

***TOWN OF NANTUCKET, MASSACHUSETTS***

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

***FISCAL YEAR ENDED JUNE 30, 2011***

TOWN OF NANTUCKET, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

**TABLE OF CONTENTS**

	<b>Page</b>
Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements .....	13
Statement of Net Assets .....	14
Statement of Activities .....	16
Governmental Funds – Balance Sheet.....	18
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets...	19
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Proprietary Funds – Statement of Net Assets .....	22
Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets.....	24
Proprietary Funds – Statement of Cash Flows .....	26
Fiduciary Funds – Statement of Fiduciary Net Assets.....	28
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets .....	29
Notes to Basic Financial Statements .....	30
Required Supplementary Information.....	64
General Fund Budgetary Comparison Schedule .....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual .....	66
Retirement System Schedules.....	68
Retirement System Schedule of Funding Progress .....	69

Retirement System Schedule of Employer Contributions .....	70
Other Postemployment Benefit Schedules .....	71
Other Postemployment Benefit Plan Schedule of Funding Progress and Employer Contributions.....	72
Other Postemployment Benefit Plan Actuarial Methods and Assumptions .....	73
Notes to Required Supplementary Information.....	74
Nantucket County Component Unit Combining Statements .....	77
Nantucket County – Combining Balance Sheet .....	79
Nantucket County – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	80
Additional Information .....	81
Nantucket Planning and Economic Development Commission – Schedule of Indirect Cost Rate .....	82
Nantucket Planning and Economic Development Commission – Schedule of Public Support .....	83



100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## 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, the Nantucket County discretely presented component unit, and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, as of and for the fiscal year ended June 30, 2011, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, as of June 30, 2011, 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 February 21, 2012 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.

The Nantucket Planning and Economic Development Commission schedule of indirect cost rate and schedule of public support revenues and expenditures by grant, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures to these schedules, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the additional information. However, we did not audit the information and express no opinion on it.

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 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 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.

*Powers & Sullivan LLC*

February 21, 2012

# ***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, 2011. 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, Our Island Home, 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.

Fiscal year 2011 was the Town's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization fund is reported within the general fund as unassigned.

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, Our Island Home, and the Siasconset and Wannacomet 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 Year 2011

- The total of assets exceeded liabilities (i.e., net assets) by \$183 million for governmental activities, and \$122.6 million for business type activities.
- Governmental funds reported combined ending fund balances of \$35 million.
- Unassigned fund balance for the general fund totaled \$12.2 million.
- Total governmental funds debt totaled \$69.2 million, and total enterprise fund debt totaled \$89.3 million.

## Government-wide Financial Analysis

The following chart provides a summary of Governmental activities financial data for fiscal year 2011, with comparative fiscal year 2010 information.

### Governmental Activities

	Balance at June 30, 2011	Balance at June 30, 2010
<b>Assets:</b>		
Current assets.....	\$ 49,028,623	\$ 54,530,583
Noncurrent assets (excluding capital).....	227,651	307,708
Capital assets, not being depreciated.....	197,704,996	192,680,671
Capital assets, net of accumulated depreciation.....	29,835,474	29,728,404
<b>Total assets.....</b>	<b>276,796,744</b>	<b>277,247,366</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	6,937,422	9,243,223
Noncurrent liabilities (excluding debt).....	17,445,105	16,305,915
Current debt.....	6,689,432	6,742,385
Noncurrent debt.....	62,489,407	70,031,218
<b>Total liabilities.....</b>	<b>93,561,366</b>	<b>102,322,741</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	177,625,537	168,953,769
Restricted.....	3,150,056	2,405,897
Unrestricted.....	2,459,785	3,564,959
<b>Total net assets.....</b>	<b>\$ 183,235,378</b>	<b>\$ 174,924,625</b>

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 \$183 million at the close of fiscal year 2011. The largest portion of the Town's net assets, \$177.6 million, 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, \$3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, which reported a positive balance of \$2.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental Activities**

	June 30, 2011	June 30, 2010
<b>Program revenues:</b>		
Charges for services..... \$	2,710,818	\$ 7,281,809
Operating grants and contributions.....	6,137,822	5,090,233
Capital grants and contributions.....	1,067,782	1,230,625
<b>General revenues:</b>		
Real estate and personal property taxes.....	61,440,131	60,231,952
Tax liens.....	507,919	724,886
Motor vehicle and other excise taxes.....	1,867,286	1,852,563
Hotel and meals taxes.....	2,726,360	1,035,291
Penalties and interest on taxes.....	633,008	659,062
Community preservation fund surtax.....	1,666,540	1,669,975
Payments in lieu of taxes.....	13,822	11,846
Nonrestricted grants and contributions.....	935,761	587,474
Unrestricted investment income.....	65,960	160,970
Gain (loss) on sale of capital assets.....	73,530	(12,449)
Miscellaneous revenues.....	734,238	777,392
<b>Total revenues.....</b>	<b>80,580,977</b>	<b>81,301,629</b>
<b>Expenses:</b>		
General government.....	8,722,239	8,544,044
Public safety.....	12,172,241	14,684,244
Education.....	28,867,553	30,380,350
Public works.....	4,082,163	4,514,082
Community preservation.....	2,218,423	1,775,756
Human services.....	2,765,497	9,714,459
Culture and recreation.....	2,119,755	3,392,381
Interest.....	2,354,427	2,351,987
<b>Total expenses.....</b>	<b>63,302,298</b>	<b>75,357,303</b>
<b>Transfers and capital contributions.....</b>	<b>(8,967,926)</b>	<b>(3,534,310)</b>
<b>Change in net assets..... \$</b>	<b>8,310,753</b>	<b>\$ 2,410,016</b>

	June 30, 2011	June 30, 2010	Increase (Decrease)
<b>Net Assets:</b>			
Capital assets net of related debt.....	\$ 177,625,537	\$ 168,953,769	\$ 8,671,768
Restricted.....	3,150,056	2,405,897	744,159
Unrestricted.....	2,459,785	3,564,959	(1,105,174)
<b>Total net assets.....</b>	<b><u>\$ 183,235,378</u></b>	<b><u>\$ 174,924,625</u></b>	<b><u>\$ 8,310,753</u></b>

The governmental activities expenses totaled \$63.3 million. Of that amount, \$10.5 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$70 million, primarily coming from property taxes, motor vehicle excise, hotel/motel taxes, non-community preservation surtaxes, restricted state aid and other miscellaneous charges. The governmental activities also reported \$551,000 in capital contributions to establish the Our Island Home enterprise fund and \$8.4 million in net transfers to the enterprise fund which was for budgeted shortfalls within the Siasconset and Wannacommet Water Companies, subsidies and an operating override from previous years to the Solid Waste enterprise fund, as well as a transfer of free cash for landfill mining.

The Town received a gain on sale of capital assets in fiscal year 2011 as the result of the sale of land that was previously in Tax Title and the sale of other various property easements.

Additionally, during fiscal 2011, Our Island Home became an enterprise fund. Our Island Home reported capital transfers of \$551,000 from governmental activities. Governmental activities also reported net transfers totaling \$8.4 million to business-type activities. The capital transfer represents the transfer of capital assets that were originally recorded as governmental activity to Our Island Home enterprise fund.

In total, governmental activities net assets increased by approximately \$8.3 million in fiscal year 2011. The key component to this increase was Our Island Home moved from governmental activities to an enterprise fund during the current fiscal year. This transition caused both governmental revenues and expenditures to experience decreases. The largest decrease was approximately \$7 million of human services expenditures, most of which related to Our Island Home. Other key components in this increase include the difference between the retirement of long-term debt (\$7.6 million) which is raised in the general fund and the depreciation expense recorded on capital assets (\$2.5 million); The recognition of the amortization of the Town's liability for Other Postemployment Benefits (\$1.3 million), the recognition of \$1.7 million in capital grants for public safety, public works and community preservation, and a positive result of budgetary operations.

The Town received an updated actuarial valuation for Other Postemployment Benefits in fiscal year 2011. The new valuation reported an unfunded liability for OPEB which was considerably lower than past valuations. This was mainly a result of Town employment changes. This resulted in decreases in many of the fiscal year 2011 functional expense categories.

The following chart provides a summary of Business-type activities financial data for fiscal year 2011, with comparative fiscal year 2010 information.

**Business-Type Activities**

	Balance at June 30, 2011	Balance at June 30, 2010
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Current assets..... \$	23,766,428	\$ 39,714,627
Noncurrent assets (excluding capital).....	2,052,589	2,142,039
Capital assets, not being depreciated.....	53,031,956	46,781,752
Capital assets, net of accumulated depreciation.....	144,407,097	146,938,606
<b>Total assets.....</b>	<b><u>223,258,070</u></b>	<b><u>235,577,024</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,640,054	5,258,877
Noncurrent liabilities (excluding debt).....	7,676,437	4,768,276
Current debt.....	13,175,502	29,722,169
Noncurrent debt.....	76,157,893	75,661,578
<b>Total liabilities.....</b>	<b><u>100,649,886</u></b>	<b><u>115,410,900</u></b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	119,408,316	116,241,560
Unrestricted.....	3,199,868	5,785,846
<b>Total net assets.....</b>	<b><u>122,608,184</u></b>	<b><u>122,027,406</u></b>
<b>Program revenues:</b>		
Charges for services.....	27,568,533	24,820,469
Operating grants and contributions.....	1,287,762	776,060
Capital grants and contributions.....	3,307,275	7,057,702
<b>Total revenues.....</b>	<b><u>32,163,570</u></b>	<b><u>32,654,231</u></b>
<b>Expenses:</b>		
Water.....	4,290,667	4,184,604
Sewer.....	5,613,007	5,491,001
Solid Waste.....	8,679,984	8,114,794
Airport.....	13,158,406	13,541,915
Our island home.....	8,808,654	-
<b>Total expenses.....</b>	<b><u>40,550,718</u></b>	<b><u>31,332,314</u></b>
<b>Transfers and capital contributions.....</b>	<b><u>8,967,926</u></b>	<b><u>3,534,310</u></b>
<b>Change in net assets..... \$</b>	<b><u>580,778</u></b>	<b><u>\$ 4,856,227</u></b>

There was an increase of \$581,000 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:

<b>Business-Type Activities</b>			
	Balance at June 30, 2011	Balance at June 30, 2010	Net Increase (Decrease)
<b>Net Assets:</b>			
Siasconset Water.....	\$ 4,511,758	\$ 4,279,820	\$ 231,938
Wannacomet Water Company.....	14,807,334	14,595,278	212,056
Nantucket Memorial Airport.....	49,836,676	48,229,498	1,607,178
Sewer Enterprise Fund.....	46,250,922	47,322,885	(1,071,963)
Solid Waste Enterprise Fund.....	7,516,473	7,599,925	(83,452)
Our island home.....	(314,979)	-	(314,979)
<b>Total net assets.....</b>	<b>\$ 122,608,184</b>	<b>\$ 122,027,406</b>	<b>\$ 580,778</b>

One of the most significant factors in this change is a \$1.1 million decrease in net assets in the Sewer enterprise fund due to a large reduction in sewer privilege fees.

The Nantucket Memorial Airport fund reported a \$1.6 million increase in net assets. This increase relates to capital grants reported for the construction of the aircraft rescue and fire fighting building and the terminal.

The Our Island Home enterprise fund reported a \$315,000 decrease in net assets due to a reduction in intergovernmental capital grant revenue.

At the end of the current fiscal year, the Town reports \$123 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, *unassigned 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 \$35 million, of which \$18.8 million is reported in the general fund, \$1.9 million is reported in the Town capital projects fund and \$14.3 million is reported as nonmajor governmental funds. The general fund is the Town's chief operating fund. At the end of fiscal year 2011, unassigned fund balance of the general fund totaled \$12.2 million, while assigned fund balance totaled \$6.6 million.

During fiscal year 2011, total general fund balance showed an increase of \$2.7 million. The increase was the result of positive budgetary results and the reclassification of the stabilization fund into general fund due to the implementation of GASB 54.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17% of total general fund expenditures and transfers out, while total fund balance represents 26% of that same amount. \$2.9 million of the assigned fund balance was designated at year end to support the 2012 budget. An additional \$3.7 million was for carry-over appropriations, articles and encumbrances.

The Town Capital Projects major fund is used to account for major capital acquisitions, primarily financed through long-term borrowing. The Capital Projects fund experienced a decrease of (\$4.3 million) in fund balance when compared to prior year. The key component to the decrease relates to the construction of the public safety building. In the prior year the Town recognized \$12.2 million in bond proceeds and expended approximately \$11 million on the construction. During fiscal 2011 the public safety building construction costs amounted to \$3.6 million. The building neared completion during fiscal 2011 and will become operational in fiscal 2012.

The Town also maintains a community preservation fund, classified within the nonmajor governmental funds which had a year end fund balance of \$4.6 million. 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 2011, the Town earned and accrued a year end receivable for state matching community preservation funds, of approximately \$486,000.

### ***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 \$75.7 million. Changes during the year consisted largely of allocations between and among departments. The net increase from changes to the appropriation budget totaled \$239,000.

Total actual revenue was higher than estimated revenue by \$1.9 million. At year end, outstanding purchase orders and carry-over appropriations and articles totaled approximately \$3.7 million, which is reserved in fund balance at year end. The total of actual expenditures and the amounts reserved for future expenditures was lower than the final budget by approximately \$1.8 million, a positive variance. The significant functional areas where expenditures and carry-forwards were lower than the available appropriation were Public Safety, Public Works, Employee Benefits, and General Government. Actual transfers in were more than amounts budgeted due to amounts transferred in from special revenue funds to fund fiscal year 2012 appropriations.

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

#### **Capital Assets**

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, 2011, totals \$228 million in the governmental funds, and \$197 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 \$8.2 million for governmental activities, and \$8.9 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 \$158.1 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, \$8.4 million is in short-term notes and the remaining \$149.7 million is outstanding long-term debt. The governmental fund portion of the outstanding debt is \$69.1 million. The enterprise funds' portion of the outstanding debt is \$89 million.

	Governmental Funds	Enterprise Funds	Total
Short-term.....	\$ -	\$ 8,350,000	\$ 8,350,000
Current portion of long-term.....	6,657,855	4,503,685	11,161,540
Noncurrent portion of long-term.....	62,399,616	76,157,893	138,557,509
<b>Total.....</b>	<b>\$ 69,057,471</b>	<b>\$ 89,011,578</b>	<b>\$ 158,069,049</b>

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***

In fiscal 2011, total assessed value of taxable property in the Town decreased by \$ 2.9 billion or 14%. Tax limitation laws in Massachusetts are primarily limits on tax revenue which consist of the prior year's levy base, plus 2.5%, plus revenue from new growth, plus any voter approved increases. The allowable increases to the levy base for 2011 were \$1,312,589 (2.5%) and \$333,058 for new growth (.6%). The allowable tax levy was further increased by debt payments on voter authorized borrowing.

The tax limitation laws protect municipalities from fluctuations in real estate values, whether those values are increasing or decreasing, by forcing the tax rate to move in the opposite direction. In a declining real estate market, tax rates increase to raise the allowable revenue. The residential rate for 2011 was \$3.58 per \$1,000 of assessed value. The average residential assessed value was \$1.5 million in 2011, a 15% decrease from 2010.

The 2011 Annual and Special Town Meetings approved a fiscal year 2012 total budget of \$102.5 million, including a total general fund budget of \$73.3 million. The residential tax rate for 2012 is \$3.62 per \$1,000 of assessed value. Total assessed value of taxable property decreased by \$364 million, or 2.2% in fiscal 2012. The average residential assessed value is \$1.48 million in 2012, a 2.4% decrease from 2011.

***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, 2011

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 33,977,828	\$ 17,965,716	\$ 51,943,544
Restricted cash and cash equivalents.....	-	-	-
Investments.....	4,248,485	-	4,248,485
Investments, restricted.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,567,904	-	3,567,904
Tax and trash liens.....	2,491,897	-	2,491,897
Motor vehicle and other excise taxes.....	196,061	-	196,061
User fees.....	3,991	2,792,785	2,796,776
Departmental and other.....	245,263	-	245,263
Special assessments.....	25,171	231,741	256,912
Intergovernmental.....	1,897,247	2,603,578	4,500,825
Deferred loss on refunding.....	80,056	-	80,056
Inventory.....	-	656,278	656,278
Working capital deposit.....	1,810,600	-	1,810,600
Other assets.....	-	-	-
Prepaid expenses.....	450	-	450
Internal balances.....	483,670	(483,670)	-
<b>NONCURRENT:</b>			
Restricted assets:			
Cash and cash equivalents.....	-	-	-
Cash surrender value of life insurance.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	2,017,185	2,017,185
Special assessments.....	-	35,404	35,404
Deferred loss on refunding.....	227,651	-	227,651
Capital assets, not being depreciated.....	197,704,996	53,031,956	250,736,952
Capital assets, net of accumulated depreciation.....	29,835,474	144,407,097	174,242,571
<b>TOTAL ASSETS.....</b>	<b>276,796,744</b>	<b>223,258,070</b>	<b>500,054,814</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	1,285,347	1,299,559	2,584,906
Accrued liabilities.....	13,821	626,680	640,501
Accrued payroll.....	1,301,552	111,890	1,413,442
Health claims payable.....	729,855	-	729,855
Accrued interest.....	923,522	1,055,890	1,979,412
Payroll withholdings.....	289,420	-	289,420
Security deposits.....	-	331,928	331,928
Abandoned property.....	1,196,269	-	1,196,269
Other liabilities.....	688,884	50,750	739,634
Customer deposits payable.....	702	-	702
Compensated absences.....	258,676	163,357	422,033
Workers' compensation.....	249,374	-	249,374
Notes payable.....	-	8,350,000	8,350,000
Bonds and notes payable.....	6,689,432	4,825,502	11,514,934
<b>NONCURRENT:</b>			
Landfill closure.....	-	3,064,000	3,064,000
Compensated absences.....	1,034,706	653,427	1,688,133
Other postemployment benefits.....	16,410,399	3,959,010	20,369,409
Bonds and notes payable.....	62,489,407	76,157,893	138,647,300
<b>TOTAL LIABILITIES.....</b>	<b>93,561,366</b>	<b>100,649,886</b>	<b>194,211,252</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	177,625,537	119,408,316	297,033,853
Restricted for:			
Debt service.....	-	-	-
Permanent funds:			
Expendable.....	233,557	-	233,557
Nonexpendable.....	259,962	-	259,962
Gifts and grants.....	2,656,537	-	2,656,537
Unrestricted.....	2,459,785	3,199,868	5,659,653
<b>TOTAL NET ASSETS.....</b>	<b>\$ 183,235,378</b>	<b>\$ 122,608,184</b>	<b>\$ 305,843,562</b>

See notes to basic financial statements.

<b>Component Units</b>		
<b>County</b>	<b>Nantucket Islands Land Bank</b>	<b>Total</b>
\$ 2,472,884	\$ 7,751,781	\$ 10,224,665
-	208,110	208,110
-	-	-
-	1,158,886	1,158,886
-	-	-
-	-	-
-	-	-
-	125,654	125,654
-	-	-
143,978	-	143,978
-	-	-
-	144,597	144,597
-	-	-
33,466	12,500	45,966
-	306,727	306,727
-	-	-
-	4,945,346	4,945,346
-	626,128	626,128
-	-	-
-	-	-
-	-	-
28,458	227,565,497	227,593,955
43,299	16,488,777	16,532,076
<u>2,722,085</u>	<u>259,334,003</u>	<u>262,056,088</u>
152,302	216,061	368,363
-	348,890	348,890
8,458	-	8,458
-	-	-
-	-	-
9,956	-	9,956
-	-	-
-	-	-
37,863	-	37,863
-	-	-
-	-	-
-	-	-
-	7,455,000	7,455,000
-	-	-
-	-	-
143,591	348,900	492,491
-	24,184,835	24,184,835
<u>352,170</u>	<u>32,553,686</u>	<u>32,905,856</u>
71,757	212,426,939	212,498,696
-	5,153,456	5,153,456
-	-	-
-	-	-
2,298,158	9,199,922	11,498,080
<u>\$ 2,369,915</u>	<u>\$ 226,780,317</u>	<u>\$ 229,150,232</u>

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2011

Function:	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 8,722,239	\$ 426,552	\$ 869,451	\$ -	\$ (7,426,236)
Public safety.....	12,172,241	1,362,466	857,503	435,566	(9,516,706)
Education.....	28,867,553	501,915	4,103,606	-	(24,262,032)
Public works.....	4,082,163	59,430	105,000	123,404	(3,794,329)
Community preservation.....	2,218,423	-	-	508,812	(1,709,611)
Human services.....	2,765,497	35,445	51,768	-	(2,678,284)
Culture and recreation.....	2,119,755	325,010	150,494	-	(1,644,251)
Interest.....	2,354,427	-	-	-	(2,354,427)
<b>Total Governmental Activities.....</b>	<b>63,302,298</b>	<b>2,710,818</b>	<b>6,137,822</b>	<b>1,067,782</b>	<b>(53,385,876)</b>
<i>Business-Type Activities:</i>					
Water.....	4,290,667	4,614,042	215,276	-	538,651
Sewer.....	5,613,007	4,295,062	362,672	-	(955,273)
Solid waste.....	8,679,984	3,213,551	-	152	(5,466,281)
Airport.....	13,158,406	10,918,522	709,814	3,307,123	1,777,053
Our Island Home.....	8,808,654	4,527,356	-	-	(4,281,298)
<b>Total Business-Type Activities.....</b>	<b>40,550,718</b>	<b>27,568,533</b>	<b>1,287,762</b>	<b>3,307,275</b>	<b>(8,387,148)</b>
<b>Total Primary Government.....</b>	<b>\$ 103,853,016</b>	<b>\$ 30,279,351</b>	<b>\$ 7,425,584</b>	<b>\$ 4,375,057</b>	<b>\$ (61,773,024)</b>
<b>Component Units:</b>					
County.....	1,156,386	574,764	792,200	116,200	326,778
Land Bank.....	5,708,713	16,046,650	160,089	-	10,498,026
<b>Total Component Units.....</b>	<b>\$ 6,865,099</b>	<b>\$ 16,621,414</b>	<b>\$ 952,289</b>	<b>\$ 116,200</b>	<b>\$ 10,824,804</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	County	Nantucket Islands Land Bank	Total
<b>Changes in net assets:</b>						
Net (expense) revenue from previous page.....	\$ (53,385,876)	\$ (8,387,148)	\$ (61,773,024)	\$ 326,778	\$ 10,498,026	\$ 10,824,804
<i>General revenues:</i>						
Real estate and personal property taxes, net of tax refunds payable.....	61,440,131	-	61,440,131	-	-	-
Tax liens.....	507,919	-	507,919	-	-	-
Motor vehicle and other excise taxes.....	1,867,286	-	1,867,286	-	-	-
Hotel and meals taxes.....	2,726,360	-	2,726,360	-	-	-
Penalties and interest on taxes.....	633,008	-	633,008	-	-	-
Community Preservation Fund surcharges...	1,666,540	-	1,666,540	-	-	-
Payments in lieu of taxes.....	13,822	-	13,822	-	-	-
Grants and contributions not restricted to specific programs.....	935,761	-	935,761	-	-	-
Unrestricted investment income.....	65,960	-	65,960	-	-	-
Gain on sale of capital assets.....	73,530	-	73,530	-	-	-
Miscellaneous.....	734,238	-	734,238	76,245	-	76,245
Capital contributions.....	(551,481)	551,481	-	-	-	-
Transfers, net.....	(8,416,445)	8,416,445	-	-	-	-
Total general revenues and transfers.....	61,696,629	8,967,926	70,664,555	76,245	-	76,245
Change in net assets.....	8,310,753	580,778	8,891,531	403,023	10,498,026	10,901,049
<i>Net Assets:</i>						
Beginning of year, as restated.....	174,924,625	122,027,406	296,952,031	1,966,892	216,282,291	218,249,183
End of year.....	\$ 183,235,378	\$ 122,608,184	\$ 305,843,562	\$ 2,369,915	\$ 226,780,317	\$ 229,150,232

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2011

<b>ASSETS</b>	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds	Component Unit - Nantucket County
Cash and cash equivalents.....	\$ 17,109,684	\$ 2,007,032	\$ 13,681,673	\$ 32,798,389	\$ 2,472,884
Investments.....	3,404,169	-	844,316	4,248,485	-
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	3,454,500	-	113,404	3,567,904	-
Tax liens .....	2,455,342	-	36,555	2,491,897	-
Motor vehicle and other excise taxes.....	196,061	-	-	196,061	-
User fees.....	3,991	-	-	3,991	-
Departmental and other.....	54,741	-	141,115	195,856	-
Special assessments.....	-	-	25,171	25,171	-
Intergovernmental.....	311,169	-	1,586,078	1,897,247	143,978
Due from other funds.....	1,473,450	-	500,113	1,973,563	-
Other assets.....	-	-	-	-	33,466
Prepaid expenses.....	450	-	-	450	-
<b>TOTAL ASSETS.....</b>	<b>\$ 28,463,557</b>	<b>\$ 2,007,032</b>	<b>\$ 16,928,425</b>	<b>\$ 47,399,014</b>	<b>\$ 2,650,328</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 1,024,691	\$ 69,901	\$ 189,994	\$ 1,284,586	\$ 152,302
Accrued liabilities.....	13,821	-	-	13,821	-
Accrued payroll.....	1,282,766	-	18,786	1,301,552	8,458
Liabilities due depositors.....	-	-	702	702	-
Payroll withholdings.....	289,420	-	-	289,420	9,956
Abandoned property.....	1,196,269	-	-	1,196,269	-
Other liabilities.....	461,719	-	227,165	688,884	37,863
Deferred revenues.....	4,969,449	-	860,898	5,830,347	-
Due to other funds.....	414,023	-	1,378,637	1,792,660	-
<b>TOTAL LIABILITIES.....</b>	<b>9,652,158</b>	<b>69,901</b>	<b>2,676,182</b>	<b>12,398,241</b>	<b>208,579</b>
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	288,280	288,280	-
Restricted.....	-	1,937,131	14,102,769	16,039,900	1,496,683
Committed.....	2,136,060	-	-	2,136,060	-
Assigned.....	4,488,570	-	-	4,488,570	-
Unassigned.....	12,186,769	-	(138,806)	12,047,963	945,066
<b>TOTAL FUND BALANCES.....</b>	<b>18,811,399</b>	<b>1,937,131</b>	<b>14,252,243</b>	<b>35,000,773</b>	<b>2,441,749</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 28,463,557</b>	<b>\$ 2,007,032</b>	<b>\$ 16,928,425</b>	<b>\$ 47,399,014</b>	<b>\$ 2,650,328</b>

See notes to basic financial statements.

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

JUNE 30, 2011

Total governmental fund balances.....	\$	35,000,773
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		227,540,470
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		5,830,347
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.....		2,611,597
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(923,522)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(69,178,839)	
Workers' compensation.....	(249,374)	
Compensated absences.....	(1,293,382)	
Other postemployment benefits.....	<u>(16,410,399)</u>	
Net effect of reporting long-term liabilities.....		(87,131,994)
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>307,707</u>
Net assets of governmental activities.....	\$	<u><u>183,235,378</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds	Component Unit - Nantucket County
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 62,129,489	\$ -	\$ -	\$ 62,129,489	\$ -
Tax liens.....	356,996	-	-	356,996	-
Motor vehicle and other excise taxes.....	2,048,320	-	42,053	2,090,373	-
Hotel and meals taxes.....	2,726,360	-	-	2,726,360	-
Charges for services.....	990,990	-	596,848	1,587,838	-
Community Preservation surcharges.....	-	-	1,666,540	1,666,540	-
Penalties and interest on taxes.....	626,681	-	6,327	633,008	-
Payments in lieu of taxes.....	13,822	-	-	13,822	-
Licenses and permits.....	1,015,424	-	-	1,015,424	-
Fines and forfeitures.....	254,285	-	-	254,285	-
Intergovernmental.....	3,933,876	-	3,197,368	7,131,244	116,200
Departmental and other.....	162,078	-	216,078	378,156	1,359,638
Contributions.....	-	-	1,249,415	1,249,415	-
Investment income.....	155,800	-	3,802	159,602	7,326
Miscellaneous.....	157,613	-	2,887,484	3,045,097	76,245
<b>TOTAL REVENUES.....</b>	<b>74,571,734</b>	<b>-</b>	<b>9,865,915</b>	<b>84,437,649</b>	<b>1,559,409</b>
<b>EXPENDITURES:</b>					
Current:					
County administration.....	-	-	-	-	476,664
Registry of deeds.....	-	-	-	-	259,249
Special projects.....	-	-	-	-	284,522
General government.....	6,209,441	48,417	1,017,297	7,275,155	-
Public safety.....	8,502,354	3,629,734	1,934,771	14,066,859	-
Education.....	22,097,851	-	2,901,688	24,999,539	-
Public works.....	2,406,506	-	763,468	3,169,974	-
Community preservation.....	-	-	2,218,423	2,218,423	-
Human services.....	861,185	-	28,663	889,848	-
Culture and recreation.....	1,658,107	-	379,733	2,037,840	-
Pension benefits.....	5,121,086	-	-	5,121,086	-
Employee benefits.....	6,541,234	-	-	6,541,234	-
State and county charges.....	461,358	-	-	461,358	-
Debt service:					
Principal.....	6,873,511	684,142	1,170	7,558,823	-
Interest.....	2,400,981	-	607	2,401,588	-
<b>TOTAL EXPENDITURES.....</b>	<b>63,133,614</b>	<b>4,362,293</b>	<b>9,245,820</b>	<b>76,741,727</b>	<b>1,020,435</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>11,438,120</b>	<b>(4,362,293)</b>	<b>620,095</b>	<b>7,695,922</b>	<b>538,974</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of capital assets.....	-	-	73,530	73,530	-
Transfers in.....	967,905	54,210	532,589	1,554,704	500,774
Transfers out.....	(9,666,236)	(23,179)	(281,734)	(9,971,149)	(500,774)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(8,698,331)</b>	<b>31,031</b>	<b>324,385</b>	<b>(8,342,915)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,739,789</b>	<b>(4,331,262)</b>	<b>944,480</b>	<b>(646,993)</b>	<b>538,974</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED..</b>	<b>16,071,610</b>	<b>6,268,393</b>	<b>13,307,763</b>	<b>35,647,766</b>	<b>1,902,775</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 18,811,399</b>	<b>\$ 1,937,131</b>	<b>\$ 14,252,243</b>	<b>\$ 35,000,773</b>	<b>\$ 2,441,749</b>

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, 2011

Net change in fund balances - total governmental funds.....		\$ (646,993)
<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.....	8,222,370	
Depreciation expense.....	<u>(2,539,494)</u>	
Net effect of reporting capital assets.....		5,682,876
<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>		
		(1,699,456)
<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>		
Debt service principal payments.....	<u>7,558,823</u>	
Net effect of reporting long-term debt.....		7,558,823
<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.....	266,685	
Net change in accrued interest on long-term debt.....	102,341	
Net change in workers' compensation.....	(72,724)	
Capital transfer to enterprise fund.....	(551,481)	
Amortization of deferred charge on refunding.....	(91,121)	
Amortization of premiums on bonds and notes payable.....	35,941	
Other postemployment benefits.....	<u>(1,352,538)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(1,662,897)
<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>(921,600)</u>
Change in net assets of governmental activities.....		<u>\$ 8,310,753</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET ASSETS

JUNE 30, 2011

Business-type Activities - Enterprise Funds

	Siasconset Water	Sewer	Solid Waste	Nantucket Memorial Airport
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 1,454,308	\$ 4,516,896	\$ 1,836,862	\$ 3,933,053
Restricted cash and cash equivalents.....	-	-	-	-
Investments, designated.....	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Land Bank accounts.....	-	-	-	-
Insurance reimbursements.....	-	-	-	-
User fees.....	4,810	725,077	612,203	264,694
Sewer privilege fees.....	-	231,741	-	-
Intergovernmental.....	-	124,854	-	2,478,724
Inventory.....	-	-	-	539,896
Working capital deposit.....	-	-	-	-
Land deposits.....	-	-	-	-
Due from other funds.....	83,774	381,208	-	401,072
Total current assets.....	<u>1,542,892</u>	<u>5,979,776</u>	<u>2,449,065</u>	<u>7,617,439</u>
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	-	2,017,185	-	-
Sewer privilege fees.....	-	35,404	-	-
Restricted cash and cash equivalents.....	-	-	-	-
Cash surrender value of life insurance.....	-	-	-	-
Capital assets, net being depreciated.....	9,442,018	14,149,063	2,651,406	12,219,446
Capital assets, net of accumulated depreciation.....	2,326,561	70,557,894	6,863,854	46,530,667
Total noncurrent assets.....	<u>11,768,579</u>	<u>86,759,546</u>	<u>9,515,260</u>	<u>58,750,113</u>
<b>TOTAL ASSETS.....</b>	<u>13,311,471</u>	<u>92,739,322</u>	<u>11,964,325</u>	<u>66,367,552</u>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	11,626	94,704	528,773	124,191
Accrued liabilities.....	8,099	-	5,727	592,706
Accrued payroll.....	119	11,888	507	40,658
Health claims payable.....	-	-	-	-
Security deposits.....	-	-	-	331,928
Accrued interest.....	115,761	547,865	9,958	90,477
Other liabilities.....	-	-	-	50,750
Due to other funds.....	16,188	71,026	63,374	1,003,851
Compensated absences.....	-	7,139	-	70,491
Notes payable.....	150,000	-	-	6,150,000
Bonds payable.....	615,868	1,963,685	110,000	670,000
Total current liabilities.....	<u>917,661</u>	<u>2,696,307</u>	<u>718,339</u>	<u>9,125,052</u>
<b>NONCURRENT:</b>				
Landfill closure.....	-	-	3,064,000	-
Compensated absences.....	-	28,557	-	281,966
Notes payable.....	-	-	-	-
Other postemployment benefits.....	82,052	225,643	20,513	1,353,858
Bonds payable.....	7,800,000	43,537,893	645,000	5,770,000
Total noncurrent liabilities.....	<u>7,882,052</u>	<u>43,792,093</u>	<u>3,729,513</u>	<u>7,405,824</u>
<b>TOTAL LIABILITIES.....</b>	<u>8,799,713</u>	<u>46,488,400</u>	<u>4,447,852</u>	<u>16,530,876</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	4,304,859	41,347,418	9,305,260	50,156,616
Restricted.....	-	-	-	-
Unrestricted:				
Undesignated.....	206,899	4,903,504	(1,788,787)	(319,940)
<b>TOTAL NET ASSETS.....</b>	<u>\$ 4,511,758</u>	<u>\$ 46,250,922</u>	<u>\$ 7,516,473</u>	<u>\$ 49,836,676</u>

See notes to basic financial statements.

				Component
				Unit
Wannacomet Water Company	Our Island Home	Total Business-Type Activities	Governmental Activities - Internal Service Fund	Nantucket Islands Land Bank
\$ 5,714,243	\$ 510,354	\$ 17,965,716	\$ 1,179,439	\$ 7,751,781
-	-	-	-	208,110
-	-	-	-	1,158,886
-	-	-	-	125,654
-	-	-	49,407	-
503,468	682,533	2,792,785	-	-
-	-	231,741	-	-
-	-	2,603,578	-	-
116,382	-	656,278	-	144,597
-	-	-	1,810,600	-
-	-	-	-	12,500
-	419,488	1,285,542	302,767	306,727
<u>6,334,093</u>	<u>1,612,375</u>	<u>25,535,640</u>	<u>3,342,213</u>	<u>9,708,255</u>
-	-	2,017,185	-	-
-	-	35,404	-	-
-	-	-	-	4,945,346
-	-	-	-	626,128
14,439,418	130,605	53,031,956	-	227,565,497
17,683,225	444,896	144,407,097	-	16,488,777
<u>32,122,643</u>	<u>575,501</u>	<u>199,491,642</u>	<u>-</u>	<u>249,625,748</u>
<u>38,456,736</u>	<u>2,187,876</u>	<u>225,027,282</u>	<u>3,342,213</u>	<u>259,334,003</u>
389,384	150,881	1,299,559	761	216,061
16,586	3,562	626,680	-	348,890
12,037	46,681	111,890	-	-
-	-	-	729,855	-
-	-	331,928	-	-
291,829	-	1,055,890	-	-
-	-	50,750	-	-
543,570	71,203	1,769,212	-	-
29,368	56,359	163,357	-	-
2,050,000	-	8,350,000	-	7,455,000
1,465,949	-	4,825,502	-	-
<u>4,798,723</u>	<u>328,686</u>	<u>18,584,768</u>	<u>730,616</u>	<u>8,019,951</u>
-	-	3,064,000	-	-
117,471	225,433	653,427	-	-
-	-	-	-	24,184,835
328,208	1,948,736	3,959,010	-	348,900
18,405,000	-	76,157,893	-	-
<u>18,850,679</u>	<u>2,174,169</u>	<u>83,834,330</u>	<u>-</u>	<u>24,533,735</u>
<u>23,649,402</u>	<u>2,502,855</u>	<u>102,419,098</u>	<u>730,616</u>	<u>32,553,686</u>
13,718,662	575,501	119,408,316	-	212,426,939
-	-	-	-	5,153,456
1,088,672	(890,480)	3,199,868	2,611,597	9,199,922
<u>\$ 14,807,334</u>	<u>\$ (314,979)</u>	<u>\$ 122,608,184</u>	<u>\$ 2,611,597</u>	<u>\$ 226,780,317</u>

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

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds			
	Siasconset Water Company	Sewer	Solid Waste	Nantucket Memorial Airport
<b>OPERATING REVENUES:</b>				
Lease and rental income.....	\$ -	\$ -	\$ -	\$ -
Fee revenue.....	-	-	-	-
Charges for services.....	947,295	3,605,823	3,213,551	10,855,671
Intergovernmental.....	-	362,672	-	-
Other.....	-	-	-	-
Contributions.....	-	-	-	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>947,295</b>	<b>3,968,495</b>	<b>3,213,551</b>	<b>10,855,671</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration.....	289,807	1,952,459	8,154,101	9,248,536
Depreciation.....	38,951	2,023,608	493,906	2,409,276
Employee benefits.....	51,306	148,799	2,529	1,032,163
<b>TOTAL OPERATING EXPENSES.....</b>	<b>380,064</b>	<b>4,124,866</b>	<b>8,650,536</b>	<b>12,689,975</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>567,231</b>	<b>(156,371)</b>	<b>(5,436,985)</b>	<b>(1,834,304)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income.....	8,321	2,884	152	51,861
Interest expense.....	(339,604)	(1,488,141)	(29,448)	(468,431)
Intergovernmental capital grants.....	-	-	-	4,027,927
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(331,283)</b>	<b>(1,485,257)</b>	<b>(29,296)</b>	<b>3,611,357</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....</b>	<b>235,948</b>	<b>(1,641,628)</b>	<b>(5,466,281)</b>	<b>1,777,053</b>
Capital contributions.....	-	-	-	-
Capital contributions-privilege fees.....	-	686,355	-	-
Transfers in.....	12,059	129,743	5,447,534	4,060
Transfers out.....	(16,069)	(246,433)	(64,705)	(173,935)
<b>CHANGE IN NET ASSETS.....</b>	<b>231,938</b>	<b>(1,071,963)</b>	<b>(83,452)</b>	<b>1,607,178</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>4,279,820</b>	<b>47,322,885</b>	<b>7,599,925</b>	<b>48,229,498</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 4,511,758</b>	<b>\$ 46,250,922</b>	<b>\$ 7,516,473</b>	<b>\$ 49,836,676</b>

See notes to basic financial statements.

				Component Unit
Wannacomet Water Company	Our Island Home	Total Business-Type Activities	Governmental Activities - Internal Service Fund	Nantucket Islands Land Bank
\$ -	\$ -	\$ -	\$ -	\$ 216,477
-	-	-	-	15,788,622
3,666,747	4,527,356	26,816,443	-	-
-	-	362,672	-	-
188,546	-	188,546	49,797	41,551
-	-	-	9,895,656	-
<u>3,855,293</u>	<u>4,527,356</u>	<u>27,367,661</u>	<u>9,945,453</u>	<u>16,046,650</u>
2,041,725	6,543,362	28,229,990	-	4,648,500
691,779	34,764	5,692,284	-	-
<u>53,726</u>	<u>2,230,528</u>	<u>3,519,051</u>	<u>10,869,510</u>	<u>-</u>
<u>2,787,230</u>	<u>8,808,654</u>	<u>37,441,325</u>	<u>10,869,510</u>	<u>4,648,500</u>
<u>1,068,063</u>	<u>(4,281,298)</u>	<u>(10,073,664)</u>	<u>(924,057)</u>	<u>11,398,150</u>
18,409	-	81,627	2,457	160,089
(783,769)	-	(3,109,393)	-	(1,060,213)
-	-	4,027,927	-	-
<u>(765,360)</u>	<u>-</u>	<u>1,000,161</u>	<u>2,457</u>	<u>(900,124)</u>
<u>302,703</u>	<u>(4,281,298)</u>	<u>(9,073,503)</u>	<u>(921,600)</u>	<u>10,498,026</u>
-	551,481	551,481	-	-
-	-	686,355	-	-
-	3,486,041	9,079,437	-	-
<u>(90,647)</u>	<u>(71,203)</u>	<u>(662,992)</u>	<u>-</u>	<u>-</u>
212,056	(314,979)	580,778	(921,600)	10,498,026
<u>14,595,278</u>	<u>-</u>	<u>122,027,406</u>	<u>3,533,197</u>	<u>216,282,291</u>
<u>\$ 14,807,334</u>	<u>\$ (314,979)</u>	<u>\$ 122,608,184</u>	<u>\$ 2,611,597</u>	<u>\$ 226,780,317</u>

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds			
	Siasconset Water Company	Sewer	Solid Waste	Nantucket Memorial Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users.....	\$ 952,149	\$ 3,629,516	\$ 3,115,520	\$ 10,764,907
Employer and employee contributions to fund.....	-	-	-	-
Receipts from other governments.....	-	1,285,455	-	-
Receipts from other operating revenues.....	-	-	-	-
Payments to vendors.....	(165,044)	(1,230,820)	(7,598,631)	(5,271,327)
Payments to employees.....	(133,092)	(794,774)	(48,884)	(4,110,928)
Payments for interfund services used.....	(51,306)	(148,799)	(2,529)	(1,032,163)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>602,707</b>	<b>2,740,578</b>	<b>(4,534,524)</b>	<b>350,489</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in.....	12,059	129,743	5,447,534	4,060
Transfers out.....	(16,069)	(246,433)	(64,705)	(173,935)
Advances (to) from other funds.....	82,388	(462,693)	69,704	1,297,261
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>78,378</b>	<b>(579,383)</b>	<b>5,452,533</b>	<b>1,127,386</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from the issuance of bonds and notes.....	150,000	-	-	11,150,000
Premium from the issuance of bonds and notes.....	(5,048)	-	-	-
Capital grants.....	-	-	-	4,112,619
Sewer privilege fees.....	-	2,378,454	-	-
Acquisition and construction of capital assets.....	(688,771)	(276,128)	-	(6,038,616)
Net change in land deposits.....	-	-	-	-
Principal payments on bonds and notes.....	(510,000)	(1,785,974)	(110,000)	(25,596,500)
Interest expense.....	(345,758)	(1,509,760)	(30,670)	(525,922)
Capital contributions.....	-	-	-	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(1,399,577)</b>	<b>(1,193,408)</b>	<b>(140,670)</b>	<b>(16,898,419)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investments.....	-	-	-	-
Investment income.....	8,321	2,884	152	51,861
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>8,321</b>	<b>2,884</b>	<b>152</b>	<b>51,861</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(710,171)</b>	<b>970,671</b>	<b>777,491</b>	<b>(15,368,683)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>2,164,479</b>	<b>3,546,225</b>	<b>1,059,371</b>	<b>19,301,736</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 1,454,308</b>	<b>\$ 4,516,896</b>	<b>\$ 1,836,862</b>	<b>\$ 3,933,053</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>				
<b>FROM OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ 567,231	\$ (156,371)	\$ (5,436,985)	\$ (1,834,304)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	38,951	2,023,608	493,906	2,409,276
Changes in assets and liabilities:				
Insurance reimbursements.....	-	-	-	-
User fees.....	4,854	23,693	(98,031)	(90,764)
Accounts receivable.....	-	-	-	-
Intergovernmental.....	-	922,783	-	-
Inventory.....	-	-	-	(234,818)
Working capital deposit.....	-	-	-	-
Other assets.....	-	-	-	-
Prepaid expenses.....	-	-	-	-
Warrants payable.....	(26,527)	(27,014)	30,661	(381,116)
Accrued liabilities.....	8,099	-	5,727	592,706
Security deposits.....	-	-	-	(17,070)
Accrued payroll.....	(3,018)	(9,268)	(1,444)	(77,740)
Health claims payable.....	-	-	-	-
Landfill closure.....	-	-	485,597	-
Other liabilities.....	-	-	-	(245,105)
Accrued compensated absences.....	-	(29,114)	-	21,916
Other postemployment benefit.....	13,117	(7,739)	(13,955)	207,508
<b>Total adjustments.....</b>	<b>35,476</b>	<b>2,896,949</b>	<b>902,461</b>	<b>2,184,793</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 602,707</b>	<b>\$ 2,740,578</b>	<b>\$ (4,534,524)</b>	<b>\$ 350,489</b>

See notes to basic financial statements.

			Component Unit	
Wannacomet Water Company	Our Island Home	Total Business-Type Activities	Governmental Activities Internal Service Fund	Nantucket Islands Land Bank
\$ 4,084,311	\$ 3,844,823	\$ 26,391,226	\$ -	\$ 20,289,750
-	-	-	9,803,521	-
-	-	1,285,455	-	-
-	-	-	49,797	258,028
(686,527)	(469,967)	(15,422,316)	(10,900,112)	(6,598,860)
(1,346,985)	(3,641,743)	(10,076,406)	-	(1,652,926)
<u>(53,726)</u>	<u>(2,230,528)</u>	<u>(3,519,051)</u>	<u>-</u>	<u>-</u>
<u>1,997,073</u>	<u>(2,497,415)</u>	<u>(1,341,092)</u>	<u>(1,046,794)</u>	<u>12,295,992</u>
-	3,486,041	9,079,437	-	-
(90,647)	(71,203)	(662,992)	-	-
<u>756,530</u>	<u>(348,285)</u>	<u>1,394,905</u>	<u>643,609</u>	<u>-</u>
<u>665,883</u>	<u>3,066,553</u>	<u>9,811,350</u>	<u>643,609</u>	<u>-</u>
2,050,000	-	13,350,000	-	-
-	-	(5,048)	-	-
-	-	4,112,619	-	-
-	-	2,378,454	-	-
(3,387,629)	(610,265)	(11,001,409)	-	(10,595,427)
-	-	-	-	140,000
(1,380,000)	-	(29,382,474)	-	(2,257,782)
(807,575)	-	(3,219,685)	-	(1,060,213)
<u>-</u>	<u>551,481</u>	<u>551,481</u>	<u>-</u>	<u>-</u>
<u>(3,525,204)</u>	<u>(58,784)</u>	<u>(23,216,062)</u>	<u>-</u>	<u>(13,773,422)</u>
-	-	-	213,725	(26,208)
<u>18,409</u>	<u>-</u>	<u>81,627</u>	<u>2,457</u>	<u>160,089</u>
<u>18,409</u>	<u>-</u>	<u>81,627</u>	<u>216,182</u>	<u>133,881</u>
(843,839)	510,354	(14,664,177)	(187,003)	(1,343,549)
<u>6,558,082</u>	<u>-</u>	<u>32,629,893</u>	<u>1,366,442</u>	<u>10,184,142</u>
<u>\$ 5,714,243</u>	<u>\$ 510,354</u>	<u>\$ 17,965,716</u>	<u>\$ 1,179,439</u>	<u>\$ 8,840,593</u>
-	-	-	-	-
\$ 1,068,063	\$ (4,281,298)	\$ (10,073,664)	\$ (924,057)	\$ 11,398,152
691,779	34,764	5,692,284	-	1,004,810
-	-	-	(49,407)	(18,737)
229,018	(682,533)	(613,763)	-	-
-	-	-	-	(2,915)
-	-	922,783	-	-
(16,417)	-	(251,235)	-	(11,917)
-	-	-	(26,300)	-
5,273	-	5,273	10,500	-
-	-	-	-	(4,737)
(21,900)	150,881	(275,015)	(4,302)	-
5,590	3,562	615,684	-	(68,664)
-	-	(17,070)	-	-
(18,059)	46,681	(62,848)	-	-
-	-	-	(53,228)	-
-	-	485,597	-	-
-	-	(245,105)	-	-
(7,480)	281,792	267,114	-	-
<u>61,206</u>	<u>1,948,736</u>	<u>2,208,873</u>	<u>-</u>	<u>-</u>
<u>929,010</u>	<u>-</u>	<u>8,732,572</u>	<u>(122,737)</u>	<u>897,840</u>
<u>\$ 1,997,073</u>	<u>\$ (2,497,415)</u>	<u>\$ (1,341,092)</u>	<u>\$ (1,046,794)</u>	<u>\$ 12,295,992</u>

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 349,549	\$ 288,053
Investments.....	2,186,090	-
<b>TOTAL ASSETS.....</b>	<b>2,535,639</b>	<b>288,053</b>
<b>LIABILITIES</b>		
Warrants payable.....	-	4,976
Liabilities due depositors.....	-	283,077
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>288,053</b>
<b>NET ASSETS</b>		
Held in trust for other purposes.....	\$ 2,535,639	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust Funds</u>
<b><u>ADDITIONS:</u></b>	
Contributions:	
Private donations.....	\$ 22,966
Net investment income (loss):	
Interest.....	<u>110,108</u>
TOTAL ADDITIONS.....	<u>133,074</u>
<b><u>DEDUCTIONS:</u></b>	
General government.....	6,400
Educational scholarships.....	59,820
Public works.....	3,000
Human services.....	<u>13,414</u>
TOTAL DEDUCTIONS.....	<u>82,634</u>
CHANGE IN NET ASSETS.....	50,440
NET ASSETS AT BEGINNING OF YEAR.....	<u>2,485,199</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 2,535,639</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 Corrections 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 *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds.

The *permanent fund* is used to account for and report 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 *Our Island Home enterprise fund* is used to account for the Town's nursing home activities.

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*

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Government Accounting Standards Board. Governments also have the opinion of following subsequent private-sector guidance for their business-type activities and

enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

#### 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 1<sup>st</sup> 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 1<sup>st</sup> and May 1<sup>st</sup> 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 User Fees***

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

Water User Fees for Wannacommet 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 User Fees***

Sewer User 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 User Fees***

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

***Airport User Fees***

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

***Sewer Privilege Fees***

Sewer privilege fees consist of betterments assessed to homeowners in relation to upgrades to the Surfside Wastewater Treatment Plant.

**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
Machinery and equipment.....	5-15
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.

“Gifts and grants” represents restrictions placed on assets from outside parties.

#### *Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

### 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, 2011, there was an individual fund deficit within a special revenue fund, which is classified as non-major governmental funds in the fund financial statements. This deficit will be funded through available funds and grants during fiscal year 2012.

### 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, 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 \$47,160,369 and the bank balance totaled \$48,978,720. Of the bank balance, \$1,250,000 was covered by the Federal Depositors Insurance Company, \$3,087,968 was covered by the Depositors Insurance Fund and \$44,640,752 was collateralized.

### *Component Unit-County*

At fiscal year-end, the carrying amount of deposits of Nantucket County totaled \$2,472,884 and the bank balance totaled \$2,311,560. Of the bank balance, \$750,000 was covered by Federal Depository Insurance and the remaining \$1,561,560 was fully collateralized.

*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 \$12,905,237, of which \$299,469 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 seller’s death. These reserve funds are included in restricted cash and cash equivalents in the accompanying financial statements.

Investments

As of June 30, 2011, the Town of Nantucket had the following investments:

*Primary Government*

	Fair Value	Maturity		
		Under 1 Year	1-5 Years	6-10 Years
<b>Debt Securities:</b>				
Federal Home Loan Bank.....	\$ 455,560	\$ -	\$ -	\$ 455,560
Federal Home Loan Mortgage Corporation.....	1,858,853	-	1,858,853	-
Federal National Mortgage Association.....	1,253,362	-	1,253,362	-
Federal Home Loan Mortgage Corporation Gold.....	1,951	-	1,951	-
United States Treasury Note.....	2,864,849	209,226	2,097,580	558,043
Repurchase Agreements.....	3,082,360	3,082,360	-	-
<b>Total Debt Securities.....</b>	<b>9,516,935</b>	<b>\$ 3,291,586</b>	<b>\$ 5,211,746</b>	<b>\$ 1,013,603</b>
<b>Other Investments:</b>				
Equity Mutual Funds.....	580,089			
MMDT.....	1,758,328			
<b>Total Investments.....</b>	<b>\$ 11,855,352</b>			

*Component Unit-County*

The County did not have any investments as of June 30, 2011.

*Component Unit-Nantucket Islands Land Bank*

At June 30, 2011, the Land Bank’s investments of \$1,158,886 represent 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 2007A and Series 2009A bonds outstanding as of June 30, 2011. 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 addressing 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 \$455,560 in Federal Home Loan Bank, \$1,858,853 in Federal Home Loan Mortgage Corporation, \$1,253,362 in Federal National Mortgage Association \$1,951 in Federal Home Loan Mortgage Corporation Gold, and \$2,864,849 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 which is invested in U.S. Treasury Notes.

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, 2011 in debt securities, \$6,434,575 are rated AAA. Investments in U.S. Treasury notes are not considered to have credit risk.

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*

Greater 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.....	16%
Federal National Mortgage Association.....	11%
United States Treasury Note.....	26%
MMDT.....	15%

**NOTE 3 – RECEIVABLES**

At June 30, 2011, receivables for the individual major, nonmajor 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.....	\$ 3,900,331	\$ (332,427)	\$ 3,567,904
Tax liens .....	2,491,897	-	2,491,897
Motor vehicle and other excise taxes.....	816,355	(620,294)	196,061
User fees.....	3,991	-	3,991
Departmental and other.....	326,128	(80,865)	245,263
Special assessments.....	25,171	-	25,171
Intergovernmental.....	1,897,247	-	1,897,247
Total.....	<u>\$ 9,461,120</u>	<u>\$ (1,033,586)</u>	<u>\$ 8,427,534</u>

At June 30, 2011, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water fees.....	\$ 508,278	\$ -	\$ 508,278
Sewer fees.....	725,077	-	725,077
Solid waste fees.....	733,880	(121,677)	612,203
Airport fees.....	264,694	-	264,694
Our island home fees.....	853,166	(170,633)	682,533
Intergovernmental.....	4,620,763	-	4,620,763
Total.....	<u>\$ 7,705,858</u>	<u>\$ (292,310)</u>	<u>\$ 7,413,548</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.....	\$ 2,259,314	\$ 113,404	\$ 2,372,718
Tax liens.....	2,455,342	36,555	2,491,897
Motor vehicle and other excise taxes.....	196,061	-	196,061
User fees.....	3,991	-	3,991
Departmental and other.....	54,741	141,117	195,858
Special assessments.....	-	25,171	25,171
Intergovernmental.....	-	544,651	544,651
Total.....	<u>\$ 4,969,449</u>	<u>\$ 860,898</u>	<u>\$ 5,830,347</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the primary government for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 169,985,564	\$ -	\$ -	\$ 169,985,564
Construction in progress.....	22,695,107	5,800,583	(776,258)	27,719,432
Total capital assets not being depreciated.....	192,680,671	5,800,583	(776,258)	197,704,996
<u>Capital assets being depreciated:</u>				
Vehicles.....	8,781,335	392,862	(353,193)	8,821,004
Buildings.....	34,228,208	1,420,958	(1,221,304)	34,427,862
Machinery and equipment.....	8,321,789	623,550	(359,309)	8,586,030
Infrastructure.....	26,270,303	760,675	-	27,030,978
Total capital assets being depreciated.....	77,601,635	3,198,045	(1,933,806)	78,865,874
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(6,276,006)	(607,603)	249,580	(6,634,029)
Buildings.....	(16,892,846)	(797,384)	839,564	(16,850,666)
Machinery and equipment.....	(7,311,286)	(319,697)	293,181	(7,337,802)
Infrastructure.....	(17,393,093)	(814,810)	-	(18,207,903)
Total accumulated depreciation.....	(47,873,231)	(2,539,494)	1,382,325	(49,030,400)
Total capital assets being depreciated, net.....	29,728,404	658,551	(551,481)	29,835,474
Total governmental activities capital assets, net.....	\$ 222,409,075	\$ 6,459,134	\$ (1,327,739)	\$ 227,540,470

The capital asset totals for the business-type activities at June 30, 2011 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 17,142,428	\$ -	\$ -	\$ 17,142,428
Construction in progress.....	29,639,324	7,303,157	(1,052,953)	35,889,528
Total capital assets not being depreciated.....	46,781,752	7,303,157	(1,052,953)	53,031,956
<u>Capital assets being depreciated:</u>				
Land improvements.....	25,020,204	711,308	-	25,731,512
Plant.....	61,730,450	-	-	61,730,450
Infrastructure.....	39,646,280	57,374	-	39,703,654
Buildings.....	51,643,282	1,708,592	-	53,351,874
Vehicles.....	4,721,340	87,290	-	4,808,630
Machinery and equipment.....	18,576,441	97,995	-	18,674,436
Furniture, fixtures and computer equipment.....	611,534	-	-	611,534
Total capital assets being depreciated.....	201,949,531	2,662,559	-	204,612,090
Less accumulated depreciation.....	(54,629,187)	(5,575,806)	-	(60,204,993)
Total capital assets being depreciated, net.....	147,320,344	(2,913,247)	-	144,407,097
Total business-type activities, capital assets.....	\$ 194,102,096	\$ 4,389,910	\$ (1,052,953)	\$ 197,439,053

The Town established the Our Island Home enterprise fund in fiscal year 2011. Consequently, capital assets of Our Island Home enterprise fund were transferred from the General Government to the Our Island Home enterprise fund.

Capital asset activity for the Nantucket County and Nantucket Islands Land Bank component units for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Nantucket Islands Land Bank Component Unit</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 213,815,625	\$ 13,749,872	\$ -	\$ 227,565,497
<u>Capital assets being depreciated:</u>				
Buildings, improvements and equipment.....	21,966,823	288,190	(98,538)	22,156,475
Less accumulated depreciation.....	(4,783,493)	(982,743)	98,538	(5,667,698)
Total capital assets being depreciated, net.....	17,183,330	(694,553)	-	16,488,777
Total Nantucket Islands Land Bank Component Unit, capital assets.....	\$ 230,998,955	\$ 13,055,319	\$ -	\$ 244,054,274

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Nantucket County Component Unit</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 28,458	\$ -	\$ -	\$ 28,458
<u>Capital assets being depreciated:</u>				
Equipment.....	371,950	-	-	371,950
Total capital assets being depreciated.....	371,950	-	-	371,950
<u>Less accumulated depreciation for:</u>				
Equipment.....	(285,352)	(43,299)	-	(328,651)
Total accumulated depreciation.....	(285,352)	(43,299)	-	(328,651)
Total capital assets being depreciated, net.....	86,598	(43,299)	-	43,299
Total County Component Unit capital assets.....	\$ 115,056	\$ (43,299)	\$ -	\$ 71,757

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government.....	\$ 53,980
Public safety.....	653,880
Education.....	719,137
Public works.....	974,970
Human services.....	8,384
Culture and recreation.....	129,143
Total depreciation expense - governmental activities.....	\$ 2,539,494

**Business-Type Activities:**

Water.....	\$ 730,730
Sewer.....	2,023,608
Solid waste.....	493,906
Airport.....	2,292,798
Our Island Home.....	34,764
Total depreciation expense - business-type activities.....	\$ 5,575,806

**Nantucket County Component Unit:**

Registry of Deeds.....	\$ 43,299
------------------------	-----------

**Nantucket Islands Land Bank Component Unit:**

Land Bank.....	\$ 982,743
----------------	------------

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

Interfund receivables and payables at June 30, 2011 are summarized as follows:

Due From:	Due To:								Total
	General Fund	Nonmajor Governmental Funds	Siasconset Water Company	Sewer Enterprise Fund	Nantucket Memorial Airport	Our Island Home	Internal Service		
General Fund.....	\$ -	\$ 892	\$ 12,059	\$ -	\$ 401,072	\$ -	\$ -	\$ -	\$ 414,023
Nonmajor Governmental Funds.....	157,161	499,221	-	-	-	419,488	302,767	-	1,378,637
Siasconset Water Company.....	16,188	-	-	-	-	-	-	-	16,188
Sewer Enterprise Fund.....	71,026	-	-	-	-	-	-	-	71,026
Solid Waste Enterprise Fund.....	63,374	-	-	-	-	-	-	-	63,374
Nantucket Memorial Airport.....	1,003,851	-	-	-	-	-	-	-	1,003,851
Wannacomet Water Company.....	90,647	-	71,715	381,208	-	-	-	-	543,570
Our Island Home.....	71,203	-	-	-	-	-	-	-	71,203
<b>Total.....</b>	<b>\$ 1,473,450</b>	<b>\$ 500,113</b>	<b>\$ 83,774</b>	<b>\$ 381,208</b>	<b>\$ 401,072</b>	<b>\$ 419,488</b>	<b>\$ 302,767</b>	<b>\$ -</b>	<b>\$ 3,561,872</b>

Interfund receivables and payables represent timing differences between financial transactions and the corresponding transfer of cash between accounts.

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Transfers Out:	Transfers In:								
	General Fund	Capital Projects	Nonmajor Governmental Funds	Siasconset Water Company	Sewer Enterprise Fund	Nantucket Memorial Airport	Our Island Home	Solid Waste Enterprise Fund	Total
General Fund.....	\$ -	\$ 54,210	\$ 532,589	\$ 12,059	\$ 129,743	\$ 4,060	\$ 3,486,041	\$ 5,447,534	\$ 9,666,236 (1)
Capital Projects.....	23,179	-	-	-	-	-	-	-	23,179 (2)
Nonmajor Governmental Funds.....	281,734	-	-	-	-	-	-	-	281,734 (3)
Siasconset Water Company.....	16,069	-	-	-	-	-	-	-	16,069 (4)
Wannacomet Water Company.....	90,647	-	-	-	-	-	-	-	90,647 (4)
Nantucket Memorial Airport.....	173,935	-	-	-	-	-	-	-	173,935 (4)
Sewer Enterprise Fund.....	246,433	-	-	-	-	-	-	-	246,433 (4)
Our Island Home Enterprise Fund..	71,203	-	-	-	-	-	-	-	71,203 (4)
Solid Waste Enterprise Fund.....	64,705	-	-	-	-	-	-	-	64,705 (4)
<b>Total.....</b>	<b>\$ 967,905</b>	<b>\$ 54,210</b>	<b>\$ 532,589</b>	<b>\$ 12,059</b>	<b>\$ 129,743</b>	<b>\$ 4,060</b>	<b>\$ 3,486,041</b>	<b>\$ 5,447,534</b>	<b>\$ 10,634,141</b>

(1) Appropriations from the General Fund to fund prior year deficits in other funds, annual funding to the Community School, General Fund subsidies to Enterprise Funds, and reserve fund transfers to other funds.

(2) Transfers from the various Capital Projects Funds to the General Fund for completed projects originally funded through free cash appropriations.

(3) Transfers to the General Fund from the Ambulance Reserve Fund, the 3C grant fund, and the Parks and Recreation Revolving Funds to fund appropriations and to reimburse for indirect costs.

(4) Transfers to the General Fund from the Enterprise for indirect costs.

**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, 2011, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2011
<i>Governmental Funds</i>							
RAN	General Purpose.....	1.10	02/25/11	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -
<i>Enterprise Funds</i>							
BAN	Airport Terminal.....	1.50	02/25/11	8,316,500	-	8,316,500	-
BAN	Airport Construction.....	1.50	02/25/11	6,850,000	-	6,850,000	-
BAN	Airport Construction.....	1.50	02/25/11	4,000,000	-	4,000,000	-
BAN	Airport Construction.....	1.50	02/25/11	3,000,000	-	3,000,000	-
BAN	Airport Runway Design.....	1.50	02/25/11	2,000,000	-	2,000,000	-
BAN	Airport Remodeling.....	1.50	02/25/11	500,000	-	500,000	-
BAN	Airport Departmental Equipment .....	1.50	02/25/11	250,000	-	250,000	-
BAN	Airport Runway Design & Engineering.....	1.25	02/24/12	-	2,000,000	-	2,000,000
BAN	Airport Building.....	1.25	02/24/12	-	600,000	-	600,000
BAN	Airport Renovation.....	1.50	02/24/12	-	1,500,000	-	1,500,000
BAN	Airport Ramp Extension Design & Engineering.....	1.50	02/24/12	-	750,000	-	750,000
BAN	Airport Improvements.....	1.50	02/24/12	-	400,000	-	400,000
BAN	Airport Parking Lot Improvements.....	1.50	02/24/12	-	400,000	-	400,000
BAN	Airport Remodeling.....	1.50	02/24/12	-	500,000	-	500,000
BAN	Wannacomet Water.....	1.50	02/24/12	-	1,200,000	-	1,200,000
BAN	Wannacomet Water Equipment.....	1.50	02/24/12	-	850,000	-	850,000
BAN	Siasconset Water.....	1.50	02/24/12	-	150,000	-	150,000
<i>Total Enterprise Fund.....</i>				<u>24,916,500</u>	<u>8,350,000</u>	<u>24,916,500</u>	<u>8,350,000</u>
<i>Total.....</i>				<u>\$ 24,916,500</u>	<u>\$ 16,350,000</u>	<u>\$ 32,916,500</u>	<u>\$ 8,350,000</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, 2011, and the debt service requirements are as follows:

**Bonds and Notes Payable Schedule – Governmental Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Advanced refunding of 1991 landfill.....	4.75 - 6.00	\$ 1,668,584	\$ -	\$ 815,504	\$ 853,080
Advanced refunding of 1991 sewer.....	4.75 - 6.00	1,031,416	-	499,496	531,920
Land acquisition.....	4.00 - 4.90	150,000	-	20,000	130,000
MWPAT Title V Loan - 97-1148.....	-	11,594	-	1,170	10,424
Recreational facility.....	2.25 - 5.00	360,000	-	40,000	320,000
School remodeling.....	2.25 - 5.00	1,625,000	-	120,000	1,505,000
School remodeling.....	2.50 - 4.25	100,000	-	10,000	90,000
Land acquisition.....	2.50 - 4.10	12,665,000	-	650,000	12,015,000
Recreational facility.....	2.50 - 4.00	225,000	-	25,000	200,000
Public wharf.....	2.50 - 4.00	50,000	-	10,000	40,000
Assessors map.....	2.50 - 4.00	25,000	-	5,000	20,000
Computer hardware.....	2.50 - 4.00	275,000	-	55,000	220,000
Remodeling.....	2.50 - 4.13	405,000	-	30,000	375,000
Bulkhead.....	2.50 - 4.00	50,000	-	10,000	40,000
Public wharf.....	2.50 - 4.00	30,000	-	10,000	20,000
School remodeling.....	3.75 - 5.00	560,000	-	35,000	525,000
Planning.....	3.75 - 4.00	100,000	-	100,000	-
Outdoor recreational facility.....	3.75 - 5.00	415,000	-	40,000	375,000
Fire departmental equipment.....	3.75 - 4.00	70,000	-	70,000	-
Bath house construction.....	3.75 - 5.00	190,000	-	15,000	175,000
Public works equipment.....	3.75 - 4.00	20,000	-	20,000	-
Land acquisition.....	3.75 - 5.00	240,000	-	15,000	225,000
Advance refunding of 1997 land bonds.....	3.75 - 5.00	14,690,000	-	1,595,000	13,095,000
Children's beach ramp.....	3.00 - 5.00	170,000	-	15,000	155,000
Public safety communications.....	3.00 - 5.00	2,330,000	-	335,000	1,995,000
Bike path.....	3.00 - 5.00	550,000	-	50,000	500,000
Fairgrounds road.....	3.00 - 5.00	685,000	-	345,000	340,000
Fire engine.....	3.00 - 5.00	270,000	-	90,000	180,000
Washington street building.....	3.00 - 5.00	180,000	-	10,000	170,000
Sidewalk design.....	3.00 - 5.00	15,000	-	5,000	10,000
South Shore Road bike path.....	3.00 - 5.00	365,000	-	30,000	335,000
Nobadeer Farm Road bike path.....	3.00 - 5.00	80,000	-	10,000	70,000
Study of proposed bulk fuel facility.....	3.00 - 5.00	150,000	-	50,000	100,000
Nantucket Elementary School building improvements.....	3.00 - 5.00	530,000	-	30,000	500,000
Cyrus Pierce School building improvements.....	3.00 - 5.00	650,000	-	40,000	610,000
Nantucket High School building improvements.....	3.00 - 5.00	1,410,000	-	85,000	1,325,000
General Government share of MWPAT loans.....	2.00 - 2.414	18,669,200	-	1,433,153	17,236,047
New school playing fields.....	3.00 - 5.00	1,040,000	-	80,000	960,000
School bus lanes and parking lot improvements.....	3.00 - 5.00	150,000	-	50,000	100,000
Surfside wastewater design.....	4.125	1,345,500	-	34,500	1,311,000
Stormwater drainage.....	2.50 - 4.00	870,000	-	45,000	825,000
Police station.....	2.50 - 4.00	12,200,000	-	630,000	11,570,000
<b>Total Governmental Bonds Payable.....</b>		<b>76,616,294</b>	<b>-</b>	<b>7,558,823</b>	<b>69,057,471</b>
Unamortized Premiums on Bonds and Notes.....		157,309	-	35,941	121,368
<b>Total.....</b>		<b>\$ 76,773,603</b>	<b>\$ -</b>	<b>\$ 7,594,764</b>	<b>\$ 69,178,839</b>

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>
2012..... \$	6,657,855	\$ 2,325,593	\$ 8,983,448
2013.....	5,280,334	2,091,152	7,371,486
2014.....	5,143,098	1,904,081	7,047,179
2015.....	5,226,160	1,706,844	6,933,004
2016.....	5,229,497	1,514,200	6,743,697
2017.....	5,323,166	1,314,384	6,637,550
2018.....	4,852,149	1,124,124	5,976,273
2019.....	2,921,457	983,820	3,905,277
2020.....	2,896,093	882,073	3,778,166
2021.....	2,884,920	785,667	3,670,587
2022.....	2,865,241	682,821	3,548,062
2023.....	2,820,915	586,392	3,407,307
2024.....	2,726,951	483,946	3,210,897
2025.....	1,683,358	411,721	2,095,079
2026.....	1,670,144	356,575	2,026,719
2027.....	1,578,545	303,547	1,882,092
2028.....	1,520,131	255,388	1,775,519
2029.....	1,450,303	206,702	1,657,005
2030.....	916,852	163,669	1,080,521
2031.....	579,860	135,237	715,097
2032.....	593,185	120,489	713,674
2033.....	606,837	105,414	712,251
2034.....	620,822	90,006	710,828
2035.....	635,148	74,257	709,405
2036.....	649,825	58,157	707,982
2037.....	664,861	41,698	706,559
2038.....	680,264	24,872	705,136
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>69,057,471</u>	<u>\$ 18,826,755</u>	<u>\$ 87,884,226</u>

**Bonds Payable Schedule – Enterprise**

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Sewer.....	4.00 - 5.00	\$ 490,000	\$ -	\$ 40,000	\$ 450,000
MWPAT - 94-10.....	Various	99,920	-	17,832	82,088
MWPAT CW-01-40.....	2.00 - 5.50	1,420,062	-	81,292	1,338,770
Sewer.....	2.25 - 5.00	840,000	-	60,000	780,000
MWPAT Sewer 98-143.....	4.50 - 5.25	623,737	-	48,737	575,000
MWPAT Sewer 98-144.....	4.50 - 5.25	140,577	-	10,577	130,000
MWPAT Sewer 98-145.....	4.50 - 5.25	156,353	-	11,352	145,001
MWPAT CW-02-50-A.....	Various	4,281,611	-	291,646	3,989,965
Sewer department.....	3.75 - 4.00	15,000	-	15,000	-
MWPAT CW-02-50.....	Various	3,590,434	-	149,475	3,440,959
MWPAT CW-05-21.....	2.414	25,821,638	-	653,221	25,168,417
Stormwater planning.....	3.75 - 4.00	10,000	-	10,000	-
Cleaning equipment.....	3.00 - 5.00	80,000	-	40,000	40,000
Sewer construction.....	3.00 - 5.00	220,000	-	15,000	205,000
Sewer.....	3.00 - 5.00	780,000	-	45,000	735,000
Waste Water Treatment Facility.....	3.00 - 5.00	237,600	-	13,200	224,400
Sewer departmental equipment.....	3.00 - 5.00	90,000	-	30,000	60,000
Sewer.....	3.00 - 5.00	1,285,000	-	75,000	1,210,000
MWPAT CW 04-20.....	2.00	2,979,620	-	148,642	2,830,978
Sewer departmental equipment.....	2.50 - 3.00	120,000	-	30,000	90,000
MWPAT CW 07-17.....	2.00	4,006,000	-	-	4,006,000
<b>Total Sewer Enterprise Bonds Payable.....</b>		<b>47,287,552</b>	<b>-</b>	<b>1,785,974</b>	<b>45,501,578</b>
Airport land acquisition.....	4.00 - 4.25	95,000	-	95,000	-
Airport.....	2.25 - 5.00	150,000	-	40,000	110,000
Airport improvement.....	2.50 - 4.00	775,000	-	195,000	580,000
Airport improvement.....	3.75 - 5.00	120,000	-	20,000	100,000
Airport equipment.....	3.75 - 4.00	50,000	-	50,000	-
Airport equipment.....	3.00 - 5.00	210,000	-	105,000	105,000
Airport improvements and protection.....	3.00 - 5.00	525,000	-	75,000	450,000
Airport equipment.....	3.00 - 5.00	110,000	-	55,000	55,000
Airport equipment refurbishment.....	3.00 - 5.00	85,000	-	45,000	40,000
Airport parking lot.....	3.00 - 5.00	-	500,000	-	500,000
Airport terminal.....	3.00 - 5.00	-	4,500,000	-	4,500,000
<b>Total Airport Enterprise Bonds Payable.....</b>		<b>2,120,000</b>	<b>5,000,000</b>	<b>680,000</b>	<b>6,440,000</b>
Water projects.....	4.00 - 5.00	625,000	-	60,000	565,000
Water meters.....	4.00 - 4.25	150,000	-	150,000	-
Water.....	2.50 - 4.13	375,000	-	25,000	350,000
Water.....	2.50 - 4.13	375,000	-	25,000	350,000
Land acquisition.....	2.50 - 4.13	2,250,000	-	150,000	2,100,000
Water.....	3.75 - 5.00	2,580,000	-	115,000	2,465,000
Water.....	3.75 - 5.00	490,000	-	75,000	415,000
Water.....	3.75 - 5.00	435,000	-	20,000	415,000
Garage and maintenance facility.....	3.75 - 5.00	780,000	-	35,000	745,000
Rehab and administration building.....	3.00 - 5.00	670,000	-	40,000	630,000
Source well and pump.....	3.00 - 5.00	1,170,000	-	65,000	1,105,000
Water storage tank.....	3.00 - 5.00	4,500,000	-	250,000	4,250,000
Water mains.....	3.00 - 5.00	1,120,000	-	65,000	1,055,000
Water system distribution improvements.....	3.00 - 5.00	900,000	-	50,000	850,000
Water mains.....	3.00 - 5.00	90,000	-	5,000	85,000
Water tank.....	3.00 - 5.00	2,710,000	-	110,000	2,600,000
Water meter battery and distribution system.....	2.50 - 4.00	1,800,000	-	140,000	1,660,000
<b>Total Wannacomet Water Enterprise Bonds Payable.....</b>		<b>21,020,000</b>	<b>-</b>	<b>1,380,000</b>	<b>19,640,000</b>

(Continued)

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Water meter.....	3.75 - 5.00	1,240,000	-	185,000	1,055,000
Water.....	3.75 - 5.00	60,000	-	10,000	50,000
Water tank.....	3.00 - 5.00	3,755,000	-	150,000	3,605,000
Water tank.....	3.00 - 5.00	2,380,000	-	95,000	2,285,000
Low beach water main.....	2.50 - 4.00	1,400,000	-	70,000	1,330,000
<b>Total Siasconset Water Enterprise Bonds Payable.....</b>		<b>8,835,000</b>	<b>-</b>	<b>510,000</b>	<b>8,325,000</b>
Solid waste facility.....	2.50 - 4.13	75,000	-	5,000	70,000
Landfill cell.....	3.00 - 5.00	580,000	-	35,000	545,000
Material recovery facility.....	3.00 - 5.00	210,000	-	70,000	140,000
<b>Total Solid Waste Enterprise Bonds Payable.....</b>		<b>865,000</b>	<b>-</b>	<b>110,000</b>	<b>755,000</b>
<b>Total Enterprise Bonds Payable.....</b>		<b>80,127,552</b>	<b>5,000,000</b>	<b>4,465,974</b>	<b>80,661,578</b>
Unamortized Premiums on Bonds and Notes.....		339,695	-	17,878	321,817
<b>Total.....</b>		<b>\$ 80,467,247</b>	<b>\$ 5,000,000</b>	<b>\$ 4,483,852</b>	<b>\$ 80,983,395</b>

(Concluded)

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

Fiscal Year	Principal	Interest	Total
2012.....	\$ 4,503,685	\$ 2,748,746	\$ 7,252,431
2013.....	4,333,015	2,599,464	6,932,479
2014.....	4,294,019	2,429,676	6,723,695
2015.....	4,124,825	2,262,963	6,387,788
2016.....	4,190,333	2,112,492	6,302,825
2017.....	3,913,417	1,970,296	5,883,713
2018.....	3,876,131	1,840,914	5,717,045
2019.....	3,943,779	1,712,520	5,656,299
2020.....	3,935,068	1,554,731	5,489,799
2021.....	4,059,484	1,414,442	5,473,926
2022.....	3,911,162	1,272,262	5,183,424
2023.....	4,021,001	1,126,990	5,147,991
2024.....	3,980,691	981,461	4,962,152
2025.....	3,874,792	839,192	4,713,984
2026.....	3,214,826	714,163	3,928,989
2027.....	2,916,204	610,193	3,526,397
2028.....	2,739,477	515,389	3,254,866
2029.....	2,214,916	420,316	2,635,232
2030.....	1,609,234	329,841	1,939,075
2031.....	1,524,250	285,126	1,809,376
2032.....	1,324,507	246,446	1,570,953
2033.....	1,361,007	208,846	1,569,853
2034.....	1,398,154	169,823	1,567,977
2035.....	1,440,964	129,663	1,570,627
2036.....	1,479,455	88,111	1,567,566
2037.....	1,223,641	45,030	1,268,671
2038.....	1,253,541	15,130	1,268,671
<b>Total.....</b>	<b>\$ 80,661,578</b>	<b>\$ 28,644,226</b>	<b>\$ 109,305,804</b>

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 \$2,142,039 and interest costs of \$2,478,558 relating to certain MWPAT bonds outstanding in the sewer enterprise fund. Thus, net principal debt repayments in the sewer enterprise fund are scheduled to be \$43,359,539. The principal subsidies are guaranteed and therefore a \$2,142,039 intergovernmental receivable has been reported in the sewer enterprise fund. 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 2011 principal and interest subsidies totaled approximately \$117,000 and \$367,000, respectively.

For MWPAT loans issued for projects first appearing on Department of Environmental Protection’s Intended Use Plan in 2002 and forward, the net debt service is structured to result in the financial equivalent of a loan with an annual interest rate of 2%.

**Bonds and Notes Payable Schedule – Land Bank Component Unit**

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Land Bank Bonds and Notes Payable.....	6.063	\$ 3,950,000	\$ 3,450,000	\$ (750,000)	\$ 6,650,000
Land Bank Bonds and Notes Payable.....	4.00 - 5.50	26,497,617	-	(1,507,782)	24,989,835
Total Land Bank Component Unit Bonds Payable.....		<u>\$ 30,447,617</u>	<u>\$ 3,450,000</u>	<u>\$ (2,257,782)</u>	<u>\$ 31,639,835</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
2012.....	\$ 7,467,782	\$ 987,433	\$ 8,455,215
2013.....	2,372,782	824,948	3,197,730
2014.....	1,683,098	745,249	2,428,347
2015.....	1,727,782	689,063	2,416,845
2016.....	1,797,782	630,719	2,428,501
2017-2021.....	9,023,909	2,215,459	11,239,368
2022-2026.....	5,368,909	959,238	6,328,147
2027-2028.....	2,197,791	91,575	2,289,366
Total.....	<u>\$ 31,639,835</u>	<u>\$ 7,143,684</u>	<u>\$ 38,783,519</u>

The Land Bank’s notes payable are with various entities. One note bears interest at 6.063% with principal of \$1,700,000 being relieved upon termination of certain trust instruments. A second note bears interest at 3.00% and is collateralized by all the Land Bank’s funds and revenues with annual installments, including principal and interest of \$750,000 due December 19, 2012. A third note secured by the Land Bank’s fund and revenues is a non-interest bearing note with principal of \$3,450,000 due November 17, 2011.

Bonds payable is comprised of the 2007 Series A Bonds dated December 1, 2007 and bearing interest at rates ranging from 4% to 5.5% and mature serially from December 1, 2008 through December 1, 2027. The 2009 Series A Bonds dated March 13, 2009 bear interest at a rate of 2.95% and mature serially from June 30, 2009 through June 30, 2023. 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.

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, 2011, the Town had the following authorized and unissued debt:

**General Government**

Purpose	Amount
Bike paths.....	\$ 599,250
Title V Septic.....	2,000,000
Total General Government.....	<u>\$ 2,599,250</u>

**Enterprise**

Purpose	Amount
Landfill.....	\$ 2,134,976
Sewer.....	10,958,113
Nantucket Memorial Airport.....	28,818,600
Siasconsset Water Company.....	2,450,000
Wannacomet Water Company.....	250,000
Total Enterprise.....	<u>\$ 44,611,689</u>

**Land Bank Component Unit**

Purpose	Amount
Land Bank .....	<u>\$ 1,158,886</u>
Total.....	<u>\$ 48,369,825</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Current Portion
<b>GOVERNMENTAL ACTIVITIES:</b>					
Long-Term Bonds.....	\$ 76,616,294	\$ -	\$ (7,558,823)	\$ 69,057,471	\$ 6,689,432
Compensated Absences.....	1,560,067	45,328	(312,013)	1,293,382	258,676
Workers' Compensation.....	176,650	249,374	(176,650)	249,374	249,374
Other Postemployment Benefits.....	15,057,861	3,113,004	(1,760,460)	16,410,405	-
Total Governmental Funds.....	<u>\$ 93,410,872</u>	<u>\$ 3,407,706</u>	<u>\$ (9,807,946)</u>	<u>\$ 87,010,632</u>	<u>\$ 7,197,482</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Long-Term Bonds and Notes.....	\$ 80,127,552	\$ 5,000,000	\$ (4,465,974)	\$ 80,661,578	\$ 4,503,685
Compensated Absences.....	549,670	377,048	(109,934)	816,784	163,357
Other Postemployment Benefits.....	1,750,137	2,633,584	(424,711)	3,959,010	-
Landfill Closure.....	2,578,403	485,597	-	3,064,000	-
Total Business-type Funds.....	<u>\$ 85,005,762</u>	<u>\$ 8,496,229</u>	<u>\$ (5,000,619)</u>	<u>\$ 88,501,372</u>	<u>\$ 4,667,042</u>
<b>LAND BANK COMPONENT UNIT:</b>					
Long-Term Bonds and Notes.....	\$ 30,447,617	\$ 3,450,000	\$ (2,257,782)	\$ 31,639,835	\$ 7,455,000
Other Postemployment Benefits.....	348,900	-	-	348,900	-
Total Land Bank Component Unit.....	30,796,517	3,450,000	(2,257,782)	31,988,735	7,455,000
<b>COUNTY COMPONENT UNIT:</b>					
Other Postemployment Benefits.....	50,939	118,587	(25,935)	143,591	-
Total Component Units.....	<u>\$ 30,847,456</u>	<u>\$ 3,568,587</u>	<u>\$ (2,283,717)</u>	<u>\$ 32,132,326</u>	<u>\$ 7,455,000</u>
Total.....	<u>\$ 209,264,090</u>	<u>\$ 15,472,522</u>	<u>\$ (17,092,282)</u>	<u>\$ 207,644,330</u>	<u>\$ 19,319,524</u>

Long-term liabilities of the governmental activities, business-type activities, and Land Bank and County component units are generally liquidated by the general fund, the business-type activities, and the Land Bank and County component units, respectively.

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of its fiscal year 2011 reporting. Implementation of GASB 54 is required for fiscal years beginning after June 15, 2010. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end the balance of the General Stabilization Fund is approximately \$3,667,000 and is reported as unassigned fund balance within the General Fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2011, the governmental fund balances consisted of the following:

	GOVERNMENTAL FUNDS			
	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 288,280	\$ 288,280
Restricted for:				
Town capital projects.....	-	1,937,131	-	1,937,131
Community preservation.....	-	-	6,328,208	6,328,208
Town revolving funds.....	-	-	3,836,442	3,836,442
Federal and state grants.....	-	-	1,493,092	1,493,092
Education revolving funds.....	-	-	674,693	674,693
Trust funds.....	-	-	322,752	322,752
Federal and state education grants.....	-	-	402,475	402,475
School lunch.....	-	-	22,127	22,127
Affordable housing.....	-	-	90,902	90,902
Gift funds.....	-	-	726,839	726,839
Expendable permanent funds.....	-	-	205,239	205,239
Committed to:				
General government.....	1,097,410	-	-	1,097,410
Public safety.....	360,143	-	-	360,143
Education.....	348,513	-	-	348,513
Public works.....	301,639	-	-	301,639
Human services.....	28,355	-	-	28,355
Assigned to:				
General government.....	831,711	-	-	831,711
Public safety.....	167,978	-	-	167,978
Education.....	434,744	-	-	434,744
Public works.....	168,042	-	-	168,042
Human services.....	284	-	-	284
Culture and recreation.....	4,366	-	-	4,366
Free cash for FY2012 budget.....	2,881,445	-	-	2,881,445
Unassigned.....	14,322,829	-	(138,806)	14,184,023
<b>TOTAL FUND BALANCES (DEFICIT).....</b>	<b>\$ 20,947,459</b>	<b>\$ 1,937,131</b>	<b>\$ 14,252,243</b>	<b>\$ 37,136,833</b>

As of June 30, 2011, the county fund balances consisted of the following:

	GOVERNMENTAL FUNDS		
	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>			
Restricted for:			
Deeds excise.....	\$ -	\$ 1,044,162	\$ 1,044,162
Other special revenue funds.....	-	452,521	452,521
Unassigned.....	945,066	-	945,066
<b>TOTAL FUND BALANCES (DEFICIT).....</b>	<b>\$ 945,066</b>	<b>\$ 1,496,683</b>	<b>\$ 2,441,749</b>

**NOTE 9 – 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 historical trends. At June 30, 2011, the amount of the liability for health insurance claims totaled \$729,855. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2009, 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 2010.....	\$ 721,784	\$ 11,111,752	\$ (11,050,453)	\$ 783,083
Fiscal Year 2011.....	783,083	10,816,282	(10,869,510)	729,855

(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 special revenue fund for workers compensation. Annual appropriations are made to add to the fund. The estimated future workers’ compensation liability is based on history and injury type.

At June 30, 2011, the amount of the liability for workers' compensation claims totaled \$249,374. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 2009, 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 2010.....	\$ 93,146	\$ 228,930	\$ (145,426)	\$ 176,650
Fiscal Year 2011.....	176,650	219,799	(147,075)	249,374

**NOTE 10 – 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 \$2,283,000 for the fiscal year ended June 30, 2011, 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 increases 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, 2011, 2010 and 2009 totaled \$4,263,340, \$3,925,224 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, 2011, 2010 and 2009 were \$110,888, \$152,865 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 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town of Nantucket administers a single-employer defined benefit healthcare plan (the 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 the Town’s school teacher. 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 2011, the Town contributed approximately \$2.2 million to the plan.

*Annual OPEB Cost and Net OPEB Obligation* – The Town’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 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:

Annual required contribution.....	\$	5,680,000
Interest on net OPEB obligation.....		840,000
Adjustment to the ARC.....		<u>(615,000)</u>
Annual OPEB cost (expense).....		5,905,000
Contributions made.....		<u>(2,200,000)</u>
Increase in net OPEB obligation.....		3,705,000
Net OPEB obligation - beginning of year.....		<u>16,808,000</u>
Net OPEB obligation - end of year.....	\$	<u><u>20,513,000</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 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 5,905,000	37%	\$ 20,513,000
6/30/2010	11,184,000	23%	16,808,000

The Town obtained a revised actuarial valuation report for fiscal year 2011, which reflected a decrease in the unfunded liability of approximately \$45,000,000. The decrease is partially due to a decrease in plan membership of 223 members. This is partly the result of a reduction in the town workforce and partly due to the prior valuation including an overstated number of plan memberships. The effect of this overstatement cannot be readily determined. *Funded Status and Funding Progress* – The funded status of the Plan as of the most recent actuarial valuation date, July 1, 2010, is as follows:

Actuarial Valuation Date	Value of Assets (A)	Liability (AAL) Projected Unit Credit (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	of Covered Payroll ((B-A)/C)
7/1/2010	\$ -	\$ 82,253,000	\$ 82,253,000	0%	\$ N/A	N/A
7/1/2009	-	127,923,000	127,923,000	0%	N/A	N/A
7/1/2007	-	104,980,000	104,980,000	0%	N/A	N/A

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, 2010, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 5.00% 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, 2011 is 27 years.

## NOTE 12 – 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 Town's landfill operates under an Administrative Consent Order (ACO) with the Department of Environmental Protection. The ACO was amended in fiscal 2010 to allow for landfill mining over a five year period. The landfill currently maintains three cells, one unlined cell and two lined cells. The largest is the unlined cell which has been closed (no longer accepts waste) and is currently being mined to reduce the total footprint of the unlined area and to potentially increase future capacity. The first lined cell has been closed for several years. The second lined cell is currently accepting waste and is estimated to be closed in fiscal year 2014. The final capping of the cells is dependent on the successful continuance of the mining program, construction of new lined cells, and the approval of the Department of Environmental Protection. The Town has reflected a \$3,064,000 closure liability at June 30, 2011, 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 for 30 years. Actual costs may change due to inflation, changes in technology, or changes in regulations.

#### **NOTE 13 – RESTATEMENT**

The Town has identified errors in the previously reported fund balance of the general fund and governmental capital assets. Accordingly, the June 30, 2010 fund balance for the general fund has been restated from \$13,493,616 to \$16,071,610 and the Governmental Activities net assets as of June 30, 2010 has been restated from \$177,072,954 to \$174,924,625.

#### **NOTE 14 – COMMITMENTS**

The Town has entered into contracts totaling approximately \$3.2 million where \$1.3 million relates to Airport projects, \$912,000 relates to Wannacomet improvement projects and \$969,000 relates to Siasconset and Sewer improvement projects.

#### **NOTE 15 – 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, 2011, 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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2011.

The Town is contingently liable for 35% of any deficit, including the operating and debt service costs, which may be incurred by the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Authority"). As of December 31, 2010, the Authority had \$62,040,000 in revenue bonds outstanding and the amount of monies in its reserve fund totaled \$3,102,055. For the fiscal year ended December 31, 2010, the Authorities operating revenues exceeded costs of service by \$5,606,048 (Change in Net Assets). The Town is not required to make payment to the Authority unless the amount in the Authority's reserve is insufficient. Since 1962, the Town has never made had to make a payment to the Authority.

#### **NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2011, the Town has implemented the following GASB pronouncements:

- The GASB issued Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented in fiscal year 2011. Financial statements changes include new fund balance designations and the reclassification of stabilization funds from the special revenue fund to the general fund. Notes to the basic financial statements have been changed to provide additional disclosures on the new designations of fund balance.

- The GASB issued Statement #59, *Financial Instruments Omnibus*, was implemented in fiscal year 2011 and did not impact the financial statements.

Future Implementation of GASB Pronouncements:

- 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.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, 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 #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53*, which is required to be implemented in fiscal year 2012. Management is assessing the impact this pronouncement will have on the basic financial statements.

# ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's financial resources, except those required to be accounted for in another fund.

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 62,160,731	\$ 62,160,731	\$ 62,160,731
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	1,668,000	1,668,000	1,668,000
Hotel and meals taxes.....	-	1,172,000	1,172,000	1,172,000
Charges for services.....	-	1,141,850	1,141,850	1,141,850
Penalties and interest on taxes.....	-	511,000	511,000	511,000
Payments in lieu of taxes.....	-	11,800	11,800	11,800
Licenses and permits.....	-	932,000	932,000	932,000
Fines and forfeitures.....	-	248,000	248,000	248,000
Intergovernmental.....	-	1,610,862	1,610,862	1,610,862
Departmental and other.....	-	175,000	175,000	175,000
Special assessments.....	-	5,400	5,400	5,400
Investment income.....	-	102,000	102,000	102,000
Miscellaneous.....	-	109,137	109,137	109,137
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>69,847,780</b>	<b>69,847,780</b>	<b>69,847,780</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	1,358,519	6,213,505	7,572,024	8,405,629
Public safety.....	134,383	8,706,670	8,841,053	9,375,199
Education.....	784,020	22,385,763	23,169,783	22,915,485
Public works.....	677,137	2,424,560	3,101,697	2,985,476
Human services.....	137,486	1,028,998	1,166,484	902,706
Culture and recreation.....	44,890	1,723,680	1,768,570	1,759,045
Pension benefits.....	-	3,011,055	3,011,055	2,842,392
Employee benefits.....	-	8,767,177	8,767,177	7,120,349
State and county charges.....	-	483,599	483,599	483,599
Debt service:				
Principal.....	-	6,685,274	6,685,274	6,735,274
Interest.....	-	2,626,646	2,626,646	2,626,646
<b>TOTAL EXPENDITURES.....</b>	<b>3,136,435</b>	<b>64,056,927</b>	<b>67,193,362</b>	<b>66,151,800</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b> <b>EXPENDITURES.....</b>	<b>(3,136,435)</b>	<b>5,790,853</b>	<b>2,654,418</b>	<b>3,695,980</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	683,000	683,000	766,179
Transfers out.....	-	(8,532,350)	(8,532,350)	(9,586,235)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(7,849,350)</b>	<b>(7,849,350)</b>	<b>(8,820,056)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(3,136,435)</b>	<b>(2,058,497)</b>	<b>(5,194,932)</b>	<b>(5,124,076)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year, as restated....</b>	<b>-</b>	<b>11,450,765</b>	<b>11,450,765</b>	<b>11,450,765</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (3,136,435)</b>	<b>\$ 9,392,268</b>	<b>\$ 6,255,833</b>	<b>\$ 6,326,689</b>

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$	61,902,838	\$ -	\$ (257,893)
	356,996	-	356,996
	2,048,320	-	380,320
	2,496,701	-	1,324,701
	990,990	-	(150,860)
	626,681	-	115,681
	13,822	-	2,022
	1,015,424	-	83,424
	254,285	-	6,285
	1,650,876	-	40,014
	162,078	-	(12,922)
	-	-	(5,400)
	59,701	-	(42,299)
	164,453	-	55,316
	<u>71,743,165</u>	<u>-</u>	<u>1,895,385</u>
	6,187,144	1,929,121	289,364
	8,502,354	528,121	344,724
	22,097,851	783,257	34,377
	2,406,506	469,681	109,289
	861,185	28,639	12,882
	1,658,107	4,366	96,572
	2,838,086	-	4,306
	6,541,234	-	579,115
	461,358	-	22,241
	6,695,752	-	39,522
	2,400,981	-	225,665
	<u>60,650,558</u>	<u>3,743,185</u>	<u>1,758,057</u>
	<u>11,092,607</u>	<u>(3,743,185)</u>	<u>3,653,442</u>
	783,306	-	17,127
	<u>(9,666,236)</u>	<u>-</u>	<u>(80,001)</u>
	<u>(8,882,930)</u>	<u>-</u>	<u>(62,874)</u>
	2,209,677	(3,743,185)	3,590,568
	<u>11,450,765</u>	<u>-</u>	<u>-</u>
\$	<u>13,660,442</u>	<u>(3,743,185)</u>	<u>3,590,568</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)
1/1/2010	\$ 554,876,554	\$ 1,030,210,321	\$ 475,333,767	53.9%	\$ 234,374,075	202.8%
1/1/2009	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%
1/1/2007	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
1/2/2006	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
1/1/2004	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%
1/1/2002	362,911,896	553,531,966	190,620,070	65.6%	173,610,557	109.8%
1/1/2000	300,396,700	462,462,500	162,065,800	65.0%	152,293,100	106.4%
1/1/1998	235,247,660	404,215,695	168,968,035	58.2%	121,161,677	139.5%
1/1/1996	157,044,089	276,107,221	119,063,132	56.9%	108,456,079	109.8%
1/1/1993	97,194,645	226,430,792	129,236,147	42.9%	97,074,725	133.1%

The Town's share of the UAAL, as of January 1, 2010, is approximately 10.32%.

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
2010	\$ 41,327,508	\$ 41,327,508	100%	\$ 4,263,340	10.32%
2009	39,820,453	39,820,453	100%	3,925,224	9.86%
2008	41,826,233	41,826,233	100%	3,643,915	8.71%
2007	36,738,676	36,738,676	100%	3,346,353	9.11%
2006	31,044,132	31,044,132	100%	2,761,460	8.90%
2005	27,846,430	27,846,430	100%	2,629,487	9.44%

**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
2010	\$ 41,327,508	\$ 41,327,508	100%	\$ 110,888	0.27%
2009	39,820,453	39,820,453	100%	152,865	0.38%
2008	41,826,233	41,826,233	100%	145,083	0.35%
2007	36,738,676	36,738,676	100%	138,012	0.38%
2006	31,044,132	31,044,132	100%	128,612	0.41%
2005	27,846,430	27,846,430	100%	112,420	0.40%

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

See notes to required supplementary information.

# ***Other Postemployment 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 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 CONTRIBUTIONS**

**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)
7/1/2010	\$ -	\$ 82,253,000	\$ 82,253,000	0%	\$ N/A	N/A
7/1/2009	-	127,923,000	127,923,000	0%	N/A	N/A
7/1/2007	-	104,980,000	104,980,000	0%	N/A	N/A

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
6/30/2011	\$ 5,680,000	\$ 2,201,000	39%
6/30/2010	10,647,000	2,587,000	24%
6/30/2009	10,745,000	2,534,000	24%

See notes to required supplementary information.

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

---

Actuarial Methods:

Valuation date.....	July 1, 2010
Actuarial cost method.....	Projected Unit Credit Cost Method
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	30 years, open

Actuarial Assumptions:

Investment rate of return.....	5.00%, pay-as-you-go scenario
Medical/drug cost trend rate.....	10.0% decreasing by .75% for 6 years and by .50% for 1 year to an ultimate level of 5.00% per year.

Plan Membership:

Current retirees, beneficiaries, and dependents...	213
Current active members.....	<u>474</u>
Total.....	<u><u>687</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 2011 budget includes \$75,725,712 in appropriations and other amounts to be raised and \$3,136,435 in amounts carried forward from the previous fiscal year. During fiscal year 2011, the Town's budget increased by \$12,323 mainly due free cash voted for unpaid bills at the annual Town meeting netted against the release of prior year encumbrances.

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, 2011, is presented below:

Net change in fund balance - budgetary basis.....	\$	<u>2,209,677</u>
<u>Perspective difference:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		96,099
<u>Basis of accounting differences:</u>		
Recognition of revenue based on available criteria.....		456,310
Accrued expenditures.....		(22,297)
Transfers to fund retirement of long-term debt in other funds....		(184,599)
Long-term debt payments transferred to other funds.....		184,599
Recognition of revenue for on-behalf payments.....		2,283,000
Recognition of expenditures for on-behalf payments.....		<u>(2,283,000)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>2,739,789</u></u>

### 3. Appropriation Deficits

During fiscal year 2011, 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, 2010
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.0% per year after fiscal 2015
Remaining Amortization Period.....	28 years from July 1, 2010 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability
Asset Valuation Method.....	5-year smoothing of investment returns greater (less) than expected

Actuarial Assumptions:

Investment rate of return.....	8.00%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.75% and 5.25% for Groups 1 and 4, respectively
Cost of living adjustments.....	3.0% for the first \$12,000 of retirement income, increasing to \$13,000 in fiscal 2012.

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	2,422
Terminated participants entitled to a return of their employee contributions.....	649
Terminated participants with a vested right to a deferred or immediate benefit.....	123
Active participants.....	<u>4,786</u>
Total.....	<u>7,980</u>

**NOTE C – OTHER POSTEMPLOYMENT 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 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 multi-year 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.

***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.

**Corrections Department** – accounts for the 75% of deeds excise tax revenue that is required to be designated for the County Corrections 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, 2011

ASSETS	General Fund	Deeds Excise Special Revenue Fund			Total Deeds Excise Fund	Other Special Revenue Funds	Total Nantucket County
		County Administration	Correction's Department	Registry of Deeds			
Cash and cash equivalents.....	\$ 976,201	\$ 118,634	\$ 1,097	\$ 924,431	\$ 1,044,162	\$ 452,521	\$ 2,472,884
Receivables, net of uncollectibles:							
Intergovernmental.....	143,978	-	-	-	-	-	143,978
Other assets.....	33,466	-	-	-	-	-	33,466
<b>TOTAL ASSETS.....</b>	<b>\$ 1,153,645</b>	<b>\$ 118,634</b>	<b>\$ 1,097</b>	<b>\$ 924,431</b>	<b>\$ 1,044,162</b>	<b>\$ 452,521</b>	<b>\$ 2,650,328</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Warrants payable.....	\$ 152,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,302
Accrued payroll.....	8,458	-	-	-	-	-	8,458
Payroll withholdings.....	9,956	-	-	-	-	-	9,956
Other liabilities.....	37,863	-	-	-	-	-	37,863
<b>TOTAL LIABILITIES.....</b>	<b>208,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,579</b>
<b>FUND BALANCES:</b>							
Restricted.....	-	118,634	1,097	924,431	1,044,162	452,521	1,496,683
Unassigned.....	945,066	-	-	-	-	-	945,066
<b>TOTAL FUND BALANCES.....</b>	<b>945,066</b>	<b>118,634</b>	<b>1,097</b>	<b>924,431</b>	<b>1,044,162</b>	<b>452,521</b>	<b>2,441,749</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 1,153,645</b>	<b>\$ 118,634</b>	<b>\$ 1,097</b>	<b>\$ 924,431</b>	<b>\$ 1,044,162</b>	<b>\$ 452,521</b>	<b>\$ 2,650,328</b>

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

FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Deeds County Administration	Excise Special Revenue Department	Registry of Deeds	Total Deeds Excise	Other Special Revenue Funds	Total Nantucket County
<b>REVENUES:</b>							
Intergovernmental.....	\$ 116,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,200
Departmental and other.....	687,637	192,884	250,000	128,588	571,472	100,530	1,359,639
Investment income.....	4,033	-	1,097	2,195	3,292	-	7,325
Miscellaneous.....	76,245	-	-	-	-	-	76,245
<b>TOTAL REVENUES.....</b>	<b>884,115</b>	<b>192,884</b>	<b>251,097</b>	<b>130,783</b>	<b>574,764</b>	<b>100,530</b>	<b>1,559,409</b>
<b>EXPENDITURES:</b>							
Current:							
County administration.....	476,664	-	-	-	-	-	476,664
Registry of Deeds.....	230,628	-	-	25,817	25,817	2,804	259,249
Special Projects.....	-	-	-	-	-	284,522	284,522
<b>TOTAL EXPENDITURES.....</b>	<b>707,292</b>	<b>-</b>	<b>-</b>	<b>25,817</b>	<b>25,817</b>	<b>287,326</b>	<b>1,020,435</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>176,823</b>	<b>192,884</b>	<b>251,097</b>	<b>104,966</b>	<b>548,947</b>	<b>(186,796)</b>	<b>538,974</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	500,774	-	-	-	-	-	500,774
Transfers out.....	-	(191,735)	(250,000)	(59,039)	(500,774)	-	(500,774)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>500,774</b>	<b>(191,735)</b>	<b>(250,000)</b>	<b>(59,039)</b>	<b>(500,774)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>677,597</b>	<b>1,149</b>	<b>1,097</b>	<b>45,927</b>	<b>48,173</b>	<b>(186,796)</b>	<b>538,974</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>267,469</b>	<b>117,485</b>	<b>-</b>	<b>878,504</b>	<b>995,989</b>	<b>639,317</b>	<b>1,902,775</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 945,066</b>	<b>\$ 118,634</b>	<b>\$ 1,097</b>	<b>\$ 924,431</b>	<b>\$ 1,044,162</b>	<b>\$ 452,521</b>	<b>\$ 2,441,749</b>

## ***Additional Information***

**NANTUCKET PLANNING AND ECONOMIC DEVELOPMENT COMMISSION**  
**SCHEDULE OF INDIRECT COST RATE**

FISCAL YEAR ENDED JUNE 30, 2011

	Highway Planning and Construction Grant				General Fund Amounts allocable to 3C Grant			Total Expenditures
	Reimbursed Direct Labor	Reimbursed Direct Costs	Other Direct Costs	Indirect Costs	Direct Labor	Direct Costs	Indirect Costs	
EXPENDITURES:								
Direct Salaries.....	\$ 102,194	\$ -	\$ 1,992	\$ -	\$ 49,896	\$ -	\$ -	\$ 154,082
Payroll taxes.....	-	-	1,262	-	-	164	490	1,916
Consultants and professional fees...	-	14,129	380	-	-	6,576	-	21,085
Travel.....	-	847	1,101	-	-	4,754	-	6,702
Equipment.....	-	2,534	-	-	-	-	-	2,534
Supplies.....	-	437	2,627	-	-	8,388	-	11,451
Advertising.....	-	-	365	-	-	-	-	365
Postage.....	-	48	956	-	-	-	-	1,004
Printing.....	-	119	74	-	-	-	-	193
Conference.....	-	-	645	-	-	-	-	645
Licensing.....	-	-	557	-	-	-	233	789
Dues and subscriptions.....	-	-	425	-	-	-	-	425
Pension.....	-	-	-	2,503	-	-	3,605	6,108
Health insurance.....	-	-	-	7,488	-	1,474	8,732	17,694
General governance.....	-	-	-	-	-	-	-	-
Finance and treasurer's office.....	-	-	-	2,449	-	-	9,579	12,028
Information Technology.....	-	-	-	4,898	-	-	2,940	7,838
Utilities.....	-	-	-	2,693	-	-	2,371	5,063
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 102,194</b>	<b>\$ 18,114</b>	<b>\$ 10,383</b>	<b>\$ 20,031</b>	<b>\$ 49,896</b>	<b>\$ 21,356</b>	<b>\$ 27,950</b>	<b>\$ 249,924</b>

(a) = Direct and indirect grant costs not reimbursed.

Indirect Cost Rate = All related costs not paid by grant/Direct labor paid by grant

$$\frac{129,616}{102,194} = 126.833\%$$

**NANTUCKET PLANNING AND ECONOMIC DEVELOPMENT COMMISSION**  
**SCHEDULE OF PUBLIC SUPPORT**

FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Highway Planning and Construction Grant	Total
<b>REVENUES:</b>			
Federal and state grants.....	\$ -	\$ 252,065	\$ 252,065
General fund subsidy.....	99,202	-	99,202
<b>TOTAL REVENUES.....</b>	<b>99,202</b>	<b>252,065</b>	<b>351,267</b>
<b>EXPENDITURES:</b>			
Salaries.....	49,896	104,186	154,082
Payroll taxes.....	654	1,262	1,916
Consultants and professional fees.....	6,576	14,509	21,085
Travel.....	4,754	1,948	6,702
Equipment.....	-	2,534	2,534
Supplies.....	8,388	3,064	11,451
Advertising.....	-	365	365
Postage.....	-	1,004	1,004
Printing.....	-	193	193
Conferences.....	-	645	645
Licensing.....	233	557	789
Dues and subscriptions.....	-	425	425
Pension.....	3,605	2,503	6,108
Health insurance.....	10,206	7,488	17,694
Indirect costs.....	14,890	10,040	24,930
<b>TOTAL EXPENDITURES.....</b>	<b>99,202</b>	<b>150,722</b>	<b>249,924</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>\$ -</b>	<b>\$ 101,343</b>	<b>\$ 101,343</b>