West Virginia Retiree Health Benefit Trust Fund

Financial Statements, Required Supplementary Information and Other Supplementary Information

Years Ended June 30, 2020 and 2019

DIXON HUGHES GOODMAN LLP

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Independent Auditors' Report

Finance Board and Management
West Virginia Retiree Health Benefit Trust Fund
Charleston, West Virginia

Report on the Financial Statements
We have audited the accompanying financial statements of the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the RHBT's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 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 fiduciary net position of the RHBT, a fiduciary fund of the State of West Virginia, as of June 30, 2020 and 2019, and the respective changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

Emphasis of Matter
As discussed in Note 1, the financial statements of the RHBT are intended to present the fiduciary net position and the changes in fiduciary net position of only that portion of the fiduciary activities of the State of West Virginia that is attributable to the transactions of the RHBT. They do not purport to and do not present fairly the financial position of the State of West Virginia as of June 30, 2020 and 2019, and the changes in its position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the required supplementary information on pages 64 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the RHBT's basic financial statements as a whole. The accompanying schedules on pages 75 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of the RHBT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RHBT's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Charleston, West Virginia
October 9, 2020

Management's Discussion and Analysis
(in thousands)

Management's Discussion and Analysis (in thousands)

This section of the West Virginia Retiree Health Benefit Trust Fund's (RHBT) annual financial report presents management's discussion and analysis of its financial performance for the fiscal years ended June 30, 2020, 2019, and 2018. Please read it in conjunction with the financial statements, which follow this section.

Fund overview

The RHBT is a fiduciary fund of the State of West Virginia (State), established July 1, 2006, as an irrevocable trust (Code section 5-16D-2). The RHBT revenues pay costs of the defined benefit, cost sharing, multiple employer Other Postemployment Benefit (OPEB) Plan (the Plan). The Plan provides medical, prescription drug and life insurance for retirees of State agencies, colleges and universities, county boards of education and other government entities as set forth in the West Virginia Code (Employers) and has approximately 43,000 policyholders and 64,000 covered lives.

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Effective July 1, 2012, the RHBT contracted with Humana to provide a Medicare Advantage Plan (Humana MAPD) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana assumes the financial risk of providing comprehensive medical and drug coverage with limited co-payments. Non-Medicare retirees will continue enrollment in the PEIA's Preferred Provider Benefit or the Managed Care Option.

Life insurance is provided through Minnesota Life Insurance Company and is primarily funded by member and employer contributions.

Major developments

Senate Bill (SB) No. 469 was passed February 10, 2012, granting Other Post-Employment Benefits Liability relief to the 55 County Boards of Education effective July 1, 2012. Section 18-9A-24 states "any amount of the employer annual required contribution allocated and billed to the county boards on or after July 1, 2012, and any amount of the employer annual required contribution allocated and billed to the county boards prior to that date for employees who are employed as professional employees within the limits authorized by section four of this article, employees who are employed as service personnel within the limits authorized by section five of this article and employees who are employed as professional student support personnel within the limits authorized by section eight of this article, shall be charged to the state." In compliance with SB 469, for fiscal year 2012, the RHBT transferred $715 million in annual required contribution liability from the County Boards of Education to the State.

With the passage of SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96, the State identified a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund. These funds are transferred from personal income tax. Transfers will be made until the RHBT's unfunded liability has been provided for in its entirety, or July 1, 2037, whichever date is later. This pre-funding should be to the advantage of all West Virginia OPEB participating agencies and allow the Plan to accumulate assets.

Overview of the financial statements

The two basic financial statements (described below) are presented on the accrual basis of accounting:

> Statement of Fiduciary Net Position – Presents information reflecting assets, liabilities and fiduciary net position. Fiduciary net position represents the amount of total assets less total liabilities. The statement of fiduciary net position is the government version of a for-profit balance sheet.
>
> Statement of Changes in Fiduciary Net Position – Presents contributions and deductions to the Plan during the fiscal year. The primary source of contributions is premium income. The primary sources of deductions are medical and prescription drug claims costs. The statement of changes in fiduciary net position is the government version of a for-profit income statement.

Effective July 1, 2017, the RHBT adopted the provisions of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB No. 85, *Omnibus 2017.* The RHBT determined that it was not practical to restate all periods presented and recorded a cumulative effect adjustment of $104 as of July 1, 2017, to increase the 2018 beginning net position. The $104 cumulative effect adjustment as of July 1, 2017, is comprised of the removal of the GASB 45 OPEB liability of $569 and the recording of the beginning net OPEB liability of $499 less deferred outflows of resources related to OPEB plan contributions of $34 as of that date.

Economic conditions

Health care cost inflation continued to significantly exceed general economic inflationary costs. The primary factors contributing to rising health care costs are:

- Medical equipment technology
- New drug therapies
- Consumer-driven advertising for health care services
- Aging population – baby boomers reaching prime years of health care utilization

OPEB liability

The total OPEB liability (TOL) at June 30, 2020, is $2.8 billion, which is based on an actuarial valuation date of June 30, 2018. The $2.8 billion TOL less $1.2 billion of actuarial value of assets results in a projected Net OPEB liability of $1.6 billion at June 30, 2020. This is a substantial unfunded liability for the Employers. The State has demonstrated its intent to deal with the substantial unfunded liability by the passage of Senate Bill 129, which became effective July 1, 2007. This bill amended West Virginia Code (the Code) Section 5-16-25, indicating that the PEIA excess reserve funds shall be transferred to the RHBT. Funds totaling $108.2 million were transferred to the Plan in fiscal year 2008 related to this provision in the Code. The provision of the Code was amended effective March 9, 2019, with the passage of House Bill 3139 removing the requirement that excess funds be transferred to RHBT. In fiscal year 2009, the State transferred $91.0 million to pay for general funded employers' portion of the AAL. Senate Bill 419, effective July 1, 2012, amended Code section 11-21-96 by dedicating $30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the RHBT. Appropriations will be made through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. The PEIA and the RHBT Finance Board has also demonstrated its intent to address the OPEB liability by their ruling to no longer provide subsidized health care insurance for retirees with a hire date on or after July 1, 2010. The most significant change occurred in December 2011, when the PEIA Finance Board passed a finance plan that placed a 3% cap on the amount participating employers will now pay in retiree premium subsidy annual increases. By doing this, the Employer is no longer exposed to ever-increasing trends in health care costs, significantly reducing future retiree premium subsidy costs.

(in thousands)

Financial highlights

The following table summarizes the statement of net position and the changes in net position as of and for the years ended June 30:

	2020	2019	2018	Change 2020 - 2019 Amount	Change 2020 - 2019 Percent	Change 2019 - 2018 Amount	Change 2019 - 2018 Percent
ASSETS							
Cash and cash equivalents	**$ 6,411**	$ 3,805	$ 2,124	$ 2,606	68%	$ 1,681	79%
Equity position in - investment pool	**1,193,675**	1,108,753	961,755	84,922	8%	146,998	15%
Contributions receivable, net	**1,637**	1,213	1,697	424	35%	(484)	-29%
Due from the State - contributions	**1,029**	1,383	1,411	(354)	-26%	(28)	-2%
Due from the State - State appropriation (contribution)	**2,500**	-	1,250	2,500	100%	(1,250)	-100%
Other receivables	**38,108**	8,193	22,974	29,915	365%	(14,781)	-64%
Total assets	**1,243,360**	1,123,347	991,211	120,013	11%	132,136	13%
Deferred outflows of resources:							
Pension	**112**	179	269	(67)	-37%	(90)	-33%
Other post-employment benefits	**79**	69	34	10	14%	35	103%
Total deferred outflows of resources	**191**	248	303	(57)	-23%	(55)	-18%
LIABILITIES							
Claims payable	**9,244**	9,290	10,613	(46)	0%	(1,323)	-12%
Due to PEIA	**6,457**	10,532	16,537	(4,075)	-39%	(6,005)	-36%
Payables to MCO	**-**	8,955	-	(8,955)	100%	8,955	100%
Other liabilities	**2,973**	2,883	933	90	3%	1,950	209%
Total liabilities	**18,674**	31,660	28,083	(12,986)	-41%	3,577	13%
Deferred inflows of resources:							
Pension	**84**	171	239	(87)	-51%	(68)	-28%
Other post-employment benefits	**151**	103	77	48	47%	26	34%
Total deferred inflows of resources	**235**	274	316	(39)	-14%	(42)	-13%
Net Position:							
Net position restricted for OPEB	**$ 1,224,642**	$1,091,661	$ 963,115	$ 132,981	12%	$ 128,546	13%

Comparative year-to-year major variance explanations (2020 vs. 2019 and 2019 vs. 2018) for the statements of fiduciary net position are as follows:

Cash and cash equivalents ($2,606 increase)

Cash and cash equivalents for fiscal year 2020 totaled $6,411, an increase of $2,606 compared to fiscal year 2019. Cash and cash equivalents for fiscal year 2019 totaled $3,805, an increase of $1,681 compared to fiscal year 2018. These fluctuations are primarily due to having sufficient cash available to pay current operating expenses and the timing of those payments.

Equity position in investment pools ($84,922 increase)

The change in Equity position in investment pools from year to year is generated from operations and the availability of funds to invest with the Board of Treasury Investments (BTI), the net effect of the change in fair value of investments with the West Virginia Investment Management Board (WVIMB) and the $30.0 million invested in the WVIMB from the State appropriation related to OPEB. Equity position in investment pools increased $84,922 for fiscal year 2020 compared to fiscal year 2019 and increased $146,998 for fiscal year 2019 compared to fiscal year 2018.

Contributions receivable, net ($424 increase)

Contributions receivable, net for fiscal year 2020 totaled $1,637, which is a $424 increase from the balance for fiscal year 2019. Fiscal year 2019 totaled $1,213, which was a $484 decrease compared to fiscal year 2018. The changes in the balance of contributions receivable, net are the result of collection efforts and the timing of the collections at year end.

Due from the State - Contributions ($354 decrease)

Contributions due from the State for fiscal year 2020 totaled $1,029, which is a $354 decrease from the balance for fiscal year 2019. Fiscal year 2019 totaled $1,383, which was a $28 decrease from the balance for fiscal year 2018. The changes in the balance of Contributions Due from the State are the result of collection efforts and the timing of the collections at year end.

Due from the State – State appropriation (Contribution) ($2,500 increase)

For fiscal year 2020, the Due from the State – State appropriation had a receivable balance of $2,500. This appropriation is for stability of retiree premiums. This appropriation is paid quarterly and the final quarter for fiscal year 2020 was not received until after year end. There was not a receivable for fiscal year 2019. All quarters were paid within the fiscal year.

Other receivables ($29,915 increase)

Fiscal year 2020 has an $29,915 increase in other receivables compared to fiscal year 2019. This is due to a $30 million gain share financial incentive from Humana not received until after year end.

Last year, the gain share financial incentive from Humana resulted in a $14,781 decrease from the prior year 2018.

Deferred outflows of resources ($57 decrease)

Deferred outflows and inflows of resources are directly related to the activity described in Note 6 – Other Postemployment Benefits - Employer Reporting and Note 7 – Pension Plan to the Financial Statements.

The net of the RHBT allocation of the pension amounts for GASB Statement No. 68 and the RHBT allocation of the OPEB amounts for GASB Statement No. 75 resulted in a decrease of $57 compared to fiscal year 2019 and a $55 decrease from 2019 to 2018.

Claims payable ($46 decrease)

The fluctuations in claims payable from year to year is due to the actuarial reserve estimate provided by the Plan's actuaries. There is a $46 decrease in 2020 over 2019 and a $1,323 decrease in 2019 over 2018 in claims payable.

Due to PEIA ($4,075 decrease)

Due to PEIA is the net change in the timing of payments to the PEIA for allocated services and receipts from the PEIA for monies collected or paid on behalf of the RHBT. The change from fiscal year 2020 compared to 2019 is a decrease $4,075. The change from fiscal year 2019 compared to 2018 was a decrease of $6,005.

Other liabilities and payables to managed care organizations ($8,865 decrease)

A combined $8,865 decrease is due primarily from the final June 2020 Humana capitation being paid before year end. Whereas, in 2019, the final June 2019 Humana capitation was not paid until after year end.

Deferred inflows of resources ($39 decrease)

Deferred outflows and inflows of resources are directly related to the activity described in Note 6 – Other Postemployment Benefits - Employer Reporting and Note 7 – Pension Plan to the Financial Statements.

The net of the RHBT allocation of the pension amounts for GASB Statement No. 68 and the RHBT allocation of the OPEB amounts for GASB Statement No. 75 resulted in a decrease of $39 compared to fiscal year 2019 and a $42 decrease from 2019 to 2018.

(in thousands)

Statements of fiduciary net position

				Change 2020 - 2019		Change 2019 - 2018	
	2020	**2019**	**2018**	**Amount**	**Percent**	**Amount**	**Percent**
Additions:							
Contributions:							
Employers	**$ 107,756**	$ 115,345	$ 121,974	$ (7,589)	-7%	$ (6,629)	-5%
State appropriation (School Aid)	**50,650**	55,683	47,261	(5,033)	-9%	8,422	18%
State appropriation (Contribution)	**5,000**	5,000	5,000	-	0%	-	0%
State appropriation (OPEB)	**30,000**	30,000	30,000	-	0%	-	0%
Total contributions	**193,406**	206,028	204,235	(12,622)	-6%	1,793	1%
Retiree drug subsidy	**643**	882	1,572	(239)	-27%	(690)	-44%
Other revenue	**19**	24	-	(5)	-21%	24	100%
Interest and dividend income	**1,350**	1,810	4,564	(460)	-25%	(2,754)	-60%
Net appreciation in fair value of investments	**28,571**	57,688	69,484	(29,117)	-50%	(11,796)	-17%
Total additions	**223,989**	266,432	279,855	(42,443)	-16%	(13,423)	-5%
Deductions:							
Benefit payments, net	**85,786**	133,625	136,358	(47,839)	-36%	(2,733)	-2%
Administrative service fees	**1,986**	1,436	1,342	550	38%	94	7%
Other expenses	**3,236**	2,825	3,055	411	15%	(230)	-8%
Total deductions	**91,008**	137,886	140,755	(46,878)	-34%	(2,869)	-2%
Net increase in net position	**132,981**	128,546	139,100	4,435	3%	(10,554)	-8%
Net position restricted for other postemployment benefits:							
Net position, beginning of year	**1,091,661**	963,115	823,911	128,546	13%	139,204	17%
Cumulative effect of adoption of GASB 75	**-**	-	104	(104)	-100%	104	0%
Net position, beginning of year, as restated	**1,091,661**	963,115	824,015	139,100	17%	138,347	20%
Net position, end of year	**$ 1,224,642**	$ 1,091,661	$ 963,115	$ 132,981	12%	$ 127,793	13%

Comparative year-to-year major variance explanations (2020 vs. 2019 and 2019 vs. 2018) for the statements of changes in fiduciary net position are as follows:

Employer contributions ($7,589 decrease)

A $7,589 decrease is due to a decrease in the paygo rate. Employers contribute the retiree subsidy (pay-go) per active health policy enrollment per month.

Last year, a $6,629 decrease was due to a decrease in enrollment.

State appropriation (School Aid) ($5,033 decrease)

A $5,033 decrease is due to a decrease in the number of eligible employees that are considered in the school aid formula.

Last year, a $8,422 increase was due to the increase in the Pay-go Employer contribution rate of $6 per active policyholder per month.

Retiree drug subsidy ($239 decrease)

Retiree drug subsidy is the payments received from Centers for Medicare Services (CMS) under the provisions of Medicare Part D. The change in the timing of payments causes fluctuations in the revenue from year to year. There is a $239 decrease in 2020 compared to 2019 and a $690 decrease in 2019 compared to 2018 resulting from the timing of these receipts.

Interest and dividend income ($460 decrease)

A $460 decrease in fiscal year 2020 compared to fiscal year 2019 and a $2,754 decrease in fiscal year 2019 compared to fiscal year 2018 was primarily due to changes in the type and timing of investments managed by WVIMB.

Net appreciation (depreciation) in fair value of investments ($29,117 decrease)

The $29,117 decrease in fiscal year 2020 over 2019 and the $11,796 decrease in fiscal year 2019 over 2018 in the net investment appreciation was due to a combination of unfavorable market conditions compared to the prior year and changes in the type and timing of investments managed by WVIMB.

Benefit payments ($47,839 decrease)

A $47,839 decrease is due to favorable medical and prescription drug trends and an increase in the Humana gain share financial incentive as previously discussed under other receivables.

Last year, a $2,733 decrease was due to favorable medical and prescription drug trends and a decrease in the Humana capitation rate per member per month.

Administrative service fees ($550 increase)

A $550 increase is due to an increased rate charged for non-Medicare retirees.

Last year, a $94 increase was due to an increased rate charged for non-Medicare retirees.

Other expenses ($411 increase)

A $411 increase is due to an increase in salaries and related payroll expenses.

Last year, an $230 decrease was due to a decrease of overhead expenses that are allocated between PEIA and RHBT.

Economic conditions and other matters

As of March 2020, globally all sectors of industry were affected by the pandemic health crisis caused by the global coronavirus disease ("COVID-19") pandemic. Companies have undertaken and are generally in the process of making a diverse range of operational adjustments in response to the effects of COVID-19. Many states issued Stay-At-Home Orders, closed public spaces, and medical facilities delayed non-emergency procedures. Each of these steps were implemented as a measure of public safety and to prevent the healthcare sector from being overwhelmed with more patients than capacity would allow. The magnitude of the disruption of COVID-19, across all industry sectors, is still widely unknown.

Third party administrator

The RHBT contracts with two external third-party administrators (TPA) for claims adjudication precertification reviews, utilization reviews and various other duties. TPA fees are assessed monthly based upon the number of covered members without regard to the period in which a claim is incurred. TPA contracts are either on an annual or biannual basis. As of July 1, 2019, PEIA transitioned from HealthSmart to UMR, a United Healthcare Company, as its TPA handling medical claim processing, case management, utilization management, precertification, prior approval and customer service for all the PPB Plans and the Special Medicare Plan.

Requests for information

This financial report is designed to provide the RHBT's participants, governing officials, legislators, citizens and taxpayers with a general overview of the RHBT's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Chief Financial Officer, Jason Haught, at (304) 558-7850, ext. 52642.

Basic Financial Statements
(in thousands)

West Virginia Retiree Health Benefit Trust Fund
Statements of Fiduciary Net Position
June 30, 2020 and 2019
(in thousands)

	2020	2019
ASSETS		
Cash and cash equivalents	**$ 6,411**	$ 3,805
Equity position in investment pools	**1,193,675**	1,108,753
Contributions receivable – net of allowance for doubtful accounts of $143 and $468, respectively	**1,637**	1,213
Due from the State - contributions	**1,029**	1,383
Due from the State - State appropriation (Contribution)	**2,500**	-
Other receivables	**38,108**	8,193
Total assets	**1,243,360**	1,123,347
DEFERRED OUTFLOWS OF RESOURCES		
Pension	**112**	179
Other postemployment benefits	**79**	69
Total deferred outflows of resources	**191**	248
LIABILITIES		
Claims payable	**9,244**	9,290
Due to PEIA	**6,457**	10,532
Payables to managed care organizations	**-**	8,955
Other liabilities	**2,973**	2,883
Total liabilities	**18,674**	31,660
DEFERRED INFLOWS OF RESOURCES		
Pension	**84**	171
Other postemployment benefits	**151**	103
Total deferred inflows of resources	**235**	274
NET POSITION		
Net position restricted for other postemployment benefits	**$ 1,224,642**	$ 1,091,661

West Virginia Retiree Health Benefit Trust Fund
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2020 and 2019
(in thousands)

	2020	2019
Additions:		
Contributions:		
Employers	$ 107,756	$ 115,345
State appropriation (School Aid)	50,650	55,683
State appropriation (Contribution)	5,000	5,000
State appropriation (OPEB)	30,000	30,000
Total contributions	193,406	206,028
Retiree drug subsidy	643	882
Other revenue	19	24
Interest and dividend income	1,350	1,810
Net appreciation in fair value of investments	28,571	57,688
Total additions	223,989	266,432
Deductions:		
Benefit payments, net	85,786	133,625
Administrative service fees	1,986	1,436
Other expenses	3,236	2,825
Total deductions	91,008	137,886
Net increase in net position	132,981	128,546
Net position restricted for other postemployment benefits:		
Net position, beginning of year	1,091,661	963,115
Net position, end of year	$ 1,224,642	$ 1,091,661

See accompanying notes.

Notes to Financial Statements
(in thousands)

Notes to Financial Statements
(in thousands)

1. Reporting Entity

The West Virginia Retiree Health Benefit Trust Fund (RHBT) is a fiduciary fund of the State of West Virginia (State), was established July 1, 2006, as an irrevocable trust (Code section 5-16D-2). The RHBT's financial results are included in the State's Comprehensive Annual Financial Report.

The RHBT's basic financial statements present the fiduciary net position and the changes in fiduciary net position for the State's fiduciary activities attributable only to the transactions of the RHBT. The RHBT's basic financial statements do not purport to, and do not present fairly the financial position of the State as of June 30, 2020 and 2019, or the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

2. Plan Description Including Contribution and Benefit Information

The Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education and other government entities as set forth in the West Virginia Code (the Code). Financial activities of the Plan are accounted for in the RHBT. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by the PEIA and the RHBT management with the approval of their Finance Board.

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with the PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with the PEIA will be eligible for the PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by the PEIA, that the employer will pay to the PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Active employees who are members of the Teacher's Defined Contribution Retirement plan must be either: 55 years of age and have 12 or more years of credited service; or be at least 60 years of age with five years of service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue the PEIA insurance benefits upon retirement. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teacher's Retirement System, and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for the PEIA benefits as a retiree.

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The Plan Medical and Prescription Drug benefits are provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan (Humana MAPD) administered by Humana. Under this arrangement, Humana assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in the PEIA's Preferred Provider Benefit or the Managed Care Option.

The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Medical and prescription drug benefits paid by the MCO are not reflected in the RHBT's financial statements. Contributions earned by the RHBT are included in employer contributions. MCO capitation fee payments are recorded as a benefit payment deduction on the financial statements.

Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Life insurance is provided through Minnesota Life Insurance Company – primarily funded by member contributions.

The Plan has the following characteristics:

- Other post-employment benefit plan
- Cost-sharing
- Multiemployer
- Defined benefit

Eligible participants of the Plan are retirees of:

- State government agencies
- State colleges and universities
- County boards of education
- Other government entities (towns, county commissions, etc.)

Eligible participants hired after June 30, 2010, are required to fully fund premium contributions upon retirement.

Plan administration is provided by:

- Claims adjudication – Health Smart (third-party administrator)
- The staff of PEIA and the RHBT
- Finance Board comprised of nine members

Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

Members may obtain optional life insurance coverage from $2,500 to $150,000 depending on age; however, optional accidental death and dismemberment insurance is not available. Members may also elect dependent optional life coverage at levels up to $40,000 for spouse and $15,000 per child. Amounts collected by the RHBT from members for optional coverage totaled $22.4 million and $21.3 million during the fiscal years ended

(in thousands)

June 30, 2020 and 2019, respectively, and were remitted directly to the carrier. The RHBT functions as an agent for these optional benefits and, accordingly, neither these premiums nor the related costs are reflected in the financial statements.

At June 30, the RHBT membership consisted of the following:

	Covered Policyholders	
	2020	**2019**
Retirees and beneficiaries currently receiving benefit payments	**43,054**	42,435
Inactive plan members entitled to but not yet receiving benefit payments [a]	**11,881**	8,906
Active plan members	**39,984**	43,398
Totals	**94,919**	94,739
Number of participating employers	**714**	703

[a] Inactive plan members excluded 6,238 waived annuitants over the age of 75 in 2020.

A non-Medicare plan member, or beneficiaries receiving benefits, contributes monthly health care premiums ranging from $267 to $1,160 per month for retiree-only coverage and from $367 to $2,760 per month for retiree and spouse coverage. Medicare covered retirees are charged health care premiums ranging from $79 to $473 per month for retiree-only coverage and from $130 to $1,583 per month for retiree and spouse coverage. Monthly premiums vary based on years of service and choice of coverage. Retiree premium payments are reflected as a reduction of benefit payments.

West Virginia Code section 5-16D-6 also assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2020 and 2019, respectively, were:

	2020	**2019**
Paygo premium	**$ 168**	$ 183

Effective July 1, 2017, the Finance Board approved that opt-out employers (OPEB ineligible) were no longer required to pay a retiree subsidy contribution to RHBT, but instead would be responsible for the equivalent full active health PEIA premium. Accordingly, all payments received by opt-out employers subsequent to July 1, 2017, are recorded as PEIA premiums.

Senate Bill 419, effective July 1, 2012, amended Code section 11-21-96 by dedicating $30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the RHBT. Appropriations will be made through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the RHBT received an additional $5 million appropriation from the State for the year ending June 30, 2020, for retiree contributions.

The State is a nonemployer contributing entity that provides funding through SB 469 which was passed February 10, 2012, granting Other Post-Employment Benefits Liability relief to the 55 County Boards of Education effective July 1, 2012. The Public School Support Plan is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the Code. The special funding under the school aid formula subsidizes employer contributions of the county boards of education and contributes to the overall unfunded OPEB liability.

West Virginia Code section 5-16-25 requires the Finance Board of the PEIA to maintain a reserve of 10% of projected plan costs for general operation purposes and to provide future PEIA stability. In the event the reserve fund exceeds certain parameters specified in the Code, the excess is to be remitted to the RHBT in accordance with Senate Bill 129, which became effective July 1, 2007. Funds totaling $108.2 million were transferred to the Plan for fiscal year 2008, related to this provision in the Code. The provision of the Code was amended effective March 9, 2019, with the passage of House Bill 3139 removing the requirement that excess funds be transferred to the RHBT. In fiscal year 2009, the State transferred $91 million to pay for general funded employers' portion of the AAL.

As an employer, the RHBT's OPEB obligation of $327 and $393 for fiscal years 2020 and 2019, respectively, are recorded in other liabilities in the statements of net position.

3. Summary of Significant Accounting Policies

Basis of reporting

The RHBT is accounted for as a fiduciary fund and the basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory contractual requirement when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

Budgetary requirements

The Code requires the PEIA Finance Board (the Board) to set the annual required contribution sufficient to maintain the RHBT in an actuarially sound manner. The Board shall annually allocate to the respective employers the employers' portion of the annual required contribution.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and investments with maturities of three months or less when purchased. Cash and cash equivalents are monies deposited on account with the West Virginia State Treasurer and used primarily to fund operating expenses.

Equity position in investment pools

The RHBT owns equity positions in State government investment pools managed by the WVIMB and the BTI. Some investment pool funds are subject to market risk because of changes in interest rates, bond prices and stock prices. Investment earnings and losses are allocated to the RHBT based on the balance of the RHBT's investments maintained in relation to the total investments of all State agencies participating in the pool.

A 13-member Board of Trustees governs the WVIMB. Three members of the Board serve by virtue of their office: the Governor, the Auditor and the Treasurer. The other 10 are appointed by the Governor and confirmed by the Senate. All appointees must have experience in pension management, institutional management, or financial markets. In addition, one must be an attorney experienced in finance and investment matters and another must be a certified public accountant. Only six of the 10 appointed Trustees may be from the same political party. The Governor serves as Chairman of the Board. A Vice-Chairman is elected by the Trustees. A Secretary, who need not be a member of the Board, is also elected by the Trustees to keep a record of the proceedings of the Board. Details regarding these investment pools and a copy of the WVIMB financial report can be obtained by contacting: West Virginia Investment Management Board, 500 Virginia Street, East, Suite 200, Charleston, West Virginia 25301 or by calling (304) 645-5939.

A five-member Board of Directors governs the BTI. The Governor, Treasurer and Auditor serve as ex-officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant, one shall be an attorney and both shall have experience in finance, investing and management. The State Treasurer is Chairman of the Board. The BTI prepares separately issued financial statements covering the pooled funds, which can be obtained from its website or a published copy from the West Virginia Board of Treasury Investments, 1900 Kanawha Boulevard, East, Building 1, Room E-122, Charleston, West Virginia 25305.

Due to/from PEIA

This balance primarily represents the deficiency or excess of the RHBT contributions collected by the PEIA over expenses paid by the PEIA for the RHBT.

Contributions receivable

Contributions receivable are reported net of an allowance for amounts estimated to be uncollectible based on management's review of the payment status of the underlying accounts and other economic factors that are deemed necessary in the circumstances.

Due from the State

Due from the State are contributions receivable due to the RHBT from primary government entities and their component units.

Deferred outflows of resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented in the statements of fiduciary net position as aggregations of different types of deferred amounts. Deferred outflows in the statements of fiduciary net position were composed of $86 for fiscal year ending June 30, 2020, related to contributions to the Public Employees Retirement System (PERS) made during the current fiscal year subsequent to the measurement date, and $26 for differences between expected and actual experience and changes in proportion and differences between employer contributions and proportionate share of contributions. Deferred outflows of resources related to other post-employment benefits in the statements of fiduciary net position were composed of $30 for the year ending June 30, 2020, related to employer contributions to the RHBT made during the current fiscal year subsequent to the measurement date and $49 for the difference between expected and actual investment earnings and for changes in proportion and differences between employer contributions and proportionate share of contributions.

Benefit payments, net

Benefit payments, net includes healthcare claims expense and payments to managed care organizations, net of retiree share of healthcare premiums.

Prescription drug rebates

Through arrangements with its Prescription Benefit Manager, the RHBT collects rebates from prescription drug manufacturers. The estimated prescription rebates receivable of $6,784 and $5,496 at June 30, 2020 and June 30, 2019, respectively, is based on prescription claims counts and historical average rebate per claim. Such receivables are included in other receivables.

Retiree drug subsidy

The RHBT records retiree drug subsidy (RDS) payments from Centers for Medicare Services (CMS) under the provisions of Medicare Part D. For fiscal years 2020 and 2019, the RHBT received a drug subsidy for Medicare-eligible members covered by the PEIA PPB plans – transitioning to Medicare coverage beginning with the new plan year. The Medicare-eligible Drug Subsidy is recorded as revenue.

The RDS revenue has been accounted for as voluntary non-exchange transactions. Accordingly, RDS estimated collections from CMS are recognized as the RHBT incurs Medicare-eligible retiree prescription drug expenditures.

Claims payable and expense

The liability for unpaid claims and claims processing costs is based on an actuarial estimate of the ultimate cost of settling such claims due and payable as of the statements of fiduciary net position date (including claims reported and in process of settlement, claims reported but not yet processed for settlement and claims incurred for services provided but not yet reported or processed for settlement). The estimated actuarial liability reflects certain assumptions, which include such factors as enrollment and utilization. Adjustments to the estimated actuarial liability for the final settlement of claims will be reflected in the year that actual results of the settlement of the claims are made and are known. The estimated liability is adjusted periodically based on the most current claim incurrence and claim settlement history.

Claims relating to participants in MCOs, as well as claims relating to participants covered under the optional life insurance plan, are not considered in the liability, as the RHBT has no liability for the participants who elect such coverage. Additionally, the estimated liability for unpaid claims and claims processing costs is recorded net of amounts ceded to reinsurers for basic life benefits, as management believes these reinsured risks are fully recoverable. However, in the event a reinsurer is unable financially to satisfy an obligation, the RHBT is responsible for such liability.

Deferred inflows of resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statements of plan net position as aggregations of different types of deferred amounts. Deferred inflows of resources related to pension in the statements of plan net position are composed of amounts related to differences between projected and actual earnings on pension investments, changes in assumptions, differences between expected and actual experience and changes in proportion and differences between the RHBT's contributions and proportionate share of contributions. Deferred inflows of resources related to other-post employment benefits relate to differences between expected and actual experience, changes in assumptions, the net differences between expected and actual earnings on OPEB plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions.

Humana gain share

Effective January 1, 2012, the Humana MAPD contract provided sharing of financial incentives with the RHBT based on favorable medical loss ratios. The financial incentive receipts from Humana are recorded as reductions in the MCO payments. During fiscal year 2020, the RHBT received financial incentives from Humana to reduce capitation payment costs savings of $30 million, which is up $27.7 million from the savings recorded in 2019. This gain sharing agreement between Humana and RHBT is for 3 years beginning January 1, 2019 and ending December 31, 2021. The $30 million that RHBT received was an advanced gain share payment for Plan year 2019 to allow RHBT to utilize the money early in light of the effect of COVID 19 pandemic. The calculated savings were based on plan year 2020 experience to date. When Humana calculates the actual gain share for 2020 and 2021 they will reduce the premium by the $30 million resulting in a reduced gain share for those years, if any.

Administrative service fees

The RHBT contracts with two external third-party administrators (TPA) for claims adjudication precertification reviews, utilization reviews and various other duties. As of July 1, 2019, PEIA transitioned from HealthSmart to UMR, a United Healthcare Company, as its TPA handling medical claim processing, case management, utilization management, precertification, prior approval and customer service for all the PPB Plans and the Special Medicare Plan. TPA fees are assessed monthly based upon the number of covered members without regard to the period in which a claim is incurred. TPA contracts are either on an annual or biannual basis.

Other operating expenses

Other operating expenses are comprised primarily of:

- Professional fees
- Personnel costs
- Lease costs from PEIA

RHBT and PEIA share:

- Office space
- Personnel
- Computer systems
- Third-party administrators

Expenses directly attributable to the OPEB plan are charged to the RHBT. Shared expenses with the PEIA are allocated based on membership count between the PEIA and the RHBT. Personnel expenses attributable to the RHBT full-time dedicated employees are charged in full to the RHBT; while the balance of the combined personnel expense is allocated between the two entities based on estimated time requirements.

Fair value measurements

The RHBT measures certain investments at fair value for financial reporting purposes. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. The RHBT categorizes fair value measurements within the fair value hierarchy established by GAAP in accordance with GASB Statement No. 72.

The fair value hierarchy established under GASB Statement No. 72 categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment.

Fair value of the securities the RHBT holds with the WVIMB are determined as follows:

- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded. If no sales have been recorded within the five days of the financial statement date, the fair value of the securities is determined in accordance with approved procedures.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Future contracts are valued at the last settlement price established each day by the exchange on which they traded.
- Fixed income securities are valued according to prices furnished by independent pricing services to the securities custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities and other models and formulae appropriated to the specific security type.
- Repurchase agreements and time deposits are valued at amortized cost, provided such amount approximates fair value.

Investments for which the fair value cannot be determined by one of the above listed processed are valued at fair value as determined in accordance with the WVIMB's established procedures.

Uncertain economic conditions

In response to COVID-19 across the United States, the federal government and a large number of state governments, including West Virginia, have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including closures of schools, non-life essential businesses and stay at home guidelines.

The spread of the virus may disrupt the RHBT's business along with the business of RHBT's participants. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on the Company's financial condition, results of operations, and future cash flows. It is not currently possible to predict the impact on the Company associated with COVID-19, and, therefore, the financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Subsequent events

In preparing these financial statements, the RHBT has evaluated events and transactions for potential recognition or disclosure through October 9, 2020, the date the financial statements were available for issuance.

4. Deposit and Investment Disclosures

Investment policy and rate of return

The RHBT is mandated by statute to have its cash and investments managed by the WVIMB and BTI. However, the RHBT currently does not have specific policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Investment expense information is not readily available as investment expenses are not separately reported by the WVIMB and BTI, rather they are reflected within the reported rate of return and related deposit and investment income. More detailed information regarding the investment policies is below. There were no significant changes to the investment policies during the year.

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on investments, net of investment expense, was 2.7% and 6.2%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(in thousands)

Equity position in investment pool managed by BTI

WEST VIRGINIA MONEY MARKET POOL

The RHBT participates in BTI's West Virginia Money Market Pool, which has been deemed to meet the GASB 79 criteria to be reported at amortized cost. The criteria specify that the Pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity and shadow pricing. The BTI does not place limitations on or restrictions on participant withdrawals from the Pool, such as redemption notice periods, maximum transaction amounts and any authority to impose liquidity fees or redemption gates. Accordingly, as a Pool participant, the RHBT measures its investment in this Pool at amortized cost that approximates market value of $43,447 and $107,183 at June 30, 2020 and 2019, respectively. These deposits are reported as equity position in investment pools. Investment income earned is pro-rated to the RHBT at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the Pool. Such funds are available to the RHBT with overnight notice. BTI's audited financial statements, including the West Virginia Money Market Pool, are available on their website www.wvbti.com.

Credit risk and interest rate risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated AAAm has an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America.

Interest rate risk, the risk that changes in interest rates, will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted-average maturity (WAM) of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides the WAM for the various asset types in the West Virginia Money Market Pool:

	June 30, 2020		June 30, 2019	
Investment Type	**Fair Value**	**WAM Days**	**Fair Value**	**Days**
Repurchase agreements (underlying securities):	**$ 445,700**	**1**	$ -	-
U.S. agency bonds and notes	**-**	**-**	47,200	3
U.S. Treasury bonds and notes	**-**	**-**	426,000	3
U.S. Treasury notes	**-**	**-**	24,927	125
U.S. Treasury bills	**1,017,343**	**37**	329,390	34
Commercial paper	**2,695,856**	**52**	2,236,198	57
Negotiable certificates of deposit	**771,849**	**58**	714,142	33
Money market funds	**218,603**	**1**	178,619	3
Total rated investments	**$ 5,149,351**		$ 3,956,476	

The RHBT's amount invested in the West Virginia Money Market Pool is $43,447 at June 30, 2020 and $107,183 at June 30, 2019, representing approximately 0.9% and 2.8%, respectively, of total investments in this Pool.

(in thousands)

The following table provides information on the credit ratings of the West Virginia Money Market Pool's investments:

	Credit Rating		2020		2019	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent**	**Carrying Value**	**Percent**
Commercial paper	P-1	A-1+	**$ 861,472**	**16.73%**	$ 733,411	18.54%
	P-1	A-1	**1,834,384**	**35.62**	1,494,297	37.77
	P-2	A-1	**-**	**0.00**	8,490	0.21
U.S. Treasury notes*	Aaa	AA+	**-**	**0.00**	24,927	0.63
U.S. Treasury bills*	P-1	A-1+	**1,017,343**	**19.76**	329,390	8.33
Negotiable CDs	P-1	A-1+	**302,738**	**5.88**	179,251	4.53
	P-1	A-1	**469,111**	**9.11**	534,891	13.52
Money market funds	Aaa	AAAm	**1,581**	**0.03**	178,619	4.51
	NR	AAAm	**217,022**	**4.21**	-	-
Repurchase agreements (underlying securities):						
U.S. Treasury notes*	Aaa	AA+	**445,700**	**8.66**	426,000	10.77
U.S. agency bonds and notes	Aaa	AA+	**-**	**0.00**	47,200	1.19
			$ 5,149,351	**100.00%**	$ 3,956,476	100.00%

*U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue. At June 30, 2020 and 2019, the Pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial credit risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The WV Money Market's Pool does not hold securities subject to foreign currency risk.

Equity position in investment pools managed by the WVIMB

The RHBT's investments in the following pools are managed by the WVIMB. Such investments, which are stated at fair value (actual asset allocation), are reported as part of equity position in investment pools on the statements of fiduciary net position.

(in thousands)

	2020	2019
Domestic Equity Pool	**$ 275,410**	$ 248,998
Short-Term Fixed Pool	**80,000**	-
International Equity Pool	**198,284**	173,189
International Non-Qualified Pool	**73,848**	83,843
Total Return Fixed Income Pool	**100,930**	88,937
Core Fixed Income Pool	**43,026**	38,465
Hedge Funds Pool	**105,533**	114,290
Private Markets Pool	**273,197**	253,848
	$ 1,150,228	$ 1,001,570

Liquidity needs and investment objectives

The RHBT is expected to have minimal liquidity needs until fiscal year 2021 upon which time annual liquidity needs are expected to increase. The investment objective is to provide for stable, long-term growth of assets, while seeking to minimize risk of loss. There is no specifically identified rate of return target.

Asset allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the fund, the WVIMB adopted the following broad asset allocation guidelines for the assets managed for the RHBT. (Policy targets and strategic allocations are established on a market value basis.)

	Policy Target		Strategic Allocation	
Asset Class	**2020**	**2019**	**2020**	**2019**
Domestic equity	**30.0%**	30.0%	**27.5%**	27.5%
International equity	**30.0**	30.0	**27.5**	27.5
Private equity	**-**	-	**10.0**	10.0
Fixed income	**40.0**	40.0	**15.0**	15.0
Hedge funds	**-**	-	**10.0**	10.0
Real estate	**-**	-	**10.0**	10.0
Total equity	**100.0%**	100.0%	**100.0%**	100.0%
Cash		*		*

* Cash levels to be reviewed as needed, at least annually, collaboratively with management staff from the RHBT.

Asset class risk disclosures

DOMESTIC EQUITY POOL

The Pool's objective is to exceed, net of external investment management fees, the Russell 3000 Stock Index over three- to five-year periods. Assets are managed by AJO, BlackRock, INTECH Investment Management, LLC, and Westfield Capital Management.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

(in thousands)

The RHBT's amount invested in the Domestic Equity Pool of $275,410 and $248,998 at June 30, 2020 and 2019, respectively, represents approximately 5.9% and 5.4%, respectively, of total investments in this Pool.

Credit risk

As of June 30, 2020, the Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund had the highest credit rating. The Cash Collateral Account is not rated.

As of June 30, 2019, the Pools Money market mutual fund investment and investments made with cash collateral for securities loaned are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated by P-1 b Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB Reviews available ratings from Standard & Poor's' and Moody's.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides the credit ratings indicative of the great degree of risk of the Pool's securities lending collateral investments as of June 30, 2019:

Rating	Fair Value
AAA / A-1	$ 33,117
AA	151,145
A	5,340
BBB	2,428
B	226
Not applicable	50,048
Total securities lending collateral	$ 242,304

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest rate risk

The Pool is exposed to interest rate risk from its money market mutual and from the Cash Collateral Account. As of June 30, 2020, the money market mutual fund's weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Concentration of credit risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one company. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial credit risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102%, and the collateral is held by the WVIMB's custodian in the name of IMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of WVIMB.

(in thousands)

As of June 20, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign currency risk

The Pool is exposed to no or minimal foreign currency risk.

Fair value measurements

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Commingled equity fund	**$ 2,014,708**	**$ -**	**$ -**	**$ 2,014,708**
Common stock	**2,588,810**	**-**	**-**	**2,588,810**
Money market mutual fund	**82,999**	**-**	**-**	**82,999**
Rights	**6**	**-**	**-**	**6**
Securities lending collateral	**4,617**	**-**	**-**	**4,617**
Total	**$ 4,691,140**	**$ -**	**$ -**	**$ 4,691,140**

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Commingled equity fund	$ 1,937,693	$ -	$ -	$ 1,937,693
Common stock	2,682,108	-	-	2,682,108
Money market mutual fund	27,792	-	-	27,792
Securities lending collateral	-	242,304	-	242,304
Total	$ 4,647,593	$ 242,304	$ -	$ 4,889,897

SHORT-TERM FIXED INCOME POOL

The main objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other IMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the Citigroup 90-Day Treasury Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the Short Term Fixed Income Pool of $80 and $0 at June 30, 2020 and 2019, respectively, represents approximately 13.0% and 0.0%, respectively, of total investments in this Pool.

(in thousands)

Credit risk

The IMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 15 percent of its assets in United States Treasury issues. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2020.

Interest rate risk

The weighted average maturity (WAM) of the investments of the Pool is not to exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2020:

Investment Type	Carrying Value	WAM (days)
Money market mutual fund	$ 25,896	1
Repurchase agreement	75,658	1
U.S. Government agency bonds	265,950	48
U.S. Treasury bills	274,978	27
Total	$ 642,482	32

Concentration of credit risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2020, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial credit risk

At June 30, 2020, the Pool had no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102% and the collateral is held in the name of the WVIMB. All remaining investments are held by the WVIMB's custodian in the name of the WVIMB.

Foreign currency risk

At June 30, 2020, the Pool had no investments that are subject to foreign currency risk.

Fair value measurements

The tables below summarize the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2020:

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	$ 25,896	$ -	$ -	$ 25,896
Repurchase agreement	-	75,658	-	75,658
U.S Government agency bonds	-	265,950	-	265,950
U.S. Treasury bills	-	274,978	-	274,978
Total	$ 25,896	$ 616,586	$ -	$ 642,482

(in thousands)

INTERNATIONAL EQUITY POOL

This pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. As of June 30, 2020, assets are managed by Acadian Asset Management, LLC (Acadian), Allianz Global Investors (Allianz), Axiom International Investors, LLC (Axiom), Brandes Investment Partners, L.P. (Brandes), LSV Asset Management (LSV) and Oberweis Asset Management, Inc. (Oberweis).

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the International Equity Pool of $198,284 and $173,189 at June 30, 2020 and 2019, respectively, represents approximately 5.8% and 5.3%, respectively, of total investments in this Pool.

Credit risk

As of June 30, 2020, the Pool's money market mutual fund investment and the cash collateral account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

As of June 30, 2019, the Pool's money market mutual fund investments made with cash collateral for securities loaned are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long- term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short- term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019:

Rating	Fair Value
AAA/ A-1	$ 9,678
AA	44,168
A	1,560
BBB	710
B	66
Not applicable	14,625
Total securities lending collateral	$ 70,807

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest rate risk

The pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Concentration of credit risk

The pool is restricted from investing more than 5% of the value of the pool in any one company. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial credit risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of IMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name if WVIMB.

As of June 30, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by WVIMB's custodian in the name of WVIMB. All remaining securities are held by the WVIMB's custodian in the name of WVIMB.

Foreign currency risk

The Pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks.

(in thousands)

The amounts at fair value (in U.S. dollars) of equity investments, cash and foreign currency spot contracts as of June 30 are as follows:

	2020			
Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	$ 82,579	$ 373	$ -	$ 82,952
Brazil Real	61,732	397	-	62,129
British Pound	189,226	409	-	189,635
Canadian Dollar	93,508	70	-	93,578
Chilean Peso	5,906	-	-	5,906
Chinese Yuan	12,809	3,460	-	16,269
Czech Koruna	40	-	-	40
Danish Krone	10,965	3	-	10,968
Emirati Dirham	8,021	10	-	8,031
Euro Currency Unit	354,338	4,828	-	359,166
Hong Kong Dollar	404,086	2,525	-	406,611
Hungarian Forint	14,000	32	-	14,032
Indian Rupee	104,809	1,694	-	106,503
Indonesian Rupiah	30,263	36	-	30,299
Israeli Shekel	7,399	2	-	7,401
Japanese Yen	365,408	2,270	-	367,678
Malaysian Ringgit	10,968	4	-	10,972
Mexican Peso	39,362	42	-	39,404
New Taiwan Dollar	119,629	404	-	120,033
New Zealand Dollar	289	26	-	315
Norwegian Krone	16,412	196	-	16,608
Philippine Peso	7,480	8	-	7,488
Polish Zloty	1,337	-	-	1,337
Qatari Riyal	125	6	-	131
Singapore Dollar	12,316	211	-	12,527
South African Rand	29,989	56	-	30,045
South Korean Won	183,138	1,747	-	184,885
Swedish Krona	79,152	29	-	79,181
Swiss Franc	100,002	46	1	100,049
Thailand Baht	36,076	6	-	36,082
Turkish Lira	11,034	1,711	-	12,745
Total	2,392,398	20,601	1	2,413,000
US. Dollar	981,212	-	-	981,212
Total	$ 3,373,610	$ 20,601	$ 1	$ 3,394,212

(in thousands)

	2019			
Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	$ 126,545	$ 975	$ -	$ 127,520
Brazil Real	135,983	682	(2)	136,663
British Pound	284,807	2,169	(2)	286,974
Canadian Dollar	125,313	2,518	-	127,831
Chilean Peso	6,037	-	-	6,037
Danish Krone	4,586	-	-	4,586
Egyptian Pound	926	-	-	926
Emirati Dirham	1,689	10	-	1,699
Euro Currency Unit	463,116	6,782	3	469,901
Hong Kong Dollar	365,906	2,136	-	368,042
Hungarian Forint	11,477	41	-	11,518
Indian Rupee	89,501	946	-	90,447
Indonesian Rupiah	41,637	38	-	41,675
Israeli Shekel	17,395	31	-	17,426
Japanese Yen	380,550	2,595	-	383,145
Malaysian Ringgit	19,851	290	-	20,141
Mexican Peso	55,332	486	-	55,818
New Taiwan Dollar	91,450	553	-	92,003
New Zealand Dollar	553	50	-	603
Norwegian Krone	20,433	463	-	20,896
Pakistan Rupee	1,413	-	-	1,413
Philippine Peso	17,899	4	-	17,903
Polish Zloty	1,027	1,570	-	2,597
Qatari Riyal	756	51	-	807
Singapore Dollar	21,213	540	-	21,753
South African Rand	44,180	448	-	44,628
South Korean Won	201,839	2,128	(1)	203,966
Swedish Krona	71,775	2,166	-	73,941
Swiss Franc	95,408	42	-	95,450
Thailand Baht	60,524	(3)	-	60,521
Turkish Lira	21,677	293	-	21,970
Total	2,780,798	28,004	(2)	2,808,800
US. Dollar	413,517	1,018	-	414,535
Total	$ 3,194,315	$ 29,022	$ (2)	$ 3,223,335

(in thousands)

Fair value measurements

The tables below summarize the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common stock	**$ 2,741,429**	**$ -**	**$ -**	**$ 2,741,429**
Money market mutual fund	**37,694**	**-**	**-**	**37,694**
Preferred stock	**42,854**	**-**	**-**	**42,854**
Rights	**41**	**-**	**-**	**41**
Securities lending collateral	**19,475**	**-**	**-**	**19,475**
Total	**$ 2,841,493**	**$ -**	**$ -**	**$ 2,841,493**
Commingled equity fund				**589,286**
Total				**$ 3,430,779**

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common stock	$ 3,142,466	$ -	$ -	$ 3,142,466
Money market mutual fund	26,048	-	-	26,048
Preferred stock	51,666	-	-	51,666
Rights	183	-	-	183
Securities lending collateral	-	70,807	-	70,807
Total	$ 3,220,363	$ 70,807	$ -	$ 3,291,170

The Pool's commingled equity fund investment was measured at the NAV as of June 30, 2020. The fund invests primarily in Chinese A-Share publicly listed equity securities. The WVIMB defines the investment style as growth at a reasonable price with limited concentration to any single issuer or sector. Redemptions can be made daily with five international business days advance written notice of the withdrawal date, subject to maximum withdrawal restrictions. The fund will pay withdrawal proceeds within thirty days following the withdrawal date.

INTERNATIONAL NON-QUALIFIED POOL

This Pool invests in The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the Internal Revenue Code). Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value oriented portfolio of securities with limited exposure to emerging markets and no reasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will usually be made within seven business days following month-end.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the International Non-qualified Pool of $73,848 and $83,843 at June 30, 2020 and 2019, respectively, represents approximately 45.3% and 39.9%, respectively, of total investments in this Pool.

(in thousands)

Investment risk

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2020 and 2019 was $163,136 and $210,181, respectively. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

Fair value measurements

GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The investment in Silchester is valued using the NAV. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented.

TOTAL RETURN FIXED INCOME POOL

This Pool's objective is to generate investment income, provide stability and enhance diversification, but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal Bond Index over three to five-year periods, net of external investment management fees. Dodge & Cox, Franklin Templeton Investments and Western Asset Management Company manage the Pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the Total Return Fixed Income Pool of $100,930 and $88,937 at June 30, 2020 and 2019, respectively, represented approximately 4.8% and 4.0%, respectively, of total investments in the Pool.

Credit risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and the Cash Collateral Account investment. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's, Moody's and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

The following tables provides credit ratings of the Pool's fixed income investments as of June 30:

	Fair Value	
Rating	**2020**	**2019**
AAA / A-1	**$ 21,874**	$ 14,485
AA	**738,758**	685,964
A	**164,334**	105,271
BBB	**526,344**	553,241
BB	**294,094**	320,377
B	**171,134**	204,230
CCC	**16,181**	13,962
CC	**3,822**	-
D	**4,354**	1,050
Withdrawn	**6,148**	7,324
Not rated	**73,473**	55,807
Total fixed income investments	**$ 2,020,516**	$ 1,961,711

(in thousands)

As of June 30, 2019, credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's and reports the rating indicative of the greatest degree of risk.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2019:

Rating	Fair Value
AAA/ A-1	$ 12,154
AA	55,470
A	1,960
BBB	891
B	83
Not applicable	18,368
Total securities lending collateral	$ 88,926

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest rate risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and the Cash Collateral Account. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, the pool was exposed to interest rate risk from its fixed income investments, money market mutual fund investment and certain investments made with cash collateral for securities loaned. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days.

The WVIMB monitors interest risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations.

(in thousands)

The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30:

Investment Type	2020 Fair Value	2020 Effective Duration (Years)	2019 Fair Value	2019 Effective Duration (Years)
Commingled debt funds	**$ 206,712**	**3.1**	$ 214,489	2.9
Corporate asset backed issues	**54,349**	**1.2**	72,659	(0.1)
Corporate ABS residual	**-**	**0.0**	3,835	1.9
Corporate CMO	**59,639**	**0.9**	40,069	1.1
Corporate CMO interest-only	**138**	0.5	-	-
Foreign asset backed issues	**28,152**	**0.5**	27,005	1.0
Foreign corporate bonds	**264,553**	**5.3**	271,117	5.4
Foreign government bonds	**251,488**	**5.1**	317,462	5.1
Municipal bonds	**33,423**	**9.9**	34,254	9.9
Repurchase agreement	**-**	**0.0**	8,000	0.0*
Short term investments	**-**	**0.0**	6,083	0.0*
U.S. corporate bonds	**495,554**	**9.4**	402,522	7.0
U.S. Government agency bonds	**1,530**	**0.0***	9,464	0.2
U.S. Government agency CMO	**77,429**	**1.7**	57,221	1.1
U.S. Government agency CMO interest-only	**6,955**	**6.8**	5,786	4.8
U.S. Government agency MBS	**222,696**	**0.0**	293,479	1.8
U.S. Government agency TBAs	**2,599**	**0.7**	106	1.4
U.S. Treasury bonds	**209,690**	**14.4**	157,216	15.6
U.S. Treasury inflation-protected securities	**105,609**	**18.8**	40,944	20.6
Total investments	**$ 2,020,516**		$ 1,961,711	

**Rounds to less than 0.05*

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. The Pool held $451,957 and $500,160 of these securities at June 30, 2020 and 2019, respectively, representing approximately 22% and 25% of the value of the Pool's securities.

Concentration of credit risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial credit risk

At June 20, 2020, securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the WVIMB’s custodian in the name of WVIMB. Investments in comingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk.

(in thousands)

At June 30, 2019, securities on loan were collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. Investments in commingled funds are held in an account in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized at 102% and the collateral is held in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Foreign currency risk

The Pool has foreign fixed income, foreign equity investments and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The Pool also has foreign denominated derivative instruments. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled investment pools. Approximately $42,799 and $32,063, or 21% and 15%, respectively, of the commingled investment pools hold substantially all of their investments in foreign currencies as of June 30, 2020 and 2019. This represents approximately 2% of the value of the Pool's securities at June 30, 2020 and 2019.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, are as follows:

	2020			
Currency	**Foreign Fixed Income**	**Foreign Equity Investments**	**Cash**	**Total**
Argentine Peso	$ 5,597	$ -	$ 1,770	$ 7,367
Australian Dollar	-	-	2,350	2,350
Belarusian Ruble	1,819	-	-	1,819
Brazil Real	30,899	-	52	30,951
British Pound	15,154	-	2,690	17,844
Canadian Dollar	-	-	(858)	(858)
Colombian Peso	4,620	-	-	4,620
Deutsche Mark	640	-	-	640
Dominican Peso	2,923	-	-	2,923
Egyptian Pound	2,647	-	3	2,650
Euro Currency Unit	5,948	-	3,823	9,771
Ghana Cedi	2,357	-	-	2,357
Indonesian Rupiah	2,713	-	-	2,713
Japanese Yen	49,050	-	6,419	55,469
Kazakhstani Tenge	681	-	-	681
Kenyan Shilling	3,001	-	-	3,001
Mexican Peso	21,785	6	(2,107)	19,684
New Zealand Dollar	-	-	758	758
Peruvian Nuevo Sol	1,812	-	-	1,812
Russian Ruble	31,249	-	856	32,105
South African Rand	5,707	-	1	5,708
Swedish Krona	-	-	477	477
Turkish Lira	-	-	1	1
Uruguayan Peso	5,050	-	-	5,050
Total foreign denominated investments	193,652	6	16,235	209,893
U.S. Dollar	350,541	-	34,398	384,939
Total	$ 544,193	$ 6	$ 50,633	$ 594,832

(in thousands)

	2019			
Currency	**Foreign Fixed Income**	**Foreign Equity Investments**	**Cash**	**Total**
Argentine Peso	$ 8,380	$ -	$ 1,503	$ 9,883
Australian Dollar	-	-	1,704	1,704
Belarusian Ruble	2,048	-	-	2,048
Brazil Real	47,752	-	24	47,776
British Pound	-	-	2,988	2,988
Canadian Dollar	-	-	1,141	1,141
Colombian Peso	5,209	-	-	5,209
Deutsche Mark	1,013	-	-	1,013
Dominican Peso	3,801	-	-	3,801
Egyptian Pound	2,104	-	126	2,230
Euro Currency Unit	5,967	-	12,929	18,896
Georgian Lari	1,796	-	-	1,796
Ghana Cedi	2,469	-	-	2,469
Indonesian Rupiah	2,779	-	-	2,779
Japanese Yen	51,443	-	6,077	57,520
Kazakhstani Tenge	1,841	-	-	1,841
Kenyan Shilling	3,171	-	-	3,171
Mexican Peso	44,765	-	1,943	46,708
New Zealand Dollar	-	-	791	791
Peruvian Nuevo Sol	1,846	-	-	1,846
Russian Ruble	28,094	-	1,796	29,890
South African Rand	6,726	14	2	6,742
Swedish Krona	-	-	483	483
Turkish Lira	3,190	-	-	3,190
Uruguayan Peso	7,479	-	-	7,479
Total foreign denominated investments	231,873	14	31,507	263,394
U.S. Dollar	383,711	-	28,425	412,136
Total	$ 615,584	$ 14	$ 59,932	$ 675,530

Fair value measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) practical expedient. The tables that follow set forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30. All the Pool's investments in other funds were valued using the net asset value per share practical expedient; as such, they have not been categorized in the fair value hierarchy.

(in thousands)

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 54,349	$ -	$ 54,349
Corporate ABS residual	-	1,943	-	1,943
Corporate CMO	-	59,639	-	59,639
Corporate CMO interest-only	-	138	-	138
Corporate preferred securities	10,307	-	-	10,307
Foreign asset backed issues	-	28,152	-	28,152
Foreign corporate bonds	-	264,553	-	264,553
Foreign currency forward contracts	-	1,054	-	1,054
Foreign government bonds	-	251,488	-	251,488
Future contracts	1,457	-	-	1,457
Money market mutual fund	80,424	-	-	80,424
Municipal bonds	-	33,423	-	33,423
Options contracts purchased	94	347	-	441
Securities lending collateral	4,029	-	-	4,029
Swaps	-	24,789	-	24,789
U.S. corporate bonds	-	495,554	-	495,554
U.S. Government agency bonds	-	1,530	-	1,530
U.S. Government agency CMO	-	77,429	-	77,429
U.S. Government agency CMO interest-only	-	6,955	-	6,955
U.S. Government agency MBS	-	222,696	-	222,696
U.S. Government agency TBAs	-	2,599	-	2,599
U.S. Treasury bonds	-	209,690	-	209,690
U.S. Treasury inflation protected securities	-	105,609	-	105,609
Total	$ 96,311	$ 1,841,937	$ -	1,938,248
Commingled debt funds				206,712
Total				$ 2,144,960

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency forward contracts	$ -	$ (2,323)	$ -	$ (2,323)
Future contracts	(12,609)	-	-	(12,609)
Options contracts written	(525)	(354)	-	(879)
Securities sold short	-	(526)	-	(526)
Swaps	-	(40,804)	-	(40,804)
Total	$ (13,134)	$ (44,007)	$ -	$ (57,141)

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2020 and 2019. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

(in thousands)

	June 30, 2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 72,659	$ -	$ 3,835
Corporate ABS residual	-	3,835	-	72,659
Corporate CMO	-	40,069	-	40,069
Corporate preferred securities	9,979	-	-	9,979
Foreign asset backed issues	-	27,005	-	27,005
Foreign corporate bonds	-	271,117	-	271,117
Foreign currency forward contracts	-	378	-	378
Foreign equity investments	14	-	-	14
Foreign government bonds	-	317,462	-	317,462
Future contracts	9,647	-	-	9,647
Money market mutual fund	41,138	-	-	41,138
Municipal bonds	-	34,254	-	34,254
Options contracts purchased	558	530	-	1,088
Repurchase agreement	-	8,000	-	8,000
Securities lending collateral	-	88,926	-	88,926
Short term investments	-	6,083	-	6,083
Swaps	-	3,683	-	3,683
U.S. corporate bonds	-	402,522	-	402,522
U.S. Government agency bond	-	9,464	-	9,464
U.S. Government agency CMO	-	57,221	-	57,221
U.S. Government agency CMO interest-only	-	5,786	-	5,786
U.S. Government agency MBS	-	293,479	-	293,479
U.S. Government agency TBAs	-	106	-	106
U.S. Treasury bonds	-	157,216	-	157,216
U.S. Treasury inflation protected securities	-	40,944	-	40,944
Total	$ 61,336	$ 1,840,739	$ -	1,902,075
Commingled debt funds				214,489
Total				$ 2,116,564
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	$ -	$ (2,357)	$ -	$ (2,357)
Future contracts	(15,161)	-	-	(15,161)
Options contracts written	(1,081)	(73)	-	(1,154)
Swaps	-	(20,337)	-	(20,337)
Total	$ (16,242)	$ (22,767)	$ -	$ (39,009)

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2020 and 2019. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

(in thousands)

CORE FIXED INCOME POOL

The main objective of this Pool is to generate investment income, provide stability and enhance diversification, but not at the expense of the total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three- to five-year period, net of external management fees. JP Morgan Investment Advisors, Inc. (JPM) manages this Pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the Core Fixed Income Pool of $43,026 and $38,465 at June 30, 2020 and 2019, respectively, and represented approximately 4.6% and 4.0%, respectively, of total investments in this Pool.

Credit risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and the Cash Collateral Account. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organizations. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

The following table provides credit ratings for the Pool's fixed income investments as of June 30:

	Fair Value	
Rating	2020	2019
AAA	**$ 47,882**	$ 61,950
AA	**535,867**	518,002
A	**83,021**	93,012
BBB	**171,799**	141,310
BB	**5,281**	10,003
B	**768**	600
CCC	**241**	562
C	**-**	-
D	**94**	146
Withdrawn	**11,132**	3,013
Not rated	**63,019**	45,328
Total fixed income investments	**$ 919,104**	$ 873,926

Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standards & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's, Moody's, Fitch and reports the rating indicative of the greatest degree of risk.

At June 30, 2020, securities lending collateral investments consisted of time deposits and repurchase agreements.

(in thousands)

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30,2019:

Rating	Fair Value
AAA/ A-1	$ 7,859
AA	35,868
A	1,267
BBB	576
B	54
Not applicable	11,877
Total securities lending collateral	$ 57,501

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest rate risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and the Cash Collateral Account. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, the WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations.

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. The cash flows from these securities were based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2020 and 2019, the Pool held $444,501 and $425,431, respectively, of these securities. This represents approximately 48% and 49%, respectively, of the value of the Pool's securities.

(in thousands)

The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30:

Investment Type	2020 Fair Value	2020 Effective Duration (Years)	2019 Fair Value	2019 Effective Duration (Years)
Corporate asset backed issues	**$ 104,830**	**1.6**	$ 122,361	1.6
Corporate CMO	**46,117**	**3.4**	33,139	3.2
Corporate CMO interest-only	**212**	**(13.6)**	303	(2.8)
Corporate CMO principal-only	**64**	**4.6**	74	3.5
Foreign asset backed issues	**2,168**	**2.8**	2,698	3.3
Foreign corporate bonds	**61,479**	**6.5**	59,221	5.8
Foreign government bonds	**5,870**	**9.3**	3,125	8.0
Municipal bonds	**12,331**	**14.5**	10,261	13.0
U.S. corporate bonds	**189,911**	**9.3**	165,080	7.7
U.S. Government agency bonds	**3,100**	**0.5**	5,257	1.2
U.S. Government agency CMO	**98,050**	**4.4**	109,465	4.7
U.S. Government agency CMO interest-only	**2,144**	**8.8**	2,153	12.7
U.S. Government agency CMO principal only	**4,409**	**5.2**	5,062	6.2
U.S. Government agency MBS	**180,583**	**4.6**	150,176	4.4
U.S. Government agency TBAs	**5,924**	**3.1**	-	4.4
U.S. Treasury bonds	**201,453**	**7.8**	205,102	9.1
U.S. Treasury inflation protected security	**459**	**0.9**	449	1.9
Total	**$ 919,104**		$ 873,926	

Concentration of credit risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial credit risk

At June 30, 2020, the Pool held no securities that were subject to custodial credit risk. Securities on loans are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

As of June 30, 2019, securities on loan are collateralized to a minimum of 102%, and the collateral is held by the IMB's custodian in the name of WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held the bye WVIMB's custodian in the name of WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign currency risk

None of the securities held by the Pool are exposed to foreign currency risk.

(in thousands)

Fair value measurements

The tables below summarize the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	**$ -**	**$ 104,830**	**$ -**	**$ 104,830**
Corporate CMO	**-**	**46,117**	**-**	**46,117**
Corporate CMO interest - only	**-**	**212**	**-**	**212**
Corporate CMO principal - only	**-**	**64**	**-**	**64**
Foreign assets backed issues	**-**	**2,168**	**-**	**2,168**
Foreign corporate bonds	**-**	**61,479**	**-**	**61,479**
Foreign government bonds	**-**	**5,870**	**-**	**5,870**
Money market mutual fund	**10,949**	**-**	**-**	**10,949**
Municipal bonds	**-**	**12,331**	**-**	**12,331**
Securities lending collateral	**4,868**	**-**	**-**	**4,868**
U.S. corporate bonds	**-**	**189,911**	**-**	**189,911**
U.S. Government agency bond	**-**	**3,100**	**-**	**3,100**
U.S. Government agency CMO	**-**	**98,050**	**-**	**98,050**
U.S. Government agency CMO interest-only	**-**	**2,144**	**-**	**2,144**
U.S. Government agency CMO principal-only	**-**	**4,409**	**-**	**4,409**
U.S. Government agency MBS	**-**	**180,583**	**-**	**180,583**
U.S. Government agency TBAs	**-**	**5,924**	**-**	**5,924**
U.S. Treasury bonds	**-**	**201,453**	**-**	**201,453**
U.S. Treasury inflation protected securities	**-**	**459**	**-**	**459**
Total	**$ 15,817**	**$ 919,104**	**$ -**	**$ 934,921**

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 122,361	$ -	$ 122,361
Corporate CMO	-	33,139	-	33,139
Corporate CMO interest - only	-	303	-	303
Corporate CMO principal - only	-	74	-	74
Foreign assets backed issues	-	2,698	-	2,698
Foreign corporate bonds	-	59,221	-	59,221
Foreign government bonds	-	3,125	-	3,125
Money market mutual fund	55,686	-	-	55,686
Municipal bonds	-	10,261	-	10,261
Securities lending collateral	-	57,501	-	57,501
U.S. corporate bonds	-	165,080	-	165,080
U.S. Government agency bond	-	5,257	-	5,257
U.S. Government agency CMO	-	109,465	-	109,465
U.S. Government agency CMO interest-only	-	2,153	-	2,153
U.S. Government agency CMO principal-only	-	5,062	-	5,062
U.S. Government agency MBS	-	150,176	-	150,176
U.S. Treasury bonds	-	205,102	-	205,102
U.S. Treasury inflation protected securities	-	449	-	449
Total	$ 55,686	$ 931,427	$ -	$ 987,113

(in thousands)

HEDGE FUND POOL

This Pool was established to hold the WVIMB's investments in hedge funds. The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 basis points. The second benchmark is the Citigroup 90-Day Treasury Bill Index plus 500 basis points. Albourne America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the Hedge Fund Pool of $105,533 and $114,290 at June 30, 2020 and 2019, respectively, represented approximately 5.2% and 4.8%, respectively, of total investments in this Pool.

Investment risk

The Pool holds shares in hedge funds and shares of money market fund. As of June 30, 2020 and 2019, the money market mutual fund has the highest credit rating and has a weighted average maturity of 53 and 43 days, respectively. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk and/or custodial credit risk. The Pool is restricted from investing more than 10% of the value of the Pool with any single manager. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Fair value measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as the practical expedient for the year ended June 30, 2020 and 2019. The majority of the Pool's investments in hedge funds were valued using the NAV per share; as such, they have not been categorized in the fair value hierarchy for 2020 and 2019.

The tables that follow sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	**$ 12**	**$ -**	**$ -**	**$ 12**
Hedge funds				**1,893,312**
Total				**$ 1,893,324**

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	$ 656	$ -	$ -	$ 656
Hedge funds				2,081,618
Total				$ 2,082,274

(in thousands)

The following tables present information on investments measured at the NAV as of June 30:

	2020		
Hedge Fund Strategies	**Redemption Fair Value**	**Redemption Frequency**	**Notice Period**
Directional (a)	**$ 200,974**	**Mthly/Qtly**	**5 to 60 days**
Equity long/short (b)	**205,201**	**Mthly/Qtly**	**30 to 60 days**
Event-driven (c)	**70,232**	**Qtly/Every 2 years**	**45 to 180 days**
Long-biased (d)	**77,581**	**Mthly**	**90 days**
Multi-strategy (e)	**1,049,030**	**Mthly/Qtly/Ann/Semi-ann**	**30 to 95 days**
Relative-value (f)	**290,294**	**Wkly/Qtrly**	**5 to 60 days**
Total investments measured at the NAV	**$ 1,893,312**		

(a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in ether long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.

(b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value.

(c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. All of the funds in this investment strategy are subject to maximum withdrawal restrictions.

(d) Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.

(e) Multi-strategy funds combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk and leverage risk. Investments representing approximately 35% in 2020 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

(f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights and security types range broadly across equity, fixed income, derivative or other security types. Fixed Income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 40% in 2020 and 37% in 2019 of the fair value of the instruments in this strategy are subject to maximum withdrawal restrictions.

(in thousands)

	2020		
Hedge Fund Strategies	**Redemption Fair Value**	**Redemption Frequency**	**Notice Period**
Directional (a)	$ 154,484	Mthly/Qtly	3 to 60 days
Equity long/short (b)	272,424	Mthly/Qtly/Every 3 years	30 to 60 days
Event-driven (c)	37,715	Qtly	65 days
Long-biased (d)	61,426	Mthly	90 days
Multi-strategy (e)	1,265,338	Mthly/Qtly/Ann	3 to 95 days
Relative-value (f)	290,231	Wkly/Mthly/Qtly	5 to 60 days
Total investments measured at the NAV	$ 2,081,618		

(a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in ether long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.

(b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 60% in 2019 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

(c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.

(d) Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.

(e) Multi-strategy managers funds several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk and leverage risk. Investments representing approximately 43% in 2019 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

(f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights and security types range broadly across equity, fixed income, derivative or other security types. Fixed Income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 37% of the fair value of the instruments in this strategy are subject to maximum withdrawal restrictions.

(in thousands)

PRIVATE MARKETS POOL

On July 1, 2017, the WVIMB created the Private Markets Pool (Pool) to invest primarily in private equity funds, real estate limited partnerships and funds, real estate investment trusts, middle market direct commercial loans, real estate loan funds, and other income focused funds. On July 1, 2017, the assets and liabilities of $1,627,023 from the Private Equity Pool, $1,640,039 from the Real Estate Pool, and $304,510 from the Opportunistic Income Pool were transferred in-kind to the Pool.

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification.

The Pool primarily holds the WVIMB's investments in opportunistic income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds. The selection of investments in the Private Markets Pool are approved by the Board of Trustees or by its established committees.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The RHBT's amount invested in the Private Markets Pool of $273,197 and $253,848 at June 30, 2020 and 2019, respectively, represents approximately 5.7% and 5.7%, respectively, of total investments in this Pool.

Credit risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, investments in unrated opportunistic income funds, and the Cash Collateral Account. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. Credit risk associated with the unrated opportunistic income funds are limited by requiring that underlying fund holdings are at least 90% collateralized by one or more assets of the issuer. As of June 30,2020, the Cash Collateral Account is not rated.

The following table provides credit ratings for the Pool's fixed income investments as of June 30:

	Fair Value	
Rating	**2020**	**2019**
BBB	**$ 9,310**	$ 13,257
BB	**500**	1,591
B	**300**	511
Total fixed income investments	**$ 10,110**	$ 15,359

At June 30, 2019, credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

(in thousands)

The following table provides credit ratings for the Pool's securities lending collateral investments as of June 30, 2019:

Rating	Fair Value
AAA/A-1	$ 860
AA	3,922
A	139
BBB	63
B	6
Not applicable	1,299
Total securities lending collateral	$ 6,289

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest rate risk

As of June 30, 2020, the Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, opportunistic income funds, the money market mutual fund and the Cash Collateral Account. The WVIMB monitors interest rate risk of the U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2020, the effective duration for U.S. corporate bonds was 5.4 years. The WVIMB manages interest rate risk of the opportunistic income funds by requiring at least 80% of the opportunistic income fund holdings that mature in more than one year to have variable or floating interest rate structures. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, The Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, opportunistic income funds, securities lending collateral investments, and money market mutual fund. The WVIMB monitors interest rate risk of the U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2020, the effective duration for U.S. corporate bonds was 5.0 years. The WVIMB manages interest rate risk of the opportunistic income funds by requiring at least 80% of the opportunistic income fund holdings that mature in more than one year to have variable or floating interest rate structures. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2020, the WAM for securities lending collateral was 1 day. As of June 30, 2018, the effective duration for U.S. corporate bonds was 3.2 years. The WVIMB manages interest rate risk of the opportunistic income funds by requiring at least 80% of the opportunistic income fund holdings that mature in more than one year to have variable or floating interest rate structures. As of June 30, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days.

Concentration of credit risk

The Pool's investments in alternative investment funds might be indirectly exposed to concentration of credit risk.

(in thousands)

Custodial credit risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102% for the U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. The alternative investments are not considered securities for the purposes of custodian credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

As of June 30, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities, except for the alternative investments, are held by the WVIMB's custodian in the name of the WVIMB. The alternative investments might be indirectly exposed to custodial credit risk.

At June 30, 2020 and 2019, the Pool held no securities that were directly subject to custodial credit risk.

Foreign currency risk

The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies and exposed to foreign currency risks. The investments in private equity partnerships and opportunistic income funds might be indirectly exposed to foreign currency risk.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, are as follows:

	2020			
Currency	**Foreign Common Stock**	**Real Estate Limited Partnerships and Funds**	**Cash**	**Total**
Australian Dollar	$ 2,959	$ -	$ -	$ 2,959
British Pound	2,866	-	-	2,866
Canadian Dollar	1,377	28,173	-	29,550
Euro Currency Unit	8,667	112,190	-	120,857
Hong Kong Dollar	5,021	-	-	5,021
Japanese Yen	8,961	-	27	8,988
Norwegian Krone	317	-	-	317
Singapore Dollar	2,352	-	-	2,352
Swedish Krona	875	-	-	875
Total foreign denominated investments	33,395	140,363	27	173,785
U.S. Dollar	857	1,649,901	-	1,650,758
Total	$ 34,252	$ 1,790,264	$ 27	$ 1,824,543

(in thousands)

	2019			
Currency	**Foreign Common Stock**	**Real Estate Limited Partnerships and Funds**	**Cash**	**Total**
Australian Dollar	$ 3,826	$ -	$ -	$ 3,826
British Pound	3,959	-	-	3,959
Canadian Dollar	1,611	19,398	-	21,009
Euro Currency Unit	6,966	74,751	-	81,717
Hong Kong Dollar	7,371	-	-	7,371
Japanese Yen	9,835	-	25	9,860
Norwegian Krone	368	-	-	368
Singapore Dollar	2,126	-	-	2,126
Swedish Krona	2,893	-	-	2,893
Total foreign denominated investments	38,955	94,149	25	133,129
U.S. Dollar	858	1,629,556	7,095	1,637,508
Total	$ 39,813	$ 1,723,705	$ 7,120	$ 1,770,637

Fair value measurements

GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows set forth information about the level within the fair value hierarchy at which the Pool’s assets and liabilities are measured at June 30, 2020 and 2019. All the Pool’s investments in private equity partnerships, real estate limited partnerships and funds, opportunistic income funds, and other private funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Commingled equity fund	**$ -**	**$ -**	**$ -**	**$ -**
Foreign common stock	**34,252**	**-**	**-**	**34,252**
Securities lending collateral	**4,257**	**-**	**-**	**4,257**
Money market mutual fund	**139,391**	**-**	**-**	**139,391**
U.S. common stock	**78,239**	**-**	**-**	**78,239**
U.S. corporate bonds	**-**	**10,110**	**-**	**10,110**
U.S. preferred stock	**14,005**	**-**	**-**	**14,005**
Total	**$ 270,144**	**$ 10,110**	**$ -**	**280,254**
Opportunistic income funds				**632,804**
Private equity partnerships				**2,098,272**
Real estate limited partnerships and funds				**1,790,264**
Total				**$ 4,801,594**

(in thousands)

Assets	2019 Level 1	Level 2	Level 3	Total
Commingled equity fund	$ 80,475	$ -	$ -	$ 80,475
Foreign common stock	39,813	-	-	39,813
Securities lending collateral	-	6,289	-	6,289
Money market mutual fund	96,635	-	-	96,635
U.S. common stock	82,787	-	-	82,787
U.S. corporate bonds	-	15,359	-	15,359
U.S. preferred stock	12,918	-	-	12,918
Total	$ 312,628	$ 21,648	$ -	334,276
Opportunistic income funds				569,356
Private equity partnerships				1,826,265
Real estate limited partnerships and funds				1,723,705
Total				$ 4,453,602

The following table presents information on investments measured at the NAV as of June 30, 2020.

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range [(a)]	Redemption/ Notice Period
Opportunistic income:				
Middle Market Loan Funds [(b)]	**$ 307,212**	**$ 55,900**	**N/A**	**N/A**
Real Estate Income Funds [(c)]	**325,592**	**160,571**	**2021 to 2029**	**45 days**
Private equity partnerships:				
Corporate Finance – Buyout [(d)]	**1,332,980**	**695,381**	**2020 to 2034**	**N/A**
Corporate Finance – Distressed Debt [(e)]	**55,928**	**14,724**	**2020 to 2021**	**N/A**
Corporate Finance – Growth Equity [(f)]	**93,972**	**52,354**	**2021 to 2029**	**N/A**
Corporate Finance – Hard Assets [(g)]	**76,986**	**48,861**	**2020 to 2028**	**N/A**
Corporate Finance – Mezzanine [(h)]	**70,029**	**50,039**	**2020 to 2028**	**N/A**
Corporate Finance – Turnaround [(i)]	**77,999**	**97,072**	**2020 to 2031**	**N/A**
Venture Capital [(j)]	**390,378**	**96,443**	**2023 to 2034**	**N/A**
Real estate limited partnerships and funds:				
Core Funds [(k)]	**991,050**	**79,961**	**2020 to 2022**	**30-60 days**
Opportunistic Funds [(l)]	**297,629**	**189,854**	**2020 to 2029**	**N/A**
Value Funds [(m)]	**501,585**	**450,519**	**2020 to 2031**	**N/A**
Total	**$ 4,521,340**	**$ 1,991,679**		

(in thousands)

The following table presents information on investments measured at the NAV as of June 30, 2019.

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range [a]	Redemption/ Notice Period
Opportunistic income:				
Middle Market Loan Funds [b]	$ 315,725	$ 50,168	N/A	N/A
Real Estate Income Funds [c]	253,631	104,154	2021 to 2029	45 days
Private equity partnerships:				
Corporate Finance – Buyout [d]	1,112,888	694,069	2019 to 2034	N/A
Corporate Finance – Distressed Debt [e]	63,474	14,803	2019 to 2020	N/A
Corporate Finance – Growth Equity [f]	60,527	61,398	2020 to 2027	N/A
Corporate Finance – Hard Assets [g]	100,190	56,871	2019 to 2028	N/A
Corporate Finance – Mezzanine [h]	72,341	49,917	2020 to 2028	N/A
Corporate Finance – Turnaround [i]	89,832	53,025	2019 to 2026	N/A
Venture Capital [j]	327,013	96,773	2023 to 2034	N/A
Real estate limited partnerships and funds:				
Core Funds [k]	974,569	32,850	2020 to 2022	30-60 days
Opportunistic Funds [l]	278,468	236,347	2019 to 2028	N/A
Value Funds [m]	470,668	412,773	2020 to 2028	N/A
Total	$ 4,119,326	$ 1,863,148		

[a] Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.

[b] Middle Market Loan Funds seek to generate current income while preserving capital primarily through investments in senior secured loans to middle market companies domiciled in North America.

[c] Real Estate Income Funds invest in U.S. commercial real estate mortgage and debt investments.

[d] Corporate Finance – Buyout funds acquire controlling or influential interests in companies.

[e] Corporate Finance – Distressed Debt funds acquire the debt of companies experiencing operational or financial distress usually converting the debt to equity and exercising control of the business.

[f] Corporate Finance – Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.

[g] Corporate Finance – Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.

[h] Corporate Finance – Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another Fund.

[i] Corporate Finance – Turnaround funds acquire the debt and or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.

[j] Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.

[k] Core Funds are more conservative real estate investments that use a very modest level of financing to acquire and hold high-quality, stable properties typically located in major markets. These assets tend to have high occupancy rates, higher credit tenants, and staggered lease terms, with a number of long-term lease expiring in five-to-ten years.

[l] Opportunistic Funds have higher risk/return profiles and have broad strategies to achieve these types of returns. Common strategies are properties that need significant rehabilitation or a total redevelopment to transition to a different type of property (for example, converting an office building into a condominium). It may also include new development, distressed debt strategies, and more complex transactions, as well as a more traditional value-add strategy that is financed with a higher amount of leverage.

[m] Value Funds typically use more leverage than core funds and target higher return opportunities by acquiring properties that the manger believes they can add value through capital renovations to the physical facility or enhanced leasing and management activities. Most of these properties have in-place cash flow, which is expected to increase as the business plans are implemented. This could include making physical improvements to the asset that will allow it to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses where possible.

(in thousands)

5. Net OPEB Liability – Plan Reporting

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs option, changes in the investment rate of return and other matters increase the level of uncertainty of such estimates. As such, the estimate of post-employment program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated net OPEB liability.

The actuarial OPEB valuation as of June 30, 2018, was used as the basis to develop the Total OPEB Liability measured as of June 30, 2020, for the purpose of complying with GASB Statement No. 74 for RHBT's financial reporting for the fiscal year end June 30, 2020. It was determined by a roll forward, with update procedures, of the actuarial OPEB valuation as of June 30, 2018. In order to comply with the GASB 75 requirement that information must be collected within 30 months of the measurement date, management had another actuarial OPEB valuation completed as of June 30, 2018, which was used as the basis to estimate the total OPEB Liability as of June 30, 2019, for the purpose of complying with GASB Statement No. 75. This actuarial valuation was measured as of June 30, 2019 and was utilized for the GASB 75 Allocation Schedules for the OPEB Plan's participating Employers fiscal year ending June 30, 2020.

The preparation of dual actuarial OPEB valuations, both measured at June 30, 2019, created a variance from the total OPEB liability disclosed in RHBT's June 30, 2019 financial statements in comparison to the total OPEB liability in the GASB Statement No. 75 allocation schedules because of the differences in the actuarial valuation dates.

This variance was primarily due to differences in demographics and changes in assumptions and methodologies as outlined below.

Total OPEB liability as of June 30, 2019 [a]	$ 3,030,762
Experience (gain) loss at June 30, 2018, projected to June 30, 2019 [b]	
Demographic experience	(26,225)
Total experience (gain)/loss for plan year end June 30, 2019	(26,225)
Change in assumptions and methods at June 30, 2018, projected to June 30, 2019 [b]	
Change in healthcare-related assumptions	(253,744)
Total changes in assumptions and methods for plan year end June 30, 2019	(253,744)
Total OPEB liability as of June 30, 2019 [b]	2,750,793
Service cost for fiscal year 2020	43,991
Employer benefits and expenses for fiscal year 2020	(89,352)
(Gain) loss due to expected versus actual benefit payments	(84,503)
Interest	192,119
Total	62,256
Total OPEB liability as of June 30, 2020 [b]	$ 2,813,049

[a] *Based on actuarial valuation as of June 30, 2017.*
[b] *Based on actuarial valuation as of June 30, 2018.*

(in thousands)

The net OPEB liability reported at June 30, 2020, was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward, with update procedures, to the measurement date of June 30, 2020. Additional information for the latest actuarial valuation follows:

Net OPEB Liability of the RHBT

The components of the net OPEB liability of the RHBT at June 30, 2020 rolled forward, were as follows:

Total OPEB liability	$ 2,813,049
Plan fiduciary net position	1,224,642
RHBT's net OPEB liability	$ 1,588,407
Plan fiduciary net position as a percentage of the total OPEB liability	43.53%

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.50% for plan year end 2020, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.10% for plan year end 2020. 9.50% for plan year end 2021, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year end 2031.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years closed as of June 30, 2018
Asset valuation method	Market value
Wage inflation	4.00%
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2018, actuarial valuation.
Mortality	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 − June 30, 2015.

(in thousands)

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55.00% equity, 15.00% fixed income, 10.00% private equity, 10.00% hedge fund and 10.00% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term expected rate of return on OPEB plan investments were determined using a building block method in which estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions ("CMA"), and forecast returns were provided by the Plan's investment advisors, the West Virginia Investment Management Board ("WVIMB"). The projected return for the money market pool held with the West Virginia Board of Treasury Investments ("WVBTI") was estimated based on the WVIMB's assumed inflation of 2.00% plus a 25 basis point spread.

Best estimates of long-term geometric rates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global equity	4.8%
Core plus fixed income	2.1%
Core real estate	4.1%
Hedge fund	2.4%
Private equity	6.8%

Single discount rate

The single discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that the RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

Other key assumptions

The projection assumes that the capped subsidy aggregate contribution limit of $140 million for 2020 will increase by $10 million per year on and after 2020. Additionally, the per member subsidy is projected to increase by at least 3.00% per year but no more than the healthcare trend inflation assumption such that the product of the projected subsidy and projected members is less than the projected aggregated capped costs; and the member's share of plan costs is expected remain stable as a percentage of total costs following the year that the program is fully funded. After 2033, the program is projected to be fully funded and the sponsor is assumed to contribute the residual portion of normal cost and operational expenses needed to maintain a funded ratio of 100.00% in future years. In addition, after 2033, the member's share of total plan costs is assumed to remain stable at approximately 46.00% of total plan costs. These assumptions produced per member annual capped subsidy increases of 3.00% per year from 2021 to 2024 and 4.50% per year after 2025.

(in thousands)

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

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

The following presents the net OPEB liability of the RHBT calculated using the assumed trend rates, as well as what the RHBT's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage-point higher (8.15%) than the current discount rate:

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability	$ 1,913,791	$ 1,588,407	$ 1,316,073

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 1,238,103	$ 1,588,407	$ 2,014,208

6. Other Postemployment Benefits – Employer Reporting

Plan description

As an employer, the RHBT participates in the Plan, which is described in Note 1.

The RHBT's contributions to the Plan were $30, $34, and $34 for the fiscal years ended June 30, 2020, 2019, and 2018, respectively.

Other Post Employment Benefit (OPEB) liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

Effective July 1, 2017, the RHBT adopted the provisions of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017.* At June 30, 2020 and 2019, the RHBT reported a liability of $327 and $393 for its proportionate share of the net OPEB liability. The net OPEB liability reported at June 30, 2020, was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. For fiscal year 2019, the net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.The RHBT's proportion of the net OPEB liability was based on the RHBT's share of contributions to the OPEB plan relative to the contributions of all employers participating in the RHBT for the year ended June 30, 2019. At June 30, 2020, the RHBT's proportionate share was 0.0197%, which was an increase of 0.0014% for its proportionate share measured as of June 30, 2019.

(in thousands)

At June 30, 2020 and 2019, the RHBT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 4	$ -	$ 7
Difference between expected and actual experience	-	39	-	6
Change in assumptions	-	67	-	39
Changes in proportion and differences between the RHBT's contributions and proportionate share of contributions	47	32	35	51
Reallocation of opt-out employer change in proportionate share	2	9	-	-
RHBT's contributions made subsequent to the measurement date	30	-	34	-
Total	$ 79	$ 151	$ 69	$ 103

Employer contributions of $30 made to the RHBT during the current fiscal year, subsequent to the measurement date of June 30, 2019, were recorded as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in fiscal year 2020. For fiscal year 2019, employer contributions of $34 were made to the RHBT during the fiscal year, subsequent to the measurement date of June 30, 2018, were recorded as deferred outflows of resources and were recognized as a reduction of the net OPEB liability in fiscal year 2019. Other amounts reported as deferred inflows of resources related to OPEB were the net difference between projected and actual investment earnings on OPEB plan investments, amortized over a five-year period, and other deferred inflows of resources relating to OPEB amounts which are amortized and included in OPEB expense over the average remaining service life of 4.3013 years, rounded to the nearest whole year, of five years. These other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	OPEB Expense
2021	$ (34)
2022	$ (34)
2023	$ (33)
2024	$ (1)

OPEB contributions by non-employer contributing entities in a special funding situation

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

(in thousands)

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

For the year ended June 30, 2020 and 2019, RHBT recognized revenue of $19 and $24, respectively, for support provided by the State as a special funding situation.

At June 30, 2020, the RHBT reported a liability for its proportionate share of the WV OPEB Plan's net OPEB liability that reflected a reduction for the State of WV OPEB support provided to the RHBT. The amount recognized by RHBT as its proportionate share of the net OPEB liability, the related State of WV support, and the total portion of the net OPEB liability that was associated with the RHBT was as follows.

	2020	2019
RHBT's proportionate share of the net OPEB liability:	**$ 327**	$ 393
State of WV's special funding proportionate share of the net OPEB Liability associated with the RHBT	**67**	81
Total portion of the net OPEB liability associated with RHBT	**$ 394**	$ 474

OPEB expense

For the years ended June 30, 2020 and 2019, the RHBT recognized OPEB expense of $10 and $36, respectively.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.50% for plan year end 2020, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.10% for plan year end 2020. 9.50% for plan year end 2021, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year end 2031.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years closed as of June 30, 2018
Asset valuation method	Market value
Wage inflation	4.00%
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2018, actuarial valuation.

(in thousands)

Mortality... Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 − June 30, 2015.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55.00% equity, 15.00% fixed income, 10.00% private equity, 10.00% hedge fund and 10.00% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term expected rate of return on OPEB plan investments were determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA) and a 10-year forecast of nominal geometric returns by major asset class were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WVIMB). The projected nominal return for the Money Market Pool held with the West Virginia Board of Treasury Investments (WVBTI) was estimated based on WVIMB's assumed inflation of 2.00% plus a 25 basis point spread.

The target allocation and best-estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real return
Global Equity	49.5%	4.8%
Core plus fixed income	13.5	2.1
Core real estate	9.0	4.1
Hedge fund	9.0	2.4
Private equity	9.0	6.8
Cash and cash equivalents	10.0	0.3
Total allocation	100.0%	

Real returns by asset class, as shown in the above table, were estimated using a static inflation assumption of 2.00%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

Single discount rate

A single discount rate of 7.15% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year.

(in thousands)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

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

The following presents the RHBT's proportionate share of the net OPEB liability. The RHBT's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage-point higher (8.15%) than the current discount rate:

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability	$ 390	$ 327	$ 274

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents RHBT's proportionate share of the net OPEB liability of the Plan, as well as what the RHBT's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 264	$ 327	$ 404

7. Pension Plan

Plan description

All full-time RHBT employees are eligible to participate in the State's Public Employees' Retirement System (PERS), a multiple-employer defined benefit cost-sharing public employee retirement system administered by the West Virginia Consolidated Public Retirement Board (CPRB). Chapter 5, Article 10 of the West Virginia Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. Benefits under PERS include deferred retirement, early retirement, death and disability benefits and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits provided

Employees are eligible for normal retirement at age 60 with five or more years of credited service, of at least age 55 with age and service equal to 80 or greater. For all employees hired on or after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service or at least age 55 with 30 or more years of service. The straight-life annuity retirement benefit, established by State statute, is equivalent to 2% of the employee's final average salary multiplied by years of service. Final average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, who have separated from employment with a participating PERS agency prior to retirement, the retirement age increases to age 64.

(in thousands)

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 10.0%, 10.0% and 11.0% for the years ended June 30, 2020, 2019 and 2018, respectively. For all employees hired on or after July 1, 2015, the employee contribution is 6.0%. The RHBT's contributions to the Plan were $86, $78 and $71 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively.

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2020 and 2019, the RHBT reported a liability of $121 and $131 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2020, was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, rolled forward to the measurement date of June 30, 2019. The RHBT's proportion of the net pension liability was based on the RHBT's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2019. At June 30, 2020, the RHBT's proportionate share was 0.0563%, which was an increase of .005% for its proportionate share measured as of June 30, 2019.

For the years ended June 30, 2020 and 2019, the RHBT recognized pension expense of $56 and $12. At June 30, 2020 and 2019, the RHBT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 44	$ -	$ 77
Difference between expected and actual experience	5	10	7	-
Difference in assumptions	-	22	-	-
Changes in proportion and differences between the RHBT's contributions and proportionate share of contributions	21	8	94	94
RHBT's contributions made subsequent to the measurement date	86	-	78	-
Total	$ 112	$ 84	$ 179	$ 171

Employer contributions to the PERS made during the fiscal year, subsequent to the pension liability measurement date, are recorded as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the following year. The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period. All other deferred outflows of resources and deferred inflows of resources relating to pension amounts reported in the financial statements are amortized and included in pension expense over the average remaining service life of 3.44 years, rounded to the nearest whole year, of 4 years.

(in thousands)

These other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2021	$ (10)
2022	$ (60)
2023	$ (4)
2024	$ 16

Actuarial assumptions and methods

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions:

	2020	2019
Inflation	**3.0%**	3.0%
Salary increase	**3.1-6.5%, avg., including inflation**	3.0-6.0%, avg., including inflation
Investment rate of return	**7.5%, net of pension plan investment expense**	7.5%, net of pension plan investment expense

Mortality rates were based on 108% of the Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy females, 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 for disabled males and 117% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018 for disabled females.

The actuarial assumptions used in the valuations were based on the results from an actual experience study for the period June 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of long-term geometric rates of return for each major asset class included in the system's target asset allocation as of June 30, 2019, are summarized below:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	5.8%
International equity	7.7%
Fixed income	3.3%
Real estate	6.1%
Private equity	8.8%
Hedge funds	4.4%

Discount rate

The discount rate used to measure the total pension liability was 7.50% for both valuations. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current system members. Therefore, the long-term expected rate of return on system investments was applied to all periods of projected benefit payments to determine the total pension liability.

(in thousands)

In the event of benefit payments that are not covered by the system's fiduciary net position, a municipal bond rate of 2.79% at June 30, 2019 and 2.71% at June 30, 2019 is to be used to discount the benefit payments not covered by the system's fiduciary net position. The municipal bond rate equals the S&P Municipal Bond 20 Year High Grade Index at the measurement date.

The following presents the proportionate share of the net pension liability of the RHBT, calculated using the discount rate of 7.50%, as well as what the RHBT's net pension liability would be if it were calculated using a discount rate that is 1 percentage - point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

Net Pension Liability		
1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
$ 564	$ 121	$ (254)

8. Litigation

RHBT is engaged in various legal actions that it deems to be in the ordinary course of business. The ultimate outcome of these matters is unknown RHBT believes that it has adequately provided for probable costs of current litigation, as these legal actions are resolved. However, RHBT could realize a positive and/or negative impact to financial performance in the period in which these legal actions are ultimately decided.

9. COVID-19 Pandemic

A global pandemic has been declared by the World Health Organization due to an outbreak and spread of the COVID-19 virus. The impact is affecting local and national economies. The extent of the impact of the pandemic on the RHBT's operations are unknown and will depend on certain developments, including the duration and spread of the virus impact on plan participants, employees and vendors, and governmental, regulatory and private sector responses. On March 10, 2020, PEIA issued a Policy for COVID-19 effective through the end of the calendar year, December 31, 2020, which provides for certain COVID-related benefits and coverage, that also applies to RHBT covered participants. It also extended telemedicine, certain precertification requirements, dependent coverage and COBRA benefits. Certain benefits are further extended to the end of the COVID-19 emergency period.

Required Supplementary Information OPEB
(in thousands)

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years
(in thousands)

	2020	2019	2018	2017	2016	2015	2014 (1)	2013 (1)	2012 (1)	2011 (1)
Total OPEB liability:										
Service cost	**$ 43,991**	$ 51,870	$ 60,108	$ 66,068	$ 76,802	$ 73,848	*	$ 91,310	*	$ 93,419
Interest	**192,119**	219,339	232,001	223,113	224,736	217,224	*	6,118	*	5,699
Changes of benefit terms	**-**	-	-	-	-	-	*	(12,120)	*	(2,682,585)
Differences between expected and actual experience	**-**	(161,103)	(51,625)	(10,451)	(140,495)	(118,656)	*	(254,822)	*	(185,666)
Changes of assumptions	**(253,744)**	(296,678)	-	-	(220,992)	-	*	(377,754)	*	(1,235,813)
(Gain) loss due to expected versus actual benefit payments	**(84,503)**	(52,833)	-	-	-	-	-	-	-	-
Demographic experience	**(26,225)**	19,544	-	-	-	-	-	-	-	-
Benefit payments and administrative expenses	**(89,352)**	(135,061)	(137,700)	(164,823)	(187,678)	(181,996)	(225,957)	(198,079)	(201,639)	(202,111)
Net change in total OPEB liability	**(217,714)**	(354,922)	102,784	113,907	(247,627)	(9,580)	*	(745,347)	*	(4,207,057)
Total OPEB liability - beginning	**3,030,762**	3,385,684	3,282,900	3,168,993	3,416,620	3,426,200	3,262,553	4,007,900	3,841,243	8,048,300
Total OPEB liability - ending (a)	**$ 2,813,048**	$ 3,030,762	$ 3,385,684	$ 3,282,900	$ 3,168,993	$ 3,416,620	$ 3,426,200	$ 3,262,553	$ 4,007,900	$ 3,841,243
Plan fiduciary net position:										
Contributions - employer	**$ 107,756**	$ 115,345	$ 121,974	$ 115,510	$ 116,258	$ 119,004	$ 160,054	$ 165,989	$ 153,699	$ 148,297
Contributions - plan member	**-**	-	-	-	-	-	83,424	81,352	74,517	70,608
State appropriations - School Aid	**50,650**	55,683	47,261	54,805	54,694	55,306	-	-	-	-
State appropriations - OPEB	**30,000**	30,000	30,000	30,000	-	-	-	-	-	-
State appropriations - Premium	**5,000**	5,000	5,000	5,000	-	-	-	-	-	-
Net investment income	**29,921**	59,498	74,048	99,447	157	23,142	88,477	52,893	5,761	49,238
Benefit payments and administrative expenses	**(87,772)**	(135,061)	(137,700)	(164,823)	(187,678)	(181,996)	(225,957)	(198,079)	(201,639)	(202,111)
Other expense, net	**(2,574)**	(1,919)	(1,483)	(1,696)	(2,355)	(2,013)	(4,669)	(4,704)	(11,637)	(10,488)
Net change in plan fiduciary net position	**132,981**	128,546	139,100	138,243	(18,924)	13,443	101,329	97,451	20,701	55,544
Plan fiduciary net position - beginning	**1,091,661**	963,115	824,015 **	685,668	704,592	691,149 **	590,230	492,779	472,078	416,534
Plan fiduciary net position - ending (b)	**$ 1,224,642**	$ 1,091,661	$ 963,115	$ 823,911	$ 685,668	$ 704,592	$ 691,559	$ 590,230	$ 492,779	$ 472,078
Net OPEB liability - ending (a) - (b)	**$ 1,588,406**	$ 1,939,101	$ 2,422,569	$ 2,458,989	$ 2,483,325	$ 2,712,028	$ 2,734,641	$ 2,672,323	$ 3,515,121	$ 3,369,165
Plan fiduciary net position as a percentage of the total OPEB liability	**43.53%**	36.02%	28.45%	25.10%	21.64%	20.62%	20.18%	18.09%	12.30%	12.29%
Covered-employee payroll	**$ 1,768,975**	$ 1,892,941	$ 2,286,999	$ 2,199,037	$ 2,114,459	$ 2,096,000	$ 4,093,778	$ 3,921,147	$ 3,755,797	$ 3,649,954
Net OPEB liability as a percentage of covered-employee payroll	**89.79%**	102.44%	105.93%	111.82%	117.44%	129.39%	66.80%	68.15%	93.59%	92.31%

(1) For years 2014 and prior, the information in the schedule does not reflect certain reclassifications made to subsequent year information as such reclassification information is not readily available.

* Data not available for years that the OPEB valuation was not performed.

*** Represents Plan fiduciary net position - beginning, as adjusted by $410. Adjustment relates to implementation of GASB 68.

**** Represents Plan fiduciary net position - beginning, as adjusted by $104. Adjustment relates to implementation of GASB 75.

See notes to required supplementary information - OPEB.

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years
(in thousands)

	2020	2019	2018	2017	2016	2015	2014 (1)	2013 (1)	2012 (1)	2011 (1)
Actuarially determined contribution	**$ 164,600**	$ 200,444	$ 224,009	$ 224,710	$ 236,031	$ 261,896	$ 253,220	$ 289,725	$ 272,773	$ 816,274
Contributions in relation to the actuarially determined contribution	**193,406**	206,028	204,235	204,908	170,952	174,310	165,054	171,221	156,476	150,513
Contribution deficiency (excess)	**$ (28,806)**	$ (5,584)	$ 19,774	$ 19,802	$ 65,079	$ 87,586	$ 88,166	$ 118,504	$ 116,297	$ 665,761
Covered-employee payroll	**$ 1,768,975**	$ 1,892,941	$ 2,286,999	$ 2,199,037	$ 2,114,459	$ 2,096,000	$ 4,093,778	$ 3,921,147	$ 3,755,797	$ 3,649,954
Contributions as a percentage of covered-employee payroll	10.93%	10.88%	8.93%	9.32%	8.08%	8.32%	4.03%	4.37%	4.17%	4.12%

(1) For years 2014 and prior the information in the schedule does not reflect certain reclassifications made to the 2017, 2016 and 2015 information as such reclassification information is not readily available.

See notes to required supplementary information - OPEB.

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Investment Returns
Last 10 Fiscal Years
(in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return, net of investment expense	**2.7%**	6.2%	9.30%	15.90%	0.00%	3.90%	17.80%	11.90%	1.30%	11.80%

See notes to required supplementary information - OPEB.

(in thousands)

Notes to Required Supplementary Information - OPEB

1. Valuation Date

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll, closed
Amortization period	19 years closed as of June 30, 2018
Asset valuation method	Market value
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Inflation	2.75%
Wage inflation	4.00%
Salary increases	Dependent upon pension system. Ranging from 3.00% to 6.50%, including inflation
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2018 actuarial valuation
Mortality	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with Scale MP-2016 for Troopers on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.50% for plan year end 2020, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.10% for plan year end 2020. 9.50% for plan year end 2021, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year end 2031.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.

2. Changes in Assumptions

Below are changes in the assumptions and other matters between the 2018 and 2017 valuations:

Certain assumptions have been changed since the prior actuarial valuation of the June 30, 2017 and a measurement date of June 30, 2019, as reflected in footnote 5. The net effect of the assumption changes was approximately $254 million. The assumption changes that most significantly impacted the total OPEB liability were an approximate $11.8 million decrease in the per capita claim costs for Pre-Medicare and Medicare, $17m in other method changes, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

3. Benefits changes

In 2018, benefit terms were modified for Non-Medicare Retirees and their enrolled dependents as follows:

- Increased deductible by $200 single/$400 family.
- Increased family out-of-pocket maximum to $3,000 Plan A/$6,000 Plan B.
- MHP/PCP office visit copayments increased to $20 per visit (CCP remains the same).
- Increased specialty drug copayments to $100 preferred and $150 non-preferred.
- Increased the number of out-patient procedures subject to facility fee limits. If the member chooses an out-of-state facility that charges more than the PEIA facility fee limit, the member will be responsible for the difference between PEIA's payment and the facility's charge.
- Maintenance medications available in 90-day supply only, and must be filled at a retail maintenance network pharmacy or through the mail order program. Drugs on the maintenance medication list will not be covered in anything less than a 90-day supply. Members starting a new maintenance medication may get two 30-day fills to be sure that the medication will work for them. After the second 30-day fill, continue therapy will require a 90-day supply filled at a retail maintenance network pharmacy or through mail order.

In 2018, there were no benefit terms modified for Medicare retirees in the Humana Plan or the Special Medicare Plan.

- Increased premiums, in aggregate, by 4 percent.
- Increased deductible by $50 for each plan.
- Increased out-of-pocket maximum by $450 for each plan.
- Increased cost-sharing for non-preferred brand name medications from $50 copayment to 50% coinsurance.
- Increased copayment of Specialty Drugs from $50 to $100.

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability of PERS
Last Six Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016	2015
RHBT's proportionate (percentage) of the net pension liability	**0.0563%**	0.0508%	0.0506%	0.0557%	0.0539%	0.0569%
RHBT's proportionate share of the net pension liability	**$ 121**	$ 131	$ 219	$ 512	$ 301	$ 210
RHBT's covered payroll	**$ 725**	$ 647	$ 864	$ 644	$ 745	$ 761
RHBT's proportionate share of the net pension's liability as a percentage of its covered payroll	**16.69%**	20.25%	25.35%	79.50%	40.40%	27.60%
Plan fiduciary net position as a percentage of the total pension liability*	**96.99%**	96.33%	93.67%	86.11%	91.29%	93.98%

* This is the same percentage for all participant employers in the PERS plan.

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

See notes to required supplementary information - OPEB.

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Contributions to PERS
Last Eight Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	**$ 86**	$ 78	$ 71	$ 103	$ 87	$ 104	$ 110	$ 107
Contributions in relation to the statutorily required contribution	**(86)**	(78)	(71)	(103)	(87)	(104)	(110)	(107)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
RHBT's covered payroll	**$ 860**	$ 725	$ 647	$ 864	$ 644	$ 745	$ 761	$ 764
Contributions as a percentage of covered payroll	**10.0%**	10.8%	11.0%	11.9%	13.5%	14.0%	14.5%	14.0%

See notes to required supplementary information - OPEB.

Required Supplementary Information
(in thousands)

(in thousands)

Notes to Required Supplementary Information – PERS

1. Trend Information Presented

The accompanying schedules of the RHBT's proportionate share of the net pension liability and contributions to PERS are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

2. Plan Amendment

The PERS was amended to make changes that apply to new employees hired on or after July 1, 2015, as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For employees hired on or after July 1, 2015, qualification for normal retirement is 62 with 10 years of service or at least age 55 with 30 or more years of service.
- The straight life annuity retirement benefit is equivalent to 2.0% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6.0% of annual earnings.

3. Changes in Assumptions

A summary of changes in key actuarial valuation assumptions utilized in the actuarial valuations are as follows:

	2018	2017
Projected salary increases:		
State	3.1 – 5.3%	3.0 - 4.6%
Non-state	3.35 – 6.5%	3.0 - 4.6%
Inflation rate	3.0%	3.0%
Mortality rates	Healthy males -108% of Pub-2010 General Retiree Male table Healthy femailes-122% of Pub-2010 General Retiree Female table Disabled males – 118% of Pub-2010 General/Teachers Disabled Male table Disabled females – 118% of Pub-2010 General/Teachers Disabled Female table	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy femailes-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA
Withdrawal rates:		
State	2.28 – 45.63%	1.75 - 35.1%
Non-state	2.50 - 35.88%	2 - 35.8%
Disability rates	.005 - .054%	0 - .675%

	2016	2015
Projected salary increases:		
State	3.0 - 4.6%	3.0 - 4.6%
Non-state	3.0 - 4.6%	3.35 - 6.0%
Inflation rate	3.0%	1.90%
Mortality rates	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy femailes-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy femailes-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA
Withdrawal rates:		
State	1.75 - 35.1%	1.75 - 35.1%
Non-state	2 - 35.8%	2 - 35.8%
Disability rates	0 - .675%	0 - .675%

	2014
Projected salary increases:	
State	4.25 - 6.0%
Non-state	4.25 - 6.0%
Inflation rate	2.20%
Mortality rates	Healthy males -1983 GAM Healthy females -1971 GAM Disabled males -1971 GAM Disabled females – Revenue Ruling 96-7
Withdrawal rates:	
State	1 - 26%
Non-state	2 - 31.2%
Disability rates	0 - .8%

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability in RHBT
Last Three Fiscal Years
(in thousands except percentages)

	2020	2019	2018
RHBT's proportionate (percentage) of the net OPEB liability	**0.0197%**	0.0183%	0.0165%
RHBT's proportionate share of the net OPEB liability	**$ 327**	$ 393	$ 406
State's proportionate share of the net OPEB liability associated with the RHBT	**67**	81	83
Total	**$ 394**	$ 474	$ 489
RHBT's covered-employee payroll	**$ 345**	$ 370	$ 353
RHBT's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**94.78%**	106.22%	115.01%
Plan fiduciary net position as a percentage of the total OPEB liability *	**39.69%**	30.98%	25.10%

* This is the same percentage for all participant employers in the OPEB plan.

Note 1: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

Note 2: The accompanying schedules of RHBT's proportionate share of the net OPEB liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedule for those years for which information is available.

West Virginia Retiree Health Benefit Trust Fund
Required Supplementary Information
Schedule of Contributions to RHBT
Last Five Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016
Statutorily required contribution	$ 30	$ 34	$ 34	$ 34	$ 34
Contributions in relation to the statutorily required contribution	(30)	(34)	(34)	(34)	(34)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 345	$ 373	$ 370	$ 353	$ 348
Contributions as a percentage of covered-employee payroll	8.70%	9.12%	9.19%	9.63%	9.77%

Note 1: The accompanying schedules of RHBT's contributions to RHBT is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedule for those years for which information is available.

Other Supplementary Information
(in thousands)

West Virginia Retiree Health Benefit Trust Fund
Form 7, Deposits Disclosure
June 30, 2020
(in thousands)

	Carrying Amount
Cash with Treasurer	$ 6,411
Total carrying amount of deposits	$ 6,411 [1]

[1] Agrees to audited statement of fiduciary net position

West Virginia Retiree Health Benefit Trust Fund
Form 8, Investments Disclosure
June 30, 2020
(in thousands)

Investment Pool	Amount Unrestricted	Amount Restricted	Amount Reported	Fair Value
West Virginia Board of Treasury Investments (BTI):				
West Virginia Money Market Pool	$ 43,447 [3]	$ -	$ 43,447	$ 43,447 [1][4]
Total equity position in investment pool with BTI	$ 43,447	$ -	$ 43,447	$ 43,447
West Virginia Investment Management Board (WVIMB) Investment Pool:				
Core Fixed Income	$ -	$ 43,026	$ 43,026	$ 43,026 [3]
International Non-Qualified	-	73,848	73,848	73,848 [3]
Hedge Fund	-	105,533	105,533	105,533 [3]
Total Return Fixed Income	-	100,930	100,930	100,930 [3]
Private Markets	-	273,197	273,197	273,197 [3]
Domestic Equity	-	275,410	275,410	275,410 [3]
Short-Term Fixed	-	80,000	80,000	80,000 [3]
International Equity	-	198,284	198,284	198,284 [3]
Total equity position in investment pool with WVIMB	$ -	$ 1,150,228	$ 1,150,228	$ 1,150,228 [1]

[1] Agrees to audited statement of fiduciary net position as follows:

Equity position in investment pools:	
BTI	$ 43,447
WVIMB	1,150,228
Equity position in investment pools	$ 1,193,675 [2]

[2] Agrees to audited statement of fiduciary net position

[3] Agrees to footnote 5, Deposit and Investment Risk Disclosures

[4] Amortized cost approximates fair value.

Reconciliation of cash and cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnotes:

Cash and cash equivalents as reported	$ 6,411	(1)(2)
Equity position in investment pools as reported	$ 1,193,675	(1)(3)

(1) Agrees to audited statement of fiduciary net position

(2) Agrees to Form 7

(3) Agrees to Form 8

West Virginia Retiree Health Benefit Trust Fund
Form 9, Accounts Receivable
June 30, 2020
(in thousands)

External accounts receivable:			
Premium contributions	$	2,809	
Less allowance for doubtful accounts		143	
Net receivable	$	2,666	(1)
Other receivables:			
Retiree drug subsidy	$	199	
Prescription rebates		6,784	
Other:			
Other		31,125	
Total other receivable	$	38,108	(1)
Form 9 – Net Receivable	$	1,637	(1)
Form 10 – Due (To) From Primary Government		(196)	(3)
Form 11 – Component Unit - A/R Balances		1,225	(4)
Total	$	2,666	(2)

(1) Agrees to audited statement of fiduciary net position

(2) Agrees to audited statement of plan net position as follows:

Contributions receivable, net	$	1,637	(1)
Due from the State		1,029	(1)
	$	2,666	

(3) Agrees to Form 10

(4) Agrees to Form 11

West Virginia Retiree Health Benefit Trust Fund
Form 10, Due (To) From Primary Government
June 30, 2020
(in thousands)

Agency	Total
ABC Commission	$ 1
Adjutant General	5
Administration, Dept of	(1)
Agriculture	5
Attorney General	1
Bureau for Senior Services	(1)
Consolidated Retirement Bd/Judges Ret	(1)
Corrections/Salem Corr, Dept of	(2)
Culture and History	4
Department of Education	(7)
Department of Education and Arts	(1)
Department of Highways	87
Department of Labor	1
Division of Forestry	3
Division of Rehabilitation Services	10
Division of Tourism	1
EMSRS Emergency Medical Services Retirement System	1
Health Care Authority	(1)
Health Department	16
Homeland Security – Emergency Management	1
Hopemont State Hospital	9
House of Delegates	(17)
Human Rights Commission	(15)
Human Services, Dept of	73
Huttonsville Correctional Center	4
Insurance Commission	4
Jackie Withrow Hospital	1
John Manchin Sr. Health Care	1
Joint Comm on Govt and Finance	1
Lakin State Hospital	5
Mildred Mitchell-Bateman Hospital	2
Miners Health Safety & Training	(8)
Motor Vehicles	14
Mt Olive Correctional Facility	(1)
Natural Resources	(1)
Office of Miners Health, Safety and Training	3
Osteopathy, Board of	1
Public Safety	11
Public Safety/Con.Pub.Emp.Ret.Bd.	(5)
Public Service Commission	6
Senate	(9)
Supreme Court/Judicial	13

West Virginia Retiree Health Benefit Trust Fund
Form 10, Due (To) From Primary Government
June 30, 2020
(in thousands)

(Continued)

Agency	Total
Tax Department	$ 17
Tax Department – Budget Office	(6)
Tax Department – Office of Appeals	(2)
Treasurer of State's Office	1
Veterans Affairs	(6)
Welch Emergency Hospital	1
William R Sharpe Jr Hospital	5
Workforce WV/Payroll-05303	3
WV Barbers and Beauticians Commission	(7)
WV Board of Social Worker Examiners	1
WV Center for Nursing	(1)
WV DOT Office of Administrative Hearings	(1)
WV Economic Development Authority	1
WV Military Authority	1
WV Public Employees Retirement Board	(89)
WV Public Employees Retirement Board	(23)
WV Real Estate Appraiser/Lic Cert Bd	(7)
WV School for the Deaf and Blind	2
WV Secondary Schools Activity Commission	1
WV Teachers Retirement Board	(301)
Total due to/from	$ (196)
Total primary government	$ (196)
Total component units Form 11	1,225
Due from the State, net	$ 1,029 [1]

[1] Agrees to audited statement of fiduciary net position

West Virginia Retiree Health Benefit Trust Fund
Form 11, Component Unit - A/R Balances
June 30, 2020
(in thousands)

Unit	Amount
Educational Broadcasting	$ 1
Higher Education	1,212
Parkways, EDA, and Tourism	9
Public Defender Corporation	5
School Building Authority	(2)
Total component units	$ 1,225

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finance Board and Management
West Virginia Retiree Health Benefit Trust Fund
Charleston, West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of fiduciary net position and the related statements of changes in fiduciary net position of the West Virginia Retiree Health Benefit Trust Fund (RHBT), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise RHBT's basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

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

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

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

Actuarial valuation data

Criteria: Current and accurate source data is vital for actuaries to be able to reliably estimate the net Other Postemployment Benefit (OPEB) obligation. Accordingly, internal control policies and procedures related to the compilation and validity of the census data, as well as other key data sources, is important in helping to prevent and detect errors that could have a significant impact on the net OPEB liability. Additionally, data sources for key assumptions should be updated in a timely manner to enhance the refinement of the net OPEB liability estimate.

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Condition: RHBT's consulting actuaries utilize data from various sources to determine eligibility for plan benefits, classifications, etc. and estimate the net OPEB liability. RHBT has significantly improved the data accumulation process related to census data to enhance the refinement of the estimate of the net OPEB liability. Certain assumptions utilized in the estimation process based on aged experience studies, pension plan retirement factors, or actuarial judgmental reduces the refinement and enhances potential volatility in the estimation process. Furthermore, economic assumptions like inflation rate, discount rate, and healthcare cost trend rates should be revised to reflect significant economic changes in a timely manner.

Cause: RHBT is dependent on certain data sources from other State agencies, which is not provided in a timely manner. Additionally, since the adoption of the OPEB reporting standards is relatively new, certain OPEB data is still being compiled to provide a reliable and sufficient period of plan specific information to update the utilized assumptions. RHBT's consulting actuary has deferred making changes in the economic assumptions to make all assumption changes simultaneously.

Effect: The valuation with an actuarial valuation date of June 30, 2018 and a measurement date of June 30, 2019 utilized for the GASB 75 allocation to plan participating employers reflected a $253,744 million reduction in the total OPEB liability for changes in assumptions. This valuation is in comparison to the actuarial date as of June 30, 2017 with a similar measurement date of June 30, 2019.

Recommendation: We recommend that management continue to work with the other State agencies and its actuaries to compile timely accurate information to enhance the refinement and reduce the volatility in the OPEB liability estimation process. In particular, consideration should be given to updating assumptions for participation experience of waived annuitants and lapse experience of current retirees. Certain other assumptions were based on experience study for the five-year period ending June 30, 2015, which should be updated to a more current coverage period to reflect recent trends. Further, we recommend that a retirement and participation study be performed based on the OPEB Plan experience to replace the current assumption based on pension plan experience. Additionally, we recommend challenging the mortality assumptions to consider using the most current public sector specific mortality tables, adjusted to reflect RHBT experience. Furthermore, economic assumptions like inflation, discount rate and healthcare cost trend rates should be updated to reflect current economic conditions.

Management's Response

RHBT concurs with this recommendation. RHBT management is currently reviewing the estimation process and will work with the other State Agencies and our actuaries to continue updating our assumptions and methods to enhance the refinement of the estimated net OPEB liability.

Compliance and Other Matters

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

RHBT's Response to Finding

The RHBT's response to the finding identified in our audit is described above. The RHBT's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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Purpose of this Report

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

Dixon Hughes Goodman LLP

Charleston, West Virginia
October 9, 2020

DHG