

***TOWN OF NANTUCKET, MASSACHUSETTS***

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

***FISCAL YEAR ENDED JUNE 30, 2010***



TOWN OF NANTUCKET, MASSACHUSETTS

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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Nantucket, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, as of and for the year ended June 30, 2010, 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.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient audit evidence to satisfy ourselves as to the accuracy of the amounts reported in several areas of the financial statements. The Town's control activities for its accounting system did not completely reconcile cash, investments and interfund receivables and payables; nor did the Town have controls in place to ensure that all transactions were properly recorded. Consequently there was not sufficient audit evidence to support the activities and balances of all funds.

In our opinion, based on our audit and the report of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the reconciliation of the balances and activity of the accounts and funds described in the paragraph above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nantucket, Massachusetts, as of June 30, 2010, 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.

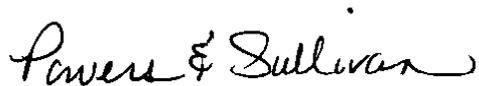
In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2011 on our consideration of the Town of Nantucket, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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.

A handwritten signature in cursive script that reads "Powers & Sullivan".

February 28, 2011

# ***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, 2010. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB), and Management's Discussion and Analysis are part of these requirements. The GASB is the authoritative standards-setting body that provides guidance on the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). External users of these financial statements, such as investors and rating agencies, rely on consistent reporting standards in order to compare the financial position of the Town of Nantucket with that of other governmental entities.

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

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

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

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

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Nantucket adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund as required supplementary information to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains two types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer department, solid waste, airport, and the Siasconset and Wannacommet water departments' activities and activities of the Nantucket Islands Land Bank component unit.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

### ***Financial Highlights as of the close of Fiscal 2010***

- The total of assets exceeded liabilities (i.e., net assets) by \$177 million for governmental activities, and \$122 million for business type activities.
- Governmental funds reported combined ending fund balances of \$36.6 million.
- Unreserved fund balance for the general fund totaled \$8.1 million.
- Total governmental funds debt totaled \$76.6 million, and total enterprise fund debt totaled \$105.4 million.

## Government-wide Financial Analysis

The following chart provides a summary of Governmental activities financial data for fiscal year 2010, with comparative fiscal 2009 information.

### Governmental Activities

	Balance at June 30, 2010	Balance at June 30, 2009
<b>Assets:</b>		
Current assets.....	\$ 55,523,388	\$ 57,426,793
Noncurrent assets (excluding capital).....	307,708	398,828
Capital assets, not being depreciated.....	193,836,195	180,467,349
Capital assets, net of accumulated depreciation.....	29,728,404	29,394,863
<b>Total assets.....</b>	<b>279,395,695</b>	<b>267,687,833</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	9,243,223	7,225,372
Noncurrent liabilities (excluding debt).....	16,305,915	8,740,740
Current debt.....	6,742,385	13,474,322
Noncurrent debt.....	70,031,218	64,739,985
<b>Total liabilities.....</b>	<b>102,322,741</b>	<b>94,180,419</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	171,102,098	156,034,000
Restricted.....	13,294,995	14,401,121
Unrestricted.....	(7,324,139)	3,072,293
<b>Total net assets.....</b>	<b>\$ 177,072,954</b>	<b>\$ 173,507,414</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 \$177 million at the close of fiscal year 2010. The largest portion of the Town's net assets, \$171.1 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, \$13.5 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 deficit balance of \$7.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The increase in noncurrent liabilities is due to the recognition of an additional \$7.7 million in other postemployment liabilities as the Town continues to amortize the total actuarially calculated unfunded liability.

**Governmental Activities**

	June 30, 2010	June 30, 2009
	<u>                    </u>	<u>                    </u>
<b>Program revenues:</b>		
Charges for services.....	\$ 7,281,809	\$ 5,868,336
Operating grants and contributions.....	5,090,233	5,795,452
Capital grants and contributions.....	1,230,625	1,270,878
<b>General revenues:</b>		
Real estate and personal property taxes.....	60,231,952	57,438,797
Tax liens.....	724,886	392,078
Motor vehicle and other excise taxes.....	1,852,563	2,201,004
Hotel/motel tax.....	1,035,291	1,237,233
Penalties and interest on taxes.....	659,062	473,701
Community preservation fund surtax.....	1,669,975	1,616,989
Payments in lieu of taxes.....	11,846	7,296
Nonrestricted grants and contributions.....	587,474	376,265
Unrestricted investment income.....	160,970	277,329
Gain on sale of capital assets.....	1,143,075	-
Miscellaneous revenues.....	777,392	843,523
<b>Total revenues.....</b>	<b><u>82,457,153</u></b>	<b><u>77,798,881</u></b>
<b>Expenses:</b>		
General government.....	8,544,044	8,835,601
Public safety.....	14,684,244	14,346,976
Education.....	30,380,350	27,861,059
Public works.....	4,514,082	4,195,016
Community preservation.....	1,775,756	1,895,017
Human services.....	9,714,459	9,699,805
Culture and recreation.....	3,392,381	3,872,616
Interest.....	2,351,987	3,189,350
<b>Total expenses.....</b>	<b><u>75,357,303</u></b>	<b><u>73,895,440</u></b>
<b>Transfers.....</b>	<b><u>(3,534,310)</u></b>	<b><u>(6,660,946)</u></b>
<b>Change in net assets.....</b>	<b><u>\$ 3,565,540</u></b>	<b><u>\$ (2,757,505)</u></b>

**Governmental Activities**

	Balance at June 30, 2010	Balance at June 30, 2009	Net Increase (Decrease)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net Assets:</b>			
Capital assets net of related debt.....	\$ 171,102,098	\$ 156,034,000	\$ 15,068,098
Restricted.....	13,294,995	14,401,121	(1,106,126)
Unrestricted.....	(7,324,139)	3,072,293	(10,396,432)
<b>Total net assets.....</b>	<b><u>\$ 177,072,954</u></b>	<b><u>\$ 173,507,414</u></b>	<b><u>\$ 3,565,540</u></b>

The primary governmental expenses totaled \$75.4 million. Of that amount, \$13.6 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$69 million, primarily coming from property taxes, motor vehicle excise, hotel/motel taxes, non-community preservation surtaxes, restricted state aid and other miscellaneous charges.

The Town received a gain on sale of capital assets in fiscal year 2010 as the result of the sale of land that was previously in Tax Title and the sale of other various property easements.

Additionally, governmental activities reported a return of capital contributions of \$1.2 million from the sewer enterprise fund and reported net transfers totaling \$4.7 million to business-type activities. The return of capital contribution represents residual funds that were originally borrowed through debt that is to be repaid with governmental funds which were intended to be used to construct assets for the sewer enterprise fund.

In total, governmental activities net assets increased by approximately \$3.6 million in fiscal year 2010. Key components in this increase include the difference between the retirement of long-term debt (\$6.6 million) which is raised in the general fund and the depreciation expense recorded on capital assets (\$2.6 million); The recognition of the amortization of the Town's liability for Other Postemployment Benefits (\$7.7 million), the recognition of \$1.2 million in capital grants for public safety and community preservation, and a positive result of budgetary operations.

The following chart provides a summary of Business-type activities financial data for fiscal year 2010, with comparative fiscal 2009 information.

**Business-Type Activities**

	Balance at June 30, 2010	Balance at June 30, 2009
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Current assets..... \$	39,714,627	\$ 56,471,897
Noncurrent assets (excluding capital).....	2,142,039	2,259,318
Capital assets, not being depreciated.....	46,781,752	108,259,314
Capital assets, net of accumulated depreciation.....	146,938,606	72,862,056
<b>Total assets.....</b>	<b><u>235,577,024</u></b>	<b><u>239,852,585</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	5,258,877	6,849,174
Noncurrent liabilities (excluding debt).....	4,768,276	3,570,066
Current debt.....	29,722,169	37,143,451
Noncurrent debt.....	75,661,578	75,118,715
<b>Total liabilities.....</b>	<b><u>115,410,900</u></b>	<b><u>122,681,406</u></b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	114,762,981	109,858,055
Unrestricted.....	7,264,425	7,313,124
<b>Total net assets.....</b>	<b><u>122,027,406</u></b>	<b><u>117,171,179</u></b>
<b>Program revenues:</b>		
Charges for services.....	24,820,469	24,172,299
Operating grants and contributions.....	776,060	1,113,866
Capital grants and contributions.....	7,057,702	15,208,679
<b>Total revenues.....</b>	<b><u>32,654,231</u></b>	<b><u>40,494,844</u></b>
<b>Expenses:</b>		
Water.....	4,184,604	4,600,314
Sewer.....	5,491,001	5,527,480
Solid Waste.....	8,114,794	10,575,310
Airport.....	13,541,915	11,912,883
<b>Total expenses.....</b>	<b><u>31,332,314</u></b>	<b><u>32,615,987</u></b>
<b>Transfers and capital contributions.....</b>	<b><u>3,534,310</u></b>	<b><u>6,660,946</u></b>
<b>Change in net assets..... \$</b>	<b><u><u>4,856,227</u></u></b>	<b><u><u>\$ 14,539,803</u></u></b>

There was a net increase of \$4.9 million in net assets reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

**Business-Type Activities**

	Balance at June 30, 2010	Balance at June 30, 2009	Net Increase (Decrease)
<b>Net Assets:</b>			
Siasconset Water.....	\$ 4,279,820	\$ 4,072,117	\$ 207,703
Wannacomet Water Company.....	14,595,278	14,494,563	100,715
Nantucket Memorial Airport.....	48,229,498	44,942,215	3,287,283
Sewer Enterprise Fund.....	47,322,885	45,687,206	1,635,679
Solid Waste Enterprise Fund.....	7,599,925	7,975,078	(375,153)
<b>Total net assets.....</b>	<b>\$ 122,027,406</b>	<b>\$ 117,171,179</b>	<b>\$ 4,856,227</b>

The most significant factor in this change is a \$3.3 million increase in net assets for Nantucket Memorial Airport which includes \$7.2 million in capital grants for ongoing construction projects.

The Sewer enterprise fund reported a \$1.6 million increase in net assets.

The Solid Waste enterprise fund reported a \$375,000 decrease in net assets.

The Siasconset Water Company enterprise fund reported a \$207,000 increase in net assets.

At the end of the current fiscal year, the Town reports \$122 million in net assets for its combined business-type activities.

**Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$36.6 million, of which \$13.5 million is reported in the general fund, \$6.3 million is reported in the Town capital projects fund and \$16.9 million is reported as nonmajor governmental funds. The general fund is the Town's chief operating fund. At the end of fiscal 2010, unreserved fund balance of the general fund totaled \$10.1 million, while total fund balance totaled \$13.5 million.

During fiscal year 2010, total general fund balance showed an increase of \$2.7 million, and the unreserved, undesignated fund balance increased by \$3 million. The increase was the result of positive budgetary results, the receipt of unbudgeted bond premiums and proceeds from the sale of capital assets from properties previously acquired through tax title, and from transfers in from closed capital projects to be used toward fiscal year 2011 articles.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13% of total general fund expenditures and transfers out, while total fund balance represents 18% of that same amount. \$2.5 million of the unreserved fund balance was designated at year end to support the 2011 budget. An additional \$3 million was reserved for carry-over appropriations and encumbrances.

The Town Capital Projects major fund is used to account for major capital acquisitions, primarily financed through long-term borrowing. This fund recognized \$13.1 million in bond proceeds in fiscal year 2010 for stormwater drainage and a new police station. The majority of the \$11.8 million in expenditures relate to the construction of the new police station. The ending balance in this fund at June 30<sup>th</sup> totaled \$5.6 million.

The Town also maintains a community preservation fund, classified within the non-major governmental funds which had a year end fund balance of \$6.4 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 2010, the Town earned and accrued a year end receivable for state matching community preservation funds, of approximately \$494,000.

### ***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 \$78.7 million. Changes during the year consisted largely of allocations between and among departments. The net decrease from changes to the appropriation budget totaled \$466,000.

Total actual revenue was higher than estimated revenue by \$494,000. At year end, outstanding purchase orders and carry-over appropriations and articles totaled approximately \$3.1 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 \$2.1 million, a positive variance. The significant functional areas where expenditures and carry-forwards were lower than the available appropriation were Public Safety and Employee Benefits. Actual transfers in exceeded amounts budgeted due to amounts transferred in from capital project funds to fund fiscal year 2011 appropriations. These amounts have been included in reserve for subsequent year expenditures on the balance sheet.

### ***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, 2010, totals \$224 million in the governmental funds, and \$194 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 \$16.3 million for governmental activities, and \$17.4 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 \$181.6 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, \$25 million is in short term notes and the remaining \$157 million is outstanding long term debt. The governmental fund portion of the outstanding debt is \$76.6 million. The enterprise funds' portion of the outstanding debt is \$105 million.

	Governmental Funds	Enterprise Funds	Total
Short-term.....	\$ -	\$ 24,916,500	\$ 24,916,500
Current portion of long-term.....	6,706,444	4,465,974	11,172,418
Noncurrent portion of long-term.....	<u>69,909,850</u>	<u>75,661,578</u>	<u>145,571,428</u>
Total.....	<u>\$ 76,616,294</u>	<u>\$ 105,044,052</u>	<u>\$ 181,660,346</u>

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

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

In fiscal 2010, total assessed value of taxable property in the Town decreased by \$756 million or 3.6%. 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 2010 were \$1,263,904 (2.5%) and \$683,501 for new growth (1.3%). 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 2010 was \$3.01 per \$1,000 of assessed value. The average residential assessed value was \$1.8 million in 2010, a 4% decrease from 2009.

The 2010 Annual and Special Town Meetings approved a fiscal year 2011 total budget of \$103 million, including a total general fund budget of \$70.8 million. The residential tax rate for 2011 is \$3.58 per \$1,000 of assessed value. Total assessed value of taxable property decreased by \$2.9 billion, or 14% in fiscal 2011. The average residential assessed value is \$1.5 million in 2011, a 15% decrease from 2010.

**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, 2010

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 41,259,958	\$ 32,629,893	\$ 73,889,851
Restricted cash and cash equivalents.....	-	-	-
Investments.....	3,312,744	-	3,312,744
Investments, restricted.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	4,070,802	-	4,070,802
Tax and trash liens.....	2,340,976	-	2,340,976
Motor vehicle and other excise taxes.....	202,208	-	202,208
User fees.....	8,820	2,179,022	2,187,842
Departmental and other.....	644,690	-	644,690
Special assessments.....	25,171	97,962	123,133
Intergovernmental.....	2,672,434	3,486,199	6,158,633
Deferred loss on refunding.....	91,120	-	91,120
Inventory.....	-	405,043	405,043
Working capital deposit.....	1,784,300	-	1,784,300
Other assets.....	10,500	5,273	15,773
Prepaid expenses.....	10,900	-	10,900
Internal balances.....	(911,235)	911,235	-
<b>NONCURRENT:</b>			
Restricted assets:			
Cash and cash equivalents.....	-	-	-
Cash surrender value of life insurance.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	2,142,039	2,142,039
Deferred loss on refunding.....	307,708	-	307,708
Capital assets, not being depreciated.....	193,836,195	46,781,752	240,617,947
Capital assets, net of accumulated depreciation.....	29,728,404	146,938,606	176,667,010
<b>TOTAL ASSETS.....</b>	<b>279,395,695</b>	<b>237,438,306</b>	<b>516,834,001</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,914,672	3,165,004	6,079,676
Accrued liabilities.....	-	10,996	10,996
Accrued payroll.....	2,913,645	174,738	3,088,383
Health claims payable.....	783,083	-	783,083
Accrued interest.....	1,025,863	1,153,352	2,179,215
Payroll withholdings.....	70,804	-	70,804
Security deposits.....	-	348,998	348,998
Abandoned property.....	510,220	-	510,220
Other liabilities.....	536,273	295,855	832,128
Compensated absences.....	312,013	109,934	421,947
Workers' compensation.....	176,650	-	176,650
Bonds and notes payable.....	6,742,385	29,722,169	36,464,554
<b>NONCURRENT:</b>			
Landfill closure.....	-	2,578,403	2,578,403
Compensated absences.....	1,248,054	439,736	1,687,790
Other postemployment benefits.....	15,057,861	1,750,137	16,807,998
Bonds and notes payable.....	70,031,218	75,661,578	145,692,796
<b>TOTAL LIABILITIES.....</b>	<b>102,322,741</b>	<b>115,410,900</b>	<b>217,733,641</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	171,102,098	114,762,981	285,865,079
Restricted for:			
Debt service.....	-	-	-
Permanent funds:			
Expendable.....	213,687	-	213,687
Nonexpendable.....	308,153	-	308,153
Other purposes.....	12,773,155	-	12,773,155
Unrestricted.....	(7,324,139)	7,264,425	(59,714)
<b>TOTAL NET ASSETS.....</b>	<b>\$ 177,072,954</b>	<b>\$ 122,027,406</b>	<b>\$ 299,100,360</b>

See notes to basic financial statements.

**Component Units**

County	Land Bank	Total
\$ 2,297,582	\$ 10,184,142	\$ 12,481,724
-	207,477	207,477
-	-	-
-	1,144,798	1,144,798
-	-	-
-	-	-
-	-	-
6,059	122,739	128,798
-	-	-
116,663	-	116,663
-	-	-
-	132,680	132,680
-	-	-
50,871	152,500	203,371
-	316,692	316,692
-	-	-
-	-	-
-	3,871,255	3,871,255
-	581,185	581,185
-	-	-
-	-	-
28,458	213,815,625	213,844,083
86,598	17,183,330	17,269,928
<u>2,586,231</u>	<u>247,712,423</u>	<u>250,298,654</u>
18,224	271,232	289,456
-	362,383	362,383
7,647	-	7,647
-	-	-
-	-	-
387,231	-	387,231
-	-	-
-	-	-
155,298	-	155,298
-	-	-
-	-	-
-	3,945,000	3,945,000
-	-	-
-	-	-
50,939	348,900	399,839
-	26,502,617	26,502,617
<u>619,339</u>	<u>31,430,132</u>	<u>32,049,471</u>
115,056	200,703,838	200,818,894
-	4,078,732	4,078,732
-	-	-
-	-	-
-	-	-
1,851,836	11,499,721	13,351,557
<u>\$ 1,966,892</u>	<u>\$ 216,282,291</u>	<u>\$ 218,249,183</u>

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 8,544,044	\$ 1,358,150	\$ 565,081	\$ -	\$ (6,620,813)
Public safety.....	14,684,244	1,418,330	561,192	700,000	(12,004,722)
Education.....	30,380,350	498,985	3,386,509	-	(26,494,856)
Public works.....	4,514,082	55,092	17,000	7,937	(4,434,053)
Community preservation.....	1,775,756	-	-	522,688	(1,253,068)
Human services.....	9,714,459	3,661,973	32,184	-	(6,020,302)
Culture and recreation.....	3,392,381	289,279	528,267	-	(2,574,835)
Interest.....	2,351,987	-	-	-	(2,351,987)
Total Governmental Activities.....	<u>75,357,303</u>	<u>7,281,809</u>	<u>5,090,233</u>	<u>1,230,625</u>	<b>(61,754,636)</b>
<i>Business-Type Activities:</i>					
Water.....	4,184,604	4,262,470	196,892	-	274,758
Sewer.....	5,491,001	7,995,582	390,961	-	2,895,542
Solid waste.....	8,114,794	2,817,880	-	227	(5,296,687)
Airport.....	13,541,915	9,744,537	188,207	7,057,475	3,448,304
Total Business-Type Activities.....	<u>31,332,314</u>	<u>24,820,469</u>	<u>776,060</u>	<u>7,057,702</u>	<b>1,321,917</b>
Total Primary Government.....	<u>\$ 106,689,617</u>	<u>\$ 32,102,278</u>	<u>\$ 5,866,293</u>	<u>\$ 8,288,327</u>	<b><u>(60,432,719)</u></b>
<b>Component Units:</b>					
County.....	2,774,660	1,006,774	320,375	5,400	(1,442,111)
Land Bank.....	5,954,130	13,367,905	6,816,761	-	14,230,536
Total Component Units.....	<u>\$ 8,728,790</u>	<u>\$ 14,374,679</u>	<u>\$ 7,137,136</u>	<u>\$ 5,400</u>	<b><u>12,788,425</u></b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	County	Land Bank	Total
<b>Changes in net assets:</b>						
Net (expense) revenue from previous page.....	\$ (61,754,636)	\$ 1,321,917	\$ (60,432,719)	\$ (1,442,111)	\$ 14,230,536	\$ 12,788,425
<i>General revenues:</i>						
Real estate and personal property taxes, net of tax refunds payable.....	60,231,952	-	60,231,952	-	-	-
Tax liens.....	724,886	-	724,886	-	-	-
Motor vehicle and other excise taxes.....	1,852,563	-	1,852,563	-	-	-
Hotel/motel tax.....	1,035,291	-	1,035,291	-	-	-
Penalties and interest on taxes.....	659,062	-	659,062	-	-	-
Community Preservation Fund surcharges...	1,669,975	-	1,669,975	-	-	-
Payments in lieu of taxes.....	11,846	-	11,846	-	-	-
Grants and contributions not restricted to specific programs.....	587,474	-	587,474	-	-	-
Unrestricted investment income.....	160,970	-	160,970	-	-	-
Gain on sale of capital assets.....	1,143,075	-	1,143,075	-	-	-
Miscellaneous.....	777,392	-	777,392	3,926	-	3,926
Capital transfers.....	1,193,690	(1,193,690)	-	-	-	-
Transfers, net.....	(4,728,000)	4,728,000	-	-	-	-
Total general revenues and transfers.....	65,320,176	3,534,310	68,854,486	3,926	-	3,926
Change in net assets.....	3,565,540	4,856,227	8,421,767	(1,438,185)	14,230,536	12,792,351
<i>Net Assets:</i>						
Beginning of year.....	173,507,414	117,171,179	290,678,593	3,405,077	202,051,755	205,456,832
End of year.....	\$ 177,072,954	\$ 122,027,406	\$ 299,100,360	\$ 1,966,892	\$ 216,282,291	\$ 218,249,183

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2010

<b>ASSETS</b>	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds	Component Unit - Nantucket County
Cash and cash equivalents.....	\$ 18,745,820	\$ 7,410,532	\$ 13,737,164	\$ 39,893,516	\$ 2,297,582
Investments.....	-	-	3,099,019	3,099,019	-
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	3,958,088	-	112,714	4,070,802	-
Tax liens.....	2,309,148	-	31,828	2,340,976	-
Motor vehicle and other excise taxes.....	202,208	-	-	202,208	-
User fees.....	8,820	-	-	8,820	-
Departmental and other.....	503,015	-	141,675	644,690	6,059
Special assessments.....	-	-	25,171	25,171	-
Intergovernmental.....	91,062	684,142	1,897,230	2,672,434	116,663
Due from other funds.....	285,115	-	-	285,115	245,373
Other assets.....	-	-	-	-	50,871
Prepaid expenses.....	10,900	-	-	10,900	-
<b>TOTAL ASSETS.....</b>	<b>\$ 26,114,176</b>	<b>\$ 8,094,674</b>	<b>\$ 19,044,801</b>	<b>\$ 53,253,651</b>	<b>\$ 2,716,548</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 629,574	\$ 1,826,281	\$ 453,754	\$ 2,909,609	\$ 18,224
Accrued payroll.....	2,823,068	-	90,577	2,913,645	7,647
Payroll withholdings.....	70,804	-	-	70,804	387,231
Abandoned property.....	510,220	-	-	510,220	-
Other liabilities.....	450,215	-	86,058	536,273	155,298
Deferred revenues.....	5,993,953	-	1,535,850	7,529,803	-
Due to other funds.....	2,142,726	-	-	2,142,726	245,373
<b>TOTAL LIABILITIES.....</b>	<b>12,620,560</b>	<b>1,826,281</b>	<b>2,166,239</b>	<b>16,613,080</b>	<b>813,773</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations.....	3,136,435	-	4,574	3,141,009	2,275
Debt service.....	250,000	-	-	250,000	-
Perpetual permanent funds.....	-	-	308,153	308,153	-
Unreserved:					
Designated for subsequent year's expenditures...	2,471,550	-	-	2,471,550	-
Undesignated, reported in:					
General fund.....	7,635,631	-	-	7,635,631	265,194
Special revenue funds.....	-	-	16,352,148	16,352,148	1,635,306
Capital projects funds.....	-	6,268,393	-	6,268,393	-
Permanent funds.....	-	-	213,687	213,687	-
<b>TOTAL FUND BALANCES.....</b>	<b>13,493,616</b>	<b>6,268,393</b>	<b>16,878,562</b>	<b>36,640,571</b>	<b>1,902,775</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 26,114,176</b>	<b>\$ 8,094,674</b>	<b>\$ 19,044,801</b>	<b>\$ 53,253,651</b>	<b>\$ 2,716,548</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, 2010

Total governmental fund balances.....	\$	36,640,571
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		223,564,599
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		7,529,803
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.....		3,533,197
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,025,863)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(76,773,603)	
Workers' compensation.....	(176,650)	
Compensated absences.....	(1,560,067)	
Other postemployment benefits.....	<u>(15,057,861)</u>	
Net effect of reporting long-term liabilities.....		(93,568,181)
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>398,828</u>
Net assets of governmental activities.....	\$	<u><u>177,072,954</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ 59,483,417	\$ -	\$ -	\$ 59,483,417	\$ -
Tax liens.....	285,995	-	-	285,995	-
Motor vehicle and other excise taxes.....	1,724,857	-	32,535	1,757,392	-
Hotel/motel tax.....	1,035,291	-	-	1,035,291	-
Charges for services.....	4,755,568	-	592,495	5,348,063	-
Community Preservation surcharges.....	-	-	1,669,975	1,669,975	-
Penalties and interest on taxes.....	654,572	-	4,490	659,062	-
Payments in lieu of taxes.....	11,846	-	-	11,846	-
Licenses and permits.....	932,004	-	-	932,004	-
Fines and forfeitures.....	248,231	-	-	248,231	-
Intergovernmental.....	3,961,045	-	2,985,237	6,946,282	105,400
Departmental and other.....	193,922	-	186,212	380,134	1,168,289
Contributions.....	-	-	83,320	83,320	13,100
Investment income.....	101,859	-	176,580	278,439	14,326
Miscellaneous.....	58,278	-	2,036,194	2,094,472	3,926
<b>TOTAL REVENUES.....</b>	<b>73,446,885</b>	<b>-</b>	<b>7,767,038</b>	<b>81,213,923</b>	<b>1,305,041</b>
<b>EXPENDITURES:</b>					
Current:					
County administration.....	-	-	-	-	1,045,532
Registry of Deeds.....	-	-	-	-	347,998
Sheriff's department.....	-	-	-	-	931,921
Special projects.....	-	-	-	-	163,547
General government.....	5,837,165	141,982	286,562	6,265,709	531
Public safety.....	7,947,949	10,956,886	2,566,007	21,470,842	7,621
Education.....	22,834,458	28,810	2,789,908	25,653,176	-
Public works.....	2,264,682	658,128	58,820	2,981,630	-
Community preservation.....	-	-	1,775,756	1,775,756	-
Human services.....	5,793,062	-	52,062	5,845,124	-
Culture and recreation.....	1,656,195	-	656,613	2,312,808	-
Pension benefits.....	5,245,834	-	-	5,245,834	-
Employee benefits.....	7,452,901	-	-	7,452,901	-
State and county charges.....	458,657	-	-	458,657	-
Debt service:					
Principal.....	7,777,340	-	1,163	7,778,503	-
Interest.....	2,500,352	-	667	2,501,019	-
<b>TOTAL EXPENDITURES.....</b>	<b>69,768,595</b>	<b>11,785,806</b>	<b>8,187,558</b>	<b>89,741,959</b>	<b>2,497,150</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>3,678,290</b>	<b>(11,785,806)</b>	<b>(420,520)</b>	<b>(8,528,036)</b>	<b>(1,192,109)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from bonds and notes.....	-	13,070,000	-	13,070,000	-
Premium from issuance of bonds.....	279,138	-	-	279,138	-
Sale of capital assets.....	801,000	-	342,075	1,143,075	-
Transfers in.....	2,344,027	5,897	465,284	2,815,208	1,419,045
Transfers out.....	(5,586,596)	(607,486)	(1,349,126)	(7,543,208)	(1,419,045)
Capital transfer.....	1,193,690	-	-	1,193,690	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(968,741)</b>	<b>12,468,411</b>	<b>(541,767)</b>	<b>10,957,903</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,709,549</b>	<b>682,605</b>	<b>(962,287)</b>	<b>2,429,867</b>	<b>(1,192,109)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>10,784,067</b>	<b>5,585,788</b>	<b>17,840,849</b>	<b>34,210,704</b>	<b>3,094,884</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 13,493,616</b>	<b>\$ 6,268,393</b>	<b>\$ 16,878,562</b>	<b>\$ 36,640,571</b>	<b>\$ 1,902,775</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, 2010

Net change in fund balances - total governmental funds.....	\$	2,429,867
<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.....		16,261,458
Depreciation expense.....		<u>(2,559,071)</u>
Net effect of reporting capital assets.....		13,702,387
<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>		
		1,875,094
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Proceeds from bonds and notes.....		(13,070,000)
Debt service principal payments.....		<u>7,778,503</u>
Net effect of reporting long-term debt.....		(5,291,497)
<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.....		(82,246)
Net change in accrued interest on long-term debt.....		(69,430)
Net change in workers' compensation.....		(83,504)
Amortization of deferred charge on refunding.....		(100,196)
Amortization of premiums on bonds and notes payable.....		39,520
Other postemployment benefits.....		<u>(7,656,687)</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....		(7,952,543)
<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>(1,197,768)</u>
Change in net assets of governmental activities.....	\$	<u><u>3,565,540</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET ASSETS

JUNE 30, 2010

Business-type Activities - Enterprise Funds

	Siasconset Water	Sewer	Solid Waste	Nantucket Memorial Airport
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 2,164,479	\$ 3,546,225	\$ 1,059,371	\$ 19,301,736
Restricted cash and cash equivalents.....	-	-	-	-
Investments.....	-	-	-	-
Investments, designated.....	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Land Bank accounts.....	-	-	-	-
User fees.....	9,664	748,770	514,172	173,930
Sewer privilege fees.....	-	97,962	-	-
Intergovernmental.....	-	922,783	-	2,563,416
Inventory.....	-	-	-	305,078
Working capital deposit.....	-	-	-	-
Other assets.....	-	-	-	-
Land deposits.....	-	-	-	-
Due from other funds.....	167,199	153,488	6,330	705,492
<b>Total current assets.....</b>	<b>2,341,342</b>	<b>5,469,228</b>	<b>1,579,873</b>	<b>23,049,652</b>
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	-	2,142,039	-	-
Sewer privilege fees.....	-	1,861,282	-	-
Restricted cash and cash equivalents.....	-	-	-	-
Cash surrender value of life insurance.....	-	-	-	-
Capital assets, not being depreciated.....	8,753,248	13,960,225	2,651,406	9,382,257
Capital assets, net of accumulated depreciation.....	2,365,511	72,494,212	7,357,760	47,328,946
<b>Total noncurrent assets.....</b>	<b>11,118,759</b>	<b>90,457,758</b>	<b>10,009,166</b>	<b>56,711,203</b>
<b>TOTAL ASSETS.....</b>	<b>13,460,101</b>	<b>95,926,986</b>	<b>11,589,039</b>	<b>79,760,855</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	38,153	121,718	498,112	2,095,737
Accrued liabilities.....	-	-	-	-
Accrued payroll.....	3,137	21,156	1,951	118,398
Health claims payable.....	-	-	-	-
Security deposits.....	-	-	-	348,998
Accrued interest.....	121,915	569,484	11,180	147,968
Other liabilities.....	-	-	-	295,855
Landfill closure.....	-	-	-	-
Due to other funds.....	17,225	305,999	-	11,010
Compensated absences.....	-	12,962	-	66,108
Notes payable.....	-	-	-	24,916,500
Bonds payable.....	605,916	1,785,974	110,000	680,000
<b>Total current liabilities.....</b>	<b>786,346</b>	<b>2,817,293</b>	<b>621,243</b>	<b>28,680,574</b>
<b>NONCURRENT:</b>				
Landfill closure.....	-	-	2,578,403	-
Compensated absences.....	-	51,848	-	264,433
Notes payable.....	-	-	-	-
Other postemployment benefits.....	68,935	233,382	34,468	1,146,350
Bonds payable.....	8,325,000	45,501,578	755,000	1,440,000
<b>Total noncurrent liabilities.....</b>	<b>8,393,935</b>	<b>45,786,808</b>	<b>3,367,871</b>	<b>2,850,783</b>
<b>TOTAL LIABILITIES.....</b>	<b>9,180,281</b>	<b>48,604,101</b>	<b>3,989,114</b>	<b>31,531,357</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	2,847,415	42,658,197	9,724,166	47,962,783
Restricted.....	-	-	-	-
Unrestricted:				
Undesignated.....	1,432,405	4,664,688	(2,124,241)	266,715
<b>TOTAL NET ASSETS.....</b>	<b>\$ 4,279,820</b>	<b>\$ 47,322,885</b>	<b>\$ 7,599,925</b>	<b>\$ 48,229,498</b>

See notes to basic financial statements.

			Component Unit
Wannacomet Water Company	Total Business-Type Activities	Governmental Activities - Internal Service Fund	Nantucket Islands Land Bank
\$ 6,558,082	\$ 32,629,893	\$ 1,366,442	\$ 10,184,142
-	-	-	207,477
-	-	213,725	-
-	-	-	1,144,798
-	-	-	122,739
732,486	2,179,022	-	-
-	97,962	-	-
-	3,486,199	-	-
99,965	405,043	-	132,680
-	-	1,784,300	-
5,273	5,273	10,500	-
-	-	-	152,500
307,853	1,340,362	946,376	316,692
<u>7,703,659</u>	<u>40,143,754</u>	<u>4,321,343</u>	<u>12,261,028</u>
-	2,142,039	-	-
-	1,861,282	-	-
-	-	-	3,871,255
-	-	-	581,185
12,034,616	46,781,752	-	213,815,625
17,392,177	146,938,606	-	17,183,330
<u>29,426,793</u>	<u>197,723,679</u>	<u>-</u>	<u>235,451,395</u>
<u>37,130,452</u>	<u>237,867,433</u>	<u>4,321,343</u>	<u>247,712,423</u>
411,284	3,165,004	5,063	271,232
10,996	10,996	-	362,383
30,096	174,738	-	-
-	-	783,083	-
-	348,998	-	-
302,805	1,153,352	-	-
-	295,855	-	-
-	-	-	-
94,893	429,127	-	-
30,864	109,934	-	-
-	24,916,500	-	3,945,000
1,623,779	4,805,669	-	-
<u>2,504,717</u>	<u>35,410,173</u>	<u>788,146</u>	<u>4,578,615</u>
-	2,578,403	-	-
123,455	439,736	-	-
-	-	-	26,502,617
267,002	1,750,137	-	348,900
19,640,000	75,661,578	-	-
<u>20,030,457</u>	<u>80,429,854</u>	<u>-</u>	<u>26,851,517</u>
<u>22,535,174</u>	<u>115,840,027</u>	<u>788,146</u>	<u>31,430,132</u>
11,570,419	114,762,981	-	200,703,838
-	-	-	4,078,732
3,024,859	7,264,425	3,533,197	11,499,721
<u>\$ 14,595,278</u>	<u>\$ 122,027,406</u>	<u>\$ 3,533,197</u>	<u>\$ 216,282,291</u>

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

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	732,573	5,063,458	2,811,549	9,612,444
Intergovernmental.....	-	385,030	-	-
Other.....	-	-	-	-
Contributions.....	-	-	-	-
<b>TOTAL OPERATING REVENUES</b> .....	<b>732,573</b>	<b>5,448,488</b>	<b>2,811,549</b>	<b>9,612,444</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration.....	204,487	2,166,288	7,562,845	9,735,740
Depreciation.....	43,827	1,706,317	493,906	1,859,907
Employee benefits.....	13,331	181,867	23,973	1,464,838
<b>TOTAL OPERATING EXPENSES</b> .....	<b>261,645</b>	<b>4,054,472</b>	<b>8,080,724</b>	<b>13,060,485</b>
<b>OPERATING INCOME (LOSS)</b> .....	<b>470,928</b>	<b>1,394,016</b>	<b>(5,269,175)</b>	<b>(3,448,041)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income.....	23,186	67,799	6,558	132,093
Interest expense.....	(340,862)	(1,436,529)	(34,070)	(481,430)
Intergovernmental capital grants.....	-	-	-	7,245,682
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b> .....	<b>(317,676)</b>	<b>(1,368,730)</b>	<b>(27,512)</b>	<b>6,896,345</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b> .....	<b>153,252</b>	<b>25,286</b>	<b>(5,296,687)</b>	<b>3,448,304</b>
Return of capital contributions.....	-	(1,193,690)	-	-
Capital contributions-privilege fees.....	-	2,870,256	-	-
Transfers in.....	70,873	3,200,000	4,979,471	997
Transfers out.....	(16,422)	(3,266,173)	(57,937)	(162,018)
<b>CHANGE IN NET ASSETS</b> .....	<b>207,703</b>	<b>1,635,679</b>	<b>(375,153)</b>	<b>3,287,283</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b> .....	<b>4,072,117</b>	<b>45,687,206</b>	<b>7,975,078</b>	<b>44,942,215</b>
<b>NET ASSETS AT END OF YEAR</b> .....	<b>\$ 4,279,820</b>	<b>\$ 47,322,885</b>	<b>\$ 7,599,925</b>	<b>\$ 48,229,498</b>

See notes to basic financial statements.

			Component Unit
Wannacomet Water Company	Total Business-Type Activities	Governmental Activities - Internal Service Fund	Nantucket Islands Land Bank
\$ -	\$ -	\$ -	\$ 182,453
-	-	-	13,138,613
3,529,897	21,749,921	-	-
-	385,030	-	-
135,639	135,639	225,785	34,314
-	-	10,402,707	6,554,127
<u>3,665,536</u>	<u>22,270,590</u>	<u>10,628,492</u>	<u>19,909,507</u>
1,926,200	21,595,560	-	4,819,141
699,894	4,803,851	-	-
<u>129,323</u>	<u>1,813,332</u>	<u>11,833,536</u>	<u>-</u>
<u>2,755,417</u>	<u>28,212,743</u>	<u>11,833,536</u>	<u>4,819,141</u>
<u>910,119</u>	<u>(5,942,153)</u>	<u>(1,205,044)</u>	<u>15,090,366</u>
38,067	267,703	7,276	275,159
(826,680)	(3,119,571)	-	(1,134,989)
-	7,245,682	-	-
<u>(788,613)</u>	<u>4,393,814</u>	<u>7,276</u>	<u>(859,830)</u>
<u>121,506</u>	<u>(1,548,339)</u>	<u>(1,197,768)</u>	<u>14,230,536</u>
-	(1,193,690)	-	-
-	2,870,256	-	-
64,074	8,315,415	-	-
<u>(84,865)</u>	<u>(3,587,415)</u>	<u>-</u>	<u>-</u>
100,715	4,856,227	(1,197,768)	14,230,536
<u>14,494,563</u>	<u>117,171,179</u>	<u>4,730,965</u>	<u>202,051,755</u>
<u>\$ 14,595,278</u>	<u>\$ 122,027,406</u>	<u>\$ 3,533,197</u>	<u>\$ 216,282,291</u>

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ 759,667	\$ 4,885,533	\$ 2,862,960	\$ 9,892,333
Employer and employee contributions to fund.....	-	-	-	-
Receipts from other governments.....	-	385,030	-	-
Receipts from other operating revenues.....	-	-	-	-
Payments to vendors.....	(144,518)	(1,263,400)	(7,392,795)	(4,603,183)
Payments to employees.....	(130,009)	(785,875)	(72,767)	(3,870,357)
Payments for interfund services used.....	(13,331)	-	(23,973)	(1,464,838)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>471,809</b>	<b>3,039,421</b>	<b>(4,626,575)</b>	<b>(46,045)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in.....	70,873	3,200,000	4,979,471	997
Transfers out.....	(16,422)	(3,266,173)	(57,937)	(162,018)
Advances (to) from other funds.....	(158,373)	(14,801)	(42,021)	(921,371)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(103,922)</b>	<b>(80,974)</b>	<b>4,879,513</b>	<b>(1,082,392)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from the issuance of bonds and notes.....	-	-	-	-
Premium from the issuance of bonds and notes.....	95,916	-	-	-
Capital grants.....	-	6,937,746	-	8,575,081
Sewer privilege fees.....	-	911,012	-	-
Acquisition and construction of capital assets.....	(3,210,900)	(1,992,595)	-	(9,930,573)
Net change in land deposits.....	-	-	-	-
Principal payments on bonds and notes.....	(423,000)	(4,093,889)	(110,000)	(1,376,225)
Interest expense.....	(329,371)	(1,504,621)	(36,076)	(420,920)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(3,867,355)</b>	<b>257,653</b>	<b>(146,076)</b>	<b>(3,152,637)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investments.....	-	-	-	-
Investment income.....	23,186	67,799	6,558	132,093
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>23,186</b>	<b>67,799</b>	<b>6,558</b>	<b>132,093</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(3,476,282)</b>	<b>3,283,899</b>	<b>113,420</b>	<b>(4,148,981)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>5,640,761</b>	<b>262,326</b>	<b>945,951</b>	<b>23,450,717</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 2,164,479</b>	<b>\$ 3,546,225</b>	<b>\$ 1,059,371</b>	<b>\$ 19,301,736</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>				
<b>FROM OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ 470,928	\$ 1,394,016	\$ (5,269,175)	\$ (3,448,041)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	43,827	1,706,317	493,906	1,859,907
Loss on disposal of capital assets.....	-	-	-	-
Changes in assets and liabilities:				
Insurance reimbursements.....	-	-	-	-
User fees.....	27,094	(177,925)	51,411	279,889
Accounts receivable.....	-	-	-	-
Intergovernmental.....	-	-	-	-
Inventory.....	-	-	-	152,529
Working capital deposit.....	-	-	-	-
Other assets.....	-	-	-	-
Prepaid expenses.....	-	-	-	-
Warrants payable.....	(78,929)	(53,591)	(73,588)	116,844
Accrued liabilities.....	-	-	-	-
Security deposits.....	-	-	-	12,668
Accrued payroll.....	65	(369)	72	12,388
Health claims payable.....	-	-	-	-
Landfill closure.....	-	-	150,403	-
Other liabilities.....	-	-	-	242,105
Accrued compensated absences.....	(23,170)	19,712	-	43,942
Other Postemployment Benefit.....	31,994	151,261	20,396	681,724
<b>Total adjustments.....</b>	<b>881</b>	<b>1,645,405</b>	<b>642,600</b>	<b>3,401,996</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 471,809</b>	<b>\$ 3,039,421</b>	<b>\$ (4,626,575)</b>	<b>\$ (46,045)</b>

See notes to basic financial statements.

				Component Unit
Wannacomet Water Company	Total Business-Type Activities	Governmental Activities Internal Service Fund	Nantucket Islands Land Bank	
\$ 3,443,012	\$ 21,843,505	\$ -	\$ 17,650,170	
-	-	10,849,616	-	
-	385,030	-	-	
-	-	225,785	6,770,894	
(540,174)	(13,944,070)	(12,016,264)	(6,401,018)	
(1,324,021)	(6,183,029)	-	(1,643,873)	
(129,323)	(1,813,332)	-	-	
<u>1,449,494</u>	<u>288,104</u>	<u>(940,863)</u>	<u>16,376,173</u>	
64,074	8,315,415	-	-	
(84,865)	(3,587,415)	-	-	
(366,221)	(1,502,787)	(55,287)	-	
<u>(387,012)</u>	<u>3,225,213</u>	<u>(55,287)</u>	<u>-</u>	
-	-	-	-	
243,779	339,695	-	-	
-	15,512,827	-	-	
-	911,012	-	-	
(3,993,288)	(19,127,356)	-	(12,323,355)	
-	-	-	(110,000)	
(1,215,000)	(7,218,114)	-	(2,287,782)	
(817,503)	(3,108,491)	-	(1,134,989)	
<u>(5,782,012)</u>	<u>(12,690,427)</u>	<u>-</u>	<u>(15,856,126)</u>	
-	-	(44,892)	(26,208)	
<u>38,067</u>	<u>267,703</u>	<u>7,276</u>	<u>275,159</u>	
<u>38,067</u>	<u>267,703</u>	<u>(37,616)</u>	<u>248,951</u>	
(4,681,463)	(8,909,407)	(1,033,766)	768,998	
<u>11,239,545</u>	<u>41,539,300</u>	<u>2,400,208</u>	<u>9,653,251</u>	
<u>\$ 6,558,082</u>	<u>\$ 32,629,893</u>	<u>\$ 1,366,442</u>	<u>\$ 10,422,249</u>	
<u>\$ 910,119</u>	<u>\$ (5,942,153)</u>	<u>\$ (1,205,044)</u>	<u>\$ 15,090,366</u>	
699,894	4,803,851	-	1,001,872	
-	-	-	177,101	
-	-	396,110	(19,485)	
(222,524)	(42,055)	-	-	
-	-	-	7,514	
-	-	-	-	
(146)	152,383	-	(17,201)	
-	-	(181,700)	-	
(5,273)	(5,273)	(10,500)	-	
-	-	-	10,287	
(67,264)	(156,528)	(1,028)	-	
1,387	1,387	-	125,719	
-	12,668	-	-	
4,905	17,061	-	-	
-	-	61,299	-	
-	150,403	-	-	
-	242,105	-	-	
(8,240)	32,244	-	-	
<u>136,636</u>	<u>1,022,011</u>	<u>-</u>	<u>-</u>	
<u>539,375</u>	<u>6,230,257</u>	<u>264,181</u>	<u>1,285,807</u>	
<u>\$ 1,449,494</u>	<u>\$ 288,104</u>	<u>\$ (940,863)</u>	<u>\$ 16,376,173</u>	

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 477,043	\$ 671,373
Investments.....	2,030,391	-
TOTAL ASSETS.....	2,507,434	671,373
<b>LIABILITIES</b>		
Warrants payable.....	22,235	700
Liabilities due depositors.....	-	670,673
TOTAL LIABILITIES.....	22,235	671,373
<b>NET ASSETS</b>		
Held in trust for other purposes.....	\$ 2,485,199	\$ -

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Private donations.....	\$ 7,400
Net investment income (loss):	
Interest.....	<u>99,878</u>
TOTAL ADDITIONS.....	<u>107,278</u>
<b>DEDUCTIONS:</b>	
General government.....	6,400
Educational scholarships.....	29,198
Human services.....	<u>13,385</u>
TOTAL DEDUCTIONS.....	<u>48,983</u>
CHANGE IN NET ASSETS.....	58,295
NET ASSETS AT BEGINNING OF YEAR.....	<u>2,426,904</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 2,485,199</u>

See notes to basic financial statements.

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

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

**A. Reporting Entity**

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

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

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

In the Governmental Funds:

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

In the Enterprise Funds:

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

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

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

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

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

## B. Government-Wide and Fund Financial Statements

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

### *Major Fund Criteria*

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

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

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

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

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

### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

The following major proprietary funds and component unit are reported:

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

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

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

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

#### *Government-Wide and Fund Financial Statements*

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

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

#### E. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

##### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 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 Wannacomet Water Company are levied monthly based on individual meter readings and average bills.

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

**Sewer 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
Office equipment.....	5-10
Shop equipment.....	10-15
Runway improvements.....	20
Water infrastructure.....	40-70
Buildings and improvements.....	33-50

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

*Governmental Fund Financial Statements*

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

I. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

J. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

K. Deferred Revenue

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

## L. Net Assets and Fund Equity

### *Government-Wide Financial Statements (Net Assets)*

Net assets reported as “invested in capital assets, net of related debt” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt relating to future reimbursements from the Massachusetts Water Pollution Abatement Trust is not considered to be capital related debt.

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

Net assets have been “restricted for” the following:

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

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

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

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

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

Fund balances have been “reserved for” the following:

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

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

Fund balances have been “designated for” the following:

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

## M. Long-term debt

### *Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

N. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

O. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

P. Individual Fund Deficits

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

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

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

## R. Total Column

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **NOTE 2 – CASH AND INVESTMENTS**

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

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

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

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

### Custodial Credit Risk – Deposits

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

### *Primary Government*

At fiscal year-end, the carrying amount of deposits of the primary government totaled \$69,557,334 and the bank balance totaled \$69,964,515. Of the bank balance, \$1,250,000 was covered by the Federal Depositors Insurance Company, \$2,273,916 was covered by the Depositors Insurance Fund and \$66,440,599 was collateralized.

### *Component Unit-County*

At fiscal year-end, the carrying amount of deposits of Nantucket County totaled \$2,297,582 and the bank balance totaled \$2,476,605. Of the bank balance, \$597,208 was covered by Federal Depository Insurance and the remaining \$1,879,397 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 \$14,262,874, of which \$14,012,874 was exposed to custodial credit risk.

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

Investments

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

*Primary Government*

Investment Type:	Fair Value	Maturity		
		Under 1 Year	1-5 Years	6-10 Years
Debt Securities:				
Federal Home Loan Bank.....	\$ 452,750	\$ -	\$ -	\$ 452,750
Federal Home Loan Mortgage Corporation.....	1,033,628	-	807,252	226,376
Federal National Mortgage Association.....	595,877	229,781	366,096	-
Federal Home Loan Mortgage Corporation Gold.....	419,674	414,564	5,110	-
United States Treasury Note.....	2,841,207	205,089	2,077,474	558,644
Repurchase Agreements.....	3,727,959	3,727,959	-	-
Total Debt Securities.....	9,071,095	\$ 4,577,393	\$ 3,255,932	\$ 1,237,770
Other Investments:				
MMDT.....	1,752,975			
Total Investments.....	\$ 10,824,070			

*Component Unit-County*

The County did not have any investments as of June 30, 2010.

*Component Unit-Nantucket Islands Land Bank*

At June 30, 2010, the Land Bank's investments of \$1,144,798 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, 2010. 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 \$452,750 in Federal Home Loan Bank, \$1,033,628 in Federal Home Loan Mortgage Corporation, \$595,877 in Federal National Mortgage Association \$419,674 in Federal Home Loan Mortgage Corporation Gold, and \$2,841,207 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, 2010 in debt securities, \$2,501,929 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.....	10%
United States Treasury Note.....	26%
Repurchase Agreements.....	34%
MMDT.....	16%

**NOTE 3 – RECEIVABLES**

At June 30, 2010, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 4,363,751	\$ (292,949)	\$ 4,070,802
Tax liens .....	2,340,976	-	2,340,976
Excise taxes.....	822,502	(620,294)	202,208
User fees.....	8,820	-	8,820
Departmental and other.....	736,501	(91,811)	644,690
Special assessments.....	25,171	-	25,171
Intergovernmental.....	2,672,434	-	2,672,434
 Total.....	 \$ 10,970,155	 \$ (1,005,054)	 \$ 9,965,101

At June 30, 2010, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water fees.....	\$ 742,150	\$ -	\$ 742,150
Sewer fees.....	748,770	-	748,770
Solid waste fees.....	681,414	(167,242)	514,172
Airport fees.....	173,930	-	173,930
Intergovernmental.....	5,628,238	-	5,628,238
 Total.....	 \$ 7,974,502	 \$ (167,242)	 \$ 7,807,260

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.....	\$ 2,970,762	\$ 77,191	\$ 3,047,953
Tax liens.....	2,309,148	31,828	2,340,976
Motor vehicle and other excise taxes.....	202,208	-	202,208
User fees.....	8,820	-	8,820
Departmental and other.....	503,015	141,675	644,690
Special assessments.....	-	25,171	25,171
Intergovernmental.....	-	1,259,985	1,259,985
 Total.....	 \$ 5,993,953	 \$ 1,535,850	 \$ 7,529,803

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the primary government for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 171,176,126	\$ -	\$ (35,038)	\$ 171,141,088
Construction in progress.....	9,291,223	15,183,006	(1,779,122)	22,695,107
Total capital assets not being depreciated.....	<u>180,467,349</u>	<u>15,183,006</u>	<u>(1,814,160)</u>	<u>193,836,195</u>
<u>Capital assets being depreciated:</u>				
Vehicles.....	8,623,670	633,185	(475,520)	8,781,335
Buildings.....	33,880,879	347,329	-	34,228,208
Machinery and equipment.....	7,852,938	468,851	-	8,321,789
Infrastructure.....	24,827,056	1,443,247	-	26,270,303
Total capital assets being depreciated.....	<u>75,184,543</u>	<u>2,892,612</u>	<u>(475,520)</u>	<u>77,601,635</u>
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(6,063,493)	(688,033)	475,520	(6,276,006)
Buildings.....	(16,065,238)	(827,608)	-	(16,892,846)
Machinery and equipment.....	(7,077,508)	(233,778)	-	(7,311,286)
Infrastructure.....	(16,583,441)	(809,652)	-	(17,393,093)
Total accumulated depreciation.....	<u>(45,789,680)</u>	<u>(2,559,071)</u>	<u>475,520</u>	<u>(47,873,231)</u>
Total capital assets being depreciated, net.....	<u>29,394,863</u>	<u>333,541</u>	<u>-</u>	<u>29,728,404</u>
Total governmental activities capital assets, net.....	<u>\$ 209,862,212</u>	<u>\$ 15,516,547</u>	<u>\$ (1,814,160)</u>	<u>\$ 223,564,599</u>

The capital asset totals for the business-type activities at June 30, 2010 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.....	91,116,886	16,950,858	(78,428,420)	29,639,324
Total capital assets not being depreciated.....	108,259,314	16,950,858	(78,428,420)	46,781,752
<u>Capital assets being depreciated:</u>				
Land improvements.....	24,554,895	465,309	-	25,020,204
Plant.....	15,606,580	46,123,870	-	61,730,450
Infrastructure.....	38,130,001	1,517,935	(1,656)	39,646,280
Buildings.....	20,206,562	30,215,417	-	50,421,979
Vehicles.....	4,512,108	128,766	(23,148)	4,617,726
Machinery and equipment.....	18,094,320	415,992	-	18,510,312
Furniture, fixtures and computer equipment.....	598,421	13,113	-	611,534
Total capital assets being depreciated.....	121,702,887	78,880,402	(24,804)	200,558,485
Less accumulated depreciation.....	(48,840,831)	(4,803,852)	24,804	(53,619,879)
Total capital assets being depreciated, net.....	72,862,056	74,076,550	-	146,938,606
Total business-type activities, capital assets.....	\$ 181,121,370	\$ 91,027,408	\$ (78,428,420)	\$ 193,720,358

Capital asset activity for the Nantucket County and Nantucket Islands Land Bank component units for the fiscal year ended June 30, 2010 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.....	\$ 203,012,641	\$ 10,802,984	\$ -	\$ 213,815,625
<u>Capital assets being depreciated:</u>				
Buildings, improvements and equipment.....	20,640,538	1,520,371	(194,086)	21,966,823
Less accumulated depreciation.....	(3,813,308)	(987,170)	16,985	(4,783,493)
Total capital assets being depreciated, net.....	16,827,230	533,201	(177,101)	17,183,330
Total Nantucket Islands Land Bank Component Unit, capital assets.....	\$ 219,839,871	\$ 11,336,185	\$ (177,101)	\$ 230,998,955

	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>				
Vehicles.....	277,183	33,025	(310,208)	-
Equipment.....	1,415,434	-	(1,043,484)	371,950
Total capital assets being depreciated.....	1,692,617	33,025	(1,353,692)	371,950
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(234,193)	(19,223)	253,416	-
Equipment.....	(1,063,556)	(61,290)	839,494	(285,352)
Total accumulated depreciation.....	(1,297,749)	(80,513)	1,092,910	(285,352)
Total capital assets being depreciated, net.....	394,868	(47,488)	(260,782)	86,598
Total County Component Unit capital assets.....	\$ 423,326	\$ (47,488)	\$ (260,782)	\$ 115,056

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government.....	\$ 43,485
Public safety.....	661,645
Education.....	705,605
Public works.....	987,184
Human services.....	5,764
Culture and recreation.....	155,388

Total depreciation expense - governmental activities..... \$ 2,559,071

**Business-Type Activities:**

Water.....	\$ 743,721
Sewer.....	1,706,317
Solid waste.....	493,906
Airport.....	1,859,908

Total depreciation expense - business-type activities..... \$ 4,803,852

**Nantucket County Component Unit:**

Registry of Deeds.....	\$ 41,589
Sheriff's Department.....	38,924

Total depreciation expense - component unit activities..... \$ 80,513

**Nantucket Islands Land Bank Component Unit:**

Land Bank.....	\$ 987,170
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**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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

Due From:	Due To:							Total
	General Fund	Siasconset Water Company	Sewer Enterprise Fund	Solid Waste Enterprise Fund	Nantucket Memorial Airport	Wannacomet Water Company	Internal Service	
General Fund.....	\$ -	\$ 166,789	\$ 65,172	\$ 6,330	\$ 705,492	\$ 307,853	\$ 891,090	\$ 2,142,726
Siasconset Water Company....	-	-	-	-	-	-	17,225	17,225
Sewer Enterprise Fund.....	285,115	-	-	-	-	-	20,884	305,999
Nantucket Memorial Airport.....	-	-	-	-	-	-	11,010	11,010
Wannacomet Water Company.....	-	410	88,316	-	-	-	6,167	94,893
<b>Total.....</b>	<b>\$ 285,115</b>	<b>\$ 167,199</b>	<b>\$ 153,488</b>	<b>\$ 6,330</b>	<b>\$ 705,492</b>	<b>\$ 307,853</b>	<b>\$ 946,376</b>	<b>\$ 2,571,853</b>

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

Transfers Out:	Transfers In:								Total
	General Fund	Capital Projects	Nonmajor Governmental Funds	Siasconset Water Company	Wannacomet Water Company	Sewer Enterprise Fund	Nantucket Memorial Airport	Solid Waste Enterprise Fund	
General Fund.....	\$ -	\$ 5,897	\$ 465,284	\$ 70,873	\$ 64,074	\$ -	\$ 997	\$ 4,979,471	\$ 5,586,596 (1)
Capital Projects.....	607,486	-	-	-	-	-	-	-	607,486 (2)
Nonmajor Governmental Funds.....	1,349,126	-	-	-	-	-	-	-	1,349,126 (3)
Siasconset Water Company.....	16,422	-	-	-	-	-	-	-	16,422 (4)
Wannacomet Water Company.....	84,865	-	-	-	-	-	-	-	84,865 (4)
Nantucket Memorial Airport.....	162,018	-	-	-	-	-	-	-	162,018 (4)
Sewer Enterprise Fund.....	66,173	-	-	-	-	3,200,000	-	-	3,266,173 (4)
Solid Waste Enterprise Fund.....	57,937	-	-	-	-	-	-	-	57,937 (4)
<b>Total.....</b>	<b>\$ 2,344,027</b>	<b>\$ 5,897</b>	<b>\$ 465,284</b>	<b>\$ 70,873</b>	<b>\$ 64,074</b>	<b>\$ 3,200,000</b>	<b>\$ 997</b>	<b>\$ 4,979,471</b>	<b>\$ 11,130,623</b>

(1) Appropriations from the General Fund for the overspending of articles, annual funding to the Community Schools, budget shortfalls within the Siasconset and Wannacomet Water Company’s, free cash for Landfill mining, subsidies to the Solid Waste Enterprise Fund and Workers Compensation Fund, an operating override from previous years for the Solid Waste Enterprise Fund and various voted articles.

(2) Transfers from the various Capital Projects Funds to the General Fund for free cash appropriations.

(3) Transfers to the General Fund from the Ferry Embarkation Fund, Ambulance Reserve Fund and the Sale of Real Estate Fund.

(4) Transfers to the General Fund from the Enterprise for indirect costs, along with a transfer from the Sewer Capital Project Funds to the Sewer Enterprise Fund for the rescind of unused borrowing funds related to the Surfside Wastewater Treatment Facility.

**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, 2010, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2010
<i>Governmental Funds</i>							
BAN	Stormwater Drainage Improvements.....	1.75	02/26/10	\$ 889,510	\$ -	\$ 889,510	\$ -
BAN	Police Station Construction.....	1.50	02/26/10	6,000,000	-	6,000,000	-
<i>Total Governmental Funds.....</i>				<u>6,889,510</u>	<u>-</u>	<u>6,889,510</u>	<u>-</u>
<i>Enterprise Funds</i>							
BAN	Airport Terminal.....	1.50	02/25/11	8,712,725	8,316,500	8,712,725	8,316,500
BAN	Airport Aircraft Rescue Fire Fighting Building	1.50	02/25/11	-	6,850,000	-	6,850,000
BAN	Airport Air Traffic Control Tower.....	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	2,000,000	2,000,000
BAN	Airport Remodeling.....	1.50	02/25/11	500,000	500,000	500,000	500,000
BAN	Airport Departmental Equipment .....	1.50	02/25/11	500,000	250,000	500,000	250,000
BAN	Airport Construction.....	1.50	02/26/10	13,850,000	-	13,850,000	-
BAN	MWPAT.....	1.22	12/31/10	4,006,000	-	4,006,000	-
BAN	Sewer Equipment.....	1.50	02/26/10	120,000	-	120,000	-
BAN	Water.....	1.50	02/26/10	3,200,000	-	3,200,000	-
<i>Total Enterprise Fund.....</i>				<u>32,888,725</u>	<u>24,916,500</u>	<u>32,888,725</u>	<u>24,916,500</u>
<i>Total.....</i>				<u>\$ 39,778,235</u>	<u>\$ 24,916,500</u>	<u>\$ 39,778,235</u>	<u>\$ 24,916,500</u>

As of June 30, 2010, the Town had \$4,006,000 in a 1.22% interim loan with the Massachusetts Water Pollution Abatement Trust with an original maturity date of December 31, 2010. In July of 2010, the MWPAT permanently financed the loan at a 2% interest rate over 20 years. Accordingly, the Town has recorded the loan as long-term debt as of June 30, 2010 in the Sewer Enterprise Fund.

In February, 2011, the Town issued \$5,000,000 in long-term debt, which was combined with \$17,316,500 in grant proceeds to retire \$22,316,500 of the maturing Airport BANs. The remaining \$2,600,000 in BANs were reissued at 1.25%. The new BANs will mature on February 24, 2012.

**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, 2010, and the debt service requirements are as follows:

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

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Advanced refunding of 1991 landfill.....	4.75 - 6.00	\$ 2,437,277	\$ -	\$ 768,693	\$ 1,668,584
Advanced refunding of 1991 sewer.....	4.75 - 6.00	1,516,363	-	484,947	1,031,416
Advanced refunding of 1991 school.....	4.75 - 6.00	206,360	-	206,360	-
Land acquisition.....	4.00 - 4.90	170,000	-	20,000	150,000
MWPAT Title V Loan - 97-1148.....	-	12,756	-	1,162	11,594
Recreational facility.....	2.25 - 5.00	400,000	-	40,000	360,000
School remodeling.....	2.25 - 5.00	1,745,000	-	120,000	1,625,000
School remodeling.....	2.50 - 4.25	110,000	-	10,000	100,000
Land acquisition.....	2.50 - 4.10	13,285,000	-	620,000	12,665,000
Road, sidewalk and bikepath.....	2.50 - 3.00	110,000	-	110,000	-
Recreational facility.....	2.50 - 4.00	250,000	-	25,000	225,000
Planning.....	2.50 - 3.00	25,000	-	25,000	-
Public wharf.....	2.50 - 4.00	60,000	-	10,000	50,000
Assessors map.....	2.50 - 4.00	30,000	-	5,000	25,000
Fire departmental equipment.....	2.50 - 3.00	5,000	-	5,000	-
Departmental equipment.....	2.50 - 3.00	190,000	-	190,000	-
Computer hardware.....	2.50 - 4.00	330,000	-	55,000	275,000
Remodeling.....	2.50 - 4.13	435,000	-	30,000	405,000
Road and drainage.....	2.50 - 3.00	105,000	-	105,000	-
Bulkhead.....	2.50 - 4.00	65,000	-	15,000	50,000
Public wharf.....	2.50 - 4.00	40,000	-	10,000	30,000
School remodeling.....	3.75 - 5.00	595,000	-	35,000	560,000
Planning.....	3.75 - 4.00	200,000	-	100,000	100,000
Outdoor recreational facility.....	3.75 - 5.00	455,000	-	40,000	415,000
Fire departmental equipment.....	3.75 - 4.00	140,000	-	70,000	70,000
Bath house construction.....	3.75 - 5.00	205,000	-	15,000	190,000
Public works equipment.....	3.75 - 4.00	45,000	-	25,000	20,000
Land acquisition.....	3.75 - 5.00	255,000	-	15,000	240,000
Advance refunding of 1997 land bonds.....	3.75 - 5.00	16,230,000	-	1,540,000	14,690,000
Children's beach ramp.....	3.00 - 5.00	185,000	-	15,000	170,000
Public safety communications.....	3.00 - 5.00	2,665,000	-	335,000	2,330,000
Bikepath.....	3.00 - 5.00	600,000	-	50,000	550,000
Fairgrounds road.....	3.00 - 5.00	1,030,000	-	345,000	685,000
Fire engine.....	3.00 - 5.00	360,000	-	90,000	270,000
Washington street building.....	3.00 - 5.00	190,000	-	10,000	180,000
Sidewalk design.....	3.00 - 5.00	20,000	-	5,000	15,000
South Shore Road bike path.....	3.00 - 5.00	395,000	-	30,000	365,000
Nobadeer Farm Road bike path.....	3.00 - 5.00	90,000	-	10,000	80,000
Study of proposed bulk fuel facility.....	3.00 - 5.00	200,000	-	50,000	150,000
Nantucket Elementary School building improvements.....	3.00 - 5.00	565,000	-	35,000	530,000
Cyrus Pierce School building improvements.....	3.00 - 5.00	695,000	-	45,000	650,000
Nantucket High School building improvements.....	3.00 - 5.00	1,500,000	-	90,000	1,410,000
General Government share of MWPAT loans.....	2.00 - 2.414	20,477,041	-	1,807,841	18,669,200
New school playing fields.....	3.00 - 5.00	1,120,000	-	80,000	1,040,000
School bus lanes and parking lot improvements.....	3.00 - 5.00	200,000	-	50,000	150,000
Surfside wastewater design.....	4.125	1,380,000	-	34,500	1,345,500
Stormwater drainage.....	2.50 - 4.00	-	870,000	-	870,000
Police station.....	2.50 - 4.00	-	12,200,000	-	12,200,000
<b>Total Governmental Bonds Payable.....</b>		<b>71,324,797</b>	<b>13,070,000</b>	<b>7,778,503</b>	<b>76,616,294</b>
Unamortized Premiums on Bonds and Notes.....		196,829	-	39,520	157,309
<b>Total.....</b>		<b>\$ 71,521,626</b>	<b>\$ 13,070,000</b>	<b>\$ 7,818,023</b>	<b>\$ 76,773,603</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>
2011..... \$	6,706,444 \$	2,590,763 \$	9,297,207
2012.....	6,699,463	2,336,677	9,036,140
2013.....	5,322,782	2,103,872	7,426,654
2014.....	5,186,404	1,916,143	7,102,547
2015.....	5,270,341	1,718,236	6,988,577
2016.....	5,274,570	1,524,908	6,799,478
2017.....	5,369,150	1,324,393	6,693,543
2018.....	4,899,062	1,133,421	6,032,483
2019.....	2,969,318	992,391	3,961,709
2020.....	2,944,921	889,902	3,834,823
2021.....	2,934,734	792,740	3,727,474
2022.....	2,916,061	689,124	3,605,185
2023.....	2,872,762	591,908	3,464,670
2024.....	2,779,846	488,658	3,268,504
2025.....	1,737,321	415,614	2,152,935
2026.....	1,725,197	359,633	2,084,830
2027.....	1,621,598	305,753	1,927,351
2028.....	1,564,053	256,724	1,820,777
2029.....	1,495,113	207,150	1,702,263
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>76,616,294</u> \$	<u>21,545,735</u> \$	<u>98,162,029</u>

**Bonds Payable Schedule – Enterprise**

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Sewer.....	4.00 - 5.00	\$ 530,000	\$ -	\$ 40,000	\$ 490,000
MWPAT - 94-10.....	Various	116,802	-	16,882	99,920
MWPAT CW-01-40.....	2.00 - 5.50	1,499,705	-	79,643	1,420,062
Sewer.....	2.25 - 5.00	900,000	-	60,000	840,000
MWPAT Sewer 98-143.....	4.50 - 5.25	671,141	-	47,404	623,737
MWPAT Sewer 98-144.....	4.50 - 5.25	150,849	-	10,272	140,577
MWPAT Sewer 98-145.....	4.50 - 5.25	167,379	-	11,026	156,353
MWPAT CW-02-50-A.....	Various	4,564,581	-	282,970	4,281,611
Sewer department.....	3.75 - 4.00	30,000	-	15,000	15,000
MWPAT CW-02-50.....	Various	3,735,204	-	144,770	3,590,434
MWPAT CW-05-21.....	2.414	28,833,662	-	3,012,024	25,821,638
Stormwater planning.....	3.75 - 4.00	20,000	-	10,000	10,000
Cleaning equipment.....	3.00 - 5.00	120,000	-	40,000	80,000
Sewer construction.....	3.00 - 5.00	235,000	-	15,000	220,000
Sewer.....	3.00 - 5.00	825,000	-	45,000	780,000
Waste Water Treatment Facility.....	3.00 - 5.00	250,800	-	13,200	237,600
Sewer departmental equipment.....	3.00 - 5.00	120,000	-	30,000	90,000
Sewer.....	3.00 - 5.00	1,360,000	-	75,000	1,285,000
MWPAT CW 04-20.....	2.00	3,125,318	-	145,698	2,979,620
Sewer departmental equipment.....	2.50 - 3.00	-	120,000	-	120,000
MWPAT CW 07-17.....	2.00	-	4,006,000	-	4,006,000
<b>Total Sewer Enterprise Bonds Payable.....</b>		<b>47,255,441</b>	<b>4,126,000</b>	<b>4,093,889</b>	<b>47,287,552</b>
Airport land acquisition.....	4.00 - 4.25	190,000	-	95,000	95,000
Airport.....	2.25 - 5.00	190,000	-	40,000	150,000
Airport department equipment.....	2.50 - 3.00	30,000	-	30,000	-
Airport improvement.....	2.50 - 4.00	970,000	-	195,000	775,000
Airport improvement.....	3.75 - 5.00	145,000	-	25,000	120,000
Airport equipment.....	3.75 - 4.00	100,000	-	50,000	50,000
Airport equipment.....	3.00 - 5.00	325,000	-	115,000	210,000
Airport improvements and protection.....	3.00 - 5.00	600,000	-	75,000	525,000
Airport equipment.....	3.00 - 5.00	170,000	-	60,000	110,000
Airport equipment refurbishment.....	3.00 - 5.00	130,000	-	45,000	85,000
<b>Total Airport Enterprise Bonds Payable.....</b>		<b>2,850,000</b>	<b>-</b>	<b>730,000</b>	<b>2,120,000</b>
Water projects.....	4.00 - 5.00	685,000	-	60,000	625,000
Water meters.....	4.00 - 4.25	300,000	-	150,000	150,000
Water.....	2.50 - 4.13	400,000	-	25,000	375,000
Water.....	2.50 - 4.13	400,000	-	25,000	375,000
Land acquisition.....	2.50 - 4.13	2,400,000	-	150,000	2,250,000
Water.....	3.75 - 5.00	2,685,000	-	105,000	2,580,000
Water.....	3.75 - 5.00	560,000	-	70,000	490,000
Water.....	3.75 - 5.00	455,000	-	20,000	435,000
Garage and maintenance facility.....	3.75 - 5.00	810,000	-	30,000	780,000
Rehab and administration building.....	3.00 - 5.00	710,000	-	40,000	670,000
Source well and pump.....	3.00 - 5.00	1,235,000	-	65,000	1,170,000
Water storage tank.....	3.00 - 5.00	4,750,000	-	250,000	4,500,000
Water mains.....	3.00 - 5.00	1,185,000	-	65,000	1,120,000
Water system distribution improvements.....	3.00 - 5.00	950,000	-	50,000	900,000
Water mains.....	3.00 - 5.00	95,000	-	5,000	90,000
Water tank.....	3.00 - 5.00	2,815,000	-	105,000	2,710,000
Water meter battery and distribution system.....	2.50 - 4.00	-	1,800,000	-	1,800,000
<b>Total Wannacomet Water Enterprise Bonds Payable.....</b>		<b>20,435,000</b>	<b>1,800,000</b>	<b>1,215,000</b>	<b>21,020,000</b>

(Continued)

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Water meter.....	3.75 - 5.00	1,415,000	-	175,000	1,240,000
Water.....	3.75 - 5.00	70,000	-	10,000	60,000
Water tank.....	3.00 - 5.00	3,900,000	-	145,000	3,755,000
Water tank.....	3.00 - 5.00	2,473,000	-	93,000	2,380,000
Low beach water main.....	2.50 - 4.00	-	1,400,000	-	1,400,000
<b>Total Siasconset Water Enterprise Bonds Payable.....</b>		<b>7,858,000</b>	<b>1,400,000</b>	<b>423,000</b>	<b>8,835,000</b>
Solid waste facility.....	2.50 - 4.13	80,000	-	5,000	75,000
Landfill cell.....	3.00 - 5.00	615,000	-	35,000	580,000
Material recovery facility.....	3.00 - 5.00	280,000	-	70,000	210,000
<b>Total Solid Waste Enterprise Bonds Payable.....</b>		<b>975,000</b>	<b>-</b>	<b>110,000</b>	<b>865,000</b>
<b>Total Enterprise Bonds Payable.....</b>		<b>79,373,441</b>	<b>7,326,000</b>	<b>6,571,889</b>	<b>80,127,552</b>
Unamortized Premiums on Bonds and Notes.....		-	339,695	-	339,695
<b>Total.....</b>		<b>\$ 79,373,441</b>	<b>\$ 7,665,695</b>	<b>\$ 6,571,889</b>	<b>\$ 80,467,247</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
2011..... \$	4,465,974 \$	2,658,834 \$	7,124,808
2012.....	4,363,685	2,544,469	6,908,154
2013.....	4,193,015	2,396,350	6,589,365
2014.....	4,144,019	2,233,562	6,377,581
2015.....	3,969,825	2,069,849	6,039,674
2016.....	4,035,333	1,922,868	5,958,201
2017.....	3,753,417	1,785,322	5,538,739
2018.....	3,711,131	1,660,740	5,371,871
2019.....	3,773,779	1,538,120	5,311,899
2020.....	3,760,068	1,385,431	5,145,499
2021.....	3,874,484	1,252,142	5,126,626
2022.....	3,721,162	1,119,212	4,840,374
2023.....	3,816,001	983,440	4,799,441
2024.....	3,770,691	846,111	4,616,802
2025.....	3,659,792	712,242	4,372,034
2026.....	2,984,826	595,813	3,580,639
2027.....	2,726,204	501,331	3,227,535
2028.....	2,539,477	414,601	2,954,078
2029.....	2,004,916	328,278	2,333,194
2030.....	1,389,234	247,254	1,636,488
2031.....	1,299,250	212,438	1,511,688
2032.....	1,084,507	184,164	1,268,671
2033.....	1,111,007	157,664	1,268,671
2034.....	1,138,154	130,517	1,268,671
2035.....	1,165,964	102,707	1,268,671
2036.....	1,194,455	74,217	1,268,672
2037.....	1,223,641	45,030	1,268,671
2038.....	1,253,541	15,130	1,268,671
<b>Total..... \$</b>	<b>80,127,552 \$</b>	<b>28,117,836 \$</b>	<b>108,245,388</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 \$2,259,138 and interest costs of \$2,845,991 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 \$45,028,234. The principal subsidies are guaranteed and therefore a \$2,259,138 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 2010 principal and interest subsidies totaled approximately \$108,000 and \$389,000, 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%.

The Town is eligible to draw down funds from the MWPAT against outstanding loans once eligible costs associated with the construction of the projects have been submitted and approved. As of June 30, 2010, \$805,000 of the \$4,006,000 loan recorded in the sewer enterprise fund and \$684,141 of the \$4,600,000 loan recorded in the governmental financial statements have not been drawn down from the MWPAT. Accordingly, these amounts have been recorded as intergovernmental receivables in the sewer enterprise fund and in the governmental activities, respectively, as of June 30, 2010.

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

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Land Bank Bonds and Notes Payable.....	6.063	\$ 4,700,000	\$ -	\$ 750,000	\$ 3,950,000
Land Bank Bonds and Notes Payable.....	4.00 - 5.50	28,035,399	-	1,537,782	26,497,617
Total Land Bank Component Unit Bonds Payable.....		\$ 32,735,399	\$ -	\$ 2,287,782	\$ 30,447,617

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
2011.....	\$ 3,957,782	\$ 1,042,036	\$ 4,999,818
2012.....	2,317,782	884,359	3,202,141
2013.....	2,372,782	824,948	3,197,730
2014.....	1,672,782	745,249	2,418,031
2015.....	1,727,782	689,063	2,416,845
2016-2020.....	9,613,909	2,526,833	12,140,742
2021-2025.....	5,538,909	1,167,104	6,706,013
2026-2029.....	3,245,889	203,053	3,448,942
Total.....	\$ 30,447,617	\$ 8,082,645	\$ 38,530,262

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. The other 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 January 28, 2013. The notes payable balance is amortized over periods of one to sixteen years.

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, 2010, the Town had the following authorized and unissued debt:

**General Government**

Purpose	Amount
Bikepaths.....	\$ 599,250
Public Safety Facility.....	1,100,000
Sewer.....	763,589
Total General Government.....	<u>\$ 2,462,839</u>

**Enterprise**

Purpose	Amount
Landfill.....	\$ 383,000
Sewer.....	35,306,500
Solid Waste.....	1,300,000
Nantucket Memorial Airport.....	26,818,600
Siasconsset Water Company.....	2,600,000
Wannacomet Water Company.....	2,300,000
Total Enterprise.....	<u>\$ 68,708,100</u>

**Land Bank Component Unit**

Purpose	Amount
Land Bank .....	<u>\$ 1,144,798</u>
Total.....	<u>\$ 72,315,737</u>

Changes in Long-term Liabilities

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

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Current Portion
<b>GOVERNMENTAL ACTIVITIES:</b>					
Long-Term Bonds and Notes.....	\$ 71,324,797	\$ 13,070,000	\$ (7,778,503)	\$ 76,616,294	\$ 6,706,444
Compensated Absences.....	1,477,821	377,810	(295,564)	1,560,067	312,013
Workers' Compensation.....	93,146	176,650	(93,146)	176,650	176,650
Other Postemployment Benefits.....	7,401,174	9,974,315	(2,317,628)	15,057,861	-
Total Governmental Funds.....	<u>\$ 80,296,938</u>	<u>\$ 23,598,775</u>	<u>\$ (10,484,841)</u>	<u>\$ 93,410,872</u>	<u>\$ 7,195,107</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Long-Term Bonds and Notes.....	\$ 79,373,441	\$ 7,326,000	\$ (6,571,889)	\$ 80,127,552	\$ 4,465,974
Compensated Absences.....	517,426	135,730	(103,486)	549,670	109,934
Other Postemployment Benefits.....	728,126	1,291,383	(269,372)	1,750,137	-
Landfill Closure.....	2,428,000	150,403	-	2,578,403	-
Total Business-type Funds.....	<u>\$ 83,046,993</u>	<u>\$ 8,903,516</u>	<u>\$ (6,944,747)</u>	<u>\$ 85,005,762</u>	<u>\$ 4,575,908</u>
<b>LAND BANK COMPONENT UNIT:</b>					
Long-Term Bonds and Notes.....	\$ 32,735,399	\$ -	\$ (2,287,782)	\$ 30,447,617	\$ 3,945,000
Other Postemployment Benefits.....	348,900	-	-	348,900	-
Total Land Bank Component Unit.....	33,084,299	-	(2,287,782)	30,796,517	3,945,000
<b>COUNTY COMPONENT UNIT:</b>					
Other Postemployment Benefits.....	81,699	26,054	(56,814)	50,939	-
Total Component Units.....	<u>\$ 33,165,998</u>	<u>\$ 26,054</u>	<u>\$ (2,344,596)</u>	<u>\$ 30,847,456</u>	<u>\$ 3,945,000</u>
Total.....	<u>\$ 196,509,929</u>	<u>\$ 32,528,345</u>	<u>\$ (19,774,184)</u>	<u>\$ 209,264,090</u>	<u>\$ 15,716,015</u>

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

**NOTE 8 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

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

(a) *Health Insurance*

The estimate of Incurred But Not Reported (IBNR) claims is based on history. At June 30, 2010, the amount of the liability for health insurance claims totaled \$783,083. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2007, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2009.....	\$ 710,419	\$ 9,102,460	\$ (9,091,095)	\$ 721,784
Fiscal Year 2010.....	721,784	11,167,039	(11,050,453)	783,083

(b) *Workers' Compensation*

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

At June 30, 2010, the amount of the liability for workers' compensation claims totaled \$176,650. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 2007, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2009.....	\$ 94,336	\$ 102,296	\$ (103,486)	\$ 93,146
Fiscal Year 2010.....	93,146	228,930	(145,426)	176,650

**NOTE 9 – PENSION PLAN**

*Plan Description* - The Town and the County contribute to the Barnstable County Retirement Association (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees of both the Town and County are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$2,008,000 for the fiscal year ended June 30, 2010, 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, 2008, 2009 and 2010 totaled \$3,346,353, \$3,643,915 and \$3,925,224 respectively, which equaled its required contributions for each fiscal year. The County's contribution to the System for the fiscal years ended June 30, 2008, 2009 and 2010 were \$138,012, \$145,083 and \$152,865 respectively, which equaled its required contributions for each fiscal year.

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

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

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

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 2010, the Town contributed \$2,587,000 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.....	\$ 10,647,000
Interest on net OPEB obligation.....	537,000
Annual OPEB cost (expense).....	<u>11,184,000</u>
Contributions made.....	<u>(2,587,000)</u>
Increase in net OPEB obligation.....	8,597,000
Net OPEB obligation - beginning of year.....	<u>8,211,000</u>
Net OPEB obligation - end of year.....	<u>\$ 16,808,000</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 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 11,184,000	23%	\$ 16,808,000
6/30/2009	10,745,000	24%	8,211,000

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

<u>Actuarial Valuation Date</u>	<u>Value of Assets (A)</u>	<u>Liability (AAL) Projected Unit Credit (B)</u>	<u>AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>of Covered Payroll ((B-A)/C)</u>
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, 2009, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.00% investment return assumption, calculated based on the

funded level of the plan at the valuation date. The UAAL is being amortized over a 30 year period. The remaining amortization period at June 30, 2010 is 28 years.

#### **NOTE 11 – LANDFILL CLOSURE**

State and Federal laws and regulations require the Town to construct a final capping system on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The landfill operates under an Administrative Consent Order (ACO) with the Department of Environmental Protection. The ACO was amended in fiscal 2010 to allow for landfill mining over a five year period. Landfill mining will reduce the footprint of the unlined area that will eventually be capped and closed. The landfill maintains three cells with closure dates currently estimated to be fiscal 2013, 2014 and 2026. The Town has reflected a \$2,578,000 closure liability at June 30, 2010, as an obligation of the solid waste enterprise fund. This amount is based upon estimates of what it would cost to perform all closure costs and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **NOTE 12 – COMMITMENTS**

##### Construction Contracts:

The Town has contracts with J.K. Scanlan Co., Inc. for the Nantucket Public Safety Building at Fairgrounds, and Fire Fighting Building at the airport. At year end, the open contract totaled approximately \$7,412,452.

The Town has a contract with C.B. & I. for the North Pasture Water Tank, and Siasconset Water Tank. At year end, the open contract totaled approximately \$1,826,109.

The Town has contracts with C.C. Construction for the Storm Water Improvements. At year end, the open contract totaled approximately \$677,622.

The Town has a contract with Skanska USA Building for the Airport Terminal. At year end, the open contract totaled approximately \$527,991.

The Town has a contract with AECOM Technical Service for the upgrade to Surfside WWTF, and down town Sewer Replacement Phase IIA. At year end, the open contract totaled approximately \$237,795.

The Town has a contract with Jacobs Engineering Group, Inc. for the Airport Terminal Expansion and Air Traffic Control Tower. At year end, the open contract totaled approximately \$34,630.

The Town has a contract with Fennick McCredie Architecture for the Airport Fire Fighting Building. At year end, the open contract totaled approximately \$20,984.

The Town has a contract with Earth Tech for the Nantucket Memorial Airport Terminal, and WWTF Upgrade. At year end, the open contract totaled approximately \$19,557.

#### **NOTE 13 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2010, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be

disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

#### **NOTE 14 – TRANSFER OF SHERIFF’S OPERATIONS**

In accordance with Chapter 61 of the acts of 2010, *An Act Transferring County Sheriffs to the Commonwealth*, as of January 1, 2010, the office of the Nantucket County Sheriff was transferred to the Commonwealth. With this transfer, all functions, duties and responsibilities of the Sheriff’s office were transferred to the Commonwealth, and the Sheriff became an employee of the Commonwealth. As a result, all valid liabilities and debts of the Sheriff’s office, which were in force on the effective date of the act, became obligations of the Commonwealth as of that date. Additionally, all assets of the Sheriff’s Office were transferred to the Commonwealth. Cash transferred is shown within the County combining statements as an expense within the Sheriff Deeds Excise Fund.

#### **NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

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

- The GASB issued Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The standards in this statement permits an agent employer that has an individual employer OPEB plan with fewer than 100 members to use an alternative measurement method to produce actuarially based information for purposes of financial reporting, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Management elected to implement this standard early and this standard did not impact the basic financial statements.
- The GASB issued Statement #58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The standards in this statement provide guidance for bankrupt state and local governments by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. Management elected to implement this standard early and this standard did not impact the basic financial statements.

#### Future Implementation of GASB Pronouncements

- The GASB issued Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented in fiscal year 2011. The implementation of this GASB will impact the Town’s financial statements, as it changes fund balance components into Nonspendable; Restricted; Committed; Assigned; and Unassigned.
- The GASB issued Statement #59, *Financial Instruments Omnibus*, which is required to be implemented in fiscal year 2011. Management is assessing the impact this pronouncement will have on the basic financial statements.
- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013. Management is assessing the impact this pronouncement will have on the basic financial statements.

- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013. Management is assessing the impact this pronouncement will have on the basic financial statements.
- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented in fiscal year 2013. Management is assessing the impact this pronouncement will have on the basic financial statements.

# ***Required Supplementary Information***

# ***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, 2010

	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.....	\$ -	\$ 60,501,284	\$ 60,501,284	\$ 60,501,284
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	1,529,000	1,529,000	1,529,000
Hotel/motel tax.....	-	1,125,000	1,125,000	1,125,000
Charges for services.....	-	4,772,518	4,772,518	4,772,518
Penalties and interest on taxes.....	-	470,000	470,000	470,000
Payments in lieu of taxes.....	-	7,300	7,300	7,300
Licenses and permits.....	-	754,000	754,000	754,000
Fines and forfeitures.....	-	245,000	245,000	245,000
Intergovernmental.....	-	1,689,126	1,689,126	1,689,126
Departmental and other.....	-	133,100	133,100	133,100
Investment income.....	-	100,000	100,000	100,000
Miscellaneous.....	-	47,000	47,000	47,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>71,373,328</b>	<b>71,373,328</b>	<b>71,373,328</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	1,279,311	7,436,609	8,715,920	7,989,253
Public safety.....	392,809	8,225,529	8,618,338	8,914,979
Education.....	572,910	23,359,000	23,931,910	23,618,513
Public works.....	419,567	2,793,860	3,213,427	3,133,916
Human services.....	209,017	6,245,480	6,454,497	6,097,964
Culture and recreation.....	15,384	1,699,715	1,715,099	1,779,533
Pension benefits.....	-	3,217,730	3,217,730	3,237,930
Employee benefits.....	17,105	8,125,062	8,142,167	8,321,113
State and county charges.....	-	466,044	466,044	466,088
Debt service:				
Principal.....	-	6,096,000	6,096,000	6,369,738
Interest.....	-	2,989,738	2,989,738	2,716,000
<b>TOTAL EXPENDITURES.....</b>	<b>2,906,103</b>	<b>70,654,767</b>	<b>73,560,870</b>	<b>72,645,027</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b> <b>EXPENDITURES.....</b>	<b>(2,906,103)</b>	<b>718,561</b>	<b>(2,187,542)</b>	<b>(1,271,699)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium from issuance of bonds.....	-	53,049	53,049	53,049
Sale of capital assets.....	-	-	-	-
Transfers in.....	-	898,897	898,897	859,272
Transfers out.....	-	(5,136,907)	(5,136,907)	(5,586,595)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(4,184,961)</b>	<b>(4,184,961)</b>	<b>(4,674,274)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,906,103)</b>	<b>(3,466,400)</b>	<b>(6,372,503)</b>	<b>(5,945,973)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>10,123,490</b>	<b>10,123,490</b>	<b>10,123,490</b>	<b>10,123,490</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 7,217,387</b>	<b>\$ 6,657,090</b>	<b>\$ 3,750,987</b>	<b>\$ 4,177,517</b>

See notes to required supplementary information.

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$ 59,833,408	\$ -	\$ (667,876)
285,995	-	285,995
1,724,857	-	195,857
1,114,228	-	(10,772)
4,755,568	-	(16,950)
654,572	-	184,572
11,846	-	4,546
932,004	-	178,004
248,231	-	3,231
1,953,045	-	263,919
193,921	-	60,821
101,859	-	1,859
58,278	-	11,278
<u>71,867,812</u>	<u>-</u>	<u>494,484</u>
6,620,373	1,358,519	10,361
7,947,949	134,383	832,647
22,834,458	784,020	35
2,264,682	677,137	192,097
5,793,062	137,486	167,416
1,656,195	44,890	78,448
3,237,834	-	96
7,452,901	-	868,212
458,657	-	7,431
6,583,650	-	(213,912)
2,535,541	-	180,459
<u>67,385,302</u>	<u>3,136,435</u>	<u>2,123,290</u>
<u>4,482,510</u>	<u>(3,136,435)</u>	<u>2,617,774</u>
279,138	-	226,089
801,000	-	801,000
2,344,027	-	1,484,755
(5,586,595)	-	-
<u>(2,162,430)</u>	<u>-</u>	<u>2,511,844</u>
2,320,080	(3,136,435)	5,129,618
10,123,490	-	-
<u>\$ 12,443,570</u>	<u>\$ (3,136,435)</u>	<u>\$ 5,129,618</u>

# ***Retirement System Schedules of Funding Progress and Employer Contributions***

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/1993	\$ 97,194,645	\$ 226,430,792	\$ 129,236,147	42.9%	\$ 97,074,725	133.1%
1/1/1996	157,044,089	276,107,221	119,063,132	56.9%	108,456,079	109.8%
1/1/1998	235,247,660	404,215,695	168,968,035	58.2%	121,161,677	139.5%
1/1/2000	300,396,700	462,462,500	162,065,800	65.0%	152,293,100	106.4%
1/1/2002	362,911,896	553,531,966	190,620,070	65.6%	173,610,557	109.8%
1/1/2004	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%
1/2/2006	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
1/1/2007	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
1/1/2009	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%

The Town's share of the UAAL, as of January 1, 2009, is approximately 9.69%.

See notes to required supplementary information.

**BARNSTABLE COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**Town of Nantucket**

Plan Year Ended December 31	System Wide			Town of Nantucket	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2005	\$ 27,846,430	\$ 27,846,430	100%	\$ 2,629,487	9.44%
2006	31,044,132	31,044,132	100%	2,761,460	8.90%
2007	34,360,812	34,360,912	100%	3,346,353	9.74%
2008	39,899,322	39,899,322	100%	3,643,915	9.13%
2009	43,893,051	43,893,051	100%	3,925,224	8.94%

**County of Nantucket**

Plan Year Ended December 31	System Wide			County of Nantucket	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) County's Percentage of System Wide Actual Contributions
2005	\$ 27,846,430	\$ 27,846,430	100%	\$ 112,420	0.40%
2006	31,044,132	31,044,132	100%	128,612	0.41%
2007	34,360,812	34,360,912	100%	138,012	0.40%
2008	39,899,322	39,899,322	100%	145,083	0.36%
2009	43,893,051	43,893,051	100%	152,865	0.35%

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

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

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER 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)
7/1/2009	\$ -	\$ 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
6/30/2010	\$ 10,647,000	\$ 2,587,000	24%
6/30/2009	10,745,000	2,534,000	24%

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

See notes to required supplementary information.

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

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Actuarial Methods:

Valuation date.....	July 1, 2009
Actuarial cost method.....	Projected Unit Credit Cost Method
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	28 years as of July 1, 2009, closed
Actuarial Assumptions:	
Investment rate of return.....	4.00%, pay-as-you-go scenario
Medical/drug cost trend rate.....	5-9%

Plan Membership:

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

See notes to required supplementary information.

**NOTE A – 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 2010 budget includes \$78,697,777 in appropriations and other amounts to be raised and \$2,906,103 in amounts carried forward from the previous fiscal year. During fiscal year 2010, the Town’s budget increased by \$78,698 mainly due to a combination of \$317 thousand in budget reductions and votes to transfer available funds of \$650 thousand to various funds Fund.

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

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2010, is presented below:

Net change in fund balance - budgetary basis.....	\$ <u>2,320,080</u>
<u>Basis of accounting differences:</u>	
Recognition of revenue based on available criteria.....	(428,928)
Accrued expenditures.....	818,397
Recognition of revenue for on-behalf payments.....	2,008,000
Recognition of expenditures for on-behalf payments.....	<u>(2,008,000)</u>
Net change in fund balance - GAAP basis.....	\$ <u><u>2,709,549</u></u>

### 3. Appropriation Deficits

During fiscal year 2010, 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, 2009
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.50% per year after fiscal 2013
Remaining Amortization Period.....	19 years from July 1, 2009 for 2002 and 2003 Early Retirement Incentives and and remaining unfunded liability
Asset Valuation Method.....	5-year smoothing of investment returns greater (less) than expected

Actuarial Assumptions:

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

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	2,368
Terminated participants entitled to a return of their employee contributions.....	635
Terminated participants with a vested right to a deferred or immediate benefit.....	113
Active participants.....	<u>5,290</u>
Total.....	<u><u>8,406</u></u>

**NOTE 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. Since this is the Town’s initial year of implementation of GASB Statement 45, information for prior years is not available.

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

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

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

## Nantucket County Component Unit Combining Statements

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

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

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

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

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

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

**Note:**

In accordance with Chapter 61 of the acts of 2010, *An Act Transferring County Sheriffs to the Commonwealth*, as of January 1, 2010, the office of the Nantucket County Sheriff was transferred to the Commonwealth. With this transfer, all functions, duties and responsibilities of the Sheriff's office were transferred to the Commonwealth, and the Sheriff became an employee of the Commonwealth. As a result, all valid liabilities and debts of the Sheriff's office, which were in force on the effective date of the act, became obligations of the Commonwealth as of that date. Additionally, all assets of the Sheriff's Office were transferred to the Commonwealth. Cash transferred is shown within the County combining statements as an expense within the Sheriff Deeds Excise Fund.

**NANTUCKET COUNTY**  
COMBINING BALANCE SHEET

JUNE 30, 2010

ASSETS	General Fund	Deeds Excise Special Revenue Fund			Total Deeds Excise Fund	Other Special Revenue Funds	Total Nantucket County
		County Administration	Sheriff's Department	Registry of Deeds			
Cash and cash equivalents.....	\$ 458,652	\$ 117,485	\$ 220,253	\$ 862,001	\$ 1,199,739	\$ 639,191	\$ 2,297,582
Receivables, net of uncollectibles:							
Departmental and other.....	6,059	-	-	-	-	-	6,059
Intergovernmental.....	115,083	-	-	-	-	1,580	116,663
Due from other funds.....	228,744	-	-	16,503	16,503	126	245,373
Other assets.....	50,871	-	-	-	-	-	50,871
<b>TOTAL ASSETS.....</b>	<b>\$ 859,409</b>	<b>\$ 117,485</b>	<b>\$ 220,253</b>	<b>\$ 878,504</b>	<b>\$ 1,216,242</b>	<b>\$ 640,897</b>	<b>\$ 2,716,548</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Warrants payable.....	\$ 18,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,224
Accrued payroll.....	7,647	-	-	-	-	-	7,647
Payroll withholdings.....	387,231	-	-	-	-	-	387,231
Other liabilities.....	153,718	-	-	-	-	1,580	155,298
Due to other funds.....	25,120	-	220,253	-	220,253	-	245,373
<b>TOTAL LIABILITIES.....</b>	<b>591,940</b>	<b>-</b>	<b>220,253</b>	<b>-</b>	<b>220,253</b>	<b>1,580</b>	<b>813,773</b>
<b>FUND BALANCES:</b>							
Reserved for:							
Encumbrances and continuing appropriations.....	2,275	-	-	-	-	-	2,275
Unreserved:							
Undesignated, reported in:							
General fund.....	265,194	-	-	-	-	-	265,194
Special revenue funds.....	-	117,485	-	878,504	995,989	639,317	1,635,306
<b>TOTAL FUND BALANCES.....</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>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 859,409</b>	<b>\$ 117,485</b>	<b>\$ 220,253</b>	<b>\$ 878,504</b>	<b>\$ 1,216,242</b>	<b>\$ 640,897</b>	<b>\$ 2,716,548</b>

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

FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Deeds Excise Special Revenue Fund			Total Deeds Excise	Other Special Revenue Funds	Total Nantucket County
		County Administration	Sheriff's Department	Registry of Deeds			
<b>REVENUES:</b>							
Intergovernmental.....	\$ 105,400	\$ -	\$ -	\$ -	\$ -	\$ -	105,400
Departmental and other.....	51,596	163,958	735,444	101,721	1,001,123	115,570	1,168,289
Contributions.....	-	-	-	-	-	13,100	13,100
Investment income.....	8,237	279	3,221	2,151	5,651	438	14,326
Miscellaneous.....	3,926	-	-	-	-	-	3,926
<b>TOTAL REVENUES.....</b>	<b>169,159</b>	<b>164,237</b>	<b>738,665</b>	<b>103,872</b>	<b>1,006,774</b>	<b>129,108</b>	<b>1,305,041</b>
<b>EXPENDITURES:</b>							
Current:							
County administration.....	1,045,532	-	-	-	-	-	1,045,532
Registry of Deeds.....	327,224	-	-	16,138	16,138	4,636	347,998
Sheriff's Department.....	408,133	-	523,788	-	523,788	-	931,921
Special Projects.....	-	-	-	-	-	163,547	163,547
General government.....	531	-	-	-	-	-	531
Public safety.....	7,621	-	-	-	-	-	7,621
<b>TOTAL EXPENDITURES.....</b>	<b>1,789,041</b>	<b>-</b>	<b>523,788</b>	<b>16,138</b>	<b>539,926</b>	<b>168,183</b>	<b>2,497,150</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,619,882)	164,237	214,877	87,734	466,848	(39,075)	(1,192,109)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	1,419,045	-	-	-	-	-	1,419,045
Transfers out.....	-	(152,581)	(1,266,464)	-	(1,419,045)	-	(1,419,045)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>1,419,045</b>	<b>(152,581)</b>	<b>(1,266,464)</b>	<b>-</b>	<b>(1,419,045)</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES.....	(200,837)	11,656	(1,051,587)	87,734	(952,197)	(39,075)	(1,192,109)
FUND BALANCES AT BEGINNING OF YEAR.....	468,306	105,829	1,051,587	790,770	1,948,186	678,392	3,094,884
FUND BALANCES AT END OF YEAR.....	\$ 267,469	\$ 117,485	\$ -	\$ 878,504	\$ 995,989	\$ 639,317	\$ 1,902,775

## ***Additional Information***

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

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ 96,309	\$ -	\$ 4,332	\$ -	\$ 30,122	\$ -	\$ -	\$ 130,763
Payroll taxes.....	-	-	1,479	-	-	483	-	1,962
Consultants and professional fees...	-	38,383	4,488	-	-	6,466	-	49,337
Travel.....	-	1,457	-	-	-	3,970	-	5,427
Equipment.....	-	687	-	-	-	-	-	687
Supplies.....	-	-	-	-	-	6,420	-	6,420
Advertising.....	-	827	-	-	-	-	-	827
Postage.....	-	42	-	-	-	60	-	102
Printing.....	-	127	-	-	-	-	-	127
Dues and subscriptions.....	-	415	-	-	-	-	-	415
General governance.....	-	-	-	4,391	-	-	2,525	6,916
Finance and treasurer's office.....	-	-	-	2,702	-	-	2,459	5,161
Information Technology.....	-	-	-	1,501	-	-	1,410	2,911
Utilities.....	-	-	-	2,971	-	-	2,506	5,477
Pension.....	-	-	21,110	-	-	6,897	-	28,007
Health insurance.....	-	-	9,031	-	-	11,026	-	20,057
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 96,309</b>	<b>\$ 41,938</b>	<b>\$ 40,440</b>	<b>\$ 11,565</b>	<b>\$ 30,122</b>	<b>\$ 35,322</b>	<b>\$ 8,900</b>	<b>\$ 264,596</b>
			(a)	(a)				

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

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

$$\frac{126,349}{96,309} = 131.191\%$$

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

FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Highway Planning and Construction Grant	Total
<b>REVENUES:</b>			
Federal and State grants.....	\$ -	\$ 224,982	\$ 224,982
Other local revenue.....	74,344	-	74,344
<b>TOTAL REVENUES.....</b>	<b>74,344</b>	<b>224,982</b>	<b>299,326</b>
<b>EXPENDITURES:</b>			
Salaries.....	30,122	100,641	130,763
Payroll taxes.....	483	1,479	1,962
Consultants and professional fees.....	6,466	42,871	49,337
Travel.....	3,970	1,457	5,427
Supplies.....	6,420	-	6,420
Postage.....	60	42	102
Pension.....	6,897	21,110	28,007
Health insurance.....	11,026	9,031	20,057
Equipment.....	-	687	687
Advertising.....	-	827	827
Printing.....	-	127	127
Dues and subscriptions.....	-	415	415
Indirect costs.....	8,900	11,565	20,465
<b>TOTAL EXPENDITURES.....</b>	<b>74,344</b>	<b>190,252</b>	<b>264,596</b>
		(a)	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>\$ -</b>	<b>\$ 34,730</b>	<b>\$ 34,730</b>

(a) Includes \$52,005 in non-reimbursed direct and indirect grant costs.