

TOWN OF NANTUCKET, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

FISCAL YEAR ENDED JUNE 30, 2009

TOWN OF NANTUCKET, MASSACHUSETTS

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JUNE 30, 2009

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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Nantucket, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Nantucket's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of Nantucket Islands Land Bank discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Nantucket Islands Land Bank discretely presented component unit, is based on the report of the other auditor.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2010 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 read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Nantucket, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial

statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of funding progress, retirement system schedule of employer contributions, other post-employment benefit plan schedule of funding progress and employer contributions and other post-employment benefit plan actuarial methods and assumptions located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Wakefield, Massachusetts
January 5, 2010

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Nantucket, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB), and Management's Discussion and Analysis are part of these requirements. The GASB is the authoritative standards-setting body that provides guidance on the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). External users of these financial statements, such as investors and rating agencies, rely on consistent reporting standards in order to compare the financial position of the Town of Nantucket with that of other governmental entities.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, community preservation, human services, culture and recreation, claims and judgments and interest. The business-type activities include the activities of the sewer department, solid waste, airport, and the Siasconset and Wannacommet water departments.

The government-wide financial statements include not only the Town of Nantucket itself (known as the *primary government*), but also the County of Nantucket (*County*) and the Nantucket Islands Land Bank (*Land Bank*), which are legally separate entities. The County is included because the elected Board of Selectmen serves also as County Commissioners. The Land Bank is included because a portion of the Town's debt was incurred on behalf of the Land Bank, and the Town guarantees other debt incurred by the Land Bank. Financial information for these *component units* is reported separately within the governmental and proprietary fund statements respectively.

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. Fund accounting is used to ensure and

demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 statements focus on *near-term inflows 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Nantucket adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund as required supplementary information 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 enterprise funds to account for its sewer department, solid waste, airport, and the Siasconset and Wannacommet water departments' activities and activities of the Nantucket Islands Land Bank component unit.

Internal service funds are used by the Town to report the activity of self funded insurance programs, including health and workers' compensation insurance. Governmental accounting principles allow self funded insurance programs to be reported in either the general fund or in an internal service fund. The insurance programs benefit both the governmental and business-type activities of the Town; however, the governmental activities include more employees and retirees than the business-type activities. For that reason, the internal service funds are included within the category of governmental activities in the government-wide financial statements.

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

Financial Highlights as of the close of Fiscal 2009

- The total of assets exceeded liabilities (i.e., net assets) by \$174 million for governmental activities, and \$117 million for business type activities.
- Governmental funds reported combined ending fund balances of \$34 million.
- Unreserved fund balance for the general fund totaled \$7.9 million.
- Total governmental funds debt totaled \$78.2 million, and total enterprise fund debt totaled \$112.3 million.

Government-wide Financial Analysis

The following chart provides a summary of Governmental activities financial data for fiscal year 2009, with comparative fiscal 2008 information.

Governmental Activities

	Balance at June 30, 2009	Balance at June 30, 2008
Assets:		
Current assets.....	\$ 57,426,793	\$ 57,632,959
Noncurrent assets (excluding capital).....	398,828	499,024
Capital assets, not being depreciated.....	180,467,349	175,330,456
Capital assets, net of accumulated depreciation.....	29,394,863	27,777,272
Total assets.....	267,687,833	261,239,711
Liabilities:		
Current liabilities (excluding debt).....	7,225,372	6,579,717
Noncurrent liabilities (excluding debt).....	8,740,740	1,221,905
Current debt.....	13,474,322	11,976,816
Noncurrent debt.....	64,739,985	65,196,354
Total liabilities.....	94,180,419	84,974,792
Net Assets:		
Capital assets net of related debt.....	156,034,000	158,769,791
Restricted.....	14,401,121	13,803,760
Unrestricted.....	3,072,293	3,691,368
Total net assets.....	\$ 173,507,414	\$ 176,264,919

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For governmental activities, assets exceeded liabilities by \$174 million at the close of fiscal year 2009. The largest portion of the Town's net assets, \$156 million, (90%), reflects investment in capital assets (e.g., land, buildings, machinery, and equipment), less any outstanding debt which was borrowed in order to build or acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in 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 of the net assets, \$14.4 million (8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$3 million (2%), may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town reports positive balances in all three categories of net assets.

Noncurrent liabilities include an accrued liability for other post-employment benefits in the amount of \$7.4 million. This is the result of the Town's implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions* (OPEB). Current debt includes approximately \$6.8 million of multi-purpose bond anticipation notes payable as well as \$6.6 million of general obligation bonds due in fiscal year 2010.

Governmental Activities

	June 30, 2009	June 30, 2008
	<u> </u>	<u> </u>
Program revenues:		
Charges for services..... \$	5,868,336	\$ 7,408,010
Operating grants and contributions.....	5,795,452	5,462,762
Capital grants and contributions.....	1,270,878	1,991,891
General revenues:		
Real estate and personal property taxes.....	57,438,797	55,285,952
Tax liens.....	392,078	295,646
Motor vehicle and other excise taxes.....	2,201,004	2,367,735
Hotel/motel tax.....	1,237,233	1,343,140
Penalties and interest on taxes.....	473,701	410,785
Community preservation fund surtax.....	1,616,989	1,535,337
Payments in lieu of taxes.....	7,296	3,645
Nonrestricted grants and contributions.....	376,265	469,868
Unrestricted investment income.....	277,329	634,539
Miscellaneous revenues.....	843,523	579,775
Total revenues.....	<u>77,798,881</u>	<u>77,789,085</u>
Expenses:		
General government.....	8,835,601	6,832,016
Public safety.....	14,346,976	10,691,407
Education.....	27,861,059	27,607,296
Public works.....	4,195,016	3,146,271
Community preservation.....	1,895,017	2,105,908
Human services.....	9,699,805	7,473,662
Culture and recreation.....	3,872,616	2,232,982
Interest.....	3,189,350	2,419,841
Total expenses.....	<u>73,895,440</u>	<u>62,509,383</u>
Transfers.....	<u>(6,660,946)</u>	<u>(14,811,978)</u>
Change in net assets..... \$	<u>(2,757,505)</u>	<u>\$ 467,724</u>

Governmental Activities

	Balance at June 30, 2009	Balance at June 30, 2008	Net Increase (Decrease)
	<u> </u>	<u> </u>	<u> </u>
Net Assets:			
Capital assets net of related debt..... \$	156,034,000	\$ 158,769,791	\$ (2,735,791)
Restricted.....	14,401,121	13,803,760	597,361
Unrestricted.....	3,072,293	3,691,368	(619,075)
Total net assets..... \$	<u>173,507,414</u>	<u>\$ 176,264,919</u>	<u>\$ (2,757,505)</u>

The primary governmental expenses totaled \$74 million. Of that amount, \$12.9 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$64.9 million, primarily coming from property taxes, motor vehicle excise, hotel/motel taxes, non-community preservation surtaxes, restricted state aid and other miscellaneous charges.

Additionally, governmental activities reported capital contributions of \$1.4 million to the sewer enterprise fund, and \$5.3 million of transfers to business-type activities. The capital contribution is recorded for debt that is to be repaid with governmental funds which has been used to construct assets for the sewer enterprise fund. The \$5.3 million in transfers to the solid waste enterprise fund consists of the Town's initial budgeted transfer of \$2,784,000 in taxes and general revenues to balance the solid waste budget; a mid-year decrease in anticipated solid waste revenue projections, which increased the subsidy by \$1,465,605; a reserve fund transfer of \$305,500; and \$725,841 which represents the fiscal year 2008 certified retained earnings deficit.

In total, governmental activities net assets decreased by approximately \$3 million in Fiscal 2009. The key element of the decrease relates mainly to the implementation of GASB Statement No. 45 and the related expense accrual in the amount of \$7.4 million. The Town experienced a 26% decrease in charges for services, a 57% decrease in capital grants, a 6% increase in operating grants and contributions and a 4% increase in real estate tax collections. Expenses increased in virtually all functional categories, except for community preservation, with the largest increase being in public safety.

The following chart provides a summary of Business-type activities financial data for fiscal year 2009, with comparative fiscal 2008 information.

Business-Type Activities

	Balance at June 30, 2009	Balance at June 30, 2008
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 56,471,897	\$ 44,675,721
Noncurrent assets (excluding capital).....	2,259,318	2,367,761
Capital assets, not being depreciated.....	108,259,314	74,107,339
Capital assets, net of accumulated depreciation.....	<u>72,862,056</u>	<u>76,145,691</u>
Total assets.....	<u>239,852,585</u>	<u>197,296,512</u>
Liabilities:		
Current liabilities (excluding debt).....	6,849,174	10,768,076
Noncurrent liabilities (excluding debt).....	3,570,066	327,726
Current debt.....	37,143,451	12,710,329
Noncurrent debt.....	<u>75,118,715</u>	<u>70,859,005</u>
Total liabilities.....	<u>122,681,406</u>	<u>94,665,136</u>
Net Assets:		
Capital assets net of related debt.....	109,858,055	97,664,074
Unrestricted.....	<u>7,313,124</u>	<u>4,967,302</u>
Total net assets.....	<u>117,171,179</u>	<u>102,631,376</u>
Program revenues:		
Charges for services.....	24,172,299	25,376,292
Operating grants and contributions.....	1,113,866	1,773,605
Capital grants and contributions.....	<u>15,208,679</u>	<u>6,804,856</u>
Total revenues.....	<u>40,494,844</u>	<u>33,954,753</u>
Expenses:		
Water.....	4,600,314	3,941,308
Sewer.....	5,527,480	4,416,855
Solid Waste.....	10,575,310	8,988,076
Airport.....	<u>11,912,883</u>	<u>13,717,716</u>
Total expenses.....	<u>32,615,987</u>	<u>31,063,955</u>
Transfers and capital contributions.....	<u>6,660,946</u>	<u>18,111,978</u>
Change in net assets.....	<u>\$ 14,539,803</u>	<u>\$ 21,002,776</u>

There was a net increase of \$14.5 million in net assets reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

Business-Type Activities

	Balance at June 30, 2009	Balance at June 30, 2008	Net Increase (Decrease)
Net Assets:			
Siasconset Water.....	\$ 4,072,117	\$ 4,017,461	\$ 54,656
Wannacomet Water Company.....	14,494,563	14,063,649	430,914
Nantucket Memorial Airport.....	44,942,215	30,242,477	14,699,738
Sewer Enterprise Fund.....	45,687,206	44,380,438	1,306,768
Solid Waste Enterprise Fund.....	7,975,078	9,927,351	(1,952,273)
Total net assets.....	\$ 117,171,179	\$ 102,631,376	\$ 14,539,803

The most significant factor in this change is a \$14 million increase in net assets for Nantucket Memorial Airport which consisted mostly of state and federal capital grants for construction projects, including a new airport terminal.

The decrease in the Solid Waste Enterprise Fund was mainly due to a decrease in tipping fees.

At the end of the current fiscal year, the Town reports \$117 million in net assets for its combined business-type activities.

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 *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$34.2 million, of which \$10.8 million is general fund, and \$23.4 million is nonmajor governmental funds. The general fund is the chief operating fund. At the end of fiscal 2009, unreserved fund balance of the general fund totaled \$7.8 million, while total fund balance totaled \$10.8 million.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.8% of total general fund expenditures and transfers out, while total fund balance represents 14.8% of that same amount. \$3.2 million of the unreserved fund balance was designated at year end to support the 2010 budget. An additional \$2.9 million was reserved for carry-over appropriations and encumbrances. While total fund balance showed a modest increase, the unreserved, undesignated fund balance decreased by \$2.5 million during the fiscal year, mainly due to increases in designations for future budgets.

The Town also maintains a community preservation fund, classified within the non-major governmental funds which had a year end fund balance of \$5.9 million. Of this amount, \$4.5 million is designated for ongoing projects, by previous Annual Town Meeting votes. This fund is attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreation use and community housing. In fiscal year 2009, the Town earned and accrued a year end receivable for state matching community preservation funds, of approximately \$675,000.

General Fund Budgetary Highlights

The General fund budget consists of those appropriations voted at Annual Town Meeting, carryover encumbrances and appropriations from the previous year, amounts charged by the Commonwealth and deducted from state revenues, and amounts required to be raised as a result of any deficits. The Town's budget may be changed by action of Town Meeting or, in the last two months of the fiscal year, by vote of the Board of Selectmen and the Finance Committee, with statutory limitation as to amount. The original appropriation budget and the carryover encumbrances and appropriations totaled \$75.8 million. Changes during the year consisted largely of allocations between and among departments. The net decrease from changes to the appropriation budget totaled \$826,000, which was a combination of \$1.4 million in budget reductions and \$726,000 in new appropriations.

Total actual revenue was lower than estimated revenue by \$372,000. At year end, outstanding purchase orders and carry-over appropriations and articles totaled approximately \$2.9 million, which is reserved in fund balance at year end. The total of actual expenditures and these amounts reserved for future expenditures was lower than the final budget by approximately \$1.6 million, a positive variance.

The net of actual revenue and expense, compared to budgeted amounts, was a positive variance of \$1.2 million.

Capital Asset and Debt Administration

In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming fiscal year and a Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals \$210 million in the governmental funds, and \$181 million in the enterprise funds (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, equipment, vehicles and infrastructure.

Current year fixed asset additions totaled \$9.2 million for governmental activities, and \$35.1 million for business-type activities.

Long-term and short-term Debt

At the end of the current fiscal year, the Town of Nantucket had total bonded debt outstanding of \$190.5 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. Of this amount, \$39.8 million is in short term notes and the remaining \$150.7 is outstanding long term debt. The governmental fund portion of the outstanding debt is \$78.2 million. The enterprise funds' portion of the outstanding debt is \$112.3 million.

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Short term.....	\$ 6,889,510	\$ 32,888,725	\$ 39,778,235
Current portion of long term.....	6,584,812	4,254,726	10,839,538
Noncurrent portion of long term.....	<u>64,739,985</u>	<u>75,118,715</u>	<u>139,858,700</u>
Total.....	<u>\$ 78,214,307</u>	<u>\$ 112,262,166</u>	<u>\$ 190,476,473</u>

Please refer to the notes to the financial statements for further discussion of the major capital and debt activity.

Economic Factors and Next Year's Budgets and Rates

The Town's tax base continued to grow in fiscal 2009. Taxable property increased by \$195 million (.9%) in 2009. New growth provided additional tax revenue of \$1 million in 2009 or 2.1% of the prior year's levy base.

The average residential assessed value was \$1.9 million in 2009. The residential tax rate for 2009 was \$2.76 per \$1,000 of assessed value.

The 2009 Annual and Special Town Meetings approved a fiscal year 2010 total budget of \$109.5 million, including a total general fund budget of \$75.9 million. The projected residential tax rate for 2010 is \$2.86 per \$1,000 of assessed value.

Requests for Information

This financial report is designed to provide a general overview of the Town of Nantucket's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 16 Broad Street, Nantucket, Massachusetts 02554.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 41,548,797	\$ 41,539,300	\$ 83,088,097
Restricted cash and cash equivalents.....	-	-	-
Investments.....	2,831,276	-	2,831,276
Investments, restricted.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,672,256	-	3,672,256
Tax and trash liens.....	1,902,085	-	1,902,085
Motor vehicle and other excise taxes.....	166,017	-	166,017
User fees.....	2,946	2,136,967	2,139,913
Departmental and other.....	924,032	-	924,032
Special assessments.....	25,171	-	25,171
Intergovernmental.....	4,048,966	12,829,755	16,878,721
Deferred loss on refunding.....	100,196	-	100,196
Inventory.....	-	557,426	557,426
Working capital deposit.....	1,602,600	-	1,602,600
Other assets.....	-	-	-
Prepaid expenses.....	10,900	-	10,900
Internal balances.....	591,551	(591,551)	-
NONCURRENT:			
Restricted assets:			
Cash and cash equivalents.....	-	-	-
Cash surrender value of life insurance.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	2,259,318	2,259,318
Deferred loss on refunding.....	398,828	-	398,828
Capital assets, not being depreciated.....	180,467,349	108,259,314	288,726,663
Capital assets, net of accumulated depreciation.....	29,394,863	72,862,056	102,256,919
TOTAL ASSETS.....	267,687,833	239,852,585	507,540,418
LIABILITIES			
CURRENT:			
Warrants payable.....	1,205,467	5,046,050	6,251,517
Accrued liabilities.....	-	9,609	9,609
Accrued payroll.....	2,708,469	157,677	2,866,146
Health claims payable.....	721,784	-	721,784
Accrued interest.....	991,622	1,142,272	2,133,894
Payroll withholdings.....	42,877	-	42,877
Security deposits.....	-	336,330	336,330
Abandoned property.....	22,094	-	22,094
Other liabilities.....	1,104,829	53,750	1,158,579
Compensated absences.....	295,564	103,486	399,050
Workers' compensation.....	93,146	-	93,146
Unamortized premium on bonds and notes payable.....	39,520	-	39,520
Bonds and notes payable.....	13,474,322	37,143,451	50,617,773
NONCURRENT:			
Landfill closure.....	-	2,428,000	2,428,000
Compensated absences.....	1,182,257	413,940	1,596,197
Unamortized premium on bonds and notes payable.....	157,309	-	157,309
Other post-employment benefits.....	7,401,174	728,126	8,129,300
Bonds and notes payable.....	64,739,985	75,118,715	139,858,700
TOTAL LIABILITIES.....	94,180,419	122,681,406	216,861,825
NET ASSETS			
Invested in capital assets, net of related debt.....	156,034,000	109,858,055	265,892,055
Restricted for:			
Debt service.....	-	-	-
Permanent funds:			
Expendable.....	226,570	-	226,570
Nonexpendable.....	308,153	-	308,153
Other purposes.....	13,866,398	-	13,866,398
Unrestricted.....	3,072,293	7,313,124	10,385,417
TOTAL NET ASSETS.....	\$ 173,507,414	\$ 117,171,179	\$ 290,678,593

See notes to basic financial statements.

Component Units

	County		Land Bank		Total
\$	3,570,395	\$	9,653,251	\$	13,223,646
	-		206,570		206,570
	-		-		-
	-		1,118,379		1,118,379
	-		-		-
	-		-		-
	-		-		-
	45,507		130,253		175,760
	-		-		-
	1,580		-		1,580
	-		-		-
	-		115,479		115,479
	-		-		-
	-		42,500		42,500
	-		341,681		341,681
	-		-		-
	-		3,660,474		3,660,474
	-		535,492		535,492
	-		-		-
	-		-		-
	28,458		203,012,641		203,041,099
	394,868		16,827,230		17,222,098
	<u>4,040,808</u>		<u>235,643,950</u>		<u>239,684,758</u>
	92,375		200,292		292,667
	-		307,604		307,604
	9,282		-		9,282
	-		-		-
	-		-		-
	383,604		-		383,604
	-		-		-
	-		-		-
	37,337		-		37,337
	-		-		-
	-		-		-
	-		3,975,000		3,975,000
	-		-		-
	-		-		-
	-		-		-
	81,699		348,900		430,599
	-		28,760,399		28,760,399
	<u>604,297</u>		<u>33,592,195</u>		<u>34,196,492</u>
	423,326		187,146,972		187,570,298
	-		3,867,044		3,867,044
	-		-		-
	-		-		-
	-		-		-
	<u>3,013,185</u>		<u>11,037,739</u>		<u>14,050,924</u>
\$	<u>3,436,511</u>	\$	<u>202,051,755</u>	\$	<u>205,488,266</u>

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 8,835,601	\$ 211,203	\$ 602,752	\$ -	\$ (8,021,646)
Public safety.....	14,346,976	1,633,813	695,037	-	(12,018,126)
Education.....	27,861,059	515,790	3,994,507	-	(23,350,762)
Public works.....	4,195,016	66,298	1,200	596,187	(3,531,331)
Community preservation.....	1,895,017	-	-	674,691	(1,220,326)
Human services.....	9,699,805	3,120,051	32,079	-	(6,547,675)
Culture and recreation.....	3,872,616	321,181	469,877	-	(3,081,558)
Interest.....	3,189,350	-	-	-	(3,189,350)
Total Governmental Activities.....	73,895,440	5,868,336	5,795,452	1,270,878	(60,960,774)
<i>Business-Type Activities:</i>					
Water.....	4,600,314	4,714,969	370,915	-	485,570
Sewer.....	5,527,480	4,911,035	543,213	-	(73,232)
Solid waste.....	10,575,310	3,282,734	58,406	951	(7,233,219)
Airport.....	11,912,883	11,263,561	141,332	15,207,728	14,699,738
Total Business-Type Activities.....	32,615,987	24,172,299	1,113,866	15,208,679	7,878,857
Total Primary Government.....	\$ 106,511,427	\$ 30,040,635	\$ 6,909,318	\$ 16,479,557	\$ (53,081,917)
Component Units:					
County.....	2,201,665	957,093	572,942	-	(671,630)
Land Bank.....	6,009,300	11,530,788	445,493	-	5,966,981
Total Component Units.....	\$ 8,210,965	\$ 12,487,881	\$ 1,018,435	\$ -	\$ 5,295,351

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	County	Land Bank	Total
Changes in net assets:						
Net (expense) revenue from previous page.....	\$ (60,960,774)	\$ 7,878,857	\$ (53,081,917)	\$ (671,630)	\$ 5,966,981	\$ 5,295,351
<i>General revenues:</i>						
Real estate and personal property taxes, net of tax refunds payable.....	57,438,797	-	57,438,797	-	-	-
Tax liens.....	392,078	-	392,078	-	-	-
Motor vehicle and other excise taxes.....	2,201,004	-	2,201,004	-	-	-
Hotel/motel tax.....	1,237,233	-	1,237,233	-	-	-
Penalties and interest on taxes.....	473,701	-	473,701	-	-	-
Community Preservation Fund surcharges...	1,616,989	-	1,616,989	-	-	-
Payments in lieu of taxes.....	7,296	-	7,296	-	-	-
Grants and contributions not restricted to specific programs.....	376,265	-	376,265	-	-	-
Unrestricted investment income.....	277,329	-	277,329	-	-	-
Miscellaneous.....	843,523	-	843,523	-	-	-
Capital transfers.....	(1,380,000)	1,380,000	-	-	-	-
Transfers, net.....	(5,280,946)	5,280,946	-	-	-	-
Total general revenues and transfers.....	58,203,269	6,660,946	64,864,215	-	-	-
Change in net assets.....	(2,757,505)	14,539,803	11,782,298	(671,630)	5,966,981	5,295,351
<i>Net Assets:</i>						
Beginning of year.....	176,264,919	102,631,376	278,896,295	4,108,141	196,084,774	200,192,915
End of year.....	\$ 173,507,414	\$ 117,171,179	\$ 290,678,593	\$ 3,436,511	\$ 202,051,755	\$ 205,488,266

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2009

ASSETS	General	Nonmajor Governmental Funds	Total Governmental Funds	Component Unit - Nantucket County
Cash and cash equivalents.....	\$ 14,103,352	\$ 25,045,237	\$ 39,148,589	\$ 3,570,395
Investments.....	-	2,662,443	2,662,443	-
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	3,582,663	89,593	3,672,256	-
Tax liens	1,879,981	22,104	1,902,085	-
Motor vehicle and other excise taxes.....	166,017	-	166,017	-
User fees.....	2,946	-	2,946	-
Departmental and other.....	427,304	100,618	527,922	45,507
Special assessments.....	-	25,171	25,171	-
Intergovernmental.....	159,176	3,889,790	4,048,966	1,580
Due from other funds.....	1,090,184	19,852	1,110,036	645,929
Other assets.....	-	-	-	-
Prepaid expenses.....	10,900	-	10,900	-
TOTAL ASSETS.....	\$ 21,422,523	\$ 31,854,808	\$ 53,277,331	\$ 4,263,411
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 762,927	\$ 436,449	\$ 1,199,376	\$ 92,375
Accrued payroll.....	2,618,749	89,720	2,708,469	9,282
Accrued interest on short-term debt.....	35,189	-	35,189	-
Payroll withholdings.....	42,877	-	42,877	383,604
Abandoned property.....	22,094	-	22,094	-
Other liabilities.....	1,096,633	8,196	1,104,829	37,337
Deferred revenues.....	4,650,413	1,004,296	5,654,709	-
Due to other funds.....	1,409,574	-	1,409,574	645,929
Notes payable.....	-	6,889,510	6,889,510	-
TOTAL LIABILITIES.....	10,638,456	8,428,171	19,066,627	1,168,527
FUND BALANCES:				
Reserved for:				
Encumbrances and continuing appropriations.....	2,906,103	3,969	2,910,072	75,740
Perpetual permanent funds.....	-	308,153	308,153	-
Unreserved:				
Designated for subsequent year's expenditures....	3,236,873	-	3,236,873	-
Undesignated, reported in:				
General fund.....	4,641,091	-	4,641,091	399,173
Special revenue funds.....	-	17,302,157	17,302,157	2,619,971
Capital projects funds.....	-	5,585,788	5,585,788	-
Permanent funds.....	-	226,570	226,570	-
TOTAL FUND BALANCES.....	10,784,067	23,426,637	34,210,704	3,094,884
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 21,422,523	\$ 31,854,808	\$ 53,277,331	\$ 4,263,411

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2009

Total governmental fund balances.....	\$	34,210,704
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		209,862,212
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		5,654,709
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		4,730,965
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(956,433)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(71,324,797)	
Unamortized premiums on bonds and notes.....	(196,829)	
Workers' compensation.....	(93,146)	
Compensated absences.....	(1,477,821)	
Other post-employment benefits.....	<u>(7,401,174)</u>	
Net effect of reporting long-term liabilities.....		(80,493,767)
In the statement of activities, deferred losses are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....		<u>499,024</u>
Net assets of governmental activities.....	\$	<u><u>173,507,414</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2009

	General	Nonmajor Governmental Funds	Total Governmental Funds	Component Unit - Nantucket County
REVENUES:				
Real estate and personal property taxes, net of tax refunds..... \$	56,719,726	-	56,719,726	-
Tax liens.....	227,632	-	227,632	-
Motor vehicle and other excise taxes.....	2,210,996	-	2,210,996	-
Hotel/motel tax.....	1,237,233	-	1,237,233	-
Charges for services.....	4,771,647	513,925	5,285,572	-
Community Preservation surcharges.....	-	1,616,989	1,616,989	-
Penalties and interest on taxes.....	469,719	3,982	473,701	-
Payments in lieu of taxes.....	7,296	-	7,296	-
Licenses and permits.....	919,644	-	919,644	-
Fines and forfeitures.....	240,648	-	240,648	-
Intergovernmental.....	4,054,249	3,012,739	7,066,988	100,000
Departmental and other.....	232,970	389,231	622,201	1,417,885
Contributions.....	-	96,821	96,821	-
Investment income.....	205,782	234,677	440,459	26,880
Miscellaneous.....	864,416	2,190,934	3,055,350	-
TOTAL REVENUES.....	72,161,958	8,059,298	80,221,256	1,544,765
EXPENDITURES:				
Current:				
County administration.....	-	-	-	300,223
Registry of Deeds.....	-	-	-	303,217
Sheriff's department.....	-	-	-	896,411
Special projects.....	-	-	-	65,910
General government.....	4,750,523	1,839,795	6,590,318	375
Public safety.....	8,427,484	570,050	8,997,534	13,835
Education.....	21,309,772	2,758,855	24,068,627	-
Public works.....	2,400,913	5,630,723	8,031,636	-
Community preservation.....	-	1,895,017	1,895,017	-
Human services.....	5,882,311	35,163	5,917,474	-
Culture and recreation.....	1,717,131	518,900	2,236,031	-
Pension benefits.....	5,445,915	-	5,445,915	73,159
Employee benefits.....	6,697,224	-	6,697,224	-
Claims and judgments.....	-	-	-	237,533
State and county charges.....	449,457	-	449,457	-
Debt service:				
Principal.....	6,338,863	-	6,338,863	-
Interest.....	2,952,425	-	2,952,425	-
TOTAL EXPENDITURES.....	66,372,018	13,248,503	79,620,521	1,890,663
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	5,789,940	(5,189,205)	600,735	(345,898)
OTHER FINANCING SOURCES (USES):				
Proceeds from bonds and notes.....	1,380,000	4,610,490	5,990,490	-
Transfers in.....	610,000	735,000	1,345,000	1,183,799
Transfers out.....	(6,227,946)	(610,000)	(6,837,946)	(1,183,799)
Capital transfer.....	(1,380,000)	-	(1,380,000)	-
TOTAL OTHER FINANCING SOURCES (USES).....	(5,617,946)	4,735,490	(882,456)	-
NET CHANGE IN FUND BALANCES.....	171,994	(453,715)	(281,721)	(345,898)
FUND BALANCES AT BEGINNING OF YEAR.....	10,612,073	23,880,352	34,492,425	3,440,782
FUND BALANCES AT END OF YEAR..... \$	10,784,067	23,426,637	34,210,704	3,094,884

See notes to basic financial statements.

**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, 2009

Net change in fund balances - total governmental funds.....	\$	(281,721)
<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.</p>		
Capital outlay.....	9,254,440	
Depreciation expense.....	<u>(2,499,956)</u>	
Net effect of reporting capital assets.....		6,754,484
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		424,914
<p>The issuance of long-term debt (e.g., bonds and leases) 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 transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Proceeds from bonds and notes.....	(5,990,490)	
Debt service principal payments.....	<u>6,338,863</u>	
Net effect of reporting long-term debt.....		348,373
<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>		
Net change in compensated absences accrual.....	(196,477)	
Net change in accrued interest on long-term debt.....	(170,792)	
Net change in workers' compensation.....	1,190	
Amortization of deferred charge on refunding.....	(109,209)	
Amortization of premiums on bonds and notes payable.....	43,076	
Other post-employment benefits.....	<u>(7,401,174)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(7,833,386)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>(2,170,169)</u>
Change in net assets of governmental activities.....	\$	<u><u>(2,757,505)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2009

Business-type Activities - Enterprise Funds

	Siasconset Water	Sewer	Solid Waste	Nantucket Memorial Airport
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 5,640,761	\$ 262,326	\$ 945,951	\$ 23,450,717
Restricted cash and cash equivalents.....	-	-	-	-
Investments.....	-	-	-	-
Investments, designated.....	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Land Bank accounts.....	-	-	-	-
Insurance reimbursements.....	-	-	-	-
User fees.....	36,758	570,845	565,583	453,819
Intergovernmental.....	-	8,936,940	-	3,892,815
Inventory.....	-	-	-	457,607
Working capital deposit.....	-	-	-	-
Land deposits.....	-	-	-	-
Due from other funds.....	8,826	138,685	88,320	-
Total current assets.....	<u>5,686,345</u>	<u>9,908,796</u>	<u>1,599,854</u>	<u>28,254,958</u>
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	-	2,259,318	-	-
Restricted cash and cash equivalents.....	-	-	-	-
Cash surrender value of life insurance.....	-	-	-	-
Capital assets, not being depreciated.....	5,542,583	59,541,168	2,651,406	31,168,222
Capital assets, net of accumulated depreciation.....	2,409,103	26,626,991	7,851,666	17,996,901
Total noncurrent assets.....	<u>7,951,686</u>	<u>88,427,477</u>	<u>10,503,072</u>	<u>49,165,123</u>
TOTAL ASSETS.....	<u>13,638,031</u>	<u>98,336,273</u>	<u>12,102,926</u>	<u>77,420,081</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	117,082	175,309	571,700	2,503,479
Accrued liabilities.....	-	-	-	-
Accrued payroll.....	3,072	21,525	1,879	106,010
Health claims payable.....	-	-	-	-
Security deposits.....	-	-	-	336,330
Accrued interest.....	110,424	637,576	13,186	87,458
Other liabilities.....	-	-	-	53,750
Due to other funds.....	17,225	305,997	124,011	226,889
Compensated absences.....	4,634	9,020	-	57,320
Notes payable.....	1,400,000	4,126,000	-	25,562,725
Bonds payable.....	423,000	1,776,726	110,000	730,000
Total current liabilities.....	<u>2,075,437</u>	<u>7,052,153</u>	<u>820,776</u>	<u>29,663,961</u>
NONCURRENT:				
Landfill closure.....	-	-	2,428,000	-
Compensated absences.....	18,536	36,078	-	229,279
Notes payable.....	-	-	-	-
Other post-employment benefits.....	36,941	82,121	14,072	464,626
Bonds payable.....	7,435,000	45,478,715	865,000	2,120,000
Total noncurrent liabilities.....	<u>7,490,477</u>	<u>45,596,914</u>	<u>3,307,072</u>	<u>2,813,905</u>
TOTAL LIABILITIES.....	<u>9,565,914</u>	<u>52,649,067</u>	<u>4,127,848</u>	<u>32,477,866</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	3,699,200	45,982,976	10,143,072	34,295,707
Restricted.....	-	-	-	-
Reserved for appropriation.....	-	-	-	-
Reserved for appropriation deficit.....	-	-	-	-
Designated for specific purposes.....	-	-	-	-
Unrestricted:				
Undesignated.....	372,917	(295,770)	(2,167,994)	10,646,508
TOTAL NET ASSETS.....	<u>\$ 4,072,117</u>	<u>\$ 45,687,206</u>	<u>\$ 7,975,078</u>	<u>\$ 44,942,215</u>

See notes to basic financial statements.

			Component
			Unit
Wannacomet Water Company	Total Business-Type Activities	Governmental Activities - Internal Service Fund	Nantucket Islands Land Bank
\$ 11,239,545	\$ 41,539,300	\$ 2,400,208	\$ 9,653,251
-	-	-	206,570
-	-	168,833	-
-	-	-	1,118,379
-	-	-	130,253
-	-	396,110	-
509,962	2,136,967	-	-
-	12,829,755	-	-
99,819	557,426	-	115,479
-	-	1,602,600	-
-	-	-	42,500
418	236,249	891,089	341,681
<u>11,849,744</u>	<u>57,299,697</u>	<u>5,458,840</u>	<u>11,608,113</u>
-	2,259,318	-	-
-	-	-	3,660,474
-	-	-	535,492
9,355,935	108,259,314	-	203,012,641
17,977,395	72,862,056	-	16,827,230
<u>27,333,330</u>	<u>183,380,688</u>	<u>-</u>	<u>224,035,837</u>
<u>39,183,074</u>	<u>240,680,385</u>	<u>5,458,840</u>	<u>235,643,950</u>
1,678,480	5,046,050	6,091	200,292
9,609	9,609	-	307,604
25,191	157,677	-	-
-	-	721,784	-
-	336,330	-	-
293,628	1,142,272	-	-
-	53,750	-	-
153,678	827,800	-	-
32,512	103,486	-	-
1,800,000	32,888,725	-	3,975,000
1,215,000	4,254,726	-	-
<u>5,208,098</u>	<u>44,820,425</u>	<u>727,875</u>	<u>4,482,896</u>
-	2,428,000	-	-
130,047	413,940	-	-
-	-	-	28,760,399
130,366	728,126	-	348,900
19,220,000	75,118,715	-	-
<u>19,480,413</u>	<u>78,688,781</u>	<u>-</u>	<u>29,109,299</u>
<u>24,688,511</u>	<u>123,509,206</u>	<u>727,875</u>	<u>33,592,195</u>
15,737,100	109,858,055	-	187,146,972
-	-	-	3,867,044
-	-	-	-
-	-	-	-
(1,242,537)	7,313,124	4,730,965	11,037,739
<u>\$ 14,494,563</u>	<u>\$ 117,171,179</u>	<u>\$ 4,730,965</u>	<u>\$ 202,051,755</u>

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			
	Siasconset Water Company	Sewer	Solid Waste	Nantucket Memorial Airport
OPERATING REVENUES:				
Lease and rental income.....	\$ -	\$ -	\$ -	\$ -
Fee revenue.....	-	-	-	-
Charges for services.....	627,328	4,913,018	3,282,734	10,999,153
Utility liens.....	-	-	52,423	-
Intergovernmental.....	-	538,342	-	-
Other.....	-	-	-	-
Contributions.....	-	-	-	-
TOTAL OPERATING REVENUES	627,328	5,451,360	3,335,157	10,999,153
OPERATING EXPENSES:				
Cost of services and administration.....	352,865	2,830,152	9,959,054	8,800,253
Depreciation.....	48,415	1,520,548	505,920	1,513,167
Other.....	-	-	48,065	-
Employee benefits.....	39,592	87,296	17,814	1,303,480
TOTAL OPERATING EXPENSES	440,872	4,437,996	10,530,853	11,616,900
OPERATING INCOME (LOSS)	186,456	1,013,364	(7,195,696)	(617,747)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	5,179	2,888	6,934	152,895
Interest expense.....	(136,979)	(1,769,172)	(44,457)	(295,983)
Intergovernmental capital grants.....	-	-	-	15,460,573
Debt service - principal.....	-	679,688	-	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(131,800)	(1,086,596)	(37,523)	15,317,485
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	54,656	(73,232)	(7,233,219)	14,699,738
CAPITAL CONTRIBUTIONS	-	1,380,000	-	-
TRANSFERS IN	-	-	5,280,946	-
CHANGE IN NET ASSETS	54,656	1,306,768	(1,952,273)	14,699,738
NET ASSETS AT BEGINNING OF YEAR	4,017,461	44,380,438	9,927,351	30,242,477
NET ASSETS AT END OF YEAR	\$ 4,072,117	\$ 45,687,206	\$ 7,975,078	\$ 44,942,215

See notes to basic financial statements.

			Component Unit
Wannacomet Water Company	Total Business-Type Activities	Governmental Activities - Internal Service Fund	Nantucket Islands Land Bank
\$ -	\$ -	\$ -	\$ 195,467
-	-	-	11,289,172
4,087,641	23,909,874	-	-
-	52,423	-	-
-	538,342	-	-
206,663	206,663	-	46,149
-	-	7,419,199	-
<u>4,294,304</u>	<u>24,707,302</u>	<u>7,419,199</u>	<u>11,530,788</u>
2,333,748	24,276,072	-	4,553,586
710,027	4,298,077	-	-
-	48,065	-	-
<u>149,109</u>	<u>1,597,291</u>	<u>9,812,879</u>	<u>-</u>
<u>3,192,884</u>	<u>30,219,505</u>	<u>9,812,879</u>	<u>4,553,586</u>
<u>1,101,420</u>	<u>(5,512,203)</u>	<u>(2,393,680)</u>	<u>6,977,202</u>
159,073	326,969	11,511	445,493
(775,136)	(3,021,727)	-	(1,455,714)
-	15,460,573	-	-
-	679,688	-	-
<u>(670,506)</u>	<u>13,391,060</u>	<u>11,511</u>	<u>(1,010,221)</u>
<u>430,914</u>	<u>7,878,857</u>	<u>(2,382,169)</u>	<u>5,966,981</u>
-	1,380,000	-	-
-	5,280,946	212,000	-
430,914	14,539,803	(2,170,169)	5,966,981
<u>14,063,649</u>	<u>102,631,376</u>	<u>6,901,134</u>	<u>196,084,774</u>
<u>\$ 14,494,563</u>	<u>\$ 117,171,179</u>	<u>\$ 4,730,965</u>	<u>\$ 202,051,755</u>

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			
	Siasconset Water Company	Sewer	Solid Waste	Nantucket Memorial Airport
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 620,510	\$ 4,485,467	\$ 3,322,153	\$ 10,887,136
Employer and employee contributions to fund.....	-	-	-	-
Receipts from other governments.....	-	538,342	-	-
Receipts from other operating revenues.....	-	-	-	-
Payments to vendors.....	(211,191)	(2,073,637)	(7,463,422)	(5,058,638)
Payments to employees.....	(122,372)	(674,901)	(65,596)	(3,367,916)
Payments for interfund services used.....	(39,592)	(87,296)	(17,814)	(1,303,480)
NET CASH FROM OPERATING ACTIVITIES.....	247,355	2,187,975	(4,224,679)	1,157,102
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in.....	-	-	5,280,946	-
Advances (to) from other funds.....	(1,093,008)	2,984,019	34,224	182,761
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(1,093,008)	2,984,019	5,315,170	182,761
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	7,773,000	120,000	-	16,850,000
Capital grants.....	-	13,100,349	-	13,688,985
Acquisition and construction of capital assets.....	(1,052,780)	(17,196,174)	-	(17,772,321)
Net change in land deposits.....	-	-	-	-
Principal payments on bonds and notes.....	(180,000)	(1,071,641)	(110,000)	(732,312)
Interest expense.....	(58,685)	(1,827,679)	(41,474)	(314,707)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	6,481,535	(6,875,145)	(151,474)	11,719,645
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments.....	-	-	-	-
Life insurance premiums.....	-	-	-	-
Investment income.....	5,179	2,888	6,934	152,895
NET CASH FROM INVESTING ACTIVITIES.....	5,179	2,888	6,934	152,895
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	5,641,061	(1,700,263)	945,951	13,212,403
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	(300)	1,962,589	-	10,238,314
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 5,640,761	\$ 262,326	\$ 945,951	\$ 23,450,717
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH				
FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 186,456	\$ 1,013,364	\$ (7,195,696)	\$ (617,747)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	48,415	1,520,548	505,920	1,513,167
Changes in assets and liabilities:				
Water and sewer liens.....	-	-	-	-
Insurance reimbursements.....	-	-	-	-
User fees.....	(6,818)	(427,551)	(13,004)	(112,017)
Sewer fees.....	-	-	-	-
Solid waste fees.....	-	-	-	-
Sale of fuel and additives (net of discounts).....	-	-	-	-
Accounts receivable.....	-	-	-	-
Loans.....	-	-	-	-
Intergovernmental.....	-	-	-	-
Inventory.....	-	-	-	191,504
Working capital deposit.....	-	-	-	-
Prepaid expenses.....	-	-	-	19,876
Warrants payable.....	(15,287)	(11,249)	35,646	(440,008)
Accrued liabilities.....	-	-	-	-
Security deposits.....	-	-	-	27,233
Accrued payroll.....	(340)	6,770	383	20,952
Health claims payable.....	-	-	-	-
Landfill closure.....	-	-	2,428,000	-
Other liabilities.....	-	-	-	2,450
Accrued compensated absences.....	(2,012)	3,972	-	87,066
Other Post-Employment Benefit.....	36,941	82,121	14,072	464,626
Total adjustments.....	60,899	1,174,611	2,971,017	1,774,849
NET CASH FROM OPERATING ACTIVITIES.....	\$ 247,355	\$ 2,187,975	\$ (4,224,679)	\$ 1,157,102

See notes to basic financial statements.

		Component Unit	
Wannacomet Water Company	Total Business-Type Activities	Governmental Activities Internal Service Fund	Nantucket Islands Land Bank
\$ 4,219,370	\$ 23,534,636	\$ -	\$ 15,780,422
-	-	7,130,844	-
-	538,342	-	-
-	-	-	241,616
(1,140,591)	(15,947,479)	(9,920,972)	(6,493,513)
(1,088,117)	(5,318,902)	-	(1,690,352)
<u>(149,109)</u>	<u>(1,597,291)</u>	<u>-</u>	<u>-</u>
<u>1,841,553</u>	<u>1,209,306</u>	<u>(2,790,128)</u>	<u>7,838,173</u>
-	5,280,946	212,000	-
<u>(936,930)</u>	<u>1,171,066</u>	<u>(340,260)</u>	<u>-</u>
<u>(936,930)</u>	<u>6,452,012</u>	<u>(128,260)</u>	<u>-</u>
4,615,000	29,358,000	-	-
-	26,789,334	-	-
(2,836,957)	(38,858,232)	-	(6,999,129)
-	-	-	(40,000)
(1,255,000)	(3,348,953)	-	(1,227,338)
<u>(742,430)</u>	<u>(2,984,975)</u>	<u>-</u>	<u>(1,224,246)</u>
<u>(219,387)</u>	<u>10,955,174</u>	<u>-</u>	<u>(9,490,713)</u>
-	-	(8,101)	(1,332,713)
-	-	-	(26,208)
<u>159,073</u>	<u>326,969</u>	<u>11,511</u>	<u>445,493</u>
<u>159,073</u>	<u>326,969</u>	<u>3,410</u>	<u>(913,428)</u>
844,309	18,943,461	(2,914,978)	(2,565,968)
<u>10,395,236</u>	<u>22,595,839</u>	<u>5,315,186</u>	<u>12,219,219</u>
<u>\$ 11,239,545</u>	<u>\$ 41,539,300</u>	<u>\$ 2,400,208</u>	<u>\$ 9,653,251</u>
\$ 1,101,420	\$ (5,512,203)	\$ (2,393,680)	\$ 6,977,203
710,027	4,298,077	-	904,597
-	-	-	-
-	-	(299,720)	(15,453)
(74,934)	(634,324)	-	-
-	-	-	-
-	-	-	-
-	-	-	(21,390)
-	-	-	-
15,696	207,200	-	(4,986)
-	-	(111,700)	-
-	19,876	-	12,592
37,029	(393,869)	3,607	-
294	294	-	(14,390)
-	27,233	-	-
5,274	33,039	-	-
-	-	11,365	-
-	2,428,000	-	-
(93,378)	(90,928)	-	-
9,759	98,785	-	-
<u>130,366</u>	<u>728,126</u>	<u>-</u>	<u>-</u>
<u>740,133</u>	<u>6,721,509</u>	<u>(396,448)</u>	<u>860,970</u>
<u>\$ 1,841,553</u>	<u>\$ 1,209,306</u>	<u>\$ (2,790,128)</u>	<u>\$ 7,838,173</u>

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 669,202	\$ 739,302
Investments.....	1,757,702	-
TOTAL ASSETS.....	2,426,904	739,302
LIABILITIES		
Warrants payable.....	-	60,724
Liabilities due depositors.....	-	678,578
TOTAL LIABILITIES.....	-	739,302
NET ASSETS		
Held in trust for other purposes.....	\$ 2,426,904	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Contributions:	
Private donations.....	\$ 7,661
Net investment income (loss):	
Interest.....	<u>144,600</u>
TOTAL ADDITIONS.....	<u>152,261</u>
<u>DEDUCTIONS:</u>	
General government.....	6,300
Educational scholarships.....	<u>92,399</u>
TOTAL DEDUCTIONS.....	<u>98,699</u>
CHANGE IN NET ASSETS.....	53,562
NET ASSETS AT BEGINNING OF YEAR.....	<u>2,373,342</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 2,426,904</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Nantucket, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected five member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. Two entities have been included as component units in the reporting entity, because of the significance of their operational and/or financial relationships with the Town.

Discretely Presented Component units – Discretely presented component units are entities that are legally separate from the Town, but for which the Town is financially accountable, or whose relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the Town.

In the Governmental Funds:

- (1) The County of Nantucket (County) has the same geographical boundaries as the Town of Nantucket, and the Town's selectmen serve ex officio as the County Commissioners. The principal services provided by the County are the Registry of Deeds and the Sheriff's Office.

In the Enterprise Funds:

- (1) The Nantucket Islands Land Bank (Land Bank) was created by Chapter 669 of the Acts of 1983 of the Commonwealth of Massachusetts to acquire and manage open space and resource protection within Nantucket County. The Land Bank is administered by the Nantucket Islands Land Bank Commission comprised of five elected members.

Availability of Financial Information for Component Units and Certain Town Enterprise Funds

The Nantucket Islands Land Bank issues separate audited financial statements. A copy of the complete financial statements can be obtained by contacting them at 22 Broad Street, Nantucket, MA 02554.

Nantucket Memorial Airport issues separate audited financial statements. A copy of the complete financial statements can be obtained by contacting them at 14 Airport Road, Nantucket, MA 02554.

The Wannacomet Water Company issues separate audited financial statements. A copy of the complete financial statements can be obtained by contacting them at 1 Milestone Road, Nantucket, MA 02554.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 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.

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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 the liabilities are incurred. Real estate and personal 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 have been met.

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means 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, and certain compensated absences and, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *General Fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The nonmajor governmental funds consist of other special revenue, capital projects 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 Fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds and component unit are reported:

The *Siasconset Water enterprise fund* is used to account for the Town's water distribution activities within its service area.

The *Sewer enterprise fund* is used to account for the Town's sewer activities.

The *Solid Waste enterprise fund* is used to account for the Town's landfill activities.

The *Nantucket Memorial Airport enterprise fund* is used to account for the operations of the Town's airport.

The *Wannacomet Water Company enterprise fund* is used to account for the Town's water distribution activities within its service area.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance and workers' compensation.

The *Nantucket Islands Land Bank component unit* is used to account for the activity of the Nantucket Islands Land Bank.

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

For enterprise fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on November 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

The Town has the legal authority to impose real estate tax liens on delinquent properties. Liens are recorded as receivables in the fiscal year they are imposed.

Real estate receivables which have been secured via the tax lien process are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported. An allowance of uncollectibles for other real estate receivables is estimated based on historical trends and specific account analysis.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables consist primarily of police and fire details and are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Special Assessments consist of betterments assessed to residents of Golf View Drive in relation to the Town's Septic Loan Betterment program. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Water Fees

Water Fees for Siasconset Water are levied monthly based on individual meter readings.

Water Fees for Wannacomet Water Company are levied monthly based on individual meter readings and average bills.

All water fees are subject to penalties and interest if they are not paid by the respective due date. Unbilled water fees at year-end are accrued and are recorded as revenue in the current period.

Sewer Fees

Sewer Fees are levied monthly based on individual meter readings and average bills and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees at year-end are accrued and are recorded as revenue in the current period.

The Town has the ability to issue Water and Sewer liens for delinquent fees which are included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

Allowances for uncollectible water and sewer fees are estimated based on historical trends and specific account analysis.

Landfill Fees

The outstanding receivable for Landfill Fees is comprised of annual commercial fees assessed to restaurants and inns and monthly tipping fees charged to private haulers.

Airport Fees

The outstanding receivable for Airport Fees is comprised primarily of fuel sales.

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the Nantucket Memorial Airport and the Wannacomet Water Company are priced at the lower of cost or market, with cost being determined on the first-in, first-out method basis. Expendable supplies and small tools are not inventoried but rather expensed when purchased.

All other inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

G. Restricted Assets

Government-Wide and Fund Financial Statements

Certain assets of the enterprise funds and component units are classified as restricted because their use is restricted by contract covenants.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, plant, buildings, vehicles, machinery and equipment, furniture, fixtures and company equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost or at estimated historical cost when actual historical cost could not be determined. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Vehicles.....	5
Office equipment.....	5-10
Shop equipment.....	10-15
Runway improvements.....	20
Water infrastructure.....	40-70
Buildings and improvements.....	33-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

I. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

J. 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.

Government-Wide Financial Statements

Transfers between and within governmental funds and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

K. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements

L. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets reported as “invested in capital assets, net of related debt” 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 assets. Outstanding debt relating to future reimbursements from the Massachusetts Water Pollution Abatement Trust is not considered to be capital related debt.

Net assets are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds - nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other purposes” represents restrictions placed on assets from outside parties.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2010 operating budget.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. 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 Massachusetts General Law (MGL).

O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

P. Individual Fund Deficits

At June 30, 2009, there are several individual fund deficits within the special revenue funds and capital project funds, which are classified as non-major governmental funds in the fund financial statements. These deficits will be funded through available funds and grants during fiscal year 2010.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

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.

R. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH 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 the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (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.

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Nantucket's deposits may not be returned to it. The Town, including the primary government and Nantucket County and Nantucket Islands Land Bank component units, does not have a deposit policy for custodial credit risk.

Primary Government

At fiscal year-end, the carrying amount of deposits of the primary government totaled \$79,892,205 and the bank balance totaled \$84,826,545. Of the bank balance, \$1,144,388 was covered by the Federal Depositors Insurance Company ("FDIC"), \$1,633,813 was covered by Depositors Insurance Fund (DIF), \$72,654,910 was collateralized and \$9,393,434 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Component Unit-County

At fiscal year-end, the carrying amount of deposits of Nantucket County totaled \$3,570,395 and the bank balance totaled \$3,702,986. Of the bank balance, \$579,151 was covered by Federal Depository Insurance and the remainder of \$3,123,835 was collateralized, therefore the County did not have funds that were exposed to custodial credit risk because of being uninsured or uncollateralized.

Component Unit-Nantucket Islands Land Bank

The Land Bank considers securities purchased within six months of their date of maturity to be cash equivalents. The Land Bank holds a substantial amount of cash in time certificates of deposit and Federal treasury obligations. Cash and equivalents are insured by the Federal Depositors Insurance Company ("FDIC"), Depositors Insurance Fund ("DIF") and the full faith pledge of the Commonwealth of Massachusetts. From time to time, the Land Bank's cash balances fluctuate and can exceed the Federally insured limit of \$250,000.

At fiscal year-end, the carrying amount of deposits of the Nantucket Islands Land Bank totaled \$13,520,295, of which \$13,270,295 was exposed to custodial credit risk.

The Land Bank, as part of a Land purchase in previous years, is required to maintain a reserve fund to cover the purchase of Life Insurance to be used to pay off the note at the time of the sellers death. These reserve funds are included in restricted cash and cash equivalents in the accompanying financial statements.

Investments

As of June 30, 2009, the Town of Nantucket had the following investments:

Primary Government

Investment Type	Fair Value	Maturity		
		Under 1 Year	1-5 Years	6-10 Years
Debt Securities:				
Federal Home Loan Bank.....	\$ 582,860	\$ 154,172	\$ -	\$ 428,688
Federal Home Loan Mortgage Corporation.....	965,781	-	643,812	321,969
Federal National Mortgage Association.....	560,882	238,007	215,000	107,875
Federal Home Loan Mortgage Corporation Gold.....	7,892	-	7,892	-
United States Treasury Note.....	2,471,563	203,828	1,189,931	1,077,804
Repurchase Agreements.....	<u>2,859,080</u>	<u>2,859,080</u>	<u>-</u>	<u>-</u>
Total Debt Securities.....	7,448,058	<u>\$ 3,455,087</u>	<u>\$ 2,056,635</u>	<u>\$ 1,936,336</u>
Other Investments:				
MMDT.....	<u>1,745,316</u>			
Total Investments.....	<u>\$ 9,193,374</u>			

Component Unit-County

The County did not have any investments as of June 30, 2009.

Component Unit-Nantucket Islands Land Bank

At June 30, 2009, the Land Bank’s investments of \$1,118,379, represents certificates of deposits that are insured by the FDIC and Depositors Insurance Fund. The investments are stated at the fair market value, are unrated in terms of credit risk quality ratings, and all mature in less than 1 year.

The Land Bank has entered into an agreement with the Town of Nantucket, which requires the Land Bank to establish a working capital reserve fund, the balance of this fund is reported as designated investments. This fund, along with the pledge of the Town of Nantucket of its full faith and credit, secures the Series 98E, Series 2007A and Series 2009A bonds outstanding as of June 30, 2009. 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 in the reserve fund is not on deposit.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town, including the primary government and Nantucket County component unit, does not have an investment policy for custodial credit risk. The Land Bank currently follows investment policies largely defined by the Commonwealth of Massachusetts, as well as internal Land Bank investment policies.

Primary Government

The investments of \$582,860 in Federal Home Loan Bank, \$965,781 in Federal Home Loan Mortgage Corporation, \$560,882 in Federal National Mortgage Association \$7,892 in Federal Home Loan Mortgage Corporation Gold, and \$2,471,563 in U.S. Treasury Notes are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and held by the counterparty. The repurchase agreement consists of an overnight sweep agreement.

Interest Rate Risk

The Town, including the primary government and Nantucket County and Nantucket Islands Land Bank component units, does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town, including the primary government and Nantucket County component unit has not adopted a formal policy related to Credit Risk. Of the Town's investments at June 30, 2009, \$4,581,086 is rated AAA and \$7,892 is unrated.

Concentration of Credit Risk

The Town, including the primary government and Nantucket County and Nantucket Islands Land Bank component units, places no limit on the amount the government may invest in any one issuer.

Primary Government

More than 5 percent of the primary government's investments are in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Mortgage Corporation.....	11%
United States Treasury Note.....	27%
Repurchase Agreements.....	31%
MMDT.....	19%

NOTE 3 – RECEIVABLES

At June 30, 2009, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 3,945,856	\$ (273,600)	\$ 3,672,256
Tax liens	1,902,085	-	1,902,085
Excise taxes.....	824,641	(658,624)	166,017
User fees.....	2,946	-	2,946
Departmental and other.....	1,334,180	(410,148)	924,032
Special assessments.....	25,171	-	25,171
Intergovernmental.....	4,048,966	-	4,048,966
 Total.....	 \$ <u>12,083,845</u>	 \$ <u>(1,342,372)</u>	 \$ <u>10,741,473</u>

At June 30, 2009, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water fees.....	\$ 546,720	\$ -	\$ 546,720
Sewer fees.....	570,845	-	570,845
Solid waste fees.....	680,385	(114,802)	565,583
Airport fees.....	453,819	-	453,819
Intergovernmental.....	15,089,073	-	15,089,073
 Total.....	 \$ <u>17,340,842</u>	 \$ <u>(114,802)</u>	 \$ <u>17,226,040</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivable:</u>			
Real estate and personal property taxes.....	\$ 2,174,165	\$ 89,593	\$ 2,263,758
Tax liens.....	1,879,981	22,104	1,902,085
Motor vehicle and other excise taxes.....	166,017	-	166,017
User fees.....	2,946	-	2,946
Departmental and other.....	427,304	100,618	527,922
Special assessments.....	-	25,171	25,171
Intergovernmental.....	-	766,810	766,810
 Total.....	 \$ <u>4,650,413</u>	 \$ <u>1,004,296</u>	 \$ <u>5,654,709</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 171,176,126	\$ -	\$ -	\$ 171,176,126
Construction in progress.....	4,154,330	7,916,559	(2,779,666)	9,291,223
	-	-	-	-
Total capital assets not being depreciated.....	<u>175,330,456</u>	<u>7,916,559</u>	<u>(2,779,666)</u>	<u>180,467,349</u>
<u>Capital assets being depreciated:</u>				
Vehicles.....	8,335,734	315,936	(28,000)	8,623,670
Buildings.....	31,531,194	2,349,685	-	33,880,879
Machinery and equipment.....	7,667,798	217,182	(32,042)	7,852,938
Infrastructure.....	23,592,312	1,234,744	-	24,827,056
Total capital assets being depreciated.....	<u>71,127,038</u>	<u>4,117,547</u>	<u>(60,042)</u>	<u>75,184,543</u>
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(5,362,015)	(729,478)	28,000	(6,063,493)
Buildings.....	(15,337,863)	(727,375)	-	(16,065,238)
Machinery and equipment.....	(6,828,492)	(281,058)	32,042	(7,077,508)
Infrastructure.....	(15,821,396)	(762,045)	-	(16,583,441)
Total accumulated depreciation.....	<u>(43,349,766)</u>	<u>(2,499,956)</u>	<u>60,042</u>	<u>(45,789,680)</u>
Total capital assets being depreciated, net.....	<u>27,777,272</u>	<u>1,617,591</u>	<u>-</u>	<u>29,394,863</u>
Total governmental activities capital assets, net.....	<u>\$ 203,107,728</u>	<u>\$ 9,534,150</u>	<u>\$ (2,779,666)</u>	<u>\$ 209,862,212</u>

The capital asset totals for the business-type activities at June 30, 2009 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 17,142,428	\$ -	\$ -	\$ 17,142,428
Construction in progress.....	56,964,911	34,517,850	(365,875)	91,116,886
Total capital assets not being depreciated.....	74,107,339	34,517,850	(365,875)	108,259,314
<u>Capital assets being depreciated:</u>				
Land improvements.....	24,554,895	-	-	24,554,895
Plant.....	15,606,580	-	-	15,606,580
Infrastructure.....	37,683,138	465,745	(18,882)	38,130,001
Buildings.....	20,024,892	181,670	-	20,206,562
Vehicles.....	4,368,417	143,691	-	4,512,108
Machinery and equipment.....	18,092,544	1,776	-	18,094,320
Furniture, fixtures and computer equipment.....	474,076	124,345	-	598,421
Total capital assets being depreciated.....	120,804,542	917,227	(18,882)	121,702,887
Less accumulated depreciation.....	(44,658,851)	(4,200,862)	18,882	(48,840,831)
Total capital assets being depreciated, net.....	76,145,691	(3,283,635)	-	72,862,056
Total business-type activities, capital assets.....	\$ 150,253,030	\$ 31,234,215	\$ (365,875)	\$ 181,121,370

Capital asset activity for the Nantucket County and Nantucket Islands Land Bank component units for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nantucket Islands Land Bank Component Unit				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 195,732,972	\$ 7,279,669	\$ -	\$ 203,012,641
<u>Capital assets being depreciated:</u>				
Buildings, improvements and equipment.....	17,921,078	2,719,460	-	20,640,538
Less accumulated depreciation.....	(2,996,574)	(816,734)	-	(3,813,308)
Total capital assets being depreciated, net.....	14,924,504	1,902,726	-	16,827,230
Total Nantucket Islands Land Bank Component Unit, capital assets.....	\$ 210,657,476	\$ 9,182,395	\$ -	\$ 219,839,871

	Beginning Balance	Increases	Decreases	Ending Balance
Nantucket County Component Unit				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 28,458	\$ -	\$ -	\$ 28,458
<u>Capital assets being depreciated:</u>				
Vehicles.....	277,183	-	-	277,183
Equipment.....	1,415,434	-	-	1,415,434
Total capital assets being depreciated.....	1,692,617	-	-	1,692,617
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(202,353)	(31,840)	-	(234,193)
Equipment.....	(866,093)	(197,463)	-	(1,063,556)
Total accumulated depreciation.....	(1,068,446)	(229,303)	-	(1,297,749)
Total capital assets being depreciated, net.....	624,171	(229,303)	-	394,868
Total County Component Unit capital assets.....	\$ 652,629	\$ (229,303)	\$ -	\$ 423,326

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government.....	\$ 50,657
Public safety.....	672,328
Education.....	681,631
Public works.....	949,584
Human services.....	5,764
Culture and recreation.....	139,992
Total depreciation expense - governmental activities.....	\$ 2,499,956

Business-Type Activities:

Water.....	\$ 661,227
Sewer.....	1,520,548
Solid waste.....	505,920
Airport.....	1,513,167
Total depreciation expense - business-type activities.....	\$ 4,200,862

Nantucket County Component Unit:

Registry of Deeds.....	\$ 43,032
Sheriff's Department.....	186,271
Total depreciation expense - component unit activities.....	\$ 229,303

Nantucket Islands Land Bank Component Unit:

Land Bank.....	\$ 816,734
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NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2009 are summarized as follows:

Due From:	Due To:							Total
	General Fund	Nonmajor Governmental Funds	Siasconset Water Company	Sewer Enterprise Fund	Solid Waste Enterprise Fund	Wannacomet Water Company	Internal Service Fund	
General Fund.....	\$ 465,182	\$ 19,852	\$ -	\$ -	\$ 88,320	\$ 418	\$ 835,802	\$ 1,409,574
Siasconset Water Company.....	-	-	-	-	-	-	17,225	17,225
Sewer Enterprise Fund.....	285,112	-	-	-	-	-	20,885	305,997
Solid Waste Enterprise Fund.....	124,011	-	-	-	-	-	-	124,011
Nantucket Memorial Airport.....	215,879	-	-	-	-	-	11,010	226,889
Wannacomet Water Company....	-	-	8,826	138,685	-	-	6,167	153,678
Total.....	\$ 1,090,184	\$ 19,852	\$ 8,826	\$ 138,685	\$ 88,320	\$ 418	\$ 891,089	\$ 2,237,374

Interfund transfers for the fiscal year ended June 30, 2009, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Solid Waste Enterprise Fund	Internal Service Fund	
General Fund.....	\$ -	\$ 735,000	\$ 5,280,946	\$ 212,000	\$ 6,227,946
Nonmajor Governmental Funds.....	610,000	-	-	-	610,000
Total.....	\$ 610,000	\$ 735,000	\$ 5,280,946	\$ 212,000	\$ 6,837,946
	(1)	(2)	(3)	(4)	

- (1) Transfers to the General Fund from the Ferry Embarcation Fund (\$180,000), Ambulance Reserve Fund (\$380,000), and the Waterways Improvement Fund (\$50,000).
- (2) General Fund appropriation to the Stabilization Fund (\$500,000), and to School Revolving Funds (\$235,000).
- (3) General Fund subsidy to Solid Waste Enterprise Fund, including prior year Solid Waste Enterprise Fund deficit.
- (4) General Fund appropriation for Workers' Compensation Insurance.

NOTE 6 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2009, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2009
<i>Governmental Funds</i>							
BAN	Stormwater Drainage Improvements.....	2.00	02/27/09	\$ 5,500,000	\$ -	\$ 5,500,000	\$ -
BAN	Stormwater Drainage Improvements.....	2.00	03/30/09	-	4,610,490	4,610,490	-
BAN	Stormwater Drainage Improvements.....	1.75	02/26/10	-	889,510	-	889,510
BAN	Police Station Construction.....	1.50	02/26/10	-	6,000,000	-	6,000,000
<i>Total Governmental Funds.....</i>				<u>5,500,000</u>	<u>11,500,000</u>	<u>10,110,490</u>	<u>6,889,510</u>
<i>Enterprise Fund</i>							
BAN	Airport.....	2.25	02/27/09	8,712,725	-	8,712,725	-
BAN	Airport.....	1.75	02/26/10	-	8,712,725	-	8,712,725
BAN	Airport Construction.....	1.50	02/26/10	-	6,850,000	-	6,850,000
BAN	Airport Construction.....	1.50	02/26/10	-	4,000,000	-	4,000,000
BAN	Airport Construction.....	1.50	02/26/10	-	3,000,000	-	3,000,000
BAN	Airport Runway Design.....	1.50	02/26/10	-	2,000,000	-	2,000,000
BAN	Airport Remodeling.....	1.50	02/26/10	-	500,000	-	500,000
BAN	Airport Departmental Equipment	1.50	02/26/10	-	500,000	-	500,000
BAN	MWPAT.....	1.22	12/31/10	-	4,006,000	-	4,006,000
BAN	Sewer Equipment.....	1.50	02/26/10	-	120,000	-	120,000
BAN	Water.....	1.50	02/26/10	-	1,800,000	-	1,800,000
BAN	Water.....	1.50	02/26/10	-	1,400,000	-	1,400,000
<i>Total Enterprise Fund.....</i>				<u>8,712,725</u>	<u>32,888,725</u>	<u>8,712,725</u>	<u>32,888,725</u>
<i>Total.....</i>				<u>\$ 14,212,725</u>	<u>\$ 44,388,725</u>	<u>\$ 18,823,215</u>	<u>\$ 39,778,235</u>

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2009, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Advanced refunding of 91 landfill.....	4.75 - 6.00	\$ 3,162,732	\$ -	\$ 725,455	\$ 2,437,277
Advanced refunding of 91 sewer.....	4.75 - 6.00	1,967,181	-	450,818	1,516,363
Advanced refunding of 91 school.....	4.75 - 6.00	336,818	-	336,818	-
Advanced refunding of 91 school.....	4.75 - 6.00	403,269	-	196,909	206,360
Land acquisition.....	4.00 - 4.90	190,000	-	20,000	170,000
MWPAT Title V Loan - 97-1148.....	-	13,918	-	1,162	12,756
Recreational facility.....	2.25 - 5.00	440,000	-	40,000	400,000
School remodeling.....	2.25 - 5.00	1,865,000	-	120,000	1,745,000
School remodeling.....	2.50 - 4.25	120,000	-	10,000	110,000
Land acquisition.....	2.50 - 4.10	13,880,000	-	595,000	13,285,000
Road, sidewalk and bikepath.....	2.50 - 3.00	220,000	-	110,000	110,000
Recreational facility.....	2.50 - 4.00	275,000	-	25,000	250,000
Planning.....	2.50 - 3.00	50,000	-	25,000	25,000
Public wharf.....	2.50 - 4.00	75,000	-	15,000	60,000
Assessors map.....	2.50 - 4.00	35,000	-	5,000	30,000
Fire departmental equipment.....	2.50 - 3.00	15,000	-	10,000	5,000
Departmental equipment.....	2.50 - 3.00	380,000	-	190,000	190,000
Computer hardware.....	2.50 - 4.00	385,000	-	55,000	330,000
Remodeling.....	2.50 - 4.13	465,000	-	30,000	435,000
Road and drainage.....	2.50 - 3.00	210,000	-	105,000	105,000
Bulkhead.....	2.50 - 4.00	80,000	-	15,000	65,000
Public wharf.....	2.50 - 4.00	50,000	-	10,000	40,000
School remodeling.....	3.75 - 5.00	630,000	-	35,000	595,000
Planning.....	3.75 - 4.00	300,000	-	100,000	200,000
Outdoor recreational facility.....	3.75 - 5.00	495,000	-	40,000	455,000
Fire departmental equipment.....	3.75 - 4.00	210,000	-	70,000	140,000
Bath house construction.....	3.75 - 5.00	220,000	-	15,000	205,000
Public works equipment.....	3.75 - 4.00	70,000	-	25,000	45,000
Land acquisition.....	3.75 - 5.00	275,000	-	20,000	255,000
Advance refunding of 97 land bonds.....	3.75 - 5.00	17,705,000	-	1,475,000	16,230,000
Childrens beach ramp.....	3.00 - 5.00	200,000	-	15,000	185,000
Public safety communications.....	3.00 - 5.00	3,000,000	-	335,000	2,665,000
Bikepath.....	3.00 - 5.00	650,000	-	50,000	600,000
Fairgrounds road.....	3.00 - 5.00	1,375,000	-	345,000	1,030,000
Fire engine.....	3.00 - 5.00	450,000	-	90,000	360,000
Washington street building.....	3.00 - 5.00	200,000	-	10,000	190,000
Sidewalk design.....	3.00 - 5.00	25,000	-	5,000	20,000
South Shore Road bike path.....	3.00 - 5.00	425,600	-	30,600	395,000
Nobadeer Farm Road bike path.....	3.00 - 5.00	100,000	-	10,000	90,000
Study of proposed bulk fuel facility.....	3.00 - 5.00	250,000	-	50,000	200,000
NES building improvements.....	3.00 - 5.00	600,000	-	35,000	565,000
CPS building improvements.....	3.00 - 5.00	740,000	-	45,000	695,000
NHS building improvements.....	3.00 - 5.00	1,590,000	-	90,000	1,500,000
MWPAT	2.00 - 2.414	16,093,652	4,610,490	227,101	20,477,041
New School Playing Fields.....	3.00 - 5.00	1,200,000	-	80,000	1,120,000
School Bus Lanes and Parking Lot Improvements.....	3.00 - 5.00	250,000	-	50,000	200,000
Surfside wastewater design.....	4.125	-	1,380,000	-	1,380,000
Total Governmental Bonds Payable.....		\$ 71,673,170	\$ 5,990,490	\$ 6,338,863	\$ 71,324,797

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 6,584,812	\$ 2,395,651	\$ 8,980,463
2011.....	6,061,641	2,150,591	8,212,232
2012.....	6,055,399	1,912,846	7,968,245
2013.....	4,679,473	1,699,738	6,379,211
2014.....	4,548,870	1,531,689	6,080,559
2015.....	4,633,599	1,353,429	5,987,028
2016.....	4,638,641	1,179,592	5,818,233
2017.....	4,734,054	1,005,258	5,739,312
2018.....	4,264,819	840,454	5,105,273
2019.....	2,335,948	725,588	3,061,536
2020.....	2,312,447	649,250	2,961,697
2021.....	2,303,176	571,543	2,874,719
2022.....	2,285,443	494,060	2,779,503
2023.....	2,243,106	416,254	2,659,360
2024.....	2,151,176	339,090	2,490,266
2025.....	1,114,661	287,091	1,401,752
2026.....	1,103,572	256,965	1,360,537
2027.....	1,001,032	228,914	1,229,946
2028.....	944,573	202,364	1,146,937
2029.....	876,745	178,567	1,055,312
2030.....	614,623	160,547	775,170
2031.....	628,799	144,947	773,746
2032.....	643,320	129,002	772,322
2033.....	658,197	112,703	770,900
2034.....	673,437	96,040	769,477
2035.....	689,049	79,004	768,053
2036.....	705,043	61,587	766,630
2037.....	721,428	43,780	765,208
2038.....	738,214	25,572	763,786
2039.....	34,500	15,654	50,154
2040.....	34,500	14,231	48,731
2041.....	34,500	12,808	47,308
2042.....	34,500	11,385	45,885
2043.....	34,500	9,962	44,462
2044.....	34,500	8,539	43,039
2045.....	34,500	7,116	41,616
2046.....	34,500	5,693	40,193
2047.....	34,500	4,269	38,769
2048.....	34,500	2,846	37,346
2049.....	34,500	1,423	35,923
Total.....	\$ <u>71,324,797</u>	\$ <u>19,366,042</u>	\$ <u>90,690,839</u>

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Sewer.....	4.00 - 5.00	\$ 570,000	\$ -	\$ 40,000	\$ 530,000
MWPAT - 94-10.....	Various	132,797	-	15,995	116,802
MWPAT CW-01-40.....	2.00 - 5.50	1,577,990	-	78,285	1,499,705
Sewer.....	2.25 - 5.00	960,000	-	60,000	900,000
MWPAT Sewer 98-143.....	4.50 - 5.25	717,304	-	46,163	671,141
MWPAT Sewer 98-144.....	4.50 - 5.25	160,842	-	9,993	150,849
MWPAT Sewer 98-145.....	4.50 - 5.25	178,104	-	10,725	167,379
MWPAT CW-02-50-A.....	Various	4,840,739	-	276,158	4,564,581
Sewer department.....	3.75 - 4.00	40,000	-	10,000	30,000
MWPAT CW-02-50.....	Various	3,876,814	-	141,610	3,735,204
MWPAT CW-05-21.....	2.414	29,459,250	-	625,588	28,833,662
Stormwater planning.....	3.75 - 4.00	30,000	-	10,000	20,000
Cleaning equipment.....	3.00 - 5.00	165,000	-	45,000	120,000
Sewer construction.....	3.00 - 5.00	250,000	-	15,000	235,000
Sewer.....	3.00 - 5.00	870,000	-	45,000	825,000
Waste Water Treatment Facility.....	3.00 - 5.00	398,013	-	147,213	250,800
Sewer departmental equipment.....	3.00 - 5.00	150,000	-	30,000	120,000
Sewer.....	3.00 - 5.00	1,435,075	-	75,075	1,360,000
MWPAT CW 04-20.....	2.00	3,837,370	-	712,052	3,125,318
Airport land acquisition.....	4.00 - 4.25	285,000	-	95,000	190,000
Airport.....	2.25 - 5.00	230,000	-	40,000	190,000
Airport department equipment.....	2.50 - 3.00	60,000	-	30,000	30,000
Airport improvement.....	2.50 - 4.00	1,165,000	-	195,000	970,000
Airport improvement.....	3.75 - 5.00	170,000	-	25,000	145,000
Airport equipment.....	3.75 - 4.00	150,000	-	50,000	100,000
Airport equipment.....	3.00 - 5.00	440,812	-	115,812	325,000
Airport improvements and protection.....	3.00 - 5.00	676,500	-	76,500	600,000
Airport equipment.....	3.00 - 5.00	230,000	-	60,000	170,000
Airport equipment refurbishment.....	3.00 - 5.00	175,000	-	45,000	130,000
Water projects.....	4.00 - 5.00	745,000	-	60,000	685,000
Water meters.....	4.00 - 4.25	450,000	-	150,000	300,000
Current refunding of December 1991 water.....	2.25 - 5.00	150,000	-	150,000	-
Water.....	2.50 - 4.13	425,000	-	25,000	400,000
Water.....	2.50 - 4.13	425,000	-	25,000	400,000
Land acquisition.....	2.50 - 4.13	2,550,000	-	150,000	2,400,000
Water.....	3.75 - 5.00	2,795,000	-	110,000	2,685,000
Water.....	3.75 - 5.00	625,000	-	65,000	560,000
Water.....	3.75 - 5.00	470,000	-	15,000	455,000
Garage and maintenance facility.....	3.75 - 5.00	840,000	-	30,000	810,000
Rehab and administration building.....	3.00 - 5.00	750,000	-	40,000	710,000
Source well and pump.....	3.00 - 5.00	1,300,000	-	65,000	1,235,000
Water storage tank.....	3.00 - 5.00	5,000,000	-	250,000	4,750,000
Water mains.....	3.00 - 5.00	1,250,000	-	65,000	1,185,000
Water system distribution improvements.....	3.00 - 5.00	1,000,000	-	50,000	950,000
Water mains.....	3.00 - 5.00	100,000	-	5,000	95,000
Water tank.....	3.00 - 5.00	-	2,815,000	-	2,815,000
Water meter.....	3.75 - 5.00	1,585,000	-	170,000	1,415,000
Water.....	3.75 - 5.00	80,000	-	10,000	70,000
Water tank.....	3.00 - 5.00	-	3,900,000	-	3,900,000
Water tank.....	3.00 - 5.00	-	2,473,000	-	2,473,000
Solid waste facility.....	2.50 - 4.13	85,000	-	5,000	80,000
Landfill cell.....	3.00 - 5.00	650,000	-	35,000	615,000
Material recovery facility.....	3.00 - 5.00	350,000	-	70,000	280,000
Total Enterprise Bonds Payable.....		\$ 74,856,610	\$ 9,188,000	\$ 4,671,169	\$ 79,373,441

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 4,254,726	\$ 2,704,813	\$ 6,959,539
2011.....	4,284,593	2,538,564	6,823,157
2012.....	4,019,193	2,391,910	6,411,103
2013.....	3,846,666	2,252,849	6,099,515
2014.....	3,795,782	2,099,149	5,894,931
2015.....	3,649,668	1,944,555	5,594,223
2016.....	3,713,225	1,805,826	5,519,051
2017.....	3,429,324	1,678,665	5,107,989
2018.....	3,390,019	1,564,502	4,954,521
2019.....	3,450,615	1,452,134	4,902,749
2020.....	3,519,818	1,309,731	4,829,549
2021.....	3,632,114	1,182,163	4,814,277
2022.....	3,476,636	1,056,189	4,532,825
2023.....	3,569,282	926,209	4,495,491
2024.....	3,521,744	795,908	4,317,652
2025.....	3,408,579	668,206	4,076,785
2026.....	2,731,310	558,881	3,290,191
2027.....	2,470,348	471,540	2,941,888
2028.....	2,281,242	391,390	2,672,632
2029.....	1,744,262	312,285	2,056,547
2030.....	1,126,122	256,396	1,382,518
2031.....	1,153,638	228,880	1,382,518
2032.....	1,181,827	200,691	1,382,518
2033.....	1,210,705	171,813	1,382,518
2034.....	1,240,289	142,230	1,382,519
2035.....	1,270,595	111,924	1,382,519
2036.....	1,301,642	80,877	1,382,519
2037.....	1,333,447	49,071	1,382,518
2038.....	1,366,030	16,488	1,382,518
Total.....	\$ <u>79,373,441</u>	\$ <u>29,363,839</u>	\$ <u>108,737,280</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$2,367,761 and interest costs of \$3,235,231. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$57,622,245. The principal subsidies are guaranteed and therefore a \$2,367,761 intergovernmental receivable has been reported in the enterprise fund financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2009 principal and interest subsidies totaled approximately \$101,000 and \$410,000, respectively.

Bonds and Notes Payable Schedule – Land Bank Component Unit

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Land Bank Bonds and Notes Payable.....	6.063	\$ 6,317,390	\$ 3,000,000	\$ 4,617,390	\$ 4,700,000
Land Bank Bonds and Notes Payable.....	4.00 - 5.50	24,336,755	13,175,000	9,476,356	28,035,399
Total Land Bank Component Unit Bonds Payable.....		<u>\$ 30,654,145</u>	<u>\$ 16,175,000</u>	<u>\$ 14,093,746</u>	<u>\$ 32,735,399</u>

Debt service requirements for principal and interest for Land Bank bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2010.....	\$ 3,987,782	\$ 1,017,953	\$ 5,005,735
2011.....	2,257,782	938,962	3,196,744
2012.....	2,317,782	884,359	3,202,141
2013.....	2,372,782	824,988	3,197,770
2014.....	1,672,782	745,249	2,418,031
2015-2019.....	9,283,090	2,840,361	12,123,451
2020-2024.....	6,603,909	1,390,420	7,994,329
2025-2029.....	4,239,490	355,271	4,594,761
Total.....	<u>\$ 32,735,399</u>	<u>\$ 8,997,563</u>	<u>\$ 41,732,962</u>

The Land Bank's notes payable are with various entities and bear interest at 6.063%. The notes payable balance is amortized over periods of one to sixteen years. Bonds payable is comprised of the 1998 Series E Refunding Bonds dated July 15, 1998, bear interest at rates ranging from 4.25% to 5.25% and mature serially from July 1, 2001 through July 1, 2019. The 2008 Series A Bonds dated December 4, 2007 bear interest at rates ranging from 4% to 5.5% and mature serially from December 1, 2008 through December 1, 2027. The 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.

On March 13, 2009, the Land Bank issued \$13,175,000 in 2009 Series A Bonds with an average interest rate of 2.95%, maturing serially from December 1, 2009 through December 1, 2027, to advance refund \$8,420,000 of outstanding 1998 Series E refunding bonds with an interest rate ranging from 4.5% to 5.25%. The advanced refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of approximately \$1.14 million.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2009, the Town had the following authorized and unissued debt:

General Government	
Purpose	Amount
Bikepaths.....	\$ 599,250
Public Safety Facility.....	7,300,000
Sewer.....	<u>451,976</u>
Total General Government.....	<u>\$ 8,351,226</u>
Enterprise	
Purpose	Amount
Sewer.....	\$ 35,307,259
Solid Waste.....	1,683,000
Nantucket Memorial Airport.....	22,718,600
Wannacomet Water Company.....	<u>250,000</u>
Total Enterprise.....	<u>\$ 59,958,859</u>
Land Bank Component Unit	
Purpose	Amount
Land Bank	<u>\$ 1,118,379</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2009, the following changes occurred in long-term liabilities:

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Current Portion
GOVERNMENTAL ACTIVITIES:					
Long-Term Bonds and Notes.....	\$ 71,673,170	\$ 5,990,490	\$ (6,338,863)	\$ 71,324,797	\$ 6,584,812
Compensated Absences.....	1,281,344	452,746	(256,269)	1,477,821	295,564
Workers' Compensation.....	94,336	93,176	(94,366)	93,146	93,146
Other Post-employment Benefits.....	-	9,685,253	(2,284,079)	7,401,174	-
Total Governmental Funds.....	<u>\$ 73,048,850</u>	<u>\$ 16,221,665</u>	<u>\$ (8,973,577)</u>	<u>\$ 80,296,938</u>	<u>\$ 6,973,522</u>
BUSINESS-TYPE ACTIVITIES:					
Long-Term Bonds and Notes.....	\$ 74,856,610	\$ 9,188,000	\$ (4,671,169)	\$ 79,373,441	\$ 4,254,726
Compensated Absences.....	409,657	198,684	(90,915)	517,426	103,486
Other Post-employment Benefits.....	-	952,534	(224,408)	728,126	-
Landfill Closure.....	-	2,428,000	-	2,428,000	-
Total Business-type Funds.....	<u>\$ 75,266,267</u>	<u>\$ 12,767,218</u>	<u>\$ (4,986,492)</u>	<u>\$ 83,046,993</u>	<u>\$ 4,358,212</u>
LAND BANK COMPONENT UNIT:					
Long-Term Bonds and Notes.....	\$ 30,654,145	\$ 16,175,000	\$ (14,093,746)	\$ 32,735,399	\$ 3,975,000
Other Post-employment Benefits.....	-	456,574	(107,674)	348,900	-
COUNTY COMPONENT UNIT:					
Other Post-employment Benefits.....	-	106,912	(25,213)	81,699	-
Total Component Unit Funds.....	<u>\$ 30,654,145</u>	<u>\$ 16,738,486</u>	<u>\$ (14,226,633)</u>	<u>\$ 33,165,998</u>	<u>\$ 3,975,000</u>
Total.....	<u>\$ 178,969,262</u>	<u>\$ 45,727,369</u>	<u>\$ (28,186,702)</u>	<u>\$ 196,509,929</u>	<u>\$ 15,306,734</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

NOTE 8 – 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 fiscal years.

The Town is self-insured for its health insurance and workers' compensation activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

(a) *Health Insurance*

The estimate of Incurred But Not Reported (IBNR) claims is based on history. At June 30, 2009, the amount of the liability for health insurance claims totaled \$721,784. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2007, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2008..... \$	672,278	\$ 8,198,903	\$ (8,160,762)	\$ 710,419
Fiscal Year 2009.....	710,419	9,102,460	(9,091,095)	721,784

(b) *Workers' Compensation*

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from a trust fund for workers compensation. Annual appropriations are made to add to the trust fund. The estimated future workers' compensation liability is based on history and injury type.

At June 30, 2009, the amount of the liability for workers' compensation claims totaled \$93,146. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 2007, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2008..... \$	144,674	\$ 312,975	\$ (363,313)	\$ 94,336
Fiscal Year 2009.....	94,336	102,296	(103,486)	93,146

NOTE 9 – PENSION PLAN

Plan Description - The Town and the County contribute to the Barnstable County Retirement Association (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees of both the Town and County are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid

by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$1,802,000 for the fiscal year ended June 30, 2009, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System 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. Cost-of-living adjustments granted after 1997 must be approved by the Barnstable County Retirement Board and are borne by the System. The System issues a publicly available, unaudited, financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 99 Willow Street, Yarmouthport, Massachusetts, 02675.

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town and County are required to pay into the System their share of the system-wide actuarially determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the System for the fiscal year ended June 30, 2007, 2008 and 2009 totaled \$3,058,753, \$3,346,353, and \$3,643,915 respectively, which equaled its required contributions for each fiscal year. The County's contribution to the System for the fiscal years ended June 30, 2007, 2008 and 2009 were \$128,612, \$138,012 and \$145,083 respectively, which equaled its required contributions for each fiscal year.

The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2010 is the initial year that the Town has implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45). As allowed by GASB 45, the Town has established the net Other Post-Employment Benefits (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis plan.

Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes between 80 and 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 to 20 percent of their premium costs. For fiscal year 2009, the Town contributed \$2,534,000 to the plan, and member contributions totaled \$506,800.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the following table:

Normal cost.....	\$ 2,551,000
Amortization of unfunded actuarial accrued liability.....	<u>8,194,000</u>
Annual OPEB cost (expense).....	10,745,000
 Contributions made.....	 <u>(2,534,000)</u>
 Increase in net OPEB obligation.....	 8,211,000
Net OPEB obligation - beginning of year.....	<u>-</u>
 Net OPEB obligation - end of year.....	 \$ <u><u>8,211,000</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 10,745,000	24%	\$ 8,211,000

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation date, June 30, 2007, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>
7/1/2007	\$ -	\$ 104,980,000	\$ 104,980,000	0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2007, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.00% investment return assumption, calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized over a 30 year period. The remaining amortization period at June 30, 2009 is 29 years.

NOTE 11 – LANDFILL CLOSURE

State and Federal laws and regulations require the Town to construct a final capping system on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The landfill operates under an Administrative Consent Order (ACO) with the Department of Environmental Protection. The ACO was amended in fiscal 2009 to allow for landfill mining over a five year period. Landfill mining will reduce the footprint of the unlined area that will eventually be capped and closed. The landfill maintains three cells with closure dates currently estimated to be fiscal 2013, 2014 and 2026. The Town has reflected a \$2,428,000 closure liability at June 30, 2009, as an obligation of the solid waste enterprise fund. This amount is based upon estimates of what it would cost to perform all closure costs and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 12 – COMMITMENTS

Construction Contracts:

The Town has a contract with Carlin Contracting for the Surfside Waste Water Treatment Facility upgrade and expansion. At year end, the open contract totaled approximately \$750,000.

The Town has a contract with Skanska USA Building, Inc. for construction of the new airport terminal. At year end, the open contract totaled approximately \$2,350,000.

The Town has various contracts with Earth Tech that include air terminal design and expansion, wastewater and drainage infrastructure evaluation and mapping, upgrades to and expansion of the Surfside Waste Water Treatment Facility. At year end, open contracts totaled approximately \$2,650,000.

The Town has contracts with C. C. Construction for sewer pipe and stormwater drainage construction. At year end, open contracts totaled approximately \$550,000.

The Town has contracts with Edwards & Kelcey, Inc. for airport engineering projects, and terminal design. At year end, open contracts totaled approximately \$55,043,000.

The Town has contracts with CB & I Inc. for tow storage tanks located in Sconset storage tank and North Pasture tank. At year end, the open contracts totaled approximately \$7,200,000.

The Town has a contract the Lawrence Lynch for Backus Lane Playing Fields. At year end, the open contract totaled approximately \$400,000.

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2009, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2009, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2009.

NOTE 14 – SUBSEQUENT EVENT

In accordance with Chapter 61 of the acts of 2009, *An Act Transferring County Sheriffs to the Commonwealth*, as of January 1, 2010, the office of the Nantucket County Sheriff will be transferred to the Commonwealth. With this transfer, all functions, duties and responsibilities of the Sheriff's office will be transferred to the Commonwealth, and the Sheriff will become an employee of the Commonwealth. As a result, all valid liabilities and debts of the Sheriff's office, which are in force on the effective date of the act, will become obligations of the Commonwealth as of that date. Additionally, all assets of the Sheriff's Office will be transferred to the Commonwealth.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2009, the Town has implemented the following GASB pronouncements:

The GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2010. This pronouncement required additional disclosure and it impacted the basic financial statements

The GASB issued Statement #55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This standard did not impact the basic financial statements.

The GASB issued Statement #56, *Codification of Accounting and Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The standards in this statement incorporate certain accounting and financial reporting guidance included in the Statements on Auditing Standards of the AICPA into the state and local governmental accounting and financial reporting standards. This pronouncement did not impact the basic financial statements.

Future Implementation of GASB Pronouncements

The GASB issued Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented in fiscal year 2011. The implementation of this GASB will impact the Town's financial statements, as it changes fund balance components into Nonspendable; Restricted; Committed; Assigned; and Unassigned.

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 57,755,914	\$ 57,755,914	\$ 57,755,914
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	2,022,000	2,022,000	2,022,000
Hotel/motel tax.....	-	1,280,000	1,280,000	1,280,000
Charges for services.....	-	4,737,887	4,737,887	4,737,887
Penalties and interest on taxes.....	-	410,000	410,000	410,000
Payments in lieu of taxes.....	-	3,000	3,000	3,000
Licenses and permits.....	-	772,000	772,000	772,000
Fines and forfeitures.....	-	270,000	270,000	270,000
Intergovernmental.....	-	1,874,055	1,874,055	1,722,813
Departmental and other.....	-	190,000	190,000	190,000
Investment income.....	-	550,000	550,000	550,000
Miscellaneous.....	-	640,000	640,000	640,000
TOTAL REVENUES.....	-	70,504,856	70,504,856	70,353,614
EXPENDITURES:				
Current:				
General government.....	1,201,397	5,779,164	6,980,561	6,510,078
Public safety.....	327,117	8,883,550	9,210,667	9,073,193
Education.....	98,401	22,124,000	22,222,401	21,952,909
Public works.....	319,588	3,452,600	3,772,188	3,211,537
Human services.....	189,900	5,502,900	5,692,800	6,186,290
Culture and recreation.....	5,750	1,604,250	1,610,000	1,774,687
Employee benefits.....	370	9,243,000	9,243,370	6,633,165
State and county charges.....	-	4,093,976	4,093,976	4,095,676
Debt service:				
Principal.....	-	6,401,600	6,401,600	6,347,398
Interest.....	-	2,849,300	2,849,300	2,973,502
TOTAL EXPENDITURES.....	2,142,523	69,934,340	72,076,863	68,758,435
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES.....	(2,142,523)	570,516	(1,572,007)	1,595,179
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	610,000	610,000	610,000
Transfers out.....	-	(3,736,000)	(3,736,000)	(6,227,946)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(3,126,000)	(3,126,000)	(5,617,946)
NET CHANGE IN FUND BALANCE.....	(2,142,523)	(2,555,484)	(4,698,007)	(4,022,767)
BUDGETARY FUND BALANCE, Beginning of year.....	10,050,100	10,050,100	10,050,100	10,050,100
BUDGETARY FUND BALANCE, End of year.....	\$ 7,907,577	\$ 7,494,616	\$ 5,352,093	\$ 6,027,333

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$	56,295,800	\$ -	\$ (1,460,114)
	227,632	-	227,632
	2,210,996	-	188,996
	1,282,435	-	2,435
	4,771,647	-	33,760
	469,719	-	59,719
	7,296	-	4,296
	919,644	-	147,644
	240,648	-	(29,352)
	2,252,249	-	529,436
	232,970	-	42,970
	205,782	-	(344,218)
	864,416	-	224,416
	<u>69,981,234</u>	<u>-</u>	<u>(372,380)</u>
	4,694,010	1,279,311	536,757
	8,437,196	392,809	243,188
	21,305,657	572,910	74,342
	2,405,712	419,567	386,258
	5,882,311	209,017	94,962
	1,720,754	15,384	38,549
	6,457,047	17,105	159,013
	4,093,372	-	2,304
	6,338,863	-	8,535
	2,954,975	-	18,527
	<u>64,289,897</u>	<u>2,906,103</u>	<u>1,562,435</u>
	<u>5,691,337</u>	<u>(2,906,103)</u>	<u>1,190,055</u>
	610,000	-	-
	<u>(6,227,946)</u>	<u>-</u>	<u>-</u>
	<u>(5,617,946)</u>	<u>-</u>	<u>-</u>
	73,391	(2,906,103)	1,190,055
	<u>10,050,100</u>	<u>-</u>	<u>-</u>
\$	<u>10,123,491</u>	<u>(2,906,103)</u>	<u>1,190,055</u>

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of planned assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

**Barnstable County Contributory Retirement System
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/1993	\$ 97,194,645	\$ 226,430,792	\$ 129,236,147	42.9%	\$ 97,074,725	133.1%
1/1/1996	157,044,089	276,107,221	119,063,132	56.9%	108,456,079	109.8%
1/1/1998	235,247,660	404,215,695	168,968,035	58.2%	121,161,677	139.5%
1/1/2000	300,396,700	462,462,500	162,065,800	65.0%	152,293,100	106.4%
1/1/2002	362,911,896	553,531,966	190,620,070	65.6%	173,610,557	109.8%
1/1/2004	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%
1/2/2006	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
1/1/2007	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%

The Town's share of the UAAL, as of January 1, 2007, is approximately 8.9%.

See notes to required supplementary information.

**Barnstable County Contributory Retirement System
Schedule of Employer Contributions**

Town of Nantucket

Plan Year Ended December 31	System Wide			Town of Nantucket	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2005	\$ 27,846,430	\$ 27,846,430	100%	\$ 2,629,487	9.44%
2006	31,044,132	31,044,132	100%	2,761,460	8.90%
2007	34,360,912	34,360,912	100%	3,346,353	9.74%
2008	39,899,322	39,899,322	100%	3,643,915	9.13%

County of Nantucket

Plan Year Ended December 31	System Wide			County of Nantucket	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) County's Percentage of System Wide Actual Contributions
2005	\$ 27,846,430	\$ 27,846,430	100%	\$ 112,420	0.40%
2006	31,044,132	31,044,132	100%	128,612	0.41%
2007	34,360,912	34,360,912	100%	138,012	0.40%
2008	39,899,322	39,899,322	100%	145,083	0.36%

The Town and County's Actual Contributions equaled 100% of their Required Contributions for each year presented.

See notes to required supplementary information.

Other Post-Employment Benefits Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Other Post-employment Benefit Plan Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2009

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2007	\$ -	\$ 104,980,000	\$ 104,980,000	0%	\$ N/A	N/A

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2009	\$ 10,745,000	\$ 2,534,000	24%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009. Information for prior years is not available.

See notes to required supplementary information.

OTHER POST-EMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

FISCAL YEAR ENDED JUNE 30, 2009

Actuarial Methods:

Valuation date.....	July 1, 2007
Actuarial cost method.....	Projected Unit Credit Cost Method
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	30 years as of July 1, 2008, closed
Actuarial Assumptions:	
Investment rate of return.....	4.00%, pay-as-you-go scenario
Medical/drug cost trend rate.....	5-9%

Plan Membership:

Current retirees, beneficiaries, and dependents...	196
Current active members.....	<u>580</u>
Total.....	<u><u>776</u></u>

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING

1. Budgetary Information

Municipal Law requires the adoption of a balanced budget. An annual budget is prepared by Town Administration, reviewed and forwarded by the Board of Selectmen, reviewed and recommended by the Finance Committee to Annual Town Meeting for adoption by positive vote. Increases or decreases to the originally adopted budget require approval at a Special Town Meeting. Transfers between and within departments subsequent to the approval of the annual budget typically require approval at a Special Town Meeting or in certain circumstances by vote of the Finance Committee and Board of Selectmen, as outlined in Massachusetts General Law.

The majority of appropriations are non-continuing, which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by two-thirds majority vote of the Committee.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The Town’s original fiscal year 2009 budget includes \$73,670,340 in appropriations and other amounts to be raised and \$2,142,523 in amounts carried forward from the previous fiscal year. During fiscal year 2009, the Town’s budget decreased by \$826,483 mainly due to a combination of \$1.4 million in budget reductions and a vote to transfer available funds of \$725,841 to the Solid Waste Enterprise Fund.

The Town Accountant’s Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2009, is presented below:

Net change in fund balance - budgetary basis.....	\$	75,801
<u>Basis of accounting differences:</u>		
Recognition of revenue based on available criteria.....		378,724
Accrued expenditures.....		(780,659)
Accrued payroll.....		500,538
Recognition of revenue for on-behalf payments.....		1,802,000
Recognition of expenditures for on-behalf payments.....		<u>(1,802,000)</u>
Net change in fund balance - GAAP basis.....	\$	<u>174,404</u>

3. Appropriation Deficits

During fiscal year 2009, none of the Town's general fund expenditures exceeded budgeted appropriations.

NOTE B – PENSION PLAN

The Town and the County contribute to the Barnstable County Retirement Association ("Retirement System"), a cost-sharing, multiple-employer defined benefit pension plan ("Plan") administered by the Barnstable County Retirement Board. The Retirement System provides retirement, disability, and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Town and County are required to pay into the Retirement System its share of the systemwide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presented multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plans annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2007
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.50% per year
Remaining Amortization Period.....	1 year from July 1, 2007 for 1992 Early Incentive, 21 years from July 1, 2007 for 2002 and 2003 Early Retirement Incentives and remaining unfunded liability
Asset Valuation Method.....	5-year smoothing of investment returns greater (less) than expected

Actuarial Assumptions:

Investment rate of return.....	8.25%
Projected salary increases.....	5.00%
Cost of living adjustments.....	3.0% for the first \$12,000 of retirement income

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	2,267
Terminated participants entitled to a return of their employee contributions.....	670
Terminated participants with a vested right to a deferred or immediate benefit.....	117
Active participants.....	<u>5,314</u>
Total.....	<u><u>8,368</u></u>

NOTE C – OTHER POST-EMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health plan”). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members, including teachers.

The Town currently finances its other post-employment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actual value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the Town’s initial year of implementation of GASB Statement 45, information for prior years is not available.

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

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

***Nantucket County Component Unit
Combining Statements***

Nantucket County Component Unit Combining Statements

County General Fund – primary operating fund for Nantucket County. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

County Deeds Excise Special Revenue Fund – accounts for the deeds excise tax revenue that is returned to the County each year.

County Administration – accounts for the 15% of deeds excise tax revenue that is required to be designated for County Administration.

Sheriff's Department – accounts for the 75% of deeds excise tax revenue that is required to be designated for the County Sheriff's Department.

Registry of Deeds – accounts for the 10% of deeds excise tax revenue that is required to be designated for the Registry of Deeds.

County Other Special Revenue Funds – accounts for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes. This fund is comprised of the sheriff funds, state and federal grants, Cape Cod license plate fund, escrow funds and gift funds.

NANTUCKET COUNTY
COMBINING BALANCE SHEET

JUNE 30, 2009

ASSETS	General Fund	Deeds Excise Special Revenue Fund			Other Special Revenue Funds	Total Nantucket County
		County Administration	Sheriff's Department	Registry of Deeds		
Cash and cash equivalents.....	\$ 1,291,767	\$ 220	\$ 1,172,122	\$ 425,607	\$ 680,679	\$ 3,570,395
Receivables, net of uncollectibles:						
Departmental and other.....	45,507	-	-	-	-	45,507
Intergovernmental.....	-	-	-	-	1,580	1,580
Due from other funds.....	141,777	105,609	220	398,323	-	645,929
TOTAL ASSETS.....	\$ 1,479,051	\$ 105,829	\$ 1,172,342	\$ 823,930	\$ 682,259	\$ 4,263,411
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 19,215	\$ -	\$ 40,000	\$ 33,160	\$ -	\$ 92,375
Accrued payroll.....	8,742	-	540	-	-	9,282
Payroll withholdings.....	383,604	-	-	-	-	383,604
Other liabilities.....	34,918	-	-	-	2,419	37,337
Due to other funds.....	564,266	-	80,215	-	1,448	645,929
TOTAL LIABILITIES.....	1,010,745	-	120,755	33,160	3,867	1,168,527
FUND BALANCES:						
Reserved for:						
Encumbrances and continuing appropriations.....	69,133	-	-	-	6,607	75,740
Unreserved:						
Undesignated, reported in:						
General fund.....	399,173	-	-	-	-	399,173
Special revenue funds.....	-	105,829	1,051,587	790,770	671,785	2,619,971
TOTAL FUND BALANCES.....	468,306	105,829	1,051,587	790,770	678,392	3,094,884
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,479,051	\$ 105,829	\$ 1,172,342	\$ 823,930	\$ 682,259	\$ 4,263,411

NANTUCKET COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Deeds Excise Special Revenue Fund			Other Special Revenue Funds	Total Nantucket County
		County Administration	Sheriff's Department	Registry of Deeds		
REVENUES:						
Intergovernmental.....	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Departmental and other.....	327,871	139,590	697,955	93,061	159,408	1,417,885
Investment income.....	(2,235)	185	23,657	2,645	2,628	26,880
TOTAL REVENUES.....	425,636	139,775	721,612	95,706	162,036	1,544,765
EXPENDITURES:						
Current:						
County administration.....	300,223	-	-	-	-	300,223
Registry of Deeds.....	281,582	-	-	17,231	4,404	303,217
Sheriff's Department.....	703,125	-	194,286	-	-	897,411
Special Projects.....	-	-	-	-	65,910	65,910
General government.....	375	-	-	-	-	375
Public safety.....	12,835	-	-	-	-	12,835
Pension benefits.....	-	-	40,000	33,159	-	73,159
Claims and judgements.....	237,533	-	-	-	-	237,533
TOTAL EXPENDITURES.....	1,535,673	-	234,286	50,390	70,314	1,890,663
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,110,037)	139,775	487,326	45,316	91,722	(345,898)
OTHER FINANCING SOURCES (USES):						
Transfers in.....	1,183,799	-	-	-	-	1,183,799
Transfers out.....	-	(443,935)	(646,756)	(93,108)	-	(1,183,799)
TOTAL OTHER FINANCING SOURCES (USES).....	1,183,799	(443,935)	(646,756)	(93,108)	-	-
NET CHANGE IN FUND BALANCES.....	73,762	(304,160)	(159,430)	(47,792)	91,722	(345,898)
FUND BALANCES AT BEGINNING OF YEAR.....	394,544	409,989	1,211,017	838,562	586,670	3,440,782
FUND BALANCES AT END OF YEAR.....	\$ 468,306	\$ 105,829	\$ 1,051,587	\$ 790,770	\$ 678,392	\$ 3,094,884