

***NANTUCKET MEMORIAL AIRPORT***

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

***FISCAL YEARS ENDED JUNE 30, 2010 AND 2009***

NANTUCKET MEMORIAL AIRPORT

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JUNE 30, 2010 AND 2009

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## Independent Auditors' Report

To the Nantucket Airport Commission  
Nantucket Memorial Airport  
Nantucket, Massachusetts

We have audited the accompanying financial statements of the Nantucket Memorial Airport, an enterprise fund of the Town Nantucket, Massachusetts, as of and for the fiscal years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Town of Nantucket Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

These financial statements present only the Nantucket Memorial Airport and do not purport to, and do not present fairly, as discussed in Note 1, the financial position of the Town of Nantucket, Massachusetts, as of June 30, 2010 and 2009, and the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Nantucket Memorial Airport as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, thereof for the fiscal years 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 February 28, 2011, 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. That report was issued in conjunction with the audit of the Nantucket Memorial Airport, which is an enterprise fund of the Town of Nantucket, Massachusetts. 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.

Management's discussion and analysis, located on the following pages, the retirement system schedule of funding progress, retirement system schedule of employer contributions, other postemployment benefit plan schedule of funding progress and employer contributions and other postemployment benefit plan actuarial methods and assumptions located after the notes to the financial statements, are not a required part of the 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.

*Powers & Sullivan*

February 28, 2011

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

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

As management of the Nantucket Memorial Airport (the Airport), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal years ended June 30, 2010 and 2009. The Airport 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). The Airport's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the Nantucket Memorial Airport's financial statements. The financial statements include the Statement of Net Assets, the Statement of Revenue, Expenses and Change in Fund Net Assets, the Statement of Cash Flows and the notes to the financial statements.

**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 Revenues, Expenses and Changes in Fund Net Assets** presents information showing how the Airport's net assets changed during the most recent fiscal years. 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 fees and earned but unused vacation leave).

**The Statement of Cashflows** presents information showing the cash inflows and outflows for the Airport.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

### ***Financial Highlights Fiscal 2010 and 2009***

- The total of assets exceeded liabilities (i.e., net assets) by \$48.2 million and \$44.9 million respectively.
- Unrestricted net assets for the Airport totaled \$267,000 and \$4.6 million respectively.
- Total debt totaled \$27 million and \$28.4 million respectively.

## Financial Analysis

The following chart provides a summary of the Airport's financial data for fiscal year 2010, with comparative fiscal year 2009 information.

	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Current assets.....	\$ 23,049,652	\$ 28,254,958
Capital assets, not being depreciated.....	9,382,257	31,168,222
Capital assets, net of accumulated depreciation.....	<u>47,328,946</u>	<u>17,996,901</u>
<b>Total assets.....</b>	<b><u>79,760,855</u></b>	<b><u>77,420,081</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,084,074	3,371,236
Noncurrent liabilities (excluding debt).....	1,410,783	693,905
Current debt.....	25,596,500	26,292,725
Noncurrent debt.....	<u>1,440,000</u>	<u>2,120,000</u>
<b>Total liabilities.....</b>	<b><u>31,531,357</u></b>	<b><u>32,477,866</u></b>
<b>Net Assets:</b>		
Invested in capital assets net of related debt.....	47,962,783	40,310,517
Unrestricted.....	<u>266,715</u>	<u>4,631,698</u>
<b>Total net assets.....</b>	<b><u>\$ 48,229,498</u></b>	<b><u>\$ 44,942,215</u></b>
<b>Operating Revenues:</b>		
Charges for services.....	\$ 9,612,444	\$ 10,999,153
<b>Nonoperating Revenues:</b>		
Investment income.....	132,093	152,895
Intergovernmental capital grants.....	<u>7,245,682</u>	<u>15,460,573</u>
<b>Total revenues.....</b>	<b><u>16,990,219</u></b>	<b><u>26,612,621</u></b>
<b>Operating Expenses:</b>		
Cost of services and administration.....	9,735,740	8,800,253
Depreciation.....	1,859,907	1,513,167
Employee benefits.....	1,464,838	1,303,480
Interest expense.....	<u>481,430</u>	<u>295,983</u>
<b>Total expenses.....</b>	<b><u>13,541,915</u></b>	<b><u>11,912,883</u></b>
<b>Transfers.....</b>	<b><u>(161,021)</u></b>	<b><u>-</u></b>
<b>Change in net assets.....</b>	<b><u>\$ 3,287,283</u></b>	<b><u>\$ 14,699,738</u></b>

There was a net increase of \$3.3 million in net assets related to the Airport which is a decrease from the prior year of approximately \$11.4 million. Net assets were increased due mainly due to the recognition of \$7.2 million in capital grants. Net assets were decreased through decreased revenues and increases in operating costs over prior years.

Noncurrent liabilities included an accrued liability for other postemployment benefits totaling \$1,146,350 in fiscal year 2010. This liability totaled \$464,626 in fiscal year 2009, which was the initial year the Airport implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB).

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Airport's year end capital assets totaled \$56.7 million which represented an increase of \$7.5 million from the prior year. Major current additions included various building and improvement projects, infrastructure additions, machinery and equipment, and furniture and fixtures all totaling approximately \$9.4 million. Depreciation of approximately \$1.9 million was recorded in fiscal 2010.

### **Debt**

At the end of the fiscal years 2010 and 2009, the Nantucket Memorial Airport had total bonded debt outstanding of \$27 million and \$28.4 million, respectively. Of this amount, \$24.9 million and \$25.6 million is in short-term notes and the remaining \$2.1 million and \$2.9 million is outstanding long-term debt. This amount is fully supported by the revenue of the Airport, and does not rely upon a general fund subsidy.

	2010	2009
Short-term debt.....	\$ 24,916,500	\$ 25,562,725
Current portion of long-term debt.....	680,000	730,000
Noncurrent portion of long-term debt.....	<u>1,440,000</u>	<u>2,120,000</u>
Total.....	<u>\$ 27,036,500</u>	<u>\$ 28,412,725</u>

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

### **Requests for Information**

This financial report is designed to provide a general overview of the Nantucket Memorial Airport finances for all those with an interest in the finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nantucket Memorial Airport at 14 Airport Road, Nantucket, Massachusetts 02554, or to the Finance Department of the Town of Nantucket at 16 Broad Street, Nantucket, Massachusetts 02554.

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# ***Financial Statements***

**NANTUCKET MEMORIAL AIRPORT**  
STATEMENT OF NET ASSETS

JUNE 30, 2010 AND 2009

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
CURRENT:		
Cash and cash equivalents.....	\$ 19,301,736	\$ 23,450,717
Receivables, net of allowance for uncollectibles:		
User fees.....	173,930	453,819
Intergovernmental.....	2,563,416	3,892,815
Inventory.....	305,078	457,607
Due from other funds.....	705,492	-
	23,049,652	28,254,958
NONCURRENT:		
Capital assets, not being depreciated.....	9,382,257	31,168,222
Capital assets, net of accumulated depreciation.....	47,328,946	17,996,901
	56,711,203	49,165,123
<b>TOTAL ASSETS</b> .....	<b>79,760,855</b>	<b>77,420,081</b>
<b>LIABILITIES</b>		
CURRENT:		
Warrants payable.....	2,095,737	2,503,479
Accrued payroll.....	118,398	106,010
Security deposits.....	348,998	336,330
Accrued interest.....	147,968	87,458
Other liabilities.....	295,855	53,750
Due to other funds.....	11,010	226,889
Compensated absences.....	66,108	57,320
Notes payable.....	24,916,500	25,562,725
Bonds payable.....	680,000	730,000
	28,680,574	29,663,961
NONCURRENT:		
Compensated absences.....	264,433	229,279
Other postemployment benefits.....	1,146,350	464,626
Bonds payable.....	1,440,000	2,120,000
	2,850,783	2,813,905
<b>TOTAL LIABILITIES</b> .....	<b>31,531,357</b>	<b>32,477,866</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt.....	47,962,783	40,310,517
Unrestricted.....	266,715	4,631,698
<b>TOTAL NET ASSETS</b> .....	<b>\$ 48,229,498</b>	<b>\$ 44,942,215</b>

See notes to financial statements.

**NANTUCKET MEMORIAL AIRPORT**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES:</b>		
Charges for services.....	\$ 9,612,444	\$ 10,999,153
<b>OPERATING EXPENSES:</b>		
Cost of services and administration.....	9,735,740	8,800,253
Depreciation.....	1,859,907	1,513,167
Employee benefits.....	1,464,838	1,303,480
 TOTAL OPERATING EXPENSES.....	 <u>13,060,485</u>	 <u>11,616,900</u>
 OPERATING INCOME (LOSS).....	 <u>(3,448,041)</u>	 <u>(617,747)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income.....	132,093	152,895
Interest expense.....	(481,430)	(295,983)
Intergovernmental capital grants.....	7,245,682	15,460,573
 TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	 <u>6,896,345</u>	 <u>15,317,485</u>
 INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	 <u>3,448,304</u>	 <u>14,699,738</u>
Transfers in.....	997	-
Transfers out.....	(162,018)	-
 Total Transfers.....	 <u>(161,021)</u>	 <u>-</u>
 CHANGE IN NET ASSETS.....	 3,287,283	 14,699,738
NET ASSETS AT BEGINNING OF YEAR.....	<u>44,942,215</u>	<u>30,242,477</u>
NET ASSETS AT END OF YEAR.....	\$ <u><u>48,229,498</u></u>	\$ <u><u>44,942,215</u></u>

See notes to financial statements.

**NANTUCKET MEMORIAL AIRPORT**  
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010 AND 2009

	<b>2010</b>	<b>2009</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Receipts from customers and users.....	\$ 9,892,333	\$ 10,887,136
Payments to vendors.....	(4,603,183)	(5,058,638)
Payments to employees.....	(3,870,357)	(3,367,916)
Payments for interfund services used.....	(1,464,838)	(1,303,480)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>(46,045)</b>	<b>1,157,102</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Transfers in.....	997	-
Transfers out.....	(162,018)	-
Advances (to) from other funds.....	(921,371)	182,761
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(1,082,392)</b>	<b>182,761</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Proceeds from the issuance of bonds and notes.....	-	16,850,000
Capital grants.....	8,575,081	13,688,985
Acquisition and construction of capital assets.....	(9,930,573)	(17,772,321)
Principal payments on bonds and notes.....	(1,376,225)	(732,312)
Interest expense.....	(420,920)	(314,707)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(3,152,637)</b>	<b>11,719,645</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Investment income.....	132,093	152,895
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(4,148,981)</b>	<b>13,212,403</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>23,450,717</b>	<b>10,238,314</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 19,301,736</b>	<b>23,450,717</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>		
<b><u>FROM OPERATING ACTIVITIES:</u></b>		
Operating income (loss).....	\$ (3,448,041)	(617,747)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	1,859,907	1,513,167
User fees.....	279,889	(112,017)
Inventory.....	152,529	191,504
Prepaid expenses.....	-	19,876
Warrants payable.....	116,844	(440,008)
Security deposits.....	12,668	27,233
Accrued payroll.....	12,388	20,952
Other liabilities.....	242,105	2,450
Accrued compensated absences.....	43,942	87,066
Other postemployment benefits.....	681,724	464,626
<b>Total adjustments.....</b>	<b>3,401,996</b>	<b>1,774,849</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ (46,045)</b>	<b>\$ 1,157,102</b>

See notes to financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements present the Nantucket Memorial Airport (the Airport) an enterprise fund of the Town of Nantucket, Massachusetts. These statements are not intended to and do not present fairly the financial position of the Town of Nantucket, Massachusetts. These statements 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 Nantucket Memorial Airport is an enterprise fund of the Town of Nantucket. Its operation is governed by the Nantucket Memorial Airport Commission.

**B. Measurement Focus. Basis of Accounting and Financial Statement Presentation**

The Nantucket Memorial Airport's financial statements are presented using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when the liabilities are incurred. The operation of the Airport is accounted for as an enterprise fund, which is a proprietary fund type.

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 Airport applies all Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**C. Cash and Investments**

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.

**D. Accounts Receivable**

The recognition of revenue related to accounts receivable reported are reported under the accrual basis of accounting.

**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.

**Airport User Fees**

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

E. Inventories

Inventories of the Nantucket Memorial Airport 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.

F. Capital Assets

Capital assets, which include land; land improvements; buildings; vehicle; machinery and equipment; and furniture, fixtures and computer equipment, are reported in the 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. 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
Furniture, fixtures and computer equipment.....	5-10
Machinery and equipment.....	10-15
Land improvements.....	40-70
Buildings.....	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.

G. Net Assets

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.

H. Long-term debt

Long-term debt is reported as liabilities in the 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.

I. Advertising

The Airport’s policy is to expense advertising costs the first time the advertising takes place. Advertising expense for the years ended June 30, 2010 and 2009 totaled \$5,285 and \$9,327, respectively.

#### J. Compensated Absences

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

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, is reported as an expense and a liability.

#### K. Use of Estimates

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

### **NOTE 2 – CASH AND INVESTMENTS**

The Town Treasurer, at times, commingles other Town cash accounts with those specifically related to the Airport. The Airports' portion of these funds are reported on the Statement of Net Assets as Cash and Cash Equivalents.

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 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.

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Nantucket Memorial Airport's deposits may not be returned to it. The Airport does not have a deposit policy for custodial credit risk.

At fiscal year-end June 30, 2010 and 2009, the carrying amount of deposits totaled \$18,560,921 and \$22,486,347, respectively and the bank balance totaled \$18,328,292 and \$24,131,199 respectively. Of the bank balance, \$250,000 and \$250,000 were covered by the Federal Depositors Insurance Company ("FDIC"), \$18,078,292 and \$23,881,199 were collateralized, therefore the Airport did not have funds that were exposed to custodial credit risk because of being uninsured or uncollateralized.

Investments

As of June 30, 2010, the Nantucket Memorial Airport had the following investments:

	<u>Fair Value</u>	<u>Maturity Under 1 Year</u>
Investment Type:		
Repurchase Agreements.....	\$ 94,200	\$ 94,200
Other Investments:		
MMDT.....	<u>646,615</u>	
Total Investments.....	<u>\$ 740,815</u>	

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

	<u>Fair Value</u>	<u>Maturity Under 1 Year</u>
Investment Type:		
Repurchase Agreements.....	\$ 320,580	\$ 320,580
Other Investments:		
MMDT.....	<u>643,790</u>	
Total Investments.....	<u>\$ 964,370</u>	

The Airport participates in MMDT, which maintains a cash portfolio and short-term bond fund with combined average maturities of approximately 3 months. Credit ratings associated with the Airport’s investment in MMDT ranged from A1/P1 to unrated; with approximately 98% rated A1/P1 and approximately 2% rated A2/P2.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Airport will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Airport does not have an investment policy for custodial credit risk.

Interest Rate Risk

The Airport 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 Airport has not adopted a formal policy related to Credit Risk.

Concentration of Credit Risk

The Airport places no limit on the amount that they may invest in any one issuer.

More than 5% of the Airport's investments are in the following securities for 2010:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Repurchase Agreements.....	13%
MMDT.....	87%

More than 5% of the Airport's investments are in the following securities for 2009:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Repurchase Agreements.....	33%
MMDT.....	67%

**NOTE 3 – RECEIVABLES**

At June 30, 2010 and 2009, receivables for the Airport consist of the following:

**2010 Receivables:**

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Airport fees.....	\$ 248,930	\$ (75,000)	\$ 173,930
Intergovernmental.....	2,563,416	-	2,563,416
Total.....	<u>\$ 2,812,346</u>	<u>\$ (75,000)</u>	<u>\$ 2,737,346</u>

**2009 Receivables:**

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Airport fees.....	\$ 528,819	\$ (75,000)	\$ 453,819
Intergovernmental.....	3,892,815	-	3,892,815
Total.....	<u>\$ 4,421,634</u>	<u>\$ (75,000)</u>	<u>\$ 4,346,634</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the Nantucket Memorial Airport for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,434,312	\$ -	\$ -	\$ 2,434,312
Construction in progress.....	<u>28,733,910</u>	<u>9,112,107</u>	<u>(30,898,072)</u>	<u>6,947,945</u>
Total capital assets not being depreciated.....	<u>31,168,222</u>	<u>9,112,107</u>	<u>(30,898,072)</u>	<u>9,382,257</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	24,554,894	465,309	-	25,020,203
Buildings.....	9,507,075	30,215,506	-	39,722,581
Vehicles.....	3,566,916	83,826	-	3,650,742
Machinery and equipment.....	914,316	415,992	-	1,330,308
Furniture, fixtures and computer equipment.....	<u>176,419</u>	<u>11,320</u>	<u>-</u>	<u>187,739</u>
Total capital assets being depreciated.....	<u>38,719,620</u>	<u>31,191,953</u>	<u>-</u>	<u>69,911,573</u>
Less accumulated depreciation.....	<u>(20,722,719)</u>	<u>(1,859,908)</u>	<u>-</u>	<u>(22,582,627)</u>
Total capital assets being depreciated, net.....	<u>17,996,901</u>	<u>29,332,045</u>	<u>-</u>	<u>47,328,946</u>
Total capital assets.....	<u>\$ 49,165,123</u>	<u>\$ 38,444,152</u>	<u>\$ (30,898,072)</u>	<u>\$ 56,711,203</u>

Capital asset activity for the Nantucket Memorial Airport for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,434,312	\$ -	\$ -	\$ 2,434,312
Construction in progress.....	10,054,386	18,679,524	-	28,733,910
 Total capital assets not being depreciated.....	 12,488,698	 18,679,524	 -	 31,168,222
<u>Capital assets being depreciated:</u>				
Infrastructure.....	24,554,894	-	-	24,554,894
Buildings.....	9,371,310	135,765	-	9,507,075
Vehicles.....	3,566,916	-	-	3,566,916
Machinery and equipment.....	82,854	93,565	-	176,419
Furniture, fixtures and computer equipment.....	914,316	-	-	914,316
 Total capital assets being depreciated.....	 38,490,290	 229,330	 -	 38,719,620
Less accumulated depreciation.....	(19,209,552)	(1,513,167)	-	(20,722,719)
 Total capital assets being depreciated, net.....	 19,280,738	 (1,283,837)	 -	 17,996,901
 Total capital assets.....	 31,769,436	 17,395,687	 -	 49,165,123

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables at June 30, 2010 are summarized as follows:

Due From:	Due To:		
	Nantucket Memorial Airport	Town Internal Service Fund	Total
General Fund.....	\$ 705,492	\$ -	\$ 705,492
Nantucket Memorial Airport.....	-	11,010	11,010
 Total.....	 \$ 705,492	 \$ 11,010	 \$ 716,502

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

Due From:	Due To:		
	Town General Fund	Town Internal Service Fund	Total
Nantucket Memorial Airport.....	\$ 215,879	\$ 11,010	\$ 226,889

Interfund transfers for the fiscal year ended June 30, 2010 are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nantucket Memorial Airport	Total
Nantucket Memorial Airport.....	\$ 162,018	\$ -	\$ 162,018 (1)
General Fund.....	-	997	997 (2)
Total.....	\$ 162,018	\$ 997	\$ 163,015

- (1) Transfer out to Town General Fund for Indirect costs.
- (2) Transfer out of General Fund for runway improvements.

**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.

Details related to the short-term debt activity for the fiscal year ended June 30, 2010, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2010
BAN	Airport Construction.....	1.50	02/25/11	\$ -	\$ 24,916,500	\$ -	\$ 24,916,500
BAN	Airport Construction.....	1.75	02/26/10	8,712,725	-	8,712,725	-
BAN	Airport Construction.....	1.50	02/26/10	16,850,000	-	16,850,000	-
<i>Total short term debt.....</i>				<u>\$ 25,562,725</u>	<u>\$ 24,916,500</u>	<u>\$ 25,562,725</u>	<u>\$ 24,916,500</u>

Subsequent to year end the Airport retired the BANs maturing on February 25, 2011 with proceeds of General Obligation Bonds totaling \$5 million, new BANs totaling \$2.6 million, and grant proceeds totaling \$17.3 million.

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
BAN	Airport Construction.....	2.25	02/27/09	\$ 8,712,725	\$ -	\$ 8,712,725	\$ -
BAN	Airport Construction.....	1.75	02/26/10	-	8,712,725	-	8,712,725
BAN	Airport Construction.....	1.50	02/26/10	-	16,850,000	-	16,850,000
<i>Total short term debt.....</i>				<u>\$ 8,712,725</u>	<u>\$ 25,562,725</u>	<u>\$ 8,712,725</u>	<u>\$ 25,562,725</u>

## NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes The Town of Nantucket indebtedness up to a limit of 5% of the Town's 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 Airport's outstanding indebtedness at June 30, 2010, and the debt service requirements are as follows:

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Airport Land Acquisition.....	4.00 - 4.25	\$ 190,000	\$ -	\$ 95,000	\$ 95,000
Airport Improvement.....	2.25 - 5.00	190,000	-	40,000	150,000
Airport Improvement.....	2.50 - 4.00	1,000,000	-	225,000	775,000
Airport Improvement.....	3.75 - 5.00	245,000	-	75,000	170,000
Airport Equipment.....	3.00 - 5.00	1,225,000	-	295,000	930,000
<i>Total Bonds Payable.....</i>		<u>\$ 2,850,000</u>	<u>\$ -</u>	<u>\$ 730,000</u>	<u>\$ 2,120,000</u>

Debt service requirements for principal and interest for Airport bonds payable in future fiscal years as of June 30, 2010 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011.....	\$ 680,000	\$ 69,278	\$ 749,278
2012.....	530,000	46,989	576,989
2013.....	325,000	29,412	354,412
2014.....	320,000	17,395	337,395
2015.....	95,000	8,432	103,432
2016.....	95,000	5,282	100,282
2017.....	75,000	2,438	77,438
Total.....	\$ <u>2,120,000</u>	\$ <u>179,226</u>	\$ <u>2,299,226</u>

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

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2008</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2009</u>
Airport Land Acquisition.....	4.00 - 4.25	\$ 285,000	\$ -	\$ 95,000	\$ 190,000
Airport Improvement.....	2.25 - 5.00	290,000	-	70,000	220,000
Airport Improvement.....	2.50 - 4.00	1,165,000	-	195,000	970,000
Airport Improvement.....	3.75 - 5.00	320,000	-	75,000	245,000
Airport Equipment.....	3.00 - 5.00	1,522,312	-	297,312	1,225,000
Total Bonds Payable.....		\$ <u>3,582,312</u>	\$ <u>-</u>	\$ <u>732,312</u>	\$ <u>2,850,000</u>

Debt service requirements for principal and interest for Airport bonds payable in future fiscal years as of June 30, 2009 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 730,000	\$ 99,281	\$ 829,281
2011.....	680,000	69,278	749,278
2012.....	530,000	46,989	576,989
2013.....	325,000	29,412	354,412
2014.....	320,000	17,395	337,395
2015.....	95,000	8,432	103,432
2016.....	95,000	5,282	100,282
2017.....	75,000	2,438	77,438
Total.....	\$ <u>2,850,000</u>	\$ <u>278,507</u>	\$ <u>3,128,507</u>

At June 30, 2010 and June 30, 2009, the Airport had the following authorized and unissued debt:

Purpose	2010 Amount	2009 Amount
Nantucket Memorial Airport.....	\$ 26,818,600	\$ 22,718,600

**Changes in Long-term Liabilities**

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Current Portion
<b>Nantucket Memorial Airport:</b>					
Long-Term Bonds and Notes.....	\$ 2,850,000	\$ -	\$ (730,000)	\$ 2,120,000	\$ 680,000
Compensated Absences.....	286,599	101,262	(57,320)	330,541	66,108
Other Postemployment Benefits.....	464,626	858,164	(176,440)	1,146,350	-
Total Long-Term Liabilities .....	\$ 3,601,225	\$ 959,426	\$ (963,760)	\$ 3,596,891	\$ 746,108

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
<b>Nantucket Memorial Airport:</b>					
Long-Term Bonds and Notes.....	\$ 3,582,312	\$ -	\$ (732,312)	\$ 2,850,000	\$ 730,000
Compensated Absences.....	199,533	126,973	(39,907)	286,599	57,320
Other Postemployment Benefits.....	-	608,014	(143,388)	464,626	-
Total Long-Term Liabilities.....	\$ 3,781,845	\$ 734,987	\$ (915,607)	\$ 3,601,225	\$ 787,320

**NOTE 8 – RISK FINANCING**

The Airport 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 of Nantucket is self-insured for its health insurance activities, the Airport is included in the Town's insurance plan. The Airport pays the Town's health insurance fund for its proportionate share of coverage.

**NOTE 9 – PENSION PLAN**

*Plan Description* - The Airport contributes to the Barnstable County Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees of the Airport are members of the System.

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 Airport is required to pay into the System their share of the system-wide actuarial 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 Airport. The Airport's contributions to the System for the fiscal year ended June 30, 2010, 2009 and 2008 totaled \$415,234, \$419,860, and \$343,055 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 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 financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Airport is one participating employer, as well as the Airport'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 Airport.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Fiscal year 2009 was the initial year that the Airport implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). As allowed by GASB 45, the Airport established the net Other Postemployment 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, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish

and amend benefit provisions of the plan. Benefit provisions are negotiated between the Airport and the unions representing Airport 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 Airport and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Airport contributes 80% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 20% of their premium costs. For fiscal year 2010, the Airport contributed approximately \$176,000 to the plan.

*Annual OPEB Cost and Net OPEB Obligation* – The Airport’s annual other postemployment 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 Airport’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Airport’s net OPEB obligation are summarized in the following table:

Annual Required Contribution.....	\$	821,534
Interest on net OPEB obligation.....		<u>36,623</u>
Annual OPEB cost (expense).....		858,157
Contributions made.....		<u>(176,433)</u>
Increase in net OPEB obligation.....		681,724
Net OPEB obligation - beginning of year.....		<u>464,626</u>
Net OPEB obligation - end of year.....	\$	<u><u>1,146,350</u></u>

The Airport’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010 and 2009 were 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	\$ 608,014	24%	\$ 464,626
6/30/2010	858,157	21%	1,146,350

*Funded Status and Funding Progress* – As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits totaled approximately \$8.7 million, all of which was unfunded.

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 July 1, 2009, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.00% investment return assumption, which is based on the expected yield on the assets of the Airport, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 5-9%. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 4.50% per year. The remaining amortization period at June 30, 2010 is 28 years.

#### **NOTE 11 – COMMITMENTS**

The Airport has contracts with JK Scanlan and Jacobs, Edwards and Kelcey for construction of the new aircraft rescue and fire fighting (A.R.F.F.) building. At year end, the open contracts totaled approximately \$5,495,000 and \$124,300.

The Airport also has a contract with Skanska USA Building, Inc. for construction of the new airport terminal. At year end, the open contract totaled approximately \$22,872,934.

The Airport also has a contract with Edwards & Kelcey, Inc. for design and construction of the runway 33 extension project. At year end, the open contract totaled approximately \$865,090.

#### **NOTE 12 – CONTINGENCIES**

The Airport 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, 2010 and 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the Airport's financial position at June 30, 2010 and 2009.

#### **NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2010, the Airport has implemented the following GASB pronouncements:

- The GASB issued Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The standards in this statement permits an agent employer that has an individual employer OPEB plan with fewer than 100 members to use an alternative measurement method to produce actuarially based information for purposes of financial reporting, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Management elected to implement this standard early and this standard did not impact the basic financial statements.

- The GASB issued Statement #58, Accounting and Financial Reporting for Chapter 9 Bankruptcies. The standards in this statement provide guidance for bankrupt state and local governments by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. Management elected to implement this standard early and this standard 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 Nantucket Memorial Airport's financial statements, as it changes fund balance components into Nonspendable; Restricted; Committed; Assigned; and Unassigned.
- The GASB issued Statement #59, Financial Instruments Omnibus, which is required to be implemented in fiscal year 2011. Management is assessing the impact this pronouncement will have on the basic financial statements.
- The GASB issued Statement #60, Accounting and Financial Reporting for Service Concession Arrangements, which is required to be implemented in fiscal year 2013. Management is assessing the impact this pronouncement will have on the basic financial statements.
- The GASB issued Statement #61, The Financial Reporting Entity: Omnibus, which is required to be implemented in fiscal year 2013. Management is assessing the impact this pronouncement will have on the basic financial statements.
- The GASB issued Statement #62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is required to be implemented in fiscal year 2013. Management is assessing the impact this pronouncement will have on the basic financial statements.

# ***Required Supplementary Information***

# ***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 Airport is one participating employer, as well as the Airport'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%
1/1/2009	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%

The Airport's share of the UAAL, as of January 1, 2009, is approximately 1.09%.

See notes to required supplementary information.

**BARNSTABLE COUNTY CONTRIBUTORY RETIREMENT SYSTEM**  
**SCHEDULE OF FUNDING PROGRESS**

Plan Year Ended December 31	System Wide			Nantucket Memorial Airport	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Airport's Percentage of System Wide Actual Contributions
2005	\$ 27,846,430	\$ 27,846,430	100%	\$ 264,000	0.95%
2006	31,044,132	31,044,132	100%	311,318	1.00%
2007	34,360,812	34,360,812	100%	350,906	1.02%
2008	39,899,322	39,899,322	100%	343,055	0.86%
2009	43,893,051	43,893,051	100%	419,860	0.96%

The Airport's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

# ***Other Postemployment Benefit 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 Postemployment 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 POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER COONTRIBUTIONS**

**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	\$ -	\$ 2,935,000	\$ 2,935,000	0%	N/A	N/A
7/1/2009	-	8,725,000	8,725,000	0%	N/A	N/A

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2009	\$ 608,014	\$ 143,388	24%
6/30/2010	858,157	176,433	21%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	July 1, 2009
Actuarial cost method.....	Projected Unit Credit Cost Method
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	28 years as of July 1, 2009, closed

Actuarial Assumptions:

Investment rate of return.....	4.00%, pay-as-you-go scenario
Medical/drug cost trend rate.....	5-9%

Plan Membership, Town Wide:

Current retirees, beneficiaries, and dependents.....	228
Current active members.....	<u>682</u>
Total.....	<u><u>910</u></u>

See notes to required supplementary information.

**NOTE A – PENSION PLAN**

The Airport contributes to the Barnstable County Contributory Retirement System (“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 Airport is 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 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 financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town of Nantucket is one participating employer, as well as the Airport’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 Airport.

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, 2009
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.50% per year after fiscal 2013
Remaining Amortization Period.....	19 years from July 1, 2009 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.....	2,368
Terminated participants entitled to a return of their employee contributions.....	635
Terminated participants with a vested right to a deferred or immediate benefit.....	113
Active participants.....	<u>5,290</u>
Total.....	<u><u>8,406</u></u>

**NOTE B – OTHER POSTEMPLOYMENT BENEFITS**

The Nantucket Memorial Airport participates in the Town's healthcare plan. 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 postemployment 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 multiyear trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets

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.