

BARNSTABLE COUNTY, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2019

BARNSTABLE COUNTY, MASSACHUSETTS

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JUNE 30, 2019

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Independent Auditor's Report

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Barnstable County, Massachusetts, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, located on the following pages, and required supplementary information, 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 opinions on the financial statements that collectively comprise Barnstable County, Massachusetts' basic financial statements. The additional information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



May 11, 2020

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Barnstable County, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2019. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (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 (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The liabilities and deferred inflows of resources of Barnstable County exceeded its assets and deferred outflows of resources at the close of the most recent year by \$56.0 million (net position).
- At the close of the current year, the government-wide unrestricted net position had a deficit balance of \$76.6 million.
- At the close of the current year, the County's general fund reported fund balance totaling \$15.2 million, an increase of \$2.1 million in comparison with the prior year. Total fund balance represents 81% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Barnstable County's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the County as a whole. The fund financial statements focus on the individual components of the County government, reporting the County's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the County's accountability. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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 position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent year. All changes in net position 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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, county services, health & human services, public safety, planning & development, and interest. The business-type activities include the activities of the dredge operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the 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 activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County adopts an annual appropriated budget for its general fund operations. Budgetary comparison statements have been provided for the general fund operations to demonstrate compliance with this budget.

Proprietary funds. The County maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its dredge activities.

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 because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$56.0 million at the close of 2019.

Net position totaling \$3.6 million reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and software); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its 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.

An additional portion of the net position totaling \$17.0 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit balance of \$76.6 million.

At the end of the current year, the County is able to report positive balances in two of the three categories of net position.

The governmental and business-type activities of the County are presented below:

Governmental Activities

The County’s liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources for governmental activities by \$56.3 million at the close of 2019.

	2019	2018
Assets:		
Current assets.....	\$ 34,351,770	\$ 33,505,271
Noncurrent assets (excluding capital).....	15,937,525	16,387,688
Capital assets, non depreciable.....	1,166,511	1,166,511
Capital assets, net of accumulated depreciation.....	5,149,088	5,030,460
Total assets.....	56,604,894	56,089,930
Deferred outflows of resources.....	11,746,713	6,866,639
Liabilities:		
Current liabilities (excluding debt).....	3,719,531	4,056,859
Noncurrent liabilities (excluding debt).....	91,214,085	78,151,470
Current debt.....	2,677,493	2,869,790
Noncurrent debt.....	19,539,445	21,456,940
Total liabilities.....	117,150,554	106,535,059
Deferred inflows of resources.....	7,544,333	8,592,106
Net position:		
Net investment in capital assets.....	3,284,973	2,520,764
Restricted.....	16,963,141	17,413,304
Unrestricted.....	(76,591,394)	(72,104,664)
Total net position.....	\$ (56,343,280)	\$ (52,170,596)

	2019	2018
Program Revenues:		
Charges for services..... \$	10,448,425	\$ 10,451,048
Operating grants and contributions.....	5,668,644	6,252,311
General Revenues:		
County tax assessments.....	3,281,140	3,201,113
County deeds excise tax.....	12,116,353	11,590,371
Unrestricted investment income/(loss).....	1,239,699	111,984
Total revenues.....	32,754,261	31,606,827
Expenses:		
General government.....	6,317,560	5,013,298
County services.....	9,859,391	8,473,655
Health & human Services.....	8,139,517	7,830,679
Public Safety.....	3,735,768	2,966,927
Planning & development.....	8,364,123	5,683,849
Interest.....	510,586	638,375
Total expenses.....	36,926,945	30,606,783
Change in net position.....	(4,172,684)	1,000,044
Net position, beginning of year.....	(52,170,596)	(53,170,640)
Net position, end of year..... \$	(56,343,280)	(52,170,596)

The governmental expenses totaled \$36.9 million of which \$16.1 million was directly supported by program revenues consisting of charges for services and operating grants and contributions. General revenues totaled \$16.6 million, primarily coming from county tax assessments, and county deeds excise taxes.

The governmental net position decreased by \$4.2 million during the current year due to offsetting factors. Net position increased as a result of \$2.1 million of positive budgetary results in the general fund. Net position decreased as a result of the \$4.9 million increase in the net pension liability after considering deferred inflows and outflows of resources related to pensions. Also, the total OPEB liability decreased by \$2.1 million after considering deferred inflows and outflows of resources related to OPEB.

Business-type Activities

The County's liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources for business-type activities by \$178,000 at the close of 2019.

	2019	2018
Assets:		
Current assets.....	\$ 2,000,945	\$ 2,263,944
Capital assets, non depreciable.....	-	1,592,586
Capital assets, net of accumulated depreciation.....	1,695,369	61,745
Total assets.....	3,696,314	3,918,275
Deferred outflows of resources.....	209,224	105,951
Liabilities:		
Current liabilities (excluding debt).....	27,000	38,000
Noncurrent liabilities (excluding debt).....	2,011,120	1,759,510
Current debt.....	135,000	135,000
Noncurrent debt.....	1,730,000	1,865,000
Total liabilities.....	3,903,120	3,797,510
Deferred inflows of resources.....	179,986	179,880
Net position:		
Net investment in capital assets.....	312,369	61,745
Unrestricted.....	(489,937)	(14,909)
Total net position.....	\$ (177,568)	\$ 46,836
Program Revenues:		
Charges for services.....	\$ 1,014,716	\$ 825,028
General Revenues:		
Unrestricted investment income.....	17,172	9,123
Total revenues.....	1,031,888	834,151
Expenses:		
Dredge.....	1,256,292	924,769
Change in net position.....	(224,404)	(90,618)
Net position, beginning of year.....	46,836	137,454
Net position, end of year.....	\$ (177,568)	\$ 46,836

The business-type expenses totaled \$1.3 million of which \$1.0 million was directly supported by program revenues consisting of charges for services.

The business-type net position decreased by \$224,000 during the current year which was primarily due to depreciation on capital assets.

Financial Analysis of the Government's Funds

As noted earlier, the County 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 *expendable* 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 year.

As of the end of the current year, governmental funds reported combined ending fund balances totaling \$46.7 million, of which \$15.2 million is for the general fund, \$5.2 million is for the Cape Cod Commission fund, \$23.9 million is for the septic loan program, a deficit of \$7.2 million is for the capital projects fund, and \$9.7 million is for the nonmajor governmental funds. Cumulatively there was an increase totaling \$685,000 in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, total fund balance was \$15.2 million. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 81% of total general fund expenditures. The County's general fund increased by \$2.1 million, which was primarily due to better than anticipated revenue collections as well as unexpended appropriations.

The Cape Cod Commission fund increased by \$304,000 over the prior year primarily due to the timing difference between the expenditure and reimbursement of grant funds.

The septic loan program fund decreased by \$1.0 million during 2019. This fund will fluctuate due to the timing difference between the issuance and paydown of outstanding septic loans.

The capital projects fund decreased by \$717,000 which was due to capital purchases that have not yet been financed. The fund has accumulated a deficit balance of \$7.2 million over several years in which County officials are in the process of eliminating these deficits through bond proceeds and available funds.

The nonmajor governmental funds increased by \$36,000, which was primarily due to a timing difference between the disbursement and receipt of grant funds.

General Fund Budgetary Highlights

The County adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2019 approved budget for the general fund authorized \$19.6 million in appropriations. During 2019, the County approved supplemental appropriations totaling \$1.9 million funded through reserves.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$8.0 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and software. The total additions to the County's investment in capital assets for the current year is \$857,000 and consists of various equipment purchases and building improvements.

Debt Administration. Outstanding long-term governmental and business-type debt, as of June 30, 2019, totaled \$23.3 million, a decrease of \$2.1 million from the prior year which was due entirely to principal payments.

Outstanding governmental short-term debt totaled \$760,000, as of June 30, 2019.

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

Requests for Information

This financial report is designed to provide a general overview of Barnstable County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Finance Director/Treasurer, 3195 Main Street, Superior Courthouse, Barnstable, MA 02630.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2019

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 31,850,282	\$ 1,834,895	\$ 33,685,177
Investments.....	572,569	-	572,569
Receivables, net of allowance for uncollectibles:			
User charges.....	-	166,050	166,050
Departmental and other.....	153,383	-	153,383
Intergovernmental.....	749,920	-	749,920
Loans.....	1,025,616	-	1,025,616
Total current assets.....	<u>34,351,770</u>	<u>2,000,945</u>	<u>36,352,715</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	15,937,525	-	15,937,525
Capital assets, nondepreciable.....	1,166,511	-	1,166,511
Capital assets, net of accumulated depreciation.....	5,149,088	1,695,369	6,844,457
Total noncurrent assets.....	<u>22,253,124</u>	<u>1,695,369</u>	<u>23,948,493</u>
TOTAL ASSETS.....	<u>56,604,894</u>	<u>3,696,314</u>	<u>60,301,208</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	8,976,324	139,137	9,115,461
Deferred outflows related to OPEB.....	2,770,389	70,087	2,840,476
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>11,746,713</u>	<u>209,224</u>	<u>11,955,937</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	2,040,667	-	2,040,667
Accrued payroll.....	155,136	-	155,136
Other liabilities.....	526,411	-	526,411
Legal settlements.....	126,317	-	126,317
Compensated absences.....	871,000	27,000	898,000
Notes payable.....	760,000	-	760,000
Bonds payable.....	1,917,493	135,000	2,052,493
Total current liabilities.....	<u>6,397,024</u>	<u>162,000</u>	<u>6,559,024</u>
NONCURRENT:			
Customer deposits.....	102,334	-	102,334
Legal settlements.....	2,578,431	-	2,578,431
Compensated absences.....	203,000	6,000	209,000
Net pension liability.....	57,029,672	862,761	57,892,433
Total OPEB liability.....	31,300,648	1,142,359	32,443,007
Bonds payable.....	19,539,445	1,730,000	21,269,445
Total noncurrent liabilities.....	<u>110,753,530</u>	<u>3,741,120</u>	<u>114,494,650</u>
TOTAL LIABILITIES.....	<u>117,150,554</u>	<u>3,903,120</u>	<u>121,053,674</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	5,614,082	109,539	5,723,621
Deferred inflows related to OPEB.....	1,930,251	70,447	2,000,698
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>7,544,333</u>	<u>179,986</u>	<u>7,724,319</u>
NET POSITION			
Net investment in capital assets.....	3,284,973	312,369	3,597,342
Restricted for:			
Loans.....	16,963,141	-	16,963,141
Unrestricted.....	(76,591,394)	(489,937)	(77,081,331)
TOTAL NET POSITION.....	<u>\$ (56,343,280)</u>	<u>\$ (177,568)</u>	<u>\$ (56,520,848)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,317,560	\$ 500,144	\$ 608,569	\$ -	\$ (5,208,847)
County services.....	9,859,391	4,204,678	838,442	-	(4,816,271)
Health and human services.....	8,139,517	1,038,919	2,368,857	-	(4,731,741)
Public safety.....	3,735,768	224,931	-	-	(3,510,837)
Planning & development.....	8,364,123	4,479,753	1,852,776	-	(2,031,594)
Interest.....	510,586	-	-	-	(510,586)
Total Governmental Activities.....	<u>36,926,945</u>	<u>10,448,425</u>	<u>5,668,644</u>	<u>-</u>	<u>(20,809,876)</u>
<i>Business-Type Activities:</i>					
Dredge.....	<u>1,256,292</u>	<u>1,014,716</u>	<u>-</u>	<u>-</u>	<u>(241,576)</u>
Total Primary Government.....	<u>\$ 38,183,237</u>	<u>\$ 11,463,141</u>	<u>\$ 5,668,644</u>	<u>\$ -</u>	<u>\$ (21,051,452)</u>

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(20,809,876)	(241,576)	(21,051,452)
<i>General revenues:</i>			
County tax assessments.....	3,281,140	-	3,281,140
County deeds excise tax.....	12,116,353	-	12,116,353
Unrestricted investment income.....	1,239,699	17,172	1,256,871
Total general revenues and transfers.....	16,637,192	17,172	16,654,364
Change in net position.....	(4,172,684)	(224,404)	(4,397,088)
<i>Net position:</i>			
Beginning of year.....	(52,170,596)	46,836	(52,123,760)
End of year..... \$	(56,343,280)	(177,568)	(56,520,848)

See notes to basic financial statements.

(concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

	General	Cape Cod Commission	Septic Loan Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 10,374,977	\$ 5,305,382	\$ 9,382,621	\$ -	\$ 6,787,302	\$ 31,850,282
Investments.....	572,569	-	-	-	-	572,569
Receivables, net of uncollectibles:						
Departmental and other.....	128,266	-	-	-	25,117	153,383
Intergovernmental.....	27,854	-	-	-	722,066	749,920
Loans.....	-	-	14,510,277	-	2,452,864	16,963,141
Due from other funds.....	6,386,895	-	-	-	-	6,386,895
TOTAL ASSETS.....	\$ 17,490,561	\$ 5,305,382	\$ 23,892,898	\$ -	\$ 9,987,349	\$ 56,676,190
LIABILITIES						
Warrants payable.....	\$ 1,645,111	\$ 10,144	\$ 23,987	\$ 95,756	\$ 265,669	\$ 2,040,667
Accrued payroll.....	155,136	-	-	-	-	155,136
Due to other funds.....	-	-	-	6,386,895	-	6,386,895
Other liabilities.....	517,599	-	-	-	8,812	526,411
Customer deposits.....	-	102,334	-	-	-	102,334
Notes payable.....	-	-	-	760,000	-	760,000
TOTAL LIABILITIES.....	2,317,846	112,478	23,987	7,242,651	274,481	9,971,443
FUND BALANCES						
Restricted.....	-	5,192,904	23,868,911	-	9,712,868	38,774,683
Assigned.....	400,504	-	-	-	-	400,504
Unassigned.....	14,772,211	-	-	(7,242,651)	-	7,529,560
TOTAL FUND BALANCES.....	15,172,715	5,192,904	23,868,911	(7,242,651)	9,712,868	46,704,747
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 17,490,561	\$ 5,305,382	\$ 23,892,898	\$ -	\$ 9,987,349	\$ 56,676,190

See notes to basic financial statements.

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

JUNE 30, 2019

Total governmental fund balances.....		\$ 46,704,747
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		6,315,599
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		4,202,380
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(21,456,938)	
Net pension liability.....	(57,029,672)	
Total OPEB liability.....	(31,300,648)	
Legal settlement.....	(2,704,748)	
Compensated absences.....	<u>(1,074,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(113,566,006)</u>
Net position of governmental activities.....		<u>\$ (56,343,280)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	General	Cape Cod Commission	Septic Loan Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
County tax assessments.....	\$ 3,281,140	\$ -	\$ -	\$ -	\$ -	\$ 3,281,140
Registry of deeds excise tax.....	2,403,262	-	-	-	-	2,403,262
County excise tax.....	12,116,353	-	-	-	-	12,116,353
Environmental protection taxes.....	-	3,848,225	-	-	-	3,848,225
Court house rental.....	1,763,345	-	-	-	1,300	1,764,645
Intergovernmental.....	369,070	698,742	434,670	-	3,970,879	5,473,361
Departmental.....	1,477,108	272,405	27,560	-	850,503	2,627,576
Investment income.....	346,134	-	803,673	-	89,892	1,239,699
TOTAL REVENUES.....	21,756,412	4,819,372	1,265,903	-	4,912,574	32,754,261
EXPENDITURES:						
Current:						
General government.....	3,572,797	-	-	302,649	307,546	4,182,992
County services.....	6,378,796	-	-	264,258	865,184	7,508,238
Health and human services.....	3,334,211	-	392,885	149,631	2,530,063	6,406,790
Public Safety.....	1,966,669	-	-	-	8,042	1,974,711
Planning & development.....	91,695	4,721,461	-	-	1,734,555	6,547,711
Shared costs.....	2,796,043	-	-	-	205,593	3,001,636
Debt service:						
Principal.....	377,000	-	1,464,211	-	-	1,841,211
Interest.....	171,669	-	434,670	-	-	606,339
TOTAL EXPENDITURES.....	18,688,880	4,721,461	2,291,766	716,538	5,650,983	32,069,628
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,067,532	97,911	(1,025,863)	(716,538)	(738,409)	684,633
OTHER FINANCING SOURCES (USES):						
Transfers in.....	32,966	206,043	-	-	1,013,573	1,252,582
Transfers out.....	(1,013,573)	-	-	-	(239,009)	(1,252,582)
TOTAL OTHER FINANCING SOURCES (USES)...	(980,607)	206,043	-	-	774,564	-
NET CHANGE IN FUND BALANCES.....	2,086,925	303,954	(1,025,863)	(716,538)	36,155	684,633
FUND BALANCES AT BEGINNING OF YEAR.....	13,085,790	4,888,950	24,894,774	(6,526,113)	9,676,713	46,020,114
FUND BALANCES AT END OF YEAR.....	\$ 15,172,715	\$ 5,192,904	\$ 23,868,911	\$ (7,242,651)	\$ 9,712,868	\$ 46,704,747

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds.....	\$	684,633
<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.....		714,385
Depreciation expense.....		<u>(595,757)</u>
Net effect of reporting capital assets.....		118,628
<p>The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Amortization of bond premiums.....		95,753
Debt service principal payments.....		<u>1,841,211</u>
Net effect of reporting long-term debt.....		1,936,964
<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.....		34,000
Net change in deferred outflow/(inflow) of resources related to pensions.....		2,683,670
Net change in net pension liability.....		(7,609,340)
Net change in deferred outflow/(inflow) of resources related to OPEB.....		3,244,177
Net change in total OPEB liability.....		(5,389,256)
Net change in legal settlement liability.....		<u>123,840</u>
Net effect of recording long-term liabilities.....		<u>(6,912,909)</u>
Change in net position of governmental activities.....	\$	<u><u>(4,172,684)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

	<u>Dredge Enterprise Fund</u>
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 1,834,895
Receivables, net of allowance for uncollectibles:	
User charges.....	<u>166,050</u>
Total current assets.....	<u>2,000,945</u>
NONCURRENT:	
Capital assets, net of accumulated depreciation.....	<u>1,695,369</u>
TOTAL ASSETS.....	<u>3,696,314</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions.....	139,137
Deferred outflows related to OPEB.....	<u>70,087</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>209,224</u>
LIABILITIES	
CURRENT:	
Compensated absences.....	27,000
Bonds payable.....	<u>135,000</u>
Total current liabilities.....	<u>162,000</u>
NONCURRENT:	
Compensated absences.....	6,000
Net pension liability.....	862,761
Total OPEB liability.....	1,142,359
Bonds payable.....	<u>1,730,000</u>
Total noncurrent liabilities.....	<u>3,741,120</u>
TOTAL LIABILITIES.....	<u>3,903,120</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions.....	109,539
Deferred inflows related to OPEB.....	<u>70,447</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>179,986</u>
NET POSITION	
Net investment in capital assets.....	312,369
Unrestricted.....	<u>(489,937)</u>
TOTAL NET POSITION.....	<u>\$ (177,568)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2019

	<u>Dredge Enterprise Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for services.....	\$ <u>1,014,716</u>
<u>OPERATING EXPENSES:</u>	
Cost of services and administration.....	507,062
Salaries and wages.....	576,026
Depreciation.....	<u>101,204</u>
 TOTAL OPERATING EXPENSES.....	 <u>1,184,292</u>
 OPERATING INCOME (LOSS).....	 <u>(169,576)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Investment income.....	17,172
Interest expense.....	<u>(72,000)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	 <u>(54,828)</u>
 CHANGE IN NET POSITION.....	 (224,404)
 NET POSITION AT BEGINNING OF YEAR.....	 <u>46,836</u>
 NET POSITION AT END OF YEAR.....	 \$ <u><u>(177,568)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	<u>Dredge Enterprise Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 1,475,685
Payments to vendors.....	(357,619)
Payments to employees.....	<u>(588,026)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>530,040</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition and construction of capital assets.....	(142,242)
Principal payments on bonds and notes.....	(135,000)
Interest expense.....	<u>(72,000)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(349,242)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Investment income.....	<u>17,172</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	197,970
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>1,636,925</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 1,834,895</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>	
<u>FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ <u>(169,576)</u>
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation.....	101,204
Deferred (outflows)/inflows related to pensions.....	(6,702)
Deferred (outflows)/inflows related to OPEB.....	(96,465)
Changes in assets and liabilities:	
User charges.....	460,969
Compensated absences.....	(12,000)
Net pension liability.....	153,854
Total OPEB liability.....	<u>98,756</u>
Total adjustments.....	<u>699,616</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 530,040</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Other Postemployment Benefit Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 260,067	\$ 139,809
Investments:		
Equity mutual funds.....	416,922	-
Fixed income mutual funds.....	192,985	-
TOTAL ASSETS	869,974	139,809
LIABILITIES		
Liabilities due depositors.....	-	139,809
NET POSITION		
Restricted for other postemployment benefits.....	\$ 869,974	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

	Other Postemployment Benefit Trust Fund
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions.....	\$ 850,000
Employer contributions for other postemployment benefit payments.....	1,065,361
Total contributions.....	1,915,361
Net investment income:	
Investment income.....	19,974
TOTAL ADDITIONS.....	1,935,335
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	1,065,361
NET INCREASE (DECREASE) IN NET POSITION.....	869,974
NET POSITION AT BEGINNING OF YEAR.....	-
NET POSITION AT END OF YEAR.....	\$ 869,974

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Barnstable County adheres to the County form of government prescribed by Massachusetts General Laws (MGL) and the County of Barnstable Home Rule Charter, enacted under Chapter 163 of the Acts of 1988, Chapter 716 of the Acts of 1989, and Chapter 2 of the Acts of 1990. The County is governed by an elected Board of Commissioners (three members) and an Assembly of Delegates. The Assembly of Delegates is comprised of representatives from each municipality within Barnstable County, elected for terms of two years each by the voters in each of the municipalities of the County.

As required by GAAP, these basic financial statements present the government and its component units, entities for which the County is considered to be financially accountable.

For financial reporting purposes, the County has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The County has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the basic financial statements to be misleading or incomplete. It has been determined that there are no component units that meet the requirements for inclusion in the County's financial statements.

B. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

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

Fund Financial Statements

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

Major Fund Criteria

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

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and

deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Fund Financial Statements

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

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

The following major governmental funds are reported:

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

The *Cape Cod Commission fund* is used to account for the activities of the Cape Cod Commission. These activities include the promotion of affordable housing, sponsorship of economic development programs, preservation of historic sites, preservation of open space, planning and analysis of transportation, solid waste and hazardous waste management, and protection of water quality and water supplies.

The *septic loan program fund* is used to account for the activities associated with the issuance of loans for septic system repairs.

The *capital projects fund* is used to account for capital outlays and the corresponding financial resources to finance these costs.

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

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

The following major proprietary fund is reported:

The *dredge enterprise fund* is used to account for the activities of the County dredge operations.

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

The following fiduciary fund types are reported:

The *agency fund* is used to account for assets held in a purely custodial capacity, primarily related to the Cape Light Compact.

D. Cash

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurement

The County reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the County's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting. Loans receivable in the governmental funds are reported as restricted fund balance, net of any uncollectible amounts.

Departmental and Other

Departmental and other receivables consist of various departmental revenues earned at year-end and received subsequent to year-end, net of an allowance for uncollectible accounts. Allowances for uncollectible accounts are estimated based upon historical trends and specific account analysis.

Intergovernmental

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

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. 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 government-wide and fund financial statements, and therefore are not reported. Inventories of the airport enterprise fund are carried at weighted average cost.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and software, are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, 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.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	20-40
Buildings and improvements.....	10-20
Machinery and equipment.....	3-20
Vehicles.....	5-10
Software.....	5-10

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has reported deferred outflows of resources related to pensions within this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has reported deferred inflows of resources related to pensions and OPEB within this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The County does not have any items that qualify for reporting in this category.

J. 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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances."

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

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

Net position has been "restricted for" the following:

"Loans" represents amounts restricted relating to loans to be issued through the septic loan program.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The Assembly of Delegates is the highest level of decision-making authority for the government that can, by adoption of a supplemental appropriation prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the supplemental appropriation remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The Assembly of Delegates may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

The County’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Governmental Fund Financial Statements

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

N. Investment Income

Investment income from special revenue funds and capital project funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

O. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Individual Fund Deficits

The capital projects fund has a fund deficit of \$7.2 million at June 30, 2019. This deficit will be funded through available fund balance and future long-term bond proceeds.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$33,824,986 and the bank balance totaled \$34,645,487. Of the bank balance, \$1,750,000 was covered by Federal Depository Insurance, \$3,906,693 was covered by Depositors Insurance

Fund, \$19,057,376 was covered by the Share Insurance Fund, and \$9,931,418 was uninsured and uncollateralized.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the County will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The County's investments subject to custodial credit risk include \$572,569 in equity securities, \$416,922 in equity mutual funds, and \$192,985 in fixed income mutual funds. These investments have custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty. The County does not have an investment policy for custodial credit risk.

Interest Rate Risk

The County does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The County has not adopted a formal policy related to credit risk.

Concentration of Credit Risk

The County places no limit on the amount that may be invested in any one issuer.

Fair Value of Investments

The County holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the County's mission, the County determines that the disclosures related to these investments only need to be disaggregated by major type.

The County 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.

The County's \$572,569 of equity securities, \$416,922 of equity mutual funds, \$192,985 of fixed income mutual funds, and \$260,067 of money market mutual funds at June 30, 2019 are measured using quoted prices in active markets for identical assets (level 1).

NOTE 3 - RECEIVABLES

At June 30, 2019, receivables for the individual major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivable Type	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Loans:</u>			
Septic.....	\$ 14,510,277	\$ -	\$ 14,510,277
HUD Home.....	2,444,586	-	2,444,586
Other.....	8,278	-	8,278
 Total.....	 16,963,141	 -	 16,963,141
 <u>Other Receivables:</u>			
Departmental and other.....	153,383	-	153,383
Intergovernmental.....	749,920	-	749,920
 Total.....	 \$ 17,866,444	 \$ -	 \$ 17,866,444

At June 30, 2019, receivables for the dredge enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 166,050	\$ -	\$ 166,050

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 947,995	\$ -	\$ -	\$ 947,995
Construction in progress.....	218,516	-	-	218,516
Total capital assets not being depreciated.....	<u>1,166,511</u>	<u>-</u>	<u>-</u>	<u>1,166,511</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	697,644	12,925	-	710,569
Buildings.....	6,533,702	-	-	6,533,702
Buildings and improvements.....	5,268,968	457,293	-	5,726,261
Machinery and equipment.....	3,126,649	244,166	-	3,370,815
Vehicles.....	809,289	-	-	809,289
Software.....	920,788	-	-	920,788
Total capital assets being depreciated.....	<u>17,357,040</u>	<u>714,384</u>	<u>-</u>	<u>18,071,424</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(324,733)	(29,855)	-	(354,588)
Buildings.....	(6,005,849)	(40,512)	-	(6,046,361)
Buildings and improvements.....	(2,268,230)	(228,059)	-	(2,496,289)
Machinery and equipment.....	(2,621,520)	(187,159)	-	(2,808,679)
Vehicles.....	(713,741)	(46,309)	-	(760,050)
Software.....	(392,506)	(63,863)	-	(456,369)
Total accumulated depreciation.....	<u>(12,326,579)</u>	<u>(595,757)</u>	<u>-</u>	<u>(12,922,336)</u>
Total capital assets being depreciated, net.....	<u>5,030,461</u>	<u>118,627</u>	<u>-</u>	<u>5,149,088</u>
Total governmental activities capital assets, net.....	<u>\$ 6,196,972</u>	<u>\$ 118,627</u>	<u>\$ -</u>	<u>\$ 6,315,599</u>
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 1,592,586	\$ -	\$ (1,592,586)	\$ -
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	1,638,410	1,734,828	-	3,373,238
Vehicles.....	205,575	-	-	205,575
Intangible assets.....	12,000	-	-	12,000
Total capital assets being depreciated.....	<u>1,855,985</u>	<u>1,734,828</u>	<u>-</u>	<u>3,590,813</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,616,867)	(83,180)	-	(1,700,047)
Vehicles.....	(165,373)	(18,024)	-	(183,397)
Intangible assets.....	(12,000)	-	-	(12,000)
Total accumulated depreciation.....	<u>(1,794,240)</u>	<u>(101,204)</u>	<u>-</u>	<u>(1,895,444)</u>
Total capital assets being depreciated, net.....	<u>61,745</u>	<u>1,633,624</u>	<u>-</u>	<u>1,695,369</u>
Total business-type activities capital assets, net.....	<u>\$ 1,654,331</u>	<u>\$ 1,633,624</u>	<u>\$ (1,592,586)</u>	<u>\$ 1,695,369</u>

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

Governmental Activities:	
General government.....	\$ 147,193
County services.....	161,391
Health & human services.....	271,703
Public safety.....	7,393
Planning & development.....	<u>8,077</u>
Total depreciation expense - governmental activities.....	<u>\$ 595,757</u>
 Business-Type Activities:	
Dredge.....	<u>\$ 101,204</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

Transfers Out:	Transfers In:			
	General fund	Cape Code Commission	Nonmajor governmental funds	Total
General fund.....	\$ -	\$ -	\$ 1,013,573	\$ 1,013,573 (1)
Nonmajor governmental funds.....	<u>32,966</u>	<u>206,043</u>	<u>-</u>	<u>239,009 (2)</u>
Total.....	<u>\$ 32,966</u>	<u>\$ 206,043</u>	<u>\$ 1,013,573</u>	<u>\$ 1,252,582</u>

- (1) Budgeted transfer from the general fund to the Fire & Rescue Training Academy fund and other nonmajor governmental funds.
- (2) Transfer to the Cape Cod Commission fund for indirect costs and various transfers to the General fund from other nonmajor governmental funds to close accounts.

NOTE 6 - SHORT-TERM FINANCING

The County is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations of the County and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the year ended June 30, 2019, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2018	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2019
Governmental Funds:							
BAN	Municipal Purpose.....	1.30%	09/20/18	\$ 932,926	\$ -	\$ (932,926)	\$ -
BAN	Municipal Purpose.....	2.60%	09/20/19	-	760,000	-	760,000
Total Governmental Funds.....				\$ 932,926	\$ 760,000	\$ (932,926)	\$ 760,000

At maturity on September 20, 2019 the County rolled the BAN into a new BAN, which will come due on September 18, 2020 and has an interest rate of 1.75%.

NOTE 7 - LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the County’s outstanding indebtedness at June 30, 2019, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
MWCT Septic Loan Program.....	2027	\$ 2,850,000	0.00	\$ 1,350,000
MWCT Septic Loan Program.....	2029	2,550,000	0.00	1,476,312
MWCT Septic Loan Program.....	2030	3,600,000	0.00	2,160,000
MWCT Septic Loan Program.....	2030	3,000,000	0.00	1,800,000
MWCT Septic Loan Program.....	2033	4,000,000	0.00	2,800,000
MWCT Septic Loan Program.....	2033	3,000,000	0.00	2,100,000
MWCT Septic Loan Program.....	2033	5,000,000	0.00	3,500,000
MWCT Septic Loan Program.....	2035	5,000,000	0.00	4,000,000
Municipal Purpose Bonds of 2017	2022	2,387,000	5.00	2,010,000
Subtotal Governmental Bonds Payable.....		\$ 31,387,000		21,196,312
Add: Unamortized premium on bonds.....				260,626
Total Bonds Payable, net.....				\$ 21,456,938

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

Year	Principal	Interest	Total
2020.....	\$ 1,839,211	\$ 109,987	\$ 1,949,198
2021.....	1,834,211	83,862	1,918,073
2022.....	1,829,210	58,112	1,887,322
2023.....	1,829,210	32,613	1,861,823
2024.....	1,564,210	17,364	1,581,574
2025.....	1,554,210	12,613	1,566,823
2026.....	1,544,210	8,362	1,552,572
2027.....	1,539,210	5,238	1,544,448
2028.....	1,529,210	3,464	1,532,674
2029.....	1,339,210	2,563	1,341,773
2030.....	1,339,210	2,046	1,341,256
2031.....	1,205,000	1,499	1,206,499
2032.....	875,000	922	875,922
2033.....	875,000	313	875,313
2034.....	250,000	-	250,000
2035.....	250,000	-	250,000
Total.....	\$ 21,196,312	\$ 338,952	\$ 21,535,264

The County receives subsidy assistance from the Massachusetts Clean Water Trust (MCWT). Interest on the outstanding bonds for MCWT is subsidized over the life of the bonds to assist the County in repayment of this future debt. Future interest subsidies total approximately \$3.1 million and will be recognized as revenue when incurred. During 2019, the County’s interest subsidy amounted to approximately \$435,000.

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Municipal Purpose Bonds of 2017	2032	\$ 2,000,000	2 - 5%	\$ 1,865,000

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

Year	Principal	Interest	Total
2020.....	\$ 135,000	\$ 65,251	\$ 200,251
2021.....	135,000	58,501	193,501
2022.....	135,000	51,751	186,751
2023.....	135,000	45,000	180,000
2024.....	135,000	38,249	173,249
2025.....	135,000	31,500	166,500
2026.....	135,000	24,751	159,751
2027.....	135,000	19,350	154,350
2028.....	135,000	15,974	150,974
2029.....	130,000	13,325	143,325
2030.....	130,000	10,645	140,645
2031.....	130,000	7,801	137,801
2032.....	130,000	4,794	134,794
2033.....	130,000	1,625	131,625
Total.....	\$ 1,865,000	\$ 388,517	\$ 2,253,517

The County is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2019, the County had authorized and unissued debt as follows:

Purpose	Amount
Various capital projects.....	\$ <u>7,270,145</u>

Changes in Long-term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 23,037,523	\$ -	\$ (1,841,211)	\$ -	\$ -	\$ 21,196,312	\$ 1,839,211
Add: unamortized premium.....	356,381	-	-	-	(95,755)	260,626	78,282
Total long-term bonds payable.....	23,393,904	-	(1,841,211)	-	(95,755)	21,456,938	1,917,493
Legal settlement.....	2,828,588	-	-	-	(123,840)	2,704,748	126,317
Compensated absences.....	1,108,000	-	-	959,000	(993,000)	1,074,000	871,000
Total OPEB liability.....	25,911,392	-	-	6,325,357	(936,101)	31,300,648	-
Net pension liability.....	49,420,330	-	-	11,731,375	(4,122,033)	57,029,672	-
Total governmental activity long-term liabilities.....	\$ 102,662,214	\$ -	\$ (1,841,211)	\$ 19,015,732	\$ (6,270,729)	\$ 113,566,006	\$ 2,914,810
Business-Type Activities:							
Long-term bonds payable.....	\$ 2,000,000	\$ -	\$ (135,000)	\$ -	\$ -	\$ 1,865,000	\$ 135,000
Compensated absences.....	45,000	-	-	26,000	(38,000)	33,000	27,000
Total OPEB liability.....	1,043,603	-	-	132,920	(34,164)	1,142,359	-
Net pension liability.....	708,907	-	-	224,875	(71,021)	862,761	-
Total business-type activity long-term liabilities.....	\$ 3,797,510	\$ -	\$ (135,000)	\$ 383,795	\$ (143,185)	\$ 3,903,120	\$ 162,000

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the enterprise fund.

NOTE 8 – LONG-TERM LEGAL SETTLEMENT

The County and Town of Barnstable entered into a Settlement Agreement and Agreement for Judgment, both dated June 28, 2017, that was entered into the Court Docket on June 29, 2017, that brought the litigation to conclusion. The agreements relate to the costs associated with the cleanup of contamination of the Town's water supply from chemicals used in fire training activities at the Barnstable County Fire and Rescue Training Academy. The Agreement for Judgment requires the County to pay \$2,950,000 in damages to the Town in accordance with a Net Debt Service Schedule, reimburse the Town for its actual future operations and maintenance (O&M) costs as defined in the agreement, reimburse the Town \$170,000 for O&M cost related to FY2017 and reimburse the Town for the cost of filters purchased in the future. The annual O&M annual reimbursement will not exceed \$125,000 beginning in FY2018 increased by 3% compounded every other year (e.g., FY2018 and FY2019 \$125,000 and FY2020 \$128,750 etc.). The County will appropriate \$70,000 each year for filter replacements and carryforward any unspent appropriation. The maximum liability for the County is limited to the \$70,000 appropriation each year. Accordingly, the County has recorded a \$2.7 million liability as of June 30, 2019. All other required reimbursements will be recorded as an expense when due.

In order to facilitate the payment of the \$2,950,000 in damages, the Town agreed to borrow \$2,950,000 from the Massachusetts Clean Water Trust (MCWT) for 20 years at a 2.0% interest rate. The Net Debt Service Schedule includes all principal (\$2,950,000), interest (\$658,246), MCWT administration fees (\$49,369 averaging \$2,500 per year) and MCWT origination fee (\$16,225 paid in FY2018). The County will reimburse the Town for all costs associated with this debt. The principal and interest future debt service reimbursement payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020..... \$	126,317	\$ 54,095	\$ 180,412
2021.....	128,844	51,568	180,412
2022.....	131,421	48,991	180,412
2023.....	134,049	46,363	180,412
2024.....	136,730	43,682	180,412
2025.....	139,465	40,947	180,412
2026.....	142,254	38,158	180,412
2027.....	145,099	35,313	180,412
2028.....	148,001	32,411	180,412
2029.....	150,961	29,451	180,412
2030.....	153,980	26,432	180,412
2031.....	157,060	23,352	180,412
2032.....	160,201	20,211	180,412
2033.....	163,405	17,007	180,412
2034.....	166,673	13,739	180,412
2035.....	170,006	10,406	180,412
2036.....	173,407	7,005	180,412
2037.....	176,875	3,543	180,418
Total..... \$	<u>2,704,748</u>	<u>\$ 542,674</u>	<u>\$ 3,247,422</u>

NOTE 9 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

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

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

The County has classified its fund balances with the following hierarchy:

	General	Cape Cod Commission	Septic Loan Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Restricted for:						
Cape cod commission.....	\$ -	\$ 5,192,904	\$ -	\$ -	\$ -	\$ 5,192,904
Septic loan program.....	-	-	23,868,911	-	-	23,868,911
County commissioners.....	-	-	-	-	716,201	716,201
Cooperative extension.....	-	-	-	-	260,169	260,169
Registry of deeds.....	-	-	-	-	856,088	856,088
Health & environmental.....	-	-	-	-	535,102	535,102
Human services.....	-	-	-	-	2,736,483	2,736,483
Children's cove.....	-	-	-	-	18,034	18,034
Cape cod commission.....	-	-	-	-	3,141,836	3,141,836
License plate fund.....	-	-	-	-	687,350	687,350
Miscellaneous.....	-	-	-	-	761,605	761,605
Assigned to:						
Encumbrances:						
County services.....	194,919	-	-	-	-	194,919
Health and human services.....	84,423	-	-	-	-	84,423
Public safety.....	10,984	-	-	-	-	10,984
Planning & development.....	37,500	-	-	-	-	37,500
Debt service.....	72,678	-	-	-	-	72,678
Unassigned.....	14,772,211	-	-	(7,242,651)	-	7,529,560
Total Fund Balances.....	\$ 15,172,715	\$ 5,192,904	\$ 23,868,911	\$ (7,242,651)	\$ 9,712,868	\$ 46,704,747

NOTE 10 - RISK FINANCING*Insurance*

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance.

Health Benefits

The County participates in a health insurance risk pool trust administered by the Cape Cod Municipal Health Group (the Group), a non-profit organization incorporated in July of 1987 to obtain health insurance for member governments at costs eligible to larger groups. The Group offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Group. The County is obligated to pay the Group its required premiums and, in the event the Group is terminated, its pro rata share of a deficit, should one exist.

Workers' Compensation

The County participates in a premium-based workers' compensation policy for all employees.

NOTE 11 - PENSION PLAN*Plan Descriptions*

The County is a member of the Barnstable County Contributory Retirement Association (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The BCRA is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablcounty.org/retirement/association/>.

Benefits Provided

The BCRA provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of 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. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

There were no changes of benefit terms that affected the total pension liability at December 31, 2018.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The County's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2018 and totaled \$4,193,054, or 35.0% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2019, the County reported a liability of \$57.9 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, procedures were used to roll back the total pension liability to the measurement date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2018, the County's proportion was 7.324% compared to the 7.368% proportion measured at December 31, 2017.

Pension Expense

For the year ended June 30, 2019, the County recognized pension expense of \$9.3 million. At June 30, 2019, the County reported deferred outflows of resources related to pensions of \$9.1 million and deferred inflows of resources related to pensions of \$5.7 million.

The balances of deferred outflows and (inflows) at June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (544,834)	\$ (544,834)
Difference between projected and actual earnings, net.....	3,380,910	-	3,380,910
Changes in assumptions.....	4,846,672	-	4,846,672
Changes in proportion and proportionate share of contributions.....	<u>887,879</u>	<u>(5,178,787)</u>	<u>(4,290,908)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 9,115,461</u>	<u>\$ (5,723,621)</u>	<u>\$ 3,391,840</u>

The County’s net deferred outflows and (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2020.....	\$ 1,541,207
2021.....	639,539
2022.....	446,639
2023.....	1,359,308
2024.....	<u>(594,853)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 3,391,840</u>

Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled to December 31, 2018:

Valuation date.....	January 1, 2018
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Appropriations increase at 5.28% per year
Remaining amortization period.....	17 years from July 1, 2018 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 4 years from July 1, 2018 for 2010 Early Retirement Incentive.
Asset valuation method.....	The net pension liability is calculated using the market value of assets. The Association also uses an actuarial value of assets that gradually reflects year-to-year changes in the market value of assets in determining contribution requirements.
Inflation rate.....	3.25%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
Cost of living adjustments.....	3.0% of the first \$18,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 55% of all disabilities are accidental disability. For police and fire employees, 90% of all disabilities are assumed to be accidental disability.

Mortality Rates:

Pre-Retirement.....	The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.
Investment rate of return/Discount rate.....	7.375%, net of pension plan investment expense, including inflation.

Investment policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension 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 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 pension plan’s target asset allocation as of January 1, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	21.00%	6.16%
International developed markets equity....	13.00%	6.69%
International emerging markets equity.....	5.00%	9.47%
Core fixed income.....	15.00%	1.89%
High-yield fixed income.....	8.00%	4.00%
Real estate.....	10.00%	4.58%
Commodities.....	4.00%	4.77%
Hedge fund, GTAA, Risk parity.....	11.00%	3.68%
Private equity.....	13.00%	10.00%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375)	Current Discount (7.375)	1% Increase (8.375)
The County's proportionate share of the net pension liability.....	\$ 73,901,206	\$ 57,892,433	\$ 44,426,339

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description –Barnstable County administers a single-employer defined benefit plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their dependents through the County’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the County and the unions representing County employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – The required contribution is based on a pay-as-you-go financing requirement. The County contributes 75% of the cost of current-year health, dental, and life insurance premiums, respectively for eligible retired plan members and their dependents. Plan members receiving benefits contribute the remaining 25% percent of their premium costs. During 2019, the County contributed approximately \$1.9 million to the plan.

The Commonwealth of Massachusetts passed special legislation that has allowed the County to establish a postemployment benefit trust fund and to enable the County to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2019, the Town pre-funded future OPEB liabilities totaling \$850,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2019, the balance of this fund totaled \$870,000.

Investment policy – The County’s policy in regard to the allocation of invested assets is established and may be amended by the County Commissioners by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total

OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2019:

Active members.....	141
Inactive members currently receiving benefits.....	<u>165</u>
Total.....	<u><u>306</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2019:

Total OPEB liability.....	\$ 35,590,333
Less: OPEB plan’s fiduciary net position.....	<u>(869,974)</u>
Net OPEB liability.....	<u><u>\$ 34,720,359</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	2.44%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was update to June 30, 2019, to be in accordance with GASB Statement #74:

Valuation date.....	June 30, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Investment rate of return.....	7.00%
Discount rate.....	3.50%
Inflation rate.....	3.25%
Salary increases.....	6.0% decreasing over 11 years to an ultimate level of 4.0%.
Health care trend rates:	
Cape Cod Municipal Health Group.....	Non-Medicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
Group Insurance Commission.....	8.0% decreasing by 0.5% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.0% per year.

Dental.....	0.0% for 1 year then 3.0% thereafter.
Part B.....	4.50%
Mortality rates:	
Pre-retirement.....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017
Post-retirement.....	Healthy: RP-2014 Blue Collar Health Annuitant Mortality Table projected generationally with Scale MP-2017 Disabled: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017

Rate of return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 32.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan’s expected future real rate of return is added to the expected inflation of to produce the long-term expected nominal rate of return. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap.....	32.00%	9.67%
Domestic equity - sm/mid cap.....	5.00%	11.43%
International equity - developed market.....	5.00%	7.50%
International equity - emerging market.....	2.00%	10.06%
Domestic core - fixed income.....	34.00%	2.91%
High yield - fixed income.....	4.00%	5.10%
International - fixed income.....	4.00%	6.03%
Alternatives.....	9.00%	5.53%
Real estate.....	5.00%	10.12%
Total.....	100.00%	

Discount Rate – The County’s net other postemployment benefits liability was determined based on a blend of the expected long-term rate of return on assets and the Bond Buyer’s 20 Bond Index, which was 3.50% as of June 30, 2019.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.5%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability.....	\$ 40,668,136	\$ 34,721,863	\$ 29,956,665

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 29,376,399	\$ 34,721,863	\$ 41,590,129

Changes of Assumptions – The discount rate was decreased from 3.87% to 3.50%.

Changes in Plan Provisions – None.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies – For 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 Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Plan Membership – The following table represents the Plan’s membership at June 30, 2018:

Active members.....	141
Inactive employees or beneficiaries currently receiving benefits.....	165
Total.....	306

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2018, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date.....	June 30, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Investment rate of return.....	7.00%
Discount rate.....	3.87%
Inflation rate.....	3.25%
Salary increases.....	6.0% decreasing over 11 years to an ultimate level of 4.0%.
Health care trend rates:	
Cape Cod Municipal Health Group.....	Non-Medicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
Group Insurance Commission.....	8.0% decreasing by 0.5% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.0% per year.
Dental.....	0.0% for 1 year then 3.0% thereafter.
Part B.....	4.50%
Mortality rates:	
Pre-retirement.....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017
Post-retirement.....	Healthy: RP-2014 Blue Collar Health Annuitant Mortality Table projected generationally with Scale MP-2017 Disabled: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017

Discount rate – The 3.87% discount rate was based on the S&P Municipal Bond 20 – Year High Grade Index.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balances at June 30, 2018.....	\$ 26,954,995
Changes for the year:	
Service cost.....	1,120,833
Interest.....	1,052,236
Differences between expected and actual experience.....	1,281,995
Changes in assumptions.....	3,003,213
Benefit payments.....	<u>(970,265)</u>
Net change.....	<u>5,488,012</u>
Balances at June 30, 2019.....	<u>\$ 32,443,007</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following table presents the total other postemployment benefit liability, calculated using the discount rate of 3.87%, as well as what the total other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate.

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability.....	\$ <u>37,775,015</u>	\$ <u>32,443,007</u>	\$ <u>28,159,001</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the total other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the total other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB liability.....	\$ <u>27,887,560</u>	\$ <u>32,443,007</u>	\$ <u>38,246,569</u>

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the GASB Statement #75 measurement date, the County recognized OPEB expense of \$1,591,244. At June 30, 2018, the County reported deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,025,555	\$ -	\$ 1,025,555
Changes in assumptions.....	964,921	(2,000,698)	(1,035,777)
Contributions made subsequent to the measurement date.....	850,000	-	850,000
Total deferred outflows/(inflows) of resources.....	\$ 2,840,476	\$ (2,000,698)	\$ 839,778

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020.....	\$ 680,714
2021.....	(169,287)
2022.....	(169,286)
2023.....	497,638
Total deferred inflows of resources.....	\$ 839,778

Changes of Assumptions – the following assumption changes were reflected in the June 30, 2018 actuarial valuation:

- Per capita health costs and trends for GIC retirees were updated based on the Commonwealth of Massachusetts Postemployment Benefits Other Than Pension Actuarial Valuation as of June 30, 2018.
- The discount rates were updated for the measurement date
- The mortality assumptions were updated.
- The salary scale assumptions were updated.

Changes in Plan Provisions – None.

NOTE 13 - CONTINGENCIES

The County participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2019, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2020, which is the date the financial statements were available to be issued.

NOTE 15 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
County tax assessments.....	\$ -	\$ 3,281,141	\$ 3,281,140	\$ 3,281,140	\$ 3,281,140	\$ -	\$ -
Registry of deeds excise tax.....	-	2,475,000	2,475,000	2,475,000	2,403,262	-	(71,738)
County excise tax.....	-	10,500,000	10,500,000	10,500,000	12,116,353	-	1,616,353
Court house rental.....	-	1,530,000	1,530,000	1,530,000	1,763,345	-	233,345
Intergovernmental.....	-	277,923	277,924	277,924	369,070	-	91,146
Departmental.....	-	970,285	970,285	970,285	1,477,108	-	506,823
Investment income.....	-	75,000	75,000	75,000	346,134	-	271,134
TOTAL REVENUES.....	-	19,109,349	19,109,349	19,109,349	21,756,412	-	2,647,063
EXPENDITURES:							
Current:							
General Government:							
County commissioners.....	4,227	738,574	742,801	722,652	661,212	-	61,440
Information technology services.....	67,697	1,289,853	1,357,550	1,377,853	1,300,787	-	77,066
Resource development office.....	29,287	660,774	690,061	676,368	623,556	-	52,812
Assembly of delegates.....	1,328	308,474	309,802	319,617	313,584	-	6,033
Finance.....	8,073	674,033	682,106	714,596	673,686	-	40,910
Total General Government.....	110,612	3,671,708	3,782,320	3,811,086	3,572,825	-	238,261
County Services:							
Facilities.....	44,390	2,412,415	2,456,805	2,461,116	2,076,264	148,497	236,355
Cooperative extension services.....	38,667	1,920,141	1,958,808	1,861,300	1,766,878	44,127	50,295
Registry of deeds.....	1,343	2,568,210	2,569,553	2,582,165	2,520,501	2,295	59,369
Joint initiatives.....	49,433	-	49,433	15,153	15,153	-	-
Total County Services.....	133,833	6,900,766	7,034,599	6,919,734	6,378,796	194,919	346,019
Health and Human Services:							
Health & environmental.....	69,183	2,648,078	2,717,261	2,792,016	2,441,488	22,999	327,529
Human services.....	73,169	787,106	860,275	845,281	514,829	57,643	272,809
Children's care.....	1,225	384,511	385,736	411,675	377,894	3,781	30,000
Total Health and Human Services.....	143,577	3,819,695	3,963,272	4,048,972	3,334,211	84,423	630,338
Public Safety:							
Fire training academy.....	2,378	431,367	433,745	507,639	460,093	10,984	36,562
Sheriff retirees retirement.....	-	1,506,576	1,506,576	1,506,576	1,506,576	-	-
Total Public Safety.....	2,378	1,937,943	1,940,321	2,014,215	1,966,669	10,984	36,562
Planning and Development:							
Water quality initiatives.....	132,134	-	132,134	132,799	91,695	37,500	3,604
Shared Costs:							
Fringe benefits - retirees.....	-	1,208,678	1,208,678	1,213,678	1,148,804	-	64,874
Miscellaneous & contingent.....	71,623	821,465	893,088	861,265	797,239	-	64,026
Total Shared Costs.....	71,623	2,030,143	2,101,766	2,074,943	1,946,043	-	128,900
Debt service:							
Principal.....	-	506,710	506,710	506,710	377,000	72,678	57,032
Interest.....	-	181,860	181,860	181,860	171,669	-	10,191
Total Debt Service.....	-	688,570	688,570	688,570	548,669	72,678	67,223
TOTAL EXPENDITURES.....	594,157	19,048,825	19,642,982	19,690,319	17,838,908	400,504	1,450,907
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..	(594,157)	60,524	(533,633)	(580,970)	3,917,504	(400,504)	4,097,970
OTHER FINANCING SOURCES (USES):							
Use of reserves for prior year carryforwards.....	594,157	-	594,157	594,157	-	-	(594,157)
Budgeted use of reserves.....	-	-	-	1,897,448	-	-	(1,897,448)
Transfers in.....	-	-	-	-	32,994	-	32,994
Transfers out.....	-	-	-	(1,850,111)	(1,863,573)	-	(13,462)
TOTAL OTHER FINANCING SOURCES (USES).....	594,157	-	594,157	641,494	(1,830,579)	-	(2,472,073)
NET CHANGE IN FUND BALANCE.....	-	60,524	60,524	60,524	2,086,925	(400,504)	1,625,897
BUDGETARY FUND BALANCE, Beginning of year.....	-	13,085,790	13,085,790	13,085,790	13,085,790	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ -	\$ 13,146,314	\$ 13,146,314	\$ 13,146,314	\$ 15,172,715	\$ (400,504)	\$ 1,625,897

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the County's Proportionate Share of the Net Pension Liability presents multi-year trend information on the County's net pension liability and related ratios.

The Schedule of County's Contributions presents multi-year trend information on the County's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
BARNSTABLE COUNTY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2018.....	7.324%	\$ 57,892,433	\$ 11,853,629	488.39%	57.63%
December 31, 2017.....	7.368%	50,129,237	11,637,484	430.76%	61.86%
December 31, 2016.....	7.597%	53,383,346	12,100,397	441.17%	57.28%
December 31, 2015.....	7.623%	47,998,984	11,263,730	426.14%	58.10%
December 31, 2014.....	7.650%	43,187,586	11,524,598	374.74%	60.43%

Note: 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.

See notes to required supplementary information.

SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
BARNSTABLE COUNTY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2019.....	\$ 4,193,054	\$ (4,193,054)	-	\$ 11,972,165	35.02%
June 30, 2018.....	3,949,166	(3,949,166)	-	11,753,859	33.60%
June 30, 2017.....	3,871,642	(3,871,642)	-	12,127,401	31.92%
June 30, 2016.....	3,773,174	(3,773,174)	-	11,289,974	33.42%
June 30, 2015.....	3,618,501	(3,618,501)	-	11,549,709	31.33%

Note: 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.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

GASB Statement #74:

The Schedule of Changes in the County's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the County's Contributions presents multi-year trend information on the actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of the County's Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

GASB Statement #75:

The Schedule of Changes in the County's Total Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>GASB 74 Disclosure</u>	June 30, 2019
Total OPEB Liability	
Service Cost.....	\$ 1,079,053
Interest.....	1,180,645
Changes of benefit terms.....	-
Differences between expected and actual experience.....	(122,264)
Changes of assumptions.....	4,562,083
Benefit payments.....	<u>(1,065,361)</u>
Net change in total OPEB liability.....	5,634,156
Total OPEB liability - beginning.....	<u>29,956,177</u>
Total OPEB liability - ending (a).....	<u>\$ 35,590,333</u>
Plan fiduciary net position	
Employer contributions.....	\$ 850,000
Employer contributions for OPEB payments.....	-
Net investment income.....	19,974
Benefit payments.....	-
Administrative expense.....	<u>-</u>
Net change in plan fiduciary net position.....	869,974
Plan fiduciary net position - beginning of year.....	<u>-</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 869,974</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 34,720,359</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	2.44%
Covered-employee payroll.....	\$ 10,354,986
Net OPEB liability as a percentage of covered-employee payroll.....	335.30%

Note: 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.

See notes to required supplementary information.

**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2019.....	\$ 1,761,909	\$ (1,880,936)	\$ (119,027)	\$ 10,354,986	18.16%

Note: 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.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2019.....	32.14%

Note: 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.

See notes to required supplementary information.

**SCHEDULE OF CHANGES IN THE
COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

GASB 75 Disclosure

	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost.....	\$ 1,175,474	\$ 1,120,833
Interest.....	845,699	1,052,236
Changes of benefit terms.....	-	-
Differences between expected and actual experience....	-	1,281,995
Changes of assumptions.....	(3,126,080)	3,003,213
Benefit payments.....	(870,450)	(970,265)
Net change in total OPEB liability.....	(1,975,357)	5,488,012
Total OPEB liability - beginning.....	28,930,352	26,954,995
Total OPEB liability - ending.....	\$ 26,954,995	\$ 32,443,007
Covered-employee payroll.....	\$ 9,952,889	\$ 10,151,947
Total OPEB liability as a percentage of covered-employee payroll.....	270.83%	319.57%

Note: 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.

See notes to required supplementary information.

NOTE A - BUDGETARY BASIS OF ACCOUNTING**1. Budgetary Information**

MGL requires the County to adopt a balanced budget that is approved by the Commissioners and the Assembly of Delegates. The Commissioners present an annual budget to the Assembly of Delegates, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Assembly of Delegates, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget require majority Assembly of Delegates approval via a supplemental appropriation or an Assembly of Delegates order.

The majority of the County's appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year.

Generally, expenditures may not exceed the level of spending authorized for an appropriation account. However, the County is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of the Commissioners.

The County adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2019 approved budget for the general fund authorized \$19.6 million in appropriations. During 2019, the County approved supplemental appropriations totaling \$1.9 million funded through reserves.

The County Finance Director has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the County's accounting system.

NOTE B - PENSION PLAN***Pension Plan Schedules - County*****A. Schedule of the County's Proportionate Share of the Net Pension Liability**

The Schedule of the County's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of County's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The County may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the County based on covered payroll.

C. Changes in Assumptions

None.

D. Changes in Plan Provisions

None.

NOTE C - OTHER POSTEMPLOYMENT BENEFITS

The County administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the County’s group health insurance plan, which covers both active and retired members.

A. Schedule of Changes in the County’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the County’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered-employee payroll.

B. Schedule of the County’s Contributions

The Schedule of the County’s Contributions includes the County’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The County is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

D. Changes of Assumptions

The discount rate was decreased from 3.87% to 3.50%.

E. Changes in Provisions

None.

Additional Information

The following Additional Information is a requirement of the Massachusetts Department of Transportation (MDOT).

BARNSTABLE COUNTY - CAPE COD COMMISSION
SCHEDULE OF FRINGE AND INDIRECT COST RATE - SINGLE RATE

YEAR ENDED JUNE 30, 2019

	<u>Indirect Costs Incurred</u>	<u>Indirect Costs Disallowed</u>	<u>Indirect Costs Allowed</u>
Administrative salaries.....	\$ 518,435	\$ -	\$ 518,435
Administrative fringe benefits.....	1,195,675	-	1,195,675
Indirect personnel costs.....	461,341	-	461,341
Other indirect costs.....	375,761	-	375,761
Equipment depreciation.....	<u>14,687</u>	<u>-</u>	<u>14,687</u>
Total.....	\$ <u>2,565,899</u>	\$ <u>-</u>	\$ <u>2,565,899</u>
Indirect costs allowed.....			\$ 2,565,899
Total direct salaries.....			\$ 1,910,397
Total indirect costs allowed as a percentage of total direct salaries.....			<u>134.31%</u>

BARNSTABLE COUNTY - CAPE COD COMMISSION
SCHEDULE OF FRINGE AND INDIRECT COST RATE - TWO RATE

YEAR ENDED JUNE 30, 2019

	<u>Indirect Costs Incurred</u>	<u>Indirect Costs Disallowed</u>	<u>Indirect Costs Allowed</u>
FRINGE RATE			
Administrative fringe benefits.....	\$ 1,195,675	\$ -	\$ 1,195,675
Indirect personnel costs.....	<u>461,341</u>	<u>-</u>	<u>461,341</u>
Total fringe pool.....	<u>\$ 1,657,016</u>	<u>\$ -</u>	\$ 1,657,016
Indirect costs allowed (fringe pool).....			<u>\$ 1,657,016</u>
Total direct and indirect salaries			<u>\$ 2,428,832</u>
Total indirect costs allowed (fringe pool) as a percentage of total direct and indirect salaries.....			<u>68.22% (A)</u>
INDIRECT COST RATE			
Administrative salaries.....	\$ 518,435	\$ -	\$ 518,435
Indirect salaries allocated to indirect labor (Indirect salaries x fringe rate).....	353,691	-	353,691
Other indirect costs.....	375,761	-	375,761
Equipment capitalized.....	-	-	-
Equipment depreciation.....	<u>14,687</u>	<u>-</u>	<u>14,687</u>
Total indirect costs.....	<u>\$ 1,262,574</u>	<u>\$ -</u>	\$ 1,262,574
Indirect costs allowed.....			<u>\$ 1,262,574</u>
Total direct salaries.....			\$ 1,910,397
Total indirect costs allowed as a percentage of total direct salaries.....			<u>66.09% (B)</u>
Total indirect cost rate (A + B).....			<u>134.31%</u>

BARNSTABLE COUNTY - CAPE COD COMMISSION
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2019

	MA DOT 95412 0011	MADOT FTA MA80-X011 0013	MADOT FTA MA80-X012 0013	EDA 2275	NOAA Resilient CC 2282	DEP Water Quality 2284 0221	MADOT Bike Racks 2286
REVENUES:							
Federal, state and local grants.....	\$ 619,491	\$ 74,370	\$ 4,881	\$ 7,052	\$ 267,545	\$ 398,772	\$ 69,777
Local assessments*.....	4,319	18,287	2,833	-	96,660	-	-
TOTAL REVENUES.....	623,810	92,657	7,714	7,052	364,205	398,772	69,777
EXPENDITURES:							
Direct salaries.....	250,267	29,124	5,530	-	39,733	-	-
Indirect costs.....	336,133	39,117	7,427	-	53,365	-	-
Direct costs.....	24,223	280	142	-	178,478	264,262	69,777
TOTAL EXPENDITURES.....	610,623	68,521	13,099	-	271,576	264,262	69,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	\$ 13,187	\$ 24,136	\$ (5,385)	\$ 7,052	\$ 92,629	\$ 134,510	\$ -

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

(Continued)

Seaport Council Blue Economy 2288	Bourne Econ Development 2298	DEP 604B 2788	EOEEA Comm Resiliency 2800	DHCD DLTA 2801 1218	DHCD DLTA 2801 1219	USDA SE Pine Barrens 2803	US EDA Partnership Planning 2810	US EPA SNEP/RAS 2817
\$ -	\$ -	\$ 20,994	\$ 93,750	\$ -	\$ 186,965	\$ 1,058	\$ 70,000	\$ 5,920
-	-	36,210	30,871	11,281	14,496	3,028	67,830	23,457
-	-	57,204	124,621	11,281	201,461	4,086	137,830	29,377
-	6,816	7,915	-	37,311	1,919	1,315	29,412	9,295
-	9,155	10,631	-	50,112	2,577	1,766	39,503	12,484
21,749	-	16,341	52,500	100,502	23,109	-	-	38,444
21,749	15,971	34,887	52,500	187,925	27,605	3,081	68,915	60,223
\$ (21,749)	\$ (15,971)	\$ 22,317	\$ 72,121	\$ (176,644)	\$ 173,856	\$ 1,005	\$ 68,915	\$ (30,846)

(Continued)

BARNSTABLE COUNTY - CAPE COD COMMISSION
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2019

	USGS Aquifer Dat 2818	EOEEA/ Towns MVP 2825	US EDA Marine Sci/Tech 2835	Forums/ Meetings 8017	Mitigation 8023	Affordable Housing 8061	Total
REVENUES:							
Federal, state and local grants.....	\$ 4,726	\$ -	\$ 3,174	\$ 11,460	\$ 79,621	\$ -	\$ 1,919,556
Local assessments*.....	7,919	1,516	-	-	-	-	318,707
TOTAL REVENUES.....	12,645	1,516	3,174	11,460	79,621	-	2,238,263
EXPENDITURES:							
Direct salaries.....	2,461	35,430	2,167	-	-	-	458,695
Indirect costs.....	3,366	47,586	2,911	-	-	-	616,133
Direct costs.....	-	-	-	3,698	408,233	5,687	1,207,425
TOTAL EXPENDITURES.....	5,827	83,016	5,078	3,698	408,233	5,687	2,282,253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	\$ 6,818	\$ (81,500)	\$ (1,904)	\$ 7,762	\$ (328,612)	\$ (5,687)	\$ (43,990)

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

(Concluded)