



# **COUNTY OF PLYMOUTH, MASSACHUSETTS**

Annual Financial Statements  
For the Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
County of Plymouth, Massachusetts

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Plymouth, Massachusetts (the County), as of and for the year then ended June 30, 2019, 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. 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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Nashua, New Hampshire  
Manchester, New Hampshire  
Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine



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, each major fund, and the aggregate remaining fund information of the County of Plymouth, Massachusetts, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 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 or 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.

A handwritten signature in black ink that reads "Melanson".

Manchester, New Hampshire  
September 10, 2020

**COUNTY OF PLYMOUTH, MASSACHUSETTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the County of Plymouth, 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, 2019.

**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 four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to financial statements, and (4) required supplementary information.

***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. Additionally, they 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 Statement of Net Position presents information on all assets, liabilities, and deferred outflows/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.

***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 in two categories: governmental 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. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

#### *Fiduciary funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support County programs.

#### **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 supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required 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 exceeded assets and deferred outflows by \$(18,738,695) (i.e., net position), a change of \$(3,252,095) in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$10,012,757, a change of \$138,742 in comparison to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,816,263, a change of \$37,278 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:

### NET POSITION

	Governmental <u>Activities</u>	
	<u>2019</u>	<u>2018</u>
Current assets	\$ 14,038,715	\$ 14,178,048
Noncurrent assets	<u>6,637,545</u>	<u>6,237,358</u>
Total assets	20,676,260	20,415,406
Deferred outflows of resources	21,554,345	13,807,952
Current liabilities	4,601,242	4,893,710
Noncurrent liabilities	<u>55,948,389</u>	<u>41,234,392</u>
Total liabilities	60,549,631	46,128,102
Deferred inflows of resources	419,669	3,581,856
Net investment in capital assets	5,250,045	4,572,358
Restricted	1,410,025	1,359,377
Unrestricted	<u>(25,398,765)</u>	<u>(21,418,335)</u>
Total net position	<u>\$ (18,738,695)</u>	<u>\$ (15,486,600)</u>

### CHANGE IN NET POSITION

	Governmental <u>Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,648,763	\$ 3,870,098
Operating grants and contributions	5,918,263	6,091,364
Capital grants and contributions	223,555	-
General revenues:		
County taxes	1,575,931	1,537,494
Rental income	2,013,531	1,766,792
Investment income	143,256	95,363
Parking tickets	94,401	83,264
Sale of assets	-	700,000
Other	<u>218,180</u>	<u>251,757</u>
Total revenues	13,835,880	14,396,132

(continued)



(continued)

### CHANGE IN NET POSITION

	Governmental <u>Activities</u>	
	<u>2019</u>	<u>2018</u>
Expenses:		
Commissioners	320,504	318,445
Registry of deeds	2,687,040	3,387,544
Buildings maintenance	1,898,868	1,881,059
Dredge	12,185	-
Treasurer	478,653	483,886
Human services	307,308	331,501
Employee benefits	10,483,339	4,395,629
General and administrative	708,734	693,615
Contribution to OPEB Trust Fund	125,000	275,000
Interest	66,344	77,768
Total expenses	<u>17,087,975</u>	<u>11,844,447</u>
Change in net position	(3,252,095)	2,551,685
Net position - beginning of year	<u>(15,486,600)</u>	<u>(18,038,285)</u>
Net position - end of year	<u>\$ (18,738,695)</u>	<u>\$ (15,486,600)</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 \$(18,738,695), a change of \$(3,252,095) in comparison to the prior fiscal year.

The largest portion of net position, \$5,250,045, 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, \$1,410,025, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position reflects a deficit of \$(25,398,765), exclusively resulting from unfunded net pension and net OPEB liabilities, pursuant to the implementation of GASB 68 and GASB 75.

Governmental activities for the year resulted in a change in net position of \$(3,252,095). Key elements of this change are as follows:

Governmental funds operating results	\$ 138,742
Purchase of capital assets	666,866
Principal debt service in excess of depreciation expense	10,822
Change in accrued interest liability	480
Change in compensated absences	45,101
Change in net pension liability related items	(5,770,371)
Change in net OPEB liability related items	<u>1,656,265</u>
Total	<u>\$ (3,252,095)</u>

### Financial Analysis Of The County's Funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$10,012,757, a change of \$138,742 in comparison to the prior fiscal year. Elements of this change relate to the following operating results:

General Fund	\$ 88,114
Registry Equipment and Technology Fund	<u>50,628</u>
Total	<u>\$ 138,742</u>

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. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,816,263, while total fund balance was \$8,627,319. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
Unassigned fund balance	\$ 2,816,263	\$ 2,778,985	\$ 37,278
Total fund balance	\$ 8,627,319	\$ 8,539,205	\$ 88,114
As a percentage of total			
General Fund			
Unassigned fund balance	27.6%	24.9%	2.7%
Total fund balance	84.4%	76.4%	8.0%

The total fund balance of the General Fund changed by \$88,114 during the current fiscal year. Key factors related to this change are as follows:

Revenues less than budget	\$	(28,271)
Expenditures less than budget		406,385
Use of fund balance as a funding source		<u>(290,000)</u>
Total	\$	<u>88,114</u>

Included in the total General Fund unassigned fund balance is the County's stabilization fund with the following balance:

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
General stabilization	\$ 691,368	\$ 679,644	\$ 11,724

Additional information on the County's stabilization fund can be found in Note 15.

### **General Fund Budgetary Highlights**

There were no increases to the original budget during fiscal year 2019; however, there were line item transfers that were approved by the Commissioners and the County Advisory Board.

### **Capital Asset and Debt Administration**

#### ***Capital assets***

Total investment in capital assets at year-end amounted to \$6,637,545 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, and vehicles.

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 \$1,387,500, all of which was backed by the full faith and credit of the County and the Commonwealth.

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 Plymouth, Massachusetts' finances for all those with an interest in the County of Plymouth, Massachusetts' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Commissioners  
County of Plymouth, Massachusetts  
44 Obery Street  
Plymouth, Massachusetts 02360

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and short-term investments	\$ 5,909,539
Restricted cash	8,081,123
Receivables	<u>48,053</u>
Total Current Assets	14,038,715
Noncurrent Assets:	
Capital assets:	
Land	1,315,575
Other capital assets, net of accumulated depreciation	<u>5,321,970</u>
Total Noncurrent Assets	<u>6,637,545</u>
Total Assets	20,676,260
Deferred Outflows of Resources:	
Related to pensions (Note 12)	12,188,691
Sheriff retiree net pension liability funding (Note 14)	9,364,523
Related to OPEB	<u>1,131</u>
Total Deferred Outflows of Resources	<u>21,554,345</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>42,230,605</b>
 <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Current Liabilities:	
Accounts payable	3,275,333
Accrued payroll and related liabilities	229,834
Other liabilities	1,729
Advance grant receipts	232,488
Due to Central Plymouth County Water District Commission	286,574
Accrued interest on bonds payable	2,544
Current portion of noncurrent liabilities:	
Bonds payable	277,500
Compensated absences	<u>295,240</u>
Total Current Liabilities	4,601,242
Noncurrent Liabilities:	
Bonds payable, net of current portion	1,110,000
Compensated absences, net of current portion	131,370
Net pension liability	38,491,745
Net OPEB liability	<u>16,215,274</u>
Total Noncurrent Liabilities	<u>55,948,389</u>
Total Liabilities	60,549,631
Deferred Inflows of Resources:	
Related to pensions	412,496
Related to OPEB	<u>7,173</u>
Total Deferred Inflows of Resources	<u>419,669</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>60,969,300</b>
 <b>NET POSITION</b>	
Net investment in capital assets	5,250,045
Restricted for grants and other statutory restrictions	1,410,025
Unrestricted	<u>(25,398,765)</u>
<b>TOTAL NET POSITION</b>	<b>\$ (18,738,695)</b>

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

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Statement of Activities  
For the Year Ended June 30, 2019

		Program Revenues			Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Commissioners	\$ 320,504	\$ -	\$ -	\$ -	\$ (320,504)
Registry of deeds	2,687,040	3,287,363	2,773,708	-	3,374,031
Buildings maintenance	1,898,868	-	-	221,987	(1,676,881)
Dredge	12,185	1,400	-	1,568	(9,217)
Treasurer	478,653	-	-	-	(478,653)
Human services	307,308	-	39,778	-	(267,530)
Employee benefits	10,483,339	-	3,104,777	-	(7,378,562)
General and administrative	708,734	360,000	-	-	(348,734)
Contribution to OPEB Trust Fund	125,000	-	-	-	(125,000)
Interest	66,344	-	-	-	(66,344)
Total Governmental Activities	<u>\$ 17,087,975</u>	<u>\$ 3,648,763</u>	<u>\$ 5,918,263</u>	<u>\$ 223,555</u>	(7,297,394)
			<b>General Revenues:</b>		
			County taxes		1,575,931
			Rental income		2,013,531
			Investment income		143,256
			Parking tickets		94,401
			Other		<u>218,180</u>
			Total General Revenues		<u>4,045,299</u>
			Change in Net Position		(3,252,095)
			<b>Net Position:</b>		
			Beginning of year		<u>(15,486,600)</u>
			End of year		<u>\$ (18,738,695)</u>

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

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Governmental Funds  
Balance Sheet  
June 30, 2019

	General Fund	Registry Equipment and Technology Fund	Sheriff Retired Employee Pension Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and short-term investments	\$ 5,909,539	\$ -	\$ -	\$ 5,909,539
Restricted cash	6,539,794	1,536,199	5,130	8,081,123
Receivables	48,053	-	-	48,053
Due from other funds	121,027	-	-	121,027
<b>TOTAL ASSETS</b>	<b>\$ 12,618,413</b>	<b>\$ 1,536,199</b>	<b>\$ 5,130</b>	<b>\$ 14,159,742</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,241,698	\$ 33,635	\$ -	\$ 3,275,333
Accrued payroll and related liabilities	229,834	-	-	229,834
Other liabilities	500	1,229	-	1,729
Advance grant receipts	232,488	-	-	232,488
Due to Central Plymouth County Water District Commission	286,574	-	-	286,574
Due to other funds	-	115,897	5,130	121,027
<b>Total Liabilities</b>	<b>3,991,094</b>	<b>150,761</b>	<b>5,130</b>	<b>4,146,985</b>
Fund Balances:				
Restricted:				
Registry technology	-	1,385,438	-	1,385,438
Ed Stevens memorial	24,587	-	-	24,587
Committed:				
Capital purposes	5,276,266	-	-	5,276,266
Capital improvements	65,373	-	-	65,373
Assigned:				
Registry building construction and maintenance	194,830	-	-	194,830
Subsequent year budget	250,000	-	-	250,000
Unassigned*:				
General stabilization	691,368	-	-	691,368
Remaining unassigned fund balance	2,124,895	-	-	2,124,895
<b>Total Fund Balances</b>	<b>8,627,319</b>	<b>1,385,438</b>	<b>-</b>	<b>10,012,757</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,618,413</b>	<b>\$ 1,536,199</b>	<b>\$ 5,130</b>	<b>\$ 14,159,742</b>

\*See Note 15

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

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
in the Statement of Net Position  
June 30, 2019

<b>Total governmental fund balances</b>	\$ 10,012,757
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	6,637,545
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(2,544)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(1,387,500)
Compensated absences	(426,610)
Net pension liability and related deferred outflows/inflows of resources	(17,351,027)
Net OPEB liability and related deferred outflows/inflows of resources	<u>(16,221,316)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (18,738,695)</u></b>

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



**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Registry Equipment and Technology Fund</u>	<u>Sheriff Retired Employee Pension Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
County taxes	\$ 1,575,931	\$ -	\$ -	\$ 1,575,931
Charges for services	3,648,763	-	-	3,648,763
Intergovernmental revenues	2,626,011	411,030	3,104,777	6,141,818
Rental income	2,013,531	-	-	2,013,531
Investment income	134,692	8,564	-	143,256
Parking tickets	94,401	-	-	94,401
Other	215,680	-	-	215,680
Total Revenues	<u>10,309,009</u>	<u>419,594</u>	<u>3,104,777</u>	<u>13,833,380</u>
<b>Expenditures</b>				
Current:				
Commissioners	313,792	-	-	313,792
Registry of deeds	2,248,587	368,966	-	2,617,553
Buildings maintenance	2,401,459	-	-	2,401,459
Dredge	1,568	-	-	1,568
Treasurer	495,703	-	-	495,703
Human services	307,301	-	-	307,301
Employee benefits	3,264,456	-	3,104,777	6,369,233
General and administrative	721,204	-	-	721,204
Contribution to OPEB Trust Fund	125,000	-	-	125,000
Debt service:				
Principal	275,000	-	-	275,000
Interest	66,825	-	-	66,825
Total Expenditures	<u>10,220,895</u>	<u>368,966</u>	<u>3,104,777</u>	<u>13,694,638</u>
Change in Fund Balance	88,114	50,628	-	138,742
Fund Balance, at Beginning of Year	<u>8,539,205</u>	<u>1,334,810</u>	<u>-</u>	<u>9,874,015</u>
Fund Balance, at End of Year	<u>\$ 8,627,319</u>	<u>\$ 1,385,438</u>	<u>\$ -</u>	<u>\$ 10,012,757</u>

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

## COUNTY OF PLYMOUTH, 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, 2019

**Changes in fund balances - governmental funds** \$ 138,742

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:

Capital asset purchases	666,866
Depreciation	(266,678)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of bonds payable	275,000
Amortization of bond premium	2,500

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 480

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 governmental funds:

Compensated absences	45,101
Net pension liability and related deferred outflows/inflows of resources	(5,770,371)
Net OPEB liability and related deferred outflows/inflows of resources	<u>1,656,265</u>

**Change in net position - governmental activities** \$ (3,252,095)

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

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

General Fund  
Statement of Revenues and Other Sources, and Expenditures and Other Uses – Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources</b>				
County taxes	\$ 1,575,931	\$ 1,575,931	\$ 1,575,931	\$ -
Charges for services	3,960,000	3,960,000	3,648,763	(311,237)
Intergovernmental revenues	2,335,000	2,335,000	2,404,024	69,024
Rental income	1,758,362	1,758,362	2,013,531	255,169
Investment income	50,000	50,000	134,692	84,692
Parking tickets	125,000	125,000	94,401	(30,599)
Other	311,000	311,000	215,680	(95,320)
Use of fund balance	290,000	290,000	290,000	-
Total Revenues and Other Sources	10,405,293	10,405,293	10,377,022	(28,271)
<b>Expenditures and Other Uses</b>				
Current:				
Commissioners	308,918	314,115	313,792	323
Registry of deeds	2,274,117	2,274,117	2,248,587	25,530
Buildings maintenance	2,047,146	2,216,546	2,179,472	37,074
Dredge	50,000	50,000	1,568	48,432
Treasurer	501,194	511,196	495,703	15,493
Human services	336,125	336,125	307,301	28,824
Employee benefits	3,559,558	3,368,885	3,264,456	104,429
General and administrative	861,410	867,484	721,204	146,280
Contribution to OPEB Trust Fund	125,000	125,000	125,000	-
Debt service:				
Principal	275,000	275,000	275,000	-
Interest	66,825	66,825	66,825	-
Total Expenditures and Other Uses	10,405,293	10,405,293	9,998,908	406,385
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 378,114	\$ 378,114

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

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2019

	<u>Other Post- Employment Benefits Trust Fund</u>
<b>ASSETS</b>	
Pooled investment in Plymouth County OPEB Trust	\$ <u>835,694</u>
TOTAL ASSETS	835,694
<b>NET POSITION</b>	
Net position restricted for other post-employment benefits	\$ <u><u>835,694</u></u>

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

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2019

	<u>Other Post- Employment Benefits Trust Fund</u>
<b>Additions:</b>	
Contributions from employer	\$ 1,352,063
Investment income (loss):	
Interest	49,241
Less: management fees	<u>(1,491)</u>
Net investment income (loss)	<u>47,750</u>
Total additions	1,399,813
<b>Deductions:</b>	
Benefit payments	<u>1,227,063</u>
Total deductions	<u>1,227,063</u>
Change in Net Position	172,750
<b>Net position:</b>	
Beginning of year	<u>662,944</u>
End of year	<u>\$ 835,694</u>

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

# COUNTY OF PLYMOUTH, MASSACHUSETTS

## Notes to Financial Statements

### 1. Organization

The County of Plymouth, Massachusetts (the County), was established in 1685. The County is a body of politic and corporate organized under Section 1 of Chapter 34 of the General Laws of Massachusetts (MGL). The County operates pursuant to MGL, under a County Commissioner form of government. An Advisory Board consisting of officials from each member community performs the legislative function. The County has no charter or other founding documents.

The County is statutorily responsible for providing and maintaining various County properties and operations, including courthouses and registry of deeds. The Commonwealth of Massachusetts provides rental income to the County for the judicial branch occupying the courthouses, which are owned, operated, and maintained by the County.

### 2. Summary of Significant Accounting Policies

The accounting policies of the County conform to Generally Accepted Accounting Principles as applicable to governmental units. The following is a summary of significant accounting policies:

#### ***Reporting Entity***

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 2019, 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. The effect of interfund activity has been removed from these statements.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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. The effect of interfund activity has been eliminated from the government-wide financial statements.

*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. 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 *Registry Equipment and Technology Fund* consists of amounts specified in and collected under Section 41 of Chapter 36 and Chapter 668 of the Massachusetts General Laws. These funds are restricted for purchases related to registry information systems and equipment.
- The *Sheriff Retired Employee Pension Fund* is used to account for additional Registry of Deeds excise revenue to fund Sheriff retirees' retirement payments to the Plymouth County Retirement Association (see Note 14).

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 fund:

- 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.

### ***Cash and Short-Term 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.

### ***Investments***

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. Investments of the Other Post-Employment Benefits Trust Fund are invested in the Plymouth County OPEB Trust Fund (see Note 6).

### ***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., the current portion of interfund loans).

### ***Capital Assets***

Capital assets, which include land, land improvements, buildings and improvements, equipment, and vehicles, 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 two 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 - 50
Buildings and improvements	40 - 50
Equipment	10
Vehicles	5

***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. At June 30, 2019, the County did not report a liability on the governmental funds balance sheet for compensated absences, pursuant to GASB 34.

***Long-Term Liabilities***

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the Statement of Net Position.

***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 represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. 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.

The following types of fund balances are reported at June 30, 2019:

- *Nonspendable* – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *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.

- *Committed* – represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County’s highest decision-making authority (i.e., County Advisory Board).
- *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 County departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period and surplus set aside to be used in the subsequent year’s budget.
- *Unassigned* – represents amounts that are available to be spent in future periods and the County’s stabilization fund (see Note 15).

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

**Net position** represents the difference between assets/deferred outflows and liabilities/deferred inflows. 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.

## **3. 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 2½% of the previous year’s total assessment, except as provided by Massachusetts General Law, Chapter 59, Section 29A.

Additionally, pursuant to Massachusetts General Law, Chapter 35, Section 30, the County is limited to retaining an unassigned fund balance not in excess of 10% of the previous year’s County tax. Any excess must be applied to reduce the following year’s County tax.

***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 and the County Advisory Board. All General Fund functions are budgeted. The County does not have legally adopted annual budgets for its special revenue funds. 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 “Budget and Actual” page of the fund financial statements 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 and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenues/Expenditures (GAAP Basis)	\$ 10,309,009	\$ 10,220,895
Recognize use of fund balance as funding source	290,000	-
Other GAAP adjustments	<u>(221,987)</u>	<u>(221,987)</u>
Budgetary Basis	<u>\$ 10,377,022</u>	<u>\$ 9,998,908</u>

#### **4. Cash and Short-Term Investments**

*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. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

The County invests in the MMDT cash and bond portfolio, which is an external investment pool and is not SEC-registered. The fund is state-regulated and is valued at amortized cost.

As of June 30, 2019, \$4,523,947 of the County's bank balance of \$13,804,877 was exposed to custodial credit risk as uninsured or uncollateralized. The County has not experienced any losses in its accounts and believes it is not exposed to any significant credit risk.

#### **5. Restricted Cash**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. Within the General Fund, the restricted cash amount of \$6,539,794 is composed of amounts from the Ed Stevens memorial fund, capital purposes fund, capital improvements fund, Registry building construction and maintenance fund, stabilization fund, and funds held on behalf of the Central Plymouth County Water District Commission.

#### **6. Investments – OPEB Trust Fund**

The OPEB trust fund investments are invested in the Plymouth County OPEB Trust (PCOT), an external investment pool, which the County voluntarily participates in. PCOT assists public entities in Plymouth County and neighboring counties with pre-funding their obligations for OPEB by investing in a manner in accordance with the Massachusetts Government Code and within IRC Section 115 governing multiple employer trusts. PCOT has a formal investment policy, guidelines, and

performance objectives applicable to the assets of the PCOT investment pool, managed by the PCOT Investment Committee.

The County of Plymouth, Massachusetts designed and sponsors PCOT. The Treasurer of the County of Plymouth, Massachusetts serves as the Program Administrator for PCOT and chairs the PCOT Investment Committee.

### ***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The County does not have formal OPEB Trust Fund investment policies related to credit risk. OPEB Trust Fund investments are not rated.

### ***Custodial Credit Risk***

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, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County does not have formal OPEB Trust Fund investment policies related to custodial credit risk.

As of June 30, 2019, all of the County's total OPEB Trust Fund investments were not subject to custodial credit risk exposure because the related securities are held in an ERISA approved trust.

### ***Concentration of Credit Risk***

The County places no limit on the amount the County may invest in any one issuer. The County does not have formal OPEB Trust Fund investment policies related to concentration of credit risk exposure.

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk disclosure.

### ***Interest Rate Risk***

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 OPEB Trust Fund investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Foreign Currency Risk**

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 OPEB Trust Fund investment policies related 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. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The net asset value (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. The reported value of investments in PCOT, an external investment pool, is the same as the fair value of the pool shares.

**7. Interfund Fund Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is a summary of the June 30, 2019 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 121,027	\$ -
Registry Equipment and Technology Fund	-	115,897
Sheriff Retired Employee Pension Fund	-	5,130
Total	<u>\$ 121,027</u>	<u>\$ 121,027</u>

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 17	\$ -	\$ -	\$ 17
Buildings and improvements	19,023	658	-	19,681
Equipment	793	80	-	873
Vehicles	<u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
Total capital assets, being depreciated	19,885	738	-	20,623
Less accumulated depreciation for:				
Land improvements	(2)	(1)	-	(3)
Buildings and improvements	(14,797)	(208)	-	(15,005)
Equipment	(205)	(53)	-	(258)
Vehicles	<u>(30)</u>	<u>(5)</u>	<u>-</u>	<u>(35)</u>
Total accumulated depreciation	<u>(15,034)</u>	<u>(267)</u>	<u>-</u>	<u>(15,301)</u>
Total capital assets, being depreciated, net	4,851	471	-	5,322
Capital assets, not being depreciated:				
Land	1,316	-	-	1,316
Construction in progress	<u>70</u>	<u>-</u>	<u>(70)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,386</u>	<u>-</u>	<u>(70)</u>	<u>1,316</u>
Governmental activities capital assets, net	<u>\$ 6,237</u>	<u>\$ 471</u>	<u>\$ (70)</u>	<u>\$ 6,638</u>

Depreciation expense was charged to functions of the County as follows (in thousands):

Governmental Activities:	
Registry of deeds	\$ 185
Building maintenance	71
Dredge	<u>11</u>
Total depreciation expense	<u>\$ 267</u>

## 9. 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.

## 10. Long-Term Liabilities

### **General Obligation Bonds**

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

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/19</u>
General obligation bonds - Registry	12/15/23	2.50% - 4.55%	\$ <u>1,375,000</u>
Total Governmental Activities			\$ <u><u>1,375,000</u></u>

### **Future Debt Service**

Annual payments to retire general obligation bonds outstanding as of June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 275,000	\$ 55,138	\$ 330,138
2021	275,000	43,175	318,175
2022	275,000	31,006	306,006
2023	275,000	18,700	293,700
2024	<u>275,000</u>	<u>6,256</u>	<u>281,256</u>
Total	\$ <u><u>1,375,000</u></u>	\$ <u><u>154,275</u></u>	\$ <u><u>1,529,275</u></u>

The General Fund has been designated as the source to repay the general obligation bonds outstanding as of June 30, 2019.

### **Changes in General Long-Term Liabilities**

During the year ended June 30, 2019, the following changes occurred in governmental activities long-term liabilities (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
Bonds payable	\$ 1,650	\$ -	\$ (275)	\$ 1,375	\$ (275)	\$ 1,100
Bond premium	15	-	(3)	12	(2)	10
Subtotal	1,665	-	(278)	1,387	(277)	1,110
Compensated absences	471	-	(45)	426	(295)	131
Net pension liability	23,399	15,093	-	38,492	-	38,492
Net OPEB liability	<u>16,285</u>	<u>-</u>	<u>(70)</u>	<u>16,215</u>	<u>-</u>	<u>16,215</u>
Totals	\$ <u><u>41,820</u></u>	\$ <u><u>15,093</u></u>	\$ <u><u>(393)</u></u>	\$ <u><u>56,520</u></u>	\$ <u><u>(572)</u></u>	\$ <u><u>55,948</u></u>



**11. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position 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.

**12. Plymouth County Retirement Association – Pension (GASB 68)**

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 Plymouth County Retirement Association (the 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 Plymouth 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 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts 02360.

The Treasurer of the County of Plymouth, Massachusetts serves as the Chairman of the Board of the Plymouth County Retirement Association.

***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, 2019 was \$3,994,510, which exceeded its annual required contribution by \$684,000. This excess contribution represents additional funding of the Sheriff retirees unfunded liability (see Note 14).

**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, 2019, the County reported a liability of \$38,491,745 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2018, the County’s proportion was 5.2544368%, which was an increase of 0.5478320% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$6,880,351. In addition, the County reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 4,207,705	\$ -
Changes of assumptions	834,471	(412,496)
Net difference between projected and actual earnings on pension plan investments	5,098,425	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>2,048,090</u>	<u>-</u>
Total	<u>\$ 12,188,691</u>	<u>\$ (412,496)</u>

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

<u>Year ended June 30:</u>	
2020	\$ 3,607,157
2021	2,728,515
2022	3,034,673
2023	<u>2,405,850</u>
Total	<u>\$ 11,776,195</u>

***Actuarial Assumptions and Other Inputs***

The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2018:

Actuarial cost method	Individual Entry Age Normal Cost Method.
Amortization method	Payments increase at 7.0% for the unfunded actuarial accrued liability, and level amortization of the 2003, and 2013 Early Retirement Incentives.
Remaining amortization period	Amortization of the unfunded actuarial accrued liability over 10 years, the 2003 ERI over one year, and the 2013 ERI over 9 years; all as of July 1, 2019.
Asset valuation method	Market value for GASB 68 and for the actuarial report market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases	3.75% per year.
Cost of living adjustments	3.0% of the first \$14,000 of retirement income.
Rates of retirement	Varies based upon age for general employees, police and fire employees.
Rates of disability	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Investment rate of return/ Discount rate	7.875%, nominal rate, net of investment expense.

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of the 2015 experience study.

### ***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	22.00%	13.2%
International developed equity	14.00%	6.3%
Emerging markets equity	9.00%	8.0%
Global equity	10.00%	9.5%
Domestic fixed income	8.00%	3.4%
Value-added fixed income	11.00%	6.0%
Hedge funds	4.00%	0.0%
Real estate	11.00%	4.2%
Private equity	5.00%	9.2%
Real assets	5.00%	4.6%
Cash	1.00%	0.0%
Total	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.875%. 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 7.875%, 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 (6.875%) or one percentage-point higher (8.875%) than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 47,463,781	\$ 38,491,745	\$ 30,650,376

**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.

**13. Other Post-Employment Benefits – OPEB (GASB 74 and GASB 75)**

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 2016, 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. Note disclosure and required supplementary information requirements about OPEB also are addressed.

***Plan Description***

The County provides post-employment healthcare and life insurance benefits for retired employees through the County’s plan. The County obtains health insurance coverage through the Mayflower Municipal Health Group (MMHG), which is a self-insured joint purchase group that was established pursuant to Massachusetts General Laws Chapter 32B, Section 12. By participating in the MMHG, the County has access to high quality plans with low premiums.

***Benefits Provided***

Through the MMHG, the County provides medical, prescription drug, mental health/substance abuse, and life 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. Additional contributions are based on actuarially determined amounts.

***Plan Membership***

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	220
Active employees	<u>74</u>
Total	<u>294</u>

***Investments***

The OPEB trust fund assets consist of pooled investments in the Plymouth County OPEB Trust (PCOT), which the County voluntarily participates in (see Note 6).

*Rate of return.* For the year ended June 30, 2019, 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 July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:



Inflation	3%
Salary increases	3.5%, average, including inflation
Investment rate of return	7%, net of investment expense
Discount rate	7%
Healthcare cost trend rates	4.5% for 2019 and later years
Retirees' share of benefit-related costs	25%
Participation rate	95% of retirees to participate in the medical plan, 90% of retirees to elect dental coverage, and 95% of retirees to elect life insurance

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of July 1, 2016.

### ***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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 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 large stocks	30.00%	7.03%
Domestic mid stocks	15.00%	7.93%
Domestic small stocks	5.00%	7.63%
International developed markets equity	16.00%	7.77%
International emerging markets equity	7.00%	8.36%
Core fixed income	18.00%	3.78%
High yield fixed income	5.00%	4.75%
Real estate	4.00%	5.79%
Total	<u>100.00%</u>	

***Discount Rate***

The discount rate used to measure the net OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

***Net OPEB Liability***

The components of the net OPEB liability, measured as of June 30, 2019, were as follows:

Total OPEB liability	\$ 17,050,968
Plan fiduciary net position	<u>835,694</u>
Net OPEB liability	<u>\$ 16,215,274</u>

Plan fiduciary net position as a percentage of the total OPEB liability	4.90%
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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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 16,947,887	\$ 662,944	\$ 16,284,943
Changes for the year:			
Service cost	173,413	-	173,413
Interest	1,156,731	-	1,156,731
Contributions - employer	-	1,352,063	(1,352,063)
Net investment income	-	47,750	(47,750)
Benefit payments	<u>(1,227,063)</u>	<u>(1,227,063)</u>	<u>-</u>
Net Changes	<u>103,081</u>	<u>172,750</u>	<u>(69,669)</u>
Balances, end of year	<u>\$ 17,050,968</u>	<u>\$ 835,694</u>	<u>\$ 16,215,274</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:

<u>1% Decrease</u>	Current Discount Rate	<u>1% Increase</u>
\$ 17,979,801	\$ 16,215,274	\$ 14,742,057

**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:

<u>1% Decrease</u>	Current Healthcare Cost Trend Rates	<u>1% Increase</u>
\$ 15,090,482	\$ 16,215,274	\$ 17,543,018

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

For the year ended June 30, 2019, the County recognized a reduction of \$304,334 in OPEB expense. At June 30, 2019, the County reported deferred outflows of resources and deferred (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Net difference between projected and actual OPEB investment earnings	\$ <u>1,131</u>	\$ <u>(7,173)</u>
Total	\$ <u><u>1,131</u></u>	\$ <u><u>(7,173)</u></u>

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

<u>Year Ended June 30:</u>	
2020	\$ (2,872)
2021	(2,872)
2022	(581)
2023	<u>283</u>
Total	\$ <u><u>(6,042)</u></u>

**14. Sheriff Retired Employee Pension Fund**

On January 1, 2010, the Sheriff's department was transferred to the Commonwealth of Massachusetts as a result of Chapter 61 of the Acts of 2009. The Commonwealth did not assume the entire liability of the retirement system costs for the Sheriff's department retirees. These retirees continued to be members of the County's retirement system, but the County received a greater share of Deeds excise revenue to fund a portion of the Sheriff retirees' retirement payments. In fiscal year 2014, the County petitioned the Legislature, and the Legislature amended Chapter 61 of the Acts of 2009, to allow the County to receive an even greater share of Deeds excise revenue in an effort to fully fund the retirement system costs of the Sheriff retirees in fiscal year 2014 and beyond. In fiscal year 2019, these additional excise revenues and the amounts paid to the Plymouth County Retirement Association were reflected in the Sheriff Retired Employee Pension Fund.

Even though the Sheriff retirees are no longer employees of the County, they are still being treated as such for the purposes of calculating the County's net pension liability, in accordance with GASB Statement No. 68 (see Note 12). The statutorily

required contribution assessed by the Public Employee Retirement Administration Commission (PERAC) includes the annual assessment for the Sheriff retirees; however, is offset against by additional Deeds excise revenue. The funding of the Sheriff retirees net pension liability is reflected as a deferred outflow of resources in the Statement of Net Position. The future additional Deeds excise revenue to fund the Sheriff retirees net pension liability is as follows:

Fiscal <u>Year</u>	<u>Amount</u>
2020	\$ 2,999,911
2021	3,119,908
2022	<u>3,244,704</u>
Total	<u>\$ 9,364,523</u>

**15. Unassigned Fund Balance**

Included in the County’s unassigned fund balance is the County’s stabilization fund. Massachusetts General Law Chapter 151 of the Acts of 2016 allows for the establishment of County stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the County Advisory Board and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the County Advisory Board. In fiscal year 2017, the County voted to establish and fund a stabilization fund to be used as a funding source for potential future economic downturns. The stabilization fund is reported within unassigned fund balance in the General Fund. The following is the composition of unassigned fund balance as of June 30, 2019:

	<u>General Fund</u>
General stabilization	\$ 691,368
Remaining unassigned fund balance	<u>2,124,895</u>
Total	<u>\$ 2,816,263</u>

**16. Operating Leases and Licenses**

The County leases and licenses to multiple organizations, buildings, office space, and parking lots under cancellable and non-cancellable agreements. The County also leases its courthouses to the Commonwealth of Massachusetts and the rental payments received are in accordance with Massachusetts General Laws Part I, Title III, Chapter 29A, Section 4. In fiscal year 2019, the County received

\$1,884,178 under this arrangement. Under the non-cancellable lease and license agreements, future lease and license payments to be received are as follows:

<u>Fiscal Year</u>	<u>Lease</u>	<u>License</u>	<u>Total</u>
2020	\$ <u>69,492</u>	\$ <u>2,500</u>	\$ <u>71,992</u>
Total	\$ <u>69,492</u>	\$ <u>2,500</u>	\$ <u>71,992</u>

The historical cost of the buildings under these lease agreements is \$9,700,000 and is reported in capital assets, net of \$9,700,000 accumulated depreciation.

**17. Commitments and Contingencies**

*Outstanding Legal Matters.* 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.

**18. Subsequent Events**

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.

In April 2020, the County applied for and received approximately \$90 million pursuant to the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, money designated specifically for state and local governments to be expended for allowable purposes related to COVID-19. These funds are available through an application process designed to allow cities and towns within Plymouth County to

apply for reimbursement for necessary Coronavirus-related expenditures that meet the CARES Act requirements in a manner consistent with federal guidelines.

## **19. 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. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Required Supplementary Information  
 Schedule of Proportionate of the Net Pension Liability (GASB 68)  
 June 30, 2019  
 (Unaudited)

**Plymouth 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, 2015	December 31, 2014	5.5253448%	\$32,207,685	\$ 4,011,942	802.80%	58.88%
June 30, 2016	December 31, 2015	5.5253448%	\$35,043,195	\$ 3,435,585	1020.01%	56.80%
June 30, 2017	December 31, 2016	4.5325112%	\$28,713,717	\$ 3,475,566	826.16%	58.32%
June 30, 2018	December 31, 2017	4.7066048%	\$23,399,390	\$ 3,654,724	640.25%	65.56%
June 30, 2019	December 31, 2018	5.2544368%	\$38,491,745	\$ 3,828,076	1005.51%	56.11%

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

See Independent Auditors' Report.



**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Required Supplementary Information  
 Schedule of Pension Contributions (GASB 68)  
 June 30, 2019  
 (Unaudited)

**Plymouth County Retirement Association**

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<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, 2015	\$2,997,840	\$1,075,253	\$ 1,922,587	\$ 3,767,229	28.54%
June 30, 2016	\$3,276,888	\$7,629,339	\$ (4,352,451)	\$ 3,234,756	235.86%
June 30, 2017	\$3,227,080	\$3,364,797	\$ (137,717)	\$ 3,572,423	94.19%
June 30, 2018	\$3,268,477	\$4,613,162	\$ (1,344,685)	\$ 3,800,891	121.37%
June 30, 2019	\$3,310,510	\$3,994,510	\$ (684,000)	\$ 3,803,751	105.02%

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

See Independent Auditors' Report.

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Required Supplementary Information  
 Schedule of Changes in the Net OPEB Liability (GASB 74 and GASB 75)  
 June 30, 2019  
 (Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>			
Service cost	\$ 173,413	\$ 165,945	\$ 153,246
Interest on unfunded liability - time value of money	1,156,731	1,345,706	1,323,430
Experience (gain) and loss	-	(3,283,719)	-
Benefit payments, including refunds of member contributions	<u>(1,227,063)</u>	<u>(1,174,223)</u>	<u>(1,319,674)</u>
Net change in total OPEB liability	103,081	(2,946,291)	157,002
Total OPEB liability - beginning	<u>16,947,887</u>	<u>19,894,178</u>	<u>19,737,176</u>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 17,050,968</u></b>	<b><u>\$ 16,947,887</u></b>	<b><u>\$ 19,894,178</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,352,063	\$ 1,449,223	\$ 1,594,674
Net investment income	47,750	37,351	24,221
Benefit payments, including refunds of member contributions	<u>(1,227,063)</u>	<u>(1,174,223)</u>	<u>(1,319,674)</u>
Net change in plan fiduciary net position	172,750	312,351	299,221
Plan fiduciary net position - beginning	<u>662,944</u>	<u>350,593</u>	<u>51,372</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 835,694</u></b>	<b><u>\$ 662,944</u></b>	<b><u>\$ 350,593</u></b>
<b>Net OPEB liability (asset) - ending (a-b)</b>	<b><u>\$ 16,215,274</u></b>	<b><u>\$ 16,284,943</u></b>	<b><u>\$ 19,543,585</u></b>

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

See Independent Auditors' Report.

**COUNTY OF PLYMOUTH, MASSACHUSETTS**

Required Supplementary Information  
Schedules of Net OPEB Liability, Contributions, and Investment Returns (GASB 74 and GASB 75)  
June 30, 2019  
(Unaudited)

**Schedule of Net OPEB Liability**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 17,050,968	\$ 16,947,887	\$ 19,894,178
Plan fiduciary net position	<u>835,694</u>	<u>662,944</u>	<u>350,593</u>
Net OPEB liability (asset)	\$ <u>16,215,274</u>	\$ <u>16,284,943</u>	\$ <u>19,543,585</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 4.90%	 3.91%	 1.76%
Covered payroll	\$ 3,866,855	\$ 3,736,092	\$ 3,262,603
Participating employer net OPEB liability (asset) as a percentage of covered payroll	419.34%	435.88%	599.02%

**Schedule of Contributions**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,457,865	\$ 1,427,906	\$ 1,342,385
Contributions in relation to the actuarially determined contribution	<u>(1,352,063)</u>	<u>(1,449,223)</u>	<u>(1,594,674)</u>
Contribution deficiency (excess)	\$ <u>105,802</u>	\$ <u>(21,317)</u>	\$ <u>(252,289)</u>
 Covered payroll	 \$ 3,866,855	 \$ 3,736,092	 \$ 3,262,603
Contributions as a percentage of covered payroll	34.97%	38.79%	48.88%

**Schedule of Investment Returns**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	Unavailable	Unavailable	Unavailable

*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.