



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



*A foundation of Trust,  
a reserve of knowledge,  
experience and the ability to serve  
Maryland local governments*

**For Fiscal Years Ended  
June 30, 2020 and  
June 30, 2019**





Local Government Insurance Trust  
7225 Parkway Drive  
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#### FOUNDING ORGANIZATIONS



THE  
MARYLAND  
MUNICIPAL  
LEAGUE



MARYLAND  
*Association of*  
COUNTIES






# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Prepared By**  
**Local Government Insurance Trust**  
**Department of Finance and**  
**Information Technology**  
**J. Earle Beyer, Director**

**For Fiscal Years Ended**  
**June 30, 2020 and**  
**June 30, 2019**



A photograph of a conference room with a long, light-colored wooden table. Several patterned chairs are arranged around the table. On the wall, there is a framed portrait of a man and a map of Texas. A telephone and some papers are on the table.

**The Comprehensive Annual Financial Report  
of the Local Government Insurance Trust  
for the fiscal years ended June 30, 2020 and June 30, 2019  
is hereby respectfully submitted.**



# Table of Contents

Letter from the Chair .....	v
INTRODUCTORY SECTION - UNAUDITED	
Transmittal Letter .....	1
Certificate of Achievement for Excellence in Financial Reporting.....	7
Membership .....	8
Board of Trustees .....	9
LGIT Staff.....	10
LGIT Organizational Chart.....	12
FINANCIAL SECTION	
Independent Auditors' Report.....	15
Management's Discussion and Analysis .....	17
Basic Financial Statements	
Statements of Net Position.....	21
Statements of Revenues, Expenses and Changes in Net Position .....	22
Statements of Cash Flows.....	23
Notes to Financial Statements.....	25
Required Supplementary Information	
Explanation of Required Supplementary Information.....	37
Reconciliation of Claims Liabilities and Related Expenses by Pool.....	38
Claims Development Information .....	39
Supplementary Combining Schedules	
Combining Schedule of Net Position 2020.....	40
Combining Schedule of Net Position 2019.....	41
Combining Schedule of Revenues, Expenses and Changes in Net Position 2020 .....	42
Combining Schedule of Revenues, Expenses and Changes in Net Position 2019 .....	43
Combining Schedule of Cash Flows 2020.....	44
Combining Schedule of Cash Flows 2019.....	45
Notes to Supplementary Combining Schedules .....	47
STATISTICAL SECTION - UNAUDITED	
Comparative Schedule of Revenues, Expenses and Changes in Net Position.....	51
Member Growth Analysis.....	52
Loss History and Average Claim Costs.....	53
Reported Claim Activity.....	54
Loss Development .....	55
State of Maryland Demographic and Economic Statistics .....	58
Ten Largest Employers State of Maryland .....	58

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## Letter from the Chair

### *Your Trust in FY 2020*



The Local Government Insurance Trust (“the Trust”) is an insurance pool created in 1987 in response to the lack of available, affordable insurance for Maryland’s local governments. Because the Trust is local to Maryland, and is owned and operated by Maryland’s local governments, its primary purpose is to resolve the risk management needs of its members. Unlike a typical “insurance company,” the Trust is a nonprofit organization, governed by its members through an elected Board of Trustees. Members can directly access the Board of Trustees, the Chairman of the Board and the Executive Director concerning their risk management and insurance issues.

While 2020 has presented its unique challenges, the one thing that Maryland’s local governments have not had to worry about this year is insurance coverage. I am proud to say that the Trust continues to serve the needs of Maryland’s Municipalities both now and in the future. The Trust staff has been working remotely since mid-March, and during that time has been diligent in servicing your needs. In fact, the membership has graded the Trusts service during this unprecedented time as excellent as demonstrated in two separate online surveys. Crises such as this are not new to the Trust.

In Fiscal year 2020, the Trust retained all of its member municipalities and all its member counties from the previous year. In fiscal year 2020, Trust membership includes 17 counties, 147 municipalities, 23 sponsored entities, the Maryland Municipal League (MML), the Maryland Association of Counties (MACo) and the Local Government Insurance Trust.

Training continues to be a primary focus of our risk management efforts, because the better trained employees are, the fewer losses they will incur. In fiscal year 2020, despite all in person training being suspended in mid-March due to the COVID-19 Pandemic, the Trust provided 45 training and educational opportunities across the state, which were attended by 1,147 local government officials and employees.

In 2020, the Trust also continued its outreach to organizations and groups representing and/or affiliated with the Trust members. These groups included the Maryland Sheriff’s Association, the Maryland Police and Correctional Training Commission, the Maryland GFOA, the Chesapeake Employers Insurance Company, the Public Risk Insurance Management Association, the National League of Cities Risk Information Sharing Consortium, the National Association of Counties and of course, MACo and MML. The Trust continued its sponsorship with MACo, MML, and the School of Public Policy at the University of Maryland, to conduct the Academy for Excellence in Local Governance.

From a financial standpoint, for fiscal year 2020, the Trust reports an overall increase in net position of approximately \$3,406,000 which is net of the \$3,102,000 returned to LGIT members in the form of premium credits. The premium credits were granted as follows: \$2,432,000 was returned to the members of the Primary Liability Pool (PLP), \$289,000 to the members of the Property Pool and \$381,000 to members of the Excess Pool. We also anticipate returning an additional \$3,350,000 of credits in the coming fiscal year 2021. Overall, the Trust continues to maintain a very healthy reserve and is in excellent financial condition with a net position over \$52,000,000. Information regarding the rate stabilization credit program can be found in Note 7 of the Notes to the Financial Statements contained in this Comprehensive Annual Financial Report (CAFR).

Also included in the CAFR are the Transmittal letter and Management’s Discussion and Analysis, which provide detail regarding the financial operations of the Trust. Additionally, the basic financial statements include the Notes to the financial statements, which are an integral part of the annual report. The annual audit went very well largely due to the quality and the stability of the staff in our Finance Department and the work of our Finance/Audit Committee.

My sincere appreciation is extended to all members for their support, input and ideas that have made the Trust what it is today. I also express my gratitude to my dedicated fellow Board members and the many local government officials who serve on the Trust's committees. These volunteers are to be commended for their extra effort in making this year a great one.

Finally, I would like to take this opportunity to thank the highly experienced staff for its hard work throughout the year. Their commitment and dedication to Maryland's local governments are what sets us apart from the competition.

Respectfully submitted,

John D. Miller, Chair  
Burgess, Middletown





# Introductory Section

**Transmittal Letter**

**Certificate of Achievement for  
Excellence in Financial  
Reporting**

**Membership**

**Board of Trustees**

**LGIT Staff**

**LGIT Organizational Chart**









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October 21, 2020

Board of Trustees  
Local Government Insurance Trust  
7225 Parkway Drive  
Hanover, Maryland 21076

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Local Government Insurance Trust (Trust) for the year ended June 30, 2020 is hereby respectfully submitted. The Trust's finance department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Trust. We believe the data, as presented, is accurate in all material respects; presented in a manner designed to fairly present the financial position, results of operations and cash flows of the Trust. It also provides all disclosures necessary to enable the reader to gain the maximum understanding of the Trust's financial affairs.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: introductory, financial and statistical. The introductory section contains this transmittal letter, which includes a discussion of the financial activities and substantive highlights for the fiscal year, a list of the Trust's members, a list of the Trust's officers, the Trust's organizational chart and a copy of the fiscal year 2019 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. The financial section includes the independent auditors' report, management's discussion and analysis, the audited basic financial statements, required supplementary information, and supplementary combining schedules. The statistical section includes selected financial and statistical data, generally presented on a multi-year basis.

### **The Reporting Entity and Its Services**

The Trust is a joint association of Maryland local governments formed July 1, 1987 to provide insurance coverage and other risk management services. Specifically, the Trust provides insurance coverage for certain classes of casualty and property related risks, as well as support services such as litigation, administration and management of claims, risk management and loss control services, training and property valuations. As of June 30, 2020, the Trust operates three pools of coverage: the Primary Liability Pool, the Property Pool, and the Excess Liability Pool. The Trust also sponsors Environmental Impairment Liability and Bond Programs. Outside insurance carriers hold the financial risk of both programs and its participants deal directly with them. The Trust also offers its members Cyber insurance and Equipment Break-down programs for which it holds limited financial risk. The Trust also serves as the administrator and treasurer for the Local Government Insurance Trust Health (LGIT Health) which is a self-insurance alliance among member governments. LGIT Health is a separate entity from the Trust and the Trust holds no financial risk associated with the role of treasurer and administrator. Membership in the Trust is limited to Maryland local governments that are members of either the Maryland Association of Counties (MACo) or the Maryland Municipal League (MML).

A Board of Trustees (Board) consisting of 12 voting members governs the Trust. The Board is comprised of five municipal and five county officials all elected by the membership. Additionally, both executive directors of MACo and MML serve as ex-officio Trustees. The Board elects a Chairman, Vice-Chairman and a Secretary from its members and Elected Trustees are eligible for reelection every three years. The day-to-day operations of the Trust are overseen by the Executive Director, who is the chief administrative officer and is responsible for the administrative implementation of policies stated in the Trust Agreement and By-Laws, as well as the policy manual and as established by the Board.

## Economic Outlook

In fiscal year 2020, there was 100% retention of counties and municipalities from fiscal year 2019. Several existing members added new lines of coverages. The City of Cumberland added Law Enforcement and Auto Liability, the Town of New Windsor joined the Property Pool, and Garrett County added Flood & Earth Movement.

The current economic indicators point to a relatively unstable property & liability insurance market for the remainder of calendar year 2020 and even possibly for the entire fiscal year of 2021. The recent reinsurance renewal rates for the Property pool increased by 26.0% while the renewal rates for Equipment Breakdown decreased more than half and the Excess pool remained relatively flat. The fiscal year 2020 surplus for the Excess pool is large enough to support the reinsurance premium at the \$1,000,000 layer in coverage at no charge to members in fiscal year 2021.

## MAJOR INITIATIVES

### For the Year

The following highlights some of the Trust's major accomplishments during fiscal year 2020:

- ❑ **INFORMATION TECHNOLOGY** – During Fiscal Year 2020, several new enhancements were made to the member portal. First, a new tab for Drivers in Accident was added to the Analysis tab. The Drivers in Accident tab provides filterable tables for Driver Ranking, Subsidiary Accident Trend, and Recently Reported Accidents.

Secondly, a new Loss Prevention tab was added to the member portal Welcome page. The Loss Prevention tab contains sections for Open Recommendations and Reviews History. It is possible to have more than one review type and it is possible to have recommendations related to different types of reviews. The Review column of the Open Recommendations table shows from what type of review the recommendation came. The Reviews History table displays completed reviews and their Scores. Clicking on Start Date in the Reviews History table expands to access tabs for Review Summary, Questionnaire, Recommendations, and Documents.

- ❑ **TRAINING** – Training continues to be a primary focus of our risk management efforts. In Fiscal Year 2020, despite all in person training being suspended in mid-March due to the COVID-19 Pandemic, the Trust provided 45 training and educational opportunities across the state attended by 1,147 local government officials and employees. The most requested types of training include Defensive Driving, Certified Flagger training for public works employees, Supervisory training, Reasonable Suspicion for drug and alcohol abuse in the workplace, Cyber Loss Prevention Training. The Legal Department conducted several Workplace Harassment seminars throughout the State. The Trust also subsidized the tuition costs for 34-member law enforcement personnel to attend six Emergency Vehicle Operations Classes (EVOC) at the Maryland Corrections & Police Training Commissions (MCPTC) In addition to the Trust's in-person training, there were 2,142 courses taken through LGIT's Online Campus by member employees provided by LocalGovU and Lexipol. There were 589 online courses taken through the HR Compliance Portal, which includes a new Cyber training program.
- ❑ **LOSS CONTROL CREDIT SURVEY** – As part of a larger plan to return surplus from the PLP, the intent of this credit is to reward those members who have engaged in exceptional loss control activities. Funding of \$300,000 was allocated to this effort in Fiscal Year 2020. Members completed an online survey broken down into sets of questions appropriate to the individual lines of coverage offered by the pool. Depending upon their loss control score, qualifying members receive a credit of approximately 4% of premium.
- ❑ **RATE STABILIZATION CREDITS** – In Fiscal Year 2020, for the twelfth year in a row, the Board of Trustees implemented a return of equity in the form of rate stabilization credits for the eligible members of the PLP. The equity return follows the policies concerning equity as stated in Article VIII, Section 8.03(b) of the Trust Agreement. Each member's share of the equity return was deposited into their respective rate stabilization accounts. Funds in the account are used by each member, at their discretion, as a credit or offset to their annual primary liability premiums. The Board has limited the annual credit to 50% of the account balance. The remainder will be left in the account and can be available in subsequent years. The funds in the rate



stabilization accounts can only be used by individual members as an offset against primary liability premiums which will require a renewal of membership. The Board approved a total funding of \$1,000,000 to be allocated to member accounts based on their respective claim experiences.

- ❑ **MEMBERSHIP CREDITS** – As part of a larger plan to return surplus from the PLP, the intent of this credit is to reward all pool members with a general membership credit for participation in the PLP. The total available funding for this credit is \$500,000 and is distributed across the membership in relation to individual premiums paid. A second membership credit rewards all pool members based on membership longevity. The total available funding for this credit is \$500,000.
- ❑ **PROPERTY CREDIT** – All members of the Property pool who carry a \$10,000 deductible for machinery and equipment claims will receive the coverage at no cost and is given back in the form of a credit on their annual premium invoices.
- ❑ **LAW ENFORCEMENT LOSS CONTROL CONSULTANT** – 72 Member law enforcement agencies were visited in fiscal year 2020. In many cases loss control recommendations were made to their command personnel to help in liability and risk mitigation.
- ❑ **LOSS REDUCTION TRAINING GRANTS** – The Board of Trustees approved Risk Management grants of \$100,000. LGIT is encouraging our law enforcement agencies to take advantage of new training and services being made available to them to help improve the status of their general orders and other policies and procedures and staff training.
- ❑ **LAW ENFORCEMENT BODY CAMERA GRANT PROGRAM** – The Board of Trustees approved a special equipment grant with total available funding of \$75,000 in the form of a 50% matching grant not to exceed \$5,000 for member law enforcement agencies pursuing purchasing body cameras for their personnel.
- ❑ **LAW ENFORCEMENT MEMORIAL GRANT PROGRAM** – The Board of Trustees approved a special law enforcement memorial grant with total available funding of \$5,000 to provide training for one police recruit who is employed by a Trust member law enforcement agency. Grant funds are awarded to one local government member and may be used to send the designated individual to a state approved police academy training facility.
- ❑ **LEGAL SERVICES** – The legal staff carries an average of 45-50 open claims in litigation (lawsuits) per month, and an additional 15-18 administrative charges of employment discrimination. Virtually all assignments are now kept in house, a result made possible by the addition of a fourth attorney in July 2018 and a far more aggressive early claims review and settlement process. As a result, billing for defense costs by outside counsel has been sharply reduced. Over the past year, legal staff achieved numerous successful outcomes in both jury and bench trials and achieved even more favorable results through motions and settlements. Staff continue to publish police and corrections publications to assist our members' law enforcement entities.
- ❑ **HEALTH COOPERATIVE** – LGIT Health, consisting of 25 LGIT members, completed its eleventh year as of June 30, 2020. In February 2020, the Coop returned \$3,054,082 in surplus funds to its members with good claim experience in plan year 2019. The surplus numbers for plan year 2020 should be finalized by the end of calendar year 2020.

### For the Future

In Fiscal Year 2021, Synergistic Solution Technologies (SST) will upgrade the Risk360 Policy & Claim Administration System to Release 6.6. This new release will include a risk management analytics dashboard for LGIT management to monitor financial performance at the pool level with the ability to drill down to the member level. This dashboard will include multi-level of detail for loss ratio and profitability over time for claims, loss control, and underwriting.

In the first half of Fiscal Year 2021, SST will also deliver a new Risk360 Loss Control Module that will increase the efficiency of LGIT's loss control staff by automating redundant operations. The new module will support in field data collection and streamline production of recommendations documents.

The average changes in member premium funding levels for Fiscal Year 2021 per pool are an increase of approximately 3.8 % for the Primary Liability Pool 5.4% increase for the Property Pool and no change for the Excess Liability Pool.

## **FINANCIAL MANAGEMENT AND CONTROLS**

The basic financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities, and necessarily include amounts based upon reliable estimates and judgments. The Trust's accounting records are maintained using an economic resources measurement focus and the accrual basis of accounting. A summary of the Trust's significant accounting policies is discussed in more detail in Management's Discussion and Analysis and also in the Notes to the Financial Statements found in the financial section of this report.

### **Internal Accounting Structure**

Internal controls have been put in place to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits derived from the control, and that the evaluation of costs and benefits requires reasonable business judgment by management. All internal control decisions are made within the above framework. Management believes the Trust's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Control**

A detailed annual budget is prepared prior to the start of each fiscal year and submitted to the Board for review and approval. Trust management is required by the Board to control expenditures and stay within its guidelines. The approved budget is also used as a management tool to aid in the evaluation of performance. Detailed reports comparing budget to actual are provided to the Board on a quarterly basis. The Trust's independent auditors do not audit these internal management reports.

### **Cash Management**

The Department of Finance is responsible for daily cash management and monitoring the activities of the external investment managers. The Trust receives daily pricing of investment securities owned, a monthly reporting of all transactions and cash flows as well as quarterly performance reports. All securities are held in safekeeping with a third-party custodian bank as designated by the Board.

### **Risk Management**

The Trust continually seeks ways to manage the risks of each pool of coverage it offers. The Trust provides a number of programs to assist its members in controlling losses and managing risk including various seminars, training programs and property inspection services. Further, the Trust utilizes the services of an independent consulting actuary. The actuary performs regular reviews to assist the Trust in establishing appropriate loss reserves and contribution rates. The Trust has also purchased reinsurance to protect against unusually severe individual claim losses.

### **Independent Financial Audit**

CliftonLarsonAllen LLP, an independent certified public accounting firm, provides an objective, independent examination of the Trust's basic financial statements. Its audit includes those auditing procedures that it deems necessary to express an opinion on the fairness, in all material respects, of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). CliftonLarsonAllen's unmodified opinion on the Trust's basic financial statements as of and for the fiscal years ended June 30, 2020 and 2019 is included in the financial section of this report.



### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Trust for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2019. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. FY2019 marks the 19th year in a row that the Trust has received this significant award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

This report reflects the combined efforts of the Board, the Finance/Audit Committee, the Trust's management and staff. We would like to express our sincere appreciation to each of the Trust's members, the Board, the various local government officials that serve on the Trust committees and the employees of each governmental unit for their commitment to risk management and intergovernmental risk pooling. Their support and commitment is the reason for the continued successful operation of the Local Government Insurance Trust.

Respectfully submitted,



A handwritten signature in black ink, appearing to read 'Tim Ailsworth'.

Tim Ailsworth  
Executive Director



A handwritten signature in black ink, appearing to read 'J. Earle Beyer'.

J. Earle Beyer  
Director, Financial and IT Services

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Local Government Insurance Trust  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*Christopher P. Morill*

Executive Director/CEO



# Fiscal Year 2020 Membership

Accident	Cottage City	Howard County Mental	Queen Anne
Annapolis	Crisfield	Health Authority	Queen Anne's County
Baltimore County	Cumberland	Hurlock	Queenstown
Barclay	Deer Park	Hyattsville	Ride With Us, Inc.
Barnesville	Denton	Indian Head	Ridgely
Barton	District Heights	Keedysville	Rising Sun
Bel Air	Dorchester County	Kensington	Riverdale Park
Berlin	Dorchester County	Kent County	Rosemont
Berwyn Heights	Sanitary District	Kent County Public Library	Rock Hall
Betterton	Eagle Harbor	Kitzmiller	Rockville
Bladensburg	East New Market	La Plata	Rosemont
Boonsboro	Easton	Landover Hills	Salisbury
Bowie	Edmonston	Laurel	Seat Pleasant
Brentwood	Eldorado	Laytonsville	Secretary
Brookeville	Elkton	Leonardtown	Sharpsburg
Brookview	Emmitsburg	Local Government	Sharptown
Brunswick	Fairmount Heights	Insurance Trust	Smithsburg
Burkittsville	Federalsburg	Loch Lynn Heights	Snow Hill
Calvert County	Forest Heights	Lonaconing	Somerset
Calvert Library	Friendsville	Luke	Somerset County
Cambridge	Frostburg	Mardela Springs	Somerset County
Cambridge Municipal	Gaithersburg	Marydel	Library System
Utilities Commission	Galena	Maryland Association	Somerset County Sanitary
Capitol Heights	Galestown	of Counties	District, Inc.
Caroline County	Garrett County	Maryland Municipal League	St. Mary's County
Caroline County Library	Garrett County Community	Middletown	St. Mary's County
Carroll County	Action Committee	Mid-Shore Regional Council	Metropolitan Commission
The Humane Society	Ruth Enlow Library	Millington	St. Michaels
of Carroll County, Inc.	Of Garrett County	Morningside	Sudlersville
Industrial Development	Garrett Park	Mount Airy	Sykesville
Authority of Carroll County	Glen Echo	Mount Rainier	Takoma Park
Carroll County Public Library	Glenarden	Myersville	Talbot County
Cecil County	Goldsboro	New Carrollton	Taneytown
Cecilton	Grantsville	New Market	Trappe
Centreville	Greenbelt	New Windsor	Tri-County Council for the
Charles County	Greensboro	North Beach	Lower Eastern Shore
Charlestown	Hagerstown	North Brentwood	Tri-County Council for
Chesapeake Beach	Hampstead	North Chevy Chase	Southern Maryland
Chesapeake City	Hancock	North East	University Park
Chestertown	Havre de Grace	Northeast Maryland Waste	Upper Marlboro
Cheverly	Hebron	Disposal Authority	Vienna
Chevy Chase	Henderson	Oakland	Walkersville
Chevy Chase View	Highland Beach	Ocean City	Washington County
Chevy Chase Village	Hillsboro	Oxford	Washington Grove
Section 3 of the Village	Howard Community	Perryville	Westernport
of Chevy Chase	College	Pittsville	Westminster
Chevy Chase Section 5	Howard County	Pocomoke City	Wicomico County
Church Creek	Howard County Economic	Poolesville	Willards
Church Hill	Development Authority	Port Deposit	Williamsport
Clear Spring	Howard County Housing	Port Tobacco Village	Worcester County
College Park	Commission	Preston	Worcester County Library
Colmar Manor	Howard County Library	Princess Anne	

# Fiscal Year 2020 Board of Trustees



John D. Miller, Chair  
*Burgess, Town of Middleton*



Theodore Zaleski, III, Vice Chair  
*Director of Management & Budget,  
Carroll County*



Abigail McNinch, Ph.D., Secretary  
*Mayor, Town of Denton*



Scott Hancock, Ex-Officio  
*Executive Director,  
Maryland Municipal League*



Michael J. Sanderson, Ex-Officio  
*Executive Director,  
Maryland Association of Counties*



Tracy Gant  
*Mayor,  
Town of Edmonston*



Shelley L. Heller  
*County Administrator,  
Kent County Commissioners*



Eric L. Jackson  
*Chief of Treasury,  
Charles County*



Emily Keller  
*Councilmember,  
City of Hagerstown*



Alan McCarthy  
*County Executive, Cecil County*



John E. O'Connor  
*Commissioner,  
St. Mary's County*



Tony Tomasello  
*City Manager,  
City of Gaithersburg*

# Fiscal Year 2020 Management and Staff

## Executive



Timothy S. Ailsworth  
*Executive Director*



Sandy Tedrow  
*Office Manager*

## Finance and Information Technology Services



J. Earle Beyer  
*Director*



Betty Breads  
*Controller*



Michael Becker  
*Systems Engineer*



Sheryl Browning  
*Applications Systems Analyst*

## Underwriting Services



Scott Soderstrom  
*Director*



Michelle Yanonne  
*Staff Associate*



Ellen Nudd  
*Underwriter*



Michele Keplinger  
*Communications  
and Member  
Services Manager*

## Field Services



Larry Bohlen  
*Director*



Everett Sesker  
*Law Enforcement  
Consultant*



Jeff Perkins  
*Loss Control  
Consultant*



Vance Petrella  
*Loss Control  
Manager  
Retired 4/30/2020*



# Fiscal Year 2020 Management and Staff

## Claims Services



Tia Bowman  
*Director*



Charise Henderson  
*Claims Associate*



Elisabeth Beekman  
*Manager /  
Litigation Analyst*



Elizabeth Martinez  
*Litigation Analyst*



Dorie Schwartz  
*Senior Claims Analyst /  
Property Claims Manager*



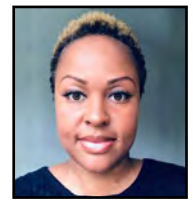
Clyde Bessicks  
*Claims Analyst*



Hollis Henry  
*Claims Analyst*



Dalas Salters  
*Claims Analyst*



Winter Jordan  
*Claims Analyst*

## Legal Services



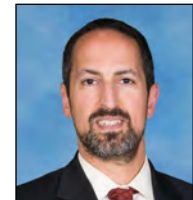
John F. Breads, Jr.  
*Director*



Christine Altemus  
*Attorney at Law*

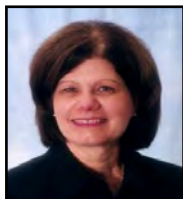


Matthew Peter  
*Attorney at Law*



Jason Levine  
*Attorney at Law*

## Human Resources and Administrative Services

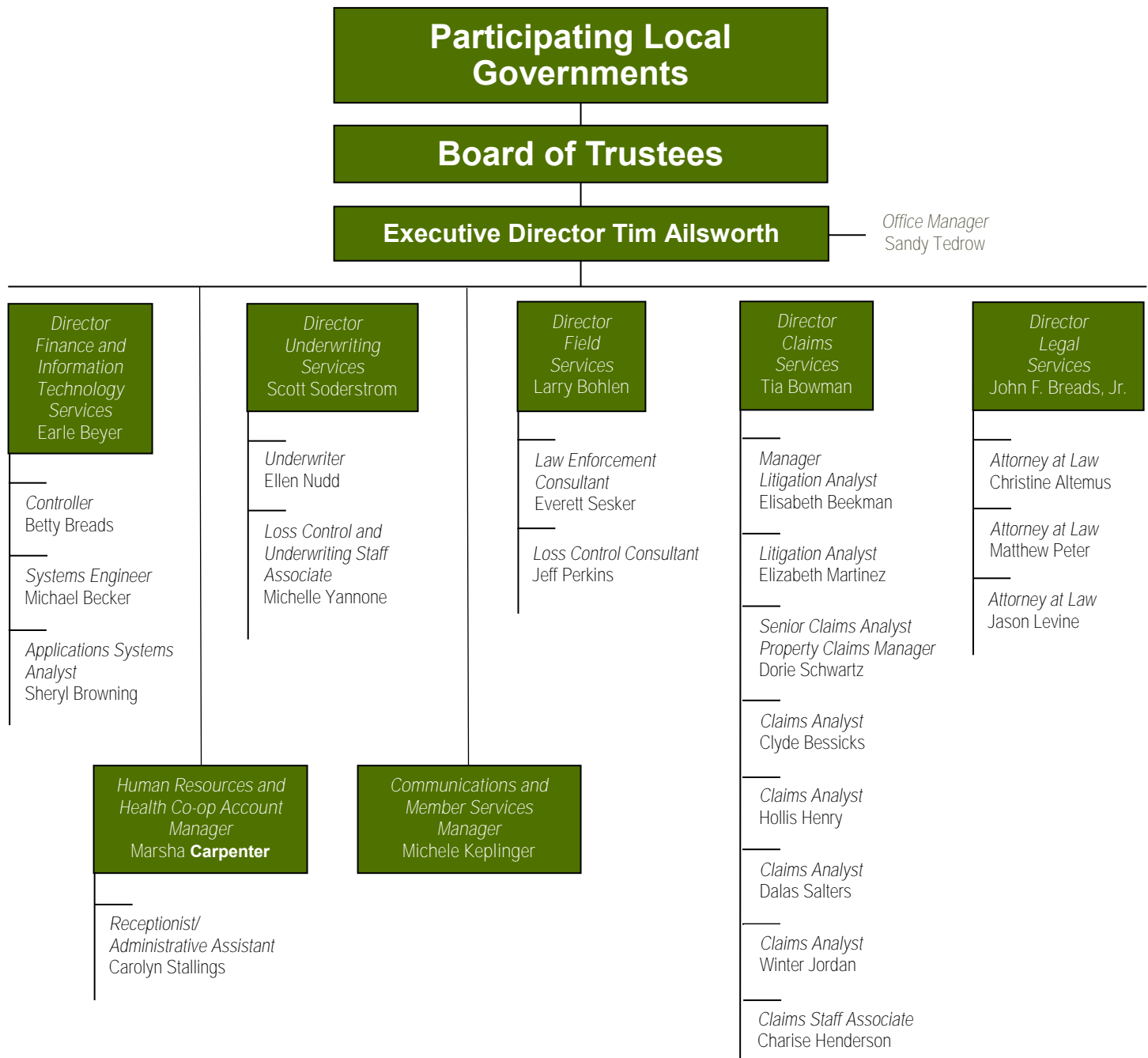


Marsha Carpenter  
*HR/Health Co-Op  
Account Manager*



Carolyn Stallings  
*Receptionist/  
Administrative Assistant*

# Fiscal Year 2020 Organizational Chart







## Financial Section

**Independent Auditor's  
Report**

**Management's Discussion  
and Analysis**

**Statements of Net Position**

**Statements of Revenues,  
Expenses and Changes in  
Net Position**

**Statements of Cash Flows**

**Notes to Financial  
Statements**

**Explanation of Required  
Supplementary Information**

**Reconciliation of Claims  
Liabilities and Related  
Expenses by Pool**

**Claims Development  
Information**

**Supplementary Combining  
Schedules**







## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Local Government Insurance Trust  
Hanover, Maryland

### **Report on the Financial Statements**

We have audited the accompanying statements of net position, revenues, expenses and changes in net position, and cash flows of the Local Government Insurance Trust (the Trust) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2020 and 2019, and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 19 and the required supplementary information on pages 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

The letter from the Chair, introductory section, and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 13, 2020





## Local Government Insurance Trust

### Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019

This section of the Comprehensive Annual Financial Report presents a discussion and analysis of the financial performance of the Local Government Insurance Trust (Trust) as of and for the years ended June 30, 2020 and 2019. Please read it in conjunction with the financial statements, which follow this section.

The following is a brief description of the Trust's three basic financial statements:

**STATEMENT OF NET POSITION** — This statement presents information reflecting the Trust's assets, liabilities and net position. The statement of net position categorizes assets and liabilities as current and noncurrent. For purposes of this financial statement, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or become due within twelve months of the statement date.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION** — This statement reflects the operating revenues and expenses, as well as non-operating revenues and expenses of the Trust. The Trust's major source of operating revenues is premium income with the major source of operating expenses being incurred claims and claims adjustment expenses. The change in net position is similar to net profit or loss for any other insurance company.

**STATEMENT OF CASH FLOWS** — The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, capital and related financing, noncapital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase in cash and cash equivalents for the fiscal year. Due to timing differences associated with accrual accounting, the net cash provided by operating activities is different than the amount of operating loss reported on the statement of revenues, expenses and changes in net position; therefore, a reconciliation is also provided.

### Financial Summary

The following table summarizes the financial position of the Trust at June 30, 2020, 2019 and 2018, respectively.

#### Summary of Net Position

	2020	2019	2018
<b>ASSETS</b>			
Current assets	\$ 35,819,215	\$ 42,504,281	\$ 37,606,518
Capital assets	3,002,190	3,142,418	3,268,509
Other noncurrent assets	33,161,239	26,239,537	29,528,497
Total Assets	71,982,644	71,886,236	70,403,524
<b>LIABILITIES</b>			
Current liabilities	8,174,613	9,674,556	9,759,488
Noncurrent liabilities	11,207,192	13,016,822	9,329,524
Total Liabilities	19,381,805	22,691,378	19,089,012
<b>NET POSITION</b>			
Net Investment in capital assets	3,002,190	3,142,418	3,268,509
Unrestricted	49,598,649	46,052,440	48,046,003
<b>TOTAL NET POSITION</b>	<b>\$ 52,600,839</b>	<b>\$ 49,194,858</b>	<b>\$ 51,314,512</b>

## Total Assets

Total Assets remained relatively unchanged between June 30, 2020 and 2019 by only increasing by approximately \$96,000.

Total assets increased by approximately \$1,483,000 between June 30, 2018 and 2019 primarily due to investment income of approximately \$4,159,000 coupled with the liquidation of \$2,000,000 of investments to cover a large PLP loss. In addition, there was a decrease in Health Cooperative cash of approximately \$1,559,000 as member payments exceeded member deposits for fiscal year 2019.

## Total Liabilities

The most significant components of the Trust's liabilities are related to unpaid claims and claim adjustment expenses. Unpaid claims and claim adjustment expense is a liability calculated by the Trust's actuary for all pools and it decreased by approximately \$2,263,000 from year end 2019 across all lines of coverages. The drop in case reserves was driven primarily by the large increase in reserves during the prior year where the actual paid losses on those claims did not develop. The liability grew in fiscal year 2019 by approximately \$5,050,000.

The balance of the health plan cooperative payable decreased by \$938,000 due to member payouts exceeding member deposits in fiscal year 2020.

The following table summarizes the change in net assets for fiscal years ended June 30, 2020, 2019 and 2018, respectively.

## Summary of Revenues, Expenses and Changes in Net Position

	2020	2019	2018
Operating revenues	\$ 12,883,070	\$ 12,436,160	\$ 12,468,504
Operating expenses	12,382,846	18,714,697	15,078,002
Operating income (loss)	500,224	(6,278,537)	(2,609,498)
Nonoperating income	2,905,757	4,158,883	3,286,575
Change in net position	3,405,981	(2,119,654)	677,077
Net position, beginning of year	49,194,858	51,314,512	50,637,435
<b>Net position end of year</b>	<b>\$ 52,600,839</b>	<b>\$ 49,194,858</b>	<b>\$ 51,314,512</b>

## Results of operations

### Revenues

Total operating revenues remained relatively consistent throughout the period from fiscal year 2019 to fiscal year 2020.

### Expenses

Operating expenses are comprised of incurred claims and claim adjustment expenses (net of recoveries) and the Trust's general and administrative (G&A) expenses.

The total operating expenses decreased by approximately \$6,332,000 in fiscal year 2020 compared to fiscal year 2019 due to the decrease in the change in liability in unpaid claims compared to the large increase in this reserve during the prior year,

The total operating expenses increased by approximately \$3,637,000 in fiscal year 2019 compared to fiscal year 2018 primarily driven by the \$5,050,000 increase to incurred claims discussed under changes in liabilities which was offset by a drop in claim payments of \$786,000 in fiscal year 2019 compared to fiscal year 2018.

## Nonoperating Revenue

Investment income was approximately \$1,253,000 lower in fiscal year 2020 compared to 2019. This was due to the collapse of the financial markets brought about by the Corona virus pandemic and the dramatic drop in oil prices sustained during the 3<sup>rd</sup> quarter of the fiscal year. During the last quarter of the fiscal year the markets and correspondingly the Trust's investment portfolio rebounded and finished the fiscal year with investment income of approximately \$2,906,000.

Investment income was approximately \$873,000 higher in fiscal year 2019 compared to 2018. This was due to the very strong equity markets during fiscal year 2019 along with the declining interest rate environment which increases the values of fixed income investments.

The annualized investment returns for fiscal years 2020, 2019 and 2018 are summarized by investment type as follows. The portfolio returns for fiscal year 2018 are not available due to the change in investment advisors and change in portfolio investment makeup. These returns do not include any return or loss on the Trust's deposit with the reinsurance pool.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Fixed income	7.28%	6.77%	N/A
Equity	-0.46%	5.02%	N/A
Alternative strategies	-2.23%	5.03%	N/A
Total LGIT investments	4.09%	6.29%	4.43%

As of June 30, 2020 and 2019, the Trust's portfolio allocations were 51% fixed, 42% equity and 7% alternative strategies.

## Conclusion

This financial report is designed to provide Trust members with a general overview of the Trust's finances, and to demonstrate the Trust's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to J. Earle Beyer, Director of Finance/Information Technology, 7225 Parkway Drive, Hanover, Maryland 21076.



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## Local Government Insurance Trust

### Statements of Net Position

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,653,521	\$ 1,382,043
Investments (note 4)	33,296,976	39,620,165
Premiums receivable	27,761	67,943
Interest income receivable	149,511	211,150
Reinsurance receivable (note 8)	563,769	1,027,881
Other	127,677	195,099
Total current assets	35,819,215	42,504,281
Noncurrent assets:		
Investments (note 4)	23,982,637	17,819,355
Capital assets (note 5)	3,002,190	3,142,418
Deposit with reinsurance pool (note 8)	9,178,602	8,420,182
Total noncurrent assets	36,163,429	29,381,955
Total assets	71,982,644	71,886,236
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	36,102	68,730
Unpaid claims and claim adjustment expenses (note 6)	6,379,950	6,874,837
Health plan cooperative payable	1,023,180	1,961,523
Rate stabilization fund (note 7)	541,442	583,394
Other	193,939	186,072
Total current liabilities	8,174,613	9,674,556
Noncurrent liabilities:		
Unpaid claims and claim adjustment expenses (note 6)	10,664,109	12,431,787
Capitalization contributions	1,640	1,640
Rate stabilization fund (note 7)	541,443	583,395
Total noncurrent liabilities	11,207,192	13,016,822
Total liabilities	19,381,805	22,691,378
<b>NET POSITION</b>		
Net investment in capital assets	3,002,190	3,142,418
Unrestricted	49,598,649	46,052,440
Total net position	\$ 52,600,839	\$ 49,194,858

*See accompanying notes to the financial statements.*



**Local Government Insurance Trust**  
**Statements of Revenues, Expenses and Changes in Net Position**  
Years Ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Gross premiums earned	\$ 20,949,856	\$ 19,902,539
Less: Premium credits	(3,102,287)	(3,224,731)
Ceded premiums	(5,098,027)	(4,566,018)
Net premiums earned	12,749,542	12,111,790
Other revenues	133,528	324,370
Total operating revenues	<u>12,883,070</u>	<u>12,436,160</u>
<b>Operating Expenses</b>		
Claims and claim adjustment expenses incurred (note 6)		
Paid, net of recoveries	8,904,691	7,937,092
Change in liability for unpaid claims and adjustment expenses	(2,262,564)	5,050,472
General and administrative expenses	5,583,315	5,560,710
Depreciation expense	157,404	166,423
Total operating expenses	<u>12,382,846</u>	<u>18,714,697</u>
Operating income (loss)	<u>500,224</u>	<u>(6,278,537)</u>
<b>Nonoperating Revenues</b>		
Investment income	<u>2,905,757</u>	<u>4,158,883</u>
<b>Change in net position</b>	3,405,981	(2,119,654)
<b>Net position, beginning of year</b>	<u>49,194,858</u>	<u>51,314,512</u>
<b>Net position, end of year</b>	<u><u>\$ 52,600,839</u></u>	<u><u>\$ 49,194,858</u></u>

*See accompanying notes to the financial statements.*





## Local Government Insurance Trust

### Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities:</b>		
Premiums collected	\$ 17,803,847	\$ 16,757,648
Other revenue collected	133,528	324,369
Recoveries of claims paid	2,375,535	1,410,764
Ceded premiums paid	(5,098,027)	(4,566,018)
Claims and claim adjustment expenses paid	(10,738,747)	(9,395,704)
General and administrative expenses paid	(5,618,021)	(5,527,177)
Net cash used in operating activities	(1,141,885)	(996,118)
<b>Cash flows from noncapital financing activities:</b>		
Member deposits	26,197,669	23,640,059
Health Cooperative payments	(27,136,012)	(25,198,880)
Net cash (used in) noncapital financing activities	(938,343)	(1,558,821)
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(17,177)	(40,332)
Net cash (used in) capital and related financing activities	(17,177)	(40,332)
<b>Cash flows from investing activities:</b>		
Purchase of investments	(30,838,946)	(23,163,014)
Proceeds from maturities of investments	31,629,360	23,962,203
Investment income received	1,578,469	1,857,707
Net cash provided by investing activities	2,368,883	2,656,896
<b>Net change in cash and cash equivalents</b>	<b>271,478</b>	<b>61,625</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,382,043</b>	<b>1,320,418</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,653,521</b>	<b>\$ 1,382,043</b>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ 500,224	\$ (6,278,538)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	157,404	166,423
Effects of changes in operating assets and liabilities:		
Premiums receivable	40,182	(3,341)
Reinsurance receivable	464,112	(62,159)
Other assets	67,422	20,311
Accounts payable and accrued expenses	(32,628)	31,966
Unpaid claims and claim adjustment expenses	(2,262,565)	5,050,472
Other liabilities	(76,036)	78,748
Total adjustments	(1,642,109)	5,282,420
<b>Net cash (used in) operating activities</b>	<b>\$ (1,141,885)</b>	<b>\$ (996,118)</b>
<b>Noncash investing, capital and financing activities:</b>		
Net unrealized gain in fair value of investments included in investment income	\$ 1,370,581	\$ 1,664,930

*See accompanying notes to the financial statements*

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## Local Government Insurance Trust

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### ■ NOTE 1 — Organization and Purpose

The Local Government Insurance Trust (Trust) is a joint association of Maryland local governments established in 1987 to provide an alternative to the diminishing availability of insurance coverages to the public sector and the increasing premium costs in the municipal insurance market. The Trust strives to provide coverage and risk management services at stable and competitive rates. The Trust is owned and directed by the local governments that subscribe to its coverages and operates under the terms of the eighth amended and restated Trust Agreement effective July 1, 2004.

The Trust's Board of Trustees (Board) is empowered to establish pools to provide coverage for any class of casualty, health, life or property related risks. As of June 30, 2020, the currently active pools are the following: the Primary Liability Pool (183 participants), the Property Pool (169 participants), and the Excess Liability Pool (188 participants). Membership in the pools is limited to local governments that are members of the Maryland Municipal League (MML) or Maryland Association of Counties (MACo). A participating local government may also sponsor a public entity within its district for participation in a pool. Each member agrees to comply with a plan of risk management as determined by the Trust. In the event a pool reports an operating deficit, the Trust may either assess the pool participants to cover the deficit or increase premiums.

The Primary Liability Pool (PLP) provides coverage for commercial general liability, police legal liability, public official's legal liability, and business automobile coverage. The maximum limit of liability to the PLP may not exceed \$1,000,000 for any one claim or occurrence per participant. The Property Pool provides coverage for property based on the determined insured values of the property. The Excess Liability Pool (ELP) has a maximum limit of \$5,000,000 for each occurrence and in the aggregate for occurrence-based coverage; and \$5,000,000 for each occurrence, and in the aggregate, for claims-made coverage. Participants in the ELP must either self-insure retention of \$1,000,000 or purchase primary liability coverage from the Trust. The Trust will not insure coverages over other commercial insurance companies. The financial statements include these pools as well as a general Operating Account and an Escrow Deposit Account.

#### ■ NOTE 2 — Summary of Significant Accounting Policies

##### *Basis of Presentation*

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to public entity risk pools and enterprise funds as prescribed by the Governmental Accounting Standards Board (GASB). In preparing its financial statements, the Trust has applied all applicable GASB pronouncements. The Trust distinguishes operating revenues and expenses from nonoperating items. The principal operating revenues of the Trust are premiums charged to members for insurance coverage including special assessments, if any. Premiums are reflected net of reinsurance. Operating expenses include claims and claim adjustment expenses and general and administrative expenses. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Trust is not subject to statutory reporting requirements for insurance companies.

##### *Use of Estimates in Preparing Financial Statements*

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 disclosures 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 amounts could differ from these estimates.



### *Cash and Cash Equivalents*

The Trust considers demand deposits, money market funds and other investments with an original maturity of three months or less at the date of acquisition to be cash and cash equivalents.

### *Investments and Valuation*

The Trust categorizes 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 and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

Following is a description of the valuation methodologies used for assets measured at fair value.

Fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or, if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

### *Recognition of Premium Revenues*

Annual property and liability premiums are written with an effective date of July 1 and are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums. Special premium assessments and credits, if any, are recorded in the period in which they are approved by the Board. The Trust had no unearned premiums as of June 30, 2020 and 2019.

### *Reinsurance*

The Trust limits the maximum net loss that can arise from large risks by reinsuring (or ceding) certain levels of risk with reinsurers under various reinsurance treaties. Ceded reinsurance is treated as the risk and liability of the reinsuring companies. Premiums and recoveries related to ceded business are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Ceded premiums are recorded as reductions of premiums earned and related claim recoveries are recorded as reductions of incurred claims and claim adjustment expenses.

### *Deferred Policy Acquisition Costs*

Salaries and other costs of acquiring insurance that vary with and are primarily related to the production of new and renewal business are deferred and amortized over the terms of the policies or reinsurance treaties to which they relate. Deferred acquisition costs are reviewed periodically to determine if they are recoverable from future income, including investment income. If the deferred costs are not recoverable, they are charged to expense in the period of the review. The Trust had no deferred policy acquisition costs as of June 30, 2020 and 2019.

### *Capital Assets*

All capital assets are carried at cost, net of accumulated depreciation. All acquisitions of individual capital assets in excess of \$1,000 with a useful life in excess of one year and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Electronic data processing equipment and software (EDP) are depreciated over three years. Furniture and equipment are depreciated over five years and the building is depreciated over forty years.

### *Insurance Liabilities*

The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims and claim adjustment expenses. The Trust does not discount the liabilities for unpaid claims or claim adjustment expenses. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

### *GASB Pronouncements*

The following GASB pronouncements are expected to have an impact but have been issued but not yet implemented by the Trust.

The GASB issued Statement No. 84, Fiduciary Activities, which is effective for fiscal years beginning after December 15, 2019. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The Trust has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The GASB issued Statement No. 87, Leases, which is effective for fiscal years beginning after June 15, 2021. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The Trust has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

### *Income Taxes*

The income of the Trust is exempt from federal taxation under §115 of the Internal Revenue Code.

### ■ NOTE 3 — Cash and Cash Equivalents

#### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned. The Trust does not have a formal custodial credit risk policy for deposits. Cash and temporary investments are maintained in one commercial bank and two broker-dealers located in Baltimore, Maryland. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Bank balances exceeded the \$250,000 FDIC coverage amount by \$781,956 and \$732,369, as of June 30, 2020 and 2019, respectively. Any Deposits throughout the fiscal year in excess of the FDIC specified limits were collateralized with U.S Government securities at 102% of the cash value. Cash and temporary investments held by broker-dealers are insured by the Securities Investor Protection Corporation (SIPC) up to specified limits. Balances in excess of SIPC limits are uninsured. Total cash and temporary investments held by the bank and broker-dealers were \$2,059,397 and \$1,990,225 as of June 30, 2020 and 2019, respectively.

Cash and cash equivalents consisted of the following as of June 30, 2020 and 2019:

	<b>2020</b>	<b>Percentage of portfolio</b>	<b>2019</b>	<b>Percentage of portfolio</b>
Cash	\$ 626,080	37.9%	\$ 374,187	27.1%
Maryland Local Government Investment Pool (MLGIP)	131,320	7.9%	284,550	20.6%
Money Market Mutual Funds	896,121	54.2%	723,306	52.3%
<b>Total Cash and Equivalents</b>	<b>\$ 1,653,521</b>	<b>100%</b>	<b>\$ 1,382,043</b>	<b>100%</b>

The Maryland Local Government Investment Pool (the "MLGIP") was created under Maryland State Law and is regulated by the Maryland State Treasurer's Office. The MLGIP may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Sections 6-222 and 6-223 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates fair value, and are held to maturity under normal circumstances.

The fair value of the position in the MLGIP is the same as the value of the MLGIP net assets (shares). The MLGIP is a 2a-7 like external investment pool, which issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments Group; One East Pratt Street; Baltimore, Maryland, 21202; by calling 1-800-492-5160.

#### *Credit Risk*

The MLGIP and all money market mutual funds carry AAA ratings with the exception of the fund used by the external investment managers, which are not rated but possesses all the characteristics of a AAA rated fund.

#### *Interest Rate Risk*

Interest rate risk is the risk changes in interest rates of debt investments that will adversely affect the fair value of an investment. Information about the exposure of the Trust's cash equivalents to this risk, using the segmented time distribution model is as follows:



	<b>MLGIP</b>	<b>Money Market Mutual Funds</b>
June 30, 2020		
Less Than 1 Year	\$131,320	\$896,121
<b>Total</b>	<b>\$131,320</b>	<b>\$896,121</b>
June 30, 2019		
Less Than 1 Year	\$284,550	\$723,306
<b>Total</b>	<b>\$284,550</b>	<b>\$723,306</b>

## ■ NOTE 4 — Investments

The Trust's investments are held in externally managed portfolios. There are no legal restrictions on the Trust's investments.

The Trust's investments are managed under the guidelines of a Board approved investment policy. This policy was amended in August 2017. In accordance with the policy, permitted investments for fiscal year 2020 remain the same as enforced during fiscal year 2019. Permitted investments include, but are not limited to, U.S. Government and agency securities, corporate securities, international/emerging market securities, high yield bonds, equity securities and other alternative securities to include Real Estate Investment Trusts and other liquid alternatives. Investments are registered and held by the Trust's custodian bank in the name of the Trust. The allocation policy for short-term operating cash stipulates 100% cash equivalents.

With the change in policy during fiscal year 2018, the Board of Trustees established a strategic capital allocation approach based on Trust financial projections, risk tolerance, and the desire for surplus growth. Strategically, the Trust's liabilities plus 25% of Net Position will be invested in a Reserve portfolio. The Reserve portfolio consists of a combination of high-quality fixed income and cost-efficient equity exposure, with the objective of supporting liabilities. The remaining 75% of net position will be invested in an Equity Enhancement portfolio, which consists of equities, opportunistic fixed income, and other growth-oriented strategies. The objective of the portfolio is capital appreciation and long-term growth of the Trust Net Position. After fiscal year end, the portfolio will be rebalanced, if necessary, to comply with the investment policy.

The Board of Trustees established the following asset allocation targets based on the Trust's financial projections, liquidity needs, and risk tolerance for both fiscal year 2020 and 2019, respectively.

### Reserve Portfolio:

	<b>Minimum</b>	<b>Maximum</b>
US Equity	0%	15%
US Dividend Equity	0%	15%
Non-US Equity	0%	10%
Fixed Income – Intermediate	70%	100%
Cash Equivalents	0%	20%

### Equity Enhancement Portfolio:

	<b>Minimum</b>	<b>Maximum</b>
US Large Cap Equity	30%	90%
US Small Cap Equity	10%	30%
Global Equity	20%	40%
Absolute Return/Alternatives	5%	25%
Fixed Income	5%	25%
Cash Equivalents	0%	20%

**June 30, 2020:**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2020
<b>Investments by fair value level:</b>				
Equity				
US Equity	\$ 19,707,425	\$ -	\$ -	\$ 19,707,425
Non-US Equity	4,570,880	-	-	4,570,880
Fixed Income				
US Government Agencies	-	10,669,745	-	10,669,745
Corporate and Foreign bonds	-	14,769,287	-	14,769,287
Mutual Funds	-	3,903,500	-	3,903,500
Total investments, at fair value	24,278,305	29,342,532	-	53,620,837
<b>Investment carried at the Net Asset Value (NAV):</b>				
Common Collective Trusts				3,658,776
<b>Total investments</b>	<b>24,278,305</b>	<b>29,342,532</b>	<b>-</b>	<b>57,279,613</b>

The Trust invests in one collective trust fund which consists of one investment, the objective is to achieve favorable income-oriented returns from a globally diversified portfolio of primarily debt or debt like securities and the preservation and enhancement of principal. This investment is valued at net asset value (NAV) of units of the commingled trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investment held by the fund less its liabilities. The valuation method of investments measured at the net asset value per share (or its equivalent) is presented on the following table:

Investment	NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Colchester Global Bond Fund	\$ 3,658,776	-	Bimonthly	5 Days

The changes in values for all investments are included in investment income. The net unrealized change in value of the investments included in investment income was a net appreciation of \$1,370,581 and a net depreciation of \$1,644,930 for the years ended June 30, 2020 and 2019, respectively.

**June 30, 2019:**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2019
<b>Investments by fair value level:</b>				
Equity				
US Equity	\$ 19,110,051	\$ -	\$ -	\$ 19,110,051
Non-US Equity	4,874,861	-	-	4,874,861
Fixed Income				
US Government Agencies	-	10,540,097	-	10,540,097
Corporate and Foreign bonds	-	13,033,912	-	13,033,912
Mutual Funds	-	6,344,336	-	6,344,336
Total investments, at fair value	23,984,912	29,918,345	-	53,903,257
<b>Investment carried at the Net Asset Value (NAV):</b>				
Common Collective Trusts				3,536,263
<b>Total investments</b>	<b>23,984,912</b>	<b>29,918,345</b>	<b>-</b>	<b>57,439,520</b>

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Trust places no limit on the amount invested in any one issuer. The Trust owned one investment of a single source that exceeds 5% of the total value of the investment portfolio that are required to be reported for the Colchester Global fund which has a balance of \$3,658,776 and \$3,536,263 as of June 30, 2020 and June 30, 2019, respectively.

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust does not have a formal custodial credit risk policy for investments. Investments are held in the Trust's name by various Trust banks located in the United States of America. Securities are insured by the Securities Investor Protection Corporation (SIPC) up to specified limits. Balances in excess of SIPC limits are uninsured. Total securities held by Trust banks and in mutual funds were \$58,307,054 and \$58,447,376 as of June 30, 2020 and 2019, respectively.

*Credit Risk*

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. Issuer obligations of U.S. Government Agencies and loan-backed securities of the Government National Mortgage Association (GNMA) and Department of Veterans Affairs (VA) have the explicit backing of the U.S. Government. Loan-backed securities of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Agricultural Mortgage Corporation (FAMC) have the implicit backing of the U.S. Government. The Trust's investment policy for fiscal years 2020 and 2019 stipulates that the overall average quality of the portfolio should be at least "A" or better, as measured by Standard & Poor's or Moody's Investor Service. Presented below is the minimum rating granted for each type of investment.

	U.S. Government Agencies	Corporate & Foreign Bonds
<b>June 30, 2020</b>		
AAA	\$ 9,524,295	\$ -
AA	-	827,139
A	1,145,450	5,740,864
BBB	-	8,200,319
BB	-	965
Not Rated	-	-
<b>Total</b>	<b>\$ 10,669,745</b>	<b>\$ 14,769,287</b>

	U.S. Government Agencies	Corporate & Foreign Bonds
<b>June 30, 2019</b>		
AAA	\$ 10,540,097	\$ -
AA	-	404,493
A	-	4,514,429
BBB	-	7,979,961
BB	-	1,047
Not Rated	-	133,982
<b>Total</b>	<b>\$ 10,540,097</b>	<b>\$ 13,033,912</b>



*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value. Balances invested in the short-term portfolio are intended to fund the operating activities of the Trust for a one-year period and cash is invested accordingly to meet cash flow requirements. The Trust's investment policy stipulates that the duration of the fixed income portion of the portfolio should remain in the range of plus or minus two years of the Barclay's Intermediate Government Credit Index (3.90 and 3.90 years as of June 30, 2020 and 2019). The maximum maturity of any fixed income investment is thirty years. The Trust uses the due date for purposes of determining segmented time distributions. Information about the exposure of the Trust's debt type investments to this risk, using the segmented time distribution model is as follows:

	<b>U.S. Government Agencies</b>	<b>Corporate and Foreign Bonds</b>
<b>June 30, 2020</b>		
Less Than 1 Year	\$ -	\$ 1,456,395
1 to 5 Years	9,524,295	8,773,033
6 to 10 Years	-	4,539,859
Over 10 Years	1,145,450	-
<b>Total</b>	<b>\$ 10,669,745</b>	<b>\$ 14,769,287</b>
<b>June 30, 2019</b>		
Less Than 1 Year	\$ 4,878,944	\$ 875,710
1 to 5 Years	-	9,246,694
6 to 10 Years	5,646,237	2,652,991
Over 10 Years	14,916	258,517
<b>Total</b>	<b>\$ 10,540,097</b>	<b>\$ 13,033,912</b>

The Trust invests in loan-backed securities which totaled \$1,145,450 and \$14,968 as of June 30, 2020 and 2019, respectively. U.S. Government Agency Securities reported above include \$1,145,450 and \$14,968 of loan-backed securities as of June 30, 2020 and 2019, respectively. Loan-backed securities are based on cash flows from the underlying assets, therefore making them sensitive to prepayments that may result from a decline in interest rates. The Trust's investment policy limits the amount invested in loan-backed securities to no more than 50% of the fixed income portfolio

*Foreign Currency Risk:*

Foreign currency risk is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The Trust was not exposed to foreign currency risk as of June 30, 2020 and 2019 as the Trust did not have investments denominated in foreign currencies.

## ■ NOTE 5 — Change in Capital Assets

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>2020</b>				
Capital assets – not depreciated:				
Land	\$ 252,408	\$ -	\$ -	\$ 252,408
Total capital assets not depreciated	252,408	-	-	252,408
Capital assets being depreciated:				
Building	3,947,564	-	-	3,947,564
EDP	1,455,280	-	-	1,455,280
Furniture & Equipment	344,112	17,176	-	361,288
Total capital assets - depreciated	5,746,956	17,176	-	5,764,132
Total capital assets	5,999,364	17,176	-	6,016,540
Accumulated Depreciation:				
Building	1,176,045	98,688	-	1,274,733
EDP	1,413,476	28,806	-	1,442,282
Furniture & Equipment	267,425	29,910	-	297,335
Total accumulated depreciation	2,856,946	157,404	-	3,014,350
<b>Net Balance – Capital Assets</b>	<b>\$ 3,142,418</b>	<b>\$ (140,228)</b>	<b>\$ -</b>	<b>\$ 3,002,190</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>2019</b>				
Capital assets – not depreciated:				
Land	\$ 252,408	\$ -	\$ -	\$ 252,408
Total capital assets not depreciated	252,408	-	-	252,408
Capital assets being depreciated:				
Building	3,947,564	-	-	3,947,564
EDP	1,448,648	13,456	6,824	1,445,280
Furniture & Equipment	342,028	26,876	24,792	344,112
Total capital assets - depreciated	5,738,240	40,332	31,616	5,746,956
Total capital assets	5,990,648	40,332	31,616	5,999,364
Accumulated Depreciation:				
Building	1,077,356	98,689	-	1,176,045
EDP	1,382,939	37,362	6,825	1,413,476
Furniture & Equipment	261,845	30,372	24,792	267,425
Total accumulated depreciation	2,772,140	166,423	31,617	2,856,946
<b>Net Balance – Capital Assets</b>	<b>\$ 3,268,508</b>	<b>\$ (126,091)</b>	<b>\$ (1)</b>	<b>\$ 3,142,418</b>

## ■ NOTE 6 — Unpaid Claims Liabilities and Related Expenses

The Trust establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of claims and claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the Trust during the past two fiscal years:

	<b>2020</b>	<b>2019</b>
Balance at beginning of year	\$ 19,306,624	\$ 14,256,152
Incurred related to:		
Current year	10,643,399	11,427,652
Prior years	(4,001,274)	1,559,912
Total incurred	6,642,125	12,987,564
Paid related to:		
Current year	3,482,517	3,557,676
Prior years	5,422,174	4,379,416
Total paid	8,904,691	7,937,092
<b>Balance at end of year</b>	<b>\$ 17,044,058</b>	<b>\$ 19,306,624</b>

Incurred claims and claim adjustment expenses related to prior years decreased by approximately 4,003,824 and increased by approximately \$1,559,912 in fiscal years 2020 and 2019, respectively, as a result of changes in estimates of claims and claim adjustment expenses. Changes in estimates are generally the result of ongoing analysis of loss development trends. Original estimates are adjusted as additional information becomes known regarding individual claims.

## ■ NOTE 7 — Rate Stabilization Fund

The Board approved a return of capital from the PLP of \$1,000,000 for fiscal years 2020 and \$1,250,000 for fiscal year 2019, respectively.

The return of capital was added to member rate stabilization account balances funded during prior fiscal years. The return of capital, which represents 50% of member account balances, is in the form of premium credits used by pool members of good standing for fiscal years 2020 and 2019 respectively. Rate stabilization credits of \$1,083,904 and \$1,166,819 were applied and shown as an offset to annual premiums on member invoices in fiscal years 2020 and 2019, respectively. The credit can be used by members each year up to a specified percentage, as approved by the Board, not to exceed 50% of their account balance. Balances remaining in the rate stabilization fund were as follows as of June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Current	\$ 541,442	\$ 583,394
Noncurrent	541,443	583,395
<b>Total</b>	<b>\$ 1,082,885</b>	<b>\$ 1,166,789</b>

## ■ NOTE 8 — Reinsurance

The Trust uses reinsurance agreements to reduce its exposure to certain large losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured. The Trust reduces liabilities related to reinsured risks unless it is probable that those risks will not be covered by reinsurers. No allowances were considered necessary as of June 30, 2020 and 2019. The Trust does not generally require collateral to secure reinsurance recoveries, but periodically evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers to minimize its exposures to significant losses from reinsurer insolvency.



The Trust is a member of NLC Mutual Insurance Company (NLC), a captive reinsurance pool whose members consist of certain state self-insurance pools. Each member is required to maintain deposits with NLC based on certain prescribed levels. These balances are reflected in the statements of net position as “deposit with reinsurance pool” and totaled \$9,178,602 and \$8,420,182 as of June 30, 2020 and 2019, respectively.

The Trust did not purchase reinsurance for the standard coverages offered in the PLP for the years ended June 30, 2020 and 2019 and retained the entire \$1,000,000 per occurrence coverage limit. Coverage was provided by NLC for the Trust’s ELP exposure, which insures all losses over the PLP’s coverage of \$1,000,000 with a maximum limit of liability of \$5,000,000. In addition, the Trust also purchased reinsurance for the Property Pool from Alliant Property Insurance Program that covered claims in excess of \$100,000.

Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. Net reinsurance recoveries and prepaid expenses amounted to \$122,612 and \$1,872, as of June 30, 2020 and 2019, respectively. Over the last three years, incurred and paid claims have not exceeded insurance coverage. There were no ceded reinsurance premiums payable as of June 30, 2020 and 2019, respectively. There were no ceded unearned premiums as of both June 30, 2020 and 2019.

## ■ **NOTE 9 — LGIT Health**

In fiscal year 2011, the Trust established LGIT Health, a self-insurance alliance between member governments. LGIT Health was established as a self-insured health plan for the purpose of providing group health benefits to its members’ employees and eligible dependents. The plan was designed by and is administered by Benecon Group, Inc. (Benecon) through June 30, 2019. Automatic one-year renewals are provided under the agreement with Benecon unless written notice of termination is provided by February 1 of the year in which the agreement will terminate. Benecon is responsible for designing the benefit structure for each member, performing the underwriting function, selecting and negotiating rates with a stop-loss carrier, determining member funding levels, selecting and negotiating an agreement with a claims administrator, preparing quotations for prospective members, and performing other administrative functions. The Trust is responsible for governance, serving as the treasurer and depository for all cash flowing through LGIT Health, and establishing qualifications for membership. Each LGIT Health member pays a management fee based on the number of enrolled employees for administrative services performed. The Trust is entitled to 25 percent of the management fee and Benecon is entitled to the remaining 75 percent.

The Trust paid premiums to LGIT Health totaling \$462,524 and \$437,682 for the years ended June 30, 2020 and 2019, respectively. These premiums represented the Trust’s maximum exposure for health care claims incurred during the year. Claims rebates received by the Trust from LGIT Health based on prior year actual medical claim activity totaled \$858 and \$2,576 for the years ended June 30, 2020 and 2019, respectively. Management fees earned by the Trust totaled \$87,020 and \$80,105 for the years ended June 30, 2020 and 2019, respectively. The Trust was owed \$91,000 for initial funding provided to LGIT Health as of June 30, 2020 and 2019. Amounts remitted by the Trust from LGIT Health toward medical claims not yet reimbursed by LGIT Health members totaled \$1,702,486 and \$1,949,966 as of June 30, 2020 and 2019, respectively. Amounts collected by the Trust from LGIT Health members, but not yet remitted toward member reimbursements totaled \$2,725,666 and \$3,911,490 as of June 30, 2020 and 2019, respectively.

## ■ **NOTE 10 — Risk Management**

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Trust participates in the property and primary liability pools offered by the Trust and carries commercial insurance for all other risks of loss, including worker’s compensation and errors and omissions. There were no losses in excess of coverages during the last three fiscal year

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## Local Government Insurance Trust

### Explanation of Required Supplementary Information

Unaudited – See Accompanying Independent Auditors' Report

This section of the Financial Statements provides the reader with a broader understanding of the Trust's operations and its financial trends and conditions than is provided in the Basic Financial Statements. A reconciliation of claims liability by pool for the past two years, as well as claims development information for the last ten years are provided.

#### Reconciliation of Claims Liabilities and Related Expenses by Pool

The schedule on page 38 represents the changes in claims liabilities for the past two years for each of the Trust's pools.

#### Claims Development Information

The table on page 39 illustrates how the Trust's earned revenue (net of reinsurance) and investment income compare to related costs of claims (net of losses assumed by reinsurers) and other expenses assumed by the Trust as of the end of each of the past 10 fiscal years. The columns of the table show data for successive policy years. The rows of the table are defined as follows:

*Premiums and investment revenue*

Amount of reported gross premium and investment revenue, amount of premium revenue ceded and investment revenue.

*Unallocated expenses*

Amount of reported unallocated claim adjustment expenses and other costs that cannot be associated directly with specific claims.

*Estimated claims and allocated expenses, end of policy year*

Amount of gross incurred claims and allocated claim adjustment expense, loss assumed by reinsurers, and net amount of incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the events that triggered coverage under the policy.

*Net paid cumulative as of*

Cumulative amount paid (net of recoveries) as of each succeeding year.

*Reestimated ceded claims and allocated expenses*

Reestimated amount for losses assumed by reinsurers as of the end of the current year.

*Reestimated net incurred claims and allocated expenses*

Reestimated amount for net incurred claims and claim adjusted expenses as of each succeeding year.

*Increase (decrease) in estimated net incurred claims and allocated expenses from end of policy year*

The change in net incurred claims and claim adjustment expenses from the original estimate based on the difference between the latest reestimated amount and the original net incurred claims and claim adjustment amounts reported.



## Local Government Insurance Trust

*Required Supplementary Information*

### Reconciliation of Claims Liabilities and Related Expenses by Pool

Years Ended June 30, 2020 and 2019

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	COMBINED TOTAL
<b>2020</b>				
Balance at beginning of the year	\$ 18,238,274	\$ 1,068,350	\$ -	\$ 19,306,624
Incurred related to:				
Current year	8,811,794	1,831,605	-	10,643,399
Prior year	(3,534,491)	(466,783)	-	(4,001,274)
Total incurred	5,277,303	1,364,822	-	6,642,125
Paid related to:				
Current year	2,601,432	881,085	-	3,482,517
Prior year	5,226,883	195,291	-	5,422,174
Total paid	7,828,315	1,076,376	-	8,904,691
Balance at end of year	<b>\$ 15,687,262</b>	<b>\$ 1,356,796</b>	<b>\$ -</b>	<b>\$ 17,044,058</b>
	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	COMBINED TOTAL
<b>2019</b>				
Balance at beginning of the year	\$ 13,531,774	\$ 724,378	\$ -	\$ 14,256,152
Incurred related to:				
Current year	9,827,128	1,600,524	-	11,427,652
Prior year	1,718,509	(158,597)	-	1,559,912
Total incurred	11,545,637	1,441,927	-	12,987,564
Paid related to:				
Current year	2,955,909	601,767	-	3,557,676
Prior year	3,883,228	496,188	-	4,379,416
Total paid	6,839,137	1,097,955	-	7,937,092
Balance at end of year	<b>\$ 18,238,274</b>	<b>\$ 1,068,350</b>	<b>\$ -</b>	<b>\$ 19,306,624</b>

See explanation of required supplementary information on page 37.





## Local Government Insurance Trust

*Required Supplementary Information*

### Claims Development Information

Ten Years Ended June 30, 2011 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Premiums and investment revenue:										
Earned,	20,753,326	20,836,691	19,967,515	20,838,873	15,945,449	14,283,844	19,010,252	13,466,254	14,128,339	18,226,498
Ceded	(5,098,027)	(4,566,018)	(4,355,756)	(4,332,646)	4,688,248	(4,655,168)	(4,501,768)	(3,811,719)	(3,653,712)	(4,394,806)
Net earned	15,655,299	16,270,673	15,611,759	16,506,227	20,633,697	9,628,676	14,508,484	9,654,535	10,474,627	13,831,692
Allocated and unallocated expenses	5,740,719	5,727,134	5,387,466	5,354,282	5,193,882	5,077,011	4,965,655	4,777,042	4,636,650	4,580,616
Estimated claims and allocated expenses, end of policy year:										
Incurred	10,748,983	11,687,694	9,981,174	9,818,933	7,823,721	9,596,943	7,638,005	10,296,183	9,269,463	7,121,248
Ceded	105,584	260,042	1,388,144	332,939	147,286	927,079	330,666	1,767,934	2,053,432	21,604
Net incurred	10,643,399	11,427,652	8,593,030	9,485,994	7,676,435	8,669,864	7,307,339	8,528,249	7,216,031	7,099,644
Net paid claims (cumulative) as of:										
End of policy year	3,482,517	3,557,676	2,961,859	3,183,550	2,906,287	2,557,301	2,258,231	2,555,929	2,716,683	2,281,860
One year later		5,867,936	4,823,465	5,022,009	4,181,666	4,404,013	4,129,786	4,901,366	4,315,814	3,713,673
Two years later			5,773,505	5,610,798	5,031,164	5,373,219	4,638,823	5,683,053	5,572,495	4,716,102
Three years later				5,857,321	5,878,945	6,401,865	5,375,413	6,534,676	5,691,120	5,185,596
Four years later					7,395,875	6,688,115	6,418,744	6,955,798	5,819,083	5,623,478
Five years later						6,979,333	7,170,151	7,708,288	5,817,455	5,911,699
Six years later							7,248,685	7,723,653	5,824,353	5,912,077
Seven years later								7,723,388	5,824,353	5,912,077
Eight years later									5,824,353	5,923,551
Nine years later										5,943,855
Reestimated ceded claims and expenses	105,584	260,042	1,388,144	332,939	147,286	927,079	330,666	1,767,934	2,053,432	21,604
Reestimated net incurred claims and allocated expenses:										
End of policy year	10,643,399	11,427,652	8,593,030	9,485,994	7,676,435	8,669,864	7,307,339	8,528,249	7,216,031	7,099,644
One year later		10,255,252	8,944,499	7,153,886	6,989,477	8,912,845	6,452,752	8,387,714	6,887,651	6,648,854
Two years later			8,053,963	7,573,178	8,463,476	7,350,055	6,402,323	7,963,399	6,762,133	6,330,868
Three years later				6,481,067	9,373,670	8,358,628	6,443,443	7,906,884	6,391,869	6,285,651
Four years later					9,137,338	7,813,604	7,248,606	7,679,261	6,053,056	6,153,289
Five years later						7,538,239	7,741,291	7,745,837	5,818,902	5,917,735
Six years later							7,400,228	7,730,804	5,817,211	5,906,672
Seven years later								7,723,385	5,817,211	5,904,979
Eight years later									5,817,211	5,932,374
Nine years later										5,957,760
Decrease in estimated net incurred claims and allocated expenses from end of policy year		(1,172,400)	(539,067)	(3,004,927)	1,460,903	(1,131,625)	92,889	(804,864)	(1,398,820)	(1,141,884)

See explanation of required supplementary information on page 37.



**Local Government Insurance Trust**  
**Combining Schedule of Net Position**  
Year Ended June 30, 2020

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	HEALTH COOPERATIVE	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 42,695,867	\$13,784,562	\$ 8,056,163	\$(63,907,891)	\$ 1,023,180	\$ 1,640	\$ 1,653,521
Investments	-	-	-	33,296,976	-	-	33,296,976
Premiums receivable	(48,378)	78,454	(2,315)	-	-	-	27,761
Interest income receivable	-	-	-	149,511	-	-	149,511
Reinsurance receivables	-	563,769	-	-	-	-	563,769
Due from (to) other pools/accounts	(2,868,646)	(576,961)	(160,398)	3,606,005	-	-	-
Other	27,395	-	-	100,282	-	-	127,677
Total current assets	39,806,238	13,849,824	7,893,450	(26,755,117)	1,023,180	1,640	35,819,215
Noncurrent assets:							
Investments	-	-	-	23,982,637	-	-	23,982,637
Capital assets	-	-	-	3,002,190	-	-	3,002,190
Deposit with reinsurance pool	4,663,571	2,679,089	1,835,942	-	-	-	9,178,602
Other assets	-	-	-	-	-	-	-
Total noncurrent assets	4,663,571	2,679,089	1,835,942	26,984,827	-	-	36,163,429
Total assets	44,469,809	16,528,913	9,729,392	229,710	1,023,180	1,640	71,982,644
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable and accrued expenses	-	-	-	36,102	-	-	36,102
Unpaid claims and claims adjustment exp	5,701,551	678,399	-	-	-	-	6,379,950
Health plan payable cooperative	-	-	-	-	1,023,180	-	1,023,180
Rate stabilization fund	541,442	-	-	-	-	-	541,442
Other liabilities	331	-	-	193,608	-	-	193,939
Total current liabilities	6,243,324	678,399	-	229,710	1,023,180	-	8,174,613
Noncurrent liabilities:							
Unpaid claims and claims adjustment exp	9,985,712	678,397	-	-	-	-	10,664,109
Capitalization contributions	-	-	-	-	-	1,640	1,640
Rate stabilization fund	541,443	-	-	-	-	-	541,443
Total noncurrent liabilities	10,527,155	678,397	-	-	-	1,640	11,207,192
Total liabilities	16,770,479	1,356,796	-	229,710	1,023,180	1,640	19,381,805
<b>NET POSITION</b>							
Net investment in capital assets	-	-	-	3,002,190	-	-	3,002,190
Unrestricted, net position	27,699,330	15,172,117	9,729,392	(3,002,190)	-	-	49,598,649
Total net position	\$ 27,699,330	\$15,172,117	\$ 9,729,392	\$ -	\$ -	\$ -	\$52,600,839

See accompanying notes to supplementary combining schedules.



**Local Government Insurance Trust**  
**Combining Schedule of Net Position**  
Year Ended June 30, 2019

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	HEALTH COOPERATIVE	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 41,600,092	\$12,374,792	\$ 8,223,488	\$(62,779,492)	\$ 1,961,523	\$ 1,640	\$ 1,382,043
Investments	-	-	-	39,620,165	-	-	39,620,165
Premiums receivable	27,055	40,729	159	-	-	-	67,943
Interest income receivable	-	-	-	211,150	-	-	211,150
Reinsurance receivables	-	1,027,881	-	-	-	-	1,027,881
Due from (to) other pools/accounts	(1,849,004)	(344,086)	42,552	2,150,538	-	-	-
Other	104,762	-	-	90,337	-	-	195,099
Total current assets	39,882,905	13,099,316	8,266,199	(20,707,302)	1,961,523	1,640	42,504,281
Noncurrent assets:							
Investments	-	-	-	17,819,355	-	-	17,819,355
Capital assets	-	-	-	3,142,418	-	-	3,142,418
Deposit with reinsurance pool	4,357,437	2,452,946	1,609,799	-	-	-	8,420,182
Other assets	-	-	-	-	-	-	-
Total noncurrent assets	4,357,437	2,452,946	1,609,799	20,961,773	-	-	29,381,955
Total assets	44,240,342	15,552,262	9,875,998	254,471	1,961,523	1,640	71,886,236
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable and accrued expenses	-	-	-	68,730	-	-	68,730
Unpaid claims and claims adjustment exp	6,233,827	641,010	-	-	-	-	6,874,837
Health plan payable cooperative	-	-	-	-	1,961,523	-	1,961,523
Rate stabilization fund	583,394	-	-	-	-	-	583,394
Other liabilities	331	-	-	185,741	-	-	186,072
Total current liabilities	6,817,552	641,010	-	254,471	1,961,523	-	9,674,556
Noncurrent liabilities:							
Unpaid claims and claims adjustment exp	12,004,447	427,340	-	-	-	-	12,431,787
Capitalization contributions	-	-	-	-	-	1,640	1,640
Rate stabilization fund	583,395	-	-	-	-	-	583,395
Total noncurrent liabilities	12,587,842	427,340	-	-	-	1,640	13,016,822
Total liabilities	19,405,394	1,068,350	-	254,471	1,961,523	1,640	22,691,378
<b>NET POSITION</b>							
Net investment in capital assets	-	-	-	3,142,418	-	-	3,142,418
Unrestricted, net position	24,834,948	14,483,912	9,875,998	(3,142,418)	-	-	46,052,440
Total net position	\$ 24,834,948	\$14,483,912	\$ 9,875,998	\$ -	\$ -	\$ -	\$49,194,858

See accompanying notes to supplementary combining schedules.



**Local Government Insurance Trust**  
**Combining Schedule of Revenues, Expenses and**  
**Changes in Net Position**  
Year Ended June 30, 2020

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
<b>OPERATING REVENUES</b>						
Gross premiums earned	\$ 13,040,696	\$ 6,967,172	\$ 941,988	\$ -	\$ -	\$ 20,949,856
Less: premium credits	(2,432,235)	(289,358)	(380,694)	-	-	(3,102,287)
ceded premiums	(50,414)	(4,273,968)	(773,645)	-	-	(5,098,027)
Net premiums earned	10,558,047	2,403,846	(212,351)	-	-	12,749,542
Other Revenues	-	-	-	133,528	-	133,528
Total operating revenues	10,558,047	2,403,846	(212,351)	133,528	-	12,883,070
<b>OPERATING EXPENSES</b>						
Incurring claims and claim adjustment expenses:						
Paid (net of recoveries)	7,828,315	1,076,376	-	-	-	8,904,691
Change in liability for unpaid claims						
and claim adjustment expenses	(2,551,011)	288,447	-	-	-	(2,262,564)
General and administrative expenses	-	-	-	5,583,315	-	5,583,315
Depreciation expense	-	-	-	157,404	-	157,404
Total operating expenses	5,277,304	1,364,823	-	5,740,719	-	12,382,846
Operating income (loss)	5,280,743	1,039,023	(212,351)	(5,607,191)	-	500,224
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	452,285	226,143	226,143	2,001,186	-	2,905,757
Interest expense	-	-	-	-	-	-
Allocations of operating account revenues (note 2)	1,494,300	341,554	298,860	(2,134,714)	-	-
Allocations of operating account expenses (note 2)	(4,362,946)	(918,515)	(459,258)	5,740,719	-	-
Total nonoperating revenues (expenses)	(2,416,361)	(350,818)	65,745	5,607,191	-	2,905,757
Change in net position	2,864,382	688,205	(146,606)	-	-	3,405,981
Net position, beginning of year	24,834,948	14,483,912	9,875,998	-	-	49,194,858
Net position, end of year	\$ 27,699,330	\$ 15,172,117	\$ 9,729,392	\$ -	\$ -	\$ 52,600,839

See accompanying notes to supplementary combining schedules.





**Local Government Insurance Trust**  
**Combining Schedule of Revenues, Expenses and**  
**Changes in Net Position**  
Year Ended June 30, 2019

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
<b>OPERATING REVENUES</b>						
Gross premiums earned	\$ 12,450,910	\$ 6,561,190	\$ 890,439	\$ -	\$ -	\$ 19,902,539
Less: premium credits	(2,584,445)	(280,231)	(360,055)	-	-	(3,224,731)
ceded premiums	(50,414)	(3,764,715)	(750,889)	-	-	(4,566,018)
Net premiums earned	9,816,051	2,516,244	(220,505)	-	-	12,111,790
Other Revenues	-	-	-	324,370	-	324,370
Total operating revenues	9,816,051	2,516,244	(220,505)	324,370	-	12,436,160
<b>OPERATING EXPENSES</b>						
Incurring claims and claim adjustment expenses:						
Paid (net of recoveries)	6,839,137	1,097,955	-	-	-	7,937,092
Change in liability for unpaid claims						
and claim adjustment expenses	4,706,500	343,972	-	-	-	5,050,472
General and administrative expenses	-	-	-	5,560,710	-	5,560,710
Depreciation expense	-	-	-	166,423	-	166,423
Total operating expenses	11,545,637	1,441,927	-	5,727,133	-	18,714,697
Operating income (loss)	(1,729,586)	1,074,317	(220,505)	(5,402,763)	-	(6,278,537)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	453,329	226,664	226,665	3,252,225	-	4,158,883
Interest expense	-	-	-	-	-	-
Allocations of operating account revenues (note 2)	2,503,617	572,255	500,723	(3,576,595)	-	-
Allocations of operating account expenses (note 2)	(4,352,621)	(916,341)	(458,171)	5,727,133	-	-
Total nonoperating revenues (expenses)	(1,395,675)	(117,422)	269,217	5,402,763	-	4,158,883
Change in net position	(3,125,261)	956,895	48,712	-	-	(2,119,654)
Net position, beginning of year	27,960,209	13,527,017	9,827,286	-	-	51,314,512
Net position, end of year	\$ 24,834,948	\$ 14,483,912	\$ 9,875,998	\$ -	\$ -	\$ 49,194,858

See accompanying notes to supplementary combining schedules.



## Local Government Insurance Trust

### Combining Schedule of Cash Flows

Year Ended June 30, 2020

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	HEALTH COOPERATIVE	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
Cash flows from operating activities:							
Premiums collected	\$ 10,599,991	\$ 6,640,088	\$ 563,768	\$ -	\$ -	\$ -	\$ 17,803,847
Other revenue collected	-	-	-	133,528	-	-	133,528
Recoveries of claims paid	950,346	1,425,189	-	-	-	-	2,375,535
Ceded premiums paid	(50,414)	(4,273,968)	(773,645)	-	-	-	(5,098,027)
Claims and claim adjustment expenses paid	(8,701,294)	(2,037,453)	-	-	-	-	(10,738,747)
General and administrative expenses paid	-	-	-	(5,618,021)	-	-	(5,618,021)
Net cash provided by (used in) operating activities	2,798,629	1,753,856	(209,877)	(5,484,493)	-	-	(1,141,885)
Cash flows from noncapital financing activities:							
Transfers from (to) other pools/accounts	(1,849,004)	(344,086)	42,552	2,150,538	-	-	-
Member deposits	-	-	-	-	26,197,669	-	26,197,669
Health Cooperative payments	-	-	-	-	(27,136,012)	-	(27,136,012)
Net cash provided by (used in) noncapital financing activities	(1,849,004)	(344,086)	42,552	2,150,538	(938,343)	-	(938,343)
Cash flows from capital and related financing activities:							
Purchase of capital assets	-	-	-	(17,177)	-	-	(17,177)
Net cash flows used in capital and related financing activities	-	-	-	(17,177)	-	-	(17,177)
Cash flows from investing activities:							
Purchase of investments	-	-	-	(30,838,946)	-	-	(30,838,946)
Proceeds from maturities of investments	-	-	-	31,629,360	-	-	31,629,360
Investment income received	146,150	-	-	1,432,319	-	-	1,578,469
Net cash provided by investing activities	146,150	-	-	2,222,733	-	-	2,368,883
Net change in cash and cash equivalents	1,095,775	1,409,770	(167,325)	(1,128,399)	(938,343)	-	271,478
Cash and cash equivalents, beginning of year	41,600,092	12,374,792	8,223,488	(62,779,492)	1,961,523	1,640	1,382,043
Cash and cash equivalents, end of year	\$ 42,695,867	\$ 13,784,562	\$ 8,056,163	\$ (63,907,891)	\$ 1,023,180	\$ 1,640	\$ 1,653,521
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 5,280,743	\$ 1,039,023	\$ (212,351)	\$ (5,607,191)	\$ -	\$ -	\$ 500,224
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	-	-	-	157,404	-	-	157,404
Effects of changes in operating assets and liabilities:							
Premiums receivable	75,433	(37,725)	2,474	-	-	-	40,182
Reinsurance receivables	-	464,112	-	-	-	-	464,112
Other assets	77,367	-	-	(9,945)	-	-	67,422
Operating accounts payable and accrued expenses	-	-	-	(32,628)	-	-	(32,628)
Unpaid claims and claim adjustment expenses	(2,551,011)	288,446	-	-	-	-	(2,262,565)
Other liabilities	(83,903)	-	-	7,867	-	-	(76,036)
Total adjustments	(2,482,114)	714,833	2,474	122,698	-	-	(1,642,109)
Net cash provided by (used in) operating activities	\$ 2,798,629	\$ 1,753,856	\$ (209,877)	\$ (5,484,493)	\$ -	\$ -	\$ (1,141,885)

See accompanying notes to supplementary combining schedules.



**Local Government Insurance Trust**  
**Combining Schedule of Cash Flows**  
Year Ended June 30, 2019

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	HEALTH COOPERATIVE	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
Cash flows from operating activities:							
Premiums collected	\$ 9,951,711	\$ 6,275,650	\$ 530,287	\$ -	\$ -	\$ -	\$ 16,757,648
Other revenue collected	-	-	-	324,369	-	-	324,369
Recoveries of claims paid	976,586	434,178	-	-	-	-	1,410,764
Ceded premiums paid	(50,414)	(3,764,715)	(750,889)	-	-	-	(4,566,018)
Claims and claim adjustment expenses paid	(7,801,411)	(1,594,293)	-	-	-	-	(9,395,704)
General and administrative expenses paid	-	-	-	(5,527,177)	-	-	(5,527,177)
Net cash provided by (used in) operating activities	3,076,472	1,350,820	(220,602)	(5,202,808)	-	-	(996,118)
Cash flows from noncapital financing activities:							
Transfers from (to) other pools/accounts	(2,429,885)	(481,518)	(98,079)	3,009,482	-	-	-
Member deposits	-	-	-	-	23,640,059	-	23,640,059
Health Cooperative payments	-	-	-	-	(25,198,880)	-	(25,198,880)
Net cash provided by (used in) noncapital financing activities	(2,429,885)	(481,518)	(98,079)	3,009,482	(1,558,821)	-	(1,558,821)
Cash flows from capital and related financing activities:							
Purchase of capital assets	-	-	-	(40,332)	-	-	(40,332)
Net cash flows used in capital and related financing activities	-	-	-	(40,332)	-	-	(40,332)
Cash flows from investing activities:							
Purchase of investments	-	-	-	(23,163,014)	-	-	(23,163,014)
Proceeds from maturities of investments	-	-	-	23,962,203	-	-	23,962,203
Investment income received	158,573	-	-	1,699,134	-	-	1,857,707
Net cash provided by in investing activities	158,573	-	-	2,498,323	-	-	2,656,896
Net change in cash and cash equivalents	805,160	869,302	(318,681)	264,665	(1,558,821)	-	61,625
Cash and cash equivalents, beginning of year	40,794,932	11,505,490	8,542,169	(63,044,157)	3,520,344	1,640	1,320,418
Cash and cash equivalents, end of year	\$ 41,600,092	\$ 12,374,792	\$ 8,223,488	\$ (62,779,492)	\$ 1,961,523	\$ 1,640	\$ 1,382,043
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (1,729,586)	\$ 1,074,317	\$ (220,505)	\$ (5,402,764)	\$ -	\$ -	\$ (6,278,538)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	-	-	-	166,423	-	-	166,423
Effects of changes in operating assets and liabilities:							
Premiums receivable	2,065	(5,309)	(97)	-	-	-	(3,341)
Reinsurance receivables	-	(62,159)	-	-	-	-	(62,159)
Other assets	14,312	-	-	5,999	-	-	20,311
Operating accounts payable and accrued expenses	-	-	-	31,966	-	-	31,966
Unpaid claims and claim adjustment expenses	4,706,500	343,972	-	-	-	-	5,050,472
Other liabilities	83,181	(1)	-	(4,432)	-	-	78,748
Total adjustments	4,806,058	276,503	(97)	199,956	-	-	5,282,420
Net cash provided by (used in) operating activities	\$ 3,076,472	\$ 1,350,820	\$ (220,602)	\$ (5,202,808)	\$ -	\$ -	\$ (996,118)

See accompanying notes to supplementary combining schedules.

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**Local Government Insurance Trust**  
**Notes to Supplementary Combining Schedules**  
Years Ended June 30, 2020 and 2019

■ **NOTE 1 — DESCRIPTION OF POOL COVERAGES**

The pools provide insurance coverage in the following areas up to the indicated limits:

*Primary Liability Pool Coverage*

<u>POOL COVERAGE</u>	<u>COVERAGE LIMITS</u>
COMMERCIAL GENERAL LIABILITY	
Bodily Injury and Property Damage	\$ 1,000,000 each occurrence
	\$ 3,000,000 annual aggregate
LIABILITY SUBLIMITS	
Products and Completed Operations	\$ 3,000,000 annual aggregate
Personal Injury and Advertising Injury	\$ 1,000,000 each offense
Medical Payments	\$ 5,000 each person
	\$ 1,000,000 each occurrence
Fire Legal Liability	\$ 1,000,000 each occurrence
POLICE LEGAL LIABILITY	\$ 1,000,000 each wrongful act
	\$ 3,000,000 annual aggregate
PUBLIC OFFICIALS LIABILITY	\$ 1,000,000 each wrongful act
	\$ 3,000,000 annual aggregate
BUSINESS AUTOMOBILE COVERAGE	
Automobile Liability	\$ 1,000,000 per accident
Garagekeepers Liability	
Comprehensive	\$ 1,000,000 per occurrence
Collision	\$ 1,000,000 per occurrence

The public officials legal liability and police legal liability coverages are on a claim made basis with limited coverage for unknown acts prior to July 1, 1987 and provide for coverage under an extended discovery period in the event of participant cancellation.

The maximum limit of liability to the Primary Liability Pool (PLP) may not exceed \$1,000,000 for any one claim or occurrence per participant, regardless of any applicable primary liability coverage.

*Property Pool Coverage*

The pool shall not be liable for more than the insured value of the property covered with limits not to exceed the blanket values declared per entity in any one occurrence, except:

- A. \$5,000,000 per entity per occurrence and annual aggregate with respect to the peril of flood
- B. \$5,000,000 per entity per occurrence and annual aggregate with respect to the peril of earthquake

The Trust also offers Boiler and Machinery coverage with limits not to exceed the blanket building and contents limit. The Trust reinsures 100% of the related risk.

### *Excess Liability Pool Coverage*

The maximum limit of liability to the Excess Liability Pool (ELP) is \$5,000,000 for each occurrence and in the aggregate for occurrence-based coverage; and \$5,000,000 for each occurrence, and in the aggregate, for claims-made coverage. Participants in the ELP must either self-insure retention of \$1,000,000 or purchase primary liability coverages from the Trust. The Trust will not insure coverages over other commercial insurance companies.

### *Pool Membership and Demographic Information*

Membership in each pool consists of counties, municipalities, and others, which include sponsored entities as well as the founders of the Trust, the Maryland Municipal League, and the Maryland Association of Counties. The following represents the participants for fiscal year 2020 and 2019.

	POOL TOTALS		COUNTIES		MUNICIPALITIES		OTHER	
	2020	2019	2020	2019	2020	2019	2020	2019
Primary	183	183	14	14	145	145	24	24
Property	169	167	17	17	137	135	15	15
Excess	188	187	15	15	147	146	26	26

## ■ NOTE 2 — DESCRIPTION OF ACCOUNTS

### *Operating Account*

The pools have been established to account for all premiums, claims and administrative costs attributable to the particular coverages. Administrative costs not specifically identified with a particular pool, investments, investment income and other undesignated income are accounted for in the operating account. Under the Trust Agreement, amounts necessary to fund operating expenses are transferred from the various pools to the operating account.

To accomplish this, each pool was allocated a portion of the revenues and expenses accumulated within the operating account for fiscal years 2020 and 2019. The expense amounts allocated to each pool were determined based on a time study among Trust personnel and related judgments considered by management to be relevant under the circumstances. Additionally, the revenue amounts allocated to each pool were in proportion to the pools share of cash and investments.

## ■ NOTE 3 — RECLASSIFICATIONS

Certain fiscal year 2019 amounts have been reclassified to conform to fiscal year 2020 presentations. The reclassification had no effect on net position or changes therein.



## Statistical Section

The Statistical Section provides detailed information for the Local Government Insurance Trust as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Trust's overall financial health. The tables in this section are unaudited because they often present data from outside accounting records.

**Financial Trends** – The Comparative Schedule of Revenues, Expenses and Changes in Net position, and the Member Growth Analysis chart contain trend information to help the reader understand how the Trust's financial performance and well-being have changed over time.

**Loss Development** – The schedules of Loss History and Average Claim Costs, Reported Claim Activity and Loss Development, present claim information to help the reader understand how reported claims develop over time.

**Demographic and Economic Information** – The State of Maryland Demographic and Economic Statistical information and the chart of the Ten Largest Employers in the State of Maryland help the reader to understand the environment within which the Trust's financial activities take place.

Comparative Schedule of  
Revenues, Expenses and  
Changes in Net Position

Member Growth Analysis

Loss History and Average  
Claim Costs

Reported Claim Activity  
Loss Development

State of Maryland  
Demographic and Economic  
Statistics

Ten Largest Employers State  
of Maryland









**Local Government Insurance Trust**  
**Comparative Schedule of Revenues, Expenses and Changes in Net Position**  
Ten Years Ended June 30, 2011 through June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>REVENUES</b>										
Gross premiums earned	\$15,996,348	\$15,628,087	\$15,764,047	\$18,068,092	\$18,309,555	\$19,005,448	\$19,613,355	\$19,628,413	\$19,902,539	\$20,949,856
Less: premium credits	(3,297,332)	(3,754,792)	(3,272,437)	(2,979,294)	(2,950,760)	(2,912,176)	(3,008,046)	(2,947,572)	\$ (3,224,731)	\$ (3,102,287)
ceded premiums	(3,256,478)	(3,653,712)	(3,811,719)	(4,501,768)	(4,655,168)	(4,688,248)	(4,332,646)	(4,355,756)	\$ (4,566,018)	\$ (5,098,027)
Net premiums earned	9,442,538	8,219,583	8,679,891	10,587,030	10,703,627	11,405,024	12,272,663	12,325,085	12,111,790	12,749,542
Other	38,483	146,258	92,821	86,103	163,691	176,600	168,694	143,419	324,370	133,528
Total operating revenues	9,481,021	8,365,841	8,772,712	10,673,133	10,867,318	11,581,624	12,441,357	12,468,504	12,436,160	12,883,070
<b>Operating Expenses</b>										
Incurring claims and claim adjustment expenses:										
Paid (net of recoveries)	5,309,105	5,405,580	6,210,849	7,149,256	5,969,651	6,584,676	6,764,049	8,723,391	7,937,092	8,904,691
Change in liability for unpaid claims and claim adjustment exp.	119,569	(366,551)	1,659,613	(261,026)	(20,892)	381,229	333,371	967,145	5,050,472	(2,262,564)
General and administrative	4,533,642	4,478,696	4,777,042	4,965,655	5,077,011	5,193,882	5,354,282	5,387,466	5,727,133	5,740,719
Total operating expenses	9,962,316	9,517,725	12,647,504	11,853,885	11,025,770	12,159,787	12,451,702	15,078,002	18,714,697	12,382,846
Operating income	(481,295)	(1,151,884)	(3,874,792)	(1,180,752)	(158,452)	(578,163)	(10,345)	(2,609,498)	(6,278,537)	500,224
<b>NONOPERATING REVENUES</b>										
<b>(EXPENSES)</b>										
Investment income	4,393,470	2,255,044	974,644	3,921,454	(1,074,951)	(147,823)	4,233,564	3,286,575	4,158,883	2,905,757
Interest expense	(46,974)	(157,954)	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	4,346,496	2,097,090	974,644	3,921,454	(1,074,951)	(147,823)	4,233,564	3,286,575	4,158,883	2,905,757
Change in net position	3,865,201	945,206	(2,900,148)	2,740,702	(1,233,403)	(725,986)	4,223,219	677,077	(2,119,654)	3,405,981
Total net position beginning of year	43,722,644	47,587,845	48,533,051	45,632,903	48,373,605	47,140,202	46,414,216	50,637,435	51,314,512	49,194,858
Total net position end of year	\$47,587,845	\$48,533,051	\$45,632,903	\$48,373,605	\$47,140,202	\$46,414,216	\$50,637,435	\$51,314,512	\$49,194,858	\$52,600,839



## Local Government Insurance Trust

### Member Growth Analysis

Ten Years Ended June 30, 2011 through June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total number of membe	176	177	179	179	181	182	183	185	190	190
Total employees	32	32	31	30	30	30	30	30	28	28
Total annual payroll	\$ 2,502,173	\$ 2,558,615	\$ 2,672,691	\$ 2,811,433	\$ 2,795,156	\$ 2,946,263	\$ 3,105,795	\$ 2,931,027	\$ 3,343,480	\$3,416,558
Total net premiums earr	\$ 9,442,538	\$ 8,219,583	\$ 8,679,891	\$10,587,030	\$10,703,627	\$11,398,734	\$12,272,663	\$12,325,085	\$12,111,790	\$12,749,542
Total number of claims	1,588	1,592	1,441	1,616	1,564	1,629	1,505	1,733	1,827	1,589
Total reported losses	\$ 5,813,495	\$ 5,850,303	\$ 6,209,028	\$ 3,805,887	\$ 5,011,874	\$ 4,079,032	\$ 5,127,450	\$ 4,376,102	\$ 6,923,713	\$ 5,587,331

*Total reported losses represent paid losses plus case base reserves.*



**Local Government Insurance Trust**  
**Loss History and Average Claims Costs**  
 Ten Years Ended June 30, 2011 through June 30, 2020

During the last ten years, the Trust has incurred the following reported losses (net paid claims plus case reserves) resulting from claims incurred by pool members. These figures do not include incurred but not reported claims.

***Total Reported Losses***

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Auto Liability	1,155,281	732,869	1,107,911	1,473,339	1,605,273	1,408,434	1,003,557	1,526,992	1,896,103	726,259
Auto Physical	995,467	859,043	809,679	1,108,351	1,060,381	1,517,761	1,647,495	1,294,228	2,060,865	1,759,818
General Liability	3,262,581	2,958,441	4,834,411	4,029,589	3,564,011	5,222,888	2,522,538	2,898,161	2,388,182	1,479,888
Property	546,230	1,274,000	971,387	741,011	1,113,654	527,193	927,639	1,029,787	1,159,451	1,621,366
Excess	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$5,959,559</b>	<b>\$5,824,353</b>	<b>\$7,723,388</b>	<b>\$7,352,290</b>	<b>\$7,343,319</b>	<b>\$8,676,275</b>	<b>\$6,101,228</b>	<b>\$6,749,168</b>	<b>\$7,504,602</b>	<b>\$5,587,331</b>

***Average Cost per Claim***

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Auto Liability	\$ 3,200	\$ 2,484	\$ 3,574	\$ 3,483	\$ 4,191	\$ 3,452	\$ 2,943	\$ 4,265	\$ 4,899	\$ 2,381
Auto Physical	2,315	1,922	2,076	2,226	2,325	2,581	2,937	2,201	3,058	2,993
General Liability	4,877	5,057	9,968	6,900	6,082	10,509	5,618	5,318	3,954	2,835
Property	4,590	4,938	3,870	6,798	8,981	3,905	6,143	4,458	7,628	9,372
Excess	-	-	-	-	-	-	-	-	-	-



## Local Government Insurance Trust

### Reported Claims Activity

Ten Years Ended June 30, 2011 through June 30, 2020

The Trust has incurred the following number of reported claims during the last ten years.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Auto Liability	361	295	310	423	383	408	341	358	387	305
Auto Physical	430	447	390	498	456	588	561	588	674	588
General Liability	669	585	485	584	586	497	449	545	604	522
Property	119	258	251	109	124	135	151	231	152	173
Excess	9	7	5	2	15	1	3	11	10	1
<b>Total</b>	<b>1,588</b>	<b>1,592</b>	<b>1,441</b>	<b>1,616</b>	<b>1,564</b>	<b>1,629</b>	<b>1,505</b>	<b>1,733</b>	<b>1,827</b>	<b>1,589</b>
Closed Claims	1,127	1,149	908	1,111	1,087	1,159	1,075	1,124	1,354	1,213
Open Claims	461	443	533	505	477	470	430	609	473	376
<b>Total</b>	<b>1,588</b>	<b>1,592</b>	<b>1,441</b>	<b>1,616</b>	<b>1,564</b>	<b>1,629</b>	<b>1,505</b>	<b>1,733</b>	<b>1,827</b>	<b>1,589</b>
Prior year claims closed	858	783	768	707	873	661	649	664	854	913
Current year claims closed	1,127	1,149	908	1,111	1,087	1,159	1,075	1,124	1,354	1,178
<b>Total claims closed during year</b>	<b>1,985</b>	<b>1,932</b>	<b>1,676</b>	<b>1,818</b>	<b>1,960</b>	<b>1,820</b>	<b>1,724</b>	<b>1,788</b>	<b>2,208</b>	<b>2,091</b>
Number of Members	176	177	179	179	181	182	183	185	190	190





## Local Government Insurance Trust

### Loss Development

Ten Years Ended June 30, 2011 through June 30, 2020

#### *Paid Losses as of June 30*

CLAIM YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	2,281,860	3,713,673	4,716,102	5,185,596	5,623,478	5,911,698	5,912,077	5,912,077	5,923,551	5,943,855
2012		2,716,683	4,315,814	5,572,496	5,691,120	5,819,083	5,817,455	5,824,343	5,824,353	5,824,353
2013			2,555,929	4,901,366	5,683,053	6,534,676	6,955,798	7,708,288	7,723,653	7,723,388
2014				2,258,231	4,129,786	4,638,823	5,375,413	6,418,744	7,170,151	7,248,685
2015					2,557,301	4,404,013	5,373,218	6,401,864	6,688,115	6,979,333
2016						2,906,287	4,181,666	5,031,164	5,878,945	7,395,875
2017							3,183,550	5,022,009	5,610,798	5,857,321
2018								2,961,859	4,823,465	5,773,505
2019									3,557,676	5,867,936
2020										3,482,517
<b>Total</b>	<b>\$ 2,281,860</b>	<b>\$ 6,430,356</b>	<b>\$ 11,587,845</b>	<b>\$ 17,917,689</b>	<b>\$ 23,684,738</b>	<b>\$ 30,214,580</b>	<b>\$ 36,799,177</b>	<b>\$ 45,280,348</b>	<b>\$ 53,200,707</b>	<b>\$ 62,096,769</b>

#### *Loss Payments During the Year Ended*

CLAIM YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	2,281,860	1,431,813	1,002,429	469,494	437,882	288,220	379	-	11,474	20,304
2012		2,716,683	1,599,131	1,256,682	118,624	127,963	(1,628)	6,888	10	-
2013			2,555,929	2,345,437	781,687	851,623	421,122	752,490	15,365	(265)
2014				2,258,231	1,871,555	509,037	736,590	1,043,331	751,407	78,534
2015					2,557,301	1,846,712	969,205	1,028,646	286,251	291,218
2016						2,906,287	1,275,379	849,498	847,781	1,516,930
2017							3,183,550	1,838,459	588,789	246,523
2018								2,961,859	1,861,606	950,040
2019									3,557,676	2,310,260
2020										3,482,517
<b>Sub-total</b>	<b>\$ 2,281,860</b>	<b>\$ 4,148,496</b>	<b>\$ 5,157,489</b>	<b>\$ 6,329,844</b>	<b>\$ 5,767,049</b>	<b>\$ 6,529,842</b>	<b>\$ 6,584,597</b>	<b>\$ 8,481,171</b>	<b>\$ 7,920,359</b>	<b>\$ 8,896,062</b>
Losses Paid for Years Prior to 2011	3,027,243	1,257,084	1,053,360	819,411	202,602	54,835	179,452	242,220	16,733	8,629
Total Losses per Statements of Revenues, Expenses and Changes in Net Position	<b>\$ 5,309,103</b>	<b>\$ 5,405,580</b>	<b>\$ 6,210,849</b>	<b>\$ 7,149,255</b>	<b>\$ 5,969,651</b>	<b>\$ 6,584,677</b>	<b>\$ 6,764,049</b>	<b>\$ 8,723,391</b>	<b>\$ 7,937,092</b>	<b>\$ 8,904,691</b>



## Local Government Insurance Trust Loss Development

Ten Years Ended June 30, 2011 through June 30, 2020

### *Case Reserves as of June 30*

CLAIM YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	1,386,016	1,088,682	742,751	627,899	292,648	3,541	1,318	-	13,527	15,704
2012		1,080,676	1,047,115	277,807	323,085	106,267	2,213	-	-	-
2013			2,564,635	1,307,662	907,151	738,905	396,679	12,658	4,301	-
2014				1,547,656	702,160	822,787	567,761	499,801	384,494	103,605
2015					2,454,573	1,986,485	871,596	1,008,811	792,083	363,986
2016						1,172,745	1,052,869	1,742,851	2,637,054	1,280,400
2017							1,943,901	425,511	629,449	243,907
2018								1,414,243	1,525,144	975,663
2019									3,366,037	1,636,666
2020										2,104,814
<b>Total</b>	<b>\$1,386,016</b>	<b>\$2,169,358</b>	<b>\$4,354,501</b>	<b>\$ 3,761,024</b>	<b>\$4,679,617</b>	<b>\$4,830,730</b>	<b>\$4,836,337</b>	<b>\$5,103,875</b>	<b>\$ 9,352,089</b>	<b>\$ 6,724,745</b>

### *Change in Case Reserves During the Year Ended*

CLAIM YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	1,386,016	(297,334)	(345,931)	(114,852)	(335,251)	(289,107)	(2,223)	(1,318)	13,527	2,177
2012		1,080,676	(33,561)	(769,308)	45,278	(216,818)	(104,054)	(2,213)	-	-
2013			2,564,635	(1,256,973)	(400,511)	(168,246)	(342,226)	(384,021)	(8,357)	(4,301)
2014				1,547,656	(845,496)	120,627	(255,026)	(67,960)	(115,307)	(280,889)
2015					2,454,573	(468,088)	(1,114,889)	137,215	(216,728)	(428,097)
2016						1,172,745	(119,876)	689,982	894,203	(1,356,654)
2017							1,943,901	(1,518,390)	203,938	(385,542)
2018								1,414,243	110,901	(549,481)
2019									3,366,037	(1,729,371)
2020										2,104,814
<b>Total</b>	<b>\$1,386,016</b>	<b>\$ 783,342</b>	<b>\$2,185,143</b>	<b>\$ (593,477)</b>	<b>\$ 918,593</b>	<b>\$ 151,113</b>	<b>\$ 5,607</b>	<b>\$ 267,538</b>	<b>\$ 4,248,214</b>	<b>\$ (2,627,344)</b>



## Local Government Insurance Trust

### Loss Development

Ten Years Ended June 30, 2011 through June 30, 2020

#### *Reported Losses (Paid Losses Plus Case Reserves) as of June 30*

CLAIM YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	3,667,876	4,802,355	5,458,853	5,813,495	5,916,126	5,915,239	5,913,395	5,912,077	5,937,078	5,959,559
2012		3,797,359	5,362,929	5,850,303	6,014,205	5,925,350	5,819,668	5,824,343	5,824,353	5,824,353
2013			5,120,564	6,209,028	6,590,204	7,273,581	7,352,477	7,720,946	7,727,954	7,723,388
2014				3,805,887	4,831,946	5,461,610	5,943,174	6,918,545	7,554,645	7,352,290
2015					5,011,874	6,390,498	6,244,814	7,410,675	7,480,198	7,343,319
2016						4,079,032	5,234,535	6,774,015	8,515,999	8,676,275
2017							5,127,451	5,447,520	6,240,247	6,101,228
2018								4,376,102	6,348,609	6,749,168
2019									6,923,713	7,504,602
2020										5,587,331
<b>Total</b>	<b>\$ 3,667,876</b>	<b>\$ 8,599,714</b>	<b>\$ 15,942,346</b>	<b>\$ 21,678,713</b>	<b>\$ 28,364,355</b>	<b>\$ 35,045,310</b>	<b>\$ 41,635,514</b>	<b>\$ 50,384,223</b>	<b>\$ 62,552,796</b>	<b>\$ 68,821,514</b>

#### *Incremental Losses Reported During the Year Ended*

CLAIM YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	3,667,876	1,134,479	656,498	354,642	102,631	(887)	(1,844)	(1,318)	25,001	22,481
2012		3,797,359	1,565,570	487,374	163,902	(88,855)	(105,682)	4,675	10	-
2013			5,120,564	1,088,464	381,176	683,377	78,896	368,469	7,008	(4,566)
2014				3,805,887	1,026,059	629,664	481,564	975,371	636,100	(202,355)
2015					5,011,874	1,378,624	(145,684)	1,165,861	69,523	(136,879)
2016						4,079,032	1,155,503	1,539,480	1,741,984	160,276
2017							5,127,451	320,069	792,727	(139,019)
2018								4,376,102	1,972,507	400,559
2019									6,923,713	580,889
2020										5,587,331
<b>Total</b>	<b>\$ 3,667,876</b>	<b>\$ 4,931,838</b>	<b>\$ 7,342,632</b>	<b>\$ 5,736,367</b>	<b>\$ 6,685,642</b>	<b>\$ 6,680,955</b>	<b>\$ 6,590,204</b>	<b>\$ 8,748,709</b>	<b>\$ 12,168,573</b>	<b>\$ 6,268,718</b>

*State of Maryland Demographic and Economic Statistics:*

	<b>2020</b>	<b>2019</b>
Population (1)	6,141,900	6,062,917
Median household income (2)	\$ 78,916	\$ 78,916
Unemployment rate (3)	3.90%	3.80%

Land area – 12,406 square miles

(1) U.S. Census Bureau estimate for 2018 as of July 1, 2018. The 2019 World Population Review estimate does not include year-end data. Maryland is ranked 19<sup>th</sup> in U.S. population and 42<sup>nd</sup> in size among the 50 states.

(2) Maryland Department of Commerce. Maryland's median household income is \$78,916 vs \$57,652 for the country. Maryland is home to three of the top 20 counties in the nation for median household income, Howard County ranks second (\$120,941), Montgomery 17th (\$99,763) and Calvert 18th (\$98,732) among 800+ counties with a population of 65,000 or greater.

(3) U.S. Department of Labor, Bureau of Labor Statistics, as of July 1, 2019, ranked 33rd in the U.S.

*Ten Largest Employers State of Maryland (1):*

Fort George G. Meade	54,000	Military installation/intelligence
University System of Maryland	39,900	Higher education
University of Maryland Medical System	28,115	Hospitals; health services
Johns Hopkins University	25,000	Higher education
Johns Hopkins Hospital & Health System	24,345	Hospitals; health services
Aberdeen Proving Ground	21,000	Military Installation
National Institutes of Health	17,940	Federal Agency
Joint Base Andrews	17,500	Military Installation
U.S. Food and Drug Administration	13,855	Federal Agency
U.S. Social Security Administration	12,600	Federal Agency

(1) Source: Maryland Department of Commerce, 2018-2019. Excludes post offices, state and local governments; includes public higher education institutions.

A photograph of the exterior of a modern building with a dark grey, vertically-ribbed facade. Large, three-dimensional blue letters spelling "LGIT" are mounted on the upper part of the building. Below the letters is a wide glass entrance area. The sky is blue with some clouds, and a concrete sidewalk is visible in the foreground.

LGIT

### **THE LGIT MISSION**

The Local Government Insurance Trust provides insurance coverage and risk management services at stable and competitive rates through an organization that is owned and managed by its Maryland local government members.





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