



COUNTY OF BARNSTABLE, MASSACHUSETTS

Annual Financial Statements
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Commissioners
County of Barnstable, Massachusetts

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 the County of Barnstable, Massachusetts (the County), as of and for the year ended June 30, 2020, and the related notes to 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

The County's 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.

Auditors' 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*, issues by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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

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entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 opinions.

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 of Barnstable, Massachusetts, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Management's Discussion and Analysis, the budgetary comparison for the general fund, and certain pension and OPEB schedules 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 nor provide any assurance on the information because the limited procedures do not provide us with evidence sufficient 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 the County's basic financial statements. The accompanying supplementary information appearing on pages 60 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021 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 solely 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 effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

Melanson

Andover, Massachusetts
September 27, 2021



COUNTY OF BARNSTABLE, MASSACHUSETTS

Management's Discussion and Analysis

As management of the County of Barnstable, Massachusetts (the County) we offer readers this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required/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 our finances in a manner similar to a 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 reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal 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 fiscal periods.

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 and human services, public safety, planning and development, and interest on long-term debt expenses. The business-type activities include 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. The County's funds are reported 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. Included in the proprietary fund category is the County's dredge enterprise fund.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, or (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for the County's dredge operations which is considered to be a major fund.

Fiduciary funds

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

Notes to 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.

Required/Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required/other supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, the total of liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(61,354,953) (i.e., net position), a change of \$(4,834,105) in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$32,979,343, a change of \$3,229,459 in comparison to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,321,610, a change of \$(6,450,641) in comparison to the prior fiscal year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years:

	<u>NET POSITION</u>					
	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 54,209,796	\$ 50,289,295	\$ 1,044,408	\$ 2,000,945	\$ 55,254,204	\$ 52,290,240
Capital assets	6,213,618	6,315,599	3,310,360	1,695,369	9,523,978	8,010,968
Total Assets	60,423,414	56,604,894	4,354,768	3,696,314	64,778,182	60,301,208
Deferred outflows of resources	14,955,450	11,746,713	403,130	209,224	15,358,580	11,955,937
Current liabilities	7,111,976	6,397,024	1,442,603	162,000	8,554,579	6,559,024
Noncurrent liabilities	<u>117,268,657</u>	<u>110,753,530</u>	<u>4,020,712</u>	<u>3,741,120</u>	<u>121,289,369</u>	<u>114,494,650</u>
Total Liabilities	124,380,633	117,150,554	5,463,315	3,903,120	129,843,948	121,053,674
Deferred inflows of resources	11,460,066	7,544,333	187,701	179,986	11,647,767	7,724,319
Net investment in capital assets	3,792,187	3,284,973	512,290	312,369	4,304,477	3,597,342
Restricted	38,873,003	38,774,683	-	-	38,873,003	38,774,683
Unrestricted	<u>(103,127,025)</u>	<u>(98,402,936)</u>	<u>(1,405,408)</u>	<u>(489,937)</u>	<u>(104,532,433)</u>	<u>(98,892,873)</u>
Total Net Position	<u>\$ (60,461,835)</u>	<u>\$ (56,343,280)</u>	<u>\$ (893,118)</u>	<u>\$ (177,568)</u>	<u>\$ (61,354,953)</u>	<u>\$ (56,520,848)</u>

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At the close of the most recent fiscal year, total net position was \$(61,354,953), a change of \$(4,834,105) in comparison to the prior fiscal year.

Net investment in capital assets, \$4,304,477, reflects our investment in capital assets (e.g., land, land improvements, buildings and improvements, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide

services; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$38,873,003, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position reflects a deficit of \$(104,532,433), primarily resulting from unfunded net pension and net OPEB liabilities.

CHANGES IN NET POSITION						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues:						
Charges for services	\$ 6,332,469	\$ 5,957,347	\$ 932,042	\$ 1,014,716	\$ 7,264,511	\$ 6,972,063
Operating grants and contributions	7,557,046	6,103,314	-	-	7,557,046	6,103,314
Capital grants and contributions	4,128,135	3,963,191	-	-	4,128,135	3,963,191
General revenues:						
County tax assessments	3,363,170	3,281,140	-	-	3,363,170	3,281,140
County deeds excise taxes	11,488,743	12,116,353	-	-	11,488,743	12,116,353
Registry of deeds excise taxes	2,481,646	2,403,262	-	-	2,481,646	2,403,262
Investment income	270,872	805,029	8,781	17,172	279,653	822,201
Rental income	1,792,269	1,780,726	-	-	1,792,269	1,780,726
Miscellaneous revenues	81,462	307,090	-	-	81,462	307,090
Total Revenues	37,495,812	36,717,452	940,823	1,031,888	38,436,635	37,749,340
Expenses						
General government	6,593,708	6,317,560	-	-	6,593,708	6,317,560
County Services	10,547,945	9,859,391	-	-	10,547,945	9,859,391
Health and Human Services	12,945,432	12,102,708	-	-	12,945,432	12,102,708
Public safety	3,287,035	3,735,768	-	-	3,287,035	3,735,768
Planning and development	7,806,923	8,364,123	-	-	7,806,923	8,364,123
Interest on long-term debt	433,324	510,586	-	-	433,324	510,586
Dredge operations	-	-	1,656,373	1,256,292	1,656,373	1,256,292
Total Expenses	41,614,367	40,890,136	1,656,373	1,256,292	43,270,740	42,146,428
Change in net position	(4,118,555)	(4,172,684)	(715,550)	(224,404)	(4,834,105)	(4,397,088)
Net position - beginning of year	(56,343,280)	(52,170,596)	(177,568)	46,836	(56,520,848)	(52,123,760)
Net position - end of year	\$ (60,461,835)	\$ (56,343,280)	\$ (893,118)	\$ (177,568)	\$ (61,354,953)	\$ (56,520,848)

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(4,118,555). Key elements of this change are as follows:

Increase in net OPEB liability, net of related deferrals	\$ (5,717,623)
Increase in net pension liability, net of related deferrals	(2,335,710)
Debt service in excess of depreciation	1,303,205
Change in fund balance of governmental funds	3,229,459
Other	(597,886)
Total	\$ (4,118,555)

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$(715,550). This change is largely attributable to increases in the net OPEB and net pension liabilities. Additional changes are attributable to operating losses arising from operating expenses exceeding operating revenues.

Financial Analysis of the County’s Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund balance was \$8,321,610, while total fund balance was \$10,971,113.

As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Refer to the table below:

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 8,321,610	\$ 14,772,211	\$ (6,450,601)	47.94%
Total fund balance	10,971,113	15,172,715	(4,201,602)	63.21%

The total fund balance of the General Fund changed by \$(4,201,602) during the current fiscal year. Key factors related to this change are as follows:

Revenues in excess of budget	\$ 824,950
Expenditures less than budget	2,696,447
Use of fund balance as a funding source	(7,625,820)
Other	<u>(97,179)</u>
Total	\$ <u>(4,201,602)</u>

The use of fund balance as a funding source is largely attributable to budgeted transfers to the capital projects fund for expenditures incurred in prior years of \$6,786,450.

Cape Cod Commission Fund

The Cape Cod Commission fund balance increased by \$507,001 over the prior year primarily due to the timing difference between the expenditures and reimbursements of grant funds.

Septic Loan Program Fund

The Septic Loan Program fund balance decreased by \$(932,888) over the prior year primarily attributable to debt service expenditures.

Nonmajor Governmental Funds

The Nonmajor Governmental funds balance increased by \$7,856,948 over the prior year primarily attributable to transfers from the general fund for previous deficit balances in the capital projects fund.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the Dredge enterprise fund activities at the end of the fiscal year amounted to \$(1,405,408). This is largely attributable the fund's portion of the unfunded net pension and net OPEB liabilities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$7,742,517. Major reasons for these amendments include:

- \$6,786,450 to fund prior year capital project fund deficits
- \$400,504 for carryforwards of prior year purchase orders (encumbrances)
- \$250,000 to establish an emergency management fund
- \$95,250 for the County's match of various grant awards
- \$210,313 for other departmental expenditures

Of this increase, \$7,342,013 was funded from unassigned fund balance while \$400,504 was funded from assigned fund balance.

Capital Asset and Debt Administration

Capital assets

Total investment in capital assets at year-end amounted to \$9,523,978 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and software.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-term debt

At the end of the current fiscal year, total bonded debt outstanding was \$21,269,445, all of which was backed by the full faith and credit of the County.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the County of Barnstable, Massachusetts' finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

County Commissioners Office
County of Barnstable, Massachusetts
3195 Main Street
Barnstable, Massachusetts 02630

COUNTY OF BARNSTABLE, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and short-term investments	\$ 36,237,332	\$ 856,122	\$ 37,093,454
Investments	345,242	-	345,242
Receivables, net of allowance for uncollectibles			
Departmental	277,257	-	277,257
Intergovernmental	1,040,998	-	1,040,998
User charges	-	188,286	188,286
Total Current Assets	37,900,829	1,044,408	38,945,237
Noncurrent Assets:			
Receivables, net of allowance for uncollectibles:			
Loans	16,308,967	-	16,308,967
Capital assets depreciable, net	5,078,623	3,310,360	8,388,983
Capital assets non-depreciable	1,134,995	-	1,134,995
Total Noncurrent Assets	22,522,585	3,310,360	25,832,945
Total Assets	60,423,414	4,354,768	64,778,182
Deferred Outflows of Resources			
Related to pensions	6,677,696	101,022	6,778,718
Related to OPEB	8,277,754	302,108	8,579,862
Total Deferred Outflows of Resources	14,955,450	403,130	15,358,580
Liabilities			
Current Liabilities:			
Warrants payable	3,373,628	2,860	3,376,488
Accrued payroll and withholdings	896,481	-	896,481
Notes payable	604,087	1,300,000	1,904,087
Other current liabilities	47,290	-	47,290
Current portion of long-term liabilities:			
Bonds payable	1,895,185	135,000	2,030,185
Compensated absences	166,461	4,743	171,204
Legal settlements	128,844	-	128,844
Total Current Liabilities	7,111,976	1,442,603	8,554,579
Noncurrent Liabilities:			
Bonds payable	17,644,260	1,595,000	19,239,260
Compensated absences	1,498,153	42,682	1,540,835
Legal settlements	2,449,587	-	2,449,587
Net pension liability	51,891,372	785,027	52,676,399
Net OPEB liability	43,785,285	1,598,003	45,383,288
Total Noncurrent Liabilities	117,268,657	4,020,712	121,289,369
Total Liabilities	124,380,633	5,463,315	129,843,948
Deferred Inflows of Resources			
Related to pensions	10,789,464	163,226	10,952,690
Related to OPEB	670,602	24,475	695,077
Total Deferred Inflows of Resources	11,460,066	187,701	11,647,767
Net Position			
Net investment in capital assets	3,792,187	512,290	4,304,477
Restricted for:			
Grants and other statutory restrictions	22,564,036	-	22,564,036
Loans	16,308,967	-	16,308,967
Unrestricted	(103,127,025)	(1,405,408)	(104,532,433)
Total Net Position	\$ (60,461,835)	\$ (893,118)	\$ (61,354,953)

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
General government	\$ 6,593,708	\$ 464,308	\$ -	\$ -	\$ (6,129,400)	\$ -	\$ (6,129,400)
County services	10,547,945	195,609	1,717,447	-	(8,634,889)	-	(8,634,889)
Health and human services	12,945,432	1,501,283	3,402,354	3,720,527	(4,321,268)	-	(4,321,268)
Public safety	3,287,035	423,925	-	-	(2,863,110)	-	(2,863,110)
Planning and development	7,806,923	3,747,344	2,437,245	-	(1,622,334)	-	(1,622,334)
Interest on long-term debt	433,324	-	-	407,608	(25,716)	-	(25,716)
Total Governmental Activities	41,614,367	6,332,469	7,557,046	4,128,135	(23,596,717)	-	(23,596,717)
Business-Type Activities							
Dredge operations	1,656,373	932,042	-	-	-	(724,331)	(724,331)
Total	\$ 43,270,740	\$ 7,264,511	\$ 7,557,046	\$ 4,128,135	(23,596,717)	(724,331)	(24,321,048)
		General Revenues:					
					3,363,170	-	3,363,170
					11,488,743	-	11,488,743
					2,481,646	-	2,481,646.00
					270,872	8,781	279,653
					1,792,269	-	1,792,269
					81,462	-	81,462
					19,478,162	8,781	19,486,943
					(4,118,555)	(715,550)	(4,834,105)
		Net Position					
					(56,343,280)	(177,568)	(56,520,848)
					\$ (60,461,835)	\$ (893,118)	\$ (61,354,953)

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2020

	General Fund	Cape Cod Commission Fund	Septic Loan Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 13,842,509	\$ 5,704,648	\$ 8,633,844	\$ 8,056,331	\$ 36,237,332
Investments	345,242	-	-	-	345,242
Receivables:					
Departmental	106,208	-	-	171,049	277,257
Intergovernmental	49,235	-	-	991,763	1,040,998
Loans	-	-	14,356,013	1,952,954	16,308,967
Total Assets	<u>\$ 14,343,194</u>	<u>\$ 5,704,648</u>	<u>\$ 22,989,857</u>	<u>\$ 11,172,097</u>	<u>\$ 54,209,796</u>
Liabilities					
Warrants payable	\$ 2,475,575	\$ 4,743	\$ 208,098	\$ 685,212	\$ 3,373,628
Accrued payroll and withholdings	896,481	-	-	-	896,481
Notes payable	-	-	-	604,087	604,087
Other liabilities	25	-	-	47,265	47,290
Total Liabilities	3,372,081	4,743	208,098	1,336,564	4,921,486
Deferred Inflows of Resources					
Unavailable revenues	-	-	14,356,013	1,952,954	16,308,967
Fund Balances					
Restricted	-	5,699,905	8,425,746	8,438,385	22,564,036
Committed	2,000,000	-	-	583,728	2,583,728
Assigned	649,503	-	-	-	649,503
Unassigned	8,321,610	-	-	(1,139,534)	7,182,076
Total Fund Balances	<u>10,971,113</u>	<u>5,699,905</u>	<u>8,425,746</u>	<u>7,882,579</u>	<u>32,979,343</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,343,194</u>	<u>\$ 5,704,648</u>	<u>\$ 22,989,857</u>	<u>\$ 11,172,097</u>	<u>\$ 54,209,796</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF NET POSITION

JUNE 30, 2020

Total governmental fund balances	\$ 32,979,343
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	6,213,618
Deferred outflows of resources to be recognized as an increase to expenses in future periods:	
Related to pensions	6,677,696
Related to OPEB	8,277,754
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	16,308,967
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(19,539,445)
Compensated absences	(1,664,614)
Legal settlements	(2,578,431)
Net pension liability	(51,891,372)
Net OPEB liability	(43,785,285)
Deferred inflows of resources to be recognized as a decrease to expenses in future periods:	
Related to pensions	(10,789,464)
Related to OPEB	<u>(670,602)</u>
Net position of governmental activities	\$ <u><u>(60,461,835)</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Cape Cod Commission Fund	Septic Loan Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
County tax assessments	\$ 3,363,170	\$ -	\$ -	\$ -	\$ 3,363,170
Registry of deeds excise taxes	2,481,646	-	-	-	2,481,646
County excise taxes	11,488,743	-	-	-	11,488,743
Environmental protection taxes	-	3,605,776	-	-	3,605,776
Court house rental	1,791,119	-	-	-	1,791,119
Intergovernmental	-	380,337	407,608	7,176,709	7,964,654
Special assessments	-	-	3,874,791	-	3,874,791
Departmental	1,099,457	122,428	801,233	1,195,207	3,218,325
Investment income	185,016	-	-	85,856	270,872
Other	58,133	-	-	24,479	82,612
Total Revenues	20,467,284	4,108,541	5,083,632	8,482,251	38,141,708
Expenditures					
Current:					
General government	3,572,423	-	-	378,360	3,950,783
County services	6,028,047	-	-	1,088,569	7,116,616
Health and human services	3,240,168	-	4,144,701	3,519,239	10,904,108
Public safety	1,919,695	-	-	401,487	2,321,182
Planning and development	30,000	4,016,091	-	1,639,319	5,685,410
Shared costs	2,088,084	-	-	495,249	2,583,333
Debt service:					
Principal	375,000	-	1,464,211	-	1,839,211
Interest	103,998	-	407,608	-	511,606
Total Expenditures	17,357,415	4,016,091	6,016,520	7,522,223	34,912,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,109,869</u>	<u>92,450</u>	<u>(932,888)</u>	<u>960,028</u>	<u>3,229,459</u>
Other Financing Sources (Uses)					
Transfers in	96,376	415,290	-	7,408,586	7,920,252
Transfers out	(7,407,847)	(739)	-	(511,666)	(7,920,252)
Total Other Financing Sources (Uses)	<u>(7,311,471)</u>	<u>414,551</u>	<u>-</u>	<u>6,896,920</u>	<u>-</u>
Change in fund balance	(4,201,602)	507,001	(932,888)	7,856,948	3,229,459
Fund Balance at Beginning of Year, as restated	<u>15,172,715</u>	<u>5,192,904</u>	<u>9,358,634</u>	<u>25,631</u>	<u>29,749,884</u>
Fund Balance at End of Year	<u>\$ 10,971,113</u>	<u>\$ 5,699,905</u>	<u>\$ 8,425,746</u>	<u>\$ 7,882,579</u>	<u>\$ 32,979,343</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2020

Net changes in fund balances of governmental funds	\$ 3,229,459
<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	508,744
Depreciation	(536,006)
Loss on disposal of capital assets	(74,719)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., county excise taxes, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.</p>	
	(645,896)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Repayments of general obligation bonds	1,839,211
<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>	
Amortization of bond premiums	78,282
Change in compensated absences	(590,614)
Change in legal settlements liability	126,317
Change in pension expense from GASB 68	(2,335,710)
Change in OPEB expense from GASB 75	<u>(5,717,623)</u>
Change in net position of governmental activities	\$ <u>(4,118,555)</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-Type Activities Dredge <u>Enterprise Fund</u>
Assets	
Current Assets:	
Cash and short-term investments	\$ 856,122
Receivables, net of allowance for uncollectibles:	
User charges	<u>188,286</u>
Total Current Assets	1,044,408
Noncurrent Assets:	
Capital assets depreciable, net	<u>3,310,360</u>
Total Noncurrent Assets	<u>3,310,360</u>
Total Assets	4,354,768
Deferred Outflows of Resources	
Related to pensions	101,022
Related to OPEB	<u>302,108</u>
Total Deferred Outflows of Resources	<u>403,130</u>
Liabilities	
Current Liabilities:	
Warrants payable	2,860
Notes payable	1,300,000
Current portion of long-term liabilities:	
Bonds payable	135,000
Compensated absences	<u>4,743</u>
Total Current Liabilities	1,442,603
Noncurrent Liabilities:	
Bonds payable	1,595,000
Compensated absences	42,682
Net pension liability	785,027
Net OPEB liability	<u>1,598,003</u>
Total Noncurrent Liabilities	<u>4,020,712</u>
Total Liabilities	5,463,315
Deferred Inflows of Resources	
Related to pensions	163,226
Related to OPEB	<u>24,475</u>
Total Deferred Inflows of Resources	<u>187,701</u>
Net Position	
Net investment in capital assets	512,290
Unrestricted	<u>(1,405,408)</u>
Total Net Position	\$ <u>(893,118)</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type <u>Activities</u> Dredge <u>Enterprise Fund</u>
Operating Revenues	
Charges for services	\$ <u>932,042</u>
Total Operating Revenues	932,042
Operating Expenses	
Salaries and wages	459,275
Costs of services and administration	988,981
Depreciation	<u>142,867</u>
Total Operating Expenses	1,591,123
Operating (Loss)	(659,081)
Nonoperating Revenues (Expenses)	
Investment income	8,781
Interest expense	<u>(65,250)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(56,469)</u>
Change in Net Position	(715,550)
Net position	
Beginning of year	<u>(177,568)</u>
End of year	\$ <u><u>(893,118)</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Dredge Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 909,806
Payments to vendors	(986,121)
Payments to employees	<u>(253,131)</u>
Net Cash (Used For) Operating Activities	(329,446)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,757,858)
Proceeds from notes	1,300,000
Principal payments on bonds	(135,000)
Interest expense	<u>(65,250)</u>
Net Cash (Used For) Capital and Related Financing Activities	(658,108)
Cash Flows from Investing Activities	
Investment income	<u>8,781</u>
Net Cash Provided By Investing Activities	<u>8,781</u>
Net Change in Cash and Short-Term Investments	(978,773)
Cash and Short-Term Investments, Beginning of Year	<u>1,834,895</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>856,122</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used For) Operating Activities	
Operating (loss)	\$ (659,081)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	142,867
Changes in assets, liabilities, and deferred outflows/inflows:	
User fees receivable	(22,236)
Deferred outflows of resources:	
Related to pensions	38,115
Related to OPEB	(232,021)
Warrants payable	2,860
Compensated absences	14,425
Net pension liability	(77,734)
Net OPEB liability	455,644
Deferred inflows of resources:	
Related to pensions	53,687
Related to OPEB	<u>(45,972)</u>
Net Cash (Used For) Operating Activities	\$ <u><u>(329,446)</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Post- Employment Benefits <u>Trust Fund</u>	Agency <u>Funds</u>
Assets		
Cash and short-term investments	\$ 12,141	\$ 95,312
Investments:		
Equity mutual funds	487,050	-
Fixed income mutual funds	<u>386,475</u>	<u>-</u>
Total Assets	885,666	\$ <u><u>95,312</u></u>
Liabilities		
Due to depositors	<u>-</u>	\$ <u>95,312</u>
Total Liabilities	<u>-</u>	\$ <u><u>95,312</u></u>
Net Position		
Restricted for OPEB	\$ <u><u>885,666</u></u>	

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	Other Post- Employment Benefits <u>Trust Fund</u>
Additions	
Contributions:	
Employers	\$ 1,188,797
Investment income	<u>15,692</u>
Total Additions	1,204,489
Deductions	
Benefit payments to plan members and beneficiaries	<u>1,188,797</u>
Total Deductions	<u>1,188,797</u>
Net Increase	15,692
Net Position Restricted for OPEB	
Beginning of year	<u>869,974</u>
End of year	\$ <u><u>885,666</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the County of Barnstable, Massachusetts (County) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of significant accounting policies:

Reporting Entity

The 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, comprised of 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 Generally Accepted Accounting Principles, these financial statements present the County (primary government) and applicable component units for which the County is considered to be financially accountable. In fiscal year 2020, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. County taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures, such as debt service, compensated absences, claims and judgments, and pension and OPEB costs are recorded as expenditures only when payment is due.

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those 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 proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major proprietary funds:

- The *Dredge Enterprise Fund* is used to account for the activities of the County's dredge operations.

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

The County reports the following fiduciary funds:

- The *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health, dental, and life insurance benefits for retired employees. It is used to account for funds to offset the anticipated cost of premium payments for retirees and to any eligible spouse or dependents.
- The *Agency Fund* is used to account for assets held in a purely custodial capacity, primarily related to the Cape Light Compact.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposit, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

For the purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using the net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period. Investments measured at the NAV for fair value are not subject to level classification.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and software, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20 - 40
Building improvements	10 - 20
Machinery and equipment	3 - 20
Vehicles	5 - 10
Software	5 - 10

Compensated Absences

It is the County’s policy to permit certain employees to accumulate earned but unused vacation and sick pay benefits. All vested vacation and sick pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. The general fund, septic loan fund, and dredge enterprise fund typically repay these obligations.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund balance

Generally, fund balance represents the difference between current assets/deferred outflows of resources and current liabilities/deferred inflows of resources. The County reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net position

Net Position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital

assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

The County tax is levied annually by the County Commissioners on the basis of the approved budget, after deducting probable receipts from sources other than the County tax. The County Commissioners are also required to levy annually, as a County tax, an amount sufficient to meet debt service costs in the event no provision has been made. All County taxes are apportioned and assessed upon the cities and towns comprising the County. The apportionment is based upon the equalized valuations of each city and town as calculated biennially by the Massachusetts Department of Revenue. County taxes are normally due on the subsequent November 1 and May 1.

A statewide property tax limitation statute known as “Proposition 2½” limits subsequent increases to the tax levy. The amounts by which the County assessment may increase in any fiscal year is limited to the sum of 2.50% of the previous year’s total assessment, except as provided by Massachusetts General Law, Chapter 59, Section 29A.

Excess of Expenditures Over Appropriations

There were no expenditures exceeding appropriations during the current fiscal year.

Deficit Fund Equity

The County reported various special revenue and capital project funds reflecting deficit account balances as of June 30, 2020. It is anticipated that the deficits in these funds will be eliminated through future intergovernmental and departmental revenues and transfers from other funds.

3. Deposits and Investments

County (Excluding the OPEB Trust Fund)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. Massachusetts General Laws, Chapter 35, Section 22, places certain limitation on cash deposits and investments available to the County. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The County may also invest in securities issued by or unconditionally guaranteed by the U.S. government or an agency thereof, and having a maturity from date of purchase of one year or less. The County may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from the date of purchase. The County may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts.

As of June 30, 2020, \$2,301,553 of the County's bank balance of \$37,101,443 was exposed to custodial credit risk as uninsured or uncollateralized and \$9,348,772 was collateralized by securities held by the banks trust department or agent.

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the County will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The County does not have formal investment policies related to credit risk.

As of June 30, 2020, the County's investments in equities of \$345,242 were uninsured, unregistered, and held by the counterparty.

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The County does not have formal investment policies related to credit risk however, as of June 30, 2020, the County did not have any investments exposed to credit risk as all investments in equities.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2020, the County's total investments in equities, of \$345,242, were invested in common stock of Prudential Financial, Inc.

Interest Rate Risk – Investments of Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates however, as of June 30, 2020, the County did not have any investments exposed to interest rate risk as all investments were in equities.

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The County does not have formal investment policies related to foreign currency risk however, as of June 30, 2020, the County did not have any investments exposed to foreign currency risk.

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows; Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date; Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2; Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

As of June 30, 2020, the County's investments in equities were valued using level 1, quoted prices in active markets for those securities.

OPEB Trust Fund

The OPEB Trust Fund's deposits and investments follow the same methodology as the County. The OPEB Trust Fund does not have formal investment policies related to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, or foreign currency risk exposure.

Investment Summary

As of June 30, 2020, investments of the OPEB Trust fund consisted of equity mutual funds of \$487,050 and fixed income mutual funds of \$386,475.

Custodial Credit Risk - Investments

As of June 30, 2020, investments in the OPEB Trust Fund were not exposed to custodial credit risk as all investments were held in the County's name.

Credit Risk – Investments of Debt Securities

As of June 30, 2020, the OPEB Trust Fund's investments in fixed income mutual funds were unrated.

Concentration of Credit Risk – Investments

As of June 30, 2020, the OPEB Trust Fund did not have investments exposed to concentration of credit risk exposure as all investments were in pooled investment vehicles.

Interest Rate Risk – Investments of Debt Securities

As of June 30, 2020, the OPEB Trust Fund's investments in fixed income mutual funds had a weighted average maturity of 6.07 years.

Foreign Currency Risk

As of June 30, 2020, the OPEB Trust Fund did not have any investments exposed to foreign currency risk.

Fair Value

Investments of the OPEB Trust Fund use the same valuation methods as the County. As of June 30, 2020, OPEB Trust Fund investments in equity mutual funds and fixed income mutual funds were valued using level 1 and level 2, respectively.

Equity mutual funds valued using level 1 measurements are valued using priced quoted in active markets for those securities.

Fixed income mutual funds valued using level 2 measurements are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 securities have non-proprietary information that was readily available to market

participants, from multiple independent sources, which are known to be actively involved in the market.

4. Receivables

At June 30, 2020, receivables for the individual governmental funds in the aggregate and the governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Septic Loan Program Fund			
Loans:			
Septic	\$ 14,356,013	\$ -	\$ 14,356,013
Nonmajor Governmental Funds			
Loans:			
HUD loans	\$ 13,383,778	\$ (11,439,102)	\$ 1,944,676
Other	<u>8,278</u>	<u>-</u>	<u>8,278</u>
Total Nonmajor Governmental Funds	<u>\$ 13,392,056</u>	<u>\$ (11,439,102)</u>	<u>1,952,954</u>
Total Governmental Activities			<u>\$ 16,308,967</u>

At June 30, 2020, receivables for the dredge enterprise fund are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Dredge Enterprise Fund			
User fees	\$ 188,286	\$ -	\$ 188,286

5. Interfund Transfers

The County reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the interfund transfers presented in the governmental fund financial statements. The following is an analysis of interfund transfers for the year ended June 30, 2020:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund		
Capital projects funding	\$ -	\$ 6,786,450 (1)
Establish emergency management fund	-	250,000 (2)
BAN paydown	-	155,913 (3)
Grant match requirements	-	95,250 (4)
Supporting other nonmajor governmental funds	-	120,234 (5)
Unemployment reserve fund transfer	96,376	- (6)
Total General Fund	<u>96,376</u>	<u>7,407,847</u>
Cape Cod Commission (CCC) fund		
From license plate fund for regional economic development plans and projects	200,000	- (7)
Indirect costs from grant funds	215,290	- (8)
Supporting other nonmajor governmental funds	-	739 (9)
Total Cape Cod Commission Fund	<u>415,290</u>	<u>739</u>
Nonmajor governmental funds		
Capital projects funding	6,786,450	- (1)
Emergency management funding	250,000	- (2)
BAN paydown	155,913	- (3)
Grant match requirements	95,250	- (4)
Other general fund support	120,234	- (5)
Funding general fund operating budget	-	96,376 (6)
Funding regional economic development plans and projects	-	200,000 (7)
Various grants to CCC fund for indirect costs	-	215,290 (8)
Other CCC fund support	739	- (9)
Total Nonmajor Governmental Funds	<u>7,408,586</u>	<u>511,666</u>
Total	<u>\$ 7,920,252</u>	<u>\$ 7,920,252</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2020 for the County's governmental activities was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, depreciable:				
Land improvements	\$ 710,569	\$ -	\$ -	\$ 710,569
Buildings	6,533,702	-	-	6,533,702
Building improvements	5,726,261	463,960	-	6,190,221
Machinery and equipment	3,370,815	48,402	(436,142)	2,983,075
Vehicles	809,289	27,898	-	837,187
Software	920,788	-	-	920,788
Total capital assets, depreciable	18,071,424	540,260	(436,142)	18,175,542
Less accumulated depreciation for:				
Land improvements	(354,588)	(30,179)	-	(384,767)
Buildings	(6,046,361)	(38,943)	-	(6,085,304)
Building improvements	(2,496,289)	(233,251)	-	(2,729,540)
Machinery and equipment	(2,808,679)	(144,092)	361,423	(2,591,348)
Vehicles	(760,050)	(25,677)	-	(785,727)
Software	(456,369)	(63,864)	-	(520,233)
Total accumulated depreciation	(12,922,336)	(536,006)	361,423	(13,096,919)
Total capital assets, depreciable, net	5,149,088	4,254	(74,719)	5,078,623
Capital assets, non-depreciable:				
Land	947,995	-	-	947,995
Construction in progress	218,516	187,000	(218,516)	187,000
Total capital assets, non-depreciable	1,166,511	187,000	(218,516)	1,134,995
Governmental activities capital assets, net	\$ 6,315,599	\$ 191,254	\$ (293,235)	\$ 6,213,618

Capital asset activity for the year ended June 30, 2020 for the County's business-type activities was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities				
Capital assets, depreciable:				
Machinery and equipment	\$ 3,373,238	\$ 1,757,858	\$ -	\$ 5,131,096
Vehicles	205,575	-	-	205,575
Intangible assets	12,000	-	(12,000)	-
Total capital assets, depreciable	3,590,813	1,757,858	(12,000)	5,336,671
Less accumulated depreciation for:				
Machinery and equipment	(1,700,047)	(128,082)	-	(1,828,129)
Vehicles	(183,397)	(14,785)	-	(198,182)
Intangible assets	(12,000)	-	12,000	-
Total accumulated depreciation	(1,895,444)	(142,867)	12,000	(2,026,311)
Total capital assets, depreciable, net	1,695,369	1,614,991	-	3,310,360
Business-Type activities capital assets, net	\$ 1,695,369	\$ 1,614,991	\$ -	\$ 3,310,360

Depreciation expense was charged to functions of the County as follows:

Governmental Activities	
General government	\$ 98,635
County services	146,616
Health and human services	276,510
Public safety	8,173
Planning and development	<u>6,072</u>
Total governmental activities	<u>\$ 536,006</u>
Business-Type Activities	
Dredge enterprise fund	\$ 142,867

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the County that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and No. 75, respectively, are more fully discussed in the corresponding pension and OPEB notes.

8. Notes Payable

The following summarizes notes payable activity for the County's governmental funds as of June 30, 2020:

<u>Governmental Activities</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Various purpose	2.60	9/20/2018	9/20/2019	\$ 760,000	\$ -	\$ (760,000)	\$ -
Various purpose	1.75	9/20/2019	9/20/2020	-	604,087	-	604,087
Total Governmental Activities				<u>\$ 760,000</u>	<u>\$ 604,087</u>	<u>\$ (760,000)</u>	<u>\$ 604,087</u>

The following summarizes notes payable activity for the County's business-type activities as of June 30, 2020:

<u>Business-Type Activities</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>End of Year</u>
New dredge	1.75	9/20/2019	9/20/2020	\$ -	\$ 1,300,000	\$ -	\$ 1,300,000
Total Business-Type Activities				<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>

9. Long-Term Liabilities

Long-Term Debt Supporting Activities

The County issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds and direct borrowings currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/20</u>
Public Offerings				
General obligation bonds of 2017	\$ 2,387,000	9/15/2032	2.00 - 5.00	\$ <u>1,635,000</u>
Total Public Offerings				<u>1,635,000</u>
Loans - Direct Borrowings				
Massachusetts Clean Water Trust (MCWT):				
Series 15 - 05-1685-C	\$ 3,000,000	7/15/2030	0.00	1,650,000
Series 14 - T5-05-1685	2,850,000	7/15/2027	0.00	1,200,000
Series 15 - T5-05-1685-A	2,550,000	7/15/2029	0.00	1,342,101
Series 15 - T5-05-1685-B	3,600,000	7/15/2030	0.00	1,980,000
Series 17B - 05-1685-D	4,000,000	1/15/2033	0.00	2,600,000
Series 17B - 05-1685-E	3,000,000	1/15/2033	0.00	1,950,000
Series 17A - 05-1685-F	5,000,000	1/15/2033	0.00	3,250,000
Series 18 - T5-05-1685-G	5,000,000	1/15/2035	0.00	<u>3,750,000</u>
Total Loans - Direct Borrowings				<u>17,722,101</u>
Total Governmental Activities				\$ <u><u>19,357,101</u></u>
<u>Business-Type Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/20</u>
Public Offerings				
General obligation bonds of 2017	\$ 2,000,000	9/15/2032	2.00 - 5.00	\$ <u>1,730,000</u>
Total Business-Type Activities				<u>1,730,000</u>

Future Debt Service

The annual payments to retire general obligation bonds and direct borrowings outstanding as of June 30, 2020 are as follows:

<u>Governmental</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Net Interest</u>
2021	\$ 370,000	\$ 65,613	\$ 1,464,211	\$ -
2022	365,000	47,238	1,464,210	-
2023	365,000	28,988	1,464,210	-
2024	100,000	17,363	1,464,210	-
2025	90,000	12,613	1,464,210	-
2026-2030	270,000	21,672	7,021,050	-
2031-2035	<u>75,000</u>	<u>2,734</u>	<u>3,380,000</u>	<u>-</u>
Total	\$ <u>1,635,000</u>	\$ <u>196,221</u>	\$ <u>17,722,101</u>	\$ <u>-</u>

<u>Business-Type</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 135,000	\$ 58,500	\$ -	\$ -
2022	135,000	51,750	-	-
2023	135,000	45,000	-	-
2024	135,000	38,250	-	-
2025	135,000	31,500	-	-
2026-2030	665,000	84,044	-	-
2031-2033	<u>390,000</u>	<u>14,219</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,730,000</u>	\$ <u>323,263</u>	\$ <u>-</u>	\$ <u>-</u>

The County has issued direct borrowings from the Massachusetts Pollution Abatement Trust (MWPAT), a state revolving loan fund (SRF) of the Massachusetts Clean Water Trust (MCWT), a component unit of the Commonwealth of Massachusetts. MCWT issues special obligation bonds under its SRF programs to provide low-cost financing to Cities, Towns, and other eligible borrowers, primarily for the construction and improvement of drinking water and wastewater infrastructure. There were no unused lines of credit or assets pledge as collateral for debt. The County certifies that rates and charges in the Septic Loan Fund have been set at a sufficient level to cover estimated operating expenses and debt service related to direct borrowings. In addition, the County as an “obligated person” with respect to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, agrees with MCWT to provide an annual report, not later than 270 days after the close of each fiscal year, that incorporates the most recently available audited financial statements to meet continuing disclosure requirements.

The County receives subsidy assistance from the MCWT related to interest on the outstanding direct borrowings. The interest on the outstanding direct borrowings is subsidized over the life of the issuance to assist the County in repayment of future debt. Future interest subsidies total approximately \$2.65 million and will be recognized as revenue when incurred. For the year ended June 30, 2020, the County's interest subsidy amounted to approximately \$380 thousand.

Changes in General Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable:						
Public offerings	\$ 2,010,000	\$ -	\$ (375,000)	\$ 1,635,000	\$ (370,000)	\$ 1,265,000
Loans (direct borrowings)	19,186,312	-	(1,464,211)	17,722,101	(1,464,211)	16,257,890
Unamortized premiums	260,626	-	(78,282)	182,344	(60,974)	121,370
Subtotal bonds payable	21,456,938	-	(1,917,493)	19,539,445	(1,895,185)	17,644,260
Compensated absences	1,074,000	590,614	-	1,664,614	(166,461)	1,498,153
Legal settlements	2,704,748	-	(126,317)	2,578,431	(128,844)	2,449,587
Net pension liability	57,029,672	-	(5,138,300)	51,891,372	-	51,891,372
Net OPEB liability	31,300,648	12,484,637	-	43,785,285	-	43,785,285
Total long-term liabilities	\$ 113,566,006	\$ 13,075,251	\$ (7,182,110)	\$ 119,459,147	\$ (2,190,490)	\$ 117,268,657
Business-Type Activities						
Bonds payable:						
Public offerings	\$ 1,865,000	\$ -	\$ (135,000)	\$ 1,730,000	\$ (135,000)	\$ 1,595,000
Compensated absences	33,000	14,425	-	47,425	(4,743)	42,682
Net pension liability	862,761	-	(77,734)	785,027	-	785,027
Net OPEB liability	1,142,359	455,644	-	1,598,003	-	1,598,003
Total long-term liabilities	\$ 3,903,120	\$ 470,069	\$ (212,734)	\$ 4,160,455	\$ (139,743)	\$ 4,020,712

Long-Term Liabilities Supporting Governmental and Business-Type Activities

Bonds and loans issued by the County for various projects are approved by the County Commissioners and repaid with revenues recorded in the general fund, the septic loan fund, and the dredge enterprise fund. All other long-term liabilities are repaid from the funds that the cost relates to, primarily the general fund and dredge enterprise fund.

10. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the County that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

11. Barnstable County Retirement Association – Pension

The County follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

Plan Description

All full-time employees of the County are members of the Barnstable County Retirement Association (Association), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the Association. The Association provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the Association, contribution percentages, and benefits paid. The Barnstable County Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the Association's annual financial reports publicly available from the Association located at 750 Attucks Lane, Hyannis, MA 02601.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 – December 31, 1983	7%
January 1, 1984 – June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The Association provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for

those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left County employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the members death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if

the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The County's contribution to the Association for the year ended June 30, 2020 was \$4,283,865, which was below its annual required contribution by \$(332,501).

Summary of Significant Accounting Policies

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

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

At June 30, 2020, the County reported a liability of \$52,676,399 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31,

2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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 employers, actuarially determined. At December 31, 2019, the County's proportion was 7.012%, a decrease of 0.312% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$5,166,776. In addition, the County reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (444,015)
Changes of assumptions	6,123,991	-
Net difference between projected and actual investment earnings on pension plan investments	-	(3,148,019)
Changes in proportion and differences between between contributions and proportionate share of contributions	<u>654,727</u>	<u>(7,360,656)</u>
Total	<u>\$ 6,778,718</u>	<u>\$ (10,952,690)</u>

Amounts reported as deferred outflows (inflows) related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (846,588)
2022	(1,047,446)
2023	(171,552)
2024	(2,016,844)
2025	<u>(91,542)</u>
Total	<u>\$ (4,173,972)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Valuation date	January 1, 2020
Cost of living adjustments	3.00% of the first \$18,000
Projected salary increases:	3.25%
Investment rate of return:	7.15%
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017
Healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017
Disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected nominal rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	21.00%	6.15%
Core fixed income	15.00%	1.11%
International developed markets equity	13.00%	6.78%
Private equity	13.00%	9.99%
Hedge fund, GTAA, risk parity	11.00%	3.19%
Real estate	10.00%	4.33%
High-yield fixed income	8.00%	3.51%
International emerging markets equity	5.00%	8.65%
Commodities	4.00%	4.13%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.15%) or one percentage-point higher (8.15%) than the current rate:

1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
\$ 69,272,146	\$ 52,676,399	\$ 38,734,058

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the Association’s separately issued financial report.

12. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2019, the County established an OPEB Trust Fund to provide funding for future employee health care costs.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

General Information about the OPEB Plan

Plan Description

The County provides post-employment healthcare and life insurance benefits for retired employees through the County’s single employer defined benefit 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. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

The County provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the County and meet the eligibility criteria will receive these benefits.

Funding Policy

The County’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. 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% of their premium costs.

Plan Membership

At June 30, 2020, the following employees were covered by the benefit terms:

Retired members or beneficiaries	
currently receiving benefit payments	172
Active employees	<u>147</u>
Total	<u><u>319</u></u>

Investments

The OPEB trust fund assets consist of equity and fixed income mutual funds as of June 30, 2020.

Rate of return

For the year ended June 30, 2020, the annual money-weighted rate of returns on investments, net of investment expense, was not available.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25%
Salary increases:	
Group 1 (excluding teachers) and Group 2	6.00% decreasing over 11 years to an ultimate level of 4.00%
Group 4	7.00% decreasing over 8 years to an ultimate level of 4.50%
Teachers	7.50% decreasing over 20 years to an ultimate level of 4.00%
Investment rate of return	7.00%
Discount rate	2.21% (previously 3.50%)
Healthcare cost trend rates:	
CCMHG:	
Non-Medicare	0.00% for year 1, then 7.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medicare	7.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year
GIC Medical/Prescription drug	8.00% decreasing by 0.50% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.00% per year
GIC EGWP	5.00%
Dental	0.00% for 1 year then 3.00% thereafter

Mortality Rates:

Preretirement:

Healthy non-teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017
Healthy teachers	RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016

Postretirement:

Healthy non-teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017
Healthy teachers	RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016
Disabled non-teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017
Disabled teachers	RP-2014 Healthy Annuitant Mortality Table set forward four years and projected generationally with Scale BB2D from 2014

Target Allocations

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 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 as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	6.15%
International developed markets equity	6.78%
International emerging markets equity	8.65%
Core fixed income	1.11%
High-yield fixed income	3.51%
Real estate	4.33%
Commodities	4.13%
Hedge fund, GTAA, Risk parity	3.19%
Private equity	9.99%

Contributions

In addition to the implicit subsidy contribution, the County’s policy is to contribute the ADC or amounts provided annually by the budget.

Discount Rate

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, the discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.21% as of June 30, 2020).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2020, were as follows:

Total OPEB liability	\$ 46,268,954
Plan fiduciary net position	<u>(885,666)</u>
Net OPEB liability	<u>\$ 45,383,288</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.91%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, beginning of year	\$ 37,094,150	\$ 869,974	\$ 36,224,176
Changes for the year:			
Service cost	1,144,771	-	1,144,771
Interest	1,317,558	-	1,317,558
Changes of assumptions	7,901,272	-	7,901,272
Contributions - employer	-	1,188,797	(1,188,797)
Net investment income	-	15,692	(15,692)
Benefit payments	<u>(1,188,797)</u>	<u>(1,188,797)</u>	<u>-</u>
Net Changes	<u>9,174,804</u>	<u>15,692</u>	<u>9,159,112</u>
Balances, end of year	\$ <u>46,268,954</u>	\$ <u>885,666</u>	\$ <u>45,383,288</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
	\$ 53,883,588	\$ 45,383,288	\$ 38,655,789

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	\$ 37,437,123	\$ 45,383,288	\$ 55,821,596

OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

For the year ended June 30, 2020, the County recognized an OPEB expense of \$4,209,426. At June 30, 2020, the County reported deferred outflows and deferred (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 534,465	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	42,030	-
Changes of assumptions	<u>8,003,367</u>	<u>(695,077)</u>
Total	<u>\$ 8,579,862</u>	<u>\$ (695,077)</u>

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

Year Ended June 30:

2021	\$ 1,807,994
2022	2,503,068
2023	1,984,428
2024	<u>1,589,295</u>
Total	<u>\$ 7,884,785</u>

13. Long-Term Legal Settlement

The County and the Town of Barnstable (Town) 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 and to reimburse the Town for its actual future operations and maintenance costs as defined in the agreement, and reimburse the Town for the cost of filters purchased in the future. The annual operations and maintenance reimbursement will not exceed \$125,000, beginning in FY2018, increased by 3.00% compounded every other year. 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 \$2,449,587 liability as of June 30, 2020. All other required reimbursements will be recorded as an expense when due.

In order to facilitate the payment of \$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 2.00% 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 fees. The County will reimburse the Town for all costs associated with this debt. The future debt service reimbursement payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2026-2030	740,295	161,765	902,060
2031-2035	817,345	84,715	902,060
2036-2037	<u>350,282</u>	<u>10,548</u>	<u>360,830</u>
Total	\$ <u>2,578,431</u>	\$ <u>488,579</u>	\$ <u>3,067,010</u>

14. Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2020:

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes the cape cod commission fund, septic loan program fund, and various special revenue funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority. This fund balance classification includes commitments to funding stabilization funds in fiscal year 2021 and various capital project and special revenue funds.

Assigned

Represents amounts that are constrained by the County's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various County departments for the expenditure of current year budgetary financial resources in the subsequent budgetary period and surplus set aside to be used in the subsequent year's operating budget.

Unassigned

Represents amounts that are available to be spent in future periods and deficit balances.

Following is a breakdown of the County's fund balances at June 30, 2020:

	General Fund	Cape Cod Commission Fund	Septic Loan Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted					
Cape Cod Commission	\$ -	\$ 5,699,905	\$ -	\$ -	\$ 5,699,905
Septic loan program	-	-	8,425,746	-	8,425,746
Mitigation funds	-	-	-	2,695,870	2,695,870
Registry technology fund	-	-	-	943,080	943,080
License plate fund	-	-	-	685,584	685,584
Unemployment reserve fund	-	-	-	521,402	521,402
Alternative septic test center	-	-	-	328,205	328,205
Workers compensation fund	-	-	-	287,549	287,549
HUD loans fund	-	-	-	271,785	271,785
Innovation alt. septic system fund	-	-	-	263,146	263,146
MA health and human services fund	-	-	-	244,802	244,802
Emergency mitigation fund	-	-	-	244,700	244,700
Fire training clean up fund	-	-	-	208,480	208,480
Water quality planning and monitoring	-	-	-	172,000	172,000
Housing and community development fund	-	-	-	157,833	157,833
Other	-	-	-	1,413,949	1,413,949
Total Restricted	-	5,699,905	8,425,746	8,438,385	22,564,036
Committed					
For next year's appropriations	2,000,000	-	-	-	2,000,000
Emergency management fund	-	-	-	244,700	244,700
Capital projects	-	-	-	154,975	154,975
Other	-	-	-	184,053	184,053
Total Committed	2,000,000	-	-	583,728	2,583,728
Assigned					
For encumbrances:					
General government	23,324	-	-	-	23,324
County services	85,982	-	-	-	85,982
Health and human services	170,620	-	-	-	170,620
Public safety	2,378	-	-	-	2,378
Shared costs	20,999	-	-	-	20,999
For next year's operating budget	346,200	-	-	-	346,200
Total Assigned	649,503	-	-	-	649,503
Unassigned					
Operating fund	8,321,610	-	-	-	8,321,610
Deficit balances	-	-	-	(1,139,534)	(1,139,534)
Total Unassigned	8,321,610	-	-	(1,139,534)	7,182,076
Total Fund Balances	\$ 10,971,113	\$ 5,699,905	\$ 8,425,746	\$ 7,882,579	\$ 32,979,343

15. Beginning Fund Balance Restatement/Reclassification

The beginning (July 1, 2019) fund balance of the County has been restated/reclassified as follows:

Fund Basis Financial Statements:

	Septic Loan Program <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
As previously reported	\$ 23,868,911	\$ (7,242,651)	\$ 9,712,868
To reclassify Capital Projects Fund as nonmajor	-	7,242,651	(7,242,651)
Reflect unavailable revenues on modified accrual basis of accounting	<u>(14,510,277)</u>	<u>-</u>	<u>(2,444,586)</u>
As restated	<u>\$ 9,358,634</u>	<u>\$ -</u>	<u>\$ 25,631</u>

16. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal matters in which the County is involved. The County’s management is of the opinion that the potential future settlement of these matters would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Encumbrances

At year-end the County’s general fund has \$303,303 in encumbrances that will be honored in the next fiscal year.

COVID-19

The COVID-19 outbreak in the United States has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on individuals served by the County, employees, and vendors,

all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

17. Subsequent Events

Debt

On September 18, 2020 the County issued \$1,643,911 of bond anticipation notes with an interest rate of 1.00%. This issuance matures on September 17, 2021.

18. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the County beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported and may require reclassification of certain funds. Management has evaluated the effect this standard will have on the financial statements.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the County beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has evaluated the effect this standard will have on the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
County tax assessments	\$ 3,363,170	\$ 3,363,170	\$ 3,363,170	\$ -
Registry of deeds excise taxes	2,450,000	2,450,000	2,481,646	31,646
County excise taxes	10,500,000	10,500,000	11,488,743	988,743
Court house rental	1,642,783	1,642,783	1,791,119	148,336
Intergovernmental	275,000	275,000	-	(275,000)
Departmental	1,201,381	1,201,381	1,099,457	(101,924)
Investment income	175,000	175,000	185,016	10,016
Other revenues	35,000	35,000	58,133	23,133
Total Revenues	19,642,334	19,642,334	20,467,284	824,950
Expenditures				
Current:				
General government:				
County commissioners	826,725	829,854	749,332	80,522
Information technology	1,131,098	1,201,741	1,195,934	5,807
Resource development	699,854	629,496	545,526	83,970
Assembly of delegates	362,458	387,614	342,881	44,733
Finance	708,815	808,822	762,074	46,748
Total general government	3,728,950	3,857,527	3,595,747	261,780
County services:				
Department of facilities	2,518,565	2,596,084	2,051,182	544,902
Cooperative extension	2,039,851	2,087,713	1,656,587	431,126
Registry of deeds	2,641,409	2,641,679	2,406,260	235,419
Total county services	7,199,825	7,325,476	6,114,029	1,211,447
Health and human services:				
Health and environment	2,831,475	2,991,813	2,506,723	485,090
Human services	774,307	796,529	512,244	284,285
Children's cove	467,507	469,500	391,821	77,679
Total health and human services	4,073,289	4,257,842	3,410,788	847,054
Public safety:				
Sheriff retirement and police training	1,651,421	1,651,421	1,573,185	78,236
Fire training academy	561,319	493,844	348,888	144,956
Total public safety	2,212,740	2,145,265	1,922,073	223,192
Planning and development	-	30,000	30,000	-
Shared costs:				
Fringe benefits	1,241,718	1,233,179	1,232,821	358
Miscellaneous and contingency	931,062	1,028,878	876,262	152,616
Total shared costs	2,172,780	2,262,057	2,109,083	152,974
Debt service:				
Principal	530,913	530,913	530,913	-
Interest	103,998	103,998	103,998	-
Total debt service	634,911	634,911	634,911	-
Total Expenditures	20,022,495	20,513,078	17,816,631	2,696,447
Excess (Deficiency) of Revenues Over (Under) Expenditures	(380,161)	(870,744)	2,650,653	3,521,397
Other Financing Sources (Uses)				
Transfers in	96,354	96,354	96,376	22
Transfers out	-	(7,251,934)	(7,251,934)	-
Use of unassigned fund balance:				
For prior year capital projects	-	6,786,450	-	(6,786,450)
To establish an emergency management fund	-	250,000	-	(250,000)
For grant match funding	-	95,250	-	(95,250)
For operating budget support	283,807	494,120	-	(494,120)
Use of prior year carryforwards (encumbrances)	-	400,504	400,504	-
Total Other Financing Sources (Uses)	380,161	870,744	(6,755,054)	(7,625,798)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ (4,104,401)	\$ (4,104,401)

See Independent Auditors' Report.

**NOTES TO SUPPLEMENTARY INFORMATION FOR
GENERAL FUND BUDGET**

Budgetary Basis

The budgets for all departments and operations of the County are prepared under the direction of the County Commissioners. Original and supplemental appropriations are acted upon by a separate vote of the County Commissioners. All General Fund functions are budgeted. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

The General Fund final appropriation appearing on the preceding page represents the final amended budget after all transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to actual revenues, expenditures, and other financing sources/uses to conform to the budgetary basis of accounting:

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 20,467,284	\$ 17,357,415	\$ (7,311,471)
To add end-of-year appropriation carryforwards to expenditures	-	303,303	-
To record use of prior year encumbrances as a funding source	-	-	400,504
Reclassify BAN paydown to expenditures	<u>-</u>	<u>155,913</u>	<u>155,913</u>
Budgetary Basis	<u>\$ 20,467,284</u>	<u>\$ 17,816,631</u>	<u>\$ (6,755,054)</u>

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Unaudited)

BARNSTABLE COUNTY RETIREMENT ASSOCIATION

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2020	December 31, 2019	7.012%	\$ 52,676,399	\$ 11,602,984	453.99%	62.34%
June 30, 2019	December 31, 2018	7.324%	57,892,433	11,853,629	488.39%	57.63%
June 30, 2018	December 31, 2017	7.368%	50,129,237	11,637,484	430.76%	61.86%
June 30, 2017	December 31, 2016	7.957%	53,383,346	12,100,397	441.17%	57.28%
June 30, 2016	December 31, 2015	7.623%	47,998,984	11,263,730	426.14%	58.10%
June 30, 2015	December 31, 2014	7.650%	43,187,586	11,524,598	374.74%	60.43%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

BARNSTABLE COUNTY RETIREMENT ASSOCIATION

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	\$ 4,616,366	\$ (4,283,865)	\$ 332,501	\$ 10,798,877	39.67%
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%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

(Unaudited)

	<u>2020</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 1,144,771	\$ 1,079,053
Interest on unfunded liability - time value of money	1,317,558	1,180,645
Differences between expected and actual experience	-	(122,264)
Changes of assumptions	7,901,272	4,562,083
Benefit payments, including refunds of member contributions	<u>(1,188,797)</u>	<u>(1,065,361)</u>
Net change in total OPEB liability	9,174,804	5,634,156
Total OPEB liability - beginning	<u>37,094,150</u>	<u>31,459,994</u>
Total OPEB liability - ending (a)	46,268,954	37,094,150
Plan fiduciary net position		
Contributions - employer	1,188,797	850,000
Net investment income	15,692	19,974
Benefit payments, including refunds of member contributions	<u>(1,188,797)</u>	<u>-</u>
Net change in plan fiduciary net position	15,692	869,974
Plan fiduciary net position - beginning	<u>869,974</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>885,666</u>	<u>869,974</u>
Net OPEB liability - ending (a-b)	\$ <u><u>45,383,288</u></u>	\$ <u><u>36,224,176</u></u>

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS

(Unaudited)

Schedule of Net OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 46,268,954	\$ 37,094,150	\$ 32,443,007	\$ 26,954,995
Plan fiduciary net position	<u>(885,666)</u>	<u>(869,974)</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 45,383,288</u>	<u>\$ 36,224,176</u>	<u>\$ 32,443,007</u>	<u>\$ 26,954,995</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.91%	2.35%	0.00%	0.00%
Covered payroll	Not Available	\$ 10,354,986	\$ 10,151,947	\$ 9,952,889
Participating employer net OPEB liability (asset) as a percentage of covered payroll	Not Available	349.82%	319.57%	270.83%

Schedule of Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,895,957	\$ 1,836,278	\$ 1,011,262	\$ 967,715
Contributions in relation to the actuarially determined contribution	<u>(1,188,797)</u>	<u>(1,960,329)</u>	<u>(1,011,262)</u>	<u>(967,715)</u>
Contribution deficiency (excess)	<u>\$ 707,160</u>	<u>\$ (124,051)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	Not Available	\$ 10,354,986	\$ 10,151,947	\$ 9,952,889
Contributions as a percentage of covered payroll	Not Available	18.93%	9.96%	9.72%

Schedule of Investment Returns

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	Not Available	Not Available	Not Applicable	Not Applicable

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

SCHEDULE OF FRINGE AND INDIRECT COST RATE - SINGLE RATE

FOR THE YEAR ENDED JUNE 30, 2020

	Indirect Costs <u>Incurred</u>	Indirect Costs <u>Disallowed</u>	Indirect Costs <u>Allowed</u>
Administrative salaries	\$ 557,315	\$ -	\$ 557,315
Administrative fringe benefits	1,149,301	-	1,149,301
Indirect personnel costs	381,359	-	381,359
Other indirect costs	351,355	-	351,355
Equipment depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>2,439,330</u>	\$ <u>-</u>	\$ <u>2,439,330</u>
Indirect costs allowed			\$ 2,439,330
Total direct salaries			\$ 1,758,494
Total indirect costs allowed as a percentage of total direct salaries			138.72%

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

SCHEDULE OF FRINGE AND INDIRECT COST RATE - TWO RATE

FOR THE YEAR ENDED JUNE 30, 2020

	Indirect Costs <u>Incurred</u>	Indirect Costs <u>Disallowed</u>	Indirect Costs <u>Allowed</u>	
Fringe Rate				
Administrative fringe benefits	\$ 1,149,301	\$ -	\$ 1,149,301	
Indirect personnel costs	<u>381,359</u>	<u>-</u>	<u>381,359</u>	
Total fringe pool	<u>\$ 1,530,660</u>	<u>\$ -</u>	1,530,660	
Indirect costs allowed (fringe pool)			<u>\$ 1,530,660</u>	
Total direct and indirect salaries			\$ 2,315,809	
Total indirect costs allowed (fringe pool) as a percentage of total direct and indirect salaries				66.10% (A)
Indirect Costs Rate				
Administrative salaries	\$ 557,315	\$ -	\$ 557,315	
Indirect salaries allocated to indirect labor (indirect salaries x fringe rate)	368,394	-	368,394	
Other indirect costs	<u>351,355</u>	<u>-</u>	<u>351,355</u>	
Total indirect costs	<u>\$ 1,277,064</u>	<u>\$ -</u>	1,277,064	
Indirect costs allowed			<u>\$ 1,277,064</u>	
Total direct salaries			\$ 1,758,494	
Total indirect costs allowed as a percentage of total direct salaries				72.62% (B)
Total indirect cost rate (A + B)				138.72%

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2020

	MA DOT 95412 <u>0011</u>	MADOT FTA MA80-X013 <u>0013</u>	MADOT <u>2850</u>	NOAA Resilient CC <u>2282</u>	DEP Water Quality <u>2284 0221</u>	DEP Water Quality <u>2284 3023</u>	Bourne Econ Development <u>2298</u>	DEP 604B <u>2788</u>
Revenues								
Federal, state and local grants	\$ 347,001	\$ 33,336	\$ 339,577	\$ 6,563	\$ 101,228	\$ -	\$ 5,000	\$ 19,626
Local assessments*	<u>5,465</u>	<u>6,574</u>	<u>1,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	352,466	39,910	340,813	6,563	101,228	-	5,000	19,626
Expenditures								
Direct salaries	80,405	10,332	223,193	-	-	-	-	-
Indirect costs	111,538	14,332	309,612	-	-	-	-	-
Direct costs	<u>33,611</u>	<u>106</u>	<u>11,250</u>	<u>-</u>	<u>-</u>	<u>121,300</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>225,554</u>	<u>24,770</u>	<u>544,055</u>	<u>-</u>	<u>-</u>	<u>121,300</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ <u>126,912</u>	\$ <u>15,140</u>	\$ <u>(203,242)</u>	\$ <u>6,563</u>	\$ <u>101,228</u>	\$ <u>(121,300)</u>	\$ <u>5,000</u>	\$ <u>19,626</u>

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

(Continued)

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

	EOEEA Comm Resiliency <u>2800</u>	DHCD DLTA <u>2801 1219</u>	DHCD DLTA <u>2801 1220</u>	USDA SE Pine Barrens <u>2803 3001</u>	US EDA Partnership Planning <u>2810 3028</u>	US EPA SNEP/RAS <u>2817 3003</u>	USGS Aquifer Data <u>2818 3004</u>	EOEEA/Towns MVP <u>2825</u>	US EDA Marine Sci/Tech <u>2835</u>
Revenues									
Federal, state and local grants	\$ 6,250	\$ -	\$ 192,999	\$ 10,387	\$ 39,313	\$ 157,558	\$ 1,101	\$ 94,500	\$ 10,516
Local assessments*	-	21,449	3,383	10,831	71,998	101,759	-	645	273
Total Revenues	6,250	21,449	196,382	21,218	111,311	259,317	1,101	95,145	10,789
Expenditures									
Direct salaries	-	38,068	7,815	4,514	29,742	16,167	-	13,665	9,511
Indirect costs	-	52,808	10,841	6,263	41,257	22,427	-	18,956	12,920
Direct costs	-	68,799	79,845	-	-	78,473	-	-	1,799
Total Expenditures	-	159,675	98,501	10,777	70,999	117,067	-	32,621	24,230
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ <u>6,250</u>	\$ <u>(138,226)</u>	\$ <u>97,881</u>	\$ <u>10,441</u>	\$ <u>40,312</u>	\$ <u>142,250</u>	\$ <u>1,101</u>	\$ <u>62,524</u>	\$ <u>(13,441)</u>

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

(Continued)

See Independent Auditors' Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

	SNEP/U ME TAN <u>2853</u>	EOEEA Model Resiliency <u>2854</u>	US EDA CC Resiliency <u>2865</u>	CCC Forums <u>8017</u>	CCC Mitigation <u>8023</u>	Complete Streets <u>8105</u>	MA Sec State Census <u>8107</u>	Totals
Revenues								
Federal, state and local grants	\$ 12,392	\$ -	\$ -	\$ 14,141	\$ 805,886	\$ -	\$ -	\$ 2,197,374
Local assessments*	<u>7,926</u>	<u>5,038</u>	<u>458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,035</u>
Total Revenues	20,318	5,038	458	14,141	805,886	-	-	2,434,409
Expenditures								
Direct salaries	12,389	5,999	125	-	-	7,033	-	458,958
Indirect costs	17,186	8,321	177	-	-	9,756	-	636,394
Direct costs	<u>176</u>	<u>-</u>	<u>-</u>	<u>18,954</u>	<u>876,567</u>	<u>-</u>	<u>30,000</u>	<u>1,320,880</u>
Total Expenditures	<u>29,751</u>	<u>14,320</u>	<u>302</u>	<u>18,954</u>	<u>876,567</u>	<u>16,789</u>	<u>30,000</u>	<u>2,416,232</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ <u>(9,433)</u>	\$ <u>(9,282)</u>	\$ <u>156</u>	\$ <u>(4,813)</u>	\$ <u>(70,681)</u>	\$ <u>(16,789)</u>	\$ <u>(30,000)</u>	\$ <u>18,177</u>

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

(Concluded)

See Independent Auditors' Report.