ANNE ARUNDEL COUNTY MARYLAND

RETIREE HEALTH BENEFITS TRUST

Annual Financial Report

For the year ended June 30, 2022

(With Report of Independent Public Accountants Thereon)

ANNE ARUNDEL COUNTY MARYLAND

RETIREE HEALTH BENEFITS TRUST

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2022

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON THE FINACIAL STATEMENTS**

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

Opinion

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, 2022, and the related combined statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of the OPEB Trust as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the OPEB Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the OPEB Trust's ability to continue as a going concern for twelve months beyond the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the OPEB Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 schedule of employer contributions, the schedule of money-weighted rate of returns net of fees and the schedule of contributions by plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

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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.

Supplementary Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is 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 22, 2022 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.

Owings Mills, Maryland
September 22, 2022

SB + Company, LLC

Anne Arundel County Maryland
Retiree Health Benefits Trust
Management's Discussion and Analysis
For The Year Ended June 30, 2022

As management of the Anne Arundel County Maryland Retiree Health Benefits Trust (OPEB Trust), we offer readers of the annual financial report this narrative overview and analysis of the financial activities of OPEB Trust as of and for the fiscal year ended June 30, 2022. 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 OPEB Trust exceeded total liabilities at June 30, 2022 by $401.3 million. Net position of $401.3 million is restricted and held in trust for retiree health benefits. Contributions to OPEB Trust totaled $118.1 million comprised of $109.2 million to the County Plan, $6.0 million to the College, and $2.9 million to the Library. Investment and other loss was ($57.8) million for the year. Total deductions of $51.8 million were $47.2 million, $3.13 million, and $1.4 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 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. 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 OPEB Trust's assets less related liabilities as of June 30, 2022. 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 OPEB Trust.

Summary of Assets, Liabilities, and Net Position by Plan

(in thousands)

For the Year Ended June 30, 2022

	County Plan	College Plan	Library Plan	Total
Investments and other assets	$ 381,238.1	$ 18,370.1	$ 4,593.4	$ 404,201.6
Liabilities	2,892.8	2.0	0.4	2,895.2
Net position held in trust	$ 378,345.3	$ 18,368.1	$ 4,593.0	$ 401,306.4

For the Year Ended 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

The increase of $8.1 million in net position held in OPEB Trust as of June 30, 2022, is primarily due the increase in investments and other assets. Contributions of $118.1 million and net investment loss of ($58.1) million were in excess of $51.8 million total deductions, which includes primarily insurance claims and premiums. This resulted in a change in net position as of June 30, 2022 of $8.1 million compared with $130.7 million as of June 30, 2021.

Summary of Changes in Net Position by Plan

(in thousands)

For the Year Ended June 30, 2022

	County Plan	College Plan	Library Plan	Total
Additions:				
Contributions	$ 109,167.1	$ 6,017.0	$ 2,905.6	$ 118,089.7
Investment and other loss	(54,570.3)	(2,890.6)	(649.5)	(58,110.4)
Total additions	54,596.8	3,126.4	2,256.1	59,979.3
Deductions:				
Benefits	46,077.4	3,133.0	1,486.6	50,697.0
Administrative expenses	1,143.2	5.2	1.1	1,149.5
Total deductions	47,220.6	3,138.2	1,487.7	51,846.5
Changes in net position	7,376.2	(11.8)	768.4	8,132.8
Net position held in trust, beginning of year	370,969.1	18,379.9	3,824.6	393,173.6
Net position held in trust, end of year	$ 378,345.3	$ 18,368.1	$ 4,593.0	$ 401,306.4

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 assets	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

Contributions year-over-year ended June 30, 2021 and 2022 increased by $6.0 million primarily due to a $3.0 million County employer contribution from the Health Insurance Fund for 2021. Insurance subsidies and rebates increased by $1.9 million. In Fiscal Year 2022, insurance subsidies and rebates are $13.4 million compared to Fiscal Year 2021 at $11.5 million.

Net investment income decreased from $71.1 million in Fiscal Year 2021 to ($58.1) million in Fiscal Year 2022, a ($129.2) million decrease. It is primarily due to net depreciation in the fair value of investments of ($68.7) million in Fiscal Year 2022 from $62.8 million appreciation in Fiscal Year 2021. There was an increase in interest and dividends of $2.6 million. Investment expenses increased by approximately $96.3 thousand from $181.0 thousand in Fiscal Year 2021 to $277.3 thousand in Fiscal Year 2022 due to the investment in a Real Estate Investment Pool.

Benefit payments decreased from $51.3 million in Fiscal Year 2021 to $50.7 million in Fiscal Year 2022, a $0.6 million decrease. General and administrative expenses grew slightly from $1,136.6 thousand in Fiscal Year 2021 to $1,149.5 thousand in Fiscal Year 2022, a $12.9 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, 2022

ASSETS		
Investments		
Short-term investments funds	$	31,116,266
Mutual funds		337,102,839
Real estate investment pool		32,310,412
Total investments		400,529,517
Accounts receivable		3,672,124
Total assets		404,201,641
LIABILITIES		
Accrued liabilities and accounts payables		2,895,241
Total liabilities		2,895,241
Net position held in trust for other post-employment benefits	$	401,306,400

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, 2022

ADDITIONS		
Contributions		
Employer	$	95,533,029
Member		9,165,418
Insurance subsidies and rebates		13,391,268
Total contributions		118,089,715
Investment income		
Net depreciation in fair value of investments, net		(68,787,915)
Dividends		10,863,491
Interest		91,327
Total investment loss		(57,833,097)
Less investment expense		277,310
Net investment loss		(58,110,407)
Total additions		59,979,308
DEDUCTIONS		
Insurance claims		39,058,912
Insurance premiums		11,638,176
General and administrative expense		1,149,474
Total deductions		51,846,562
Net increase in plan net position		8,132,746
Net position held in trust, beginning of year		393,173,654
Net position held in trust, end of year	$	401,306,400

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

Anne Arundel County Maryland
Retiree Health Benefits Trust
Notes to Basic Financial Statements
For The Year Ended June 30, 2022

1 Description of the Plans

A ***General Information*** – The Anne Arundel County Maryland Retiree Health Benefits Trust (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). 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 OPEB 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 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*** – 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 OPEB 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, OPEB Trust's Board of Trustees (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 OPEB Trust. The Investment Policy was revised in August 2020. 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, 2022, OPEB trust owned one debt mutual fund with an effective maturity of 5.3 years. The short term investment pool totals $31.1 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. OPEB trust had no direct exposure to foreign currency as of June 30, 2022 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 $103.8 million as of June 30, 2022.

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 OPEB Trust. As of June 30, 2022, there were no investments exposed to custodial credit risk. OPEB Trust does not have a policy for custodial credit risk.

Concentration risk is the risk of loss attributed to the magnitude of OPEB Trust's investment in a single issuer. As of June 30, 2022, there was no exposure to a single issuer greater than 5.0% of 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 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, 2022.

		Standard & Poor's Credit Ratings			
	Total	AAA-A	BBB-B	CCC-C	NR
Fixed Income Mutual Funds	$ 103,052,856	$ -	$ -	$ -	$ 103,052,856
Short Term Investment Pool	31,116,266	-	-	-	31,116,266
Total Debt Securities	$ 134,169,122	$ -	$ -	$ -	$ 134,169,122

Risk and Uncertainties – 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, 2022, the annual composite money-weighted rate of return on investments, net of fees, is (12.4%) in 2022 compared to 17.6% in 2021 and 1.7% in 2020. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial valuations of 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.

<u>3 Net OPEB Liability of the Trust</u>

A Net OPEB liability of the trust – The components of the net OPEB liability of OPEB Trust as of June 30, 2022 were as displayed on the following schedule.

Net OPEB Liability of the Trust

As of June 30, 2022 (in thousands)	County Plan	College Plan	Library Plan	TOTAL
Total OPEB liability	$ 968,645	$ 79,657	$ 41,216	$ 1,089,518
Plan fiduciary net position	(378,345)	(18,368)	(4,593)	(401,306)
Net OPEB liability	$ 590,300	$ 61,289	$ 36,623	$ 688,212
Plan fiduciary net position as a percentage of the total OPEB liability	39.06%	23.06%	11.14%	

Note

The components of the net OPEB liability of the Trust at June 30, 2022, 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, 2022, 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%	5.05%	3.69%
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, 2022 are summarized in the following table.

2022 30-Year Return Assumptions by Asset Class

Asset Class	30-Year Geometric Forecast (Nominal Returns)	30-Year Geometric Forecast (Real Returns)
Inflation (CPI)	2.66%	2.66%
Cash	2.90%	0.23%
Core Fixed Income[1]	4.02%	1.32%
Diversified Fixed Income[2]	5.32%	2.59%
Large Cap Equity	6.94%	4.17%
Small/Mid Cap Equity	7.53%	4.74%
International Equities (Unhedged)	7.03%	4.26%
Emerging Int'l Equities	9.47%	6.64%
Real Estate (Core)	5.25%	2.52%

Notes

NEPC's 30-year geometric CPI inflation assumption is 2.66%.
(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 in 2020. The College's liability uses a blend of the bond rate and expected rate of return on assets of 5.05 percent as the discount rate which increased from 2.83 percent in the prior year. Forecasts for the Library determined that the Plan would require calculation of using the bond rate of 3.69 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 3.69 percent which increased from 1.92 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, 2022.

Discount Rate Sensitivity

	1.00% Decrease	Net OPEB liability Discount Rate	1.00% Increase
County Plan	5.30%	6.30%	7.30%
	$ 744,672,954	$ 590,300,448	$ 471,708,143
College Plan	4.05%	5.05%	6.05%
	$ 74,608,830	$ 61,288,647	$ 50,658,322
Library Plan	2.69%	3.69%	4.69%
	$ 43,460,526	$ 36,623,270	$ 31,200,425

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	$	449,907,547	$	590,300,448	$	775,174,426
College Plan	$	48,094,237	$	61,288,647	$	78,587,554
Library Plan	$	30,286,256	$	36,623,270	$	44,817,037

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%	5.05%	3.69%
	Long-term expected return based on trust assets	Blended 6/30/2022 government bond rate and long term expected rate of return	6/30/2022 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 2022 is 5.20%, in 2021 is 5.30%, 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 September 1, 2022 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

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. OPEB Trust owns three publically traded and priced mutual funds with a total market value of $377.1 million as of June 30, 2022. 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 $32.3 million. As of June 30, 2022, 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, 2022 **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	$ 103,052,856	$ 103,052,856	$ -	$ -
Domestic Equity	130,295,148	130,295,148	-	-
International Equity	103,754,835	103,754,835	-	-
Total Mutual Funds	$ 337,102,839	$ 337,102,839	$ -	$ -

Assets at Net Asset Value June 30, 2022 **Investment Type**	**Net Asset Value**
Real estate (REIT) fund	$ 32,310,412
Total at net asset value	32,310,412
Investments measured at amortized cost	
Money Market pool	31,116,266
Total Investments	$ 400,529,517

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	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 26,785	$ 22,188	$ 19,895	$ 18,452	$ 17,759	$ 17,092
Interest	56,944	54,646	49,423	43,578	41,434	39,648
Changes of benefit terms	-	-	40,100	-	-	-
Differences between expected and actual experience	1,506	4,323	440	23,849	(884)	-
Changes of assumptions	-	55,396	(1,558)	(505)	-	-
Benefit payments	(39,414)	(39,870)	(28,258)	(35,593)	(23,539)	(33,075)
Net change in total OPEB liability	45,821	96,683	80,042	49,781	34,770	23,665
Total OPEB liability - beginning	922,824	826,141	746,099	696,318	661,548	637,883
Total OPEB liability - ending (a)	$ 968,645	$ 922,824	$ 826,141	$ 746,099	$ 696,318	$ 661,548
Plan fiduciary net position						
Contributions - employer	$ 88,060	$ 82,787	$ 91,811	$ 63,586	$ 57,335	$ 44,908
Contributions - retiree	7,716	8,035	7,772	7,477	-	6,246
Other	13,391	11,534	10,136	8,458	-	4,398
Investment income	(54,570)	66,906	3,950	10,312	9,193	11,582
Benefit payments	(46,078)	(46,270)	(43,782)	(44,008)	(23,539)	(33,075)
Administrative expense	(1,143)	(1,129)	(1,084)	(1,057)	(39)	(894)
Net change in plan fiduciary net position	7,376	121,863	68,803	44,768	42,950	33,166
Plan fiduciary net position - beginning	370,969	249,106	180,303	135,837	92,887	59,720
Plan fiduciary net position - ending (b)	$ 378,345	$ 370,969	$ 249,106	$ 180,303	$ 135,837	$ 92,887
County's net OPEB liability - ending (a)-(b)	$ 590,300	$ 551,855	$ 577,035	$ 565,796	$ 560,481	$ 568,661
Fiduciary net position as a percentage of the Total OPEB liability	39.06%	40.20%	28.97%	24.16%	19.51%	14.04%
Expected average remaining service years of all participants	6	6	6	6	6	6
Covered payroll	$ 318,044	$ 305,970	$ 294,514	$ 276,058	$ 263,129	$ 258,490
County's net OPEB liability as a percentage of covered-employee payroll	185.60%	180.36%	195.93%	204.96%	213.01%	219.99%
Discount Rate	6.30%	6.30%	6.75%	6.75%	6.38%	6.38%

Notes :

1 *Source is actuarial data based on preliminary financials and actual financial data. Any 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	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 5,506	$ 4,984	$ 3,257	$ 1,618	$ 3,083	$ 3,590
Interest	2,996	3,570	3,743	2,962	2,390	2,022
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(67)	(12,588)	191	1,082	204	-
Changes of assumptions	(33,682)	7,894	21,568	27,583	(21,741)	(6,971)
Benefit payments	(2,003)	(2,083)	(2,096)	(2,006)	(1,685)	(2,111)
Net change in total OPEB liability	(27,250)	1,777	26,663	31,239	(17,749)	(3,470)
Total OPEB liability - beginning	106,907	105,130	78,467	47,228	64,977	68,447
Total OPEB liability - ending (a)	$ 79,657	$ 106,907	$ 105,130	$ 78,467	$ 47,228	$ 64,977
Plan fiduciary net position						
Contributions - employer	$ 4,887	$ 4,769	$ 2,096	$ 4,006	$ 3,720	$ 1,946
Contributions - retiree	1,130	1,203	1,195	1,136	-	790
Other	-	-	-	-	-	-
Investment income	(2,891)	3,595	199	673	510	820
Benefit payments	(3,133)	(3,286)	(3,291)	(3,141)	(1,685)	(2,111)
Administrative expense	(5)	(7)	(9)	(8)	(5)	(7)
Net change in plan fiduciary net position	(12)	6,274	190	2,666	2,540	1,438
Plan fiduciary net position - beginning	18,380	12,106	11,916	9,250	6,710	5,272
Plan fiduciary net position - ending (b)	$ 18,368	$ 18,380	$ 12,106	$ 11,916	$ 9,250	$ 6,710
College's net OPEB liability - ending (a)-(b)	$ 61,289	$ 88,527	$ 93,024	$ 66,551	$ 37,978	$ 58,267
Fiduciary net position as a percentage of the Total OPEB liability	23.06%	17.19%	11.53%	15.18%	19.59%	10.33%
Expected average remaining service years of all participants	9	9	9	9	9	8
Covered payroll	$ 65,329	$ 65,554	$ 64,137	$ 61,817	$ 61,103	$ 61,257
College Plan's net OPEB liability as a percentage of covered-employee payroll	93.82%	135.04%	145.04%	107.66%	62.15%	95.12%
Discount Rate	5.05%	2.83%	3.43%	4.83%	6.38%	3.72%

Notes:

1 *Source is actuarial data based on preliminary financials and actual financial data. Any 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 increased from 2.83% to 5.05%.*

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	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 2,241	$ 2,032	$ 1,595	$ 651	$ 1,233	$ 1,437
Interest	998	1,207	1,322	1,542	1,212	1,033
Changes of benefit terms	-	-	441	-	-	-
Differences between expected and actual experience	(263)	(3,590)	113	223	136	-
Changes of assumptions	(13,264)	4,423	5,048	16,515	(10,896)	(3,536)
Benefit payments	(1,168)	(1,384)	(1,402)	(902)	(1,286)	(1,462)
Net change in total OPEB liability	(11,456)	2,688	7,117	18,029	(9,601)	(2,528)
Total OPEB liability - beginning	52,672	49,984	42,867	24,838	34,439	36,967
Total OPEB liability - ending (a)	$ 41,216	$ 52,672	$ 49,984	$ 42,867	$ 24,838	$ 34,439
Plan fiduciary net position						
Contributions - employer	$ 2,587	$ 3,433	$ 1,512	$ 1,622	$ 1,699	$ 299
Contributions - retiree	319	350	-	348	-	292
Other	-	-	-	-	-	871
Investment income	(650)	561	20	41	34	47
Benefit payments	(1,487)	(1,734)	(1,402)	(1,730)	(1,286)	(1,462)
Administrative expense	(1)	(1)	(1)	(1)	(1)	-
Net change in plan fiduciary net position	768	2,609	129	280	446	47
Plan fiduciary net position - beginning	3,825	1,216	1,087	807	361	314
Plan fiduciary net position - ending (b)	$ 4,593	$ 3,825	$ 1,216	$ 1,087	$ 807	$ 361
Library's net OPEB liability - ending (a)-(b)	$ 36,623	$ 48,847	$ 48,768	$ 41,780	$ 24,031	$ 34,078
Library fiduciary net position as a percentage of the						
Total OPEB liability	11.14%	7.26%	2.44%	2.54%	3.25%	1.05%
Expected average remaining service years of all participants	6	6	6	6	6	6
Covered payroll	$ 15,696	$ 15,459	$ 14,421	$ 13,785	$ 13,203	$ 12,691
The Library Plan's net OPEB liability as a percentage of covered-employee payroll	233.33%	315.98%	338.17%	303.08%	182.01%	268.51%
Discount Rate	3.69%	1.92%	2.45%	3.13%	6.37%	3.58%

Notes:

1 *Source is actuarial data based on preliminary financials and actual financial data. Any 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 increased from 1.92% to 3.69%.*

Anne Arundel County Maryland
Retiree Health Benefits Trust
Required Supplementary Information
June 30, 2022

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
2022	$ 62,982	139.8%	$ 4,810	101.6%	$ 2,333	110.9%
2021	54,509	151.9%	4,604	103.6%	2,299	149.3%
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**
2022	(12.42%)
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.*

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - County Plan

For Years Ended June 30

Amounts in thousands

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 62,982	$ 54,509	$ 54,509	$ 53,264	$ 48,734	$ 77,516	$ 73,689	$ 75,695	$ 71,324	$109,939
Contributions in relation to the actuarially determined contribution	88,060	82,787	91,811	63,586	57,334	44,908	44,097	40,795	34,683	-
Contribution deficiency (excess)	$ (25,078)	$ (28,278)	$ (37,302)	$ (10,322)	$ (8,600)	$ 32,608	$ 29,592	$ 34,900	$ 36,641	$109,939
Covered-employee payroll	$ 318,044	$ 305,970	$ 294,514	$ 276,058	$ 263,129	$ 258,490	$ 255,191	$ 247,008	$ 239,173	$213,899
Contributions as a percentage of covered-employee payroll	27.69%	27.06%	31.17%	23.03%	21.79%	17.37%	17.28%	16.52%	14.50%	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 trend is 5.20% for 2022 and 5.30% for 2021. The ultimate trend is 3.90% The rates vary significantly throughout the projections.
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).

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - College Plan

For Years Ended June 30

Amounts in thousands

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 4,810	$ 4,604	$ 4,604	$ 4,398	$ 3,881	$ 5,568	$ 5,542	$ 5,188	$ 4,870	$ 5,857
Contributions in relation to the actuarially determined contribution	4,887	4,769	2,096	4,006	3,720	2,088	4,850	-	-	-
Contribution deficiency (excess)	$ (77)	$ (165)	$ 2,508	$ 392	$ 161	$ 3,480	$ 692	$ 5,188	$ 4,870	$ 5,857
Covered-employee payroll	$ 65,329	$ 65,554	$ 64,137	$ 61,817	$ 61,103	$ 94,667	$ 95,101	$ 93,550	$ 90,338	$ 89,089
Contributions as a percentage of covered-employee payroll	7.48%	7.27%	3.27%	6.48%	6.09%	2.21%	5.10%	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 trend is 5.20% for 2022 and 5.30% for 2021. The ultimate trend is 3.90% The rates vary significantly throughout the projections.
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).

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - Library Plan

For Years Ended June 30

Amounts in thousands

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 2,333	$ 2,299	$ 2,299	$ 2,168	$ 2,008	$ 2,548	$ 2,692	$ 2,712	$ 2,568	$ 3,669
Contributions in relation to the actuarially determined contribution	2,587	3,433	1,512	1,142	1,699	1,170	291	-	-	-
Contribution deficiency (excess)	$ (254)	$ (1,134)	$ 787	$ 1,026	$ 309	$ 1,378	$ 2,401	$ 2,712	$ 2,568	$ 3,669
Covered-employee payroll	$ 15,696	$ 15,459	$ 14,421	$ 13,785	$ 13,203	$ 12,691	$ 12,494	$ 12,015	$ 11,109	$ 10,100
Contributions as a percentage of covered-employee payroll	16.48%	22.21%	10.48%	8.28%	12.87%	9.22%	2.33%	0.00%	0.00%	0.00%

Notes:

Valuation date

Actuarially determined contribution rates were 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 trend is 5.20% for 2022 and 5.30% for 2021. The ultimate trend is 3.90% The rates vary significantly throughout the projections.
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 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 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 Changes in Fiduciary Net Position

Year Ended June 30, 2022

	County Plan	College Plan	Library Plan	Total
ADDITIONS				
Contributions:				
Employer	$ 88,059,547	$ 4,886,737	$ 2,586,745	$ 95,533,029
Member	7,716,317	1,130,318	318,783	9,165,418
Insurance subsidies and rebates	13,391,268	-	-	13,391,268
Total contributions	109,167,132	6,017,055	2,905,528	118,089,715
Investment income:				
Net depreciation in fair value of investments	(64,603,051)	(3,417,346)	(767,518)	(68,787,915)
Dividends	10,203,928	539,754	119,809	10,863,491
Interest	89,586	576	1,165	91,327
Total investment loss	(54,309,537)	(2,877,016)	(646,544)	(57,833,097)
Less investment expense	260,714	13,601	2,995	277,310
Net investment loss	(54,570,251)	(2,890,617)	(649,539)	(58,110,407)
Total additions	54,596,881	3,126,438	2,255,989	59,979,308
DEDUCTIONS				
Insurance claims	39,058,912	-	-	39,058,912
Insurance premiums	7,018,576	3,133,031	1,486,569	11,638,176
General and administrative expense	1,143,192	5,198	1,084	1,149,474
Total deductions	47,220,680	3,138,229	1,487,653	51,846,562
Net increase in plan net position	7,376,201	(11,791)	768,336	8,132,746
Net position held in trust, beginning of year	370,969,117	18,379,893	3,824,644	393,173,654
Net position held in trust, end of year	$ 378,345,318	$ 18,368,102	$ 4,592,980	$ 401,306,400

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 Fiduciary Net Position
June 30, 2022

		County Plan		College Plan		Library Plan		Total
ASSETS								
Investments								
Short-term investments funds	$	30,590,581	$	21,606	$	504,079	$	31,116,266
Mutual funds		316,630,461		16,740,693		3,731,685		337,102,839
Real estate investment pool		30,348,325		1,604,432		357,655		32,310,412
Total investments		377,569,367		18,366,731		4,593,419		400,529,517
Accounts receivable		3,668,789		3,335		-		3,672,124
Total assets		381,238,156		18,370,066		4,593,419		404,201,641
LIABILITIES								
Accrued liabilities and accounts payables		2,073,744		1,964		410		2,076,118
Due to Anne Arundel County Gov.		819,094		-		29		819,123
Unearned revenue		-		-		-		-
Total liabilities		2,892,838		1,964		439		2,895,241
Net position held in trust for other post-employment benefits	$	378,345,318	$	18,368,102	$	4,592,980	$	401,306,400

(Schedule of Net OPEB Liability presented on page 11)

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