

# RatingsDirect®

---

## Summary:

# West Tisbury Town, Massachusetts; General Obligation; Note

### Primary Credit Analyst:

Victor M Medeiros, Boston (1) 617-530-8305; victor\_medeiros@standardandpoors.com

### Secondary Contact:

Karl Jacob, Boston (1) 617-530-8134; karl\_jacob@standardandpoors.com

## Table Of Contents

---

Rationale

Outlook

Related Criteria And Research

## Summary:

# West Tisbury Town, Massachusetts; General Obligation; Note

### Credit Profile

US\$4.115 mil GO BANs ser 2012 dtd 11/15/2012 due 11/15/2013

*Short Term Rating* SP-1+ New

West Tisbury Twn GO

*Long Term Rating* AA/Stable Affirmed

West Tisbury Twn GO BANs ser 2012 dtd 11/15/2012 due 11/15/2013

*Short Term Rating* SP-1+ Affirmed

## Rationale

Standard & Poor's Ratings Services assigned its 'SP-1+' short-term rating to West Tisbury, Mass.' general obligation (GO) bond anticipation notes (BANs), payable Nov. 15, 2013.

Standard & Poor's also affirmed its 'AA' long-term rating, with a stable outlook, on the town's outstanding GO debt.

The short-term rating reflects our opinion of the town's:

- General creditworthiness; and
- Low market risk profile, reflecting its strong legal authority to issue long-term debt to take out the notes, as well as its position as a frequent debt issuer that regularly provides ongoing disclosure to market participants.

The long-term rating reflects our opinion of the town's:

- Extremely strong residential tax base and per capita market values;
- Very strong financial position, supported by stable property taxes and limited dependence on state aid;
- Low debt burden and limited capital needs.

The town's full faith and credit pledge secures the bonds. Officials will use bond proceeds primarily to fund road projects and costs toward library renovations. The town has voted to exempt the debt service on these projects from the limitations of Proposition 2-1/2.

The 26-square-mile town of West Tisbury is on the island of Martha's Vineyard. Population in this predominantly residential community swells in the summer to more than 6,800 from a year-round population of 2,766. While the town's economy is limited, unemployment has historically been well below commonwealth and national rates; the 2011 rate was 4.6% and the August 2012 rate was 3.2%. Moreover household income measures are, in our opinion, very strong: Median household and per capita effective buying income indicators equal 131% and 152%, respectively, of national levels.

The property tax base is almost entirely residential, resulting in little concentration. The 10 leading taxpayers account for less than 10% of total assessed value (AV) and all are residential properties. West Tisbury has many homes with extremely high values, with many valued at more than \$1 million; property assessed values are as high as \$45 million. Due to the national housing slump, AV has declined 11% since 2008. While Standard & Poor's believes there are signs of property values stabilizing, it is currently uncertain when that will be reflected in future AV. Based on our forecasts, we believe that the median home prices throughout New England will be flat or see some modest growth through 2013. In 2012, the total AV was \$2.4 billion, down slightly from the previous year. On the whole, the town's per capita market value is extremely strong, in our view, at \$868,138 and it remains so at \$354,659 per capita when measured using the seasonal peak population.

We believe West Tisbury's financial position is strong and stable, based on its stable revenue and management's careful budgeting practices. At the end of fiscal 2011, the general fund closed with an unassigned general fund balance of \$1.2 million, or 9.4% of expenditures. Accounted for within the unassigned balance are the town's stabilization reserves, which require a supermajority vote of the town's selectman to use. Current available reserves are consistent with what the town has carried in the past.

While still preliminary, management projects a decrease to its overall fund balance position; however, the majority of the decline is due to a transfer of about \$706,000 to the Dukes County Pooled OPEB Trust Fund (DCPOTF). The town also spent reserves for one-time capital purposes. On the whole, West Tisbury's available reserves will total roughly \$1 million, or roughly 7.4% of general fund expenditures, levels that remain good to strong.

For fiscal 2013, management expects reserves to remain consistent with those of previous years. The \$14.5 million budget total has been passed and is balanced. Property taxes are the dominant source of revenue, representing nearly 84% of operating revenues in fiscal 2012. The town is not dependent on state aid, which makes up an insignificant amount of general fund revenue. Tax collections are strong, even with the many second homes; current collections averaged 97% in the past five years. The very low property tax rate is also notable at \$4.92 per \$1,000 valuation in fiscal 2012.

West Tisbury's latest valuation of its OPEB liability shows a \$5.3 million unfunded liability with an annual required contribution of \$446,000. The town currently pays this liability on a pay-as-you-go basis. We note the town has made changes to its benefits which will result in a reduced liability. Furthermore, over the past several years, management has been building up reserves toward this liability, and transferred those funds to the DCP O TF in the 2012 fiscal year.

Standard & Poor's considers West Tisbury's financial management practices "good" under its Financial Management Assessment methodology, indicating financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them.

Including this current note issue and overlapping regional school debt, the town's overall net debt burden is, in our opinion, a low 0.3% of market value, or a moderate \$3,880 per capita. Amortization of long-term debt is very rapid, with officials retiring 68% of principal over 10 years. Long-term capital needs include a police station for approximately \$2.6 million.

## **Outlook**

The stable outlook reflects Standard & Poor's expectation that West Tisbury will continue to manage well through the modest recovery in the economy and will maintain reserves at or near current levels. Its reserves are strong and its financial profile is very stable. For these reasons, we do not anticipate revising the rating during the two-year outlook horizon.

## **Related Criteria And Research**

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Bond Anticipation Note Rating Methodology, Aug. 31, 2011

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

Copyright © 2012 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).