

FINAL OFFICIAL STATEMENT DATED OCTOBER 1, 2009

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. **The Bonds will be designated as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code.** Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. (See "Tax Exemption" herein.)

\$4,450,000
TOWN OF WEST TISBURY
Massachusetts
GENERAL OBLIGATION TOWN HALL BONDS
(Unlimited Tax)

Dated: October 15, 2009

Due: October 15, 2010-2028

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND/OR YIELDS

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price/Yield</u>
2010	\$240,000	2.00%	0.50%	2020	\$235,000	3.00%	2.85%
2011	240,000	2.00	0.70	2021	235,000	3.00	3.00
2012	235,000	2.00	1.00	2022	235,000	3.125	3.125
2013	235,000	2.00	1.30	2023	235,000	3.25	3.25
2014	235,000	2.00	1.60	2024	230,000	3.375	3.40
2015	235,000	2.25	1.85	2025	230,000	3.50	3.50
2016	235,000	2.25	2.05	2026	230,000	3.50	3.60
2017	235,000	2.50	2.30	2027	230,000	3.625	3.70
2018	235,000	3.00	2.45	2028	230,000	3.75	3.80
2019	235,000	3.00	2.65				

Principal of the Bonds will be payable October 15 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on April 15, 2010 and semi-annually thereafter on each October 15 and April 15. The Bonds will be subject to redemption prior to their stated dates of maturity as described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. (See "Book-Entry Transfer System" herein.)

The legality of the Bonds will be approved by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, serves as financial advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to DTC, or its custodial agent, on or about October 15, 2009 against payment in *federal reserve funds*.

FIDELITY CAPITAL MARKETS

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

ISSUE SUMMARY STATEMENT

Issuer: Town of West Tisbury, Massachusetts

Date of Sale: Thursday, October 1, 2009 until 11:00 a.m. (local time)

Method of Sale: Sealed and Electronic Bids

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, MA

Issue: \$4,450,000 General Obligation Town Hall Bonds (Unlimited Tax) - Book-Entry Only (See "Book-Entry Transfer System", herein.)

Dated Date of Bonds: October 15, 2009

Maturity Date of Bonds: Serially on October 15, 2010-2028, as detailed herein.

Credit Rating: Standard & Poor's Ratings Services rating is pending.

Redemption: The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

Security: The Bonds are valid general obligations of the Town of West Tisbury, Massachusetts and the principal of and interest on the Bonds are payable from ad valorem taxes which may be levied upon all property within the territorial limits of the Town and taxable by it without limit as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

Basis of Award: Lowest true interest cost (TIC) as of the dated date.

Tax Exemption: Refer to Tax Exemption and Appendix C – "Proposed Form of Legal Opinion of Bond Counsel" herein.

Limited Continuing Disclosure: Refer to Limited Continuing Disclosure and Appendix D – "Proposed Form of Limited Continuing Certificate" herein.

Bank Qualification: **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

Paying Agent: U.S. Bank National Association, Boston, Massachusetts

Legal Opinion: Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to The Depository Trust Company, or its custodial agent, against payment to the account of the Town at UniBank for Savings, Whitinsville, Massachusetts in federal reserve funds on or about October 15, 2009.

Issue Contacts: Katherine Logue, Treasurer, Town of West Tisbury, MA
Tel. # (508) 696-0108
Lynne A. Ludwig, Vice President, UniBank Fiscal Advisory Services, Inc.,
Tel. # (508) 849-4223
Roger P. Vacco, Esq., Edwards Angell Palmer & Dodge LLP, Boston, MA,
Tel. # (617) 239-0384

Additional Information: Refer to the Preliminary Official Statement dated September 17, 2009.

NOTICE OF SALE

**TOWN OF WEST TISBURY
Massachusetts**

\$4,450,000

**GENERAL OBLIGATION TOWN HALL BONDS
(Unlimited Tax)**

The Town of West Tisbury, Massachusetts, will receive electronic and sealed proposals until 11:00 A.M. (Local Time), on

October 1, 2009

at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

\$4,450,000 GENERAL OBLIGATION TOWN HALL BONDS payable October 15 of the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2010	\$240,000	2020	\$235,000
2011	240,000	2021	235,000
2012	235,000	2022	235,000
2013	235,000	2023	235,000
2014	235,000	2024	230,000
2015	235,000	2025	230,000
2016	235,000	2026	230,000
2017	235,000	2027	230,000
2018	235,000	2028	230,000
2019	235,000		

The Bonds will be dated October 15, 2009. Interest from the date of the Bonds will be payable on April 15, 2010 and semi-annually thereafter on each October 15 and April 15. Principal of and interest on the Bonds will be paid as described below. The Bonds maturing in the years 2010 through 2017, inclusive, are not subject to redemption prior to their stated dates of maturity.

The Bonds maturing on and after October 15, 2018 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2017 either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

For Bonds maturing on and after October 15, 2018, bidders may specify that all of the principal amount of such bonds having any two or more consecutive maturities, may in lieu of having separate maturity dates, be combined to comprise one or more Term Bonds, and shall be subject to mandatory redemption or mature at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond having the nearest subsequent maturity date.

Term Bonds, if any, shall be subject to mandatory redemption on October 15 in the year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be

selected by lot), as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York, (DTC), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership affected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The legality of the Bonds will be approved by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge.

Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Other bids, including bids by delivered telegram, should be sealed, marked "Proposal for Bonds" and addressed to **Ms. Katherine Logue, Treasurer, Town of West Tisbury, c/o UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts 01588.** Proposals delivered as specified will be accepted. Blank bid forms with signature may be sent to UniBank Fiscal Advisory Services, Inc. or faxed to (508) 234-1938 prior to submitting the bids, with actual bids telephoned to (508) 849-4223 at least one-half hour prior to the 11:00 A.M. (local time) sale. UniBank Fiscal Advisory Services, Inc. will act as agent for the bidder in submitting the bid but neither UniBank Fiscal Advisory Services, Inc., nor the Town is responsible for any errors with respect to bids submitted in this manner. A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having a like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%. No bid of less than par and accrued interest to date of delivery will be considered.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of October 15, 2009 discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, which accrued interest shall be paid by the successful bidder. The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of October 1, 2009 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for the issuance of any such policy or commitment therefore, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of the contractual obligations arising from the acceptance of a proposal for the purchase of the Bonds. Should the successful bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's Ratings Services for the rating on the Bonds. Any such fee paid to Standard & Poor's Ratings Services would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that the bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Angell Palmer & Dodge LLP of Boston, Massachusetts, substantially in the form of Appendix C of the Preliminary Official Statement dated September 17, 2009 included herein, (see "Tax Exemption" and Appendix C in the Preliminary Official Statement), (b) a certificate in form satisfactory to said firm dated as of the date of delivery of the Bonds and receipt of payment consequently to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, both as of the date of sale and of the date of delivery of the Bonds, the Preliminary Official Statement referred to above does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Limited Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Undertaking to Provide Continuing Disclosure. The provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”) will not apply to this offering of securities. (At the time the Bonds are delivered, the Issuer, which is the only obligated person with respect to this issue, will not be an obligated person with respect to more than \$10,000,000 of outstanding securities). In accordance with the provisions of paragraph (d)(2) of the Rule, however, the Issuer will undertake to provide to the Municipal Securities Rulemaking Board (the “MSRB”) notices of certain material events and to provide at least annually, the financial information and operating data that is customarily prepared by the Issuer and is publicly available. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or the offices of its custodial agent, on or about October 15, 2009 against payment in *federal reserve funds*.

Additional information concerning the Town of West Tisbury and the Bonds is contained in the Preliminary Official Statement dated September 17, 2009, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Such Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates and any other items of the Bonds depending on such matters and the identity of the underwriters. Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained from Lynne A. Ludwig, Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts, telephone (508) 849-4223. Within seven (7) business days following award of the Bonds in accordance herewith, 50 copies of a Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF WEST TISBURY,
MASSACHUSETTS**

/s/ Katherine Logue
Treasurer

Dated: September 17, 2009

OFFICIAL STATEMENT

**TOWN OF WEST TISBURY
MASSACHUSETTS**

\$4,450,000

**GENERAL OBLIGATION TOWN HALL BONDS
(Unlimited Tax)**

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of West Tisbury, Massachusetts (the "Town") in connection with the sale of the \$4,450,000 General Obligation Town Hall Bonds dated October 15, 2009 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding and a Notice of Sale dated September 17, 2009, has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the "Commonwealth") or any other entity. The security for the Bonds is more fully described under the captions Source of Payment and Remedies and Opinion of Bond Counsel herein.

Questions regarding information contained in this Official Statement or other matters should be directed to Katherine Logue, Treasurer (508) 696-0108, Lynne A. Ludwig, Vice President, UniBank Fiscal Advisory Services, Inc. (508) 849-4223, or Roger P. Vacco, Esq., Edwards Angell Palmer & Dodge LLP (617) 239-0401.

The information contained herein has been obtained from the sources indicated or from the Town.

PART I
THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated October 15, 2009 and will mature on October 15 of the years and in the principal amounts as follows:

<u>Due</u> <u>October 15</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>October 15</u>	<u>Principal</u> <u>Amount</u>
2010	\$240,000	2020	\$235,000
2011	240,000	2021	235,000
2012	235,000	2022	235,000
2013	235,000	2023	235,000
2014	235,000	2024	230,000
2015	235,000	2025	230,000
2016	235,000	2026	230,000
2017	235,000	2027	230,000
2018	235,000	2028	230,000
2019	235,000		

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder.

Principal and semi-annual interest will be paid by U.S. Bank National Association, Boston, Massachusetts, or its successor acting as paying agent (the "Paying Agent"). Interest from the date of the Bonds will be payable on April 15, 2010 and semi-annually thereafter on each October 15 and April 15. So long as The Depository Trust Company ("DTC"), New York, New York or its nominee, Cede & Co., is the Bondowner, such payments of principal and interest on the Bonds will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See Book-Entry Transfer System herein.)

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date, provided that, under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

AUTHORIZATION AND USE OF PROCEEDS

The Bonds are authorized pursuant to Massachusetts General Laws, Chapter 44, s. 7(3A) as amended and Chapter 44B, s. 11 and votes of the Town on April 8, 2008 (Article #25) and April 10, 2008 (Question 1) to renovate historic Town Hall.

The proceeds of the Bonds will be used, in part, to redeem \$4,000,000 bond anticipation notes maturing October 15, 2009 and, in part, to provide additional financing for the project. **The Town has voted to exempt the debt service on this project from the limitations of Proposition 2 ½.**

OPTIONAL REDEMPTION

Bonds maturing in the years 2010 through 2017, inclusive, are not subject to redemption prior to their stated dates of maturity.

Bonds maturing on and after October 15, 2018 are subject to redemption prior to maturity, at the option of the Town, on and after October 15, 2017, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds, prior to their maturities, specifying the Bonds (or portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. If moneys for the redemption are held by the Paying Agent on the redemption date and if notice of the redemption shall have been duly mailed, then from and after the redemption date interest on the Bonds (or portions thereof) called for redemption shall cease to accrue.

Mandatory Redemption

If the successful bidder designates principal amounts of the Bonds to be combined into one or more Term Bonds which may be done only for principal amounts in consecutive years and only for the years after 2017, each such Term Bond will be subject to mandatory redemption on October 15 in each year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated on the cover page of the Preliminary Official Statement at the principal amount thereof plus accrued interest to the redemption date.

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" (see "Serial Bonds and Notes" herein) and setoffs of state distributions (see "State Distributions" herein), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for (and) all amounts necessary to satisfy final judgments". Specific provision is also made for including

in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation (see “Tax Limitations” herein.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit. **The Town has voted to exclude the debt service on these Bonds as well as on \$2,720,000 of currently outstanding bonds from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.**

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit (see Debt Limits herein). Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. In the opinion of Bond Counsel, Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law (see “Tax Limitations” herein). In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (see "Serial Bonds and Notes" herein) and any other sums due and payable by the city or town to the Commonwealth, or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (the "MBTA") or a regional transit authority) of which it is a member or for costs of the Massachusetts Water Resources Authority (the "MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water treatment services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy Laws.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Edwards Angell Palmer & Dodge LLP, of Boston, Massachusetts (see Appendix C), will be furnished to the successful bidder. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. **In the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.** The foregoing reflects the enactment of the American Recovery and Reinvestment Act of 2009 which includes provisions that modify the treatment under the alternative minimum tax of interest on certain bonds of state and local government entities and that modify Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds

("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

RATING

Application has been made to Standard & Poor's Ratings Services for a rating on the Bonds. Such rating, if obtained, will reflect only that rating agency's view and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

LIMITED CONTINUING DISCLOSURE

The provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") do not apply to this offering of securities. (At the time the Bonds are delivered, the Issuer, which is the only obligated person with respect to this issue, will not be an obligated person with respect to more than \$10,000,000 of outstanding securities.) In accordance with the provisions of paragraph (d)(2) of the Rule, however, the Issuer will covenant for the benefit of the owners of the Bonds to provide to the Municipal Securities Rulemaking Board (the "MSRB") at least annually, the financial information and operating data that is customarily prepared by the Issuer and is publicly available, and to provide to the MSRB, notices of the occurrence of material events with respect to the Bonds. The covenants will be included in a Limited Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D. The Certificate will be executed by the signers of the Bonds and incorporated by reference in the Bonds. The Issuer has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of material events in accordance with the Rule.

PART II

THE TOWN OF WEST TISBURY, MASSACHUSETTS

The Town of West Tisbury, incorporated in 1892, is governed by the open town meeting form of government.

CONSTITUTIONAL STATUS and FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A town is not an independent sovereignty. It is merely a subordinate agency of the State Government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the Governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance will not be required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council and an appointed city manager who has no power to veto council actions; some municipalities, although still called "towns," have adopted a similar city form of government with a town council and Town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of three selectmen, elected for staggered three-year terms on an at-large basis who are assisted by an Executive Secretary. Local taxes are assessed by a board of three assessors elected for staggered three-year terms.

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	Dianne Powers, Chair	Elected/3 years	2010
	Richard Knabel, Vice-Chair	Elected/3 years	2011
	Jeffrey S. Manter	Elected/3 years	2012
Executive Secretary	Jennifer Rand	Appointed/1 year	2010
Town Treasurer	Katherine Logue	Elected/1 year	2010
Town Collector	Brent B. Taylor	Elected/1 year	2010
Town Clerk	Tara J. Whiting	Elected/1 year	2010
Accountant	Bruce K. Stone	Appointed/3 years	2010
Town Counsel	Ronald H. Rappaport	Appointed/1 year	2010

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, parks and recreation, and cemetery maintenance and operation. Public education in grades pre-kindergarten through eight is provided by the Up-Island School District which operates two facilities; one located in West Tisbury and the other in the neighboring town of Chilmark. Education in grades 9-12 are provided by the Martha's Vineyard Regional School District. The Martha's Vineyard Public Charter School, created in 1996, provides academic education, island-wide, to grades K-12. The Charter school's current enrollment (as of October 1, 2008) is 173 of which 41 students are from West Tisbury.

The Martha's Vineyard Refuse Disposal and Resource Recovery District provides residential refuse and recycling services to the Town.

The principal services provided by The County of Dukes County are space for courts, a jail and house of correction, and registry of deeds. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of its general obligation notes. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years in the case of Essex county) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in other counties.

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority provides ferry service to Martha's Vineyard and Nantucket from Woods Hole, Hyannis and New Bedford. Bus transportation is provided by The Martha's Vineyard Transit Authority from mid-June through Columbus Day with limited year-round routes.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Selectmen.

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The present debt limit of the Town, based on the 2008 equalized valuation, is \$149,244,365. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 per cent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to a separate limit). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see "Taxation to Meet Deficits" herein). In any event, the period from the original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. Level debt service is permitted for bonds or notes issued for certain purposes, including self-supporting enterprise purposes, certain state-aided school projects and for those projects for which debt service has been exempted from property tax limitations. The maximum terms vary from one year to forty years, depending on the purpose of the issue. Most of the purposes are capital projects. They may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum term measured from the date of the original bonds or notes.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds has been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may under statute be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and town having electric departments may issue electric revenue bonds and notes in anticipation of such bonds, subject to approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT ⁽¹⁾

The following shows the direct debt outstanding as of October 15, 2009, including these Bonds:

General Obligation Bonds:

Within General Debt Limit ⁽²⁾

Land Acquisition	\$ 150,000
Other Building	825,000
These Bonds	<u>4,450,000</u>

Total Within Debt Limit \$ 5,425,000

Outside General Debt Limit:

School 1,805,000

Total Outside Debt Limit 1,805,000

Total Long-Term Indebtedness \$7,230,000

Temporary Loans in Anticipation of:

Revenue	\$ 0
Bonds ⁽⁴⁾	0
Grants	<u>0</u>

Total Temporary Loans \$ 0

Total Direct Debt \$7,230,000 ⁽³⁾

⁽¹⁾ Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

⁽²⁾ At the present time, the normal general debt limit is \$149,244,365 and the double general debt limit is \$298,488,730 based on the equalized valuation for 2008.

⁽³⁾ **The Town has voted to exclude \$7,220,000 of outstanding debt from the tax limitations of Proposition 2 ½, including this issue of Bonds.**

⁽⁴⁾ Does not include the \$4,000,000 bond anticipation notes maturing on October 15, 2009 which will be paid with the proceeds of these Bonds.

Authorized Unissued Debt and Prospective Financing

After the issuance of these Bonds, the Town will have \$500,000 authorized unissued debt which represents the unissued balance of the Town Hall authorization. The Town expects to rescind this amount at a future Town Meeting.

FIVE YEARS OUTSTANDING DEBT ⁽¹⁾

	As of June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Long-Term Indebtedness:					
Within the General Debt Limit					
Land Acquisition	\$ 180,000	\$ 210,000	\$ 240,000	\$ 270,000	\$ 306,000
Other Building	980,000	1,200,000	1,420,000	1,640,000	1,541,000
Streets, Sidewalks & Parking	<u>215,000</u>	<u>430,000</u>	<u>650,000</u>	<u>870,000</u>	<u>1,090,000</u>
Total Within the General Debt Limit	1,375,000	1,840,000	2,310,000	2,780,000	2,937,000
Outside the General Debt Limit:					
Schools	<u>1,805,000</u>	<u>2,170,000</u>	<u>2,535,000</u>	<u>2,900,000</u>	<u>3,265,000</u>
Total Outside the General Debt Limit	<u>1,805,000</u>	<u>2,170,000</u>	<u>2,535,000</u>	<u>2,900,000</u>	<u>3,265,000</u>
Total Long-Term Indebtedness	3,180,000	4,010,000	4,845,000	5,680,000	6,202,000
Short-Term Indebtedness:					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>4,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,850,000</u>
Total Short-Term Indebtedness	<u>\$4,000,000</u>	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>1,850,000</u>
Total Outstanding Indebtedness	<u>\$7,180,000</u>	<u>\$4,010,000</u>	<u>\$4,845,000</u>	<u>\$5,680,000</u>	<u>\$8,052,000</u>

⁽¹⁾ Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

Bonded Debt vs. Population, Valuations and Income

(000) omitted
As of June 30

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Amount (000 omitted) ⁽¹⁾	\$3,180	\$4,010	\$4,845	\$5,680	\$6,202
Per Capita ⁽²⁾	\$1,210	\$1,526	\$1,844	\$2,159	\$2,336
Percent of Assessed Valuation ⁽³⁾	0.12%	0.15%	0.20%	0.25%	0.28%
Percent of Equalized Valuation ⁽⁴⁾	0.11%	0.16%	0.19%	0.29%	0.31%
Per Capita as a percent of Personal Income Per Capita ⁽²⁾	3.90%	4.92%	5.94%	6.96%	7.53%

⁽¹⁾ Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

⁽²⁾ Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

⁽³⁾ Source: Board of Assessors - assessed valuation as of the prior January 1.

⁽⁴⁾ Source: Massachusetts Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

ANNUAL DEBT SERVICE ⁽¹⁾

<u>Fiscal Year</u>	<u>Outstanding as of 10/15/09</u>		<u>Current Issue</u> ⁽³⁾		<u>Total Debt Service</u>	<u>Cumulative % Principal Retired</u> ⁽⁴⁾
	<u>Principal</u> ⁽²⁾	<u>Interest</u> ⁽²⁾	<u>Principal</u>	<u>Interest</u>		
2010	\$ 425,000	\$ 64,985	\$ 0	\$ 89,000	\$ 578,985	6.2%
2011	550,000	103,499	240,000	173,200	1,066,699	17.6
2012	550,000	78,738	240,000	163,600	1,032,338	28.7
2013	550,000	53,447	235,000	154,100	992,547	39.3
2014	525,000	28,013	235,000	144,700	932,713	49.3
2015	180,000	3,375	235,000	135,300	553,675	55.3
2016	0	0	235,000	125,900	360,900	59.1
2017	0	0	235,000	116,500	351,500	62.9
2018	0	0	235,000	107,100	342,100	66.6
2019	0	0	235,000	97,700	332,700	70.1
2020	0	0	235,000	88,300	323,300	73.6
2021	0	0	235,000	78,900	313,900	77.0
2022	0	0	235,000	69,500	304,500	80.2
2023	0	0	235,000	60,100	295,100	83.4
2024	0	0	230,000	50,700	285,700	86.4
2025	0	0	230,000	41,400	271,400	89.4
2026	0	0	230,000	32,200	262,200	92.2
2027	0	0	230,000	23,000	253,000	94.9
2028	0	0	230,000	13,800	243,800	97.5
2029	0	0	230,000	4,600	234,600	100.0%
	<u>\$2,780,000</u>	<u>\$332,057</u>	<u>\$4,450,000</u>	<u>\$1,769,600</u>	<u>\$9,331,657</u>	

⁽¹⁾ Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt and unfunded pension liability.

⁽²⁾ Principal in the amount of \$2,720,000 and interest in the amount of \$329,698 has been excluded from the limitations of Proposition 2 1/2.

⁽³⁾ Interest for this issue is estimated at 4.00%. The Town has voted to exempt the debt service on the Bonds from the limitations of Proposition 2 1/2.

⁽⁴⁾ Includes the current issue.

Revenue Anticipation Borrowing

The Town last issued \$1,500,000 Revenue Anticipation Notes in fiscal 2006. The Town did not borrow in anticipation of revenue in fiscal years 2007, 2008 and 2009 and does not anticipate issuing in anticipation of revenue for fiscal 2010.

OVERLAPPING DEBT ⁽¹⁾

The following table indicates the portion of overlapping debt relating to the Town:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of West Tisbury</u>	<u>Assessments for Operations and Debt Service Fiscal Year 2010</u>
The County of Dukes County ⁽²⁾	\$ 300,000	\$ 0	14.25%	\$117,655
Martha's Vineyard Regional School District ⁽³⁾	\$6,430,000	\$ 200,000	20.56%	\$2,076,263
Up-Island Regional School District ⁽⁴⁾	\$ 0	\$ 0	63.7%	\$5,421,068
Martha's Vineyard Refuse Disposal and Resource Recovery District ⁽⁵⁾	\$1,030,000	\$1,445,000	15.5%	\$114,211

⁽¹⁾ Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

⁽²⁾ Source: Treasurer, Dukes County. Outstanding debt is as of October 15, 2009. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. Shares of debt service vary from year to year according to valuations of taxable property as last equalized by the State Department of Revenue. Amount shown here is based on the 2008 equalized valuations.

⁽³⁾ Source: Martha's Vineyard Regional School District. Debt is as of October 15, 2009. The other District members are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. Towns may organize regional school districts to carry out general or specialized educational functions. The debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. The Town has voted to exclude their share of the District's debt service from the limitations of Proposition 2 ½.

⁽⁴⁾ Source: Up-Island School District. Debt as of October 15, 2009. The other District members are the Towns of Aquinnah and Chilmark.

⁽⁵⁾ Source: Treasurer, Martha's Vineyard Refuse Disposal and Resource Recovery District. Debt is as of October 15, 2009.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

Contingent Liabilities

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority. The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Authority") was created by Chapter 701 of the Massachusetts Acts of 1960, as amended, (the "Act"). The Act provides for the acquisition, maintenance and operation of a boat service operating between the mainland and the islands of Nantucket and Martha's Vineyard and authorizes the Authority to issue revenue bonds for replacement and new construction or acquisition of vessels and other facilities required to provide adequate service.

The Authority is composed of five voting members: one resident of the County of Nantucket County appointed by the County Commissioners; one resident of The County of Dukes County appointed by the County Commissioners; one resident of the Town of Falmouth appointed by the selectmen; one resident of the Town of Barnstable appointed by the Town Council; and one member who is a resident of the City of New Bedford appointed by the Mayor of the City of New Bedford with the approval of the City Council.

Section 9 of the Act establishing the Authority provides that, if at any time any principal or interest is due or about to become due on bonds issued by the Authority and funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall thereupon pay over to the Authority the amount so certified. In the opinion of bond counsel to the Authority, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. Section 9 further provides that the Authority or any holder of any unpaid bond shall have the right to require the Commonwealth to pay the Authority the amount remaining unpaid, which right shall be enforceable as a claim against the Commonwealth.

Also under Section 9 of the Act, if on the last day of December in any year the amount remaining in the Authority's reserve fund shall be insufficient to meet the cost of service, including interest on and amortization of bonds or notes of the Authority, the Authority shall notify the State Treasurer of the amount of such deficiency, less the amount in the reserve fund applicable thereto, and The Commonwealth of Massachusetts shall thereupon pay over to the Authority the amount of such deficiency, and the Authority shall apply the amount so received from the Commonwealth in payment of such deficiency. In order to meet any such payment by the Commonwealth the State Treasurer may borrow such sums as may be necessary therefor, in anticipation of the assessments described below to be levied upon the towns specified. Depending on the term of any such borrowing, a two-thirds vote of the legislature and a recommendation by the Governor of the term of the borrowing may be prerequisites to a borrowing by the State Treasurer. The Act further provides that, pending such payment by the Commonwealth, the Authority shall borrow such amount as may be necessary to enable it to make all payments as they become due.

In addition the Act provides that, in the event the Commonwealth shall be called upon to pay the Authority any amount on account of any such deficiency, such amount with interest or other charges incurred in borrowing the money for the purpose, except such amounts as may be appropriated by the general court therefore, shall be assessed on the Towns of Barnstable, Falmouth and Nantucket and the City of New Bedford and The County of Dukes County, in the following proportions: 10% each on the Towns of Barnstable and Falmouth and the City of New Bedford; 35% on the Town of Nantucket, and 35% on The County of Dukes County. The County Commissioners of the County of Dukes County shall allocate such assessment upon said County to be paid severally by the towns in said county, excepting the Town of Gosnold, in the same proportions as in the assessment of the county tax. The City of New Bedford shall be assessed fifty percent of any net operating losses, not to exceed \$650,000 annually, accrued for any passenger and freight service run by the Authority from the port of New Bedford which is directly attributable to such service, excluding any net operating losses resulting from the operation of the Authority's M/V Schamonchi, in the calendar years 2003, 2004 and 2005 and 25 percent of any such net operating losses, not to exceed \$650,000 annually, accrued in calendar years 2006 and 2007. In calendar year 2008 and thereafter, the City of New Bedford shall pay ten percent of any annual deficiency, in an identical fashion, to the Towns of Falmouth and Barnstable, pursuant to this section. At the end of each calendar year beginning with the calendar year subsequent to 2002, the Authority shall prepare a report calculating the operating losses in accordance with generally accepted accounting principles and shall submit the same to the Auditor of the Commonwealth for his approval. The amount certified by the Auditor shall be paid to the Authority by the State Treasurer and assessed on the City of New Bedford in accordance with the above principles.

Pursuant to Chapter 580 of the Act of 1980 as amended by Chapter 782 of the Acts of 1981 ("Proposition 2 1/2"), the annual increase in the total assessments on account of the Authority's operations is limited to (a) 2 1/2 percent of the prior year's assessments and (b) "any increase in costs, charges or fees for service customarily provided locally or for services subscribed to at local option". No such assessments have needed to be made since the effective date of Proposition 2 1/2. The obligation of the Commonwealth to make payments under Section 9 of the Act, is not in any way conditional upon the payment of such assessments.

The obligation of the Commonwealth to make a payment required by Section 9 of the Act, the payment of a judgment obtained against the Commonwealth under Section 9 of the Act, and the ability of the State Treasurer to issue notes of the Commonwealth to make any payment pursuant to Section 9 of the Act, may be subject to legislative appropriation of the necessary funds.

The Town is contingently liable for 15.27% of the amount of any deficit, including operating and debt service costs, of the Authority. As of December 31, 2008, the Authority had \$55,850,000 revenue bonds outstanding against its \$75,000,000 borrowing authority and the amount of monies in its reserve fund totaled \$2,792,500 as of December 31, 2008. For the fiscal year ended December 31, 2008, the Authority's operating revenues and other resources exceeded costs of service by \$1,498,498. The Town is not required to make payment to the Authority unless the amount in the Authority's reserve fund is insufficient. Since 1962, the Town has never had to make any such payment to the Authority.

Source: The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate

of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission (“PERAC”) provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. “Excess earnings,” or earnings on individual employees’ retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system’s pension reserve fund in any given year up to five percent of the preceding year’s tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system’s retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2028, with annual increases in the scheduled payment amounts of not more than 4.5 percent. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule.

Under legislation enacted in 2003, cities and towns that accepted its provisions and that obtained certain state approvals therefore could, within limits, reduce the amount of their scheduled appropriations for fiscal year 2004 and fiscal year 2005 for the unfunded portion of their pension liability to offset recent reductions in state aid. Cities and towns that reduced such appropriations were required to revise their retirement system funding schedule for eliminating their unfunded pension liability and could extend such schedule by one year, provided that in no event could such funding schedule extend beyond June 30, 2028. **The Town did not vote to reduce its appropriations in those years.**

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the “PRIT Fund”), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the contributory retirement system of The County of Dukes County. The annual contributions of the Town to the retirement system for the current and most recent fiscal years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2010 (budgeted)	\$248,384
2009	237,245
2008	219,370
2007	219,311
2006	197,946
2005	188,222

As of January 1, 2007 (the latest data available), The Dukes County Retirement System had assets valued at \$53,493,298 to support an actuarial accrued liability of \$82,756,817, leaving an estimated unfunded liability in the amount of \$29,263,519. West Tisbury's share of the liability is \$1,705,794.

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

⁽¹⁾ *Source: Dukes County Retirement System*

Other Post-Employment Benefits. In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. Massachusetts General Laws were recently amended to provide cities and towns with general legal authority to establish a trust fund for the purpose of pre-funding non-pension, post-employment benefits liability in the same manner as traditional pension benefits.

The Town is required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2010. The Town hired an outside firm to perform an actuarial valuation of its post-employment benefit liability and such valuation has been completed. Per the first actuarial study, the accrued liability, assuming a 30-year amortization, and payment schedule for the unfunded liability, and an 8% discount rate, is \$2,343,516 or an Annual Required Contribution of \$163,559. Since this study, the Town has eliminated its most expensive indemnity-based health insurance plan and adopted Section 18 of the Massachusetts General Laws, Chapter 32B, which requires that those retirees who are eligible for Medicare make Medicare their primary insurance. Both of these measures are expected to result in a lower liability calculation when the actuarial study is updated in 2010. In addition, at the Town's 2008 Annual Town Meeting, \$150,000 was set aside in an OPEB Stabilization Fund to begin funding the unfunded liability and an additional \$75,000 was set aside at the Town's 2009 Annual Town Meeting. In January 2009, the Town Treasurer collaborated with other municipal entities in Dukes County to file special legislation to create a Dukes County pooled OPEB Trust Fund.

PROPERTY TAXATION AND VALUATION

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. Until fiscal year 2004, the share required to be borne by residential real property was at least 50 per cent of its share of the total taxable valuation; under legislation enacted in the beginning of 2004, however, cities and towns were authorized to reduce the required share to be borne by residential real property to at least 45 per cent of its share of the total taxable valuation in fiscal year 2004, 47 per cent in fiscal year 2005, 49 per cent in fiscal year 2006 and 50 per cent thereafter. The effective rate for open space must be at least 75 per cent of the effective rate for residential real property. Until fiscal year 2004, the share of commercial, industrial and personal property was limited to not more than 175 per cent of their share of the total valuation; under legislation enacted in the beginning of 2004, however, cities and towns were authorized to increase the limit on the share of the total taxable valuation of such property to not more than 200 per cent in fiscal year 2004, 197 per cent in fiscal year 2005, 190 percent in fiscal year 2006, 183 percent in fiscal year 2007, 175 per cent in fiscal year 2008, and, if the share of such property in a particular city or town exceeded 175 per cent in any of fiscal years 2004 through 2007, 170 per cent in fiscal years 2009 and thereafter. Under legislation recently enacted, for fiscal years 2008 and thereafter, the share of the annual levy to be borne by residential real property must be at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 per cent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years.

Related statutes provide that certain forestland, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized valuation" (see Debt Limits herein).

Valuations

The following shows the assessed and equalized valuations for the most recent fiscal years:

	For Fiscal Year				
	<u>2009</u>	<u>2008</u> ⁽³⁾	<u>2007</u>	<u>2006</u>	<u>2005</u> ⁽³⁾
Real Property ⁽¹⁾	\$2,582,443,100	\$2,687,025,900	\$2,451,795,500	\$2,211,712,300	\$2,181,902,000
Personal Property ⁽¹⁾	<u>29,622,558</u>	<u>27,116,004</u>	<u>23,237,526</u>	<u>22,389,861</u>	<u>21,517,069</u>
Total	<u>\$2,612,065,658</u>	<u>\$2,714,141,904</u>	<u>\$2,475,033,026</u>	<u>\$2,234,102,161</u>	<u>\$2,203,419,069</u>
Equalized Value ⁽²⁾	\$2,984,887,300	\$2,552,816,600	\$2,552,816,600	\$1,980,075,700	\$1,980,075,000
Percent of Total Assessed to Equalized Valuation	102.3%	106.3%	97.0%	112.8%	111.3%

(Footnotes on following page)

⁽¹⁾ As of January 1, 2008, 2007, 2006, 2005 and 2004, respectively.

⁽²⁾ Based on equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered years effective for the next two fiscal years.

⁽³⁾ Revaluation year.

The following table shows the breakdown of the total assessed valuation for fiscal years 2009, 2008 and 2007 by classification:

Type of Property	Fiscal 2009 Assessed Valuation	% of Total Assessed Valuation	Fiscal 2008 Assessed Valuation	% of Total Assessed Valuation	Fiscal 2007 Assessed Valuation	% of Total Assessed Valuation
Residential	\$2,519,426,031	96.5%	\$2,622,810,068	96.6%	\$2,387,533,453	96.5%
Commercial	58,877,969	2.3	59,881,732	2.2	59,966,247	2.4
Industrial	4,139,100	0.2	4,334,100	0.2	4,295,800	0.2
Personal	29,622,558	1.1	27,116,004	1.0	23,237,526	0.9
Total	\$2,612,065,658	100.0%	\$2,714,141,904	100.0%	\$2,475,033,026	100.0%

Tax Rates

The following shows the average tax rates per \$1,000 of assessed valuation, and the estimated full value rate based on the equalized valuations for the most recent fiscal years:

Fiscal Year	Actual Tax Rate	Full Value Rate
2009	\$4.28	\$4.38
2008	4.10	4.36
2007	4.38	5.47
2006	4.77	5.38
2005	4.52	5.03

LARGEST TAXPAYERS ⁽¹⁾

The following shows the top ten largest taxpayers:

Name	Nature of Business	Fiscal 2009 Assessed Valuation	Amount of Tax	% of Total Levy
Individual	Residential	\$ 50,371,513	\$ 215,590	1.93%
Individual	Residential	32,921,000	140,902	1.26
Individual	Residential	28,738,209	122,999	1.10
Individual	Residential	26,074,214	111,597	1.00
Individual	Residential	22,738,376	97,320	0.87
Individual	Residential	21,541,222	92,196	0.82
Individual	Residential	20,484,476	87,673	0.78
Individual	Residential	19,725,547	84,425	0.76
Individual	Residential	17,428,346	74,593	0.67
Individual	Residential	17,296,800	74,030	0.66
Total		\$257,319,703	\$1,101,325	9.85%

⁽¹⁾ As of January 1, 2008. All of the largest taxpayers listed above are current on their real estate and personal property taxes.

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below. As to the inclusion of debt service and final judgments, see Security and Remedies herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" below) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as Proposition 2 1/2, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 1/2 percent by majority vote of the voters, or to less than 7 1/2 percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **The Town has voted to exempt the debt service on these Bonds as well as \$2,720,000 of currently outstanding bonds from the limitations of Proposition 2 1/2, except as provided under Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 1/2 limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a Town may vote to exclude from the Proposition 2 1/2 limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 1/2 limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2 1/2 percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under the statute any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulation imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes (see “Tax Increment Financing for Development Districts” herein).

Initiative Petitions. Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

Calculation of Tax Levies

The following table shows the details of the calculation of the tax levies for the most recent fiscal years:

	(000 omitted)				
	For Fiscal Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Appropriations	\$15,263	\$14,006	\$13,572	\$12,687	\$11,655
Other Local Expenditures	627	608	279	339	53
State & County Charges	219	218	234	172	176
Overlay Reserve	<u>96</u>	<u>183</u>	<u>174</u>	<u>145</u>	<u>138</u>
Total Gross Amount to be Raised	<u>16,205</u>	<u>15,015</u>	<u>14,259</u>	<u>13,343</u>	<u>12,022</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	1,050	1,017	1,001	720	669
Estimated Receipts - Local	2,979	2,428	1,846	1,161	732
Available Funds Appropriated:					
Free Cash	530	72	461	336	380
Other Available Funds	215	53	110	304	82
Free Cash & Other Revenue					
Used to Reduce the Tax Rate	<u>250</u>	<u>317</u>	<u>0</u>	<u>165</u>	<u>200</u>
Total Estimated Receipts & Revenue	<u>5,025</u>	<u>3,887</u>	<u>3,418</u>	<u>2,686</u>	<u>2,063</u>
	<u>\$11,180</u>	<u>\$11,128</u>	<u>\$10,841</u>	<u>\$10,657</u>	<u>\$9,959</u>

The following shows the calculation of levy limits for the most recent fiscal years:

	(000 omitted)				
	For Fiscal Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Primary Levy Limit ⁽¹⁾	\$65,302	\$67,854	\$61,876	\$55,853	\$55,085
Prior Fiscal Year Levy Limit	10,582	10,189	9,807*	9,448	8,396
2.5% Levy Growth	264	255	245	236	210
New Growth ⁽²⁾	102	138	136	121	257
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>585</u>
Growth Levy Limit	10,948	10,582	10,189	9,805	9,448
Debt Exclusions	945	922	921	936	587
Capital Expenditure Overrides	0	0	0	0	0
Other Adjustments	<u>59</u>	<u>62</u>	<u>56</u>	<u>71</u>	<u>5</u>
Tax Levy Limit	11,953	11,566	11,165	10,812	10,090
Tax Levy	<u>11,180</u>	<u>11,128</u>	<u>10,841</u>	<u>10,657</u>	<u>9,959</u>
Unused Levy Capacity ⁽³⁾	<u>\$ 773</u>	<u>\$ 438</u>	<u>\$ 324</u>	<u>\$ 155</u>	<u>\$ 131</u>
Unused Primary Levy Capacity ⁽⁴⁾	<u>\$54,353</u>	<u>\$57,272</u>	<u>\$51,687</u>	<u>\$46,047</u>	<u>\$45,638</u>

⁽¹⁾ 2.5% of assessed valuation.

⁽²⁾ Allowed addition for new valuations certified by the Department of Revenue.

⁽³⁾ Tax Levy Limit less Tax Levy.

⁽⁴⁾ Primary Levy Limit less Growth Levy Limit.

^{(5)*} Recalculated due to certification of retroactive growth

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The Town has accepted a statute providing for quarterly tax payments which was implemented in fiscal year 1991. Under the statute, preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 per cent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax rebates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws.) In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the most recent fiscal years:

	For Fiscal Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Tax Levy	\$11,179,641	\$11,127,982	\$10,840,645	\$10,656,667	\$9,959,454
Overlay Reserve for Abatements	<u>96,086</u>	<u>183,592</u>	<u>174,076</u>	<u>145,476</u>	<u>137,903</u>
Net Tax Levy ⁽¹⁾	<u>\$11,083,555</u>	<u>\$10,944,390</u>	<u>\$10,666,569</u>	<u>\$10,511,191</u>	<u>\$9,821,551</u>
Amount Collected During Fiscal Year Payable ⁽²⁾	\$10,705,761	\$10,654,209	\$10,406,964	\$10,164,476	\$9,506,097
Percent of Net Tax Levy	96.6%	97.3%	97.6%	96.7%	96.8%
Amount Collected Through 6/30/09 ⁽²⁾	\$10,705,761	\$10,741,888	\$10,790,788	\$10,610,558	\$9,810,703
Percent of Net Tax Levy	96.6%	98.1%	101.2%	100.9%	99.9%

⁽¹⁾ Net after deduction of overlay reserve for abatements.

⁽²⁾ Actual collections of levy less refunds and amounts refundable but including proceeds of tax, titles and tax possessions attributed to such levy but not including abatements or other credits.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during each fiscal year as well as through a more recent date for the most recent fiscal years:

	For Fiscal Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Levy	\$11,179,641	\$11,127,982	\$10,840,645	\$10,656,667	\$9,959,454
Overlay Reserve for Abatements	96,086	183,592	174,076	145,476	137,903
Percent of Tax Levy	0.9%	1.6%	1.6%	1.4%	1.4%
Abatements Granted:					
During Fiscal Year of Levy	\$57,593	\$219,377	\$32,876	\$ 5,417	\$112,294
Through 6/30/09	\$57,593	\$315,683	\$48,792	\$43,922	\$138,836

Sale of Tax Receivables. Legislation enacted in 1996 authorized public sales by cities and town of delinquent property tax receivables, either individually or in bulk.

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Taxes Outstanding

The following shows taxes outstanding at the end of each of the last five fiscal years:

	For Fiscal Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Aggregate ⁽¹⁾	\$543,854	\$562,416	\$608,013	\$732,017	\$582,330
For Current Year ⁽¹⁾	415,247	254,395	315,691	486,774	341,063
Tax Titles and Tax Possessions	215,170	168,522	128,263	164,658	142,714

⁽¹⁾ Excludes tax titles, tax possessions and abated taxes. Includes taxes in litigation, if any.

TOWN FINANCES

BUDGET AND APPROPRIATION PROCESS

The annual appropriations of the Town are ordinarily made at the annual meeting, which takes place in April. Appropriations may also be voted at special meetings. The Finance Committee (also the Board of Selectmen) is required to submit reports and recommendations on proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts. The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

The following table sets forth the general governmental budgets for fiscal years 2006-2010:

Budget Comparison

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	\$ 1,151,568	\$ 1,123,509	\$ 1,124,538	\$ 1,022,177	\$ 957,414
Protection of Persons & Property	1,503,499	1,429,998	1,406,775	1,342,876	1,140,816
Sanitation	173,861	171,581	162,197	177,264	177,610
Public Works	161,802	153,437	146,996	135,242	121,832
Library & Recreation	520,391	452,503	422,345	389,628	404,419
Education	7,497,331	7,775,614	7,835,742	7,352,490	7,360,960
Human Services	373,369	338,260	334,510	311,448	291,931
Insurance & Employee Benefits	729,050	700,323	636,770	615,498	565,546
County/State Assessments	229,420	218,977	217,866	233,513	172,178
Debt Service	890,635	880,690	824,694	842,697	849,848
Total	<u>\$13,230,926</u>	<u>\$13,244,892</u>	<u>\$13,112,433</u>	<u>\$12,422,833</u>	<u>\$12,042,554</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects) the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The State annually provides municipalities with estimates of State aid for the next fiscal year but the actual State aid payments may vary from the estimates.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limits the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal 1992. Under the law, municipalities could defer budgeting for teacher's summer compensation payable at the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts were required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule. **The Town did not adopt this legislation.**

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The Town's net school spending has always exceeded the minimum required local contribution.

The following table sets forth the amount of state aid to the Town in recent years as well as the amount budgeted for fiscal year 2010.

<u>Fiscal Year</u>	<u>Total State Aid</u>
2010 (budgeted)	\$ 930,479
2009	1,027,705 ⁽¹⁾
2008	1,073,431
2007	997,522
2006	728,540
2005	671,954

⁽¹⁾ The amount shown is after a reduction of \$22,170 from the 9c cuts to the Town's Commonwealth local aid distribution for fiscal 2009 original amount of \$1,049,875.

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds. Approved project costs included the interest expense incurred on debt issued by a municipality to finance the school project. In recent years, demand for school building assistance grants far exceeded available funds. As of July 1, 2004, a total of 425 projects for which completed grant applications had been submitted were still on the Department of Education's project priority list awaiting approval of a grant.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. The Authority expects to pay grants for all of the projects on the priority waiting list by the end of fiscal year 2008. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality. In most cases, the receipt of these progress payments from the Authority eliminates the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs.

Grant applications for new projects could not be submitted to the Authority until July 1, 2007. The range of reimbursement rates for such projects has been reduced to between 40% and 80% of approved project costs. The Authority recently promulgated new regulations with respect to the application and approval process for new projects. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills are payable within 30 days of their issue, and if not paid when due, bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows the actual receipts from the motor vehicle excise in each of the most recent years as well as the amount budgeted for fiscal year 2010:

<u>Fiscal Year</u>	<u>Receipts</u> ⁽¹⁾
2010 (budgeted)	\$450,000
2009	598,857
2008	375,368
2007	459,376
2006	438,909
2005	404,538

⁽¹⁾ Net after refunds. Includes receipts for prior years.

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the “CPA”), permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted either by a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 ½ (see “Tax Limitations” under “PROPERTY TAX” herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. The legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town voted to accept the provisions of the CPA at the 2005 Annual Town Meeting. The Town approved the 3% surcharge with the exemption for the first \$100,000 and the exemption for low-income individuals and moderate-income senior citizens.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This included pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see “Tax Limitations” under “Property Tax” herein).

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following shows the undesignated general fund balance and free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Undesignated General Fund Balance</u> ⁽¹⁾	<u>Free Cash</u>
2008	\$ 783,155	\$498,933
2007	1,236,371	797,532
2006	761,630	482,911
2005 (unaudited)	810,414	568,496
2004	645,171	393,881
2003 (unaudited)	775,760	568,443

⁽¹⁾ The Undesignated Fund Balances for fiscal years 2003 and 2005 are unaudited as the Town had previously conducted their audits on a bi-annual basis. The Town recently changed its policy to issue audited financial statements on an annual basis, effective with the 2007 audited financial statements.

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two thirds vote of the town meeting. The following is the balance in the account at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Balance</u>
2009	\$691,386 ⁽²⁾
2008	661,935 ⁽¹⁾
2007	475,324
2006	434,182
2005	249,644
2004	312,278

(1) Includes the \$150,000 for the OPEB Stabilization Fund voted at the 2008 Annual Town Meeting.

(2) Includes \$153,363 in OPEB Fund, \$54,010 in Ambulance Fund and \$484,123 in the undesignated Stabilization Fund. The Town voted an additional \$75,000 to the OPEB Fund as well as \$75,000 to a new Fire Department Fund at the Town's April 2009 Annual Town Meeting for Fiscal 2010.

INVESTMENTS

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements, with a maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares of SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44 of the General Laws, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town employs approximately 24 full-time and 24 part-time employees, as well as 24 seasonal employees. However, the Town does not have any unions or collective bargaining groups.

PHYSICAL AND ECONOMIC CHARACTERISTICS

GENERAL

The Town of West Tisbury is located on the island of Martha's Vineyard. The Town is bordered on the northeast by the Town of Tisbury (Vineyard Haven), Edgartown to the east, the Atlantic Ocean to the south and Vineyard Sound on the northwest and the Town of Chilmark to the west. The Steamship Authority provides year-round passenger and freight service in the neighboring Town of Tisbury.

Based on fiscal 2009 assessed valuations, approximately 96.5% of the property is residential while 2.3% is commercial and industrial. According to the 2000 Federal Census, the town has a year-round population of 2,467. However, it is estimated that the Town's seasonal population increases to 6,873 (source: Martha's Vineyard Regional Transportation Plan).

The Town is a member of the Martha's Vineyard Commission. Formed in 1974, the Commission was the first regional land-use planning agency in the State.

Principal Employers⁽¹⁾

The following are the principal year-round employers, other than the Town itself, located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Up-Island Regional School Dist.	Public School	69
MV Charter School	Public School	44
South Mountain Company	Contractor	30
E.C. Cottle, Inc.	Lumber Yard	33
MV Cooperative Bank	Bank	15
Alley's General Store	General Store	14
John Keene Excavation	Excavation	14
Tea Lane Associates	Realtor	12
Dukes County Savings Bank	Bank	11
Vineyard Medicine	Medicine Center	11
Conroy's Apothecary	Pharmacy	11
Plane View Restaurant	Restaurant	10

⁽¹⁾ Source: *The Town, as of August 2009.*

Employment by Industry

	<u>Calendar Year Average</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Construction & Natural Resources	164	150	136	152	163
Manufacturing	12	N/A	N/A	21	16
Trade, Transportation & Utilities	135	135	138	31	123
Professional & Business Services	122	105	104	98	98
Education & Health Services	138	121	133	136	145
Leisure & Hospitality	67	71	76	63	54
Information & Other Services	<u>48</u>	<u>57</u>	<u>56</u>	<u>56</u>	<u>49</u>
Total Employment	776	758	747	733	729
Number of Establishments	132	127	129	137	129
Total Annual Wage (000)	\$35,189	\$32,323	\$30,820	\$28,986	\$29,211
Average Weekly Wage	\$872	\$820	\$793	\$760	\$771

Building Permits

<u>Calendar Year</u>	<u>Number</u>	<u>Estimated Value</u>
2009 (thru July)	48	\$ 4,392,665
2008	135	17,691,559
2007	173	32,068,780
2006	163	16,398,569
2005	182	21,098,364
2004	179	18,663,950

OTHER DATA

Unemployment ⁽¹⁾

<u>Year</u>	<u>West Tisbury ⁽²⁾</u>	<u>Massachusetts</u>	<u>United States</u>
2009 (June)	3.9%	8.7%	9.7%
2008	2.6	5.3	5.8
2007	2.1	4.5	4.6
2006	2.6	5.0	4.6
2005	2.2	4.8	5.1

⁽¹⁾ Massachusetts Department of Employment and Training. Full year annual averages except for 2009 which is for the month indicated.

⁽²⁾ Low unemployment due to the seasonal nature of West Tisbury's resort community as well as many businesses employed as sole proprietors.

Population ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2020 (Proj.)	3,883	22.9%	21,822	19.4%	6,767,712	3.2%
2010 (Proj.)	3,160	20.2	18,271	18.0	6,557,001	1.7
2007 (Est.)	2,628	6.5	15,485	3.3	6,449,755	1.6
2000	2,467	44.8	14,987	28.8	6,349,097	5.5
1990	1,704	63.8	11,639	30.2	6,016,425	4.9
1980	1,040	129.6	8,942	46.2	5,737,037	0.8
1970	453		6,117		5,689,170	

⁽¹⁾ Source: U.S. Department of Commerce for actuals and estimates, Massachusetts Institute for Social & Economic Research for projections.

Population Density ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density</u> ⁽²⁾	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2020 (Proj.)	3,883	155.1	21,822	210.2	6,767,712	863.5
2010 (Proj.)	3,160	126.2	18,271	176.0	6,557,001	836.6
2007 (Est.)	2,628	105.0	15,485	149.2	6,449,755	822.9
2000	2,467	98.5	14,987	144.4	6,349,097	810.0
1990	1,704	68.1	11,639	112.1	6,016,425	767.6
1980	1,040	41.5	8,942	86.1	5,737,037	732.0
1970	453	18.1	6,117	58.9	5,689,170	725.8

⁽¹⁾ Source: U.S. Department of Commerce.

⁽²⁾ Based on 25.0 square miles.

Population Composition 2000 ⁽¹⁾

<u>Age</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	127	5.1%	817	5.5%	397,268	6.3%
5 Years to 19 Years	545	22.1	2,848	19.0	1,277,845	20.1
20 Years to 64 Years	1,545	62.6	9,169	61.1	3,813,822	60.1
65 Years & Over	<u>250</u>	<u>10.1</u>	<u>2,153</u>	<u>14.4</u>	<u>860,162</u>	<u>13.5</u>
Total	<u>2,467</u>	<u>100.0%</u>	<u>14,987</u>	<u>100.0%</u>	<u>6,349,097</u>	<u>100.0%</u>
Median Age		41.1	40.7		36.5	
Median Age (1990)		36.1	37.1		33.6	

⁽¹⁾ Source: U.S. Department of Commerce.

Income Levels ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
Per Capita-Personal						
1999	\$31,021	88.8%	\$26,472	44.8%	\$25,952	50.7%
1989	16,428	130.6	18,280	149.7	17,224	131.0
1979	7,125	NA	7,322	NA	7,457	NA
Median Family						
Income (1999)	\$59,514		\$55,018		\$61,664	
Median Household						
Income (1999)	\$54,077		\$45,559		\$50,502	
% Below Poverty						
Level (1999)		2.4%		7.3%		9.3%

⁽¹⁾ Source: U.S. Department of Commerce.

Family Income Distribution 1999 ⁽¹⁾

<u>Income for Families</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	7	1.0%	104	2.7%	71,198	4.5%
\$10,000 - \$24,999	57	8.3	396	10.3	175,120	11.1
\$25,000 - \$49,999	167	24.5	1,145	29.8	368,418	23.2
\$50,000 - \$74,999	192	28.1	1,025	26.7	359,202	22.6
\$75,000 - \$99,999	120	17.6	528	13.8	251,231	15.8
\$100,000 - \$149,999	69	10.1	329	8.6	222,234	14.0
\$150,000 or more	<u>71</u>	<u>10.4</u>	<u>311</u>	<u>8.1</u>	<u>140,134</u>	<u>8.8</u>
Total	<u>683</u>	<u>100.0%</u>	<u>3,838</u>	<u>100.0%</u>	<u>1,587,537</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce.

Household Income Distribution 1999 ⁽¹⁾

<u>Income for Households</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	28	2.7%	465	7.2%	214,700	8.8%
\$10,000 - \$24,999	133	12.9	982	15.3	385,395	15.8
\$25,000 - \$49,999	291	28.1	2,008	31.2	608,320	24.9
\$50,000 - \$74,999	273	26.4	1,440	22.4	490,998	20.1
\$75,000 - \$99,999	135	13.0	699	10.9	312,741	12.8
\$100,000 - \$149,999	94	9.1	465	7.2	267,300	10.9
\$150,000 or more	<u>81</u>	<u>7.8</u>	<u>372</u>	<u>5.8</u>	<u>165,134</u>	<u>6.7</u>
Total	<u>1,035</u>	<u>100.0%</u>	<u>6,431</u>	<u>100.0%</u>	<u>2,444,588</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce.

Value Distribution Of Specified Owner-Occupied Housing Units 2000 ⁽¹⁾

<u>Units</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$100,000	11	1.8%	64	1.6%	113,263	9.5%
\$100,000 - \$149,999	16	2.6	222	5.7	277,571	23.4
\$150,000 - \$199,999	19	3.1	512	13.0	273,542	23.0
\$200,000 - \$299,999	133	21.6	1,132	28.8	286,599	24.1
\$300,000 - \$499,999	290	49.2	1,190	30.3	170,536	14.4
\$500,000 or more	<u>146</u>	<u>23.7</u>	<u>807</u>	<u>20.6</u>	<u>66,360</u>	<u>5.6</u>
Total	<u>615</u>	<u>100.0%</u>	<u>3,927</u>	<u>100.0%</u>	<u>1,187,871</u>	<u>100.0%</u>

Median Value \$362,100 (2)

\$304,000

\$185,700

⁽¹⁾ Source: U.S. Department of Commerce.

⁽²⁾ According to the Town Assessor's office, the current fiscal 2009 median home price is estimated to be \$735,000, with the average home value at \$1,080,000.

Age Distribution Housing Units 2000 ⁽¹⁾

<u>Year Built</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1990 to March 2000	495	26.8%	3,296	22.2%	218,407	8.3%
1980 to 1989	530	28.6	3,604	24.3	292,701	11.2
1940 to 1979	578	31.3	4,904	33.1	1,205,183	46.0
1939 or Earlier	246	13.3	3,032	20.4	905,698	34.5
Total	<u>1,849</u>	<u>100.0%</u>	<u>14,836</u>	<u>100.0%</u>	<u>2,621,989</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce.

Housing Unit Inventory 2000 ⁽¹⁾

<u>Units in Structure</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1, Detached	1,774	95.9%	13,518	91.1%	1,374,479	52.4%
1, Attached	22	1.2	367	2.5	104,129	4.0
2 to 4	48	2.6	675	4.5	603,917	23.0
5 to 9	0	0.0	175	1.2	156,135	6.0
10 to 19	0	0.0	30	0.2	113,697	4.4
20 or More	0	0.0	54	0.4	244,892	9.3
Mobil Home, Trailer, or Other	5	0.3	17	0.1	24,740	0.9
Total	<u>1,849</u>	<u>100.0%</u>	<u>14,836</u>	<u>100.0%</u>	<u>2,621,989</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce.

Educational Attainment 2000 ⁽¹⁾

<u>Years of School Completed</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	4	0.2%	179	1.7%	247,556	5.8%
9th to 12th Grade, No Diploma	56	3.2	847	7.9	403,537	9.4
High School Graduate	292	16.9	2,485	23.2	1,165,489	27.3
Some College, No Degree	329	19.0	2,340	21.9	730,135	17.1
Associate's Degree	132	7.6	740	6.9	308,263	7.2
Bachelor's Degree	619	35.8	2,715	25.4	834,554	19.5
Graduate or Professional Degree	296	17.1	1,387	13.0	583,741	13.7
Total	<u>1,728</u>	<u>100.0%</u>	<u>10,693</u>	<u>100.0%</u>	<u>4,273,275</u>	<u>100.0%</u>
High School Graduate or Higher	1,668	96.5%	9,667	90.4%	3,662,182	84.8%
Bachelor's Degree or Higher	915	53.0%	4,102	38.4%	1,418,295	33.2%

⁽¹⁾ Source: U.S. Department of Commerce.

SCHOOL FACILITIES

The Town is a member of the Up-Island Regional School District which provides education in grades K-8. The District has two school facilities. The West Tisbury Elementary School contains grades K-8 with the capacity of 500 pupils, while the Chilmark Elementary School houses grades K-5 with a capacity of 100 pupils. As of October 1, 2008, 212 pupils from West Tisbury attended the West Tisbury Elementary School, which has a current enrollment of 292 students. Five pupils from West Tisbury attend the Chilmark Elementary School, which currently has an enrollment of 39 students.

The Town is a member of the Martha's Vineyard Regional High School District which provides facilities for pupils in grades 9 - 12. Other members of the District are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. As of October 1, 2008, 109 pupils from West Tisbury attended the Martha's Vineyard Regional High School, which has a total student population of 719.

Public School Enrollments ⁽¹⁾⁽²⁾⁽³⁾

	<u>Actual</u>					<u>Projected</u>		
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Pre K-8	245	232	222	219	212	223	230	212
9-12	<u>172</u>	<u>169</u>	<u>156</u>	<u>130</u>	<u>109</u>	<u>124</u>	<u>124</u>	<u>109</u>
Total	<u>417</u>	<u>401</u>	<u>378</u>	<u>349</u>	<u>321</u>	<u>347</u>	<u>354</u>	<u>321</u>

⁽¹⁾ As of October 1 of each year.

⁽²⁾ West Tisbury students only.

⁽³⁾ Excludes students enrolled in the M.V. Public Charter School.

West Tisbury Student Enrollment ⁽¹⁾

	<u>West Tisbury Elementary</u>	<u>Other Public Schools</u>	<u>Private/ Home Schooled</u>
K-8	212	47	3

⁽¹⁾ As of 10/01/08.

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, there is no litigation, either pending or threatened, which is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

**TOWN OF WEST TISBURY
Massachusetts**

By: /s/ Katherine Logue
Treasurer

Dated: September 17, 2009

APPENDIX A

The following Balance Sheets for fiscal years ending June 30, 2004 through 2008, and the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2004 through 2008, have been taken from the audited financial statements of the Town.

The Town engaged R.E. Brown & Company, Certified Public Accountants, to audit the accounts for the Town for the year ending June 30, 2008. That audit is reproduced in Appendix B.

**TOWN OF WEST TISBURY
MASSACHUSETTS
BALANCE SHEET
GENERAL FUND
June 30,**

	<u>2008</u> ⁽¹⁾	<u>2007</u> ⁽¹⁾	<u>2006</u> ⁽¹⁾	<u>2005</u> ⁽²⁾	<u>2004</u> ⁽¹⁾
Assets:					
Cash & Cash Equivalents	\$1,607,377	\$2,183,371	\$1,496,282	\$1,597,197	\$1,120,728
Receivables:					
Property Taxes	527,275	577,726	703,211	582,691	494,666
Rollback Taxes	0	0	0	0	0
Excise Taxes/Fees	58,260	75,574	76,888	321,107	89,233
Tax Liens	152,585	115,037	151,432	129,489	130,277
Departmental and Other	<u>1,895,366</u>	<u>1,970,843</u>	<u>2,252,392</u>	<u>13,286</u>	<u>374,713</u>
Total Assets	<u>\$4,240,863</u>	<u>\$4,922,551</u>	<u>\$4,680,205</u>	<u>\$2,643,770</u>	<u>\$2,209,617</u>
Liabilities:					
Warrants and Accounts Payable	\$ 62,548	\$ 61,999	\$109,956	\$75,458	\$ 77,045
Reserved for Abatements	0	0	0	180,847	0
Deferred Revenue	2,633,487	2,739,180	3,183,923	800,666	940,651
Other	<u>34,339</u>	<u>36,020</u>	<u>34,190</u>	<u>34,551</u>	<u>34,142</u>
Total Liabilities	<u>2,730,374</u>	<u>2,837,199</u>	<u>3,328,069</u>	<u>1,091,522</u>	<u>1,051,838</u>
Fund Equity:					
Fund Balances - Reserved for Encumbrances	477,334	532,521	590,506	576,834	312,609
Unreserved:					
Designated for:					
Subsequent Year's Expenditures	250,000	316,460	0	165,000	200,000
Undesignated	<u>783,155</u>	<u>1,236,371</u>	<u>761,630</u>	<u>810,414</u>	<u>645,170</u>
Total Fund Equity	<u>1,510,489</u>	<u>2,085,352</u>	<u>1,352,136</u>	<u>1,522,248</u>	<u>1,157,779</u>
Total Liabilities & Fund Equity	<u>\$4,240,863</u>	<u>\$4,922,551</u>	<u>\$4,680,205</u>	<u>\$2,643,770</u>	<u>\$2,209,617</u>

⁽¹⁾ Extracted from the audited financial statements of the Town prepared by R.E. Brown & Company, C.P.A.

⁽²⁾ Unaudited.

**TOWN OF WEST TISBURY, MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GENERAL FUND**

	June 30				
	<u>2008</u> ⁽¹⁾	<u>2007</u> ⁽¹⁾	<u>2006</u> ⁽¹⁾	<u>2005</u> ⁽²⁾	<u>2004</u> ⁽¹⁾
<u>REVENUES</u>					
Taxes	\$10,925,023	\$10,938,373	\$10,375,378	\$9,782,028	\$8,905,950
Excise and Other Taxes	375,368	459,376	438,909	490,965	443,855
Penalties & Interest on Taxes	124,557	110,488	76,950	0	0
Departmental	502,158	522,030	383,192	355,495	304,960
Investment Income:					
Interest on investments	85,653	92,481	130,116	35,739	6,427
Intergovernmental	<u>1,157,773</u>	<u>1,095,904</u>	<u>818,286</u>	<u>671,954</u>	<u>786,909</u>
Total Revenues	<u>13,170,532</u>	<u>13,218,652</u>	<u>12,222,831</u>	<u>11,336,181</u>	<u>10,448,101</u>
<u>EXPENDITURES</u>					
General Government	\$ 1,228,282	\$ 1,100,312	\$1,096,812	\$1,017,002	\$ 842,831
Protection of Persons	1,436,330	1,429,665	1,385,411	1,043,767	974,416
Sanitation	164,661	149,301	147,317	130,141	139,652
Public Works	361,580	225,890	169,342	169,591	254,217
Library and Recreation	428,041	410,288	389,664	450,586	358,018
Education	7,576,400	6,921,217	6,845,357	6,571,483	6,306,514
Health & Human Services	305,120	303,080	285,317	251,975	248,476
Insurance and Employee Benefits	682,257	682,341	637,043	483,047	546,810
State Assessments	216,117	211,313	172,218	175,868	171,513
Debt Service	<u>1,034,408</u>	<u>1,065,603</u>	<u>1,117,462</u>	<u>734,253</u>	<u>747,621</u>
Total Expenditures	<u>13,433,196</u>	<u>12,499,010</u>	<u>12,245,943</u>	<u>11,027,713</u>	<u>10,590,068</u>
Excess (Deficiency) of Revenues Over Expenditures	(262,664)	719,642	(23,112)	308,468	(141,967)
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	54,301	31,294	0	156,000	102,828
Operating Transfers Out	<u>(366,500)</u>	<u>(17,720)</u>	<u>(177,000)</u>	<u>(70,000)</u>	<u>(171,457)</u>
Total Other Financing Sources (Uses)	<u>(312,199)</u>	<u>13,574</u>	<u>(177,000)</u>	<u>86,000</u>	<u>(68,629)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(574,863)	733,216	(200,112)	394,468	(210,596)
Fund Equity at Beginning of Year	<u>2,085,352</u>	<u>1,352,136</u>	<u>1,552,779</u>	<u>1,157,779</u>	<u>1,368,375</u>
Fund Equity at End of Year	<u>\$ 1,510,489</u>	<u>\$ 2,085,352</u>	<u>\$ 1,352,136</u>	<u>\$ 1,552,247</u>	<u>\$ 1,157,779</u>

⁽¹⁾ Excerpts from the audited financial statements of the Town prepared by R.E. Brown & Company, C.P.A.

⁽²⁾ Unaudited.

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APPENDIX B

There follows in this Appendix the audited financial statements of the Town of West Tisbury, Massachusetts, as of June 30, 2008 prepared by R.E. Brown & Company, Certified Public Accountants.

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TOWN OF WEST TISBURY, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2008

**TOWN OF WEST TISBURY, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of West Tisbury, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of West Tisbury, Massachusetts as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of West Tisbury, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Tisbury, Massachusetts, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 8, is not a required part of the basic financial statements but is 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.

R. E. Brown & Company

August 28, 2009

Management's Discussion and Analysis

As management of the Town of West Tisbury (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$14.6 million (net assets). Of this amount, \$4.2 million is considered unrestricted (unrestricted net assets) and may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1.0 million, or 7.2%, from fiscal 2007.
- At June 30, 2008, the Town's governmental funds had combined ending fund balances of \$4.2 million. The combined governmental funds balances increased by \$0.3 million, a 7.9% increase over the prior year's ending funds balances.
- The Town's general fund reported a fund balance of \$1.51 million at the end of fiscal 2008. The unreserved fund balance for the general fund was \$1.03 million or 7.7% of total general fund expenditures. A total of \$250,000 of the unreserved fund balance was designated for funding the fiscal year 2009 budget.
- The total cost of all Town services for fiscal 2008 was \$13.0 million.
- The Town's intergovernmental revenues increased to \$1,404,051 or 6.3% greater than fiscal 2007. This included an increase of \$56,244 (to a total of \$535,904), or 11.7%, in the State's funding of its Payment in Lieu of Taxes appropriation; and, a continued 100% State match of Community Preservation Act Funds in the amount of \$289,244.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes 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 periods, (e.g., uncollected taxes).

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 or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, sanitation, human services, culture and recreation, employee benefits, debt service, and state and county assessments. The Town currently does not operate or maintain any business-type activities.

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 main categories: governmental funds, proprietary funds and fiduciary funds. The Town currently does not operate or maintain any proprietary 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 funds statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the Governmental Funds Balance Sheet and the Governmental Funds 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 West Tisbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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 statements, as the resources of those funds are *not* available to support the Town’s own programs. The fiduciary funds use the full accrual basis of accounting..

- *Agency funds* are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the caption “agency 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 funds financial statements.

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceed liabilities by \$14,559,916 at the close of fiscal year 2008. The Town is able to report positive balances in all categories of net assets.

The largest component of the Town’s net assets are its *investment in capital assets* (e.g., land, buildings, machinery and equipment, vehicles, and infrastructure), less any related outstanding debt used to acquire those assets, is \$8,052,782, or 55.3% of total net 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 the Town’s capital assets is reported net of its 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.

The second largest component of the Town’s net assets are its *unrestricted net assets* totaling \$4,184,283 (28.7%), which may be used to meet the government’s ongoing obligations to its citizens and creditors.

The third component of the Town’s net assets are its *restricted assets* totaling \$2,322,851 (16%) which represent resources that are subject to external restrictions on how they may be used.

The Town reduced its total liabilities by \$827,304 or 15.3% over fiscal 2007 while total net assets increased by \$156,221, or 0.8%.

Town of West Tisbury - Financial Highlights

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	FY 2008	FY 2007		
Assets:				
Current assets	\$ 5,551,728	\$ 5,247,228	\$ 304,500	5.80%
Noncurrent assets (excluding capital)	1,658,445	1,689,294	(30,849)	-1.83%
Capital assets	<u>11,926,155</u>	<u>12,043,585</u>	<u>(117,430)</u>	<u>-0.98%</u>
Total assets	<u>19,136,328</u>	<u>18,980,107</u>	<u>156,221</u>	<u>0.82%</u>
Liabilities:				
Current liabilities (excluding debt)	345,261	333,841	11,420	3.42%
Noncurrent liabilities (excluding debt)	221,151	224,875	(3,724)	-1.66%
Current debt	830,000	835,000	(5,000.00)	-0.60%
Noncurrent debt	<u>3,180,000</u>	<u>4,010,000</u>	<u>(830,000)</u>	<u>-20.70%</u>
Total liabilities	<u>4,576,412</u>	<u>5,403,716</u>	<u>(827,304)</u>	<u>-15.31%</u>
Net Assets:				
Capital assets net of related debt	8,052,782	7,198,585	854,197	11.87%
Restricted	2,322,851	1,705,801	617,050	36.17%
Unrestricted	<u>4,184,283</u>	<u>4,672,005</u>	<u>(487,722)</u>	<u>-10.44%</u>
Total net assets	<u>\$ 14,559,916</u>	<u>\$ 13,576,391</u>	<u>\$ 983,525</u>	<u>7.24%</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 461,122	\$ 381,737	79,385	20.80%
Operating grants and contributions	364,036	324,859	39,177	12.06%
Capital grants and contributions	223,451	122,074	101,377	83.05%
<i>General Revenues:</i>				
Real Estate and personal property taxes	10,843,460	10,774,833	68,627	0.64%
Tax Liens	68,661	1,660	67,001	4036.20%
Motor vehicle and other excise taxes	359,746	459,005	(99,259)	-21.62%
Penalties & interest on taxes	124,557	110,488	14,069	12.73%
Intergovernmental	1,404,051	1,320,713	83,338	6.31%
Departmental	10,614	45,474	(34,860)	-76.66%
Unrestricted investment income	<u>107,439</u>	<u>111,212</u>	<u>(3,773)</u>	<u>-3.39%</u>
Total Revenues	<u>13,967,137</u>	<u>13,652,055</u>	<u>315,082</u>	<u>2.31%</u>
Expenses:				
General Government	1,156,684	1,081,864	74,820	6.92%
Public Safety	1,598,199	1,478,836	119,363	8.07%
Education	7,842,769	7,187,586	655,183	9.12%
Public Works	312,021	186,438	125,583	67.36%
Sanitation	164,661	149,301	15,360	10.29%
Human Services	309,448	331,951	(22,503)	-6.78%
Culture and Recreation	495,695	475,100	20,595	4.33%
Employee Benefits	702,693	709,135	(6,442)	-0.91%
State and County Assessments	216,117	211,313	4,804	2.27%
Interest	<u>185,325</u>	<u>217,547</u>	<u>(32,222)</u>	<u>-14.81%</u>
Total Expenses	<u>12,983,612</u>	<u>12,029,071</u>	<u>954,541</u>	<u>7.94%</u>
Increase(decrease) in Net Assets before transfers	983,525	1,622,984	(639,459)	-39.40%
Transfers	-	-	-	-
Change in Net Assets	<u>983,525</u>	<u>1,622,984</u>	<u>(639,459)</u>	<u>-39.40%</u>
Net Assets - beginning	<u>13,576,391</u>	<u>11,953,407</u>	<u>1,622,984</u>	<u>13.58%</u>
Net Assets - ending	<u>\$ 14,559,916</u>	<u>\$ 13,576,391</u>	<u>983,525</u>	<u>7.24%</u>

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 \$4,210,939; a \$308,713 increase from the prior year's ending fund balances.

The general fund is the primary operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,033,155, while total fund balance of the general fund stood at \$1,510,489. 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 7.7% of total general fund expenditures, while total fund balance represents 11.2% of that same amount.

The stabilization fund has accumulated a fund balance of \$476,412, which represents 3.5% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

General Fund Budget Highlights

At its Annual Town Meeting on April 12, 2007 and Special Town Meeting on June 5, 2007, the Town appropriated \$13,182,540 through raise and appropriate articles from the fiscal 2008 general fund. The subsequent Annual Meeting in April 2008 voted appropriations from free cash and other appropriation transfers for an additional \$551,517 in articles for fiscal 2008. The tax levy for fiscal 2008 was \$11,127,982, an increase of \$287,337 or 2.7% over fiscal 2007. \$316,460 of free cash from fiscal 2007 was used to decrease the fiscal 2008 tax levy. At year end, \$326,035 of unexpended appropriation balances was closed out to undesignated fund balance. Also, state revenue and local receipts (not including property taxes) exceeded budget by \$18,709.

Capital Asset and Debt Administration

Capital Assets - In conjunction with the operating budget process, the Town has a Capital Improvements Planning Committee (CIPC) to assist in budgeting for current and future capital needs. The CIPC reviews all capital project requests from town departments; maintains a five year plan for capital projects; and makes recommendations on capital appropriations for Town Meetings.

The Town's investment in capital assets for governmental activities, as summarized below, as of June 30, 2008, amounts to \$11,926,155, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress.

The governmental activities capital assets increased by \$390,054 during the current fiscal year. Total depreciation was \$507,484, resulting in a total decrease to capital assets (net of accumulated depreciation) of \$117,430.

**Capital Assets
(Net of Depreciation)**

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	FY 2008	FY 2007		
Land	\$ 1,451,633	\$ 1,451,633	\$ -	0.00%
Buildings	8,297,676	8,634,589	(336,913)	-3.90%
Machinery and Equipment	83,633	83,731	(98)	-0.12%
Vehicles	558,796	617,111	(58,315)	-9.45%
Infrastructure	1,376,077	1,256,521	119,556	9.51%
Construction in Progress	158,340	-	158,340	#DIV/0!
Total Capital Assets	\$ 11,926,155	\$ 12,043,585	\$ (117,430)	-0.98%

Long Term Debt - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 30, 2008, totaled \$4,010,000. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding	Outstanding	Increase (Decrease)	% Increase (Decrease)
	June 30, 2008	June 30, 2007		
General Obligation Bonds	\$ 4,010,000	\$ 4,845,000	\$ (835,000)	-17.23%
Total Governmental Activities	\$ 4,010,000	\$ 4,845,000	\$ (835,000)	-17.23%

Please refer to **Notes 5 and 8** for further discussion of the major capital asset and debt activity.

Economic Factors and Next Year's Budgets & Rates

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2009 budget and tax rates including the following:

- The fiscal 2009 tax rate was set at \$4.28, an 18 cent increase from fiscal 2008. The percentage increase in the tax rate of 4.4 % was higher than the increase of the tax levy of 2.7% due to a slight decrease in the overall assessed value of property in the town from \$2.7 billion to \$2.6 billion. The excess levy capacity was \$673,518.
- The Board of Selectmen voted during their classification hearing to maintain the same tax rate for all classes of property.
- Regional school district budgets comprised over 60% of the Town's operating budget for fiscal 2009. West Tisbury's Up-Island Regional School District (UIRSD) assessment had only a modest increase of \$39,910 or 0.7%. The Martha's Vineyard Regional High School district continued to use the statutory assessment formula instead of the regional formula; however, a decrease in West Tisbury share of students at the high school resulted in a decrease in the High School budgeted assessment of \$100,038 or 4.3%.
- Authorization for the total renovation of the West Tisbury Town Hall, including a new foundation and basement, ADA compliance, an elevator, new furniture, a new playground, landscaping, and temporary quarters for the town's operation during construction was granted at the April 2008 Annual Town Meeting. The project was approved for an additional \$5.05 million [\$150,000 for architectural, engineering and design had previously been approved at the April 2007 Annual Town Meeting], including \$500,000 in CPA historic preservation funds and \$150,000 in Free Cash and transfers from other unexpended appropriations. The Community Preservation Act monies will be used to help defray debt service for the first five years, as the building is a historic building. At the close of the fiscal year, it was expected that the project would require borrowing between \$4.2 and \$4.9 million (including \$500,000 in CPA funds), with a \$4 million BAN timed to coincide with the beginning of construction work in the early fall. The town expects to borrow for a term of 20 years. By using the CPA funds toward debt service in the first five years, adding the debt for the renovation project will not raise the ongoing budget for debt service, as all of the Town's existing debt service will have been retired by 2015
- The Town is required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2010. The Town hired, in conjunction with other municipal entities in Dukes County, an outside firm to perform an actuarial valuation of its post-employment benefit liability and the first such valuation was completed. Per the first actuarial study, the accrued liability assuming 30 year amortization of and payment schedule for the unfunded liability and an 8% discount rate is \$2,343,516 or an Annual Required Contribution of \$163,559. Since this study, the Town has eliminated its most expensive indemnity-based health insurance plan, and adopted Section 18 of Mass. Ch. 32B, which requires that those retirees who are eligible for Medicare make Medicare their primary insurance. Both of these measures are expected to result in a lower liability calculation when the actuarial study is updated in FY2010. In addition, at the 2008 Annual Town Meeting, \$150,000 was set aside in an OPEB Stabilization Fund to begin funding the unfunded liability. The Treasurer is collaborating with other municipal entities in Dukes County to file special legislation to create a Dukes County Pooled OPEB Trust Fund.

Request for Information

This financial report is designed to provide a general overview of the Town of West Tisbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Accountant, PO Box 278, West Tisbury, MA 02575.

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2008**

	PRIMARY GOVERNMENT
	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 4,320,252
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	
REAL ESTATE AND PERSONAL PROPERTY TAXES	527,275
TAX LIENS	152,585
MOTOR VEHICLE EXCISE TAXES	58,260
DEPARTMENTAL AND OTHER	20,573
INTERGOVERNMENTAL	472,783
NONCURRENT:	
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	
INTERGOVERNMENTAL	1,658,445
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	11,926,155
TOTAL ASSETS	19,136,328
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	75,395
OTHER LIABILITIES	34,339
ACCRUED INTEREST	79,568
BONDS AND NOTES PAYABLE	830,000
LANDFILL POSTCLOSURE CARE COSTS	7,000
COMPENSATED ABSENCES	148,959
NONCURRENT:	
BONDS AND NOTES PAYABLE	3,180,000
LANDFILL POSTCLOSURE CARE COSTS	133,000
COMPENSATED ABSENCES	88,151
TOTAL LIABILITIES	4,576,412
<u>NET ASSETS</u>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	8,052,782
RESTRICTED FOR:	
STREETS	235,440
PERMANENT FUNDS:	
EXPENDABLE	7,521
NONEXPENDABLE	62,093
OTHER PURPOSES	2,017,797
UNRESTRICTED	4,184,283
TOTAL NET ASSETS	\$ 14,559,916

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2008**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,156,684	\$ 31,565	\$ 69,903	\$ -	\$ (1,055,216)
PUBLIC SAFETY	1,598,199	253,904	33,531	-	(1,310,764)
EDUCATION	7,842,769	-	-	161,444	(7,681,325)
PUBLIC WORKS	312,021	78,027	6,115	62,007	(165,872)
SANITATION	164,661	-	-	-	(164,661)
HUMAN SERVICES	309,448	30,945	121,825	-	(156,678)
CULTURE & RECREATION	495,695	66,681	45,418	-	(383,596)
EMPLOYEE BENEFITS	702,693	-	87,244	-	(615,449)
STATE & COUNTY ASSESSMENTS	216,117	-	-	-	(216,117)
INTEREST	185,325	-	-	-	(185,325)
TOTAL PRIMARY GOVERNMENT	\$ 12,983,612	\$ 461,122	\$ 364,036	\$ 223,451	\$ (11,935,003)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2008**

	PRIMARY GOVERNMENT
	GOVERNMENTAL ACTIVITIES
CHANGES IN NET ASSETS:	
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (11,935,003)
GENERAL REVENUES:	
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	10,843,460
TAX LIENS	68,661
MOTOR VEHICLE EXCISE TAXES	359,746
PENALTIES AND INTEREST ON TAXES	124,557
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,404,051
UNRESTRICTED INVESTMENT INCOME	107,439
MISCELLANEOUS	10,614
TRANSFERS, NET	-
TOTAL GENERAL REVENUES AND TRANSFERS	12,918,528
CHANGE IN NET ASSETS	983,525
NET ASSETS:	
BEGINNING OF YEAR	13,576,391
END OF YEAR	\$ 14,559,916

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF WEST TISBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008**

<u>ASSETS</u>	<u>GENERAL</u>	<u>COMMUNITY PRESERVATION</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 1,607,377	\$ 1,443,151	\$ 476,412	\$ 793,312	\$ 4,320,252
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES	527,275	-	-	-	527,275
TAX LIENS	152,585	-	-	-	152,585
MOTOR VEHICLE EXCISE TAXES	58,260	-	-	-	58,260
DEPARTMENTAL AND OTHER	-	20,573	-	-	20,573
INTERGOVERNMENTAL	1,895,366	-	-	235,862	2,131,228
TOTAL ASSETS	\$ 4,240,863	\$ 1,463,724	\$ 476,412	\$ 1,029,174	\$ 7,210,173
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 62,548	\$ -	\$ -	\$ 12,847	\$ 75,395
OTHER LIABILITIES	34,339	-	-	-	34,339
DEFERRED REVENUES	2,633,487	20,573	-	235,440	2,889,500
TOTAL LIABILITIES	2,730,374	20,573	-	248,287	2,999,234
FUND BALANCES:					
RESERVED FOR:					
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	477,334	-	-	-	477,334
PERPETUAL PERMANENT FUNDS	-	-	-	62,093	62,093
UNRESERVED					
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	250,000	-	-	-	250,000
UNDESIGNATED REPORTED IN:					
GENERAL FUND	783,155	-	-	-	783,155
SPECIAL REVENUE FUNDS	-	1,443,151	476,412	574,646	2,494,209
CAPITAL PROJECTS FUNDS	-	-	-	136,627	136,627
PERMANENT FUNDS	-	-	-	7,521	7,521
TOTAL FUND BALANCES	1,510,489	1,443,151	476,412	780,887	4,210,939
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,240,863	\$ 1,463,724	\$ 476,412	\$ 1,029,174	\$ 7,210,173

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2008**

	<u>GENERAL</u>	<u>COMMUNITY PRESERVATION</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 10,925,023	\$ -	\$ -	\$ -	\$ 10,925,023
MOTOR VEHICLE EXCISE TAXES	375,368	-	-	-	375,368
PENALTIES AND INTEREST ON TAXES	124,557	-	-	-	124,557
INTERGOVERNMENTAL	1,157,773	289,224	-	73,908	1,520,905
CHARGES FOR SERVICES	-	-	-	88,159	88,159
INVESTMENT INCOME	85,653	45,128	18,473	13,268	162,522
CONTRIBUTIONS & DONATIONS	-	-	-	9,988	9,988
DEPARTMENTAL AND OTHER	502,158	300,489	-	1,373	804,020
TOTAL REVENUES	13,170,532	634,841	18,473	186,696	14,010,542
<u>EXPENDITURES:</u>					
CURRENT:					
GENERAL GOVERNMENT	1,228,282	52,078	-	27,032	1,307,392
PUBLIC SAFETY	1,436,330	-	-	55,340	1,491,670
EDUCATION	7,576,400	-	-	-	7,576,400
PUBLIC WORKS	361,580	-	-	78,715	440,295
SANITATION	164,661	-	-	-	164,661
HUMAN SERVICES	305,120	-	-	2,453	307,573
CULTURE & RECREATION	428,041	-	-	53,015	481,056
EMPLOYEE BENEFITS	682,257	-	-	-	682,257
STATE & COUNTY ASSESSMENTS	216,117	-	-	-	216,117
DEBT SERVICE					
PRINCIPAL	835,000	-	-	-	835,000
INTEREST	199,408	-	-	-	199,408
TOTAL EXPENDITURES	13,433,196	52,078	-	216,555	13,701,829
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(262,664)	582,763	18,473	(29,859)	308,713
<u>OTHER FINANCING SOURCES (USES)</u>					
OPERATING TRANSFERS IN	54,301	-	-	366,500	420,801
OPERATING TRANSFERS OUT	(366,500)	-	-	(54,301)	(420,801)
TOTAL OTHER FINANCING SOURCES (USES)	(312,199)	-	-	312,199	-
NET CHANGE IN FUND BALANCES	(574,863)	582,763	18,473	282,340	308,713
FUND BALANCES AT BEGINNING OF YEAR	2,085,352	860,388	457,939	498,547	3,902,226
FUND BALANCES AT END OF YEAR	\$ 1,510,489	\$ 1,443,151	\$ 476,412	\$ 780,887	\$ 4,210,939

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2008**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 4,210,939
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		11,926,155
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,889,500
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(79,568)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(4,010,000)	
COMPENSATED ABSENCES	(237,110)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(140,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(4,387,110)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 14,559,916</u>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2008**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$	308,713
<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			390,054
DEPRECIATION EXPENSE			<u>(507,484)</u>
NET EFFECT OF REPORTING CAPITAL ASSETS			(117,430)
<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>			
			(43,405)
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) 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 ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>			
DEBT SERVICE PRINCIPAL PAYMENTS			<u>835,000</u>
NET EFFECT OF REPORTING LONG-TEM DEBT			835,000
<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			(20,436)
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL			7,000
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT			<u>14,083</u>
NET EFFECT OF RECORDING LONG-TERM LIABILITIES			<u>647</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$	<u>983,525</u>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER/UNDER</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 10,944,390	\$ 10,944,390	\$ 10,925,023	\$ (19,367)
MOTOR VEHICLE EXCISE TAXES	435,000	435,000	375,368	(59,632)
PENALTIES & INTEREST ON TAXES	70,000	70,000	124,557	54,557
INTERGOVERNMENTAL	1,009,196	1,009,196	1,070,529	61,333
INVESTMENT INCOME	90,000	90,000	85,653	(4,347)
DEPARTMENTAL AND OTHER	535,360	535,360	502,158	(33,202)
TOTAL REVENUES	13,083,946	13,083,946	13,083,288	(658)
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,540,596	1,513,335	1,228,282	285,053
PUBLIC SAFETY	1,464,958	1,547,191	1,436,330	110,861
EDUCATION	7,623,537	7,621,028	7,576,400	44,628
PUBLIC WORKS	349,037	571,261	361,580	209,681
SANITATION	212,985	212,985	164,661	48,324
HUMAN SERVICES	343,093	343,093	305,120	37,973
CULTURE & RECREATION	444,227	453,853	428,041	25,812
EMPLOYEE BENEFITS	630,720	631,051	595,013	36,038
STATE & COUNTY ASSESSMENTS	217,866	217,866	216,117	1,749
DEBT SERVICE:				
PRINCIPAL	835,000	835,000	835,000	-
INTEREST	204,408	204,408	199,408	5,000
TOTAL EXPENDITURES	13,866,427	14,151,071	13,345,952	805,119
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(782,481)	(1,067,125)	(262,664)	804,461
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	-	54,301	54,301	-
OPERATING TRANSFERS OUT	(66,500)	(366,500)	(366,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	(66,500)	(312,199)	(312,199)	-
NET CHANGE IN FUND BALANCE	(848,981)	(1,379,324)	(574,863)	804,461
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	2,085,352	2,085,352	2,085,352	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 1,236,371	\$ 706,028	\$ 1,510,489	\$ 804,461

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
CASH AND SHORT-TERM INVESTMENTS	\$ 529
<u>LIABILITIES</u>	
OTHER LIABILITIES	529
<u>NET ASSETS</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of West Tisbury, 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 following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by an elected three member Board of Selectmen (the Board). The Board is responsible for appointing an Executive Secretary whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Ventures

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

Name	Purpose	Address	Annual Assessment
Martha's Vineyard Public Schools	To provide Jr./ Sr. high education services	RR2, Box 261 Vineyard Haven, MA 02568	\$ 2,321,919
Up-Island Regional School District	To provide elementary education services	2 Pine Street RR2 Box 261 Vineyard Haven, MA 02568	\$ 5,513,823
M.V. Regional Refuse & Resource Recovery District	To process solid waste of the member communities	P.O. Box 2067 Edgartown, MA 02539	\$ 113,947

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The Martha's Vineyard Public Schools is governed by a nine (9) member school committee consisting of three (3) elected representatives from the Town of West Tisbury. The Town is indirectly liable for debt and other expenditures of the School and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has no equity interest in the joint venture.

The Up-Island Regional School District is governed by a five (5) member school committee consisting of two (2) elected representatives from the Town of West Tisbury. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has no equity interest in the joint venture.

The Martha's Vineyard Regional Refuse and Resource Recovery District was created by an act of the legislature of the Commonwealth of Massachusetts. Its purpose is to handle and process all the solid waste needs of the member communities. Members of the District include the Towns of Aquinnah, Chilmark, Edgartown, and West Tisbury. A district manager has been appointed by the District Committee to oversee the day to day operation of the facility. The District Committee is comprised of two appointed members of each community's Board of Health.

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 activities) report information on all of the non-fiduciary activities of the primary government. *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.

The Town of West Tisbury has no *business-type activities* as of June 30, 2008.

Fund Financial Statements

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

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

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

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

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:

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

The effect of interfund activity has been removed from the government-wide financial statements.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the 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., when they become both 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 interest on general long-term debt which is recognized when due, and the noncurrent portion of compensated absences, and landfill post closure care costs which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves.
- The *Community Preservation fund* is a special revenue fund used to account for the accumulation of resources to purchase open space, provide for affordable housing, or preservation of historical property under the guidelines of the Community Preservation Act of the Massachusetts General Laws.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

- The *Nonmajor Governmental funds* consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
- The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The Capital Projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Fiduciary Fund Financial Statements

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 by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund type is reported:

- The *Agency fund* is used to account for assets held in a purely custodial capacity

Government-Wide and Fund Financial Statements

For the government-wide financial statements and fiduciary 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 short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported 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 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.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

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 Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town 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.

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

Departmental and Other

Departmental and other receivables consist primarily of the Community Preservation act receivable in the fiscal year accrued. Since the receivable is secured via the lien process, this account is considered 100% collectible and therefore does not report an allowance for uncollectibles.

Intergovernmental

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

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, machinery & equipment, vehicles, buildings and improvements, infrastructure (roadways and similar items), and construction in progress are reported in the governmental activities column of the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. 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 if material.

All purchases and construction costs in excess of \$10,000 (all land costs) are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	40
Machinery & equipment	5-10
Vehicles	5-15
Infrastructure	20

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 fiscal year of purchase for the various funds.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

H. 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 are eliminated from the governmental activities in the statement of net assets.

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.

I. Interfund Transfers

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

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

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

J. 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.

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net assets have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
 - *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 Specific Purposes* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements (Fund Balances)

- a. *Fund balances* consist of funds that are reserved for amounts, that are not available for appropriation, that are legally restricted by outside parties for a specific future use, and designations of fund balances that 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* represent 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 2009 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

L. Long-term debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide 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.

M. 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 Laws (MGL).

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the government-wide statement of net assets. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2008 is recorded in the governmental fund financial statement.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health insurance is recognized by recording the employer's 75% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims. For the fiscal year ended June 30, 2008, this expenditure totaled \$54,730. There were 7 participants eligible to receive benefits at June 30, 2008.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from estimates that were used.

Q. Total Column

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f 1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the regional schools, are prepared under the direction of the various department heads. The budgets are presented to the Finance Committee for review, which then makes recommendations to Town Meeting for final approval. The School Districts' budgets are prepared under the direction of the School Committees. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

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.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2008 approved budget authorized \$13,333,906 in current year appropriations and other amounts to be raised and \$532,521 in encumbrances and articles carried over from previous fiscal years. Supplemental appropriations of \$284,644 were approved at one Special Town Meeting during fiscal year 2008.

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

B. 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, 2008, is presented below:

Net change in fund balance - budgetary basis	\$ (574,863)
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	87,244
Increase in expenditures for on-behalf payments - MTRS	<u>(87,244)</u>
Net change in fund balance - GAAP basis	<u><u>\$ (574,863)</u></u>

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2008, \$4,089,294 of the Town’s bank balance of \$4,426,317 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department or agent not in the Town's name	<u><u>\$ 4,089,294</u></u>
---	----------------------------

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town’s fair value of its investment in MMDT represents their value of the pool’s shares. The Town’s Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

The Town did not hold or own any fixed income securities as of June 30, 2008.

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 possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Credit Risk

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

NOTE 4 – RECEIVABLES

The receivables at June 30, 2008 for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes	\$ 562,564	\$ (35,289)	\$ 527,275
Tax liens	152,585	-	152,585
Motor vehicle excise taxes	346,937	(288,677)	58,260
Departmental and other	20,573	-	20,573
Intergovernmental	<u>2,131,228</u>	<u>-</u>	<u>2,131,228</u>
Total	<u>\$ 3,213,887</u>	<u>\$ (323,966)</u>	<u>\$ 2,889,921</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis				
Receivable Type:	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 527,275	\$ -	\$ -	\$ 527,275
Tax Liens	152,586	-	-	152,586
Motor vehicle excise taxes	58,260	-	-	58,260
Departmental and other	-	20,573	-	20,573
Intergovernmental	1,895,366	-	235,440	2,130,806
Total	\$ 2,633,487	\$ 20,573	\$ 235,440	\$ 2,889,500

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,451,633	\$ -	\$ -	\$ 1,451,633
Construction in progress	-	158,340	-	158,340
Total capital assets not being depreciated	<u>1,451,633</u>	<u>158,340</u>	<u>-</u>	<u>1,609,973</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	13,476,519	-	-	13,476,519
Machinery & equipment	151,323	12,000	6,908	170,231
Vehicles	1,200,454	24,696	(6,908)	1,218,242
Infrastructure	1,394,925	195,018	-	1,589,943
Total capital assets being depreciated	<u>16,223,221</u>	<u>231,714</u>	<u>-</u>	<u>16,454,935</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(4,841,930)	(336,913)	-	(5,178,843)
Machinery & equipment	(83,871)	(12,098)	9,371	(86,598)
Vehicles	(567,064)	(83,011)	(9,371)	(659,446)
Infrastructure	(138,404)	(75,462)	-	(213,866)
Total accumulated depreciation	<u>(5,631,269)</u>	<u>(507,484)</u>	<u>-</u>	<u>(6,138,753)</u>
Total capital assets being depreciated, net	<u>10,591,952</u>	<u>(275,770)</u>	<u>-</u>	<u>10,316,182</u>
Total governmental activities capital assets, net	<u>\$12,043,585</u>	<u>\$ (117,430)</u>	<u>\$ -</u>	<u>\$ 11,926,155</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 7,632
Public safety	131,225
Education	266,369
Public works	78,744
Human services	8,875
Culture and recreation	<u>14,639</u>
 Total depreciation expense - governmental activities	 <u>\$ 507,484</u>

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2008, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:		
	General Fund	Non-major Governmental Funds	Total
Non-major Governmental Funds	\$ 54,301	\$ -	\$ 54,301 (1)
General Fund	<u>-</u>	<u>366,500</u>	<u>366,500 (1)</u>
 Total	 <u>\$ 54,301</u>	 <u>\$ 366,500</u>	 <u>\$ 420,801</u>

(1) Represents various budgeted transfers between governmental funds.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth of Massachusetts, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

The Town did not engage in any short-term borrowings during fiscal year 2008.

NOTE 8 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth’s Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth’s Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2008:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate %	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
School	5.06	\$ 2,535,000	\$ -	\$ 365,000	\$ 2,170,000
Multiple Purpose	3.01	2,120,000	-	405,000	1,715,000
Town Hall	3.93	190,000	-	65,000	125,000
Total		\$ 4,845,000	\$ -	\$ 835,000	\$ 4,010,000

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2008 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 830,000	\$ 166,781	\$ 996,781
2010	825,000	133,612	958,612
2011	550,000	103,499	653,499
2012	550,000	78,738	628,738
2013	550,000	53,447	603,447
2014-2015	<u>705,000</u>	<u>31,387</u>	<u>736,387</u>
Total	<u>\$ 4,010,000</u>	<u>\$ 567,464</u>	<u>\$ 4,577,464</u>

Loans Authorized and Unissued

As of June 30, 2008, the Town has no loans authorized and unissued.

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for a 52% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$236,921 from scheduled annual payments in FY 2008 from the MSBA for completed school construction projects.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 4,845,000	\$ -	\$ (835,000)	\$ 4,010,000	\$ 830,000
Landfill postclosure care costs	147,000	-	(7,000)	140,000	7,000
Compensated absences	216,674	20,436	-	237,110	148,959
Total governmental activities long-term liabilities	\$ 5,208,674	\$ 20,436	\$ (842,000)	\$ 4,387,110	\$ 985,959

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

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2008:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Martha's Vineyard Public Schools	\$ 7,755,000	20.00%	\$ 1,551,000
Martha's Vineyard Refuse Disposal & Resource Recovery District	2,497,000	15.50%	387,035
Dukes County	400,000	14.20%	56,800
	<u>\$ 10,652,000</u>		<u>\$ 1,994,835</u>

NOTE 9 – STABILIZATION FUND

At June 30, 2008, \$476,412 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2008.

The Town is a member of the Cape Cod Municipal Health Group, (CCMHG) which is a Massachusetts Municipal Health Insurance Joint purchase group. The Group includes thirteen Towns, five school districts, five fire districts, six water districts, one recreation authority, one education collaborative, Veterans Services of Cape Cod, Barnstable County and Cape Cod Regional Transit Authority as participants. Health benefits consist of a traditional medical indemnity program and a Medex program with Blue Cross Blue Shield of Massachusetts. The traditional medical indemnity program consists of Master Health Plus and Master Health/ Master Medical, and Master Medical Carveout plans. In addition, the Group adopted an Exclusive Provider Organization plan with Harvard Pilgrim Health Care (HPHC) and a self funded medi-wrap plan, Harvard Pilgrim Health Care Enhance Medicare. All of these plans are self-funded. The Group adopted three Medicare Choice plans: Medicare HMO Blue, Managed Blue for Seniors and Tufts Medicare Preferred (fully insured). The Group has adopted Blue Cross/Blue Shield (BC/BS) Network Blue, a self-funded, Exclusive Provider Organization (EPO) plan as well as two Preferred Provider Organization (PPO) plans. Blue Care Elect Preferred PPO is administered by BCBS, and Harvard Pilgrim PPO is administered by HPHC. Both PPO plans are self-funded. Also, the Group has adopted a contributory dental insurance plan (self-funded) and a voluntary (employee-pay-all/fully insured premium) dental plan.

The traditional medical indemnity plans, Blue Care Elect Preferred PPO plan, Network Blue EPO plan, and Medex plan are on a claims-paid basis, and are administered by Blue Cross Blue Shield of Massachusetts for a monthly administration fee based on the number of individual, single parent/single child, and family plan subscribers for that particular month.

The Harvard Pilgrim EPO Plan, Harvard Pilgrim PPO plan, and Harvard Pilgrim Health Care Enhance Medicare plan are on a claims-paid basis, and are administered by Harvard Pilgrim health care for a monthly administration fee based on a number of individual and family plan subscribers for that particular month.

The contributory dental insurance plan is on a claims-paid basis for subscribers whose employers pay a portion (50% or more) of the monthly cost. The voluntary dental plan is on a fixed premium basis for all other subscribers (an employee pay-all plan). The contributory dental plan is administered by Delta Dental Plan of Massachusetts for a monthly administration fee based on the number of subscribers. The voluntary dental plan is fully insured by Delta Dental Plan of Massachusetts.

The Group has a specific excess medical and prescription drug claims reinsurance contract with an insurance carrier covering claims paid in excess of \$150,000, and \$150,000 per individual, to a lifetime maximum amount payable of \$2,000,000, and \$2,000,000 at June 30, 2008 and 2007 respectively, for the traditional medical indemnity, preferred provider organization (PPO), and exclusive provider organization (EPO) plan contracts. The Group reinsures its Carveout A plan with a policy with a \$50,000 specific deductible. The Group does not reinsure its Medex and HPHC Medicare Enhance plans. The policy period covers claims incurred within twelve months and paid within twenty-four months.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The Group's Board may deal with certified surpluses and deficits through the rate setting process and this is the preferred method. Alternatively, the Group may deal with certified surpluses and deficits by making direct distributions to members in the case of a certified surplus or may require direct payments from members in the case of a certified deficit.

The Group provides health care coverage for employees that qualify for and select health care coverage as an employee benefit as well as retired employees. There are 31 active and 7 retired employees who participate in the Town's health care program. The Town contributes 75% of the premium cost for all health plan participants. The participants contribute 100% of the premium for the dental plan. At the 2006 annual Town meeting, the Town voted to make volunteer firefighters eligible for health insurance under 2006 Municipal Relief Ch. 46 Section 12. As of June 30, 2008, 2 firefighters had opted to participate.

As of June 30, 2008, the Cape Cod Municipal Health Group had total assets of \$27,786,187, total liabilities of \$12,663,672 (including \$10,790,935 in estimated benefits obligations), and a total surplus of \$15,122,515.

NOTE 11 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Dukes County Contributory Retirement System (the "system"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Dukes County Retirement Board. Substantially all employees are members of the "System" except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The "System" and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The "System" issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission ("PERAC"), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Dukes County Contributory Retirement System

Plan members are required to contribute to the "System" at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the "System", its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the "system" for a portion of the benefit payments for the cost of living increases. The contributions to the "System" for years ended June 30, 2008, 2007, and 2006 were \$219,370, \$219,311, and \$197,946 respectively, which were equal to its required contributions for each of these years.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Massachusetts Teachers' Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$87,244 for fiscal year 2008. In accordance with GASB Statement No. 24, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$500,000 of federal awards during the period ended June 30, 2008. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town is a member of the Martha's Vineyard Regional Refuse and Resource Recovery District. The District previously operated a landfill based in the Town of West Tisbury, which was closed and capped. The Town is still responsible for post-closure monitoring of the site for 20 years and the estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$140,000 reported as landfill post-closure liability at June 30, 2008 is based on what it would cost to perform all post-closure care at June 30, 2008. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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, 2008, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2008.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2008, the following GASB pronouncements were implemented:

The GASB issued **Statement #43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement did not impact the basic financial statements.

The GASB issued **Statement #48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* was implemented in FY2008. Since the Town does not sell or pledge receivable or future revenues, this pronouncement did not impact the basic financial statements.

The GASB issued **Statement #50**, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. was implemented in FY2008. Since the Town does not operate its own pension plan, this pronouncement will not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* which is required to be implemented in FY2009. Management does not believe that there are any pollution remediation obligations that will require disclosure and this pronouncement will not have an impact on the basic financial statements.

The GASB issued **Statement #51**, *Accounting and Financial Reporting for Intangible Assets* which is required to be implemented in FY2010. Management believes this pronouncement will require additional disclosure, but will not have a material impact on the basic financial statements.

EDWARDS ANGELL PALMER & DODGE LLP

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(Date of Delivery)

Katherine Logue, Treasurer
Town of West Tisbury
West Tisbury, Massachusetts

\$4,450,000
Town of West Tisbury, Massachusetts
General Obligation Town Hall Bonds
Dated October 15, 2009

We have acted as bond counsel to the Town of West Tisbury, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except as expressed in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Edwards Angell Palmer & Dodge LLP

BOS111 12413526.1

**PROPOSED FORM OF
LIMITED CONTINUING DISCLOSURE CERTIFICATE**

This Limited Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of West Tisbury, Massachusetts (the “Issuer”) in connection with the issuance of its \$4,450,000 Town Hall Bonds dated October 15, 2009 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Information.

(a) The Issuer shall provide at least annually to the MSRB, financial information and operating data regarding the Issuer that is customarily prepared by the Issuer and is publicly available.

SECTION 4. Reporting of Material Events.

(a) The Issuer shall give notice, in accordance with subsection 4(b) below, of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of the Owners of the Bonds.
8. Bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds.
11. Rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such an event would be material under applicable federal securities laws and if so, the Issuer shall promptly file a notice of such occurrence with the MSRB.

SECTION 5. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: _____, 2009

TOWN OF WEST TISBURY,
MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]

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This form is provided for the convenience of bidders
but its use is not required

PROPOSAL FOR
\$4,450,000
TOWN OF WEST TISBURY, MASSACHUSETTS
GENERAL OBLIGATION TOWN HALL BONDS
(Unlimited Tax)

Ms. Katherine Logue
Town of West Tisbury
c/o UniBank Fiscal Advisory Services, Inc.
49 Church Street
Whitinsville, Massachusetts 01588

October 1, 2009

Dear Ms. Logue:

For all of the \$4,450,000 Town of West Tisbury, Massachusetts, General Obligation Town Hall Bonds, Book-Entry Only, as further described in your Notice of Sale dated September 17, 2009, we bid a price of \$4,450,000 plus \$ _____, plus accrued interest to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their dated date until maturity at the respective rates per annum stated in the following table:

<u>Year</u>	<u>Rate*</u>	<u>Year</u>	<u>Rate*</u>	<u>Year</u>	<u>Rate*</u>
2010		2017		2024	
2011		2018		2025	
2012		2019		2026	
2013		2020		2027	
2014		2021		2028	
2015		2022			
2016		2023			

* Complete for maturing serial bonds

TERM BONDS

\$ _____ Term Bond maturing on October 15, _____, at _____% per annum
\$ _____ Term Bond maturing on October 15, _____, at _____% per annum
\$ _____ Term Bond maturing on October 15, _____, at _____% per annum

The undersigned hereby acknowledges the receipt of and the opportunity to examine the Preliminary Official Statement accompanying the said Notice of Sale.

By _____

The following is our computation of the true interest cost and percent true interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal, of the purchase of \$4,450,000 General Obligation Town Hall Bonds under the foregoing proposal:

True Interest Cost. \$ _____ Percent True Interest Cost _____%
(four decimals)

UniBank Fiscal Advisory Services, Inc. will assist in submitting bids on this issue if desired. Please sign a blank bid form and mail it in advance of the sale to Lynne A. Ludwig at the above address or fax it to (508) 234-1938. UniBank Fiscal Advisory Services, Inc. will act as agent for bidders if they will telephone final figures to (508) 849-4223 approximately one-half hour before the sale. Bidders are responsible for any errors in bids submitted in this manner.