MARTHA'S VINEYARD COMMISSION

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORTS

JUNE 30, 2018

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ANSTISS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Commissioners of the
Martha's Vineyard Commission
Oak Bluffs, Massachusetts

Report on Financial Statements
We have audited the accompanying basic financial statements of the Martha's Vineyard Commission (the Commission) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements in accordance with auditing standards generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall basic financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Martha's Vineyard Commission as of June 30, 2018 and 2017 and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year ended June 30, 2018, the Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting for Postemployment Benefits Other Than Pensions*. As a result, the Commission reported a restatement for change in accounting principles (see Note 13). Our auditor's report was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements as a whole. The supplementary schedules relating to budgetary comparison, indirect cost rate and combining schedule of revenues and expenses – by contract / activity is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare

the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2019 on our consideration of the Martha's Vineyard Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Anstiss & Co., P.C.
Lowell, Massachusetts
May 15, 2019

MARTHA'S VINEYARD COMMISSION
Required Supplementary Information
Management's Discussion and Analysis
June 30, 2018

The following is offered to the readers of the Martha's Vineyard Commission's financial statements. It is a narrative overview and analysis of the financial performance of the Martha's Vineyard Commission (the Commission) during the fiscal year ended June 30, 2018. Please read this discussion and analysis in conjunction with the Commission's basic financial statements, which begin on page 7. This financial report is designed to provide a general overview of the Commission finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Martha's Vineyard Commission at P. O. Box 1447, Oak Bluffs, MA 02557-1447.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Martha's Vineyard Commission's basic financial statements. The Martha's Vineyard Commission is a public agency engaged in only business type activities. As such, its financial statements consist of only those financial statements required for proprietary funds and the related notes.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include statements of net assets, statements of revenues, expenses and changes in net assets, and statements of cash flows. These are followed by the notes to the financial statements. In addition to the financial statements, this report also contains supplemental schedules presenting a calculation of the Commission's indirect cost rate used for contract reimbursement purposes, a combining schedule of grant/contract revenues and expenses, a schedule comparing actual operating results with the related budgeted amounts and schedules relating to pension expense and liability.

The statements of net position present information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Martha's Vineyard Commission is improving or deteriorating.

The statements of revenues, expenses and changes in net position report the operating revenues and expenses for the fiscal year used to determine the net change in position. That change combined with the previous year's end net position total reconciles to the net position total at the end of this fiscal year.

The statements of cash flows report cash and investment activities for the fiscal year resulting from operating activities, capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash and investment balance reconciles to the cash and investment balance at the end of the current fiscal year.

Overview of the Financial Statements (continued)
The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 10 of the report.

Condensed Financial Information

	2018	2017
Current and other assets	$ 285,808	$ 187,110
Capital assets, net	1,523,353	760,799
Deferred outflows	100,312	0
Total assets and deferred outflows	$ 1,909,473	$ 947,909
Current liabilities	$ 394,048	$ 243,369
Other post-employment benefits	1,011,493	571,846
Net pension liability	681,229	943,112
Long term debt	1,215,303	407,120
Deferred inflows	170,723	0
Total liabilities and deferred inflows	$ 3,472,796	$ 2,165,447
Net position - general reserve	$ (80,543)	$ (17,241)
Net position - invested in capital assets	280,353	314,661
Net position – net pension liability	(754,064)	(943,112)
Net position - OPEB obligation	(1,009,069)	(571,846)
Total net position	$ (1,563,323)	$ (1,217,538)
Revenues	$ 1,565,867	$ 1,570,474
Expenses	1,517,481	1,685,942
Change in net position	$ 48,386	$ (115,468)

Financial Highlights
The liabilities of the Martha's Vineyard Commission exceeded its assets at the close of the most recent fiscal year by $1,563,323. The total net position increased by $48,386 for the year ended June 30, 2018 (excluding the prior period restatement for OPEB of 394,171). The increase reflects a gain of $189,048 relating to the accrued pension liability and a charge to operations of $60,802 for post-employment health benefits. The expenses, except for depreciation on fully funded grant assets are funded annually through assessments and a combination of federal, state, and local assistance. The Martha's Vineyard Commission net position consist primarily of cash, accounts receivable and its investment in the building located in Oak Bluffs. The Commission uses the building to support administration needs and to provide program services to the public within its service area. Consequently, it represents a net asset that is not available for future spending. The Commission's investment in the building is subject to mortgage notes due to a

Financial Highlights (continued)
bank in the amount of $1,243,000. It should be noted that the resources needed to repay the debt outstanding must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Key factors in the changes in net assets are as follows:

- Revenues decreased slightly ($4,607) from the prior year from $1,570,474 to $1,565,867 (0.3%).
- Revenues from assessments of member communities increased $22,453 (2.2%) to $1,035,391.
- Total expenses excluding the accrued post-employment benefit and pension charges increased by $104,575 (6.8%). The enclosed Budgetary Comparison schedule presents actual expenses for the year compared to the approved budget.
- For FY2019 the Commission budget shows payroll related costs increasing to $1,338,507 from $1,247,044 ($91,463 or 7.3%). This amount reflects a COLA increase of one percent (1.89%) and an average merit adjustment of 2.4%.
- For FY2019, the Commission budgeted a normal decrease in ongoing annual administrative and operating costs, resulting in an annual decrease of $22,816 (4.6%). The major cause of this decrease is the budgeted amount for legal costs has been reduced by $20,000 (33.3%) to $40,000.

Economic Factors and Next Year's Budget
Given the current economic climate and the nature of the State's finances, the Commission will continue to experience uncertainty over the amount of future contract revenue. For fiscal year 2019 Assessments will increase slightly to $1,061,038 (2.5%) from $1,035,391.

MARTHA'S VINEYARD COMMISSION
Statements of Net Position
As of June 30, 2018 and 2017

	2018	2017
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents - operating	$ 78,797	$ 87,554
Cash and cash equivalents - general reserve	94,701	15,144
Cash and cash equivalents - building reserve	517	30,133
Other assets	13,061	10,356
Accounts receivable	78,797	42,032
Total current assets	265,873	185,219
Capital assets:		
Land and building	1,706,368	962,343
Equipment	63,714	31,831
Software	7,371	7,371
	1,777,453	1,001,545
Less: accumulated depreciation	(254,100)	(240,746)
Net capital assets	1,523,353	760,799
Unamortized loan expenses	19,935	1,891
Total assets	1,809,161	947,909
Deferred outflows of resources related to OPEB plan	2,424	-
Deferred outflows of resources related to pension plan	97,888	-
Total Assets and Deferred Outflows	$ 1,909,473	$ 947,909
Liabilities and Deferred Inflows		
Current liabilities:		
Accounts payable and accrued expenses	$ 155,712	$ 135,332
Deferred revenue	210,639	69,019
Current portion of long term debt	27,697	39,018
Total current liabilities	394,048	243,369
Other post employment benefits (OPEB)	1,011,493	571,846
Net pension liability	681,229	943,112
Long term debt	1,215,303	407,120
Total liabilities	3,302,073	2,165,447
Deferred inflows related to pension plan	170,723	-
Total Liabilities and Deferred Inflows	$ 3,472,796	$ 2,165,447
Net Position		
Invested in capital assets, net of related debt	$ 280,353	$ 314,661
Relating to OPEB obligation	(1,009,069)	(571,846)
Relating to net pension liability	(754,064)	(943,112)
Unrestricted - other	(80,543)	(17,241)
Total Net Position	$ (1,563,323)	$ (1,217,538)
Total Liabilities, Deferred Inflows and Net Position	$ 1,909,473	$ 947,909

The accompanying notes are an integral part of these financial statements.

MARTHA'S VINEYARD COMMISSION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	2018	2017
Revenues		
Federal, state and local contracts	$ 446,605	$ 502,120
Local assessments	1,035,391	1,012,938
Interest income	882	707
Other income	82,989	54,709
Total Revenues	1,565,867	1,570,474
Expenses		
Direct costs	743,598	743,764
Indirect and other costs	773,883	942,178
Total Expenses	1,517,481	1,685,942
Change in Net Position	48,386	(115,468)
Net Position - Beginning of Year (originaly reported)	(1,217,538)	(1,102,070)
Prior period restatement of Net Position - GASB 75 (Note 13)	(394,171)	
Net Position - beginning of year - restated	(1,611,709)	
Net Position - End of Year	$(1,563,323)	$(1,217,538)

The accompanying notes are an integral part of these financial statements.

MARTHA'S VINEYARD COMMISSION
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from grants, assessments and contracts	$1,669,840	$1,622,779
Interest income - operating	882	707
Cash payments to employees	(964,903)	(847,541)
Cash payments to suppliers	(634,458)	(671,243)
Net Cash From (Used in) Operating Activities	71,361	104,702
Cash Flows From Investing Activities		
Purchase of capital assets	(789,408)	(36,122)
Net Cash Used in Investing Activities	(789,408)	(36,122)
Cash Flows From Capital and Related Financing Activities		
Payments on long term debt	(446,138)	(25,611)
Loan origination costs	(19,935)	(791)
Proceeds from long term debt	1,243,000	100,000
Interest paid on long term debt	(17,696)	(20,096)
Net Cash From (Used in) Capital and Related Financing Activities	759,231	53,502
Net Increase (Decrease) in Cash	41,184	122,082
Cash and Cash Equivalents - Beginning of Year	132,831	10,749
Cash and Cash Equivalents - End of Year	$ 174,015	$ 132,831

Reconciliation of Change in Net Assets to Net Cash Used by Operating Activities

Change in net position	$ 48,386	$ (115,468)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	28,745	18,812
Interest expense - financing activity	17,696	20,096
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(36,765)	33,983
(Increase) decrease in other assets	(2,705)	70
(Increase) decrease in deferred outflows	(100,312)	-
(Increase) decrease in accounts payable and accrued expenses	20,380	15,914
Increase (decrease) in other post employment benefits	45,476	(4,772)
Increase (decrease) in pension liability	(261,883)	117,038
Increase (decrease) in deferred inflows	170,723	-
Increase (decrease) in deferred revenue	141,620	19,029
Net Cash Used in Operating Activities	$ 71,361	$ 104,702

The accompanying notes are an integral part of these financial statements.

MARTHA'S VINEYARD COMMISSION
Statements of Fiduciary Net Position and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	2018	2017
OPEB Trust Assets		
Trust Fund Composition at Year End (at market value)		
Equities	$ 72,670	$ 51,996
US Governmenrt & Agencies	27,747	22,051
Fixed income	30,389	20,414
Cash and equivalents	1,321	1,830
Total Assets	$ 132,127	$ 96,291
Net Position		
Net position restricted to postemployment benefits other than pensions	$ 132,127	$ 96,291
Changes in Fiduciary Net Position		
Employer premiums	$ 31,291	$ 49,982
OPEB Trust contributions	30,500	-
Benefit payments	(31,291)	(49,982)
Administrative expenses	-	-
Investment return	5,336	4,075
Change in Net Position	35,836	4,075
Net Position - Beginning	96,291	92,216
Net Position - Ending	$ 132,127	$ 96,291
Money-Weighted Rate of Return	4.30%	4.42%
(Gain)/Loss on OPEB Plan investmenmts		
Projected earnings	$ 8,366	$ 6,916
Actual earnings	5,336	4,075
(Gain)/Loss on OPEB plan investments	$ 3,030	$ 2,841

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

The Martha's Vineyard Commission (the Commission or MVC) is a regional public agency established by Charter in 1974 by the Commonwealth of Massachusetts to serve the land use planning needs of the towns of Aquinnah, Chilmark, Edgartown, Gosnold, Oak Bluffs, Tisbury and West Tisbury. The towns are located in Dukes County. The Commission's basic operating budget is derived from a per capita assessment on these towns.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying basic financial statements of the Commission 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 principles. The Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements issued subsequently. The Commission maintains its accounts on the accrual basis of accounting, which recognizes revenue as it is earned and expenses as they are incurred.

The operations of the Commission are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Commission are included in the Statement of Net Position. The Commission records all transactions in the general operating fund. Reserves for future operating and capital needs have been established by the Commission as part of the annual budget process. Indirect expenses are allocated based upon the ratio of direct salaries for each grant or project to total direct salaries. Effective for fiscal year ended June 30, 2018, the Commission implemented GASB Statement No. 84, *Fiduciary Activities*, which resulted in the reporting of fiduciary fund financial statements within the Commission's financial statements.

Revenue - The Commission has various grants and contracts from Federal, State and other funding sources. Grant/contract revenue received in excess of the related program expenses incurred is reflected on the statement of net position as unexpended grant funds. Program expenses incurred in excess of related grant/contract revenue received is reflected on the statement of net assets as accounts receivable (If recoverable from the contract). The Commission also recognizes as operating revenue the assessments received from member communities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - Cash includes amounts in demand deposits. The carrying amount of cash equivalents is considered to be fair value. Cash Equivalents include all highly liquid deposits with an original maturity of three months or less when purchased.

Concentration of Credit Risk - Financial instruments, which potentially subject the Commission to concentration of credit risk, consist principally of accounts receivable. The Commission's primary accounts receivable are due from Massachusetts State Agencies. The Commission places its cash investments in high credit banks. Management considers credit risk to be minimal.

Capital Assets and Depreciation - Fixed Assets are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed; betterments are capitalized. Fixed assets purchased with grant funds are charged to the grants in the year purchased. The value of grant purchased fixed assets is also recorded in the balance sheet under fixed assets and fund balance-grant fixed assets. Depreciation on grant fixed assets is charged directly to the net assets - restricted for grant fixed assets account. Title to fixed assets purchased with grant funds may revert back to the granting agency. Depreciation on general fixed assets is charged to operations as an indirect cost. Equipment and Building are being depreciated on the straight-line method over a useful life of 7 and 50 years, respectively.

Compensated Absences - The Commission has a vacation leave policy that provides for compensation on a sliding scale based on years of service. The maximum amount of unused time that may be accumulated is limited to 25 days based on length of service. The Commission's sick leave policy permits the accumulation of 15 sick days per year up to a maximum of 60 days. Unused sick leave is not payable upon termination of employment; accordingly, sick pay is charged to expense when used. No provision has been made in the financial statements for unused sick leave.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Indirect Expenses – Indirect expenses are allocated to contracts at month end based upon the ratio of direct salaries incurred by each contract to total direct salaries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions - For purposes of measuring the Commission's net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Dukes County Contributory Retirement System (the System) and additions to/deductions from the DCRS's fiduciary position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits - For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 3 - NEW ACCOUNTING PRONOUNCEMENTS

During Fiscal 2018 GASB promulgated the following Statements that were adopted and implemented, when necessary, by the Commission. The adoption of these standards did not have a material impact on the Commission's financial statements, with the exception of GASB No. 75 as noted.

- No. 75 – *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- No. 81 – *Irrevocable Split-Interest Agreements*
- No. 83 – *Certain Asset Retirement Obligations*
- No. 84 – *Fiduciary Activities*
- No. 85 – *Omnibus*
- No. 86 – *Pension Issues*

The GASB has issued the following statements which require adoption subsequent to June 30, 2018 and are applicable to the Council. The Council has not yet adopted these statements, and the implications on the Council's fiscal practices and financial reports are being evaluated.

- No. 83 – *Certain Asset Retirement Obligations* – effective FY2020
- No. 84 – *Fiduciary Activity* – effective FY2020
- No. 87 – *Leases* – effective FY2021
- No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – effective FY2019
- No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period* – effective FY2021

NOTE 4 – CASH AND INVESTMENTS

Investment Policy

The Commission is required to make prudent investments, which are in accordance with state statutes. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. 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, and repurchase agreements guaranteed by such securities with maturity dates of no more than ninety days from the date of purchase.

NOTE 4 – CASH AND INVESTMENTS (continued)

Investment Policy (continued)
It is the Commission's policy to invest in money market, certificate of deposit, savings or checking accounts insured by the FDIC and Depositors Insurance Fund (DIF). Deposits at year-end in the amount of $174,015were held in accounts of this type.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Commission does not have a deposit policy for custodial risk. As of June 30, 2018, $-0- of the Commission's bank balance of $174,015 was exposed to custodial credit risk as uninsured and uncollateralized. As of June 30, 2018, the OPEB Trust's investments were not exposed to custodial or concentration credit risk.

Fair Value Measurements

The Commission and the OPEB Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All investments in the OPEB Trust would be considered Level I under the fair value hierarchy.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 consisted of the following.

Mass. Department of Transportation (MassDOT)	$61,361
Local Grants and Other Receivables	17,436
Total accounts receivable	$78,797

As of June 30, 2018, no allowance for doubtful accounts was deemed necessary by management.

NOTE 6 - CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the current fiscal year.

	Equipment	Buildings	Land	Total
Balance - June 30, 2017	$ 39,202	$692,343	$270,000	$1,001,545
Current year retirements	(13,500)	-	-	(13,500)
Current year additions	45,383	428,125	315,900	789,408
Balance - June 30, 2018	$ 71,085	$1,120,468	$585,900	$1,777,453

Depreciation expense of $26,854 and $18,613 was charged to operations for the years ended June 30, 2018 and 2017, respectively.

NOTE 7 – LONG-TERM DEBT

Note Payable to Rockland Trust at a fixed interest rate of 5.72% through June 2023. The note provides for monthly installments of $4,267 (including interest) based on a five-year amortization schedule with final payment due in June 2023 and is secured by a first mortgage on the property used by the Commission for its principal office (the "Old Stone Building") and substantially all Commission assets.	$ 675,000
Note Payable to Rockland Trust at a fixed interest rate of 4.50% through June 2023. The note provides for monthly installments of $3,613 (including interest) based on a five-year amortization schedule with final payment due in June 2023 and is secured by a first mortgage on the property used by the Commission as a residential rental property to the current Executive Director.	568,000
Less Current Portion	(27,697)
	$1,215,303

NOTE 7 – LONG-TERM DEBT (continued)

Future debt service requirements on long-term debt are as follows.

	Principal	Interest
2019	$ 27,697	$ 58,975
2020	32,509	62,043
2021	34,176	60,375
2022	35,931	58,621
2023-2029	1,112,687	61,073
	$1,243,000	$301,087

NOTE 8 - PENSION PLAN

General Information about the Pension Plan

A. **Plan Description** - MVC contributes to the County of Dukes County Contributory Retirement System (System), a cost sharing multiple-employer defined benefit pension plan administered by the County of Dukes County Retirement Board. Substantially all employees of the MVC are members of the System. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws ("MGL") assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are funded by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the county of Dukes County Contributory Retirement Board and are funded by the System. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 9 Airport Road, RR1 Box 863, Vineyard Haven, Massachusetts 02568.

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

B. **Contributions / Funding Policy** - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The County is required to pay into the System its share of the system wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the County are governed by Chapter 32 of the MGL. The MVC's "Total Employer Pension Expense" to the System for the fiscal year ended June 30, 2018 was $106,583.

C. **Benefits Provided -** The Plan covers all eligible employees and provides retirement, disability, cost of living adjustments and death benefits to all Plan members and beneficiaries. The Plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate or regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

Pension Liabilities, Pension Expense and Deferred Outflows of Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the MVC had a liability of $681,229 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The MVC's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTE 8 - PENSION PLAN (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Deferred Inflows of Resources Related to Pensions (continued)

A. **Actuarial Valuation** - The total Plan liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions applied to all periods included in the measurement that was updated to December 31, 2018.

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	UAAL: Increasing dollar amount at 4.5% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2030. The annual increase in appropriation is further limited to 5% per year for FY2018 and 2019 and 5.32% for FY2020 and beyond.
Remaining amortization period	15 years for the UAL as of December 31, 2014 13 years for the 2002 and 2003 ERI's as of December 31, 2014
Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year, b) 40% of gains and losses of the second prior year, c) 60% of gains and losses of the third prior year and, d) 20% of gains and losses of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Inflation rate	3% per year
Projected salary increases	6% - 4.25% of general employees and 7% - 4.75% for public safety, depending on years of service.

NOTE 8 - PENSION PLAN (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Deferred Inflows of Resources Related to Pensions (continued)

A. Actuarial Valuation (continued)

Payroll growth	4% per year
Rates of retirement	Varies based upon age for general employees, police and fire employees.
Mortality Rates:	
Pre-Retirement	The RP-2000 Mortality Table projected to 2020 with scale AA.
Post-Retirement	The RP-2000 Mortality Table projected to 2015 with Scale AA. For disabled lives, set forward two years.
Investment rate of return/discount rate	7.75% net of Plan investment expense, including inflation.

The components of the net Plan liability of the participating member units at December 31, 2017 were as follows.

Total Plan liability	$188,758,360
Plan fiduciary net position	(155,586,109)
Net Plan liability	$ 33,172,251
Plan fiduciary net position as a percentage of the total Plan liability	82.43%

B. Investment Policy - The Plan's policy in regard to the allocation of invested assets in the PRIT is established by the PRIM. The policy with regard to the allocation of all other invested assets is established by the Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the Plan.

The long term expected rate of return on the Plan's investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2016 are summarized in the following table.

NOTE 8 - PENSION PLAN (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Deferred Inflows of Resources Related to Pensions (continued)

B. Investment Policy (continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	40.00%	6.00%
International equity	15.00%	4.90%
Fixed income	25.00%	2.00%
Real estate	10.00%	6.60%
Timber	2.50%	3.70%
Alternatives – private equity	5.00%	10.40%
Hedge funds	2.50%	1.60%

C. Discount Rate - The discount rate used to measure the total Plan liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws and at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total Plan liability.

D. Deferred Outflows and Inflows of Resources - For the current year the Commission reported pension expense of $106,583 and reported deferred outflows of resources and deferred inflows of resources, primarily related to net differences between projected and actual earnings on pension plan investments, as follows:

Deferred inflows	$170,723
Deferred outflows	97,888

The deferred outflows and inflows will be recognized in pension expense as follows:

2018	$(10,100)
2019	(8,366)
2020	(26,414)
2021	(28,840)
2022 and thereafter	885

NOTE 8 - PENSION PLAN (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Deferred Inflows of Resources Related to Pensions (continued)

E. **Sensitivity of the Net Position Liability to Changes in the Discount Rate** – The following presents the net position liability, calculated using the discount rate of 7.75%, as well as what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Dukes County Retirement System's net pension liability as of December 31, 2015	$55,063,176	$33,172,251	$14,650,546
MVC's portion of net pension liability	$1,130,784	$681,229	$300,865

F. **Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

Plan Administration - The Martha's Vineyard Commission administers the retiree health care benefits program, a single-employer defined benefit plan, that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Plan Membership - At June 30, 2018, OPEB plan membership consisted of the following.

Inactive plan members or beneficiaries currently receiving benefit payments	5
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	11
	16

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (continued)

Benefits Provided - The Commission provides health care benefits for retirees and their dependents. Benefits are provided through the Cape Cod Municipal Health Group, and the full cost of benefits is shared between the Commission and retirees.

Contributions - The Commission contributed $25,500 to the OPEB trust for fiscal 2016 and intends to increase the amount by $5,000 annually until the total contribution reaches $97,799.

Net OPEB Liability - The components of the net OPEB liability at June 30, 2018 were as follows.

Total OPEB liability	$1,143,620
Fiduciary net position	(132,127)
Net OPEB liability	$1,011,493

Fiduciary net position as a percentage of the total OPEB liability	11.55%

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to the measurement date and using the following actuarial assumptions applied to all periods included in the measurement.

Inflation	3.0%
Investment rate of return	7.5% net of investment expenses, including inflation.
Healthcare cost trend rate	8% for 2016, decreasing 1% per year to an ultimate rate of 5%.
Pre-Retirement Mortality - General employees	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.
Post-Retirement Mortality - General employees	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)
target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table.

Asset Class	Target Allocation[1]	Long-Term Expected Real Rates of Return[1]
Equities	54%	9.00%
US Governments & Agencies	20%	1.03%
Fixed Income	25%	3.61%
Cash & Equivalents	1%	0.00%
Total	100%	

[1]Provided by Rockland Trust

Discount Rate - The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from the Commission will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefits payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability calculated using the current discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	$1,172,045	$1,011,493	$879,151

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability calculated using the current healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7% year one decreasing to 4%) or one percentage point higher (9% year one decreasing to 6%) than the current healthcare cost trend rates.

	1% Decrease 7% Year 1 Decreasing to 4%	Healthcare Cost Trend Rates 8% Year 1 Decreasing to 5%	1% Increase 9% Year 1 Decreasing to 6%
Net OPEB Liability	$847,488	$1,011,493	$1,222,999

NOTE 10 - OTHER BENEFIT PLANS

The Commission has adopted an IRS qualified section 125 plan to allow for the payment of employee contributions to the Commission's health insurance plan on a pre-tax basis.

NOTE 11 - BUDGET AND BUDGETARY ACCOUNTING

The Commission's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. The budget estimate is prepared in accordance with the Commission's charter and provides the basis for local assessments.

While the local assessments provide the largest single revenue source, the Commission receives substantial funding from federal, state and local grants, which have grants periods that may or may not coincide with the Commission's fiscal year. These grants are normally for a twelve-month period; however, they may be awarded for periods shorter or longer than twelve months.

Because of the Commission's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. MVC's annual budget differs from that of a local government primarily due to the uncertain nature of grant awards from other entities.

NOTE 11 - BUDGET AND BUDGETARY ACCOUNTING (continued)

The resultant annual budget is subject to constant change within the fiscal year due to:

* Increases/decreases in grant awards from those estimated;
* Unanticipated grant awards not included in the budget, and
* Expected grant awards, which fail to materialize.

The Commission Board formally approves the annual budget, but greater emphasis is placed on complying with the specific grant budget's terms and conditions. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

The annual budget for grant activities is reviewed and approved by the Commission Board. For purposes of these financial statements (see budgetary comparison schedule) the actual operating result for all activities of the Commission have been compared to the related budget as adopted including grant activities.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation - As of June 30, 2018 there were no cases pending against the Commission. Claims historically have been filed that represent challenges to the validity of the Commission's decisions on Development of Regional Impact. Generally, a successful claim against the Commission would result in a reversal of the Commission decision that generated the claim not in financial loss to the Commission. No amounts have been accrued for potential legal or settlement costs relative to any future claims.

Grants/Contracts Audit - The Commission receives State Grants/Contracts for specific purposes that are subject to review and audit by State agencies. Such audits could result in a request for reimbursements by the State for expenditures disallowed under terms and conditions of the appropriate agency. Management does not believe that any significant reimbursement will result if such audits should occur.

Other – The Commission may be subject to a potential liability for unfunded retirement benefits relating to employees who worked for the Commission roughly for the period from 1974 to 1990. During this period, employees were not covered under the County retirement system. The Commission has not determined the extent of any liability that may result from this issue.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

Net position as of June 30, 2017 has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Net position, as previously reported at June 30, 2017	$(1,217,538)
Prior period adjustments:	
Reporting for postemployment benefits other than pensions (measurement date as of June 30, 2017)	(394,171)
Net position, as restated at June 30, 2017	$(1,611,709)

NOTE 14 - SUBSEQUENT EVENTS

The Commission's management has evaluated events subsequent from June 30, 2018 through May 15, 2019 which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization's results going forward.

Supplementary Schedules

MARTHA'S VINEYARD COMMISSION
Schedule of Indirect Cost Rate
For the Year Ended June 30, 2018

Expenses	Total Expense	Unallowed Costs	Direct Labor	Other Direct Costs	Indirect Costs
Salaries - direct	$ 648,404	$ -	$ 648,404	$ -	$ -
Salaries - administrative	316,499	-	-	-	316,499
Pension plan (DCRS current funding)	127,168	-	-	-	127,168
Health and disability insurance	157,457	-	-	-	157,457
Retirees insurance - current benefit payments	49,517	-	-	-	49,517
Medicare/social security	18,045	-	-	-	18,045
Worker's comp	3,023	-	-	-	3,023
Payroll taxes	3,370	-	-	987	2,383
Advertising	9,175	-	-	3,001	6,174
Audit fees	13,000	-	-	-	13,000
Contractual	98,541	-	-	74,978	23,563
Dues and subscriptions	7,228	-	-	5	7,223
Equipment	9,935	-	-	2,251	7,684
Insurance	15,833	-	-	-	15,833
Interest	17,696	-	-	-	17,696
Legal fees	16,470	-	-	-	16,470
Office supplies and expense	29,593	-	-	4,703	24,890
Postage	3,244		-	271	2,973
Registry fees	975	-	-	-	975
Rent	150	-	-	-	150
Repairs and maintenance	22,569	-	-	-	22,569
Travel	29,665	-	-	8,998	20,667
Utilities	19,425	-	-	-	19,425
Amortization and Depreciation	28,745	-	-	-	28,745
Expenses Before Pension and OPEB actuarial changes	1,645,727	-	648,404	95,194	902,129
Pension change in accrued liability	(189,048)	(189,048)	-	-	-
OPEB change in accrued liability	60,802	43,052	-	-	17,750
Total Expenses	$ 1,517,481	$ (145,996)	$ 648,404	$ 95,194	$ 919,879

Indirect costs / Direct labor = Indirect cost rate

$$\frac{\$\ 919{,}879}{\$\ 648{,}404} = 141.87\%$$

MARTHA'S VINEYARD COMMISSION
Combining Schedule of Revenues and Expenses - by Contract/Activity
For the Year Ended June 30, 2018

	Total	Local Share	MassDOT No. 95431	DLTA18	DLTA17	EDEY18	EDEY17	Other Programs
Revenues								
Federal, state and local contracts	$ 446,605	$ -	$ 328,364	$ 42,940	$ 60,269	$ 8,750	$ 6,282	$ -
Town assessments	1,035,391	1,023,567		4,294	6,027	875	628	-
Interest income	882	882		-	-			-
Other revenues	82,989	82,989		-	-	-	-	-
Total Revenues	1,565,867	1,107,438	328,364	47,234	66,296	9,625	6,910	-
Expenses								
Salaries	648,404	453,863	139,135	26,388	29,018	-	-	-
Advertising	3,001	-	2,813	90	-	98	-	-
Contractual	74,978	-	-	14,289	55,021	-	5,668	-
Dues and subscriptions	5	-	5	-	-	-	-	-
Equipment	2,251	-	2,251	-	-	-	-	-
Office supplies and expense	4,703	-	3,002	1,471	230	-	-	-
Payroll tax expense	987	987	-	-	-	-	-	-
Postage	271	-	-	271	-	-	-	-
Printing	-	-	-	-	-	-	-	-
Registry fees	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-
Travel	8,998	-	5,121	2,762	1,115	-	-	-
Utilities	-	-	-	-	-	-	-	-
Other direct costs	-	-	-	-	-	-	-	-
Total direct costs	743,598	454,850	152,327	45,271	85,384	98	5,668	-
Unallowed costs	(145,996)	(145,996)		-	-	-	-	-
Indirect cost allocation (1)	919,879	643,887	197,388	37,436	41,167	-	-	-
Total Expenses	1,517,481	952,741	349,715	82,707	126,551	98	5,668	-
Excess (Deficit) of Revenues Over Expenses	$ 48,386	$ 154,697	$ (21,351)	$(35,473)	$(60,255)	$ 9,527	$ 1,242	$ -

(1) Allocated based on ratio of indirect costs to direct labor 141.87%

The accompanying notes are an integral part of these financial statements.

MARTHA'S VINEYARD COMMISSION
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget	Actual	Favorable (Unfavorable)
Revenues			
Grants	$ 394,000	$ 446,605	$ 52,605
Town assessments	1,035,391	1,035,391	-
Interest and other income	50,000	83,871	33,871
Total Revenues	1,479,391	1,565,867	86,476
Payroll Expenses			
Salaries	833,879	952,235	(118,356)
Salaries	7,500	-	7,500
Pension plan (DCRS)	127,500	127,168	332
Health and disability insurance	191,075	157,457	33,618
Retirees insurance - current benefit payments	32,376	49,517	(17,141)
OPEB - Pre-funding	35,500	17,750	17,750
Medicare/SS/Unemployment & Other Payroll Costs	17,530	34,083	(16,553)
Worker's comp	1,684	3,022	(1,338)
Total Payroll Expenses	1,247,044	1,341,232	(94,188)
Administration and Operating Expenses			
Advertising	2,000	9,176	(7,176)
Audit fees	10,000	13,000	(3,000)
Capital improvements	20,000	65,908	(45,908)
Contractual	18,000	98,541	(80,541)
Dues and subscriptions	6,700	7,228	(528)
Equipment/Grant fixed assets	10,000	9,935	65
Insurance	13,191	15,833	(2,642)
Legal fees	60,000	16,470	43,530
Mortgage Interest	18,262	17,696	566
Mortgage - principal	25,369	446,138	(420,769)
Office supplies and expense	12,500	29,593	(17,093)
Postage	2,250	3,244	(994)
Printing	800	-	800
Registry fees	975	975	-
Rent	-	150	(150)
Repairs and maintenance	10,000	22,569	(12,569)
Travel/Conference	10,000	29,665	(19,665)
Utilities	12,300	19,425	(7,125)
Other costs	-	-	-
Total Administrative and Operating Expenses	232,347	805,546	(573,199)
Total Expenses	1,479,391	2,146,778	$ (667,387)
Excess of Expenses Over Revenues - Budgetary	$ -	(580,911)	
Add back: loan principal payments		446,138	
Add back: OPEB Pre-funding		17,750	
Add back: capital improvements		65,908	
Less: change in OPEB liability		(60,802)	
Add: change in net pension liabiity		189,048	
Less: amortization and depreciation		(28,745)	
Change in Position - General Fund		$ 48,386	

The accompanying notes are an integral part of these financial statements.

MARTHA'S VINEYARD COMMISSION

Schedule of the Commission's Proportionate Share of the Net Pension Liability

June 30, 2018

	2017	2016	2015	2014
MVC's proportion of the net pension liability	2.053%	2.053%	2.102%	2.102%
MVC's proportionate share of the net pension liability	$ 681,229	$943,112	$826,074	$757,662
MVC's covered-employee payroll	$ 784,097	$797,322	$783,827	$753,680
MVC's proportionment share of the net pension liability as a percentage of its covered-employee payroll	86.881%	118.285%	105.390%	1.005%
Plan fiduciary net position as a percentage of the total pension liability.	82.430%	1.159%	75.600%	81.370%

Notes to Required Supplementary Information

Measurement date:

The amounts presented in this schedule were determined as of December 31, 2017.

Schedule presentation:

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

MARTHA'S VINEYARD COMMISSION
Schedule of Pension Contributions
June 30, 2018

	2017	2016	2015	2014
Actuarially required contribution	$ 106,583	$148,647	$124,077	$133,659
Contributions in relation to the actuarially required contribution	$ 106,583	$148,647	$124,077	$133,659
Contribution deficiency	$ -	$ -	$ -	$ -
Covered employee payroll	$ 784,097	$797,322	$783,827	$753,680
Contributions as a percentage of its covered employee payroll	16.61%	15.76%	15.94%	16.07%

Notes to Required Supplementary Information

Schedule presentation:

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

MARTHA'S VINEYARD COMMISSION
Schedules of Changes in Net OPEB Liability and Related Ratios
For the Years Ended June 30, 2018 and 2017

	2018	2017
Total OPEB Liability		
Service cost	$ 32,922	$ 31,656
Interest	80,969	75,858
Changes of benefit terms	(1,288)	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments	(31,291)	(49,982)
Net change in total OPEB liability	81,312	57,532
Total OPEB liability-beginning	1,062,308	1,004,776
Total OPEB liability-ending(a)	$ 1,143,620	$ 1,062,308
Plan fiduciary net position		
Contributions-employer	$ 61,791	$ 49,982
Net investment income	5,336	4,075
Benefit payments	(31,291)	(49,982)
Administrative expenses	-	-
Other	-	-
Net change in plan fiduciary net position	35,836	4,075
Plan fiduciary net position-beginning	96,291	92,216
Plan fiduciary net position-ending (b)	$ 132,127	$ 96,291
Net OPEB liability-ending (a) - (b)	$ 1,011,493	$ 966,017
Plan fiduciary net position as a percentage of the total OPEB liability	11.55%	9.06%
Covered payroll	$ 864,194	$ 796,151
Net OPEB liability as a percentage of covered payroll	117.04%	121.34%

MARTHA'S VINEYARD COMMISSION
Schedules of Investment Returns - OPEB
For the Years Ended June 30, 2017

	2018	2017
Annual money-weighted rate of return, net of investment expenses	4.30%	4.42%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments to the ending fair value of OPEB plan investments.

MARTHA'S VINEYARD COMMISSION
Schedules of Employer Contributions - OPEB
For the Years Ended June 30, 2018 and 2017

	2018	2017
Actuarially determined contribution	$ 89,086	$ 87,727
Contributions in relation to the actuarially determined contribution	61,791	49,982
Contribution deficiency (excess)	27,295	37,745
Covered payroll	$ 864,194	$ 796,151
Contributions as a percentage of covered payroll	7.15%	6.28%
Discount rate	7.50%	6.80%

Notes to Schedule:

Valuation Date
Actuarially determined contributions are determined as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

Actuarial cost method	Entry Age Normal
Amortization method	Increasing at 4% over 30 years on an open amortization period.
Amortization period	30 years
Asset valuation method	Market value
Inflation	3 percent
Healthcare cost trend rates	8 percent for 2016, decreasing 1 percent per to an ultimate rate of 5 percent.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners of the
Martha's Vineyard Commission
Oaks Bluffs, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Martha's Vineyard Commission (the Commission) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated May 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anstiss & Co., P.C.
Lowell, Massachusetts
May 15, 2019