

BRISTOL COUNTY RETIREMENT SYSTEM
FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH INDEPENDENT AUDITOR'S REPORT

BRISTOL COUNTY RETIREMENT SYSTEM
INDEX TO FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Bristol County Retirement Board
Bristol County Retirement System
Taunton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Bristol County Retirement System, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Bristol County Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bristol County Retirement System'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 Bristol County Retirement System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Bristol County Retirement System as of December 31, 2018, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

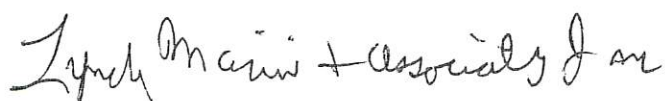
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 3 through 6, the Schedule of Changes in the Net Pension Liability and Related Ratios on page 22, Schedule of Contributions and Related Ratios on page 23, the Schedule of Investment Returns on page 24 and Notes to Required Supplementary Information on Page 25, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2019 on our consideration of the Bristol County Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bristol County Retirement System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bristol County Retirement System's internal control over financial reporting and compliance.



Norwell, Massachusetts
July 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

BRISTOL COUNTY RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

As management of the Bristol County Retirement System (System) we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

The fiduciary net position held in trust for pension benefits totaled approximately \$645 million at December 31, 2018, and \$681 million at December 31, 2017. The net position is available for payment of monthly retirement benefits and other distributions to the System's participants.

The total number of participants in the System as of December 31, 2018 was approximately 6,500, which represents active, inactive, disabled and retired participants.

The funded ratio of the System was 63.5% as of December 31, 2018, based on the date of the most recent actuarial valuation of January 1, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

The System is a multiple-employer cost sharing public employee retirement plan, which is a defined benefit plan. The System covers substantially all non-teaching employees in the County, 14 towns and 24 special districts and housing authorities. Pursuant to Massachusetts General Law (MGL) the System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

Contribution rates for active members are set at 5%, 7%, 8% or 9% of gross regular compensation, as defined; depending on the date membership began. Certain employees contribute an additional 2% on compensation over \$30,000 per annum.

The System's financial statements are comprised of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position, and Notes to the Financial Statements. Also included is certain required supplementary information, and audits of Specific Elements, Accounts, and Items of Financial Statement Schedules.

The System is administered by the Bristol County Retirement Board and is governed by Chapter 32 of the Massachusetts General Laws.

The Statement of Fiduciary Net Position presents fairly the information on the System's assets and liabilities and the resulting net position restricted for pension benefits. This statement reflects the System's investments at fair market value, along with cash and short-term investments, receivables, and other assets and liabilities.

The Statement of Changes in Fiduciary Net Position presents information showing how the System's net position restricted for pension benefits changed during the year ended December 31, 2018. It reflects contributions by members and participating employers along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

BRISTOL COUNTY RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The System is on a funding schedule to be 100% funded by the year 2028. The participating governmental entities contribute to this schedule annually based on the status of the bi-annual actuarial evaluation.

The Required Supplementary Information also includes the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, Schedule of Investment Returns and Notes to Required Supplementary Information.

The Audit of Specific Elements, Accounts and Items of Financial Statements include the Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Notes to the related thereto.

FINANCIAL ANALYSIS

ASSET COMPARISON– 2018 compared to 2017

	(\$ in millions) December 31, <u>2018</u>	(\$ in millions) December 31, <u>2017</u>
Domestic Equity and Funds	\$ 126.8	\$ 164.3
Real Estate Funds	74.0	58.6
Venture Capital Funds	75.0	58.5
Hedge Funds	33.1	33.6
International Equity and Funds	155.2	183.9
Fixed Income:		
Corporate Bond Funds	90.5	86.6
U.S. Government Securities	26.6	26.1
International Bonds	<u>56.7</u>	<u>57.2</u>
Total Managed Investments	637.9	668.8
Receivables	3.0	4.3
Cash and Other Assets	<u>9.4</u>	<u>12.7</u>
Total Assets	<u>\$ 650.3</u>	<u>\$ 685.8</u>

Significant changes to the System's assets are outlined as follows:

- The decrease in domestic equities and funds is primarily due to \$101 million in sales, \$81 million and purchases and net decrease in fair market value of \$17 million.
- The increase in real estate funds is primarily due to \$25 million in purchases of pooled real estate funds, \$14 million of sales and real estate investment trust securities and net increase in fair market value of \$5 million.
- The increase in venture capital funds is primarily due to \$8 million in purchases, \$4 million in sales and net increases in fair market value of \$12 million.

BRISTOL COUNTY RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

- The decrease in international equities and funds is primarily due to \$107 million in sales, \$99 million in purchases and net decrease in fair market value of \$22 million.
- The decrease in cash and other assets is primarily due to \$2.8 million decrease in the non-managed cash account due to purchases of venture capital and real estate funds near year end.

The System's overall returns as published in Public Employee Retirement Administration Commission's (PERAC) annual report for the past three years were (2.88%) in 2018, 16.83% in 2017, 7.01% in 2016. As published in PERAC's annual report, during the period from 1985 to 2018 the System has achieved a return of 8.64% in annual performance.

CONTRIBUTIONS AND DEDUCTIONS

Contributions to the System by members and employees for the years ended December 31, 2018 and 2017 are summarized below:

	(\$ in millions) December 31, <u>2018</u>	(\$ in millions) December 31, <u>2017</u>
Member Contributions	\$ 18.2	\$ 17.3
Employer and Other Contributions	<u>41.3</u>	<u>39.7</u>
Total	<u>\$ 59.5</u>	<u>\$ 57.0</u>

The member contributions increased by 5%, while employer contributions increased by 4%. The increase in member contributions is primarily due to 3% salary increases and a 2% total increase in total active members. The increase in employer and other contributions is primarily due to a 4% increase in the actuarial calculated employer pension appropriations.

Deductions from System assets for the year ended December 31, 2018 and 2017 are summarized below:

	(\$ in millions) December 31, <u>2018</u>	(\$ in millions) December 31, <u>2017</u>
Member Benefits	\$ 63.6	\$ 59.5
Refunds and Transfers	5.8	6.0
Administration	<u>1.0</u>	<u>0.9</u>
Total	<u>\$ 70.4</u>	<u>\$ 66.4</u>

The increase in member benefits is primarily attributable to a 3% increase in retirees, beneficiaries and other pensioners along with increases in monthly pension allowances due to cost of living adjustments.

BRISTOL COUNTY RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

ECONOMIC FACTORS AND FUTURE OUTLOOK

Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The funded ratios of the System at December 31, 2018 and December 31, 2017 (the measurement dates - based on the latest actuarial valuation completed was as of January 1, 2018), are as follows:

<u>2018</u>	<u>2017</u>
63.5%	68.6%

New Members

The Southeastern Massachusetts Regional Emergency Communication District joined the System in July of 2018. This member did not have any employees enrolled in the System until February of 2019. Accordingly, no contributions have been received and no net pension liability has been allocated to this member as of December 31, 2018.

The North Raynham Water District joined the System in July of 2019. Certain employees of this member had prior service credit, which will be granted to them based on their date of hire.

PLAN AMENDMENTS

Any changes in benefits or other matters related to the System require an action by the State Legislature. Many also require local acceptance by the governing body of the member units.

OTHER

Other than changes in the fair value of System assets as may be impacted by the stock and bond markets, no other matters are known by management to have a significant impact on the operations or financial position of the System.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the System's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Bristol County Retirement System, 645 County Street, County Crossing, Taunton, MA 02780.

BASIC FINANCIAL STATEMENTS

BRISTOL COUNTY RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

ASSETS

Cash and short-term investments	\$ 9,254,962
Receivables	
Employee	769,994
Employer	66,661
Securities sold	125,082
Interest and dividends	345,524
Other systems	1,741,619
Total receivables	<u>3,048,880</u>
Investments	
Domestic equities and funds	126,843,096
Real estate funds	73,948,553
Venture capital funds	74,952,579
Hedge funds	33,114,696
International equities and funds	155,200,892
Fixed income	
Domestic bonds and funds	90,465,954
U.S. government security	26,629,923
International bonds and funds	56,740,324
Total investments	<u>637,896,017</u>
Other assets	<u>110,957</u>
Total assets	<u>650,310,816</u>

LIABILITIES

Due to brokers and investment managers	\$ 1,368,097
Due to other systems	4,008,702
Accounts payable	147,778
Total liabilities	<u>5,524,577</u>

NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 644,786,239</u></u>
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The accompanying notes are an integral part of these financial statements.

BRISTOL COUNTY RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

ADDITIONS

Contributions

Employer	\$ 39,176,067
Plan Members	18,169,477
Other systems and state	2,057,717
Miscellaneous	52,148
Total contributions	<u>59,455,409</u>

Investment Income

Net increase (decrease) in fair value of investments:

Domestic equities and funds	(16,803,642)
Real estate funds	5,473,328
Venture capital funds	11,821,889
Hedge funds	(536,957)
International equities and funds	(22,099,400)
Domestic bonds and funds	(4,075,410)
U.S. government security	(309,031)
International bonds and funds	(3,739,859)
Interest and dividends	14,085,002
	<u>(16,184,080)</u>

Less investment expense	<u>(8,744,105)</u>
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Net investment income	<u>(24,928,185)</u>
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Total additions	<u>34,527,224</u>
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DEDUCTIONS

Benefits	63,603,711
Refunds and transfers of contributions	5,783,860
Administrative and other expenses	961,161
Total deductions	<u>70,348,732</u>

NET CHANGE IN FIDUCIARY NET POSITION	(35,821,508)
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Fiduciary Net Position, Beginning of Year	<u>680,607,747</u>
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Fiduciary Net Position, End of Year	<u><u>\$ 644,786,239</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION

The following brief description of the System is provided for general information purposes only. Participants should refer to Chapter 32 of the Massachusetts General Laws, the System's Retirement Guide, and other applicable statements, for more complete information.

General

The System is a multiple-employer cost sharing public employee retirement plan, which is a defined benefit pension plan covering eligible County and local municipal employees, except teachers covered by the Commonwealth of Massachusetts Teachers' Retirement System. Membership in the System is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The supervisory authority for the management and operation of the System is the Retirement Board, which acts as a fiduciary for investment of the funds and the application of System interpretations.

As of January 1, 2018, the date of the latest updated valuation, the System's membership consisted of:

	<u>2018</u>
Retirees and beneficiaries currently receiving benefits	2,219
Inactive participants	772
Disabled participants	281
Active participants	<u>3,220</u>
	<u>6,492</u>

Benefits

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with ten years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with ten years of service if in group 1, 55 years of age with ten years of service if in group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

Contributions

The contributions rates for active members are pursuant to statute. Active members contribute 5, 7, 8, or 9% of their gross regular compensation depending on the date upon which their membership began, and certain employees contribute an additional 2% over \$30,000 of annual compensation. Deductions are deposited in the annuity savings fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission (PERAC) actuary. When a member's retirement becomes effective their deduction and related interest are transferred to the annuity reserve fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are the responsibility of the Commonwealth and deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are the responsibility of the system.

Employer contributions are based on an actuarial calculation. The System and its members determine and pay pension costs on an accrual basis. Employer contributions are due semiannually on a fiscal year basis in July and January; however, in 2018, the System authorized an actuarially determined discount of approximately 2% on contributions paid in advance of July 1st. The Commonwealth of Massachusetts currently reimburses the System on a semi-annual basis for increases granted to retirement members between 1981 and 1997.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Participating Employers

As of December 31, 2018, there were 37 participating employers consisting of:

Towns	14
County	1
Special districts and housing authorities	<u>24</u>
	<u>39</u>

Two (2) of the Special District noted above did not have employees or retirees enrolled in the System as of December 31, 2018. Accordingly, the System did not receive any contributions or record any liability attributable to these employers for the year December 31, 2018.

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of the Public Employee Retirement Administration Commission (PERAC).

The Chairman of the System's Board of Directors also serves as Treasurer for Bristol County, which is a member of the System.

Tax Status

The System is a qualified plan under the Internal Revenue Code of 1986, as amended and, therefore, is exempt from federal income taxes. The plan administrator believes that the System is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code and will retain its status as a qualified plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the Bristol County Retirement System (System) also referred to as the (Plan).

Basis of Accounting

The accompanying financial statements of the Bristol County Retirement System have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

Bristol County Retirement System is a special-purpose government engaged only in fiduciary activities. The financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of trade dates. Member and employer contributions are established by statute. Member contributions are a percentage of salaries and are recognized in the period in which employees' salaries are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The System is administered by the Bristol County Retirement Board (Board) and is governed by Chapter 32 of the Massachusetts General Laws and other applicable statutes. Administrative expenses are paid with funds provided by operations of the plan.

Fair Value Measurement

The System measures assets and liabilities at fair value according to the hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk. The following levels are considered:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.
- Level 3 inputs are unobservable for an asset or liability.

Cash and short-term investments

Cash and cash equivalents are considered to be cash on hand and demand deposits with an original maturity date of three months or less. Short term investments are marketable securities, stated at fair value, that are expected to be sold or converted to cash within three to twelve months from December 31, 2018. Short-term investments include bills, notes and commercial paper, valued at fair value. All short-term investments are measured using level 1 inputs. For more information regarding cash and short-term investments, see Note 3.

Accounts Receivable

Accounts receivable consist of employee deductions, securities sold, amounts due from other systems and interest and dividends receivable. These receivables are considered to be 100% collectible and there is no allowance for uncollectible accounts.

Investments

Certain investments are reported at fair value. Debt and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The fair value of the pro rata share of units owned by the System in equity index and commingled trust funds and mutual funds, is determined by the respective fund trustee based on quoted sales prices of the underlying securities. The fair value of real estate funds is provided by the fund's manager based on the value of the underlying real estate properties as determined from independent appraisals. Securities for which such valuations are unavailable are reported at their fair value as estimated in good faith by the Board based on the information provided by the investment managers responsible for such investments. Fair values for investments in pooled investment vehicles (non-exchange traded commingled funds) are based on the commingled fund's published net asset value (NAV) which are valued based on the underlying marketable securities or in the absences of readily ascertainable market values, the price of identical or similar securities.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, net income from real estate and investment expenses, which includes investment management and custodial fees and all other significant investment related costs. Foreign currency translation gains and losses are reflected in the net appreciation (depreciation) in the fair value of investments. Investment income from real estate includes the System's pro rata share of income from operations, net appreciation (depreciation) in the fair value of the underlying real estate properties and the System's real estate investment management fees.

The System may invest in various traditional financial instruments that fall under the broad definition of derivatives, which may include U.S. Treasury Strips, collateralized mortgage obligations, convertible stocks and bonds, and variable rate instruments. These investments do not increase investment risk beyond allowable limits specified in the System's investment policy.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such change could materially affect the amounts reported in the statement of System's net position.

For more information regarding the fair values of investments, see Note 3.

Other Assets

Other assets consist of two condominiums which are owned by a grantor-type trust for which the System and member units are the beneficiaries. The System's administrative offices are located in the condominiums, which were purchased via funding by the member units and general funds. Carrying amount approximates cost, net of accumulated depreciation.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of fiduciary net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fiduciary net position that applies to a future period and so will not be recognized as an outflow of resources (deduction). There were no deferred outflows of resources at December 31, 2018.

In addition to liabilities, the statement of fiduciary net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (addition). There were no deferred inflows of resources at December 31, 2018.

Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make significant estimates and assumptions that affect the reported amounts of net position held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in Plan net position during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties

Contributions to the System and the actuarial information in Schedule in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

3. CASH AND SHORT-TERM INVESTMENTS, AND INVESTMENTS

The System maintains deposits in authorized financial institutions. In the case of deposits, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned. The System does not have a formal deposit policy for custodial credit risk. At December 31, 2018, cash and short-term investment deposits totaled \$10,005,022 and had a carrying amount of \$9,254,962. Of the deposit amounts, \$7,340,611 was exposed to custodial credit risk at December 31, 2018, because it was uninsured and uncollateralized. The \$7,340,611 represents money market short-term investment accounts. The difference between deposit amounts and carrying amounts generally represents outstanding checks.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a (3) tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices for identical investments in active markets;
- Level 2 – Observable inputs other than quoted market prices, and;
- Level 3 – Unobservable inputs.

The System has the following recurring fair value measurements as of December 31, 2018:

		Fair Value Measurements Using		
	12/31/2018	Level 1	Level 2	Level 3
Investments by fair value level:				
Debt securities:				
Corporate bonds	\$ 25,326,602	\$ 25,326,602	\$	\$
Government issues	26,629,923	26,629,923		
Other	<u>1,011,881</u>	<u></u>	<u>1,011,881</u>	<u></u>
Total debt securities	52,968,406	51,956,525	1,011,881	
Equity securities:				
Domestic common stock	<u>90,740,207</u>	<u>90,740,207</u>	<u></u>	<u></u>
Total equity securities	90,740,207	90,740,207		
Pooled investments:				
Equity mutual funds - international	39,436,498	39,436,498		
Fixed income mutual funds - domestic	64,127,470	64,127,470		
Fixed income mutual funds - international	15,393,068	15,393,068		
Real estate mutual funds	<u>12,733,520</u>	<u>12,733,520</u>	<u></u>	<u></u>
Total pooled investments	<u>131,690,556</u>	<u>131,690,556</u>	<u></u>	<u></u>
Total investments by fair value level	\$ 275,399,169	\$ 274,387,288	\$ 1,011,881	\$

Investments measured at net asset value (NAV):

Domestic equity funds	\$ 36,102,890
International equity funds	115,764,394
International fixed income funds	41,347,256
Private equity/ venture capital funds	70,830,071
Hedge funds	33,114,696
Timberland funds	4,122,508
Real estate funds	<u>61,215,033</u>
Total investments measured at NAV	<u>362,496,848</u>
Total investments measured at fair value	<u>\$ 637,896,017</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using the matrix pricing based on the securities relationship to benchmark quoted prices.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered select “pooled investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships and private investment trusts. If December 31 statements are available, these values are used preferentially. However, some partnerships/trusts are unable to provide statements timely. If December 31 valuations are not available, the value is derived from the most recently available valuation, taking into account subsequent calls and distributions. The following table presents the unfunded commitments, redemption terms and fair value of the pooled investments measured at NAV:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Pooled domestic equities (1)	\$ 36,102,890	\$	Daily	1 - 10 days
Pooled international equities (2)	115,764,394		Daily	5 days
Pooled international fixed income (3)	41,347,256		Daily	1 - 10 days
Private equity/ venture capital funds (4)	70,474,473	47,372,685	Ineligible	N/A
Hedge funds (5)	33,114,696		Quarterly	45 - 90 days
Timberland funds (6)	4,122,508	751,310	Ineligible	N/A
Real estate (7)	<u>61,570,631</u>	<u>8,340,679</u>	Daily/ Ineligible	1 day / N/A
Total investments measured at NAV	<u>\$ 362,496,848</u>			

1. *Pooled domestic equities.* This type includes investments in one (1) private investment trust and (1) limited partnership that invest primarily in certain common stocks of companies or American Depository Receipts traded on major U.S. stock exchanges. The fair values of the investments in this type have been determined using the NAV per share of the investments. The underlying assets are valued using the market approach for quotations that are readily available; for investments whose quotations are not readily available, the investment manager/ general partner determines the fair value in good faith using applicable valuation inputs.

2. *Pooled international equities.* This type includes two (2) private investment trusts and (2) limited partnerships that invest primarily in equity securities outside of North America. These investments provide exposure to economies that offer different business cycles and growth opportunities than North American markets. The fair values of the investments in this type have been determined using the NAV per share of the investments. The underlying assets are valued using the market approach, or if information is not available, then valuation procedures are performed in good faith by the investment manager/ general partner.

3. *Pooled international fixed income.* This type includes two (2) private investment trusts that invest primarily in international fixed income securities issued by foreign governments, their agencies, corporations and local/quasi-governmental entities. The investments also include exposure to derivative instruments created to hedge or gain exposure to emerging market fixed income securities. The fair values of the investments in this type are determined using the NAV per share. The market approach is used to value the underlying investments within each fund.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. *Private equity/venture capital funds.* This type includes investments in nine (9) private equity/ venture capital limited partnerships that primarily invest in privately held companies in the form of investee funds (primary and secondary) and direct investments in partnership units and common stock. Certain funds are also exposed to domestic and international infrastructure investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital of the investments. Eight (8) out of the nine (9) investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 13 years.

5. *Hedge funds.* This type includes investments in one (1) hedge fund which is invested on behalf of the System by the Pension Reserves Investment Trust (PRIT) Fund. The hedge fund invests in event-driven strategies such as credit-event, equity-event, multi-event driven, and stressed/distressed credit positions. The fair values of the investment in this type have been determined using the NAV per share. Redemption frequency for this investment is quarterly with 45 – 90 days' notice.

6. *Timberland funds.* This type includes investments in two (2) limited partnerships that acquire, hold, lease, mortgage, sell, exchange, dispose and otherwise exercise control over timberland property. Properties are primarily located in the U.S., Brazil and Austria. The fair values of the funds have been determined using the NAV per share. The investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 6 years.

7. *Real Estate.* This type includes six (6) privately held real estate investment trusts that focus on acquiring, holding and disposing of residential and commercial real estate. Other strategies include capitalizing on the current dislocation in the residential and commercial mortgage loan and structured securities markets. Four (4) of the six (6) investments can never be redeemed. Distributions from the non-redeemable funds will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 8 years.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Equity securities, money market funds, repurchase agreements, international equity funds and equity mutual funds are not rated as to credit risk. The investment policy of the System does not formally address credit risk; however, the Board provides guidelines with each investment manager, as applicable. At December 31, 2018, the System had \$52,968,406 of individual debt securities. In addition, the System held \$64,127,470 of domestic fixed income funds and \$56,740,324 of international fixed income funds. The average rating for domestic fixed income mutual funds was BBB+ (all managed by PIMCO and are based on S&P ratings) and the average rating of international fixed income funds was AA-, BB+ and BB (for funds managed by Colchester Global, Stone Harbor and Ashmore, respectively, and are based on S&P ratings).

At December 31, 2018, the System's individual debt securities had the following ratings:

Ratings by S&P

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>							
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>CCC</u>	<u>Not Rated</u>
Corporate Bonds	\$ 25,326,602	\$ 3,010,604	\$ 305,503	\$ 6,354,246	\$ 11,253,841	\$ 376,645	\$ 454,184	\$ 590,258	\$ 2,981,321
Government Issues	26,629,923		24,571,288						2,058,635
Other	<u>1,011,881</u>		<u>732,868</u>	<u>279,013</u>					
Total debt securities	<u>\$ 52,968,406</u>	<u>\$ 3,010,604</u>	<u>\$ 25,609,659</u>	<u>\$ 6,633,259</u>	<u>\$ 11,253,841</u>	<u>\$ 376,645</u>	<u>\$ 454,184</u>	<u>\$ 590,258</u>	<u>\$ 5,039,956</u>

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Ratings by Moody's

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Rating</u>					
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Ba</u>	<u>Not Rated</u>
Corporate Bonds	\$25,326,602	\$ 5,234,968	\$ 397,866	\$ 3,354,202	\$ 7,521,827	\$ 774,953	\$ 8,042,786
Government Issues	26,629,923	19,709,711	3,261,272	1,371,048	229,257		2,058,635
Other	<u>1,011,881</u>		<u>59,755</u>	<u>736,933</u>			<u>215,193</u>
Total debt securities	<u>\$52,968,406</u>	<u>\$24,944,679</u>	<u>\$ 3,718,893</u>	<u>\$ 5,462,183</u>	<u>\$ 7,751,084</u>	<u>\$ 774,953</u>	<u>\$10,316,614</u>

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The investment policy of the System does not formally address interest rate risk; however, the Board provides guidelines with each investment manager, as applicable. The average maturity as of December 31, 2018 for the domestic fixed income funds is 9.03 years and the average maturity for the international fixed income funds is 7.55, 8.90 and 9.51 years (for Colchester Global, Stone Harbor and Ashmore Fixed Income, respectively).

The following represents the System's individual debt securities' maturities as of December 31, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>> 10</u>
Corporate Bonds	\$ 25,326,602	\$ 1,031,958	\$11,436,418	\$ 4,570,826	\$ 8,287,400
Government Issues	26,629,923	119,223	12,733,763	6,882,427	6,894,510
Other	<u>1,011,881</u>	<u>517,675</u>			<u>494,206</u>
Total debt securities	<u>\$ 52,968,406</u>	<u>\$ 1,668,856</u>	<u>\$24,170,181</u>	<u>\$11,453,253</u>	<u>\$ 15,676,116</u>

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair market value of an investment. The System's investment policy does not formally address foreign currency risk. The System was exposed to foreign currency risk at December 31, 2018 as a result of investments in pooled international funds. However, due to the nature of these funds, the amount of underlying holdings exposed to foreign currency risk is unavailable.

Concentration of credit risk is assumed to arise when the amount of investments that the System has with anyone issuer exceeds 5% or more of the total value of the System's investments. At December 31, 2018, the System did not have more than 5% of its investments in any one issuer, except for certain pooled funds when the underlying investments are held with more than one issuer.

Schedule of investment returns

The annual money-weighted rate of return, net of investment expense for the year ended December 31, 2018 was (4.61)%, which has been calculated in accordance with the Provisions of GASB #67, *Financial Reporting for Pension Plans*.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. ACTUARIAL VALUATION

Components of the net pension liability as of December 31, 2018 (in thousands):

Total Pension Liability	\$1,015,759
The Pension Plan's Fiduciary Net Position	<u>\$ 644,786</u>
Net Pension Liability	<u>\$ 370,973</u>

The Pension Plan's Fiduciary Net Position as a percentage of Total Pension Liability	63.48%
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Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent, open group
Remaining amortization period	10 years
Asset valuation method	Market Value

Actuarial assumptions:

Investment rate of return	7.75%												
Projected salary increases	<table> <tr> <th><u>Service</u></th><th><u>Rate</u></th></tr> <tr> <td>0-1</td><td>5.50%</td></tr> <tr> <td>2</td><td>4.00%</td></tr> <tr> <td>3-4</td><td>3.50%</td></tr> <tr> <td>5-7</td><td>3.00%</td></tr> <tr> <td>8+</td><td>2.75%</td></tr> </table>	<u>Service</u>	<u>Rate</u>	0-1	5.50%	2	4.00%	3-4	3.50%	5-7	3.00%	8+	2.75%
<u>Service</u>	<u>Rate</u>												
0-1	5.50%												
2	4.00%												
3-4	3.50%												
5-7	3.00%												
8+	2.75%												
Cost-of-living adjustments	3.00% of the lesser of the pension amount and \$18,000 per year												
Discount rate	7.75%												
Inflation	4.00%												
Rates of retirement	Varies based upon age for general employees, police, and fire employees												
Rates of disability	Varies based upon age for general employees, police, and fire employees. General employees – 35% ordinary, 65% service connected Police & Fire – 5% ordinary, 95% service connected												
Mortality rates	Pre-Retirement – RP-2014 Blue Collar Mortality Table with Scale MP-2014, fully generational.												

Healthy Retiree – Group 1 & 2 retirees are represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Group 4 retirees are represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Disabled Retirees – Group 1 & 2 disabled retirees are represented by the RP-2000 Mortality Table set forward six years. Group 4 disabled retirees are represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2014.

Family Composition

Assumption that 80% of members will be survived by a spouse, and that females are three years younger than males.

Survivor Benefits

Occupational Death – Survivors of a member who dies due to an occupational injury will be entitled to a lump sum return of contributions plus a pension benefit equal to 72% of the participants annual salary

Non-Occupational Death – Upon the death of a member other than due to an occupational injury, the designated beneficiary will be entitled to a retirement benefit as if Option C had been elected with a minimum of \$250 per month to the surviving spouse, plus \$120 for the first child, plus \$90 for each additional child. If no beneficiary is designated and if the employee worked two years, and is married at least one year, the spouse may elect benefits. If there is no designated beneficiary or surviving spouse, then member contributions are returned. If there are dependent children but no surviving spouse, they may elect minimum survivor benefits of \$250 per month plus \$120 for the first child and \$90 each additional child.

Refund of contributions – Upon the death of a member not entitled to survivor benefits, the beneficiary is entitled to a refund of all member contributions with interest.

Cost-of-Living Adjustments

In accordance with the adoption of Chapter 17 of the Acts of 1997, the granting of a cost-of-living adjustment (COLA) will be determined by an annual vote of the Retirement Board. The amount of increase will be based upon the Consumer Price Index, limited to a maximum of 3.0%, beginning on July 1. All retirees, disabled retirees, and beneficiaries who have been receiving benefits payments for at least one year as of July 1 are eligible for the adjustment. The maximum amount of pension benefit subject to a COLA is \$18,000. All COLA's granted to members after 1981 and prior to July 1, 1998 are deemed to be an obligation of the State and not the liability of the Retirement System.

For financial reporting purposes, the projection of benefits for the System does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed in Note 2.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses and the long term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts General Law, employers are required to make the necessary contributions to the trust such that the Plan reaches a full funding status by 2040.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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

The following presents the net position liability calculated using the discount rate of 7.75%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) (in thousands).

	<u>1% decrease</u> (6.75%)	<u>Current Discount Rate</u> (7.75%)	<u>1% increase</u> (8.75%)
Bristol County Retirement System's net pension liability as of December 31, 2018	\$485,872	\$370,973	\$276,275

The Plan Fiduciary Net Position as a percentage of the Total Pension liability is 63.48%

Investment policy

The Plan does not have a formal investment policy. The Board is in the process of formalizing an investment policy. The Board approved portfolio target weights and long-term expected rates of return on November 4, 2014.

As of November 4, 2014, the Plan's portfolio target weights and assumed long-term rates of return at the asset class level are as follows:

<u>Asset Class</u>	<u>Portfolio Target</u> <u>Weight</u>	<u>Long term Expected</u> <u>Rate of Return</u>
Equity	46.5%	7.9%
Fixed income	24.5%	4.6%
Private equity	8.5%	10.5%
Real estate funds	7.5%	6.5%
Hedge funds	5.0%	5.9%
Infrastructure	5.0%	7.6%
Timber	3.0%	7.5%

5. LEGALLY REQUIRED RESERVE ACCOUNTS

The balances in the System's legally required reserves at December 31, 2018:

	<u>2018</u>	<u>Purpose</u>
Annuity Savings Fund	\$ 159,709,653	Active members' contribution balance
Annuity Reserve Fund	54,731,660	Retired members' contribution account
Pension Reserve Fund	430,281,817	Amounts appropriated to fund future retirement benefits
Military Credit	<u>63,109</u>	Members' contribution while on military leave
	<u>\$ 644,786,239</u>	

All reserve accounts are funded at levels required by state statute.

6. COMMITMENTS AND CONTINGENCIES

The System is involved in certain lawsuits at December 31, 2018. In the opinion of the System's management, the ultimate resolution of these legal actions will not result in a material loss to the System.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

7. SUBSEQUENT EVENTS

The Southeastern Massachusetts Regional Emergency Communication District joined the System in July of 2018. This member did not have any employees enrolled in the System until February of 2019. Additionally, the North Raynham Water District joined the System in July of 2019. Certain employees of this member had prior service credit, which will be granted to them based on their date of hire. No contributions were received from these members during the year ended December 31, 2018 and no net pension liability has been allocated to these members as of December 31, 2018.

8. RECENT ACCOUNTING PRONOUNCEMENTS

The following are pronouncements issued by the Governmental Accounting Standards Board ("GASB"), which the Town believes are applicable to its financial statements.

Current pronouncements

The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, which is required to be implemented in fiscal year 2018. The pronouncement replaces previously issued guidance and establishes new accounting and financial reporting requirements for governments whose employees are provided other post-employment benefits. The System implemented this pronouncement in the current year; it did not have a material effect on the financial statements.

The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in fiscal year 2018. This pronouncement addresses practice issues that have been identified during implementation and application of certain GASB Statements. The System implemented this pronouncement in the current year; it did not have a material effect on the financial statements.

The GASB issued Statement #86, *Certain Debt Extinguishing Issues*, which is required to be implemented in fiscal year 2018. This pronouncement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transaction in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The pronouncement had no effect on the System.

Future pronouncements

The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in fiscal year 2019. The pronouncement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The System does not expect this pronouncement to have a material effect on the financial statements.

The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2019. The pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The System expects to implement the pronouncement as applicable.

The GASB issued Statement #87, *Leases*, which is required to be implemented in fiscal year 2020. This pronouncement 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. The System expects to implement the pronouncement as applicable.

BRISTOL COUNTY RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

The GASB issued Statement #88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which is required to be implemented in fiscal year 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The System does not expect this pronouncement to have a material effect on the financial statements.

The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in fiscal year 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The System expects to implement the pronouncement as applicable.

REQUIRED SUPPLEMENTARY INFORMATION

BRISTOL COUNTY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 16,890,208	\$ 16,358,649	\$ 15,729,470	\$ 15,124,490	\$ 16,427,712
Interest	75,601,253	70,979,193	69,256,778	68,495,323	68,538,354
Experience (Gain) and Loss		39,172,630		23,510,546	
Changes in Plan Provisions				8,062,908	
Change in assumptions				(13,807,975)	
Benefit payments, including refunds of employee contributions	(69,387,571)	(65,483,244)	(61,382,742)	(62,046,359)	(56,581,624)
Net change in total pension liability	23,103,890	61,027,228	23,603,506	39,338,933	28,384,442
Total pension liability, beginning	992,655,817	931,628,589	908,025,083	868,686,150	840,301,708
Total pension liability, ending (a)	<u>\$ 1,015,759,707</u>	<u>\$ 992,655,817</u>	<u>\$ 931,628,589</u>	<u>\$ 908,025,083</u>	<u>\$ 868,686,150</u>
Plan fiduciary net position increase (decrease):					
Member contributions, transfers in, and other	\$ 20,279,342	\$ 19,347,554	\$ 18,716,780	\$ 18,270,738	\$ 14,991,145
Employer contributions	39,176,067	37,652,388	36,312,416	34,411,381	32,216,280
Net investment income (loss)	(24,928,185)	92,225,801	33,689,630	(5,679,765)	27,547,920
Retirement benefits and refunds	(69,387,571)	(65,483,244)	(61,382,742)	(59,773,359)	(52,732,330)
Administrative expenses	(961,161)	(919,117)	(1,149,837)	1,405,035	(1,507,773)
Net increase (decrease) in fiduciary net position	(35,821,508)	82,823,382	26,186,247	(11,365,970)	20,515,242
Fiduciary net position at beginning of year	680,607,747	597,784,365	571,598,118	582,964,088	562,448,846
Fiduciary net position at end of year (b)	<u>\$ 644,786,239</u>	<u>\$ 680,607,747</u>	<u>\$ 597,784,365</u>	<u>\$ 571,598,118</u>	<u>\$ 582,964,088</u>
Net pension liability - ending (a) - (b)	<u>\$ 370,973,468</u>	<u>\$ 312,048,070</u>	<u>\$ 333,844,224</u>	<u>\$ 336,426,965</u>	<u>\$ 285,722,062</u>
Plan fiduciary net position as a percentage of total pension liability	63.48%	68.56%	64.17%	62.95%	67.11%
Covered-employee payroll	\$ 165,459,183	\$ 164,456,820	\$ 155,392,270	\$ 152,406,793	\$ 141,877,055
Net pension liability as a percentage of covered employee payroll	224.21%	189.74%	214.84%	220.74%	201.39%

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

BRISTOL COUNTY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
LAST TEN YEARS

	2018	2017	2016	2015	2014
Actuarial determined contribution	\$ 39,904,554	\$ 38,352,544	\$ 36,641,656	\$ 34,405,310	\$ 32,305,486
Discounts on contributions from early payments and adjustments for interest and other payments	(728,487)	(700,156)	(689,802)	(643,501)	(89,206)
Contributions in relation to the actuarially determined contributions	<u>39,176,067</u>	<u>37,652,388</u>	<u>36,312,416</u>	<u>34,411,381</u>	<u>32,216,280</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$ (360,562)</u>	<u>\$ (649,572)</u>	<u>\$</u>
Covered-employee payroll	\$ 165,459,183	\$ 164,456,820	\$ 155,392,270	\$ 152,406,793	\$ 141,877,055
Contributions as a percentage of covered- employee payroll	23.68%	22.89%	23.37%	22.58%	22.71%

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

BRISTOL COUNTY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense calculated in accordance with the provisions of GASB #67, <i>Financial Reporting for Pension Plans</i>	-4.61%	15.65%	2.94%	-0.55%	5.29%

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

BRISTOL COUNTY RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 – CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the system's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

The System performs an actuarial valuation bi-annually. The latest valuation date was January 1, 2018. Changes in benefit terms, differences between expected and actual experience and changes in assumptions have been included in these financial statements.

NOTE 2 – CONTRIBUTIONS

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

NOTE 3 – MONEY WEIGHTED RATE OF RETURN

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

INDEPENDENT AUDITOR'S REPORT
ON AUDIT OF SPECIFIC ELEMENTS, ACCOUNTS,
AND ITEMS OF FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Bristol County Retirement Board
Bristol County Retirement System
Taunton, Massachusetts

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Bristol County Retirement System, as of and for the year ended December 31, 2018 and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, total contributions, and total pension expense included in the accompanying schedule of pension amounts by employer of the Bristol County Retirement System as of and for the year ended December 31, 2018, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and for presentation of the Schedules that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer 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 schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of the employer allocations and the specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, 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 Schedules and the specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

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

Opinions

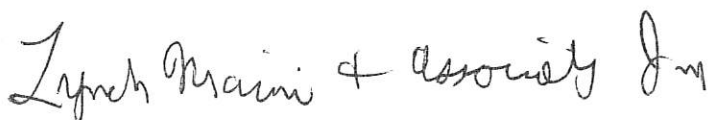
In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, total contributions, and total pension expense for the total of all participating entities for the Bristol County Retirement System as of and for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Bristol County Retirement System as of and for the year ended December 31, 2018, and our report thereon dated July 12, 2019, expressed an unmodified opinion on those financial statements.

Restriction on Use

This report is intended solely for the information and the use of the Bristol County Retirement System management, the Bristol County Retirement System employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.



Norwell, Massachusetts
July 12, 2019

BRISTOL COUNTY RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

Employer	FY18 Contributions	Employer Allocation Percent of Total Net Pension Liability
Bristol County	\$ 3,768,553	9.6195%
Town of Acushnet	1,210,108	3.0889%
Acushnet Hous. Auth.	24,056	0.0614%
Town of Berkley	546,143	1.3941%
Town of Dartmouth	4,825,240	12.3168%
Dartmouth Hous. Auth.	66,027	0.1685%
Dartmouth Fire Dis. #3	67,102	0.1713%
Dartmouth Fire Dis. #2	11,385	0.0291%
Dartmouth Fire Dis. #1	37,315	0.0952%
Town of Dighton	690,701	1.7631%
Dighton Hous. Auth.	5,595	0.0143%
Dight.-Reh. Reg. School	830,635	2.1203%
Dighton Water Dist.	85,142	0.2173%
Town of Easton	4,224,459	10.7833%
Easton Hous. Auth.	88,877	0.2269%
Town of Freetown	1,001,090	2.5554%
Freet.-Lakev.Reg. Sch.	720,569	1.8393%
Town of Mansfield	4,387,270	11.1989%
Mansfield Housing	68,045	0.1737%
Brist.Cnty. Mosquito Cont.	128,025	0.3268%
Town of Norton	2,710,522	6.9188%
Norton Housing Auth.	37,439	0.0956%
Town of Raynham	1,974,910	5.0411%
Raynham Hous. Auth.	57,824	0.1476%
Raynham Water Dist.	87,079	0.2223%
Town of Rehoboth	861,026	2.1978%
Town of Seekonk	2,649,292	6.7625%
Seekonk Housin. Auth.	26,641	0.0680%
Seekonk Water District	81,868	0.2090%
Town of Somerset	3,207,344	8.1870%
Somerset Housing Auth.	63,858	0.1630%
Town of Swansea	1,894,351	4.8355%
Swansea Housing Auth.	23,009	0.0587%
Swansea Water District	83,370	0.2128%
Town of Westport	2,407,959	6.1465%
Westport Housing Auth.	11,642	0.0297%
Somerset Berkley Schools	211,596	0.5401%
Total	<u>\$ 39,176,067</u>	<u>100.0001%</u>

See Independent Auditor's Report.

See notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

BRISTOL COUNTY RETIREMENT SYSTEM
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED DECEMBER 31, 2018

Deferred Outflows of Resources					
Employer	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
Bristol County	\$ 35,685,757	\$ 2,525,812	\$ 7,283,072	\$ 379,803	\$ 10,188,687
Town of Acushnet	11,458,988	811,059	2,338,654	7,454	3,157,167
Acushnet Hous. Auth	227,777	16,121	46,487	10,957	73,565
Town of Berkley	5,171,736	366,052	1,055,495	62,454	1,484,001
Town of Dartmouth	45,692,014	3,234,048	9,325,241	214,695	12,773,984
Dartmouth Hous.Auth	625,090	44,244	127,574	3,188	175,006
Dartmouth Fire Dis.#3	635,477	44,978	129,695	15,301	189,974
Dartmouth Fire Dis.#2	107,953	7,641	22,032	6,379	36,052
Dartmouth Fire Dis.#1	353,166	24,997	72,077	12,695	109,769
Town of Dighton	6,540,627	462,940	1,334,871	25,987	1,823,798
Dighton Hous. Auth.	53,049	3,755	10,827	4,615	19,197
Dight.-Reh. Reg. School	7,865,743	556,732	1,605,313	37,882	2,199,927
Dighton Water Dist.	806,125	57,057	164,522	22,700	244,279
Town of Easton	40,003,142	2,831,394	8,164,204	53,268	11,048,866
Easton Hous. Auth	841,738	59,578	171,789	45,002	276,369
Town of Freetown	9,479,847	670,977	1,934,733	199,801	2,805,511
Freet.-Lakev.Reg. Sch	6,823,308	482,949	1,392,563	90,744	1,966,256
Town of Mansfield	41,544,906	2,940,519	8,478,860	158,085	11,577,464
Mansfield Housing	644,380	45,609	131,511	3,186	180,306
Brist.Cnty.Mosquito.Cont.	1,212,340	85,808	247,425	17,630	350,863
Town of Norton	25,666,887	1,816,683	5,238,332	115,236	7,170,251
Norton Housing Auth	354,650	25,102	72,380	2,066	99,548
Town of Raynham	18,701,125	1,323,653	3,816,696	62,894	5,203,243
Raynham Hous.Auth	547,556	38,755	111,750	20,594	171,099
Raynham Water Dist	824,673	58,369	168,306	16,602	243,277
Town of Rehoboth	8,153,247	577,082	1,663,988	17,051	2,258,121
Town of Seekonk	25,087,056	1,775,643	5,119,994	119,350	7,014,987
Seekonk Housin. Auth.	252,262	17,855	51,483	9,603	78,941
Seekonk Water District	775,334	54,878	158,237	18,073	231,188
Town of Somerset	30,371,567	2,149,678	6,198,504	523,664	8,871,846
Somerset Housing Auth.	604,686	42,799	123,410	22,111	188,320
Town of Swansea	17,938,404	1,269,668	3,661,033	3,608	4,934,309
Swansea Housing Auth.	217,761	15,413	44,443	5,854	65,710
Swansea Water District	789,431	55,875	161,115	37,629	254,619
Town of Westport	22,801,861	1,613,899	4,653,610	11,976	6,279,485
Westport Housing Auth.	110,179	7,798	22,486	2,258	32,542
Somerset Berkley Schools	2,003,626	141,815	408,918	32,155	582,888
Total for All Entities	\$ 370,973,468	\$ 26,257,235	\$ 75,711,630	\$ 2,392,550	\$ 104,361,415

See Independent Auditor's Report.
See Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

BRISTOL COUNTY RETIREMENT SYSTEM
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED DECEMBER 31, 2018

	Deferred Inflows of Resources				Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions			
Employer	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Total Employer Pension Expense	Revenue	
Bristol County	\$ 212,075	\$ 2,705,781	\$ 83,616	\$ 3,001,472	\$ 5,298,649	\$ 471,854	\$ 203,201	
Town of Acushnet	68,099	868,848	8,760	945,707	1,701,439	(5,577)	65,250	
Acushnet Hous. Auth.	1,354	17,271	3,154	21,779	33,821	12,169	1,297	
Town of Berkley	30,735	392,133	221,007	643,875	767,903	(256,446)	29,449	
Town of Dartmouth	271,540	3,464,478	44,500	3,780,518	6,784,385	269,085	260,179	
Dartmouth Hous. Auth.	3,715	47,397	7,966	59,078	92,814	(8,755)	3,559	
Dartmouth Fire Dis. #3	3,777	48,183	38,358	90,318	94,356	(41,991)	3,619	
Dartmouth Fire Dis. #2	642	8,184	9,300	18,126	16,029	(8,673)	615	
Dartmouth Fire Dis. #1	2,099	26,778	7,088	35,965	52,438	12,381	2,011	
Town of Dighton	38,870	495,927	41,000	575,797	971,157	(33,689)	37,244	
Dighton Hous. Auth.	315	4,023	17,655	21,993	7,877	(20,606)	302	
Dight.-Reh. Reg. School	46,745	596,400	110,062	753,207	1,167,911	(125,801)	44,789	
Dighton Water Dist.	4,791	61,122	63,955	129,868	119,694	(71,303)	4,590	
Town of Easton	237,732	3,033,135	59,765	3,330,632	5,939,697	(2,558)	227,785	
Easton Hous. Auth.	5,002	63,822	11,718	80,542	124,982	51,621	4,793	
Town of Freetown	56,337	718,785	62,124	837,246	1,407,575	229,642	53,980	
Freet.-Lakev.Reg. Sch.	40,550	517,359	263,443	821,352	1,013,130	(297,369)	38,853	
Town of Mansfield	246,895	3,150,036	386,205	3,783,136	6,168,619	(424,094)	236,564	
Mansfield Housing	3,829	48,858	6,849	59,536	95,678	(7,351)	3,669	
Brist.Cnty.Mosquito.Cont.	7,205	91,923	34,027	133,155	180,009	(30,482)	6,903	
Town of Norton	152,534	1,946,124	866	2,099,524	3,811,039	103,456	146,152	
Norton Housing Auth.	2,108	26,889	1,074	30,071	52,659	(371)	2,019	
Town of Raynham	111,138	1,417,965	37,330	1,566,433	2,776,757	63,518	106,488	
Raynham Hous. Auth.	3,254	41,517	3,313	48,084	81,302	19,945	3,118	
Raynham Water Dist	4,901	62,529	26,028	93,458	122,448	(24,881)	4,696	
Town of Rehoboth	48,453	618,198	42,366	709,017	1,210,600	(9,912)	46,426	
Town of Seekonk	149,088	1,902,162	42,850	2,094,100	3,724,945	130,250	142,850	
Seekonk Housin. Auth.	1,499	19,128	3,780	24,407	37,456	10,904	1,436	
Seekonk Water District	4,608	58,788	60,201	123,597	115,122	(69,086)	4,415	
Town of Somerset	180,493	2,302,845	273,056	2,756,394	4,509,594	508,430	172,941	
Somerset Housing Auth.	3,594	45,849	6,059	55,502	89,784	19,217	3,443	
Town of Swansea	106,605	1,360,134	123,537	1,590,276	2,663,508	(147,203)	102,145	
Swansea Housing Auth.	1,294	16,512	1,571	19,377	32,333	6,943	1,240	
Swansea Water District	4,691	59,856	104,197	168,744	117,215	(112,137)	4,495	
Town of Westport	135,508	1,728,891	18,699	1,883,098	3,385,638	(11,453)	129,838	
Westport Housing Auth.	655	8,355	718	9,728	16,359	1,536	627	
Somerset Berkley Schools	11,907	151,920	166,216	330,043	297,500	(201,163)	11,409	
Total for All Entities	\$ 2,204,637	\$ 28,128,105	\$ 2,392,413	\$ 32,725,155	\$ 55,082,422	\$ 50	\$ 2,112,390	

See Independent Auditor's Report.
See Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

BRISTOL COUNTY RETIREMENT SYSTEM
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED DECEMBER 31, 2018

Employer	Deferred Inflows/(Outflows) Recognized in Future Pension Expense				Covered Employer Payroll
	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	
Bristol County	\$ 3,048,896	\$ 1,552,416	\$ 1,119,808	\$ 1,466,095	\$ 5,047,185
Town of Acushnet	860,852	504,357	368,616	477,635	5,838,215
Acushnet Hous. Auth.	26,050	8,797	7,385	9,554	62,825
Town of Berkley	203,853	254,002	166,562	215,709	3,282,425
Town of Dartmouth	3,652,188	2,001,031	1,450,440	1,889,807	19,923,275
Dartmouth Hous. Auth.	40,964	28,861	20,081	26,022	324,378
Dartmouth Fire Dis. #3	18,108	34,476	20,533	26,539	810,121
Dartmouth Fire Dis. #2	2,415	7,471	3,511	4,529	143,471
Dartmouth Fire Dis. #1	35,131	12,571	11,379	14,723	110,500
Town of Dighton	471,490	297,827	207,926	270,758	3,860,253
Dighton Hous. Auth.	(11,027)	4,325	1,705	2,201	95,689
Dight.-Reh. Reg. School	502,860	361,148	254,061	328,651	4,342,268
Dighton Water Dist.	9,737	45,190	25,897	33,587	647,335
Town of Easton	3,013,153	1,745,729	1,289,715	1,669,637	18,356,065
Easton Hous. Auth.	101,257	32,248	27,168	35,154	294,968
Town of Freetown	882,390	391,739	301,569	392,567	3,873,738
Freet.-Lakev. Reg. Sch.	301,007	338,176	220,519	285,202	4,540,927
Town of Mansfield	2,834,698	1,893,517	1,335,290	1,730,823	21,919,354
Mansfield Housing	43,477	29,673	20,754	26,866	280,321
Brist. Cnty. Mosquito Cont.	70,520	59,915	37,722	49,551	764,409
Town of Norton	2,022,581	1,149,806	827,254	1,071,086	12,314,219
Norton Housing Auth.	26,749	16,433	11,468	14,827	225,420
Town of Raynham	1,455,827	808,463	596,712	775,808	8,229,186
Raynham Hous. Auth.	56,521	24,622	19,029	22,843	207,156
Raynham Water Dist	45,610	43,447	26,451	34,311	677,520
Town of Rehoboth	602,895	342,871	262,966	340,372	3,847,240
Town of Seekonk	1,987,749	1,086,963	803,291	1,042,884	12,209,433
Seekonk Housin. Auth.	26,915	9,702	7,710	10,207	56,204
Seekonk Water District	8,452	41,812	24,975	32,352	609,817
Town of Somerset	2,644,269	1,226,105	978,193	1,266,885	11,221,793
Somerset Housing Auth.	59,993	26,304	21,169	25,352	241,940
Town of Swansea	1,240,368	782,690	574,897	746,078	8,130,035
Swansea Housing Auth.	21,679	9,366	6,557	8,731	85,000
Swansea Water District	(20,702)	50,103	24,356	32,118	851,310
Town of Westport	1,714,353	1,007,597	728,102	946,335	10,677,956
Westport Housing Auth.	9,483	4,929	3,821	4,581	41,354
Somerset Berkley Schools	2,619	101,694	64,776	83,756	1,315,878
Total for All Entities	<u>\$ 28,013,380</u>	<u>\$ 16,336,376</u>	<u>\$ 11,872,368</u>	<u>\$ 15,414,136</u>	<u>\$ 165,459,183</u>

See Independent Auditor's Report.

See Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

BRISTOL COUNTY RETIREMENT SYSTEM
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED DECEMBER 31, 2018

Employer	Discount Rate Sensitivity			Schedule of Contributions			
	1% decrease (6.75%)	Current discount rate (7.75%)	1% increase (8.75%)	Statutory Required Contribution	Contribution in Relation to the Statutory Required Contribution	Contribution Deficiency/ (Excess)	Contributions as a Percentage of Covered Employee Payroll
Bristol County	\$ 46,738,386	\$ 35,685,757	\$ 26,576,192	\$ 3,768,553	\$ 3,768,553	\$	74.67%
Town of Acushnet	15,008,077	11,458,988	8,533,831	1,210,108	1,210,108		20.73%
Acushnet Hous. Auth.	298,325	227,777	169,632	24,056	24,056		38.29%
Town of Berkley	6,773,531	5,171,736	3,851,537	546,143	546,143		16.64%
Town of Dartmouth	59,843,789	45,692,014	34,028,130	4,825,240	4,825,240		24.22%
Dartmouth Hous. Auth.	818,693	625,090	465,522	66,027	66,027		20.35%
Dartmouth Fire Dis. #3	832,297	635,477	473,257	67,102	67,102		8.28%
Dartmouth Fire Dis. #2	141,388	107,953	80,396	11,385	11,385		7.94%
Dartmouth Fire Dis. #1	462,549	353,166	263,012	37,315	37,315		33.77%
Town of Dighton	8,566,396	6,540,627	4,870,989	690,701	690,701		17.89%
Dighton Hous. Auth.	69,480	53,049	39,508	5,595	5,595		5.85%
Dight.-Reh. Reg. School	10,301,928	7,865,743	5,857,840	830,635	830,635		19.13%
Dighton Water Dist.	1,055,799	806,125	600,344	85,142	85,142		13.15%
Town of Easton	52,393,599	40,003,142	29,792,110	4,224,459	4,224,459		23.01%
Easton Hous. Auth.	1,102,442	841,738	626,866	88,877	88,877		30.13%
Town of Freetown	12,415,953	9,479,847	7,059,908	1,001,090	1,001,090		25.84%
Freet.-Lakev.Reg. Sch.	8,936,630	6,823,308	5,081,510	720,569	720,569		15.87%
Town of Mansfield	54,412,235	41,544,906	30,939,662	4,387,270	4,387,270		20.02%
Mansfield Housing	843,958	644,380	479,888	68,045	68,045		24.27%
Brist. Cnty. Mosquito Cont.	1,587,828	1,212,340	902,864	128,025	128,025		16.75%
Town of Norton	33,616,460	25,666,887	19,114,854	2,710,522	2,710,522		22.01%
Norton Housing Auth.	464,493	354,650	264,118	37,439	37,439		16.61%
Town of Raynham	24,493,256	18,701,125	13,927,255	1,974,910	1,974,910		24.00%
Raynham Hous. Auth.	717,146	547,556	407,781	57,824	57,824		27.91%
Raynham Water Dist.	1,080,092	824,673	614,157	87,079	87,079		12.85%
Town of Rehoboth	10,678,478	8,153,247	6,071,953	861,026	861,026		22.38%
Town of Seekonk	32,857,044	25,087,056	18,683,038	2,649,292	2,649,292		21.70%
Seekonk Housin. Auth.	330,392	252,262	187,866	26,641	26,641		47.40%
Seekonk Water District	1,015,471	775,334	577,413	81,868	81,868		13.43%
Town of Somerset	39,778,279	30,371,567	22,618,562	3,207,344	3,207,344		28.58%
Somerset Housing Auth.	791,970	604,686	450,326	63,858	63,858		26.39%
Town of Swansea	23,494,304	17,938,404	13,359,235	1,894,351	1,894,351		23.30%
Swansea Housing Auth.	285,206	217,761	162,172	23,009	23,009		27.07%
Swansea Water District	1,033,934	789,431	587,911	83,370	83,370		9.79%
Town of Westport	29,864,076	22,801,861	16,981,189	2,407,959	2,407,959		22.55%
Westport Housing Auth.	144,303	110,179	82,053	11,642	11,642		28.15%
Somerset Berkley Schools	2,624,191	2,003,626	1,492,157	211,596	211,596		16.08%
Total for All Entities	\$ 485,872,378	\$ 370,973,468	\$ 276,275,038	\$ 39,176,067	\$ 39,176,067	\$	23.68%

See Independent Auditor's Report.
See Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

BRISTOL COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULE OF EMPLOYER ALLOCATIONS AND
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SCHEDULE OF EMPLOYER ALLOCATIONS

Governmental Accounting Standards Board (GASB) Statement #68 requires employers participating in a cost-sharing pension plan to recognize pension liabilities as employees provide services to the government and earn their pension benefits. Employers participating in cost-sharing plans are required to recognize their proportionate share of the plan's collective pension amounts for all benefits provided through the plan including the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

GASB Statement #68 requires the allocation of the collective pension amounts be consistent with the manner in which contributions to the plan are determined. As permissible under GASB Statement #68, The Schedule of Employer Allocations is used to demonstrate the allocation of Bristol County Retirement System's collective pension amounts. The fiscal year 2019 statutory contributions included in the Schedule of Employer Allocations were based on the actuarial accrued liability and normal cost for each employer.

Massachusetts General Law (MGL) Chapter 32 Section 22 Paragraph 7c dictates that Massachusetts cost sharing defined benefit pension plans shall, on or before October 15 of each year, furnish the actuary with such information as he may require to enable him to determine the amount to be paid for the pension fund thereof for the fiscal year commencing on the next following July 1. The actuary shall, on or before December 15, immediately preceding such fiscal year, determine such amount and specify in a written notice to said board the amount so required to be paid; however, that any community which has a valid and current actuarial report shall only appropriate the amount specified in their actuarial report and the actuary shall not require a larger amount to be appropriated. The System has a valid actuarial reported dated January 1, 2018 which was used as a basis for employer appropriations.

In 2010, the Bristol County Sheriffs functions were taken over by the Commonwealth of Massachusetts. Bristol County continues to pay for the retirement obligations related to previously retired Sheriff's employees. These liabilities are actuarially determined and are included in the County's funding schedule.

When a member unit accepts an Early Retirement Incentive Program (E.R.I. or ERIP), PERAC completed an analysis of the costs and liabilities attributable to the additional benefits payable in accordance with the ERIP.

The accrued liability for the members who accept the ERIP is separately identified in the System's funding schedule and is amortized using straight-line and increasing amortization, as follows, based on the actuarial valuation dated January 1, 2018:

- Level amortization of the 2010 Early Retirement Incentive by June 30, 2022; \$227,493 over 4 years
- Increasing amortization of the 2002 Early Retirement Incentive by June 30, 2023, \$3,902,554 over 5 years with 4.5% increasing payments
- Level amortization of the 2003 Early Retirement Incentive by June 30, 2022, \$1,383,377 over 4 years

See Independent Auditor's Report.

BRISTOL COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULE OF EMPLOYER ALLOCATIONS AND
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED DECEMBER 31, 2018

2. SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

The Schedule of Pension Amounts by Employer presents the net pension liability, the various categories of deferred outflows of resources and deferred inflows of resources, and pension expense for all participating employers including differences between expected and actual economic experience; differences between projected and actual investment earnings, net; and changes of assumptions. In 2017, the System conducted an Experience Study as of December 31, 2017 which significantly changed the projected Net Pension Liability for each member unit of the System. The results and allocations of this Experience Study have been allocated to the member units and will be amortized in accordance with GASB 67.

See Independent Auditor's Report.

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

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

To the Retirement Board of
The Bristol County Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of fiduciary net position of the Bristol County Retirement System, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Bristol County Retirement System's basic financial statements and have issued our report thereon dated July 12, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lynch Marini & Associates Inc.

Norwell, Massachusetts
July 12, 2019