



**ANNE ARUNDEL COUNTY MARYLAND
RETIREE HEALTH BENEFITS TRUST**

**Annual Financial Report
For the year ended June 30, 2020
(With Independent Auditors' Report Thereon)**

ANNE ARUNDEL COUNTY MARYLAND
RETIREE HEALTH BENEFITS TRUST
ANNUAL FINANCIAL REPORT

For the year ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Anne Arundel Retiree Health Benefits Trust
Annapolis, Maryland

Report on the Financial Statements

We have audited the accompanying combined statement of fiduciary net position of the Anne Arundel Retiree Health Benefits Trust (the OPEB Trust), as of and for the year ended June 30, 2020, and the related combined statement of changes in fiduciary net position and the related notes to the financial statements, which collectively comprise the OPEB Trust'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 OPEB Trust'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 OPEB Trust'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the OPEB Trust as of June 30, 2020, and the respective 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 (MD&A), the schedule of changes in net OPEB liability and related ratios, the schedule of employer contributions, the schedule of money-weighted investment returns and the schedule of contributions by plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the OPEB Trust's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020, on our consideration of the OPEB Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OPEB Trust'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 OPEB Trust's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 24, 2020

**Anne Arundel County Maryland
Retiree Health Benefits Trust
Management’s Discussion and Analysis
For The Year Ended June 30, 2020**

As management of the Anne Arundel County Maryland Retiree Health Benefits Trust (the OPEB Trust), we offer readers of the annual financial report this narrative overview and analysis of the financial activities of the OPEB Trust as of and for the fiscal year ended June 30, 2020. The OPEB Trust has fiduciary responsibility to administer a single employer defined benefit plan for the purpose of providing retiree health benefits as “other post-employment benefit” for three entities: The Anne Arundel County Plan (County Plan), the Anne Arundel Community College Plan (College Plan), and the Public Library Association of Annapolis and Anne Arundel County, Inc. (Library Plan).

Financial Highlights

Total assets for the OPEB Trust exceeded total liabilities at June 30, 2020 by \$262.4 million. Net position of \$262.4 million is restricted and held in trust for retiree health benefits. Contributions to the OPEB Trust totaled \$114.9 million comprised of \$109.7 million to the County Plan, \$3.3 million to the College, and \$1.9 million to the Library. Investment and other income was \$4.2 million for the year. Total deductions of \$49.9 million were \$44.9 million, \$3.3 million, and \$1.7 million for the County, College, and Library Plans respectively.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the OPEB Trust’s basic financial statements and notes to the financial statements. The financial statements include the activity for the County Plan, the College Plan, and the Library Plan. The OPEB Trust’s financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. They include a Combined Statement of Fiduciary Net Position and a Combined Statement of Changes in Fiduciary Net Position.

The Combined Statement of Fiduciary Net Position shows the Trust’s assets less related liabilities at June 30, 2020. The difference between assets and liabilities are reported as Plan net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The Combined Statement of Changes in Fiduciary Net Position presents additions and deductions to each Plan’s net position during the fiscal year. These financial statements present all underlying events, which give rise to the changes, regardless of the timing of the related cash flows. Items such as accrued interest receivable will produce changes in cash in a future fiscal period.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. Notes are presented on pages 9 through 14 of the report.

Required Supplementary Information

The Required Supplementary Information section provides actuarial determined information about the Plans’ contributions, and investment returns.

Summary of Financial Information

The following Summaries of Net Position and Changes in Net Position present financial information for the OPEB Trust.

Summary of Assets, Liabilities, and Net Position by Plan

(in thousands)

As of June 30, 2020

	County Plan	College Plan	Library Plan	Total
Investments and other assets	\$ 252,051.7	\$ 12,107.6	\$ 1,216.2	\$ 265,375.5
Liabilities	2,945.6	1.7	0.2	2,947.5
Net position held in trust	<u>\$ 249,106.1</u>	<u>\$ 12,105.9</u>	<u>\$ 1,216.0</u>	<u>\$ 262,428.0</u>

As of June 30, 2019

	County Plan	College Plan	Library Plan	Total
Investments and other assets	\$ 184,728.8	\$ 11,918.6	\$ 1,087.5	\$ 197,734.9
Liabilities	4,425.7	4.7	0.4	4,430.8
Net position held in trust	<u>\$ 180,303.1</u>	<u>\$ 11,913.9</u>	<u>\$ 1,087.1</u>	<u>\$ 193,304.1</u>

The increase of \$69.1 million in net position held in Trust for the year ended June 30, 2020, is primarily due the increase in investments and other assets. Contributions of \$114.9 million and net investment income of \$4.2 million were in excess of \$49.9 million total deductions, which includes primarily insurance claims and premiums. This resulted in a change in net position as of June 30, 2020 of \$69.1 million compared with \$47.7 million as of June 30, 2019.

Summary of Changes in Net Position by Plan

(in thousands)

As of June 30, 2020

	County Plan	College Plan	Library Plan	Total
Additions:				
Contributions	\$ 109,719.1	\$ 3,291.3	\$ 1,866.0	\$ 114,876.4
Investment and other income	3,949.8	198.6	18.8	4,167.2
Total additions	\$ 113,668.9	\$ 3,489.9	\$ 1,884.8	\$ 119,043.6
Deductions:				
Benefits	43,781.9	3,291.3	1,755.3	48,828.5
Administrative expenses	1,084.0	6.6	0.6	1,091.2
Total deductions	\$ 44,865.9	\$ 3,297.9	\$ 1,755.9	\$ 49,919.7
Change in net assets	68,803.0	192.0	128.9	69,123.9
Net position held in trust, beginning of year	180,303.1	11,913.9	1,087.1	193,304.1
Net position held in trust, end of year	\$ 249,106.1	\$ 12,105.9	\$ 1,216.0	\$ 262,428.0

As of June 30, 2019

	County Plan	College Plan	Library Plan	Total
Additions:				
Contributions	\$ 79,520.9	\$ 5,141.4	\$ 1,970.0	\$ 86,632.3
Investment and other income	10,312.2	673.3	40.7	11,026.2
Total additions	\$ 89,833.1	\$ 5,814.7	\$ 2,010.7	\$ 97,658.5
Deductions:				
Benefits	44,007.9	3,141.4	1,730.0	48,879.3
Administrative expenses	1,057.3	8.0	0.7	1,065.9
Total deductions	\$ 45,065.2	\$ 3,149.4	\$ 1,730.7	\$ 49,945.2
Change in net position	44,767.9	2,665.3	280.0	47,713.3
Net position held in trust, beginning of year	135,535.2	9,248.6	807.0	145,590.8
Net position held in trust, end of year	\$ 180,303.1	\$ 11,913.9	\$ 1,087.1	\$ 193,304.1

Contributions year-over-year ended June 30, 2019 and 2020 increased by \$28.2 million primarily due to the increase in the County annual contribution of \$36.0 million in Fiscal Year 2019 compared to \$61.7 million in Fiscal Year 2020. The County made these contributions as part of a 5-year plan toward funding the liability. Insurance subsidies and rebates increased by \$1.7 million. In Fiscal Year 2020, insurance subsidies and rebates is \$10.1 million compared to Fiscal Year 2019 \$8.4 million.

Net investment income decreased from \$11.0 million in Fiscal Year 2019 to \$4.2 million in Fiscal Year 2020 a \$6.8 million decrease. It is primarily due to net depreciation in the fair value of investments of \$3.3 million in Fiscal Year 2020 from \$5.4 million appreciation in Fiscal Year 2019, offset by increased interest and dividends of \$2.0 million. Investment expenses increased by approximately \$106.8 thousand from \$25.4 thousand in Fiscal Year 2019 to \$132.3 thousand in Fiscal Year 2020 due to a new investment in a Real Estate Investment Pool.

Benefit payments remained consistent from \$48.9 million in Fiscal Year 2019 to \$48.8 million in Fiscal Year 2020. General and administrative expenses grew slightly from \$1,065.9 thousand in Fiscal Year 2019 to \$1,091.2 thousand in Fiscal Year 2020.

Request for Information

This discussion and analysis is designed to provide a general overview of the Anne Arundel County Maryland Retiree Health Benefits Trust. Questions concerning any of the information provided in this annual financial report or requests for additional information should be addressed to the Anne Arundel County Office of Personnel, 2660 Riva Road, Annapolis, Maryland 21401.

Anne Arundel County Maryland
Retiree Health Benefits Trust
Combined Statement of Fiduciary Net Position
June 30, 2020

	Total
ASSETS	
Investments	
Short-term investments funds	\$ 15,281,969
Mutual funds	223,935,828
Real estate investment pool	13,169,928
Total investments	252,387,725
Accounts receivable	12,987,768
Total assets	\$ 265,375,493
LIABILITIES	
Accrued liabilities and accounts payables	\$ 2,947,308
Due to Anne Arundel County Government	199
Total liabilities	\$ 2,947,507
Net position held in trust for other post-employment benefits	\$ 262,427,986

Accompanying notes to the basic financial statements are an integral part of this statement.

**Anne Arundel County Maryland
Retiree Health Benefits Trust
Combined Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020**

		Total
ADDITIONS		
Contributions		
Employer	\$	95,419,099
Member		9,320,480
Insurance subsidies and rebates		10,136,864
Total contributions	\$	114,876,443
Investment income		
Net depreciation in fair value of investments	\$	(3,335,212)
Dividends		7,088,081
Interest		546,596
Total investment income	\$	4,299,465
Less investment expense		132,303
Net investment income	\$	4,167,162
Total additions	\$	119,043,605
DEDUCTIONS		
Insurance claims	\$	37,024,015
Insurance premiums		11,804,434
General and administrative expense		1,091,261
Total deductions	\$	49,919,710
Net increase in plan net position	\$	69,123,895
Net position held in trust, beginning of year		193,304,091
Net position held in trust, end of year	\$	262,427,986

Accompanying notes to the basic financial statements are an integral part of this statement.

1 Description of the Plans

A General Information – The Anne Arundel County Maryland Retiree Health Benefits Trust (the OPEB Trust) is a single employer defined benefit health care plan that includes the Anne Arundel County Government (County) Plan and two component units of the County which are Anne Arundel Community College (College), and the Public Library Association of Annapolis and Anne Arundel County (Library). The OPEB Trust is governed by a Board of Trustees with a minimum membership of eight. The members include the County Chief Administrative Officer, the County Controller, the County Personnel Officer, and the County Budget Officer and four trustees appointed by the County Executive.

B Membership by Plan – Anne Arundel County retirees meeting criteria based upon years of service as defined in County Bill 85-13 are eligible for medical insurance and prescription coverage in retirement. The College provides health care benefits to retirees based on pension eligibility and years of service. The benefits provided, benefit levels, retiree contributions and employer contributions are governed by the College’s Board of Trustees. The Board of Trustees may amend or change the Plan periodically. The Library, through its Health Benefits Pooling Agreement with the County, has agreed that its benefits and costs to the retirees will match the County Plan. The number of participants in the OPEB Trust as of January 1, 2019 follows in the table below. Data is based on actuarial valuations dated June 13, 2019. The actuarial valuations are completed every 2 years. The next actuarial valuation is scheduled for 2021.

	County Plan	College Plan	Library Plan	Total
Employees with medical coverage	3,823	700	195	4,718
Deferred vested termination	307	-	-	307
Retirees	2,713	238	145	3,096
Total	6,843	938	340	8,121

C Employee and Employer Contributions – By Resolution, the County Council establishes the total premium to be charged for County retirees. The County has Health Benefits Pooling Agreements with the College and Library which establish premium amounts to cover medical expenses. The College and Library pay a two percent administration fee in addition to the established premium. Administrative costs related to the County’s claims processing as set by the Pooling Agreements are paid to the County Health Insurance Fund.

2 Summary of Significant Accounting Policies

A Basis of Accounting – The OPEB Trust’s financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized as revenue in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and rebates are recognized when earned and payable. Claims are paid by the County when due and subsequently reimbursed by the Trust for the County Plan. Pending reimbursements are reported as liabilities due to Anne Arundel County. The College and Library claims are paid from the Health Insurance Fund under the requirements of the Pooling Agreements.

B Investments – Assets held in trust are held in custodial accounts for which the custodian makes no investment decisions. In November 2015, the OPEB Trust’s Board of Trustees established an Investment Policy Statement (IPS) to set forth the Trustees’ investment objectives, policies, guidelines, monitoring and review procedures relating to the management and safekeeping of all assets of the OPEB Trust. The Investment Policy was revised in November 2018. The OPEB Trust’s assets may be invested in large capitalized domestic equities, small capitalized domestic equities,

international equities, emerging international equities, core fixed income, diversified fixed income, absolute return fixed income, and real estate. The Policy allows use of mutual/commingled funds as investment vehicles. The following schedule displays the asset allocation targets in the IPS.

Asset Allocations by Investment Policy

	Target Allocation	Minimum Allocation	Maximum Allocation
Large Cap U.S. Equities	22%	17%	27%
Small/Mid Cap U.S. Equities	6%	0%	11%
International Equities-Developed Markets	21%	16%	26%
Emerging International Equities	6%	0%	11%
Total Equity	55%	45%	65%
Core Fixed Income	15%	10%	20%
Diversified Fixed Income	20%	15%	25%
Absolute Return Fixed Income	5%	0%	10%
Total Fixed Income	40%	30%	50%
Real Estate (Core)	5%	0%	10%
Total Real Estate	5%	0%	10%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of 6/30/2020, the trust owned two debt mutual funds with an effective maturity of 7.1 years and 9.5 years. The short term investment pool totals \$15.3 million and is valued at \$1 per share.

Foreign currency rate is the risk with exposure to foreign currency rating to potential unfavorable fluctuation of exchange rates compared to the U.S. Dollar. The OPEB trust had no direct exposure to foreign currency as of June 30, 2020. The fair market value of the international equity portion of the portfolio is \$60.4 million as of June 30, 2020.

Custodial credit risk for investments is the risk that securities are uninsured, unregistered, and held by the counterparty, or by its trust department or agent, but not in the name of the OPEB Trust. As of June 30, 2020, there were no investments exposed to custodial credit risk. The OPEB Trust does not have a policy for custodial credit risk.

Concentration risk is the risk of loss attributed to the magnitude of the OPEB Trust's investment in a single issuer. As of June 30, 2020, there was no exposure to a single issuer greater than 5.0% of the OPEB Trust net position, excluding investment pools.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the OPEB Trust. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to re-pay its debt. The following table displays value and ratings for debt issues owned by the Trust as of June 30, 2020.

	Standard & Poor's Credit Ratings				
	Total	AAA-A	BBB-B	CCC-C	NR
Mutual Funds	\$ 95,320,631	\$ -	\$ -	\$ -	\$ 95,320,631
Short Term Investment Pool	15,281,969	-	-	-	15,281,969
Total Debt Securities	\$ 110,602,600	\$ -	\$ -	\$ -	\$ 110,602,600

Risk and Uncertainties – The OPEB Trust invests in various investment securities, which are exposed to various risks such as interest rate, market, and credit risks. The Board of Trustee’s risk tolerance is moderate and defined by its desire to improve the funding ratio level while maintaining enough liquidity to pay current benefits. Due to the levels of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of plan net position available for benefits.

Rate of Return – For the year ended June 30, 2020, the annual composite money-weighted rate of return on investments, net of fees, is 1.65% in 2020 compared to 5.7% in 2019 and 6.6% in 2018. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial valuations of the OPEB Trust involve estimates of the value of reported amounts and assumptions about the probability of future events. Actuarially determined amounts are subject to revisions as actual results are compared to past expectations and new estimates are made about the future.

3 Net OPEB Liability of the Trust

A Net OPEB liability of the trust – The components of the net OPEB liability of the Trust for the fiscal year ended June 30, 2020 are displayed on the following schedule.

Net OPEB Liability of the Trust				
As of June 30, 2020 (in thousands)				
	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>	<u>TOTAL</u>
Total OPEB liability	\$ 826,141	\$ 105,130	\$ 49,984	\$ 981,255
Plan fiduciary net position	(249,106)	(12,106)	(1,216)	(262,428)
Net OPEB liability	<u>\$ 577,035</u>	<u>\$ 93,024</u>	<u>\$ 48,768</u>	<u>\$ 718,827</u>

Plan fiduciary net position as a percentage of the total OPEB liability	28.97%	11.53%	2.43%
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Note Source is actuarial data based on preliminary financials. The difference between this schedule and the fund combining statement of changes in fiduciary net position are considered immaterial.

Actuarial assumptions The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>
Inflation	2.40%	2.40%	2.40%
Payroll increases	3.00%	3.00%	3.00%
Discount rate	6.75%	3.43%	2.45%
Initial healthcare cost trend rates	5.40%	5.40%	5.40%

B Long-term expected real rate of return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table.

2020 30 Year Return Assumptions by Asset Class

<u>Asset Class</u>	<u>30 Year Geometric Forecast (Nominal Returns)</u>	<u>30 Year Geometric Forecast (Real Returns)</u>
Inflation (CPI)	2.40%	--
Cash	1.79%	-0.60%
Core Fixed Income ⁽¹⁾	2.62%	0.22%
Diversified Fixed Income ⁽²⁾	4.53%	2.08%
Absolute Return Fixed Income ⁽³⁾	3.52%	1.10%
Large Cap Equity	7.40%	4.88%
Small/Mid Cap Equity	7.60%	5.08%
International Equities (Unhedged)	7.60%	5.08%
Emerging Int'l Equities	9.50%	6.93%
Real Estate (Core)	5.70%	3.22%

Notes

NEPC's 30 year geometric CPI inflation assumption is 2.40%.

(1) Core Bonds assumption based on market weighted blend of Bloomberg Barclays US Aggregate Bond Index (Treasuries, IG Credit, MBS)

(2) Diversified Fixed Income assumption based on market weighted blend of Treasuries, Investment Grade Corporate Credit, High Yield, Bank Loans, Emerging Market Debt, and Non-US Bonds

(3) Absolute Return Fixed Income assumption based on market weighted blend of US Leverage Cost, High Yield, Emerging Market Debt, Non-US Bonds, Short Credit Fixed Income, and Hedge Funds - Macro

C Discount rate – The discount rate used to determine the actuarial net liability varied by Plan. Based on assumptions of increasing contribution levels and normal costs for future hires, the County Plan is expected to remain solvent. Consequently, the actuary determined the County’s liability using the expected rate of return on assets of 6.75 percent as the discount rate. The College’s liability uses a blend of the bond rate and expected rate of return on assets of 3.43 percent as the discount rate which decreased from 4.83 percent in the prior year. Forecasts for the Library determined that the Plan would require calculation of using the bond rate of 2.45 percent, which is based on an index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used for the Library Plan is 2.45 percent which decreased from 3.13 percent in the prior year.

D Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of each Plan based on each Plan’s discount rate, as well as what the liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate as of June 30, 2020.

	Discount Rate Sensitivity		
	1.00% Decrease	Discount Rate	1.00% Increase
County Plan	5.75%	6.75%	7.75%
	\$ 708,952,152	\$ 577,034,721	\$ 471,659,129
College Plan	2.43%	3.43%	4.43%
	\$ 113,259,526	\$ 93,024,365	\$ 76,901,614
Library Plan	1.45%	2.45%	3.45%
	\$ 57,881,649	\$ 48,767,889	\$ 41,562,956

E Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate – The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Model inputs will be updated periodically based on the best estimate of the economy at the time. Small changes in the model inputs can result in actuarial losses or gains of 5.0 to 15.0 percent of liabilities. The same trend rate is used for each Plan. The following presents the net OPEB liability for each Plan, 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.

	Healthcare Trend Cost Sensitivity		
	Net OPEB liability		
	1.00% Decrease 2.90%	Trend Rates 3.90%	1.00% Increase 4.90%
County Plan	\$ 453,788,091	\$ 577,034,721	\$ 733,844,231
College Plan	\$ 73,236,062	\$ 93,024,365	\$ 119,288,679
Library Plan	\$ 40,393,412	\$ 48,767,889	\$ 59,680,120

4 Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive OPEB Trust (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the latest valuation are as follows.

Schedule of Actuarial Methods and Assumptions

	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation Method	Market value of Assets	Market value of Assets	Market value of Assets
Actuarial Assumptions			
Discount Rate	6.75%	3.43%	2.45%
		Blended 6/30/2020 government	
	Long-term expected return based on trust assets	bond rate and long term expected rate of return	6/30/2020 government bond rate
Payroll Increase	Pension Plan Assumptions	Pension Plan Assumptions	Pension Plan Assumptions
Initial Healthcare Cost Trend Rate	5.40%	5.40%	5.40%

Notes:

- 1) *The health cost trend rate in 2019 is 5.40%. The rate in 2030 is 5.20%. The rate in 2050 is 4.90%
The rate in 2070 is 4.30%. The ultimate rate is 3.90%.*
- 2) *The Plan's actual benefit payments may be greater or lesser than the amounts shown, depending on the Plan's actual demographic experience, and claims experience.*
- 3) *The information above is from the actuarial valuation reports dated June 13, 2019 which used census valuation data as of January 1, 2019.*

5 Receivables and Payables

Accounts receivable for the County Plan includes rebates and subsidies earned but not yet received. Each plan has a small interest receivable earned in June from the Short Term Investment Fund. Accrued liabilities and accounts payable includes estimates of claims for the County Plan and shared expenses for all three Plans.

6 Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7 Fair Value Measurement

The OPEB Trust has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The OPEB Trust owns three publically traded and priced mutual funds with a total market value of \$210.6 million as of June 30, 2020. These are categorized as Level 1 inputs and displayed by type in the following schedule. The absolute return fixed income has a net asset value of \$13.3 million and the real estate fund has \$13.2 million. As of June 30, 2020, all short-term investments were in money market mutual funds which are not subject to the fair value measurement requirements.

Fair Value Hierarchy of Trust Investments

Assets at Fair Value June 30, 2020		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Type	Total Fair Value			
Mutual Funds				
Fixed Income	\$ 82,003,026	\$ 82,003,026	\$ -	\$ -
Domestic Equity	68,196,994	68,196,994	-	-
International Equity	60,418,204	60,418,204	-	-
Total Mutual Funds	\$ 210,618,224	\$ 210,618,224	\$ -	\$ -
Assets at Net Asset Value June 30, 2020				
Investment Type	Net Asset Value			
Absolute return fixed income	\$ 13,317,605			
Real estate (REIT) fund	13,169,928			
Total at net asset value	26,487,533			
Investments measured at amortized cost				
Money Market pool	15,281,969			
Total Investments	\$ 252,387,726			

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios - County Plan
For Years Ended June 30

Amounts in thousands	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 19,895	\$ 18,452	\$ 17,759	\$ 17,092
Interest	49,423	43,578	41,434	39,648
Changes of benefit terms	40,100	-	-	-
Differences between expected and actual experience	440	23,849	(884)	-
Changes of assumptions	(1,558)	(505)	-	-
Benefit payments	(28,258)	(35,593)	(23,539)	(33,075)
Net change in total OPEB liability	\$ 80,042	\$ 49,781	\$ 34,770	\$ 23,665
Total OPEB liability - beginning	746,099	696,318	661,548	637,883
Total OPEB liability - ending (a)	\$ 826,141	\$ 746,099	\$ 696,318	\$ 661,548
Plan fiduciary net position				
Contributions - employer	\$ 91,811	\$ 63,586	\$ 57,335	\$ 44,908
Contributions - retiree	7,772	7,477	-	6,246
Other	10,136	8,458	-	4,398
Net investment income	3,950	10,312	9,193	11,582
Benefit payments	(43,782)	(44,008)	(23,539)	(33,075)
Administrative expense	(1,084)	(1,057)	(39)	(894)
Net change in plan fiduciary net position	\$ 68,803	\$ 44,768	\$ 42,950	\$ 33,166
Plan fiduciary net position - beginning	180,303	135,837	92,887	59,720
Plan fiduciary net position - ending (b)	\$ 249,106	\$ 180,303	\$ 135,837	\$ 92,887
County's net OPEB liability - ending (a)-(b)	\$ 577,035	\$ 565,796	\$ 560,481	\$ 568,661
Fiduciary net position as a percentage of the				
Total OPEB liability	28.97%	24.16%	19.51%	14.04%
Expected average remaining service years of all participants	6	6	6	6
Covered-employee payroll	\$ 294,514	\$ 276,058	\$ 263,129	\$ 258,490
County's net OPEB liability as a percentage of covered-employee payroll	195.93%	204.96%	213.01%	219.99%
Discount Rate	6.75%	6.75%	6.38%	6.38%

Notes to Schedule:

- 1 Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position on page 7 is considered immaterial.
- 2 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, OPEB plans should present information for those years for which data is available.
- 3 There are no benefit changes reflected in the current schedule.
- 4 For the FY 2020 measurement, the medical trend was updated to exclude the impact of the Cadillac Tax.
- 5 Bill 24-19 was effective on July 5, 2019. Under Bill the pre age 65 subsidy is based on the plan selected instead of the lowest cost plan.

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios - College Plan
For Years Ended June 30

Amounts in thousands

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 3,257	\$ 1,618	\$ 3,083	\$ 3,590
Interest	3,743	2,962	2,390	2,022
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	191	1,082	204	-
Changes of assumptions	21,568	27,583	(21,741)	(6,971)
Benefit payments	(2,096)	(2,006)	(1,685)	(2,111)
Net change in total OPEB liability	\$ 26,663	\$ 31,239	\$ (17,749)	\$ (3,470)
Total OPEB liability - beginning	78,467	47,228	64,977	68,447
Total OPEB liability - ending (a)	\$ 105,130	\$ 78,467	\$ 47,228	\$ 64,977
Plan fiduciary net position				
Contributions - employer	\$ 2,096	\$ 4,006	\$ 3,720	\$ 1,946
Contributions - retiree	1,195	1,136	-	790
Other	-	-	-	-
Net investment income	199	673	510	820
Benefit payments	(3,291)	(3,141)	(1,685)	(2,111)
Administrative expense	(9)	(8)	(5)	(7)
Net change in plan fiduciary net position	\$ 190	\$ 2,666	\$ 2,540	\$ 1,438
Plan fiduciary net position - beginning	11,916	9,250	6,710	5,272
Plan fiduciary net position - ending (b)	\$ 12,106	\$ 11,916	\$ 9,250	\$ 6,710
College's net OPEB liability - ending (a)-(b)	\$ 93,024	\$ 66,551	\$ 37,978	\$ 58,267
Fiduciary net position as a percentage of the				
Total OPEB liability	11.53%	15.18%	19.59%	10.33%
Expected average remaining service years of all participants	9	9	9	8
Covered-employee payroll	\$ 64,137	\$ 61,817	\$ 61,103	\$ 61,257
College Plan's net OPEB liability as a percentage of				
covered-employee payroll	145.04%	107.66%	62.15%	95.12%
Discount Rate	3.43%	4.83%	6.38%	3.72%

Notes to Schedule:

- 1 Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position on page 7 is considered immaterial.
- 2 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, OPEB plans should present information for those years for which data is available.
- 3 There are no benefit changes reflected in the current schedule.
- 4 For the FY 2020 measurement, the medical trend was updated to exclude the impact of the Cadillac Tax.

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios - Library Plan
For Years Ended June 30

Amounts in thousands

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 1,595	\$ 651	\$ 1,233	\$ 1,437
Interest	1,322	1,542	1,212	1,033
Changes of benefit terms	441	-	-	-
Differences between expected and actual experience	113	223	136	-
Changes of assumptions	5,048	16,515	(10,896)	(3,536)
Benefit payments	(1,402)	(902)	(1,286)	(1,462)
Net change in total OPEB liability	\$ 7,117	\$ 18,029	\$ (9,601)	\$ (2,528)
Total OPEB liability - beginning	42,867	24,838	34,439	36,967
Total OPEB liability - ending (a)	\$ 49,984	\$ 42,867	\$ 24,838	\$ 34,439
Plan fiduciary net position				
Contributions - employer	\$ 1,512	\$ 1,622	\$ 1,699	\$ 299
Contributions - retiree	-	348	-	292
Other	-	-	-	871
Net investment income	20	41	34	47
Benefit payments	(1,402)	(1,730)	(1,286)	(1,462)
Administrative expense	(1)	(1)	(1)	-
Net change in plan fiduciary net position	\$ 129	\$ 280	\$ 446	\$ 47
Plan fiduciary net position - beginning	1,087	807	361	314
Plan fiduciary net position - ending (b)	1,216	1,087	807	361
Library's net OPEB liability - ending (a)-(b)	\$ 48,768	\$ 41,780	\$ 24,031	\$ 34,078

Library fiduciary net position as a percentage of the

Total OPEB liability	2.44%	2.54%	3.25%	1.05%
Expected average remaining service years of all participants	6	6	6	6
Covered-employee payroll	\$ 14,421	\$ 13,785	\$ 13,203	\$ 12,691
The Library Plan's net OPEB liability as a percentage of covered-employee payroll	338.17%	303.08%	182.01%	268.51%
Discount Rate	2.45%	3.13%	6.37%	3.58%

Notes to Schedule:

- 1 Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position on page 7 is considered immaterial.
- 2 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, OPEB plans should present information for those years for which data is available.
- 3 There are no benefit changes reflected in the current schedule.
- 4 For the FY 2020 measurement, the medical trend was updated to exclude the impact of the Cadillac Tax.

Anne Arundel County Maryland
 Retiree Health Benefits Trust
 Required Supplementary Information
 June 30, 2020

The following schedule reflects both “Pay-As-You-Go” (PAYGO) expenses plus additional employer contributions over and above the PAYGO amounts.

Schedule of Employer Contributions

Amounts in thousands

Year Ended June 30	<i>County Plan</i>		<i>College Plan</i>		<i>Library Plan</i>	
	Actuarially Determined	Percentage Contributed	Actuarially Determined	Percentage Contributed	Actuarially Determined	Percentage Contributed
	Contribution		Contribution		Contribution	
2020	\$ 54,509	151.3%	\$ 4,604	45.5%	\$ 2,299	65.8%
2019	\$ 53,264	119.4%	\$ 4,398	91.1%	\$ 2,168	52.7%
2018	\$ 48,734	117.6%	\$ 3,881	95.9%	\$ 2,008	84.6%
2017	\$ 77,516	57.9%	\$ 5,840	35.8%	\$ 2,860	40.9%
2016	\$ 73,689	59.8%	\$ 5,542	87.5%	\$ 2,692	10.8%

Composite Money-Weighted Rate of Return Net of Fees

2020	1.65%
2019	5.70%
2018	6.62%*
2017	12.94%*

* Percentage has changed due to calculation method.

Notes to this schedule

- 1 This schedule is presented to illustrate the requirement to show information for 10 years. However, until the 10-year trend is compiled, OPEB plan should present information for those years.
- 2 Investments were initiated March 1, 2016.
- 3 Calculations are approximate.

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
Schedule of Contributions - County Plan
For Years Ended June 30

Amounts in thousands

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 54,509	\$ 53,264	\$ 48,734	\$ 77,516	\$ 73,689	\$ 75,695	\$ 71,324	\$ 109,939	\$ 102,777	\$ 90,626
Contributions in relation to the actuarially determined contribution	\$ 91,811	\$ 63,586	\$ 57,334	\$ 44,908	\$ 44,097	\$ 40,795	\$ 34,683	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ (37,302)	\$ (10,322)	\$ (8,600)	\$ 32,608	\$ 29,592	\$ 34,900	\$ 36,641	\$ 109,939	\$ 102,777	\$ 90,626
Covered-employee payroll	\$ 294,514	\$ 276,058	\$ 263,129	\$ 258,490	\$ 255,191	\$ 247,008	\$ 239,173	\$ 213,899	\$ 215,209	\$ 227,115
Contributions as a percentage of covered-employee payroll	31.17%	23.03%	21.79%	17.37%	17.28%	16.52%	14.50%	0.00%	0.00%	0.00%

Notes to Schedule
Valuation date:

Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The report is dated June 13, 2019 for fiscal years 2019 and 2020 based on July 1, 2019 census data.

The components of the net OPEB liability of the Trust at June 30, 2020, based on actuarial valuations, are displayed on the following schedule.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.
Amortization method	The level percentage of payroll.
Amortization period	21 years for FY 19.
Asset valuation method	Market value of assets.
Inflation	2.40%
Healthcare cost trend rates	The rate in 2019 is 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.6 percent pre-Medicare and 4.9 percent post-Medicare. The ultimate 2081 rate is 4.1 percent pre-Medicare and 3.9 percent post-Medicare.
Payroll increases	3.00%
Investment rate of return	6.75%
Decrement assumptions	The long-term expected return on assets id used to derive the blended discount rate of 6.75 percent.
Mortality	The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility.
	(1) Healthy uses SOA RPH-2014 adjusted to 2006 Blue Collar Headcount-weighted Mortality: MP-2018 Base Year 2006 Fully Generational.
	(2) Disabled - General County employees uses SOA RP-2014 adjusted to 2006 Blue Collar Mortality with Scale MP-2018 (set forward 9 years).
	(3) Disabled - Uniformed services employees (Police, Firefighters, and Correctional facilities) uses SOA RP-2014 adjusted to 2006 Blue Collar Mortality with Scale MP-2018 (set forward 5 years).

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
Schedule of Contributions - College Plan
For Years Ended June 30

Amounts in thousands

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 4,604	\$ 4,398	\$ 3,881	\$ 5,568	\$ 5,542	\$ 5,188	\$ 4,870	\$ 5,857	\$ 5,468	\$ 4,765
Contributions in relation to the actuarially determined contribution	\$ 2,096	\$ 4,006	\$ 3,720	\$ 2,088	\$ 4,850	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ 2,508	\$ 392	\$ 161	\$ 3,480	\$ 692	\$ 5,188	\$ 4,870	\$ 5,857	\$ 5,468	\$ 4,765
Covered-employee payroll	\$ 64,137	\$ 61,817	\$ 61,103	\$ 94,667	\$ 95,101	\$ 93,550	\$ 90,338	\$ 89,089	\$ 89,955	\$ 87,780
Contributions as a percentage of covered-employee payroll	3.27%	6.48%	6.09%	2.21%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation date

Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The report is dated June 13, 2019 for fiscal years 2018 and 2019 based on July 1, 2019 census data.

The components of the net OPEB liability of the Trust at June 30, 2020, based on actuarial valuations, are displayed on the following schedule.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.

Amortization method

The level percentage of payroll.

Amortization period

21 years for FY 19.

Asset valuation method

Market value of assets.

Inflation

2.40%

Healthcare cost trend rates

The rate in 2019 is 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.6 percent pre-Medicare and 4.8 percent post-Medicare. The ultimate 2081 rate is 4.1 percent pre-Medicare and 3.9 percent post-Medicare.

Payroll increases

3.00%

Investment rate of return

n/a

Decrement assumptions

Decrement assumptions for retirement, termination, and disability were based on those used for the State Retirement and Pension System of Maryland because Community College employees participate in the Maryland State Pension System.

Mortality

(1) Healthy uses SOA Public Sector – Teachers based on headcount – with Scale MP – 2018.

(2) Disabled uses RP 2014 Disabled Mortality Table (set forward 1 year for Males).

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
Schedule of Contributions - Library Plan
For Years Ended June 30

Amounts in thousands

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 2,299	\$ 2,168	\$ 2,008	\$ 2,548	\$ 2,692	\$ 2,712	\$ 2,568	\$ 3,669	\$ 3,439	\$ 3,260
Contributions in relation to the actuarially determined contribution	\$ 1,512	\$ 1,142	\$ 1,699	\$ 1,170	\$ 291	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ 787	\$ 1,026	\$ 309	\$ 1,378	\$ 2,401	\$ 2,712	\$ 2,568	\$ 3,669	\$ 3,439	\$ 3,260
Covered-employee payroll	\$ 14,421	\$ 13,785	\$ 13,203	\$ 12,691	\$ 12,494	\$ 12,015	\$ 11,109	\$ 10,100	\$ 9,920	\$ 9,977
Contributions as a percentage of covered-employee payroll	10.48%	8.28%	12.87%	9.22%	2.33%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation date

Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The report is dated June 13, 2019 for fiscal years 2018 and 2019 based on November 1, 2018 census data.

The components of the net OPEB liability of the Trust at June 30, 2020, based on actuarial valuations, are displayed on the following schedule.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.
Amortization method	The level percentage of payroll.
Amortization period	21 years for FY 19.
Asset valuation method	Market value of assets.
Inflation	2.40%
Healthcare cost trend rates	The rate in 2019 is 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.6 percent pre-Medicare and 4.9 percent post-Medicare. The ultimate 2081 rate is 4.1 percent pre-Medicare and 3.9 percent post-Medicare.
Payroll increases	3.00%
Investment rate of return	n/a
Decrement assumptions.	The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility and vary by employee type.
Mortality	(1) Healthy uses SOA RPH-2014 adjusted to 2006 Blue Collar Headcount- weighted Mortality: MP-2018 Base Year 2006 Fully Generational. (2) Disabled uses SOA RP-2014 adjusted to 2006 Blue Collar Mortality with Scale MP-2018 (set forward 9 years).

Information about each Plan is presented herewith as required supplementary information. This information is intended to help users assess the OPEB Trust's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other OPEB Plans.

1 Changes in Actuarial Methods and Assumptions

Since the prior year actuarial valuations dated June 13, 2019, the discount rate for the County Plan, College Plan and Library Plan is 7.45 percent. The County's decrement rates were updated to match the decrements from the experience study used to value the Anne Arundel County Employees, Fire Service, Detention Officer's and Deputy Sheriffs Retirement Plans. The College's decrement assumptions were updated to the latest State of Maryland decrement assumptions. The Library's decrement assumption was updated to match the Anne Arundel County Employees' Retirement Plan.

Future medical care cost increase rates are unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems and emerging technologies. The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Model inputs will be updated periodically based on the best estimate of the economy at that time.

**Anne Arundel County Maryland
Retiree Health Benefits Trust
Combining Statement of Fiduciary Net Position
June 30, 2020**

	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>	<u>Total</u>
ASSETS				
Investments				
Short-term investments funds	\$ 15,116,691	\$ 29,928	\$ 135,350	\$ 15,281,969
Mutual funds	211,508,317	11,406,757	1,020,754	223,935,828
Real estate investment pool	12,439,051	670,845	60,032	13,169,928
Total investments	239,064,059	12,107,530	1,216,136	252,387,725
Accounts receivable	12,987,688	41	39	12,987,768
Total assets	<u>\$ 252,051,747</u>	<u>\$ 12,107,571</u>	<u>\$ 1,216,175</u>	<u>\$ 265,375,493</u>
LIABILITIES				
Accrued liabilities and accounts payables	\$ 2,945,628	\$ 1,540	\$ 140	\$ 2,947,308
Due to Anne Arundel County Government	-	182	17	199
Unearned revenue	-	-	-	-
Total liabilities	<u>\$ 2,945,628</u>	<u>\$ 1,722</u>	<u>\$ 157</u>	<u>\$ 2,947,507</u>
Net position held in trust for other post-employment benefits	<u>\$ 249,106,119</u>	<u>\$ 12,105,849</u>	<u>\$ 1,216,018</u>	<u>\$ 262,427,986</u>

Accompanying notes to the basic financial statements are an integral part of this statement.

Anne Arundel County Maryland
Retiree Health Benefits Trust
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	County Plan	College Plan	Library Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 91,810,561	\$ 2,096,194	\$ 1,512,344	\$ 95,419,099
Member	7,771,694	1,195,077	353,709	9,320,480
Insurance subsidies and rebates	10,136,864	-	-	10,136,864
Total contributions	109,719,119	3,291,271	1,866,053	114,876,443
Investment income				
Net depreciation in fair value of investments	(3,140,398)	(179,131)	(15,683)	(3,335,212)
Dividends	6,677,326	377,310	33,445	7,088,081
Interest	536,443	8,384	1,769	546,596
Total investment income	4,073,371	206,563	19,531	4,299,465
Less investment expense	123,597	7,978	728	132,303
Net investment income	3,949,774	198,585	18,803	4,167,162
Total additions	113,668,893	3,489,856	1,884,856	119,043,605
DEDUCTIONS				
Insurance claims	37,024,015	-	-	37,024,015
Insurance premiums	6,757,910	3,291,271	1,755,253	11,804,434
General and administrative expense	1,084,019	6,597	645	1,091,261
Total deductions	44,865,944	3,297,868	1,755,898	49,919,710
Net increase in plan net position	68,802,949	191,988	128,958	69,123,895
Net position held in trust, beginning of year	180,303,170	11,913,861	1,087,060	193,304,091
Net position held in trust, end of year	\$ 249,106,119	\$ 12,105,849	\$ 1,216,018	\$ 262,427,986

Accompanying notes to the basic financial statements are an integral part of this statement.