ANNE ARUNDEL COUNTY MARYLAND

RETIREE HEALTH BENEFITS TRUST

Annual Financial Report

For the year ended June 30, 2021

(With Report of Independent Public Accountants Thereon)

ANNE ARUNDEL COUNTY MARYLAND

RETIREE HEALTH BENEFITS TRUST

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2021

Table of Contents

SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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 June 30, 2021, and the related combined statement of changes in fiduciary net position for the year then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinions

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the OPEB Trust as of June 30, 2021, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net OPEB liability and related ratios, the schedules of employer contributions, the schedule of money-weighted rate of returns net of fees and the schedule of contributions by plan are presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined 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 combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the OPEB Trust's basic financial statements. The combining statements are presented for purposes of additional analysis and are not required part of the combined 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 combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 23, 2021 on our consideration of the OPEB Trust's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls 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 controls over financial reporting and compliance.

SB & Company, LLC

Owings Mills, Maryland
September 23, 2021

Anne Arundel County Maryland
Retiree Health Benefits Trust
Management's Discussion and Analysis
For The Year Ended June 30, 2021

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, 2021. 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, 2021 by $393.2 million. Net position of $393.2 million is restricted and held in trust for retiree health benefits. Contributions to the OPEB Trust totaled $112.1 million comprised of $102.4 million to the County Plan, $6.0 million to the College, and $3.7 million to the Library. Investment and other income was $71.2 million for the year. Total deductions of $52.4 million were $47.4 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 as of June 30, 2021. 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, 2021

	County Plan	College Plan	Library Plan	Total
Investments and other assets	$ 372,699.6	$ 18,379.9	$ 3,824.7	$ 394,904.2
Liabilities	1,730.4	-	0.1	1,730.5
Net position held in trust	$ 370,969.2	$ 18,379.9	$ 3,824.6	$ 393,173.7

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	$ 249,106.1	$ 12,105.9	$ 1,216.0	$ 262,428.0

The increase of $130.7 million in net position held in Trust as of June 30, 2021, is primarily due the increase in investments and other assets. Contributions of $112.1 million and net investment income of $71.1 million were in excess of $52.4 million total deductions, which includes primarily insurance claims and premiums. This resulted in a change in net position as of June 30, 2021 of $130.7 million compared with $69.1 million as of June 30, 2020.

Summary of Changes in Net Position by Plan

(in thousands)

For the Year Ended June 30, 2021

	County Plan	College Plan	Library Plan	Total
Additions:				
Contributions	$ 102,355.6	$ 5,971.7	$ 3,783.3	$ 112,110.7
Investment and other income	66,906.3	3,595.1	559.2	71,060.6
Total additions	169,261.9	9,566.8	4,342.5	183,171.3
Deductions:				
Benefits	46,269.5	3,286.3	1,733.3	51,289.1
Administrative expenses	1,129.4	6.5	0.6	1,136.6
Total deductions	47,398.9	3,292.8	1,733.9	52,425.7
Changes in net position	121,863.0	6,274.0	2,608.6	130,745.7
Net position held in trust, beginning of year	249,106.1	12,105.9	1,216.0	262,428.0
Net position held in trust, end of year	$ 370,969.1	$ 18,379.9	$ 3,824.6	$ 393,173.7

For the Year Ended 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
Changes 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

Contributions year-over-year ended June 30, 2020 and 2021 decreased by $2.8 million primarily due to a $10.0 million County employer contribution from the Health Insurance Fund for 2020. Insurance subsidies and rebates increased by $1.4 million. In Fiscal Year 2021, insurance subsidies and rebates are $11.5 million compared to Fiscal Year 2020 at $10.1 million.

Net investment income increased from $4.2 million in Fiscal Year 2020 to $71.1 million in Fiscal Year 2021 a $66.9 million increase. It is primarily due to net appreciation in the fair value of investments of $62.8 million in Fiscal Year 2021 from $3.3 million depreciation in Fiscal Year 2020, and increased interest and dividends of $756.9 thousand. Investment expenses increased by approximately $48.7 thousand from $132.3 thousand in Fiscal Year 2020 to $181.0 thousand in Fiscal Year 2021 due to the investment in a Real Estate Investment Pool.

Benefit payments increased from $48.8 million in Fiscal Year 2020 to $51.3 million in Fiscal Year 2021, a $2.5 million increase. General and administrative expenses grew slightly from $1,091.3 thousand in Fiscal Year 2020 to $1,136.6 thousand in Fiscal Year 2021, a $45.3 thousand increase.

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, 2021

ASSETS		
Investments		
Short-term investments funds	$	25,050,196
Mutual funds		344,866,954
Real estate investment pool		19,975,645
Total investments		389,892,795
Accounts receivable		5,011,440
Total assets		394,904,235
LIABILITIES		
Accrued liabilities and accounts payables		1,730,581
Total liabilities		1,730,581
Net position held in trust for other post-employment benefits	$	393,173,654

Accompanying notes to the combined 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, 2021

ADDITIONS		
Contributions		
Employer	$	90,989,439
Member		9,587,427
Insurance subsidies and rebates		11,533,810
Total contributions		112,110,676
Investment income		
Net appreciation in fair value of investments, net		62,849,983
Dividends		8,317,804
Interest		73,820
Total investment income		71,241,607
Less investment expense		180,988
Net investment income		71,060,619
Total additions		183,171,295
DEDUCTIONS		
Insurance claims		38,466,598
Insurance premiums		12,822,434
General and administrative expense		1,136,594
Total deductions		52,425,626
Net increase in plan net position		130,745,669
Net position held in trust, beginning of year		262,427,986
Net position held in trust, end of year	$	393,173,655

Accompanying notes to the combined 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 trust 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. These financial statements reflect the results of the Trust.

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, 2021 follows in the table below. Data is based on actuarial valuations dated April 20, 2021. The actuarial valuations are completed every 2 years. The next actuarial valuation is scheduled for 2023.

	County Plan	College Plan	Library Plan	Total
Employees with medical coverage	4,083	695	204	4,982
Deferred vested termination	302	-	-	302
Retirees	2,861	247	148	3,256
Total	7,246	942	352	8,540

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 August 2020. 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, 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	26%	21%	31%
Small/Mid Cap U.S. Equities	7%	2%	12%
International Equities- Developed Markets	21%	16%	26%
Emerging International Equities	6%	1%	11%
Total Equity	**60%**	**50%**	**70%**
Core Fixed Income	11%	6%	16%
Diversified Fixed Income	14%	9%	19%
Total Fixed Income	**25%**	**15%**	**35%**
Real Estate (Core)	5%	0%	10%
Total Real Estate	**5%**	**0%**	**10%**
Cash	10%	0%	20%
Total Cash	**10%**	**0%**	**20%**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of June 30, 2021, the trust owned one debt mutual funds with an effective maturity of 9.4 years. The short term investment pool totals $25.1 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, 2021 as the international equity portion of the portfolio is valued in U.S. currency. The fair market value of the international equity portion of the portfolio is $111.0 million as of June 30, 2021.

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, 2021, 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, 2021, 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, 2021.

		Standard & Poor's Credit Ratings			
	Total	**AAA-A**	**BBB-B**	**CCC-C**	**NR**
Fixed Income Mutual Funds	$ 93,227,584	$ -	$ -	$ -	$ 93,227,584
Short Term Investment Pool	25,050,196	-	-	-	25,050,196
Total Debt Securities	$ 118,277,780	$ -	$ -	$ -	$ 118,277,780

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, 2021, the annual composite money-weighted rate of return on investments, net of fees, is 17.6% in 2021 compared to 1.7% in 2020 and 5.7% in 2019. 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 as of June 30, 2021 were as displayed on the following schedule.

Net OPEB Liability of the Trust

As of June 30, 2021 (in thousands)	County Plan	College Plan	Library Plan	TOTAL
Total OPEB liability	$ 922,824	$ 106,907	$ 52,672	$ 1,082,403
Plan fiduciary net position	(370,969)	(18,380)	(3,825)	(393,174)
Net OPEB liability	$ 551,855	$ 88,527	$ 48,847	$ 689,229
Plan fiduciary net position as a percentage of the total OPEB liability	40.20%	17.19%	7.26%	

Note — The components of the net OPEB liability of the Trust at June 30, 2021, based on actuarial valuations, are displayed above. The plan fiduciary net position can be found on the Combining Statement of Fiduciary Net Position.

Actuarial assumptions — The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	County Plan	College Plan	Library Plan
Inflation	2.40%	2.40%	2.40%
Discount rate	6.30%	2.83%	1.92%
Ultimate healthcare cost trend rates	3.90%	3.90%	3.90%

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, 2021 are summarized in the following table.

2021 30-Year Return Assumptions by Asset Class

Asset Class	30-Year Geometric Forecast (Nominal Returns)	30-Year Geometric Forecast (Real Returns)
Inflation (CPI)	2.22%	--
Cash	1.90%	-0.31%
Core Fixed Income[1]	2.65%	0.42%
Diversified Fixed Income[2]	4.34%	2.07%
Large Cap Equity	6.30%	3.99%
Small/Mid Cap Equity	6.60%	4.28%
International Equities (Unhedged)	6.50%	4.19%
Emerging Int'l Equities	8.40%	6.05%
Real Estate (Core)	5.60%	3.31%

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

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 6.30 percent as the discount rate which decreased from 6.75 percent from the prior year. The College's liability uses a blend of the bond rate and expected rate of return on assets of 2.83 percent as the discount rate which decreased from 3.43 percent in the prior year. Forecasts for the Library determined that the Plan would require calculation of using the bond rate of 1.92 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 1.92 percent which decreased from 2.45 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, 2021.

Discount Rate Sensitivity

	1.00% Decrease	Net OPEB liability Discount Rate	1.00% Increase
County Plan	5.30%	6.30%	7.30%
	$ 700,423,853	$ 551,855,000	$ 439,078,254
College Plan	1.83%	2.83%	3.83%
	$ 108,900,031	$ 88,527,000	$ 72,259,563
Library Plan	0.92%	1.92%	2.92%
	$ 58,935,376	$ 48,847,000	$ 40,944,127

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. 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	$ 425,451,469	$ 551,855,000	$ 719,797,384
College Plan	$ 68,971,856	$ 88,527,000	$ 114,418,365
Library Plan	$ 40,051,887	$ 48,847,000	$ 60,423,556

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

	County Plan	College Plan	Library Plan
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	6.30%	2.83%	1.92%
	Long-term expected return based on trust assets	Blended 6/30/2021 government bond rate and long term expected rate of return	6/30/2021 government bond rate
Payroll Increase	Pension Plan Assumptions	Pension Plan Assumptions	Pension Plan Assumptions
Ultimate Healthcare Cost Trend Rate	3.90%	3.90%	3.90%

Notes:

1) *The health cost trend rate in 2019 and 2020 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, 2021 which used census valuation data as of January 1,2021.*

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 $344.9 million as of June 30, 2021. These are categorized as Level 1 inputs and displayed by type in the following schedule. The real estate fund has a net asset value of $19.9 million. As of June 30, 2021, 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, 2021 **Investment Type**	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual Funds				
Fixed Income	$ 93,227,584	$ 93,227,584	$ -	$ -
Domestic Equity	140,618,338	140,618,338	-	-
International Equity	111,021,033	111,021,033	-	-
Total Mutual Funds	$ 344,866,955	$ 344,866,955	$ -	$ -

Assets at Net Asset Value June 30, 2021 **Investment Type**	**Net Asset Value**
Real estate (REIT) fund	$ 19,975,644
Total at net asset value	19,975,644
Investments measured at amortized cost	
Money Market pool	25,050,196
Total Investments	$ 389,892,795

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

Plan fiscal year end	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 22,188	$ 19,895	$ 18,452	$ 17,759	$ 17,092
Interest	54,646	49,423	43,578	41,434	39,648
Changes of benefit terms	-	40,100	-	-	-
Differences between expected and actual experience	4,323	440	23,849	(884)	-
Changes of assumptions	55,396	(1,558)	(505)	-	-
Benefit payments	(39,870)	(28,258)	(35,593)	(23,539)	(33,075)
Net change in total OPEB liability	96,683	80,042	49,781	34,770	23,665
Total OPEB liability - beginning	826,141	746,099	696,318	661,548	637,883
Total OPEB liability - ending (a)	$ 922,824	$ 826,141	$ 746,099	$ 696,318	$ 661,548
Plan fiduciary net position					
Contributions - employer	$ 82,787	$ 91,811	$ 63,586	$ 57,335	$ 44,908
Contributions - retiree	8,035	7,772	7,477	-	6,246
Other	11,534	10,136	8,458	-	4,398
Investment income	66,906	3,950	10,312	9,193	11,582
Benefit payments	(46,270)	(43,782)	(44,008)	(23,539)	(33,075)
Administrative expense	(1,129)	(1,084)	(1,057)	(39)	(894)
Net change in plan fiduciary net position	121,863	68,803	44,768	42,950	33,166
Plan fiduciary net position - beginning	249,106	180,303	135,837	92,887	59,720
Plan fiduciary net position - ending (b)	$ 370,969	$ 249,106	$ 180,303	$ 135,837	$ 92,887
County's net OPEB liability - ending (a)-(b)	$ 551,855	$ 577,035	$ 565,796	$ 560,481	$ 568,661
Fiduciary net position as a percentage of the Total OPEB liability	40.20%	28.97%	24.16%	19.51%	14.04%
Expected average remaining service years of all participants	6	6	6	6	6
Covered-employee payroll	$ 305,970	$ 294,514	$ 276,058	$ 263,129	$ 258,490
County's net OPEB liability as a percentage of covered-employee payroll	180.36%	195.93%	204.96%	213.01%	219.99%
Discount Rate	6.30%	6.75%	6.75%	6.38%	6.38%

Notes :

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 24 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.*

6 *The discount rate was reduced from 6.75% to 6.30%.*

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

Amounts in thousands					
Plan fiscal year end	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 4,984	$ 3,257	$ 1,618	$ 3,083	$ 3,590
Interest	3,570	3,743	2,962	2,390	2,022
Differences between expected and actual experience	(12,588)	191	1,082	204	-
Changes of assumptions	7,894	21,568	27,583	(21,741)	(6,971)
Benefit payments	(2,083)	(2,096)	(2,006)	(1,685)	(2,111)
Net change in total OPEB liability	1,777	26,663	31,239	(17,749)	(3,470)
Total OPEB liability - beginning	105,130	78,467	47,228	64,977	68,447
Total OPEB liability - ending (a)	$ 106,907	$ 105,130	$ 78,467	$ 47,228	$ 64,977
Plan fiduciary net position					
Contributions - employer	$ 4,769	$ 2,096	$ 4,006	$ 3,720	$ 1,946
Contributions - retiree	1,203	1,195	1,136	-	790
Investment income	3,595	199	673	510	820
Benefit payments	(3,286)	(3,291)	(3,141)	(1,685)	(2,111)
Administrative expense	(7)	(9)	(8)	(5)	(7)
Net change in plan fiduciary net position	6,274	190	2,666	2,540	1,438
Plan fiduciary net position - beginning	12,106	11,916	9,250	6,710	5,272
Plan fiduciary net position - ending (b)	$ 18,380	$ 12,106	$ 11,916	$ 9,250	$ 6,710
College's net OPEB liability - ending (a)-(b)	$ 88,527	$ 93,024	$ 66,551	$ 37,978	$ 58,267
Fiduciary net position as a percentage of the Total OPEB liability	17.19%	11.53%	15.18%	19.59%	10.33%
Expected average remaining service years of all participants	9	9	9	9	8
Covered-employee payroll	$ 65,554	$ 64,137	$ 61,817	$ 61,103	$ 61,257
College Plan's net OPEB liability as a percentage of covered-employee payroll	135.04%	145.04%	107.66%	62.15%	95.12%
Discount Rate	2.83%	3.43%	4.83%	6.38%	3.72%

Notes:

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 24 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 *The mortality assumption was updated to the latest SOA experience study results for public sector teacher headcount-weighted employees, retirees and disabled retirees with a MP 2020 mortality improvement scale.*

6 *The discount rate was reduced from 3.43% to 2.83%.*

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					
Plan fiscal year end	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 2,032	$ 1,595	$ 651	$ 1,233	$ 1,437
Interest	1,207	1,322	1,542	1,212	1,033
Changes of benefit terms	-	441	-	-	-
Differences between expected and actual experience	(3,590)	113	223	136	-
Changes of assumptions	4,423	5,048	16,515	(10,896)	(3,536)
Benefit payments	(1,384)	(1,402)	(902)	(1,286)	(1,462)
Net change in total OPEB liability	2,688	7,117	18,029	(9,601)	(2,528)
Total OPEB liability - beginning	49,984	42,867	24,838	34,439	36,967
Total OPEB liability - ending (a)	$ 52,672	$ 49,984	$ 42,867	$ 24,838	$ 34,439
Plan fiduciary net position					
Contributions - employer	$ 3,433	$ 1,512	$ 1,622	$ 1,699	$ 299
Contributions - retiree	350	-	348	-	292
Other	-	-	-	-	871
Investment income	561	20	41	34	47
Benefit payments	(1,734)	(1,402)	(1,730)	(1,286)	(1,462)
Administrative expense	(1)	(1)	(1)	(1)	-
Net change in plan fiduciary net position	2,609	129	280	446	47
Plan fiduciary net position - beginning	1,216	1,087	807	361	314
Plan fiduciary net position - ending (b)	$ 3,825	$ 1,216	$ 1,087	$ 807	$ 361
Library's net OPEB liability - ending (a)-(b)	$ 48,847	$ 48,768	$ 41,780	$ 24,031	$ 34,078
Library fiduciary net position as a percentage of the Total OPEB liability	7.26%	2.44%	2.54%	3.25%	1.05%
Expected average remaining service years of all participants	6	6	6	6	6
Covered-employee payroll	$ 15,459	$ 14,421	$ 13,785	$ 13,203	$ 12,691
The Library Plan's net OPEB liability as a percentage of covered-employee payroll	315.98%	338.17%	303.08%	182.01%	268.51%
Discount Rate	1.92%	2.45%	3.13%	6.37%	3.58%

Notes:

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 24 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 *The discount rate was reduced from 2.45% to 1.92%.*

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
June 30, 2021

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

	County Plan		***College Plan***		***Library Plan***	
Year Ended June 30	Actuarially Determined Contribution	Percentage Contributed	Actuarially Determined Contribution	Percentage Contributed	Actuarially Determined Contribution	Percentage Contributed
2021	$ 70,720	117.1%	$ 4,810	99.1%	$ 2,333	147.1%
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
2021	17.56%
2020	1.65%
2019	5.70%
2018	6.62%*
2017	12.94%*

* Percentage has changed due to calculation method.

Notes:

1 *This schedule is presented to illustrate the requirement to show information for 10 years. However, until the 10-year trend is compiled, OPEB plans should present information for those years.*

2 *Investments were initiated March 1, 2016.*

3 *Calculations are approximate.*

Required Supplementary Information

Schedule of Contributions - County Plan

For Years Ended June 30

Amounts in thousands

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 70,720	$ 54,509	$ 53,264	$ 48,734	$ 77,516	$ 73,689	$ 75,695	$ 71,324	$ 109,939	$102,777
Contributions in relation to the actuarially determined contribution	82,787	91,811	63,586	57,334	44,908	44,097	40,795	34,683	-	-
Contribution deficiency (excess)	$ (12,067)	$ (37,302)	$ (10,322)	$ (8,600)	$ 32,608	$ 29,592	$ 34,900	$ 36,641	$ 109,939	$102,777
Covered-employee payroll	$ 305,970	$ 294,514	$ 276,058	$ 263,129	$ 258,490	$ 255,191	$ 247,008	$ 239,173	$ 213,899	$215,209
Contributions as a percentage of covered-employee payroll	27.06%	31.17%	23.03%	21.79%	17.37%	17.28%	16.52%	14.50%	0.00%	0.00%

Notes:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	*Open group Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.*
ADC determination methodology	*20-year target period to reach the goal level (90%Funding Target).*
Asset valuation method	*Market value of assets.*
Inflation	*2.40%*
Healthcare cost trend rates	*The rate is 5.4 percent in 2019 and 2020. 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	*6.30% The long-term expected return on assets is based on trust assets.*
Decrement assumptions	*The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility.*
Mortality	*(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).*

Required Supplementary Information

Schedule of Contributions - College Plan

For Years Ended June 30

Amounts in thousands

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 4,810	$ 4,604	$ 4,398	$ 3,881	$ 5,568	$ 5,542	$ 5,188	$ 4,870	$ 5,857	$ 5,468
Contributions in relation to the actuarially determined contribution	4,769	2,096	4,006	3,720	2,088	4,850	-	-	-	-
Contribution deficiency (excess)	$ 41	$ 2,508	$ 392	$ 161	$ 3,480	$ 692	$ 5,188	$ 4,870	$ 5,857	$ 5,468
Covered-employee payroll	$ 65,554	$ 64,137	$ 61,817	$ 61,103	$ 94,667	$ 95,101	$ 93,550	$ 90,338	$ 89,089	$ 89,955
Contributions as a percentage of covered-employee payroll	7.27%	3.27%	6.48%	6.09%	2.21%	5.10%	0.00%	0.00%	0.00%	0.00%

Notes:

Valuation date

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	*Open group Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.*
ADC determination methodology	*20-year target period to reach the goal level (90%Funding Target).*
Asset valuation method	*Market value of assets.*
Inflation	*2.40%*
Healthcare cost trend rates	*The rate in 2019 and 2020 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	*6.30% The long-term expected return on assets is based on trust assets.*
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 – 2020.* *(2) Disabled uses RP 2014 Disabled Mortality Table (set forward 1 year for Males).*

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - Library Plan

For Years Ended June 30

Amounts in thousands

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 2,333	$ 2,299	$ 2,168	$ 2,008	$ 2,548	$ 2,692	$ 2,712	$ 2,568	$ 3,669	$ 3,439
Contributions in relation to the actuarially determined contribution	3,433	1,512	1,142	1,699	1,170	291	-	-	-	-
Contribution deficiency (excess)	$ (1,100)	$ 787	$ 1,026	$ 309	$ 1,378	$ 2,401	$ 2,712	$ 2,568	$ 3,669	$ 3,439
Covered-employee payroll	$ 15,459	$ 14,421	$ 13,785	$ 13,203	$ 12,691	$ 12,494	$ 12,015	$ 11,109	$ 10,100	$ 9,920
Contributions as a percentage of covered-employee payroll	22.21%	10.48%	8.28%	12.87%	9.22%	2.33%	0.00%	0.00%	0.00%	0.00%

Notes :

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.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	*Open group Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.*
ADC determination methodology	*20-year target period to reach the goal level (90%Funding Target)*
Asset valuation method	*Market value of assets.*
Inflation	*2.40%*
Healthcare cost trend rates	*The rate is 5.4 percent in 2019 and 2020. 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	*6.30% The long-term expected return on assets is based on trust assets.*
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 September 11, 2020, the discount rate for the County Plan, College Plan and Library Plan decreased from 7.45 percent to 6.30 percent. In 2019, 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. The medical trend was adjusted to accommodate the elimination of the excise tax on high-cost plans that was part of the Affordable Care Act which is commonly referred to as the "Cadillac Tax".

Anne Arundel County Maryland
Retiree Health Benefits Trust
Combining Statement of Fiduciary Net Position
June 30, 2021

	County Plan	College Plan	Library Plan	Total
ASSETS				
Investments				
Short-term investments funds	$ 24,920,480	$ 44,380	$ 85,336	$ 25,050,196
Mutual funds	324,008,341	17,323,930	3,534,683	344,866,954
Real estate investment pool	18,767,456	1,003,450	204,739	19,975,645
Total investments	367,696,277	18,371,760	3,824,758	389,892,795
Accounts receivable	5,003,282	8,133	25	5,011,440
Total assets	372,699,559	18,379,893	3,824,783	394,904,235
LIABILITIES				
Accrued liabilities and accounts payables	1,730,442	-	139	1,730,581
Due to Anne Arundel County Gov.	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	1,730,442	-	139	1,730,581
Net position held in trust for other post-employment benefits	$ 370,969,117	$ 18,379,893	$ 3,824,644	$ 393,173,654

(Schedule of Net OPEB Liability presented on page 11)

Accompanying notes to the combined 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, 2021

	County Plan	College Plan	Library Plan	Total
ADDITIONS				
Contributions:				
Employer	$ 82,787,293	$ 4,768,627	$ 3,433,519	$ 90,989,439
Member	8,034,528	1,203,113	349,786	9,587,427
Insurance subsidies and rebates	11,533,810	-	-	11,533,810
Total contributions	102,355,631	5,971,740	3,783,305	112,110,676
Investment income:				
Net appreciation in fair value of investments	59,179,050	3,182,326	488,607	62,849,983
Dividends	7,827,380	419,525	70,899	8,317,804
Interest	70,619	2,148	1,053	73,820
Total investment income	67,077,049	3,603,999	560,559	71,241,607
Less investment expense	170,784	8,928	1,277	180,989
Net investment income	66,906,265	3,595,071	559,282	71,060,618
Total additions	169,261,896	9,566,811	4,342,587	183,171,294
DEDUCTIONS				
Insurance claims	38,466,598	-	-	38,466,598
Insurance premiums	7,802,865	3,286,264	1,733,305	12,822,434
General and administrative expense	1,129,435	6,503	656	1,136,594
Total deductions	47,398,898	3,292,767	1,733,961	52,425,626
Net increase in plan net position	121,862,998	6,274,044	2,608,626	130,745,668
Net position held in trust, beginning of year	249,106,119	12,105,849	1,216,018	262,427,986
Net position held in trust, end of year	$ 370,969,117	$ 18,379,893	$ 3,824,644	$ 393,173,654

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