,959	8,155	1,200	9,355	4,604
	13,959	13,959	8,155	1,200	9,355	4,604
Marine:						
Salary	618,810	597,753	576,498	-	576,498	21,255
Operating	104,340	104,340	71,287	18,669	89,956	14,384
Articles	282,000	282,000	42,560	239,440	282,000	-
	1,005,150	984,093	690,345	258,109	948,454	35,639
<i>Total Public Safety</i>	<u>9,274,912</u>	<u>9,082,569</u>	<u>8,603,860</u>	<u>417,410</u>	<u>9,021,270</u>	<u>61,299</u>

TOWN OF NANTUCKET, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Education:</i>						
Salary and operating	24,099,229	24,099,229	22,883,372	923,122	23,806,494	292,735
Articles	2,051,030	2,174,155	827,332	1,222,485	2,049,817	124,338
<b>Total Education</b>	<b>26,150,259</b>	<b>26,273,384</b>	<b>23,710,704</b>	<b>2,145,607</b>	<b>25,856,311</b>	<b>417,073</b>
<i>Public Works:</i>						
Public Works:						
Salary	1,902,654	2,001,703	1,782,417	12,112	1,794,529	207,174
Operating	546,110	464,025	451,831	-	451,831	12,194
Articles	1,292,754	1,292,754	452,085	840,111	1,292,196	558
	3,741,518	3,758,482	2,686,333	852,223	3,538,556	219,926
Street Lighting:						
Operating	120,363	120,363	107,009	-	107,009	13,354
	120,363	120,363	107,009	-	107,009	13,354
Mosquito Control:						
Operating	114,040	114,040	71,352	-	71,352	42,688
	114,040	114,040	71,352	-	71,352	42,688
Snow and Ice Removal:						
Operating	25,000	50,900	50,877	-	50,877	23
	25,000	50,900	50,877	-	50,877	23
Gas/Town Vehicles:						
Operating	325,000	380,000	373,134	-	373,134	6,866
	325,000	380,000	373,134	-	373,134	6,866
<b>Total Public Works</b>	<b>4,325,921</b>	<b>4,423,785</b>	<b>3,288,705</b>	<b>852,223</b>	<b>4,140,928</b>	<b>282,857</b>
<i>Health and Human Services:</i>						
Health:						
Salary	115,154	121,560	121,560	-	121,560	-
Operating	17,946	29,501	28,838	-	28,838	663
	133,100	151,061	150,398	-	150,398	663
Commission on Disability:						
Salary	10,100	10,100	5,783	-	5,783	4,317
Operating	1,575	1,675	1,674	-	1,674	1
	11,675	11,775	7,457	-	7,457	4,318
Senior Services/Council on Aging:						
Salary	217,590	208,590	206,464	-	206,464	2,126
Operating	30,675	30,575	20,963	-	20,963	9,612
	248,265	239,165	227,427	-	227,427	11,738
Veterans Services:						
Salary	5,100	6,600	6,190	-	6,190	410
Operating	6,500	6,500	5,840	-	5,840	660
	11,600	13,100	12,030	-	12,030	1,070
Human Services:						
Salary	181,310	188,810	188,245	-	188,245	565
Operating	18,101	18,101	10,455	-	10,455	7,646
Articles	317,880	317,880	316,252	-	316,252	1,628
	517,291	524,791	514,952	-	514,952	9,839
<b>Total Health and Human Services</b>	<b>921,931</b>	<b>939,892</b>	<b>912,264</b>	<b>-</b>	<b>912,264</b>	<b>27,628</b>

(Continued)

TOWN OF NANTUCKET, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Culture and Recreation:</i>						
Atheneum (Library):						
Operating	676,444	676,444	676,444	-	676,444	-
	676,444	676,444	676,444	-	676,444	-
Visitor Services:						
Salary	223,870	248,870	248,870	-	248,870	-
Operating	79,678	64,678	62,758	-	62,758	1,920
	303,548	313,548	311,628	-	311,628	1,920
Historical District Commission:						
Salary	184,710	188,310	188,310	-	188,310	-
Operating	4,490	3,288	3,288	-	3,288	-
	189,200	191,598	191,598	-	191,598	-
Town Clock:						
Operating	3,094	3,094	2,509	-	2,509	585
	3,094	3,094	2,509	-	2,509	585
<i>Total Culture and Recreation</i>	<u>1,172,286</u>	<u>1,184,684</u>	<u>1,182,179</u>	<u>-</u>	<u>1,182,179</u>	<u>2,505</u>
<i>State and County Assessments:</i>						
State assessments and charges	66,779	66,779	66,779	-	66,779	-
Transportation authorities assessments	329,834	329,834	329,834	-	329,834	-
County assessments and charges	170,201	170,201	170,201	-	170,201	-
<i>Total State and County Assessments</i>	<u>566,814</u>	<u>566,814</u>	<u>566,814</u>	<u>-</u>	<u>566,814</u>	<u>-</u>
<i>Pension and Fringe Benefits:</i>						
Medical Insurance:						
Salary	8,369,402	8,619,402	8,619,402	-	8,619,402	-
	8,369,402	8,619,402	8,619,402	-	8,619,402	-
Unemployment:						
Salary	300,000	300,000	531,322	-	531,322	(231,322)
	300,000	300,000	531,322	-	531,322	(231,322)
Workers' Compensation:						
Salary	190,000	190,000	190,000	-	190,000	-
	190,000	190,000	190,000	-	190,000	-
Laborer's Union Pension:						
Salary	44,000	44,000	35,293	-	35,293	8,707
	44,000	44,000	35,293	-	35,293	8,707
Pension Assessments:						
Barnstable Retirement	3,228,051	3,228,051	3,228,050	-	3,228,050	1
	3,228,051	3,228,051	3,228,050	-	3,228,050	1
Other Employee Benefits:						
Salary	301,201	301,201	291,945	6,000	297,945	3,256
	301,201	301,201	291,945	6,000	297,945	3,256
<i>Total Pension and Fringe Benefits</i>	<u>12,432,654</u>	<u>12,682,654</u>	<u>12,896,012</u>	<u>6,000</u>	<u>12,902,012</u>	<u>(219,358)</u>

TOWN OF NANTUCKET, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Debt Service</i>	7,605,899	7,605,899	7,180,936	-	7,180,936	424,963
<b>Total Expenditures</b>	<b>73,729,755</b>	<b>73,615,736</b>	<b>65,702,692</b>	<b>5,651,015</b>	<b>71,353,707</b>	<b>2,262,029</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	1,214,784	1,214,784	1,751,972		1,751,972	537,188
Transfers out	(8,249,598)	(9,403,098)	(9,403,098)		(9,403,098)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(7,034,814)</b>	<b>(8,188,314)</b>	<b>(7,651,126)</b>		<b>\$ (7,651,126)</b>	<b>537,188</b>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(7,252,120)</u>	<u>(8,291,601)</u>	<u>\$ 2,347,347</u>			<u>\$ 4,987,933</u>
<b>Other Budgetary Items</b>						
Use of unassigned fund balance	\$ 2,689,084	\$ 3,693,565				
Prior year encumbrances	4,316,296	4,316,296				
Prior year articles	244,447	244,447				
Prior year deficits	(9,610)	(9,610)				
Other items	11,903	46,903				
Total Other Budgetary Items	<u>7,252,120</u>	<u>8,291,601</u>				
Net budget and actual	<u>\$ -</u>	<u>\$ -</u>				

(Concluded)

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

The notes to the required supplementary information are and integral part of this statement.

**TOWN OF NANTUCKET, MASSACHUSETTS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014**

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**I. Budgetary Basis of Accounting**

*Budgetary Information* – An annual budget is legally adopted for the General Fund and the Enterprise Funds. The annual budgets are prepared by Town Administration, reviewed and approved by the Board of Selectmen, recommended by the Finance Committee and voted by the taxpayers at the Annual Town Meeting. Expenditures may not legally exceed appropriations at the department level, or in the categories of personnel and non-personnel expenses. Transfers between and within departments require approval at a Special Town Meeting, unless allowed under Massachusetts General Law. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town Meeting adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2014, Town Meeting approved various supplemental budgetary appropriations which resulted in a net increase of approximately \$1,050,000 from the original voted budget. The appropriations were funded primarily from free cash (unassigned fund balance) for additional enterprise fund subsidies and contributions for health insurance. The Finance Director’s Office has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by Town Meeting. Budgetary control is exercised through the Town’s accounting system.

*Budgetary-to-GAAP Reconciliation* – The Town’s general fund is prepared on a basis of accounting other than GAAP to conform to the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2014, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 75,701,165
Stabilization revenue	\$ -	\$ 35,320	35,320
Change in accruing revenues to GAAP basis	(442,899)	-	(442,899)
On behalf payments	2,765,243	-	2,765,243
Revenues on a GAAP basis	<u>\$ 2,765,243</u>	<u>\$ -</u>	<u>\$ 78,058,829</u>
Expenditures on a budgetary basis			\$ 65,702,692
Transfer recognition	\$ 154,346	\$ -	154,346
On behalf payments	2,765,243	-	2,765,243
Expenditures on a GAAP basis	<u>\$ 2,765,243</u>	<u>\$ -</u>	<u>\$ 68,622,281</u>
Other financing (uses) on a budgetary basis			\$ (7,651,126)
Stabilization transfer	\$ -	\$ 1,000,000	1,000,000
Other financing (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ (6,651,126)</u>

## **Combining Statements**



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## **Nonmajor Governmental Fund**

### *Special Revenue Funds –*

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

*School Lunch Fund* – This segregated revolving fund accounts for the activities of the child nutrition programs; amounts collected from services include federal and state meal reimbursements and meal charges.

*School Federal Grants* – This fund accounts for educational-based grant programs received either directly from federal agencies or indirectly through pass-through entities.

*School State Grants* – This fund accounts for educational-based grant programs received directly from State agencies.

*Town Federal Grants* – This fund accounts for non-school grant programs received either directly from federal or indirectly through pass-through entities.

*Town State Grants* – This fund accounts for non-school grant programs received directly from State agencies.

*Community Preservation* – This fund accounts for monies received by the Town through a tax surcharge to its taxpayers and a match from the State. The purpose of the fund is for the preservation of space in Nantucket.

*Road Improvements* – This fund accounts for monies received from the State under MGL Chapter 90 for eligible road improvements.

*School Revolving Funds* – This fund accounts for educational-based activities within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

*Town Revolving Funds* – This fund accounts for the non-school related activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

*Property Sale Proceeds* – This fund accounts for receipts collected from the sale of Town owned real property.

*Gifts* – This fund accounts for donated monies which relate to all Town activities.

*Permanent Funds* –

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

*Cemetery Trust Funds* – This fund accounts for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

*Other Trust Funds* – This fund accounts for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with cemetery and library activities.



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**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2014

	<b>Special Revenue Funds</b>				
	School Lunch	School Federal Grants	School State Grants	Town Federal Grants	Town State Grants
<b>Assets:</b>					
Cash and cash equivalents	\$ 235,129	\$ 86,717	\$ 538,922	\$ 24,315	\$ 480,833
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Property taxes	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	-	-	130,106	55,669	521,551
<b>Total Assets</b>	<u>235,129</u>	<u>86,717</u>	<u>669,028</u>	<u>79,984</u>	<u>1,002,384</u>
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 235,129</u>	<u>\$ 86,717</u>	<u>\$ 669,028</u>	<u>\$ 79,984</u>	<u>\$ 1,002,384</u>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Warrants and accounts payable	\$ 50,445	\$ 225	\$ 5,057	\$ -	\$ 1,645
Accrued payroll and withholdings	-	3,945	-	5,123	445
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Bond anticipation notes payable	-	-	-	-	521,551
<b>Total Liabilities</b>	<u>50,445</u>	<u>4,170</u>	<u>5,057</u>	<u>5,123</u>	<u>523,641</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	184,684	82,547	663,971	74,861	478,743
<b>Total Fund Balances</b>	<u>184,684</u>	<u>82,547</u>	<u>663,971</u>	<u>74,861</u>	<u>478,743</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 235,129</u>	<u>\$ 86,717</u>	<u>\$ 669,028</u>	<u>\$ 79,984</u>	<u>\$ 1,002,384</u>

<u>Community Preservation</u>	<u>Road Improvements</u>	<u>School Revolving</u>	<u>Town Revolving</u>	<u>Property Sale Proceeds</u>	<u>Gift Funds</u>	<u>Sub-total Special Revenue Funds</u>
\$ 6,613,680	\$ -	\$ 1,052,206	\$ 5,153,538	\$ 4,932,855	\$ 718,236	\$ 19,836,431
220	-	-	-	-	-	220
156,660	-	-	-	-	-	156,660
-	-	-	161,282	-	-	161,282
-	776,230	-	83,897	-	-	1,567,453
<u>6,770,560</u>	<u>776,230</u>	<u>1,052,206</u>	<u>5,398,717</u>	<u>4,932,855</u>	<u>718,236</u>	<u>21,722,046</u>
-	-	-	-	-	-	-
<u>\$ 6,770,560</u>	<u>\$ 776,230</u>	<u>\$ 1,052,206</u>	<u>\$ 5,398,717</u>	<u>\$ 4,932,855</u>	<u>\$ 718,236</u>	<u>\$ 21,722,046</u>
\$ 80,097	\$ -	\$ 9,330	\$ 204,364	\$ -	\$ 7,695	\$ 358,858
810	-	26,393	50,061	-	-	86,777
-	-	196,962	-	-	-	196,962
-	776,230	-	-	-	-	776,230
1,100,000	-	-	-	-	-	1,621,551
<u>1,180,907</u>	<u>776,230</u>	<u>232,685</u>	<u>254,425</u>	<u>-</u>	<u>7,695</u>	<u>3,040,378</u>
156,660	-	-	-	-	-	156,660
-	-	-	161,282	-	-	161,282
<u>156,660</u>	<u>-</u>	<u>-</u>	<u>161,282</u>	<u>-</u>	<u>-</u>	<u>317,942</u>
-	-	-	-	-	-	-
5,432,993	-	819,521	4,983,010	4,932,855	710,541	18,363,726
<u>5,432,993</u>	<u>-</u>	<u>819,521</u>	<u>4,983,010</u>	<u>4,932,855</u>	<u>710,541</u>	<u>18,363,726</u>
<u>\$ 6,770,560</u>	<u>\$ 776,230</u>	<u>\$ 1,052,206</u>	<u>\$ 5,398,717</u>	<u>\$ 4,932,855</u>	<u>\$ 718,236</u>	<u>\$ 21,722,046</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2014

	<u>Permanent Funds</u>			<u>Total</u>
	<u>Cemetery Trust Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 19,836,431
Investments	97,469	17,293	114,762	114,982
Receivables, net of allowance for uncollectibles:				
Property taxes	-	-	-	156,660
Departmental and other	-	-	-	161,282
Intergovernmental	-	-	-	1,567,453
<b>Total Assets</b>	<u>97,469</u>	<u>17,293</u>	<u>114,762</u>	<u>21,836,808</u>
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 97,469</u>	<u>\$ 17,293</u>	<u>\$ 114,762</u>	<u>\$ 21,836,808</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Warrants and accounts payable	\$ -	\$ -	\$ -	\$ 358,858
Accrued payroll and withholdings	-	-	-	86,777
Other liabilities	-	-	-	196,962
Due to other funds	-	-	-	776,230
Bond anticipation notes payable	-	-	-	1,621,551
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,040,378</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	-	156,660
Unavailable revenue - other	-	-	-	161,282
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,942</u>
Fund Balances:				
Nonspendable	97,469	17,293	114,762	114,762
Restricted	-	-	-	18,363,726
<b>Total Fund Balances</b>	<u>97,469</u>	<u>17,293</u>	<u>114,762</u>	<u>18,478,488</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 97,469</u>	<u>\$ 17,293</u>	<u>\$ 114,762</u>	<u>\$ 21,836,808</u>

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**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2014

	<b>Special Revenue Funds</b>				
	School Lunch	School Federal Grants	School State Grants	Town Federal Grants	Town State Grants
<b>Revenues:</b>					
Intergovernmental	\$ 83,027	\$ 422,490	\$ 618,166	\$ 280,491	\$ 338,499
Motor vehicle and other excises	-	-	-	-	-
Community preservation surcharges	-	-	-	-	-
Investment income	-	-	-	38	-
Departmental and other revenue	430,242	-	-	-	16,860
Contributions and donations	-	-	-	-	-
<b>Total Revenues</b>	<b>513,269</b>	<b>422,490</b>	<b>618,166</b>	<b>280,529</b>	<b>355,359</b>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	219,334	24,845
Public safety	-	-	-	-	179,332
Education	586,457	491,905	633,993	-	-
Public works	-	-	-	-	29,783
Health and human services	-	-	-	59,500	161,552
Culture and recreation	-	-	-	-	9,124
Debt service:					
Principal	-	-	-	-	250,000
<b>Total Expenditures</b>	<b>586,457</b>	<b>491,905</b>	<b>633,993</b>	<b>278,834</b>	<b>654,636</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(73,188)	(69,415)	(15,827)	1,695	(299,277)
<b>Other Financing Sources (Uses):</b>					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(73,188)</b>	<b>(69,415)</b>	<b>(15,827)</b>	<b>1,695</b>	<b>(299,277)</b>
Fund Balances - Beginning of Year	257,872	151,962	679,798	73,166	778,020
Fund Balances - End of Year	\$ 184,684	\$ 82,547	\$ 663,971	\$ 74,861	\$ 478,743

<u>Community Preservation</u>	<u>Road Improvements</u>	<u>School Revolving</u>	<u>Town Revolving</u>	<u>Property Sale Proceeds</u>	<u>Gift Funds</u>	<u>Sub-total Special Revenue Funds</u>
\$ 986,617	\$ 762,965	\$ -	\$ 147,384	\$ -	\$ -	\$ 3,639,639
-	-	-	33,851	-	-	33,851
1,773,519	-	-	-	-	-	1,773,519
31,724	-	-	1,367	-	-	33,129
9,138	-	1,047,313	1,445,703	-	-	2,949,256
-	-	-	-	-	371,251	371,251
<u>2,800,998</u>	<u>762,965</u>	<u>1,047,313</u>	<u>1,628,305</u>	<u>-</u>	<u>371,251</u>	<u>8,800,645</u>
-	-	-	337,660	-	152,813	734,652
-	-	-	1,012,979	83,979	111,241	1,387,531
-	-	1,325,345	-	-	34,079	3,071,779
-	776,230	-	1,401	-	11,709	819,123
-	-	-	99,826	-	2,937	323,815
3,784,709	-	-	73,908	-	4,073	3,871,814
-	-	-	-	-	161,333	411,333
<u>3,784,709</u>	<u>776,230</u>	<u>1,325,345</u>	<u>1,525,774</u>	<u>83,979</u>	<u>478,185</u>	<u>10,620,047</u>
<u>(983,711)</u>	<u>(13,265)</u>	<u>(278,032)</u>	<u>102,531</u>	<u>(83,979)</u>	<u>(106,934)</u>	<u>(1,819,402)</u>
-	-	-	-	3,888,758	-	3,888,758
-	-	350,000	-	-	-	350,000
-	-	350,000	-	3,888,758	-	4,238,758
(983,711)	(13,265)	71,968	102,531	3,804,779	(106,934)	2,419,356
<u>6,416,704</u>	<u>13,265</u>	<u>747,553</u>	<u>4,880,479</u>	<u>1,128,076</u>	<u>817,475</u>	<u>15,944,370</u>
<u>\$ 5,432,993</u>	<u>\$ -</u>	<u>\$ 819,521</u>	<u>\$ 4,983,010</u>	<u>\$ 4,932,855</u>	<u>\$ 710,541</u>	<u>\$ 18,363,726</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2014

	<b>Permanent Funds</b>			<b>Total</b>
	Cemetery Trust Funds	Other Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 3,639,639
Motor vehicle and other excises	-	-	-	33,851
Community preservation surcharges	-	-	-	1,773,519
Investment income	-	-	-	33,129
Departmental and other revenue	-	-	-	2,949,256
Contributions and donations	918	162	1,080	372,331
<b>Total Revenues</b>	<b>918</b>	<b>162</b>	<b>1,080</b>	<b>8,801,725</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	734,652
Public safety	-	-	-	1,387,531
Education	-	-	-	3,071,779
Public works	-	-	-	819,123
Health and human services	-	-	-	323,815
Culture and recreation	-	-	-	3,871,814
Pension and fringe benefits	-	-	-	-
Debt service:				
Principal	-	-	-	411,333
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,620,047</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	918	162	1,080	(1,818,322)
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	-	-	-	3,888,758
Transfers in	-	-	-	350,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,238,758</b>
<b>Net Change in Fund Balances</b>	<b>918</b>	<b>162</b>	<b>1,080</b>	<b>2,420,436</b>
Fund Balances - Beginning of Year	96,551	17,131	113,682	16,058,052
Fund Balances - End of Year	\$ 97,469	\$ 17,293	\$ 114,762	\$ 18,478,488

(Concluded)

## **Internal Service Funds**

Internal service funds are used to account for the financing of services provided by one department to other departments or governmental units. The Town's risk financing activities accounts for in the internal service funds can be distinctly categorized into the following groupings:

*Health Claims* – This fund accounts for the group health and dental insurance activity for active Town employees and retirees.

*Workers' Compensation Claims* – This fund accounts for workers' compensation benefits, replacement wages and medical claims expenses of employees that qualify for such benefits.

**INTERNAL SERVICE FUNDS**

COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u>Health Claims</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 396,642	\$ 298,410	\$ 695,052
Investments	-	-	-
Reinsured claims receivable	181,498	-	181,498
Deposit held by third party	<u>1,830,000</u>	<u>-</u>	<u>1,830,000</u>
<b>Total Current Assets</b>	<u>2,408,140</u>	<u>298,410</u>	<u>2,706,550</u>
<b>Deferred Outflows of Resources</b>			
Prepaid expense	<u>42,100</u>	<u>-</u>	<u>42,100</u>
<b>Total Deferred Outflows of Resources</b>	<u>42,100</u>	<u>-</u>	<u>42,100</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 2,450,240</u>	<u>\$ 298,410</u>	<u>\$ 2,748,650</u>
<b>Liabilities:</b>			
Current liabilities:			
Warrants and accounts payable	882,440	4,009	886,449
Health claims incurred but not reported	775,395	-	775,395
Workers' compensation claims	<u>-</u>	<u>50,571</u>	<u>50,571</u>
<b>Total Current Liabilities</b>	<u>1,657,835</u>	<u>54,580</u>	<u>1,712,415</u>
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,657,835</u>	<u>54,580</u>	<u>1,712,415</u>
<b>Net Position:</b>			
Unrestricted	<u>792,405</u>	<u>243,830</u>	<u>1,036,235</u>
<b>TOTAL NET POSITION</b>	<u>\$ 792,405</u>	<u>\$ 243,830</u>	<u>\$ 1,036,235</u>

**INTERNAL SERVICE FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2014

	Health Claims	Workers' Compensation	Total Internal Service Funds
<b>Operating Revenues:</b>			
Employee contributions	\$ 2,156,770	\$ -	\$ 2,156,770
Employer contributions	10,587,522	190,000	10,777,522
Reinsured claims proceeds	418,708	-	418,708
<b>Total Operating Revenues</b>	<b>13,163,000</b>	<b>190,000</b>	<b>13,353,000</b>
<b>Operating Expenditures:</b>			
Employee benefits	12,428,272	157,802	12,586,074
<b>Operating Income</b>	<b>734,728</b>	<b>32,198</b>	<b>766,926</b>
<b>Nonoperating Revenues:</b>			
Investment Income	5,494	6,214	11,708
<b>Income Before Transfers</b>	<b>740,222</b>	<b>38,412</b>	<b>778,634</b>
<b>Change in Net Position</b>	<b>740,222</b>	<b>38,412</b>	<b>778,634</b>
<b>Fund Balances - Beginning of Year</b>	<b>52,183</b>	<b>205,418</b>	<b>257,601</b>
<b>Fund Balances - End of Year</b>	<b>\$ 792,405</b>	<b>\$ 243,830</b>	<b>\$ 1,036,235</b>

**INTERNAL SERVICE FUNDS**

COMBINING STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED JUNE 30, 2014

	Health Claims	Workers' Compensation	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 12,744,294	\$ 190,000	\$ 12,934,294
Receipts from reinsured claims	237,208		237,208.00
Payments for interfund services used	<u>(13,477,578)</u>	<u>(264,458)</u>	<u>(13,742,036)</u>
Net Cash Used in Operating Activities	<u>(496,076)</u>	<u>(74,458)</u>	<u>(570,534)</u>
Cash Flows from Noncapital Financing Activities:			
Advances from other funds	<u>-</u>	<u>197,000</u>	<u>197,000</u>
Cash Flows From Investing Activities:			
Investment income	5,494	6,214	11,708
Investment of operating cash	<u>4,433</u>	<u>169,654</u>	<u>174,087</u>
Net Cash Provided by Investing Activities	<u>9,927</u>	<u>175,868</u>	<u>185,795</u>
Net Change in Cash and Cash Equivalents	(486,149)	298,410	(187,739)
Cash and Cash Equivalents:			
Beginning of the Year	<u>882,791</u>	<u>-</u>	<u>882,791</u>
End of the Year	<u>\$ 396,642</u>	<u>\$ 298,410</u>	<u>\$ 695,052</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:			
Operating income	734,728	32,198	766,926
Adjustments to reconcile operating income to net cash used in operating activities:			
Changes in assets and liabilities:			
Receivables	(181,498)	-	(181,498)
Prepaid expense	(42,100)	-	(42,100)
Accounts payable and accrued expenses	<u>(1,007,206)</u>	<u>(106,656)</u>	<u>(1,113,862)</u>
Net Cash Used in Operating Activities	<u>\$ (496,076)</u>	<u>\$ (74,458)</u>	<u>\$ (570,534)</u>

## **Fiduciary Funds**

### *Agency Funds* –

Agency funds are used to account for assets maintained in a custodial capacity. Such activities primarily consist of performance bonds and school deposits held, as well as, monies due to Town personnel for certain services rendered that were collected from external parties on their behalf.

**AGENCY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2014

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 299,625	\$ 1,929,117	\$ (1,461,266)	\$ 767,476
Receivables, net of allowance	99,046	563,578	(563,996)	98,628
<b>Total Assets</b>	<u>\$ 398,671</u>	<u>\$ 2,492,695</u>	<u>\$ (2,025,262)</u>	<u>\$ 866,104</u>
<b>Liabilities</b>				
Current liabilities:				
Warrants and accounts payable	\$ -	\$ 297,517	\$ (268,863)	\$ 28,654
Accrued payroll and withholdings	8,281	565,104	(556,455)	16,930
Agency liabilities	390,390	1,630,074	(1,199,944)	820,520
<b>Total Liabilities</b>	<u>\$ 398,671</u>	<u>\$ 2,492,695</u>	<u>\$ (2,025,262)</u>	<u>\$ 866,104</u>

# STATISTICAL SECTION



Built in 1746, the Brant Point Lighthouse is the county's second oldest lighthouse and one of three lighthouses located on the island. At 26 feet tall it is one of the shortest lighthouses in the country. The current structure is the 10th that has stood at this location as others have succumbed to the elements.

The location of the lighthouse in town makes it very popular with tourists, and while it is not open to the public the property is open to exploration and is an excellent destination for beach picnics, surfcasting, sightseeing and even weddings during the summer months.





# Statistical Section

This part of the comprehensive annual financial report presents 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.

## **Financial Trends**

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

## **Revenue Capacity**

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

## **Debt Capacity**

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.

## **Demographic and Economic Information**

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

## **Operating Information**

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.

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



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**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012 (1)	2013	2014
<b>Governmental activities:</b>										
Invested in capital assets.....	\$ 138,216,914	\$ 138,374,510	\$ 145,427,507	\$ 153,639,878	\$ 156,034,000	\$ 171,102,098	\$ 177,625,537	\$ 180,988,633	\$ 179,338,227	\$ 175,687,378
Restricted.....	6,306,885	8,090,273	9,291,543	13,803,760	14,401,121	13,294,995	3,150,056	2,459,409	15,818,386	20,511,155
Unrestricted.....	<u>12,747,782</u>	<u>19,842,330</u>	<u>21,078,145</u>	<u>8,821,281</u>	<u>3,072,293</u>	<u>(7,324,139)</u>	<u>2,459,785</u>	<u>1,293,781</u>	<u>(1,831,770)</u>	<u>1,501,847</u>
<b>Total governmental activities net position.....</b>	<b><u>\$ 157,271,581</u></b>	<b><u>\$ 166,307,113</u></b>	<b><u>\$ 175,797,195</u></b>	<b><u>\$ 176,264,919</u></b>	<b><u>\$ 173,507,414</u></b>	<b><u>\$ 177,072,954</u></b>	<b><u>\$ 183,235,378</u></b>	<b><u>\$ 184,741,823</u></b>	<b><u>\$ 193,324,843</u></b>	<b><u>\$ 197,700,380</u></b>
<b>Business-type activities:</b>										
Invested in capital assets.....	\$ 64,046,189	\$ 66,991,624	\$ 69,117,523	\$ 78,358,807	\$ 109,858,055	\$ 114,762,981	\$ 119,408,316	\$ 118,502,610	\$ 116,596,172	\$ 112,541,419
Restricted.....	-	-	-	-	-	-	-	-	-	-
Unrestricted.....	<u>13,595,950</u>	<u>10,896,735</u>	<u>12,511,077</u>	<u>24,272,569</u>	<u>7,313,124</u>	<u>7,264,425</u>	<u>3,199,868</u>	<u>9,865,892</u>	<u>11,287,299</u>	<u>15,914,047</u>
<b>Total business-type activities net position.....</b>	<b><u>\$ 77,642,139</u></b>	<b><u>\$ 77,888,359</u></b>	<b><u>\$ 81,628,600</u></b>	<b><u>\$ 102,631,376</u></b>	<b><u>\$ 117,171,179</u></b>	<b><u>\$ 122,027,406</u></b>	<b><u>\$ 122,608,184</u></b>	<b><u>\$ 128,368,502</u></b>	<b><u>\$ 127,883,471</u></b>	<b><u>\$ 128,455,466</u></b>
<b>Primary government:</b>										
Invested in capital assets.....	\$ 202,263,103	\$ 205,366,134	\$ 214,545,030	\$ 231,998,685	\$ 265,892,055	\$ 285,865,079	\$ 297,033,853	\$ 299,491,243	\$ 295,934,399	\$ 288,228,797
Restricted.....	6,306,885	8,090,273	9,291,543	13,803,760	14,401,121	13,294,995	3,150,056	2,459,409	15,818,386	20,511,155
Unrestricted.....	<u>26,343,732</u>	<u>30,739,065</u>	<u>33,589,222</u>	<u>33,093,850</u>	<u>10,385,417</u>	<u>(59,714)</u>	<u>5,659,653</u>	<u>11,159,673</u>	<u>9,455,529</u>	<u>17,415,894</u>
<b>Total primary government net position.....</b>	<b><u>\$ 234,913,720</u></b>	<b><u>\$ 244,195,472</u></b>	<b><u>\$ 257,425,795</u></b>	<b><u>\$ 278,896,295</u></b>	<b><u>\$ 290,678,593</u></b>	<b><u>\$ 299,100,360</u></b>	<b><u>\$ 305,843,562</u></b>	<b><u>\$ 313,110,325</u></b>	<b><u>\$ 321,208,314</u></b>	<b><u>\$ 326,155,846</u></b>

(1) During fiscal year 2013, the Town conducted a comprehensive analysis of its capital assets. As a result, a restatement was required to reduce beginning net position of the governmental activities by \$1,951,844 and reduce beginning net position of the business-type activities by \$1,447,762.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses -										
Governmental activities:										
General government.....	\$ 9,293,110	\$ 7,519,902	\$ 9,115,782	\$ 8,937,924	\$ 10,730,618	\$ 10,319,800	\$ 10,940,662	\$ 10,015,072	\$ 9,765,641	\$ 10,068,331
Public safety.....	9,823,535	10,078,205	10,073,622	10,691,407	14,346,976	14,684,244	12,172,241	13,601,442	14,042,554	14,779,274
Education.....	27,004,880	25,550,190	25,691,799	27,607,296	27,861,059	30,380,350	28,867,553	29,011,944	35,190,752	36,829,209
Public works.....	3,412,780	3,405,572	3,889,166	3,146,271	4,195,016	4,514,082	4,082,163	4,692,304	4,171,361	4,862,640
Health and human services.....	7,845,803	7,863,147	7,537,766	7,473,662	9,699,805	9,714,459	2,765,497	3,741,941	2,301,279	1,641,325
Culture and recreation.....	2,818,139	2,356,992	2,147,117	2,232,982	3,872,616	3,392,381	2,119,755	2,170,903	2,327,315	5,622,457
Interest expense.....	2,382,346	1,987,423	2,246,838	2,419,841	3,189,350	2,351,987	2,354,427	2,082,337	2,368,538	2,075,324
Total government activities expenses.....	<u>62,580,593</u>	<u>58,761,431</u>	<u>60,702,090</u>	<u>62,509,383</u>	<u>73,895,440</u>	<u>75,357,303</u>	<u>63,302,298</u>	<u>65,315,943</u>	<u>70,167,440</u>	<u>75,878,560</u>
Business-type activities:										
Siasconet Water.....	239,388	277,724	413,420	434,272	577,851	602,507	719,668	682,682	712,820	724,927
Wannacomet Water.....	2,263,288	2,197,304	2,805,631	3,507,036	4,022,463	3,582,097	3,570,999	3,674,493	3,785,742	3,624,731
Sewer.....	2,975,692	2,732,123	3,954,894	4,416,855	5,527,480	5,491,001	5,613,007	5,760,776	6,149,616	6,002,582
Solid waste.....	6,335,053	7,495,601	8,983,570	8,988,076	10,575,310	8,114,794	8,679,984	8,851,378	11,302,336	8,963,029
Nantucket Memorial Airport.....	10,520,301	11,515,615	12,171,263	13,717,716	11,912,883	13,541,915	13,158,406	15,331,231	14,523,220	15,592,198
Our Island Home.....	-	-	-	-	-	-	8,808,654	6,923,716	7,079,676	7,670,514
Total business-type activities expenses.....	<u>22,333,722</u>	<u>24,218,367</u>	<u>28,328,778</u>	<u>31,063,955</u>	<u>32,615,987</u>	<u>31,332,314</u>	<u>40,550,718</u>	<u>41,224,276</u>	<u>43,553,410</u>	<u>42,577,981</u>
Total primary government expenses.....	<u>\$ 84,914,315</u>	<u>\$ 82,979,798</u>	<u>\$ 89,030,868</u>	<u>\$ 93,573,338</u>	<u>\$ 106,511,427</u>	<u>\$ 106,689,617</u>	<u>\$ 103,853,016</u>	<u>\$ 106,540,219</u>	<u>\$ 113,720,850</u>	<u>\$ 118,456,541</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,313,978	\$ 87,871	\$ 448,176	\$ 1,018,223	\$ 211,203	\$ 1,358,150	\$ 426,552	\$ 741,512	\$ 622,049	\$ 917,730
Public safety.....	2,573,334	2,340,490	2,266,005	2,028,994	1,633,813	1,418,330	1,362,466	1,668,420	2,771,517	3,213,998
Education.....	716,799	565,693	569,468	688,028	515,790	498,985	501,915	780,977	1,488,121	1,490,713
Public works.....	94,095	111,057	124,570	69,200	66,298	55,092	59,430	276,502	300,317	340,272
Health and human services.....	3,906,267	3,143,759	2,687,242	3,284,823	3,120,051	3,661,973	35,445	82,788	132,655	188,221
Culture and recreation.....	332,828	326,786	348,352	318,742	321,181	289,279	325,010	522,063	248,089	295,416
Operating grants and contributions.....	4,242,952	6,690,901	7,391,686	5,462,762	5,795,452	5,090,233	3,989,493	2,131,096	6,022,440	6,230,362
Capital grants and contributions.....	3,039,119	1,834,355	1,881,330	1,991,891	1,270,878	1,230,625	1,067,782	1,030,215	1,874,830	289,066
Total government activities program revenues.....	<u>16,219,372</u>	<u>15,100,912</u>	<u>15,716,829</u>	<u>14,862,663</u>	<u>12,934,666</u>	<u>13,602,667</u>	<u>7,768,093</u>	<u>7,233,573</u>	<u>13,460,018</u>	<u>12,965,778</u>
Business-type activities:										
Charges for services.....	16,823,638	20,836,060	24,449,745	25,376,292	24,172,299	24,820,469	27,568,533	32,847,185	31,799,794	33,592,609
Operating grants and contributions.....	3,942,443	1,728,527	3,494,514	1,773,605	1,113,866	776,060	1,287,762	746,499	85,992	91,000
Capital grants and contributions.....	5,654,409	-	-	6,804,856	15,208,679	7,057,702	3,307,275	2,146,931	1,989,292	2,479,717
Total business-type activities program revenues.....	<u>26,420,490</u>	<u>22,564,587</u>	<u>27,944,259</u>	<u>33,954,753</u>	<u>40,494,844</u>	<u>32,654,231</u>	<u>32,163,570</u>	<u>35,740,615</u>	<u>33,875,078</u>	<u>36,163,326</u>
Total primary government program revenues.....	<u>\$ 42,639,862</u>	<u>\$ 37,665,499</u>	<u>\$ 43,661,088</u>	<u>\$ 48,817,416</u>	<u>\$ 53,429,510</u>	<u>\$ 46,256,898</u>	<u>\$ 39,931,663</u>	<u>\$ 42,974,188</u>	<u>\$ 47,335,096</u>	<u>\$ 49,129,104</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (46,361,221)	\$ (43,660,519)	\$ (44,985,261)	\$ (47,646,720)	\$ (60,960,774)	\$ (61,754,636)	\$ (55,534,205)	\$ (58,082,370)	\$ (56,707,422)	\$ (62,912,782)
Business-type activities.....	4,086,768	(1,653,780)	(384,519)	2,890,798	7,878,857	1,321,917	(8,387,148)	(5,483,661)	(9,678,332)	(6,414,655)
Total primary government net (expense)/program revenue.....	<u>\$ (42,274,453)</u>	<u>\$ (45,314,299)</u>	<u>\$ (45,369,780)</u>	<u>\$ (44,755,922)</u>	<u>\$ (53,081,917)</u>	<u>\$ (60,432,719)</u>	<u>\$ (63,921,353)</u>	<u>\$ (63,566,031)</u>	<u>\$ (66,385,754)</u>	<u>\$ (69,327,437)</u>

(continued)

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Revenues and other Changes in Net Position -</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 42,958,421	\$ 46,953,932	\$ 51,865,354	\$ 55,581,598	\$ 57,830,875	\$ 60,956,838	\$ 61,948,050	\$ 61,863,287	\$ 63,594,267	\$ 64,160,459
Motor vehicle and other excise taxes.....	2,292,165	2,315,570	2,222,084	2,367,735	2,201,004	1,852,563	1,867,286	2,066,878	2,338,423	2,314,472
Hotel and meals excise.....	1,380,719	1,444,085	1,291,414	1,343,140	1,237,233	1,035,291	2,726,360	2,745,571	3,092,446	3,558,082
Penalties and interest on taxes.....	419,694	306,207	398,796	410,785	473,701	659,062	633,008	687,221	677,906	598,411
Community Preservation Fund surcharges.....	1,253,374	1,279,459	1,459,647	1,535,337	1,616,989	1,669,975	1,666,540	1,724,556	1,745,927	1,782,598
Grants and contributions not restricted to specific programs.....	203,986	240,798	413,538	469,868	376,265	587,474	935,761	307,901	737,402	278,049
Unrestricted investment income.....	421,196	678,052	355,288	634,539	277,329	160,970	65,960	173,698	66,235	159,229
Gain on sale of capital assets.....	-	-	-	-	-	1,143,075	73,530	813,011	736,256	1,379,639
Other revenue.....	488,428	1,377,948	593,982	583,420	850,819	789,238	748,060	438,678	604,871	-
Transfers.....	(2,172,967)	(1,900,000)	(4,124,760)	(14,811,978)	(6,660,946)	(3,534,310)	(8,967,926)	(11,231,986)	(8,303,291)	(6,942,620)
<b>Total governmental activities.....</b>	<b>47,245,016</b>	<b>52,696,051</b>	<b>54,475,343</b>	<b>48,114,444</b>	<b>58,203,269</b>	<b>65,320,176</b>	<b>61,696,629</b>	<b>59,588,815</b>	<b>65,290,442</b>	<b>67,288,319</b>
<b>Business-type activities:</b>										
Grants and contributions not restricted to specific programs.....	-	-	-	-	-	-	-	-	-	-
Unrestricted investment income.....	-	-	-	-	-	-	-	11,993	55,748	44,030
Transfers.....	2,172,967	1,900,000	4,124,760	18,111,978	6,660,946	3,534,310	8,967,926	11,231,986	8,303,291	6,942,620
<b>Total business-type activities.....</b>	<b>2,172,967</b>	<b>1,900,000</b>	<b>4,124,760</b>	<b>18,111,978</b>	<b>6,660,946</b>	<b>3,534,310</b>	<b>8,967,926</b>	<b>11,243,979</b>	<b>8,359,039</b>	<b>6,986,650</b>
<b>Total primary government general revenues and other changes in net position.....</b>	<b>\$ 49,417,983</b>	<b>\$ 54,596,051</b>	<b>\$ 58,600,103</b>	<b>\$ 66,226,422</b>	<b>\$ 64,864,215</b>	<b>\$ 68,854,486</b>	<b>\$ 70,664,555</b>	<b>\$ 70,832,794</b>	<b>\$ 73,649,481</b>	<b>\$ 74,274,969</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 883,795	\$ 9,035,532	\$ 9,490,082	\$ 467,724	\$ (2,757,505)	\$ 3,565,540	\$ 6,162,424	\$ 1,506,445	\$ 8,583,020	\$ 4,375,537
Business-type activities.....	6,259,735	246,220	3,740,241	21,002,776	14,539,803	4,856,227	580,778	5,760,318	(1,319,293)	571,995
<b>Total primary government changes in net position.....</b>	<b>\$ 7,143,530</b>	<b>\$ 9,281,752</b>	<b>\$ 13,230,323</b>	<b>\$ 21,470,500</b>	<b>\$ 11,782,298</b>	<b>\$ 8,421,767</b>	<b>\$ 6,743,202</b>	<b>\$ 7,266,763</b>	<b>\$ 7,263,727</b>	<b>\$ 4,947,532</b>

(concluded)

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Restricted.....	\$ -	\$ 398,963	\$ 374,421	\$ 931,390	\$ -	\$ 250,000	\$ -	\$ 1,485,147	\$ 1,577,323	\$ 650,518
Committed.....	3,174,000	2,348,000	1,759,500	364,200	3,236,873	2,471,550	2,136,060	1,941,738	2,114,218	8,061,318
Assigned.....	734,211	1,340,476	1,689,093	2,142,523	2,906,103	3,136,435	4,488,570	2,182,323	5,146,635	2,047,757
Unassigned.....	6,972,282	8,927,855	8,177,909	9,894,585	7,963,323	11,047,142	12,186,769	14,373,770	13,881,601	14,745,606
Total general fund.....	<u>\$ 10,880,493</u>	<u>\$ 13,015,294</u>	<u>\$ 12,000,923</u>	<u>\$ 13,332,698</u>	<u>\$ 14,106,299</u>	<u>\$ 16,905,127</u>	<u>\$ 18,811,399</u>	<u>\$ 19,982,978</u>	<u>\$ 22,719,777</u>	<u>\$ 25,505,199</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 308,153	\$ 308,153	\$ 308,153	\$ 308,153	\$ 308,153	\$ 308,153	\$ 288,280	\$ 44,305	\$ 44,305	\$ 114,762
Restricted.....	10,097,826	10,469,477	15,373,074	20,851,574	19,796,252	19,427,291	16,039,900	18,987,991	17,267,229	18,709,640
Unassigned.....	-	-	-	-	-	-	(138,806)	(104,106)	-	-
Total all other governmental funds.....	<u>\$ 10,405,979</u>	<u>\$ 10,777,630</u>	<u>\$ 15,681,227</u>	<u>\$ 21,159,727</u>	<u>\$ 20,104,405</u>	<u>\$ 19,735,444</u>	<u>\$ 16,189,374</u>	<u>\$ 18,928,190</u>	<u>\$ 17,311,534</u>	<u>\$ 18,824,402</u>

Note: The Town implemented GASB 54 in fiscal year 2011. All previous years (2005 - 2010) data presented were restated to conform to GASB 54 presentation.

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

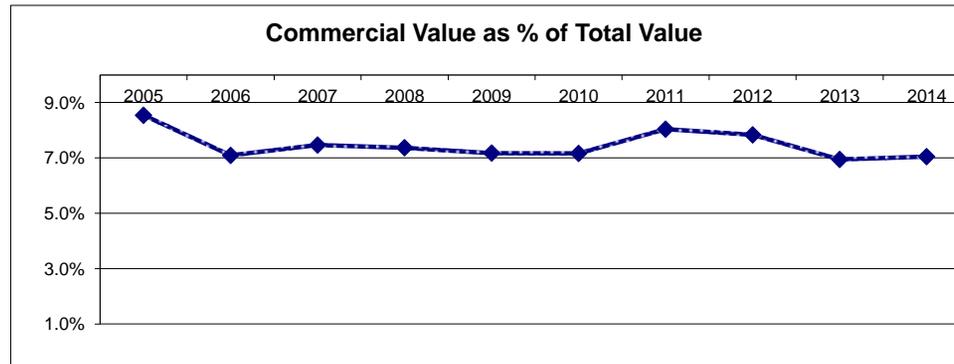
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 44,482,013	\$ 46,334,424	\$ 51,197,402	\$ 55,204,590	\$ 56,947,358	\$ 59,769,412	\$ 62,486,485	\$ 62,120,715	\$ 63,517,709	\$ 63,434,664
Motor vehicle and boat excise.....	2,042,363	2,547,032	2,173,566	2,332,743	2,210,996	1,757,392	2,090,373	1,986,900	1,913,789	2,512,609
Hotel and meals excise.....	1,380,719	1,444,085	1,291,414	1,343,140	1,237,233	1,035,291	2,726,360	2,745,571	3,092,446	3,558,082
Departmental and other.....	9,220,836	9,283,838	8,224,727	8,649,333	8,970,419	7,834,515	4,032,108	6,414,807	4,910,252	4,641,243
Communities Preservation surcharges.....	1,253,374	1,279,459	1,459,647	1,535,337	1,616,989	1,669,975	1,666,540	1,724,556	1,739,157	1,773,519
Penalties and interest on taxes.....	419,694	306,207	398,796	410,785	473,701	659,062	633,008	687,221	677,906	598,411
Licenses and permits.....	1,724,026	1,579,981	1,805,794	1,321,794	919,644	932,004	1,015,424	1,058,052	1,075,074	1,405,911
Fines and forfeitures.....	391,744	331,706	411,439	266,693	240,648	248,231	254,285	223,054	208,503	296,917
Intergovernmental.....	6,487,429	8,009,953	5,753,380	7,178,707	7,066,988	6,946,282	7,131,244	7,280,969	7,148,723	8,119,346
Contributions.....	330,180	-	850	1,300	96,821	83,320	1,249,415	-	258,425	372,331
Investment income.....	416,945	635,636	436,029	758,901	440,459	278,439	159,602	164,936	63,751	147,521
<b>Total Revenue.....</b>	<b>68,149,323</b>	<b>71,752,321</b>	<b>73,153,044</b>	<b>79,003,323</b>	<b>80,221,256</b>	<b>81,213,923</b>	<b>83,444,844</b>	<b>84,406,781</b>	<b>84,605,735</b>	<b>86,860,554</b>
<b>Expenditures:</b>										
General government.....	7,520,860	4,218,264	5,572,471	5,327,955	5,090,318	5,837,165	6,209,441	7,179,875	7,114,409	7,596,379
Public safety.....	7,050,097	7,157,058	6,617,581	8,416,870	8,997,534	10,513,956	10,437,125	10,041,235	9,018,372	9,284,157
Education.....	20,622,239	19,981,556	21,743,149	22,044,432	23,209,204	23,175,994	23,764,115	23,829,685	23,139,532	24,585,011
Public works.....	3,171,745	3,178,421	3,646,799	3,997,185	3,031,636	2,323,502	2,406,506	2,582,349	2,242,399	2,700,144
Human services.....	6,012,305	5,499,220	5,742,080	6,152,000	5,917,474	5,845,124	889,848	1,305,274	1,899,449	1,236,079
Culture and recreation.....	2,304,630	2,370,902	2,861,570	2,649,053	2,236,031	2,312,808	2,037,840	1,492,926	1,842,298	5,083,442
Pension and fringe benefits.....	10,560,048	11,943,375	13,330,835	13,303,787	12,143,139	12,698,735	11,662,320	11,479,906	14,831,570	15,661,255
State and county charges.....	431,758	440,372	447,745	462,130	449,457	458,657	461,358	531,772	546,250	566,814
Capital outlay and other.....	17,290,659	9,354,381	6,044,041	7,508,083	9,254,440	16,296,496	8,912,763	5,047,157	7,481,872	5,202,852
Debt service:										
Principal.....	2,661,151	3,942,163	4,547,154	4,728,096	6,338,863	7,778,503	7,558,823	6,657,855	5,496,332	5,405,944
Interest.....	2,302,624	2,167,297	2,262,233	2,343,057	2,952,425	2,501,019	2,401,588	2,171,097	2,260,152	2,186,325
<b>Total Expenditures.....</b>	<b>79,928,116</b>	<b>70,253,009</b>	<b>72,815,658</b>	<b>76,932,648</b>	<b>79,620,521</b>	<b>89,741,959</b>	<b>76,741,727</b>	<b>72,319,131</b>	<b>75,872,635</b>	<b>79,508,402</b>
Excess of revenues over (under) expenditures.....	(11,778,793)	1,499,312	337,386	2,070,675	600,735	(8,528,036)	6,703,117	12,087,650	8,733,100	7,352,152
<b>Other Financing Sources (Uses):</b>										
Proceeds from bonds and notes.....	4,231,000	2,810,000	6,680,000	19,551,578	5,990,490	13,070,000	-	3,200,000	478,449	-
Proceeds from refunding bonds.....	27,646	17,924,000	-	-	-	-	-	1,329,900	8,685,000	-
Premiums from debt issuances.....	-	434,629	-	-	-	279,138	-	212,513	808,509	-
Payments to refunded bond escrow agent.....	-	(18,261,489)	-	-	-	-	-	(1,519,037)	(9,505,125)	-
Sale of capital assets.....	-	-	-	-	-	1,143,075	73,530	-	865,210	3,888,758
Transfers in.....	1,152,918	3,075,727	1,946,827	4,852,464	1,345,000	4,008,898	1,554,704	1,008,975	919,323	2,101,972
Transfers out.....	(3,325,885)	(4,975,727)	(5,074,987)	(19,664,442)	(8,217,946)	(7,543,208)	(9,971,149)	(12,409,606)	(9,864,323)	(9,044,592)
<b>Total other financing sources (uses).....</b>	<b>2,085,679</b>	<b>1,007,140</b>	<b>3,551,840</b>	<b>4,739,600</b>	<b>(882,456)</b>	<b>10,957,903</b>	<b>(8,342,915)</b>	<b>(8,177,255)</b>	<b>(7,612,957)</b>	<b>(3,053,862)</b>
<b>Net change in fund balance.....</b>	<b>\$ (9,693,114)</b>	<b>\$ 2,506,452</b>	<b>\$ 3,889,226</b>	<b>\$ 6,810,275</b>	<b>\$ (281,721)</b>	<b>\$ 2,429,867</b>	<b>\$ (1,639,798)</b>	<b>\$ 3,910,395</b>	<b>\$ 1,120,143</b>	<b>\$ 4,298,290</b>
Debt service as a percentage of noncapital expenditures.....	7.92%	10.03%	10.20%	10.19%	13.20%	14.00%	14.68%	13.12%	11.34%	10.22%

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES**

**LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value						Total Commercial Value	Total Town Value	State Equalized Value	Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Open Space Value	Commercial Value	Industrial Value	Personal Property	Average Tax Rate					Residential Tax Rate	Commercial Tax Rate	
2005	\$ 11,922,460,580	\$ 10,097,300	\$ 890,334,460	\$ 44,510,760	\$ 180,154,570	\$ 1,114,999,790	\$ 13,047,557,670	13,575,803,900	96.11%	\$ 3.30	\$ 4.99	\$ 4.29	
2006	15,279,279,419	26,903,100	923,693,708	48,005,773	197,094,197	1,168,793,678	16,474,976,197	17,562,057,600	93.81%	2.84	5.06	4.15	
2007	18,833,057,056	28,148,400	1,276,678,766	65,568,478	180,259,113	1,522,506,357	20,383,711,813	17,562,057,600	116.07%	2.49	4.46	3.65	
2008	19,075,765,006	28,148,400	1,248,404,516	71,831,978	199,459,060	1,519,695,554	20,623,608,960	22,498,040,300	91.67%	2.67	4.77	3.91	
2009	19,297,012,011	28,148,400	1,212,268,373	73,994,478	207,661,750	1,493,924,601	20,819,085,012	22,498,040,300	92.54%	2.76	4.92	4.03	
2010	18,609,952,032	15,300,200	1,171,917,524	61,207,044	204,631,215	1,437,755,783	20,063,008,015	21,914,393,400	91.55%	3.01	5.35	4.39	
2011	15,812,302,942	12,152,700	1,118,103,719	56,154,439	209,716,105	1,383,974,263	17,208,429,905	21,914,393,400	78.53%	3.58	6.41	5.25	
2012	15,502,597,155	21,974,500	1,056,502,692	53,625,153	209,470,691	1,319,598,536	16,844,170,191	18,041,019,200	93.37%	3.62	6.47	5.30	
2013	15,890,745,965	22,428,100	932,271,034	50,373,351	205,311,229	1,187,955,614	17,101,129,679	18,041,019,200	94.79%	3.67	6.51	5.34	
2014	15,734,218,626	11,460,900	939,061,724	48,571,000	206,415,205	1,194,047,929	16,939,727,455	17,816,255,100	95.08%	3.76	6.68	6.68	



Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years.

Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

**PRINCIPAL TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Nature of Business	2014			2005		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
NIR Retail LLC	Resort	\$ 94,028,834	1	0.56%			
Glowacki, Walter	Private	58,272,814	2	0.34%			
Nantucket Electric Company	Private Utility	49,854,033	3	0.29%	\$ 33,133,180	4	0.25%
Penant Realty LLC	Residential	40,984,630	4	0.24%			
Nantucket Yacht Club	Recreation	39,128,820	5	0.23%	38,671,736	3	0.30%
Nantucket Island Resort LLC	Resort	34,146,133	6	0.20%	52,704,221	2	0.40%
Great Harbor Yacht Club Inc.	Private	32,004,051	7	0.19%			
White Elephant Hotel LLC	Resort	21,315,516	8	0.13%			
Sankaty Head Golf Club, Inc.	Recreation	18,623,888	9	0.11%	19,206,044	7	0.15%
US REIF Marine Nantucket FEE LLC	Retail	17,649,618	10	0.10%			
Hess, Walter R. Trustee	Residential				55,938,720	1	0.43%
Helleran, Arthur J.Etal, Trust	Resort				23,082,530	5	0.18%
Winthrop Nantucket 2 Realty Trust	Resort				22,570,395	6	0.17%
Nantucket Golf Course	Recreation				14,262,489	8	0.11%
Wauwinet Inn, LLC	Resort				12,490,825	9	0.10%
Sherburne Associates	Resort				11,589,400	10	0.09%
	Totals	<u>\$ 406,008,337</u>		<u>2.40%</u>	<u>\$ 283,649,540</u>		<u>2.17%</u>

Source: Official Statements

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2005	\$ 43,317,462	\$ 250,800	\$ 43,066,662	\$ 42,685,293	99.11%	\$ 503,782	\$ 43,189,075	100.28%
2006	47,620,883	914,316	46,706,567	46,658,644	99.90%	518,754	47,177,398	101.01%
2007	51,919,271	764,192	51,155,079	49,648,871	97.06%	1,946,257	51,595,128	100.86%
2008	56,220,005	389,568	55,830,437	54,162,568	97.01%	1,896,329	56,058,897	100.41%
2009	58,510,142	494,228	58,015,914	54,375,139	93.72%	2,642,562	57,017,701	98.28%
2010	61,333,595	832,311	60,501,284	57,209,185	94.56%	2,468,120	59,677,305	98.64%
2011	63,040,150	879,419	62,160,731	59,524,809	95.76%	2,438,465	61,963,274	99.68%
2012	62,274,744	1,022,718	61,252,026	59,159,055	96.58%	2,210,122	61,369,177	100.19%
2013	63,618,273	1,436,973	62,181,300	61,289,075	98.57%	1,053,149	62,342,224	100.26%
2014	64,647,039	1,419,342	63,227,697	62,277,217	98.50%	-	62,277,217	98.50%

Source: Accounting Records and Official Statements

**RATIOS OF OUTSTANDING DEBT AND GENERAL OBLIGATION DEBT**

**LAST TEN FISCAL YEARS**

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds and Other Notes	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	10,168	\$ 430,736,816	\$13,047,557,670	\$ 54,333,405	\$ 5,344	12.61%	0.42%
2006	10,241	456,461,852	16,474,976,197	53,720,243	5,246	11.77%	0.33%
2007	10,531	492,650,711	20,383,711,813	56,849,688	5,398	11.54%	0.28%
2008	11,215	549,422,850	20,623,608,960	71,673,170	6,391	13.05%	0.35%
2009	11,322	579,686,400	20,819,085,012	71,324,797	6,300	12.30%	0.34%
2010	10,172	543,286,520	20,063,008,015	76,773,603	7,548	14.13%	0.38%
2011	10,130	563,420,470	17,208,429,905	69,057,471	6,817	12.26%	0.40%
2012	10,298	572,764,462	16,844,170,191	65,559,307	6,366	11.45%	0.39%
2013	10,298	572,764,462	17,101,129,679	60,299,542	5,855	10.53%	0.35%
2014	10,298	572,764,462	16,939,727,455	54,871,053	5,328	9.58%	0.32%

Fiscal Year	Business Type Activities Debt				Total Primary Government			
	General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	\$ 24,842,846	\$ 2,443	5.77%	0.19%	\$ 79,176,251	7,787	18.4%	0.61%
2006	31,934,333	3,118	7.00%	0.19%	85,654,576	8,364	18.8%	0.52%
2007	54,655,811	5,190	11.09%	0.27%	111,505,499	10,588	22.6%	0.55%
2008	74,856,609	6,675	13.62%	0.36%	146,529,779	13,066	26.7%	0.71%
2009	79,373,441	7,011	13.69%	0.38%	150,698,238	13,310	26.0%	0.72%
2010	80,467,247	7,911	14.81%	0.40%	157,240,850	15,458	28.9%	0.78%
2011	80,983,395	7,994	14.37%	0.47%	150,040,866	14,812	26.6%	0.87%
2012	87,513,595	8,498	15.28%	0.52%	153,072,902	14,864	26.7%	0.91%
2013	83,901,285	8,147	14.65%	0.49%	144,200,827	14,003	25.2%	0.84%
2014	82,305,570	7,992	14.37%	0.49%	137,176,623	13,321	23.9%	0.81%

Source: U. S. Census, State Division of Local Services

**COMPUTATION OF LEGAL DEBT MARGIN**

**LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Equalized Valuation.....	\$13,575,803,900	\$17,562,057,600	\$17,562,057,600	\$22,498,040,300	\$22,498,040,300	\$21,914,393,400	\$21,914,393,400	\$18,041,019,200	\$18,041,019,200	\$17,816,255,100
Debt Limit.....	678,790,195	878,102,880	878,102,880	1,124,902,015	1,124,902,015	1,095,719,670	1,095,719,670	902,050,960	902,050,960	890,812,755
Outstanding general obligation bonds..	79,176,251	85,654,576	111,505,499	146,529,779	150,698,238	157,240,850	150,040,866	153,072,902	144,200,827	137,176,623
Authorized and unissued debt.....	105,027,139	114,109,539	95,034,114	81,093,282	68,310,085	72,315,737	48,369,825	51,318,862	24,976,578	21,121,164
Debt not applicable to debt limit.....	(27,918,297)	(25,140,246)	(30,913,035)	(43,482,004)	(51,917,004)	(42,042,147)	(47,042,147)	(43,393,647)	(42,671,460)	(42,622,571)
Legal debt margin.....	\$ 466,668,508	\$ 653,198,519	\$ 640,650,232	\$ 853,796,950	\$ 853,976,688	\$ 824,120,936	\$ 850,266,832	\$ 654,265,549	\$ 690,202,095	\$ 689,892,397
Total debt applicable to the limit as a percentage of debt limit.....	23.02%	19.89%	20.00%	16.37%	14.85%	17.11%	13.81%	17.85%	14.02%	12.99%

Source: State Division of Local Services, Accounting Records

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2014**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Nantucket Regional Transit Authority	\$ -	100%	\$ -
Nantucket County	-	100%	-
Subtotal, overlapping debt.....			<u>-</u>
Town direct debt.....			<u>54,871,053</u>
Total direct and overlapping debt.....			<u><u>\$ 54,871,053</u></u>

\*Outstanding debt as of June 30, 2014.

Source: Official Statements, Accounting Records

The estimated percentage applicable is based 100% to the Town.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	10,168	\$ 430,736,816	\$ 42,362	36.7	-	2.40%
2006	10,241	456,461,852	44,572	36.7	-	2.50%
2007	10,531	492,650,711	46,781	36.7	-	2.30%
2008	11,215	549,422,850	48,990	36.7	-	6.30%
2009	11,322	579,686,400	51,200	36.7	-	7.40%
2010	10,172	543,286,520	53,410	39.4	-	7.80%
2011	10,130	563,420,470	55,619	39.4	-	6.80%
2012	10,298	572,764,462	55,619	39.4	-	6.00%
2013	10,298	572,764,462	55,619	39.4	-	5.90%
2014	10,298	572,764,462	55,619	39.4	1,525	5.70%

Source: U. S. Census, Division of Local Services, Massachusetts  
 Department of Elementary and Secondary Education  
 Median age is based on most recent census data

**PRINCIPAL EMPLOYERS (EXCLUDING TOWN)**

**CURRENT YEAR AND NINE YEARS AGO**

Employer	Nature of Business	2014			2005		
		Employees Year-Round	Rank	Percentage of Total Town Employment	Employees Year-Round	Rank	Percentage of Total Town Employment
Town of Nantucket	Government	941	1	12.28%	707	1	7.30%
Nantucket Cottage Hospital	Medical	180	2	2.35%	106	2	1.10%
Nantucket Island Resorts	Hospitality	125	3	1.63%	105	3	1.08%
Marine Home Center	Retail	135	4	1.76%	105	4	1.08%
Nantucket Bank	Finance	80	5	1.04%	70	5	0.72%
Stop & Shop	Retail	65	6	0.85%	65	6	0.67%
Steamship Authority	Transportation	28	7	0.37%	32	7	0.33%
Harbor Fuel	Petroleum Products	23	8	0.30%	30	8	0.31%
Pacific National Bank/Fleet	Finance	20	9	0.26%	28	9	0.29%
The Brotherhood	Restaurant	20	10	0.26%			0.00%
Inquirer & Mirror	Media				26	10	0.27%

Source: Official Statements

**FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government.....	49	51	54	53	58	60	60	63	60	66
Public safety.....	79	78	79	79	78	77	77	81	81	81
Education.....	301	302	305	306	293	295	292	299	299	301
Public works.....	27	23	24	26	27	24	26	28	27	30
Health and human services.....	4	5	5	4	4	4	4	4	5	5
Culture and recreation.....	37	29	25	22	18	16	17	9	10	10
Sub-total governmental activities .....	497	488	492	490	478	476	476	484	482	493
Nantucket Memorial Airport.....	42	46	47	47	41	45	47	44	44	41
Siasconset Water.....	1	1	1	1	1	1	1	-	-	-
Wannacomet Water.....	11	11	11	11	11	11	11	11	11	11
Sewer.....	10	10	10	10	12	12	12	10	10	10
Landfill.....	1	1	1	1	1	1	1	1	1	1
Our Island Home.....	74	74	78	80	78	72	73	71	69	69
Sub-total business-type activities .....	139	143	148	150	144	142	145	137	135	132
Total Town employees.....	<u>636</u>	<u>631</u>	<u>640</u>	<u>640</u>	<u>622</u>	<u>618</u>	<u>621</u>	<u>621</u>	<u>617</u>	<u>625</u>

Source: Town personnel records

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government:</b>										
Town Clerk										
Registered voters.....	7,873	7,998	7,998	8,164	8,164	7,907	7,907	8,394	8,394	8,546
<b>Public Safety:</b>										
<b>Police</b>										
<b>Criminal offenses</b>										
Violent.....	N/A	69	156	136	154	140	133	155	150	112
Property.....	N/A	855	832	378	495	645	543	547	580	521
Total criminal offenses.....	-	924	988	514	649	785	676	702	730	633
<b>Fire</b>										
<b>Incidents</b>										
Fires.....	206	188	86	63	56	40	66	41	52	67
Non-fire incidents.....	4,225	4,464	3,974	3,896	4,072	3,783	3,637	3,640	3,721	4,915
Total fire calls.....	4,431	4,652	4,060	3,959	4,128	3,823	3,703	3,681	3,773	4,982
<b>Inspectional Services:</b>										
Number of building permits.....	1,404	1,435	1,439	1,280	972	1,156	1,145	1,406	1,639	1,797
<b>Education:</b>										
Number of students.....	1,158	1,199	1,220	1,288	1,294	1,255	1,230	1,282	1,322	1,378
<b>Public Works:</b>										
<b>Landfill</b>										
Solid waste tonnage.....	38,979	35,000	38,000	33,359	40,056	24,687	34,933	34,000	33,710	N/A
<b>Health and Human Services:</b>										
<b>Board of Health</b>										
<b>Inspections</b>										
Food establishments.....	235	239	231	230	228	210	205	212	230	247
Other.....	334	308	348	328	355	329	302	341	358	367
Total inspections.....	569	547	579	558	583	539	507	553	588	614
<b>Our Island Home - Nursing Home</b>										
Number of beds.....	45	45	45	45	45	45	45	45	45	45
<b>Culture and Recreation:</b>										
<b>Beaches</b>										
Beach Stickers	N/A	N/A	3,965	3,889	3,512	3,838	3,628	3,845	3,795	3,973
<b>Transportation:</b>										
<b>Nantucket Memorial Airport</b>										
Number of enplanements.....	249,002	269,433	278,133	257,755	203,786	201,638	179,410	175,420	178,303	174,129
Number of tower operations.....	147,259	161,685	150,200	144,073	127,482	127,575	120,806	125,960	126,898	119,976
Gallons of fuel sold.....	N/A	N/A	N/A	N/A	N/A	N/A	1,127,270	1,217,635	1,164,958	1,194,978

N/A - Information not available  
 Source: Various Town Departments and State websites.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Number of buildings.....	7	7	7	7	7	7	7	7	7	7
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	2	2	2	2
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education:										
Number of elementary schools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works:										
Number of cemeteries.....	8	8	8	8	8	8	8	8	8	8
Human Services										
Number of nursing homes.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation:										
Number of beaches.....	17	17	17	17	17	17	17	17	17	17
Transportation:										
Number of airports.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments and State websites.