Financial Statements, Required Supplementary Information, and Other Supplementary Information

West Virginia Retiree Health Benefit Trust Fund
Years Ended June 30, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP



West Virginia Retiree Health Benefit Trust Fund

Financial Statements, Required Supplementary Information, and Other Supplementary Information

Years Ended June 30, 2021 and 2020

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Report of Independent Auditors

Finance Board and Management
West Virginia Retiree Health Benefit Trust Fund

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 year ended June 30, 2021, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audit to obtain reasonable assurance about whether the financial statements are free of 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the RHBT, a fiduciary fund of the State of West Virginia, as of June 30, 2021, and the changes in net position for the year then ended in conformity with U.S. generally accepted accounting principles.

The financial statements of the RHBT for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on October 9, 2020.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 11 and the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions, Schedule of Investment Returns, Schedule of the Proportionate Share of Net Pension Liability of PERS, Schedule of Contributions to PERS, Schedule of the Proportionate Share of the Net OPEB Liability in RHBT, and Schedule of Contributions to RHBT on pages 52 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RHBT's basic financial statements. The accompanying other supplementary information: Form 7, Deposits Disclosure; Form 8, Investments Disclosure; Form 8-A, Deposits and Investments Disclosure; Form 9, Accounts Receivable; Form 10, Due (To) From Primary Government; and Form 11, Component Unit – A/R Balances on pages 66 through 72 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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The accompanying other supplementary 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. In our opinion, the accompanying other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of 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 the effectiveness of RHBT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RHBT's internal control over financial reporting and compliance.

Ernst & Young LLP

October 15, 2021

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Management's Discussion and Analysis

(In Thousands)

West Virginia Retiree Health Benefit Trust Fund

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, 2021 and 2020. 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

The RHBT contracts 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.

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.

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

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:

	2021	2020	2019	Change 2021–2020 Amount	Change 2021–2020 Percentage	Change 2020–2019 Amount	Change 2020–2019 Percentage
Assets							
Cash and cash equivalents	**$ 7,119**	$ 6,411	$ 3,805	**$ 708**	**11%**	$ 2,606	68%
Equity position in investment pool	**1,670,305**	1,193,675	1,108,753	**476,630**	**40%**	84,922	8%
Contributions receivable, net	**6,875**	1,637	1,213	**5,238**	**320%**	424	35%
Due from the State – contributions	**1,826**	1,029	1,383	**797**	**77%**	(354)	-26%
Due from the State – State appropriation (contribution)	**–**	2,500	–	**(2,500)**	**-100%**	2,500	0%
Other receivables	**7,861**	38,108	8,193	**(30,247)**	**-79%**	29,915	365%
Total assets	**1,693,986**	1,243,360	1,123,347	**450,626**	**36%**	120,013	11%
Deferred outflows of resources							
Pension	**249**	112	179	**137**	**122%**	(67)	-37%
Other post-employment benefits	**121**	79	69	**42**	**53%**	10	14%
Total deferred outflows of resources	**370**	191	248	**179**	**94%**	(57)	-23%
Liabilities							
Claims payable	**8,613**	9,244	9,290	**(631)**	**-7%**	(46)	0%
Due to PEIA	**1,722**	6,457	10,532	**(4,735)**	**-73%**	(4,075)	-39%
Payables to MCO	**–**	–	8,955	**–**	**0%**	(8,955)	100%
Other liabilities	**10,663**	2,973	2,883	**7,690**	**259%**	90	3%
Total liabilities	**20,998**	18,674	31,660	**2,324**	**12%**	(12,986)	-41%
Deferred inflows of resources							
Pension	**21**	84	171	**(63)**	**-75%**	(87)	-51%
Other post-employment benefits	**313**	151	103	**162**	**107%**	48	47%
Total deferred inflows of resources	**334**	235	274	**99**	**42%**	(39)	-14%
Net position							
Net position restricted for OPEB	**$ 1,673,024**	$ 1,224,642	$ 1,091,661	**$ 448,382**	**37%**	$ 132,981	12%

Comparative year-to-year major variance explanations (2021 vs. 2020 and 2020 vs. 2019) for the statements of fiduciary net position are as follows:

Cash and Cash Equivalents

Cash and cash equivalents for fiscal year 2021 totaled $7,119, an increase of $708 compared with fiscal year 2020. Cash and cash equivalents for fiscal year 2020 totaled $6,411, an increase of $2,606 compared with fiscal year 2019. 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

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 West Virginia Board of Treasury Investments (WVBTI), 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 $476,630 for fiscal year 2021 compared with fiscal year 2020 and increased $84,922 for fiscal year 2020 compared with fiscal year 2019.

Contributions Receivable, Net

Contributions receivable, net for fiscal year 2021 totaled $6,875, which is a $5,238 increase from the balance for fiscal year 2020. Fiscal year 2020 totaled $1,637, which was a $424 increase compared with fiscal year 2019. 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 – State Appropriation (Contribution)

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 2021. All quarters were paid within the fiscal year.

Other Receivables

Fiscal year 2021 has a $30,247 decrease in other receivables compared with fiscal year 2020. This is due to a $30,000 gain share financial incentive received from Humana for fiscal year 2020 not received in FY 2021. Last year, the gain share financial incentive from Humana resulted in a $29,915 increase from the prior year, 2019.

Due to PEIA

Due to PEIA is the net change in the timing of payments to PEIA for allocated services and receipts from PEIA for monies collected or paid on behalf of the RHBT. The change from fiscal year 2021 compared with 2020 is a decrease of $4,735. The change from fiscal year 2020 compared with 2019 was a decrease of $4,075.

Other Liabilities and Payables to Managed Care Organizations

A combined $7,690 increase from 2021 to 2020 is due to the timing of expenses paid at year-end. The $8,865 decrease from 2020 to 2019 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.

Statements of Fiduciary Net Position

	2021	2020	2019	Change 2021–2020 Amount	Change 2021–2020 Percentage	Change 2020–2019 Amount	Change 2020–2019 Percentage
Additions:							
Contributions:							
Employers	**$ 104,503**	$ 107,756	$ 115,345	**$ (3,253)**	**-3%**	$ (7,589)	-7%
State appropriation (School Aid)	**47,639**	50,650	55,683	**(3,011)**	**-6%**	(5,033)	-9%
State appropriation (Contribution)	**–**	5,000	5,000	**(5,000)**	**-100%**	–	0%
State appropriation (OPEB)	**30,000**	30,000	30,000	**–**	**0%**	–	0%
Total contributions	**182,142**	193,406	206,028	**(11,264)**	**-6%**	(12,622)	-6%
Retiree drug subsidy	**825**	643	882	**182**	**28%**	(239)	-27%
Other revenue	**9**	19	24	**(10)**	**53%**	(5)	100%
Interest and dividend income	**98**	1,350	1,810	**(1,252)**	**-93%**	(460)	-25%
Net appreciation in fair value of investments	**381,533**	28,571	57,688	**352,962**	**1235%**	(29,117)	-50%
Total additions	**564,607**	223,989	266,432	**340,618**	**152%**	(42,443)	-16%
Deductions:							
Benefit payments, net	**111,627**	85,786	133,625	**25,841**	**30%**	(47,839)	-36%
Administrative service fees	**1,655**	1,986	1,436	**(331)**	**-17%**	550	38%
Other expenses	**2,943**	3,236	2,825	**(293)**	**-9%**	411	15%
Total deductions	**116,225**	91,008	137,886	**25,217**	**28%**	(46,878)	-34%
Net increase in net position	**448,382**	132,981	128,546	**315,401**	**237%**	4,435	3%
Net position restricted for other postemployment benefits:							
Net position, beginning of year	**1,224,642**	1,091,661	963,115	**132,981**	**12%**	128,546	13%
Net position, end of year	**$ 1,673,024**	$ 1,224,642	$ 1,091,661	**$ 448,382**	**37%**	$ 132,981	12%

Comparative year-to-year major variance explanations (2021 vs. 2020 and 2020 vs. 2019) for the statements of changes in fiduciary net position are as follows:

Employer Contributions

The decreases of $3,253 and $7,589 in the current and prior year, respectively, are due to a decrease in the PayGo rate. Employers contribute the retiree subsidy (PayGo) per active health policy enrollment per month.

State Appropriation (School Aid)

A $3,011 decrease is due to a decrease in the number of eligible insured who are considered in the school aid formula and a decrease in the PayGo rate.

Last year, a $5,033 decrease was due to a decrease in the number of eligible employees who are considered in the school aid formula.

Interest and Dividend Income

A $1,252 decrease in fiscal year 2021 compared with fiscal year 2020 and a $460 decrease in fiscal year 2020 compared with fiscal year 2019 was primarily due to changes in the type and timing of investments managed by WVIMB.

Net Appreciation (Depreciation) in Fair Value of Investments

The $352,962 increase in fiscal year 2021 over 2020 and the $29,117 decrease in fiscal year 2020 over 2019 in the net investment appreciation was due to a combination of market conditions compared with the prior year and changes in the type and timing of investments managed by WVIMB.

Benefit Payments

A $25,841 increase is due to a combination of favorable medical and prescription drug trends, a decrease in the capitation rate per member per month by Humana for the Medicare retirees, and a decrease in the Humana gain share financial incentive not received in fiscal year 2021 as previously discussed under other receivables.

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

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 +1 304 957 2627.

West Virginia Retiree Health Benefit Trust Fund

Statements of Fiduciary Net Position
(In Thousands)

	June 30	
	2021	**2020**
Assets		
Cash and cash equivalents	**$ 7,119**	$ 6,411
Equity position in investment pools	**1,670,305**	1,193,675
Contributions receivable – net of allowance for doubtful accounts of $177 and $143, respectively	**6,875**	1,637
Due from the State – contributions	**1,826**	1,029
Due from the State – State appropriation (contribution)	**–**	2,500
Other receivables	**7,861**	38,108
Total assets	**1,693,986**	1,243,360
Deferred outflows of resources		
Pension	**249**	112
Other postemployment benefits	**121**	79
Total deferred outflows of resources	**370**	191
Liabilities		
Claims payable	**8,613**	9,244
Due to PEIA	**1,722**	6,457
Other liabilities	**10,663**	2,973
Total liabilities	**20,998**	18,674
Deferred inflows of resources		
Pension	**21**	84
Other postemployment benefits	**313**	151
Total deferred inflows of resources	**334**	235
Net position		
Net position restricted for other postemployment benefits	**$ 1,673,024**	$ 1,224,642

See accompanying notes.

West Virginia Retiree Health Benefit Trust Fund

Statements of Changes in Fiduciary Net Position
(In Thousands)

	Year Ended June 30	
	2021	**2020**
Additions:		
Contributions:		
Employers	**$ 104,503**	$ 107,756
State appropriation (School Aid)	**47,639**	50,650
State appropriation (Contribution)	**–**	5,000
State appropriation (OPEB)	**30,000**	30,000
Total contributions	**182,142**	193,406
Retiree drug subsidy	**825**	643
Other revenue	**9**	19
Interest and dividend income	**98**	1,350
Net appreciation in fair value of investments	**381,533**	28,571
Total additions	**564,607**	223,989
Deductions:		
Benefit payments, net	**111,627**	85,786
Administrative service fees	**1,655**	1,986
Other expenses	**2,943**	3,236
Total deductions	**116,225**	91,008
Net increase in net position	**448,382**	132,981
Net position restricted for other postemployment benefits:		
Net position, beginning of year	**1,224,642**	1,091,661
Net position, end of year	**$ 1,673,024**	$ 1,224,642

See accompanying notes.

West Virginia Retiree Health Benefit Trust Fund

Notes to Financial Statements
(In Thousands)

June 30, 2021

1. Reporting Entity

The West Virginia Retiree Health Benefit Trust Fund (RHBT) is a fiduciary fund of the State of West Virginia (State), and 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, 2021 and 2020, 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 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 PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium himself or herself. 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 5 years of service, and their last employer immediately prior to retirement

2. Plan Description Including Contribution and Benefit Information (continued)

must be a participating employer under that, or the CPRB system to qualify to continue 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 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 co-payments. 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.

2. Plan Description Including Contribution and Benefit Information (continued)

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 – UMR, a United Health Care Company (third-party administrator)
- The staff of PEIA and the RHBT
- Finance Board comprising 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.

2. Plan Description Including Contribution and Benefit Information (continued)

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 of up to $40,000 for spouse and $15,000 per child. Amounts collected by the RHBT from members for optional coverage totaled $23.1 million and $22.4 million during the fiscal years ended June 30, 2021 and 2020, 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	
	2021	**2020**
Retirees and beneficiaries currently receiving benefit payments	**43,269**	43,054
Inactive plan members entitled to but not yet receiving benefit payments[(a)]	**11,913**	11,881
Active plan members	**34,319**	39,984
Totals	**89,501**	94,919
Number of participating employers	704	714

[(a)] Inactive plan members excluded 11,913 waived annuitants over the age of 75 in 2021.

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.

2. Plan Description Including Contribution and Benefit Information (continued)

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 were as follows:

	2021	2020
Paygo premium	**$ 160**	$ 168

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 $30,000 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 RHBT received an additional $5 million appropriation from the State for the year ended June 30, 2020, for retiree contributions. This $5 million State appropriation was no longer received after fiscal year ending June 30, 2020.

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.

As an employer, the RHBT's OPEB obligation of $100 and $327 for fiscal years 2021 and 2020, respectively, is recorded in other liabilities on 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 West Virginia Investment Management Board (WVIMB) and the West Virginia Board of Treasury Investments (WVBTI). 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. The equity position in investment pools is reported at amortized cost or fair value, which is measured based on the units of ownership at value per unit reported by the respective pool, and change in fair value are included in investment income.

3. Summary of Significant Accounting Policies (continued)

A 13-member Board of Trustees (Trustees) governs the WVIMB. Three Trustees serve by virtue of their office: the Governor, the Auditor, and the Treasurer. The other ten 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 ten 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 Trustees, is also elected by the Trustees to keep a record of the proceedings of the Trustees. 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 +1 304 645 5939.

A five-member Board of Directors (the Directors) governs the WVBTI. The Governor, Treasurer, and Auditor serve as ex-officio members of the Directors. 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 WVBTI 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 PEIA over expenses paid by 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.

3. Summary of Significant Accounting Policies (continued)

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 on the statements of fiduciary net position as aggregations of different types of deferred amounts. Deferred outflows on the statements of fiduciary net position were composed of $93 for the fiscal year ended June 30, 2021, related to contributions to the Public Employees Retirement System (PERS) made during the current fiscal year subsequent to the measurement date, and $156 for differences between projected and actual investment earnings on pension plan investments, the difference 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 on the statements of fiduciary net position were composed of $29 for the year ended June 30, 2021, related to employer contributions to the RHBT made during the current fiscal year subsequent to the measurement date and $92 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 include health care claims expense and payments to managed care organizations, net of retiree share of health care premiums.

Prescription Drug Rebates

Through arrangements with its Prescription Benefit Manager, the RHBT collects rebates from prescription drug manufacturers. The estimated prescription rebates receivable is based on prescription claims counts and historical average rebate per claim.

3. Summary of Significant Accounting Policies (continued)

Retiree Drug Subsidy

The RHBT records retiree drug subsidy (RDS) payments from Centers for Medicare & Medicaid Services (CMS) under the provisions of Medicare Part D. For fiscal years 2021 and 2020, 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.

3. Summary of Significant Accounting Policies (continued)

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 on the statements of plan net position as aggregations of different types of deferred amounts. Deferred inflows of resources related to pension on 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 2021, the RHBT did not receive financial incentives from Humana to reduce capitation payment costs, which are down $30 million from the savings recorded in 2020.

Administrative Service Fees

The RHBT contracts with two external third-party administrators (TPAs) 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.

3. Summary of Significant Accounting Policies (continued)

Other Operating Expenses

Other operating expenses primarily comprise the following:

- Professional fees
- Personnel costs
- Lease costs from PEIA

The RHBT and PEIA share the following:

- 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 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. 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.

3. Summary of Significant Accounting Policies (continued)

The fair value hierarchy 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 judgment and considers factors specific to the investment.

GAAP does not require external investment pools to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value (NAV) per share practical expedient. All the investments held with the WVBTI and the WVIMB are valued using the NAV per share practical expedient.

Subsequent Events

In preparing these financial statements, the RHBT has evaluated events and transactions for potential recognition or disclosure through October 15, 2021, the date the accompanying financial statements were available for issuance.

4. Deposit and Investment Disclosures

The RHBT is mandated by statute to have its cash and investments managed by the WVIMB and WVBTI. Investment expense information is not readily available as investment expenses are not separately reported by the WVIMB and WVBTI; 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.

Equity Position in Investment Pool Managed by WVBTI

West Virginia Money Market Pool

The RHBT participates in WVBTI's West Virginia Money Market Pool, which has been reported at amortized cost. The criteria specify that the Pool must transact with its 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 WVBTI does not place limitations on or restrictions on participant withdrawals from the Pool, such as redemption notice periods or 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 $58,541 and $43,447 at June 30, 2021 and 2020, respectively. These deposits are reported as equity position in investment pools. Investment income earned is prorated to the RHBT at rates specified by the WVBTI 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. WVBTI's audited financial statements, including the West Virginia Money Market Pool, are available on its website, wvbti.com.

Credit Risk, Interest Rate Risk, and Custodial Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The West Virginia 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. RHBT does not have a policy to limit credit risk.

4. Deposit and Investment Disclosures (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. RHBT does not have a policy to limit interest rate risk.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, RHBT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The West Virginia Money Market Pool, which is a pooled investment, is exempt from custodial credit disclosure. RHBT does not have a policy for custodial credit 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.

	2021	2020
Domestic Equity Pool	**$ –**	$ 275,410
Portable Alpha	**368,872**	–
Short-Term Fixed Pool	**–**	80,000
International Equity Pool	**275,089**	198,284
International Non-Qualified Pool	**101,669**	73,848
Total Return Fixed Income Pool	**160,742**	100,930
Core Fixed Income Pool	**69,018**	43,026
Non-Large Cap Domestic Equity	**61,930**	–
Hedge Funds Pool	**146,684**	105,533
Private Markets	**427,761**	273,197
	$ 1,611,764	$ 1,150,228

4. Deposit and Investment Disclosures (continued)

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	**2021**	**2020**	**2021**	**2020**
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.

Redemptions

The Short-Term Fixed Income Pool is a stable dollar fund that is used to hold monies awaiting withdrawal or investment. Redemptions from the Short-Term Fixed Income Pool may be completed on any WVIMB business day to the extent there are funds available. For cash to be available for withdrawal from the Short-Term Fixed Income Pool, redemptions will be required from the primary, long term investment pools based on the notification requirements in the following paragraph.

4. Deposit and Investment Disclosures (continued)

If RHBT plans to withdraw funds beyond the established cash target, if any, then advance notice is required to allow the WVIMB to raise the cash for the redemption request. Advanced notice is required to be provided to the WVIMB by the 18th of the preceding month to effectuate the transactions required to raise the cash. As an example, for cash to be available for withdrawal in the month of April, notice should be provided before March 18.

Cash withdrawn from the primary, long term investment pools will be deposited into the WVIMB's Short Term Fixed Income Pool until an Investment redemption request is submitted.

Credit Risk, Interest Rate Risk, and Custodial Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. Each of the WVIMB investments is considered to be pooled investments and is unrated. RHBT does not have a policy to limit credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. RHBT does not have a policy to limit interest rate risk.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, RHBT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The WVIMB investments, which are pooled investments, are exempt from custodial credit disclosure. RHBT does not have a policy for custodial credit risk.

Investment Objectives

RHBT's investments with WVIMB's objective is to provide adequate liquidity to meet cash flow requirements and allow for growth of assets in an amount at least equal to inflation. The following is additional information of each pool's investment objective:

Domestic Equity Pool

On July 1, 2020, were transferred in kind from the Domestic Equity Pool to create the Portable Alpha 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.

4. Deposit and Investment Disclosures (continued)

Portable Alpha Pool

On July 1, 2020, the WVIMB created the Portable Alpha Pool. This pool is an investment strategy that uses derivatives to obtain market index returns (beta). Cash that is not needed to support the derivative investments is invested in a separate investment strategy designed to provide additional return (alpha). The Pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three- to five-year periods.

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 WVIMB-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 FTSE 3 Month US T-Bill Index.

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 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.

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.

4. Deposit and Investment Disclosures (continued)

Total Return Fixed Income Pool

This pool's objective is to generate investment income and 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.

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 a three- to five-year period, net of external management fees.

Non-Large Cap Domestic Equity

On July 1, 2020, the WVIMB created the Non-Large Cap Domestic Equity Pool to invest in U.S. equities of small- and mid-cap growth and value stocks. The pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods.

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 FTSE 3 Month US T-Bill Index plus 500 basis points.

Private Markets 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.

5. Net OPEB (Asset) Liability – Plan Reporting

The projections of the net OPEB (asset) 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 (asset) 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 health care 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 (asset) liability.

The actuarial OPEB valuation as of June 30, 2020, was used as the basis to develop the total OPEB liability measured as of June 30, 2021, for the purpose of complying with GASB Statement No. 74 for RHBT's financial reporting for the fiscal year-end June 30, 2021. It was determined by a rollforward, with update procedures, of the actuarial OPEB valuation as of June 30, 2020. 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, 2020, which was used as the basis to estimate the total OPEB liability as of June 30, 2020, for the purpose of complying with GASB 75. This actuarial valuation was measured as of June 30, 2020, and was utilized for the GASB 75 Allocation Schedules for the OPEB Plan's participating employers' fiscal year ending June 30, 2021.

The preparation of dual actuarial OPEB valuations, both measured at June 30, 2020, created a variance from the total OPEB liability disclosed in RHBT's June 30, 2020, financial statements in comparison to the total OPEB liability in the GASB 75 allocation schedules because of the differences in the actuarial valuation dates.

5. Net OPEB (Asset) Liability – Plan Reporting (continued)

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, 2020[(a)]	$ 2,813,049
Demographic experience	(118,420)
Change in demographic and OPEB valuation assumptions[(b)]	(279,313)
Change in health-care-related assumptions[(c)]	(831,171)
Change in discount rate from 7.15% to 6.65%	82,189
Total	(1,146,715)
Total OPEB liability as of June 30, 2020	1,666,334
Service cost for fiscal year 2021	21,650
Employer benefits and expenses for fiscal year 2021	(113,282)
Gain due to expected vs. actual benefit payments	(39,957)
Interest	108,545
Total	(23,045)
Total OPEB liability as of June 30, 2021[(b)]	$ 1,643,289

[(a)] Based on actuarial valuation as of June 30, 2018, projected to June 30, 2020.

[(b)] Reflects experience study review from July 1, 2015 to June 30, 2020.

[(c)] Reflects available capped subsidy and premium information through June 1, 2021.

5. Net OPEB (Asset) Liability – Plan Reporting (continued)

The net OPEB (asset) liability reported at June 30, 2021, was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of June 30, 2020, rolled forward, with update procedures, to the measurement date of June 30, 2021. Additional information for the latest actuarial valuation follows:

Net OPEB (Asset) Liability of the RHBT

The components of the net OPEB (asset) liability of the RHBT at June 30, 2021 rolled forward, were as follows:

Total OPEB liability	$ 1,643,289
Plan fiduciary net position	1,673,024
RHBT's net OPEB (asset) liability	$ (29,735)
Plan fiduciary net position as a percentage of the total OPEB liability	101.81%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Rates based on 2015–2020 OPEB Experience Study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation. Rates were first applied to the 2020 valuation.
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation

5. Net OPEB (Asset) Liability – Plan Reporting (continued)

Health care cost trend rates	Trend rate for pre-Medicare per capita costs of 7.00% for plan year-end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (33.11%) for plan year-end 2022. 9.15% for plan year-end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2036.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years closed as of June 30, 2017
Asset valuation method	Market value
Wage inflation	2.75% for PERS and TRS, 3.25% for Troopers
Aging factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death.”
Rates of retirement with OPEB benefits	Rates based on 2015–2020 OPEB experience study and vary by pension plan participation and age/service at retirement. Rates first applied to the 2020 valuation.

5. Net OPEB (Asset) Liability – Plan Reporting (continued)

Mortality	Postretirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2019 for TRS. Pub-2010 General Below Median Healthy Retiree Tables (106% male, 113% female) projected with Scale MP-2019 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% male, 100% female) projected with Scale MP-2019 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% male, 100% female) projected with Scale MP-2019 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2019 for PERS. Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2019 for Troopers A & B.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015−June 30, 2020.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WVIMB and an expected short-term rate of return of 2.50% for assets invested with the WVBTI.

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 WVBTI.

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 (CMAs), and forecast returns were provided by the Plan's investment advisors, the WVIMB. The projected return for the money market pool held with the WVBTI was estimated based on the WVIMB's assumed inflation of 2.00% plus a 25 basis point spread.

5. Net OPEB (Asset) Liability – Plan Reporting (continued)

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

A single discount rate of 6.65% 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 6.65%. 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. Based on these assumptions, 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.

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of the RHBT calculated using the assumed trend rates, as well as what the RHBT's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.65%) or 1 percentage point higher (7.65%) than the current discount rate:

	1.00% Decrease (5.65%)	Discount Rate (6.65%)	1.00% Increase (7.65%)
Net OPEB (asset) liability	$ 159,560	$ (29,735)	$ (186,903)

5. Net OPEB (Asset) Liability – Plan Reporting (continued)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Health Care Cost Trend Rates

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

	1% Decrease	Health Care Cost Trend Rates	1% Increase
Net OPEB (asset) liability	$ (219,545)	$ (29,735)	$ 201,476

6. Other Post-employment 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 $29, $30, and $34 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively.

Other Post-employment Benefit (OPEB) Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 and 2020, the RHBT reported a liability of $100 and $327 for its proportionate share of the net OPEB liability. The net OPEB liability reported at June 30, 2021, 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, 2020. For fiscal year 2020, the net OPEB liability 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, and rolled forward to the measurement date of June 30, 2019. 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, 2020. At June 30, 2021, the RHBT's proportionate share was 0.0226%, which was an increase of 0.0197% for its proportionate share measured as of June 30, 2020.

6. Other Post-employment Benefits – Employer Reporting (continued)

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

	2021		2020	
Resources	**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	**$ 11**	**$ 3**	$ –	$ 4
Difference between expected and actual experience	**–**	**65**	–	39
Change in assumptions	**–**	**227**	–	67
Changes in proportion and differences between the RHBT's contributions and proportionate share of contributions	**81**	**13**	47	32
Reallocation of opt-out employer change in proportionate share	**–**	**5**	2	9
RHBT's contributions made subsequent to the measurement date	**29**	**–**	30	–
Total	**$ 121**	**$ 313**	$ 79	$ 151

Employer contributions of $29 made to the RHBT during the current fiscal year, subsequent to the measurement date of June 30, 2020, were recorded as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in fiscal year 2021. For fiscal year 2020, employer contributions of $30 were made to the RHBT during the fiscal year, subsequent to the measurement date of June 30, 2019; were recorded as deferred outflows of resources; and were recognized as a reduction of the net OPEB liability in fiscal year 2020. 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 4.0482 years, rounded to the nearest whole year, of five years.

6. Other Post-employment Benefits – Employer Reporting (continued)

These other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

	OPEB Expense
Year ending June 30:	
2022	$ (75)
2023	(74)
2024	(74)
2025	2

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.

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 years ended June 30, 2021 and 2020, RHBT recognized revenue of $9 and $19, respectively, for support provided by the State as a special funding situation.

6. Other Post-employment Benefits – Employer Reporting (continued)

At June 30, 2021, 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:

	2021	2020
RHBT's proportionate share of the net OPEB liability	**$ 100**	$ 327
State of WV's special funding proportionate share of the net OPEB liability associated with the RHBT	**53**	67
Total portion of the net OPEB liability associated with RHBT	**$ 153**	$ 394

OPEB Expense

For the years ended June 30, 2021 and 2020, the RHBT recognized OPEB expense of $77 and $0.19, respectively.

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation

6. Other Post-employment Benefits – Employer Reporting (continued)

Health care cost trend rates	Trend rate for pre-Medicare per capita costs of 7.00% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year-end 2022, 9.15% for plan year-end 2023, 8.40% for plan year-end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2036.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017
Asset valuation method	Market value
Wage inflation	2.75% for PERS and TRS, and 3.25% for Troopers
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	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020, actuarial valuation.

6. Other Post-employment Benefits – Employer Reporting (continued)

Mortality Postretirement	TRS: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. PERS: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females. Troopers A & B: Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and females.
Mortality Pre-Retirement	TRS: Pub-2010 General Employee Mortality Tables projected with MP-2019. PERS: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019. Troopers A & B: Pub-2010 Public Safety Employee Mortality Tables projected with MP-2019.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015−June 30, 2020.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WVIMB and an expected short-term rate of return of 2.50% for assets invested with the WVBTI.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55.0% equity, 15.0% fixed income, 10.0% private equity, 10.0% hedge fund, and 10.0% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return 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, CMAs, and forecast returns were provided by the Plan's investment advisors, including the WVIMB. The projected return for the Money Market Pool held with the WVBTI was estimated based on WVIMB's assumed inflation of 2.0%.

6. Other Post-employment Benefits – Employer Reporting (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Return
Global equity	55.0%	6.8%
Core plus fixed income	15.0	4.1
Core real estate	10.0	6.1
Hedge fund	10.0	4.4
Private equity	10.0	8.8
Total allocation	100.0%	

Single Discount Rate

A single discount rate of 6.65% 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 6.65% 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 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the pre-funding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, 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.

6. Other Post-employment Benefits – Employer Reporting (continued)

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 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:

	1.00% Decrease (6.15%)	Discount Rate (7.15%)	1.00% Increase (8.15%)
Net OPEB liability	$ 143	$ 100	$ 64

Sensitivity of the Net OPEB Liability to Changes in the Health Care 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 health care cost trend rates that are 1 percentage point lower:

	1% Decrease	Health Care Cost Trend Rates	1% Increase
Net OPEB liability	$ 60	$ 100	$ 148

7. Pension Plan

Plan Description

All full-time RHBT employees are eligible to participate in the State's 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, and 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 wvretirement.com.

Benefits Provided

Employees are eligible for normal retirement at age 60 with 5 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 average salary multiplied by years of service. Final average salary is the average of the 3 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 5 consecutive highest annual earnings out of the last 15 years of earnings. Terminated members with at least 5 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.

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% for the years ended June 30, 2021, 2020, and 2019. For all employees hired on or after July 1, 2015, the employee contribution is 6.0%. The RHBT's contributions to the Plan were $90, $86, and $78 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively.

7. Pension Plan (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2021 and 2020, the RHBT reported a liability of $305 and $121 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2021, was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date of June 30, 2020. 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, 2020. At June 30, 2021, the RHBT's proportionate share was 0.05763%, which was an increase of 0.00130% for its proportionate share measured as of June 30, 2020.

For the years ended June 30, 2021 and 2020, the RHBT recognized pension expense of $76 and $56, respectively. At June 30, the RHBT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		**2020**	
Resources	**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	**$ 96**	**$ –**	$ –	$ 44
Difference between expected and actual experience	**45**	**6**	5	10
Difference in assumptions	**–**	**14**	–	22
Changes in proportion and differences between the RHBT's contributions and proportionate share of contributions	**15**	**1**	21	8
RHBT's contributions made subsequent to the measurement date	**93**	**–**	86	–
Total	**$ 249**	**$ 21**	$ 112	$ 84

7. Pension Plan (continued)

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 3.43 years, rounded to the nearest whole year, of 4 years.

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:

	Pension Expense
Year ending June 30:	
2022	$ 34
2023	34
2024	34
2025	33

Actuarial Assumptions and Methods

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

	2021	2020
Inflation	**3.0%**	3.0%
Salary increase	**3.1%–6.5%, average, including inflation**	3.1%–6.5%, average, including inflation
Investment rate of return	**7.5%, net of pension plan investment expense**	7.5%, net of pension plan investment expense

7. Pension Plan (continued)

Mortality rates were based on Pub-2010 General Employee Tables, below-median, headcount-weighted, projected generationally with Scale MP-2018 for Actives, 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, 2020, are summarized below:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	5.5%
International equity	7.0
Fixed income	2.2
Real estate	6.6
Private equity	8.5
Hedge funds	4.0

7. Pension Plan (continued)

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, CPRB'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.

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		
1.00% Decrease 6.50%	Current Discount Rate 7.50%	1.00% Increase 8.50%
$ (776)	$ 305	$ 94

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

Globally all sectors of industry were affected by the pandemic health crisis caused by the virus COVID-19. 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 and closed public spaces, and medical facilities delayed non-emergent procedures. Each of these steps was implemented as a measure of public safety and to prevent the health care 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. There is immense uncertainty regarding the economy, future earnings, and elements impacting health care costs specifically.

Currently, the impact on plan utilization because of care limitations imposed by providers of health care is largely undeterminable. RHBT expects to continue to see erratic seasonality shifts in utilization as both providers and health departments respond with the necessary changes to mitigate public health risk. On March 10, 2020, PEIA issued a policy for COVID-19 effective through the end of the calendar year, December 31, 2020, which provided for certain COVID-19-related benefits and coverage, which also applies to RHBT covered participants. This policy extended telemedicine and certain precertification requirements, and suspended terminations for nonpayment of premiums and 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)

	2021	2020	2019	2018	2017	2016	2015	(1) 2014	(1) 2013	(1) 2012
Total OPEB liability:										
Service cost	**$ 21,650**	**$ 43,991**	$ 51,870	$ 60,108	$ 66,068	$ 76,802	$ 73,848	*	$ 91,310	*
Interest	**108,545**	**192,119**	219,339	232,001	223,113	224,736	217,224	*	6,118	*
Changes of benefit terms	**–**	**–**	–	–	–	–	–	*	(12,120)	*
Differences between expected and actual experience	**–**	**–**	(161,103)	(51,625)	(10,451)	(140,495)	(118,656)	*	(254,822)	*
Changes of assumptions	**(1,110,484)**	**(253,744)**	(296,678)	–	–	(220,992)	–	*	(377,754)	*
Gain due to expected vs. actual benefit payments	**(39,966)**	**(84,503)**	(52,833)	–	–	–	–	–	–	–
Demographic experience	**(118,419)**	**(26,225)**	19,544	–	–	–	–	–	–	–
Change in discount rate	**82,189**	**–**	–	–	–	–	–	–	–	–
Benefit payments and administrative expenses	**(113,274)**	**(89,352)**	(135,061)	(137,700)	(164,823)	(187,678)	(181,996)	(225,957)	(198,079)	(201,639)
Net change in total OPEB liability	**(1,169,759)**	**(217,714)**	(354,922)	102,784	113,907	(247,627)	(9,580)	*	(745,347)	*
Total OPEB liability – beginning	**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
Total OPEB liability – ending (a)	**$ 1,643,289**	**$ 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
Plan fiduciary net position:										
Contributions – employer	**$ 104,503**	**$ 107,756**	$ 115,345	$ 121,974	$ 115,510	$ 116,258	$ 119,004	$ 160,054	$ 165,989	$ 153,699
Contributions – plan member	**–**	**–**	–	–	–	–	–	83,424	81,352	74,517
State appropriations – School Aid	**47,639**	**50,650**	55,683	47,261	54,805	54,694	55,306	–	–	–
State appropriations – OPEB	**30,000**	**30,000**	30,000	30,000	30,000	–	–	–	–	–
State appropriations – Premium	**–**	**5,000**	5,000	5,000	5,000	–	–	–	–	–
Net investment income	**381,631**	**29,921**	59,498	74,048	99,447	157	23,142	88,477	52,893	5,761
Benefit payments and administrative expenses	**(113,282)**	**(87,772)**	(135,061)	(137,700)	(164,823)	(187,678)	(181,996)	(225,957)	(198,079)	(201,639)
Other expense, net	**(2,109)**	**(2,574)**	(1,919)	(1,483)	(1,696)	(2,355)	(2,013)	(4,669)	(4,704)	(11,637)
Net change in plan fiduciary net position	**448,382**	**132,981**	128,546	139,100	138,243	(18,924)	13,443	101,329	97,451	20,701
Plan fiduciary net position – beginning	**1,224,642**	**1,091,661**	963,115	824,015 ****	685,668	704,592	691,149 ***	590,230	492,779	472,078
Plan fiduciary net position – ending (b)	**$ 1,673,024**	**$ 1,224,642**	$ 1,091,661	$ 963,115	$ 823,911	$ 685,668	$ 704,592	$ 691,559	$ 590,230	$ 492,779
Net OPEB liability – ending (a) – (b)	**$ (29,735)**	**$ 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
Plan fiduciary net position as a percentage of the total OPEB liability	**101.81%**	**43.53%**	36.02%	28.45%	25.10%	21.64%	20.62%	20.18%	18.09%	12.30%
Covered-employee payroll	**$ 1,662,544**	**$ 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
Net OPEB liability as a percentage of covered-employee payroll	**-1.79%**	**89.79%**	102.44%	105.93%	111.82%	117.44%	129.39%	66.80%	68.15%	93.59%

See notes to required supplementary information – OPEB.

(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.

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	(1) 2014	(1) 2013	(1) 2012
Actuarially determined contribution	**$ 58,962**	$ 164,600	$ 200,444	$ 224,009	$ 224,710	$ 236,031	$ 261,896	$ 253,220	$ 289,725	$ 272,773
Contributions in relation to the actuarially determined contribution	**182,142**	193,406	206,028	204,235	204,908	170,952	174,310	165,054	171,221	156,476
Contribution (excess) deficiency	**$ (123,180)**	$ (28,806)	$ (5,584)	$ 19,774	$ 19,802	$ 65,079	$ 87,586	$ 88,166	$ 118,504	$ 116,297
Covered-employee payroll	**$ 1,662,544**	$ 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
Contributions as a percentage of covered-employee payroll	10.96%	10.93%	10.88%	8.93%	9.32%	8.08%	8.32%	4.03%	4.37%	4.17%

See notes to required supplementary information – OPEB.

(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.

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of Investment Returns
Last 10 Fiscal Years
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual money-weighted rate of return, net of investment expense	**31.90%**	2.70%	6.20%	9.30%	15.90%	0.00%	3.90%	17.80%	11.90%	1.30%

See notes to required supplementary information – OPEB.

West Virginia Retiree Health Benefit Trust Fund

Notes to Required Supplementary Information – OPEB

(In Thousands)

June 30, 2021

1. Valuation Date

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Rates based on 2015–2020 OPEB Experience Study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation. Rates were first applied to the 2020 valuation.
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Trend rate for pre-Medicare per capita costs of 7.00% for plan year-end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (33.11%) for plan year-end 2022, 9.15% for plan year-end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2036.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years closed as of June 30, 2017
Asset valuation method	Market value
Wage inflation	2.75% for PERS and TRS, 3.25% for Troopers
Aging factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death.”

1. Valuation Date (continued)

Rates of retirement with OPEB benefits	Rates based on 2015–2020 OPEB experience study and vary by pension plan participation and age/service at retirement. Rates first applied to the 2020 valuation.
Mortality	Postretirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2019 for TRS. Pub-2010 General Below Median Healthy Retiree Tables (106% male, 113% female) projected with Scale MP-2019 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% male, 100% female) projected with Scale MP-2019 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% male, 100% female) projected with Scale MP-2019 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2019 for PERS. Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2019 for Troopers A & B.

2. Changes in Assumptions

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018, and June 30, 2020 valuation.

- General/price inflation – Decrease price inflation rate from 2.75% to 2.25%.
- Discount rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75% for PERS and TRS, and 3.25% for Troopers.
- OPEB retirement – Develop explicit retirement rates for members who are eligible to retire with health care benefits and elect health care coverage.

2. Changes in Assumptions (continued)

- Waived annuitant termination – Develop explicit waived termination rates for members who are eligible to retire with health care benefits but waive health care coverage.

- SAL conversion – Develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits.

- Lapse/re-entry – Develop net lapse/re-entry rates for members who either lapse coverage after electing health care coverage or elect health care coverage after waiving coverage.

- Other demographic assumptions – Develop termination, disability, and mortality rates based on experience specific to OPEB covered group.

- Salary increase – Develop salary increase assumptions based on experience specific to the OPEB covered group.

3. Benefits Changes

In 2020, Non-Medicare Retirees and their enrolled dependents benefit changes included:

- No premium increase

- Plan A 80/20 coinsurance for approved, in-network services in counties that border WV (Boyd County, KY, and Washington County, OH, are still excluded)

- Plan B 70/30 coinsurance for approved, in-network services in counties that border WV (Boyd County, KY, and Washington County, OH, are still excluded)

- Facility fee limits eliminated

- $25 co-pay for out-of-state services removed

- New appeal process for third-tier non-preferred drug to allow for a potential reduced cost

- Healthy Tomorrows bloodwork and reporting requirements suspended for Plan Year 2020

3. Benefits Changes (continued)

- New Wellness Programs: Pilot project – Naturally Slim (weight loss and health); Diabetes Prevention Project – evaluating services; other programs also being explored
- UMR, a UnitedHealthcare company, is the new third-party administrator (TPA)
- Life insurance offer for Plan Year 2020

In 2020, there were no benefit term changes for the Medicare retirees in the Humana Plan or the Special Medicare Plan.

In 2019, Non-Medicare Retirees and their enrolled dependents benefit changes included:

- No premium increase
- No benefit changes
- Plans remain at 2018 benefit levels
- "State plan" premium structure remains at 2018 design with 10 index codes
- No total family income
- Cancel implementation of Employee and Spouse coverage tier
- Family with Employee Spouse coverage tier remains
- Telehealth co-pay reduced to $30/visit

In 2019, Medicare retirees in the Humana Plan or the Special Medicare Plan benefit changes included:

- No premium increase
- No benefit changes
- No changes to PEIA Retiree Premium and Benefit Assistance Program
- For Special Medicare Plan only – Telehealth co-pay reduced to $30/visit

Required Supplementary Information – Pension

(In Thousands)

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability of PERS
Last Seven Fiscal Years
(In Thousands, Except Percentages)

	2021	2020	2019	2018	2017	2016	2015
RHBT's proportionate (percentage) of the net pension liability	**0.0576%**	0.0563%	0.0508%	0.0506%	0.0557%	0.0539%	0.0569%
RHBT's proportionate share of the net pension liability	**$ 305**	$ 121	$ 131	$ 219	$ 512	$ 301	$ 210
RHBT's covered payroll	**$ 860**	$ 725	$ 647	$ 864	$ 644	$ 745	$ 761
RHBT's proportionate share of the net pension's liability as a percentage of its covered payroll	**35.47%**	16.69%	20.25%	25.35%	79.50%	40.40%	27.60%
Plan fiduciary net position as a percentage of the total pension liability*	**92.89%**	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

See notes to required supplementary information – OPEB.

* 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.

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of Contributions to PERS
Last Nine Fiscal Years
(In Thousands, Except Percentages)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	**$ 93**	$ 86	$ 78	$ 71	$ 103	$ 87	$ 104	$ 110	$ 107
Contributions in relation to the statutorily required contribution	**(93)**	(86)	(78)	(71)	(103)	(87)	(104)	(110)	(107)
Contribution deficiency (excess)	**$ –**	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
RHBT's covered payroll	**$ 827**	$ 860	$ 725	$ 647	$ 864	$ 644	$ 745	$ 761	$ 764
Contributions as a percentage of covered payroll	**11.2%**	10.0%	10.8%	11.0%	11.9%	13.5%	14.0%	14.5%	14.0%

See notes to required supplementary information – OPEB.

West Virginia Retiree Health Benefit Trust Fund

Notes to Required Supplementary Information – PERS

(In Thousands)

June 30, 2021

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 ten years. However, until a full ten-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 5 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 3 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 5 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 5 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 is as follows:

	2019	2018
Projected salary increases:		
State	3.10%–5.30%	3.10%–5.30%
Non-state	3.35%–6.50%	3.35%–6.50%
Inflation rate	3.00%	3.00%
Mortality rates	Healthy males – 108% of Pub-2010 General Retiree Male table Healthy females – 122% of Pub-2010 General Retiree Female table Disabled males – 118% of Pub-2010 General/Teachers Disabled Male table Disabled females – 117% of Pub-2010 General/Teachers Disabled Female table Active – 100% Pub-2010 General Employees table	Healthy males –108% of RP-2010 General Retiree Male table Healthy females – 122% of Pub-2010 General Retiree Female table Disabled males – 118% of Pub-2010 General/Teachers Disabled Male table Disabled females – 117% of Pub-2010 General/Teachers Disabled Female table Active – 100% of Pub-2010 General Employees Table
Withdrawal rates:		
State	2.28%–45.63%	2.28%–45.63%
Non-state	2.50%–35.88%	2.50%–35.88%
Disability rates	.005%–.540%	.005%–.540%

	2017	2016
Projected salary increases:		
State	3.00%–4.60%	3.00%–4.60%
Non-state	3.00%–4.60%	3.00%–4.60%
Inflation rate	3.00%	3.00%
Mortality rates	Healthy males – 110% of RP-2000 Non-Annuitant, Scale AA Healthy females – 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 Active – 100% Pub-2010 General Employees table	Healthy males – 110% of RP-2000 Non-Annuitant, Scale AA Healthy females – 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 Active – 100% Pub-2010 General Employees table
Withdrawal rates:		
State	1.75%–35.10%	1.75%–35.10%
Non-state	2.00%–35.80%	2.00%– 35.80%
Disability rates	.000%–.675%	.000%–.675%

3. Changes in Assumptions (continued)

	2015
Projected salary increases:	
State	3.00%–4.60%
Non-state	3.35%–6.00%
Inflation rate	1.90%
Mortality rates	Healthy males – 110% of RP-2000 Non-Annuitant, Scale AA
	Healthy females – 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%–35.10%
Non-state	2.00%–35.80%
Disability rates	.000%–.675%

Required Supplementary Information – RHBT OPEB

(In Thousands)

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability in RHBT
Last Four Fiscal Years
(In Thousands, Except Percentages)

	2021	2020	2019	2018
RHBT's proportionate (percentage) of the net OPEB liability	**0.0226%**	0.0197%	0.0183%	0.0165%
RHBT's proportionate share of the net OPEB liability	**$ 100**	$ 327	$ 393	$ 406
State's proportionate share of the net OPEB liability associated with the RHBT	**52**	67	81	83
Total	**$ 152**	$ 394	$ 474	$ 489
RHBT's covered-employee payroll	**$ 454**	$ 345	$ 370	$ 353
RHBT's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**22.03%**	94.78%	106.22%	115.01%
Plan fiduciary net position as a percentage of the total OPEB liability *	**73.49%**	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 ten years. However, until a full ten-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 Six Fiscal Years
(In Thousands, Except Percentages)

	2021	2020	2019	2018	2017	2016
Statutorily required contribution	**$ 29**	$ 30	$ 34	$ 34	$ 34	$ 34
Contributions in relation to the statutorily required contribution	**(29)**	(30)	(34)	(34)	(34)	(34)
Contribution deficiency (excess)	**$ –**	$ –	$ –	$ –	$ –	$ –
Covered-employee payroll	**$ 454**	$ 345	$ 373	$ 370	$ 353	$ 348
Contributions as a percentage of covered-employee payroll	**6.39%**	8.70%	9.12%	9.19%	9.63%	9.77%

Note 1: The accompanying schedules of RHBT's contributions to RHBT are required supplementary information to be presented for ten years. However, until a full ten-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
(In Thousands)

June 30, 2021

	Carrying Amount	
Cash with Treasurer	$ 7,119	
Total carrying amount of deposits	$ 7,119	(1)

See notes to required supplementary information – OPEB.

See independent auditor's report on other financial information.

(1) Agrees to audited statement of fiduciary net position.

West Virginia Retiree Health Benefit Trust Fund

Form 8, Investments Disclosure

(In Thousands)

June 30, 2021

Investment Pool	Amount Unrestricted	Amount Restricted	Amount Reported	Fair Value	
West Virginia Board of Treasury Investments (BTI):					
West Virginia Money Market Pool	$ 58,541	[3] $ –	$ 58,541	$ 58,541	[1][4]
Total equity position in investment pool with BTI	$ 58,541	$ –	$ 58,541	$ 58,541	
West Virginia Investment Management Board (WVIMB) Investment Pool:					
Core Fixed Income	$ –	$ 69,018	$ 69,018	$ 69,018	[3]
International Non-Qualified	–	101,669	101,669	101,669	[3]
Hedge Fund	–	146,684	146,684	146,684	[3]
Total Return Fixed Income	–	160,741	160,741	160,741	[3]
Private Markets	–	427,761	427,761	427,761	[3]
Portable Alpha	–	368,872	368,872	368,872	[3]
Non-Large Cap Domestic Equity	–	61,930	61,930	61,930	[3]
International Equity	–	275,089	275,089	275,089	[3]
Total equity position in investment pool with WVIMB	$ –	$ 1,611,764	$ 1,611,764	$ 1,611,764	[1]

See independent auditor's report on other financial information.

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

Equity position in investment pools:	
BTI	$ 58,541
WVIMB	1,611,764
Equity position in investment pools	$ 1,670,305 [2]

[2] Agrees to audited statement of fiduciary net position.

[3] Agrees to Note 5, Deposit and Investment Disclosures.

[4] Amortized cost approximates fair value.

West Virginia Retiree Health Benefit Trust Fund

Form 8-A, Deposits and Investments Disclosure

(In Thousands)

June 30, 2021

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	$ 7,119	(1)(2)
Equity position in investment pools as reported	$ 1,670,305	(1)(3)

See independent auditor's report on other financial information.

(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

(In Thousands)

June 30, 2021

External accounts receivable:			
Premium contributions	$	8,878	
Less allowance for doubtful accounts		177	(1)
Net receivable	$	8,701	(2)
Other receivables:			
Retiree drug subsidy	$	151	
Prescription rebates		6,348	
Other:			
Other		1,362	
Total other receivable	$	7,861	(1)
Form 9 – Net Receivable	$	6,875	(1)
Form 10 – Due (To) From Primary Government		(539)	(3)
Form 11 – Component Unit – A/R Balances		2,365	(4)
Total	$	8,701	(2)

See independent auditor's report on other financial information.

(1) Agrees to audited statement of fiduciary net position

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

Contributions receivable, net	$	6,875	(1)
Due from the State		1,826	(1)
	$	8,701	

(3) Agrees to Form 10.

(4) Agrees to Form 11.

West Virginia Retiree Health Benefit Trust Fund

Form 10, Due (To) From Primary Government

(In Thousands)

June 30, 2021

Agency		Total
ABC Commission	$	2
Adjutant General		4
Administration, Dept of		(1)
Agriculture		6
Attorney General		1
Bureau for Senior Services		(1)
Consolidated Retirement Bd/Judges Ret		(8)
Corrections/Salem Corr, Dept of		(2)
Department of Corrections		(1)
Department of Education		16
Department of Education and Arts		(1)
Department of Highways		89
Department of Labor		(5)
Deputy Sheriffs Retirement		(104)
Division of Financial Institution		(1)
Division of Forestry		2
Division of Rehabilitation Services		8
EMSRS Emergency Medical Services Retirement System		1
Fire Commission		1
Health Care Authority		(1)
Health Department		5
Hopemont State Hospital		4
House of Delegates		(18)
Human Rights Commission		(13)
Human Services, Dept of		14
Huttonsville Correctional Center		3
Insurance Commission		3
John Manchin Sr. Health Care		1
Joint Comm on Govt and Finance		1
Lakin State Hospital		1
Miners Health Safety & Training		(8)
Motor Vehicles		4

West Virginia Retiree Health Benefit Trust Fund

Form 10, Due (To) From Primary Government (continued)

(In Thousands)

Agency		Total	
Natural Resources	$	23	
Public Safety		13	
Public Safety/Con.Pub.Emp.Ret.Bd.		(37)	
Public Service Commission		4	
Senate		(10)	
Supreme Court/Judicial		13	
Tax Department – Office of Appeals		(2)	
Treasurer of State's Office		4	
Veterans Affairs		1	
William R Sharpe Jr Hospital		5	
WV Barbers and Beauticians Commission		(7)	
WV Board of Examiners & Registered Nurses		(1)	
WV Board of Social Worker Examiners		1	
WV Center for Nursing		(1)	
WV DOT Office of Administrative Hearings		(1)	
WV Public Employees Retirement Board		125	
WV Public Employees Retirement Board		(150)	
WV School for the Deaf and Blind		4	
WV Teachers Retirement Board		(525)	
Total due to/from	$	(539)	
Total primary government	$	(539)	[2]
Total component units Form 11		2,365	
Due from the State, net	$	1,826	[1]

See independent auditor's report on other financial information.

[1] Agrees to audited statement of fiduciary net position.

[2] Agrees to Form 9.

West Virginia Retiree Health Benefit Trust Fund

Form 11, Component Unit – A/R Balances

(In Thousands)

June 30, 2021

Unit	Amount
Educational Broadcasting	$ 6
Higher Education	2,349
Public Defender Corporation	11
Regional Jail and Correction Facility Authority	1
School Building Authority	(2)
Total component units	$ 2,365

See independent auditor's report on other financial information.

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Report of Independent Auditors 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

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 the West Virginia Retiree Health Benefit Trust Fund (RHBT), which comprise the statement of net position as of June 30, 2021, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2021.

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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 financial statements. 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*.

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 results of that testing, and not to provide an opinion on the effectiveness of 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.

Ernst & Young LLP

October 15, 2021

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