Financial Statements, Required Supplementary Information, and Other Supplementary Information

West Virginia Retiree Health Benefit Trust Fund
Years Ended June 30, 2025 and 2024
With Report of Independent Auditors

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West Virginia Retiree Health Benefit Trust Fund

Financial Statements, Required Supplementary Information, and Other Supplementary Information

Years Ended June 30, 2025 and 2024

Contents

Report of Independent Auditors....1

Management's Discussion and Analysis....5

Consolidated Financial Statements

Statements of Fiduciary Net Position....12
Statements of Changes in Fiduciary Net Position....13
Notes to Financial Statements....14

Required Supplementary Information

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios....37
Schedule of Contributions....38
Schedule of Investment Returns....39
Notes to Required Supplementary Information – OPEB....40

Other Supplementary Information

Form 7, Deposits Disclosure....43
Form 8, Investments Disclosure....44
Form 8-A, Deposits and Investments Disclosure....45
Form 9, Accounts Receivable....46
Form 10, Due (To) From Primary Government....47
Form 11, Component Unit – A/R Balances....49

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*....50

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Report of Independent Auditors

Finance Board and Management
West Virginia Retiree Health Benefit Trust Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise RHBT's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of RHBT at June 30, 2025 and 2024, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RHBT's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RHBT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RHBT's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions, and Schedule of Investment Returns be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise RHBT's financial statements. The accompanying other supplementary information: Form 7, Deposits Disclosure; Form 8, Investments Disclosure; Form 8-A, Deposits and Investment Disclosure; Form 9, Accounts Receivable; Form 10, Due (To) From Primary Government; and Form 11, Component Unit – A/R Balances are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 15, 2025 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, 2025

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Management's Discussion and Analysis

West Virginia Retiree Health Benefit Trust Fund

Management's Discussion and Analysis

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, 2025 and 2024. 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 42,000 policyholders and 61,000 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 Prescription Drug Plan (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 Metropolitan 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 additions and deductions to the Plan during the fiscal year. The primary source of additions 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 and consumer-driven advertising for health care services.

Financial Highlights

The following tables summarize the condensed statements of fiduciary net position and the changes in fiduciary net position as of and for the years ended June 30 ($ in thousands):

Statements of Fiduciary Net Position

	2025	2024	2023	Change 2025–2024 Amount	Change 2025–2024 Percentage	Change 2024–2023 Amount	Change 2024–2023 Percentage
Assets							
Cash and cash equivalents	**$ 6,299**	$ 6,559	$ 4,709	**$ (260)**	**-4%**	$ 1,850	39%
Equity position in investment pool	**2,158,085**	1,961,432	1,809,590	**196,653**	**10%**	151,842	8%
Contributions receivable, net	**693**	436	425	**257**	**59%**	11	3%
Due from the State – contributions	**102**	92	884	**10**	**11%**	(792)	-90%
Other receivables	**5,386**	5,856	5,422	**(470)**	**-8%**	434	8%
Total assets	**2,170,565**	1,974,375	1,821,030	**196,190**	**10%**	153,345	8%
Pension	**211**	147	218	**64**	**44%**	(71)	-33%
Other post-employment benefits	**29**	6	45	**23**	**383%**	(39)	-87%
Deferred outflows of resources	**240**	153	263	**87**	**57%**	(110)	-42%
Liabilities							
Claims payable	**9,770**	13,361	11,146	**(3,591)**	**-27%**	2,215	20%
Due to PEIA	**21,133**	8,632	7,908	**12,501**	**145%**	724	9%
Other liabilities	**10,842**	6,955	6,443	**3,887**	**56%**	512	8%
Total liabilities	**41,745**	28,948	25,497	**12,797**	**44%**	3,451	14%
Deferred inflows of resources							
Pension	**118**	2	2	**116**	**5800%**	–	0%
Other post-employment benefits	**8**	61	128	**(53)**	**-87%**	(67)	-52%
Deferred inflows of resources	**126**	63	130	**63**	**100%**	(67)	-52%
Net position							
Net position restricted for OPEB	**$ 2,128,934**	$ 1,945,517	$ 1,795,666	$ 183,417	**9%**	$ 149,851	8%

Statements of Changes in Fiduciary Net Position

	2025	2024	2023	Change 2025–2024 Amount	Change 2025–2024 Percentage	Change 2024–2023 Amount	Change 2024–2023 Percentage
Additions:							
Contributions:							
Employers	**$ 28,093**	$ 9,550	$ 50,476	**$ 18,543**	**194%**	$ (40,926)	-81%
State appropriation (School Aid)	**9,562**	–	19,809	**9,562**	**100%**	(19,809)	-100%
State appropriation (OPEB)	**30,000**	30,000	30,000	**–**	**0%**	–	0%
Total contributions	**67,655**	39,550	100,285	**28,105**	**71%**	(60,735)	-61%
Retiree drug subsidy	**500**	186	501	**314**	**169%**	(315)	-63%
Interest and dividend income	**222**	2,264	3,186	**(2,042)**	**-90%**	(922)	-29%
Net appreciation in fair value of investments	**214,931**	199,578	134,315	**15,353**	**8%**	65,263	49%
Total additions	**283,308**	241,578	238,287	**41,730**	**17%**	3,291	1%
Deductions:							
Benefit payments, net	**95,605**	87,765	62,886	**7,840**	**9%**	24,879	40%
Administrative service fees and other expenses	**4,286**	3,962	4,707	**324**	**8%**	(745)	-16%
Total deductions	**99,891**	91,727	67,593	**8,164**	**9%**	24,134	36%
Net increase in net position	**183,417**	149,851	170,694	**33,566**	**22%**	(20,843)	-12%
Net position restricted for other postemployment benefits:							
Net position, beginning of year	**1,945,517**	1,795,666	1,624,972	**149,851**	**8%**	170,694	11%
Net position, end of year	**$ 2,128,934**	$ 1,945,517	$ 1,795,666	**$ 183,417**	**9%**	$ 149,851	8%

Comparative year-to-year major variance explanations (2025 vs. 2024 and 2024 vs. 2023) for the condensed statements of fiduciary net position are as follows ($ in thousands):

Cash and Cash Equivalents

Cash and cash equivalents for fiscal year 2025 totaled $6,299, a decrease of $260 compared with fiscal year 2024. Cash and cash equivalents for fiscal year 2024 totaled $6,559, an increase of $1,850 compared with fiscal year 2023. 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

Equity position in investment pools increased $196,653 for fiscal year 2025 compared with fiscal year 2024 and increased $151,842 for fiscal year 2024 compared with fiscal year 2023. 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.

Other Receivables

Other receivables decreased $470 from fiscal year 2024 to 2025 and increased $434 from fiscal year 2023 to 2024. There were no gain share incentives received in fiscal years 2024 and 2025.

Deferred Outflows of Resources

Deferred outflows of resources increased $87 from fiscal year 2024 to 2025 and decreased $110 from fiscal year 2023 to 2024. These changes are primarily due to changes in actuarial assumptions and methodology for pension and OPEB.

Claims Payable

Claims payable decreased $3,591 from fiscal year 2024 to 2025. This decrease is due to $2,752 less claims incurred but not reported (IBNR) and lower current claims cost of $839 for the last claims run of the fiscal year 2025 compared to fiscal year 2024.

Comparative year-to-year major variance explanations (2025 vs. 2024 and 2024 vs. 2023) for the condensed statements of changes in fiduciary net position are as follows ($ in thousands):

Employer Contributions

The increase of $18,543 in the current year and decrease of $40,926 in the current and prior year, respectively, are due to changes in the Paygo rate. Employers contribute the retiree subsidy (Paygo) per active health policy enrollment per month. The Paygo rates per year are included in Note 2 to the financial statements.

State Appropriation (School Aid)

An increase of $9,562 and decrease of $19,809 in the current and prior year, respectively, are due to changes in the number of eligible insured who are considered in the school aid formula and changes in the Paygo rate. The Paygo rates per year are included in Note 2 to the financial statements.

Interest and Dividend Income

A $2,042 decrease in fiscal year 2025 compared with fiscal year 2024 and a $922 decrease in fiscal year 2024 compared with fiscal year 2023 were primarily due to changes in the type and timing of investments managed by WVIMB.

Net Appreciation (Depreciation) in Fair Value of Investments

The $15,353 increase in fiscal year 2025 over 2024 and the $65,263 increase in fiscal year 2024 over 2023 in the net investment appreciation were 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 $7,840 increase in fiscal year 2025 compared to the $24,879 increase in 2024 is due to an increase in the capitation rate per member per month by Humana for the Medicare retirees and an increase in drug claim expense that is a result of the upward trend of price inflation in the pharmaceutical industry.

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 RHBT Controller, Jessica Virtz, at +1 304 558 7850.

West Virginia Retiree Health Benefit Trust Fund

Statements of Fiduciary Net Position

(In Thousands)

	June 30	
	2025	**2024**
Assets		
Cash and cash equivalents	**$ 6,299**	$ 6,559
Equity position in investment pools	**2,158,085**	1,961,432
Contributions receivable – net of allowance for doubtful accounts of $585 and $46, respectively	**693**	436
Due from the State – contributions	**102**	92
Other receivables	**5,386**	5,856
Total assets	**2,170,565**	1,974,375
Deferred outflows of resources		
Pension	**211**	147
Other postemployment benefits	**29**	6
Total deferred outflows of resources	**240**	153
Liabilities		
Claims payable	**9,770**	13,361
Due to PEIA	**21,133**	8,632
Other liabilities	**10,842**	6,955
Total liabilities	**41,745**	28,948
Deferred inflows of resources		
Pension	**118**	2
Other postemployment benefits	**8**	61
Total deferred inflows of resources	**126**	63
Net position		
Net position restricted for other postemployment benefits	**$ 2,128,934**	$ 1,945,517

See accompanying notes.

West Virginia Retiree Health Benefit Trust Fund

Statements of Changes in Fiduciary Net Position

(In Thousands)

	Year Ended June 30	
	2025	**2024**
Additions:		
Contributions:		
Employers	**$ 28,093**	$ 9,550
State appropriation (School Aid)	**9,562**	–
State appropriation (OPEB)	**30,000**	30,000
Total contributions	**67,655**	39,550
Retiree drug subsidy	**500**	186
Interest and dividend income	**222**	2,264
Net appreciation in fair value of investments	**214,931**	199,578
Total additions	**283,308**	241,578
Deductions:		
Benefit payments, net	**95,605**	87,765
Administrative service fees	**1,280**	1,512
Other expenses	**3,006**	2,450
Total deductions	**99,891**	91,727
Net increase in net position	**183,417**	149,851
Net position restricted for other postemployment benefits:		
Net position, beginning of year	**1,945,517**	1,795,666
Net position, end of year	**$ 2,128,934**	$ 1,945,517

See accompanying notes.

West Virginia Retiree Health Benefit Trust Fund

Notes to Financial Statements

June 30, 2024

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 Annual Comprehensive 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, 2025 and 2024, 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 Prescription Drug Plan (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 Metropolitan 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 ten members

The Finance Board membership was expanded from eight to ten members with Senate Bill 205 on June 6, 2023. The Bill amends WV Code §5-16-4. 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, or designee, serves as Chairman of the Board and is a voting member. One member represents the hospitals, one member represents the non-hospital health care providers, four members represent labor, education, public employees, and public retirees and the 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 $23.0 million and $23.0 million during the fiscal years ended June 30, 2025 and 2024, 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	
	2025	**2024**
Retirees and beneficiaries currently receiving benefit payments	**42,264**	42,469
Inactive plan members entitled to but not yet receiving benefit payments[(a)]	**12,304**	14,209
Active plan members	**24,417**	26,732
Totals	**78,985**	83,410
Number of participating employers[(b)]	**731**	275

(a) The actuarial valuation assumes 2.5% of eligible waived annuitants under age 75 will select retiree health care coverage on the valuation date. As of June 30, 2025, there were 12,304 waived annuitants under the age of 75 who were included in the actuarial valuation, and so approximately 308 were assumed to elect coverage as of June 30, 2024.

(b) The number of participating Employers increased in fiscal year 2025 compared to fiscal year 2024. RHBT had significant savings with the Humana contract renewal beginning fiscal years 2022 through 2025. In addition to the Humana contract savings, RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. RHBT passed on these savings to PEIA active employers by not billing paygo in fiscal year 2024. The 5 year financial plan, which was passed by the Board in December 2021, originally had Paygo to be billed at $20M for fiscal year 2024. Participating Employers are defined as Employers that are allocated a proportionate share of the Net OPEB Liability (Asset) based on OPEB contributions. These contributions include Paygo, Retiree Leave Conversion (Health & Life) and Non-Participating billings for a given fiscal year. For fiscal year 2024, there was $0 billed in Paygo leaving only the remaining contribution types to be allocated. Many OPEB eligible Employers are billed Paygo only.

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

A non-Medicare plan member, or beneficiaries receiving benefits, contributes monthly health care premiums ranging from $281 to $1,271 per month for retiree-only coverage and from $403 to $3,026 per month for retiree and spouse coverage. Medicare covered retirees are charged health care premiums ranging from $52 to $281 per month for retiree-only coverage and from $93 to $1,390 per month for retiree and spouse coverage. Monthly premiums vary based on years of service and choice of coverage. Retiree premium payments are reflected as a reduction of benefit payments.

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

July 1, 2023 to June 30, 2025	$	34
July 1, 2022 to June 30, 2024	$	–

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 $30.0 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the RHBT. Appropriations will be made through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Under the current policy, the Plan is considered fully funded at a funded ratio, on a present value of benefits, of more than 120%.

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

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

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. The amount of special funding for the Public School Support Plan for fiscal year 2025 was $9,562,251 as a result of $34 Paygo billed in fiscal year 2025.

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 original 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.

Compensated Absences

During the current year, the RHBT implemented GASB Statement No. 101, *Compensated Absences.* This implementation resulted in recalculation of the RHBT's liabilities for compensated absences; however, the impact is not material to the financial statements.

3. Summary of Significant Accounting Policies (continued)

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 changes in fair value are included in investment income.

A Board of Trustees, consisting of thirteen members, governs the WVIMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years. 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 visit at www.wvimb.org.

A five-member Board of Directors governs the WVBTI. The State Governor, the State Treasurer, and the State Auditor serve as ex-officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant, one shall be an attorney and both shall have experience in finance, investing, and management. The State Treasurer is Chairman of the Board. The 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, 315 70th Street SE, Charleston West Virginia 25304.

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.

3. Summary of Significant Accounting Policies (continued)

Contributions Receivable

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

Due From the State

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

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented 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 contributions to the Public Employees Retirement System (PERS) made during the current fiscal year subsequent to the measurement date, the differences between expected and actual experience, the changes in assumptions, the net difference between projected and actual investment earnings on pension plan investments and the 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 employer contributions to the RHBT made during the current fiscal year subsequent to the measurement date, changes in assumptions 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 and drug claims expense, net of drug rebates.

3. Summary of Significant Accounting Policies (continued)

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.

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 2025 and 2024, 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 change to fiduciary net position are composed of amounts related to 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, net difference between expected and actual investment earnings 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 2025, the RHBT did not receive financial incentives from Humana to reduce capitation payment costs.

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.

Other Operating Expenses

Other operating expenses are primarily comprised of professional fees, personnel costs and other overhead costs from PEIA. The RHBT and PEIA share costs related to office space, personnel, computer systems and 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.

3. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The RHBT measures certain investments at fair value for financial reporting purposes. Fair value is 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.

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.

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 $691 and $18,975 at June 30, 2025 and 2024, 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, www.wvbti.org.

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 obligations. 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.

	2025	2024
	(In Thousands)	
Portable Alpha	**$ 591,554**	$ 483,375
International Equity Pool	**263,707**	238,435
International Non-Qualified Pool	**118,947**	109,096
Total Return Fixed Income Pool	**160,270**	150,092
Core Fixed Income Pool	**160,263**	149,896
ST Fixed Income	**157**	-
Non-Large Cap Domestic Equity	**94,591**	89,700
Hedge Funds Pool	**236,431**	213,438
Private Markets	**531,474**	508,425
	$ 2,157,394	$ 1,942,457

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	**2025**	**2024**	**2025**	**2024**
Equity (including Portable Alpha)	**60.0%**	60.0%	**45.0%**	45.0%
Fixed income	**40.0**	40.0	**15.0**	15.0
Private Markets:				
Private Credit and Income	**–**	**–**	**6.0**	6.0
Private Equity	**–**	**–**	**12.0**	12.0
Real Estate	**–**	**–**	**12.0**	12.0
Hedge Funds	**–**	–	**10.0**	10.0
Total equity	**100.0%**	100.0%	**100.0%**	100.0%

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.

If RHBT plans to withdraw funds beyond the established cash target, 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.

4. Deposit and Investment Disclosures (continued)

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:

Portable Alpha Pool

The pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three- to five-year periods. The Pool has three components: 1) a domestic large capitalization equity beta replication manager and the related margin account which is comprised of fixed income securities and a money market mutual fund, 2) a portfolio of alternative risk premia funds, and 3) a domestic large capitalization equity manager.

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.

4. Deposit and Investment Disclosures (continued)

International Non-Qualified Pool

This Pool was established to gain exposure to the international equity market with the objective to produce investment returns that exceed the Morgan Stanley Capital International Europe Australasia Far East Index (MSCI EAFE) by 200 basis points over three-to to five-year periods, net of external investment management fees. This Pool exists for participants who are not "qualified participants" (as defined by the *Internal Revenue Code*).

Total Return Fixed Income Pool

This pool's objective is to generate investment income, provide stability and enhance diversification, but not at the expense of total return. The pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal Bond Index over three- to five-year periods, net of external investment management fees.

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

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

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 Financial Times Stock Exchange (FTSE) 3 Month US T-Bill Index plus 500 basis points.

4. Deposit and Investment Disclosures (continued)

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 Liability – Plan Reporting

The calculation of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The calculation of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs requires consideration of a broad array of complex social and economic events. Future changes in the 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 liability.

The actuarial OPEB valuation as of June 30, 2024, was used as the basis to develop the total OPEB liability measured as of June 30, 2025, for the purpose of complying with GASB Statement No. 74 for RHBT's financial reporting for the fiscal year-end June 30, 2025.

5. Net OPEB Liability – Plan Reporting (continued)

The following summarizes the changes in the total OPEB liability from June 30, 2024 to June 30, 2025 (in thousands):

Total OPEB liability as of June 30, 2024[(a)]	$ 1,903,881
Service cost	18,472
Interest on the total OPEB liability	158,353
Difference between expected and actual experience	(85,455)
Changes in assumptions	324,813
Benefit payments and administrative expenses	(96,885)
Net change in total OPEB liability	319,298
Total OPEB liability as of June 30, 2025	$ 2,223,179

[(a)] *Based on the actuarial valuation as of June 30, 2023*

The total OPEB liability as of June 30, 2025 increased $319 million from June 30, 2024. The key factors which caused the change include:

- Decrease due to normal cost, benefit payments and interest
- Increase due to demographic experience
- Increase due to change in healthcare related assumptions, methods and adjustments

The net OPEB liability reported at June 30, 2025, was determined by an actuarial valuation as of June 30, 2024, rolled forward, with update procedures, to the measurement date of June 30, 2025. Additional information for the latest actuarial valuation follows:

5. Net OPEB Liability – Plan Reporting (continued)

Net OPEB Liability of the RHBT

The components of the net OPEB liability of the RHBT at June 30, 2025, were as follows (in thousands):

Total OPEB liability	$	2,223,179
Plan fiduciary net position		2,128,934
RHBT's net OPEB liability	$	94,245
Plan fiduciary net position as a percentage of the total OPEB liability		95.76%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
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	7.40%, net of OPEB plan investment expense, including inflation.

5. Net OPEB Liability – Plan Reporting (continued)

Health care cost trend rates	Trend rates for pre-Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until the ultimate trend rate of 4.5% is reached in PY 2034.
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."
Retirement Age	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.
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.

5. Net OPEB Liability – Plan Reporting (continued)

Mortality	Postretirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021 for TRS. Pub-2010 General Below Median Healthy Retiree Tables (106% male, 113% female) projected with Scale MP-2021 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% male, 100% female) projected with Scale MP-2021 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% male, 100% female) projected with Scale MP-2021 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021 for PERS. Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2021 for Troopers A & B.

The actuarial assumptions used in the June 30, 2024 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 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WVIMB and an expected short-term rate of return of 2.75% for assets invested with the WVBTI.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45.0% equity, 15.0% fixed income, 6.0% private credit and income, 12.0% private equity, 10.0% hedge fund, and 12.0% 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 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

5. Net OPEB Liability – Plan Reporting (continued)

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.

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

Asset Class	Long-Term Expected Real Rate of Return
Equity	7.4%
Fixed Income	3.9
Private Credit and Income	7.4
Private Equity	10.0
Real Estate	7.7
Hedge Funds	4.5

Single Discount Rate

A single discount rate of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. 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.

5. Net OPEB Liability – Plan Reporting (continued)

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

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

	1.00% Decrease (6.40)%	Discount Rate (7.40)%	1.00% Increase (8.40)%
Net OPEB liability (asset)	$ 360,198	$ 94,245	$ (132,673)

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

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

	1% Decrease (6.40)%	Health Care Cost Trend Rates (7.40)%	1% Increase (8.40)%
Net OPEB liability (asset)	$ (239,192)	$ 94,245	$ 490,436

6. 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.

Required Supplementary Information

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last 10 Fiscal Years
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability:										
Service cost	**$ 18,472**	$ 19,243	$ 21,969	$ 18,846	$ 21,650	$ 43,991	$ 51,870	$ 60,108	$ 66,068	$ 76,802
Interest	**158,353**	135,259	115,421	110,931	108,545	192,119	219,339	232,001	223,113	224,736
Differences between expected and actual experience	**(87,195)**	204,226	–	–	–	–	(161,103)	(51,625)	(10,451)	(140,495)
Changes of assumptions	**324,874**	(2,986)	(6,334)	99,117	(1,110,484)	(253,744)	(296,678)	–	–	(220,992)
Gain due to expected vs. actual benefit payments	**–**	–	(30,810)	(42,779)	(39,966)	(84,503)	(52,833)	–	–	–
Demographic experience	**–**	–	(5,092)	(32,931)	(118,419)	(26,225)	19,544	–	–	–
Change in discount rate	**–**	–	(128,982)	–	82,189	–	–	–	–	–
Benefit payments and administrative expenses	**(95,206)**	(89,278)	(65,026)	(60,202)	(113,274)	(89,352)	(135,061)	(137,700)	(164,823)	(187,678)
Net change in total OPEB liability	**319,298**	266,464	(98,854)	92,982	(1,169,759)	(217,714)	(354,922)	102,784	113,907	(247,627)
Total OPEB liability – beginning	**1,903,881**	1,637,417	1,736,271	1,643,289	2,813,048	3,030,762	3,385,684	3,282,900	3,168,993	3,416,620
Total OPEB liability – ending (a)	**$ 2,223,179**	$ 1,903,881	$ 1,637,417	$ 1,736,271	$ 1,643,289	$ 2,813,048	$ 3,030,762	$ 3,385,684	$ 3,282,900	$ 3,168,993
Plan fiduciary net position:										
Contributions – employer	**$ 28,093**	$ 9,550	$ 50,476	$ 62,255	$ 104,503	$ 107,756	$ 115,345	$ 121,974	$ 115,510	$ 116,258
State appropriations – School Aid	**9,562**	–	19,809	25,317	47,639	50,650	55,683	47,261	54,805	54,694
State appropriations – OPEB	**30,000**	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	–
State appropriations – Premium	**–**	–	–	–	–	5,000	5,000	5,000	5,000	–
Net investment income	**215,153**	201,842	137,501	(103,216)	381,631	29,921	59,498	74,048	99,447	157
Benefit payments, net	**(95,605)**	(87,765)	(62,886)	(60,202)	(113,282)	(87,772)	(135,061)	(137,700)	(164,823)	(187,678)
Administrative service fees and other expenses	**(3,786)**	(3,776)	(4,206)	(2,206)	(2,109)	(2,574)	(1,919)	(1,483)	(1,696)	(2,355)
Net change in plan fiduciary net position	**183,417**	149,851	170,694	(48,052)	448,382	132,981	128,546	139,100	138,243	(18,924)
Plan fiduciary net position – beginning	**1,945,517**	1,795,666	1,624,972	1,673,024	1,224,642	1,091,661	963,115	824,015	685,668	704,592
Plan fiduciary net position – ending (b)	**$ 2,128,934**	$ 1,945,517	$ 1,795,666	$ 1,624,972	$ 1,673,024	$ 1,224,642	$ 1,091,661	$ 963,115	$ 823,911	$ 685,668
Net OPEB liability (asset) – ending (a) – (b)	**$ 94,245**	$ (41,636)	$ (158,249)	$ 111,299	$ (29,735)	$ 1,588,406	$ 1,939,101	$ 2,422,569	$ 2,458,989	$ 2,483,325
Plan fiduciary net position as a percentage of the total OPEB liability	**95.76%**	102.19%	109.66%	93.59%	101.81%	43.53%	36.02%	28.45%	25.10%	21.64%
Covered-employee payroll	**$ 1,445,622**	$ 1,505,608	$ 1,545,095	$ 1,571,758	$ 1,768,975	$ 1,892,941	$ 2,286,999	$ 2,286,999	$ 2,199,037	$ 2,114,459
Net OPEB liability (asset) as a percentage of covered-employee payroll	**6.52%**	-2.77%	-10.24%	7.08%	-1.68%	83.91%	84.79%	105.93%	111.82%	117.44%

See notes to required supplementary information – OPEB.

West Virginia Retiree Health Benefit Trust Fund

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 43,539**	$ 27,846	$ 33,303	$ 24,779	$ 58,962	$ 164,600	$ 200,444	$ 224,009	$ 224,710	$ 236,031
Contributions in relation to the actuarially determined contribution	**67,655**	39,550	100,285	117,572	39,550	100,285	206,028	204,235	204,908	170,952
Contribution (excess) deficiency	**$ (24,116)**	$ (11,704)	$ (66,982)	$ (92,793)	$ 19,412	$ 64,315	$ (5,584)	$ 19,774	$ 19,802	$ 65,079
Covered-employee payroll	**$ 1,445,622**	$ 1,505,608	$ 1,545,095	$ 1,571,758	$ 1,768,975	$ 1,892,941	$ 2,286,999	$ 2,286,999	$ 2,199,037	$ 2,114,459
Contributions as a percentage of covered-employee payroll	**4.68%**	2.63%	6.49%	7.48%	2.24%	5.30%	9.01%	8.93%	9.32%	8.08%

See notes to required supplementary information – OPEB.

West Virginia Retiree Health Benefit Trust Fund

Required Supplementary Information
Schedule of Investment Returns
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	**11.07%**	11.40%	8.60%	-6.40%	31.90%	2.70%	6.20%	9.30%	15.90%	0.00%

See notes to required supplementary information – OPEB.

West Virginia Retiree Health Benefit Trust Fund

Notes to Required Supplementary Information – OPEB

(In Thousands)

June 30, 2025

1. Valuation Date

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
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	7.40%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Trend rates for pre-Medicare and Medicare per capita costs start at 7.0% medical and 8.0% drug. The trends increase over 4 years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until the ultimate trend rate of 4.5% is reached in PY 2032.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
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)

Retirement Age	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.
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.
Mortality	Postretirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021 for TRS. Pub-2010 General Below Median Healthy Retiree Tables (106% male, 113% female) projected with Scale MP-2021 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% male, 100% female) projected with Scale MP-2021 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% male, 100% female) projected with Scale MP-2021 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021 for PERS. Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2021 for Troopers A & B.

2. Changes in Assumptions

The actuarial valuation as of June 30, 2024, reflects changes to the following healthcare-related assumptions which include:

- Per capita claims costs
- Trend rate
- Aging factors
- Participation rates

3. Benefits Changes

In 2025, there were no benefit term changes for Non-Medicare Retirees and their enrolled dependents or for the Medicare retirees in the Humana Plan or the Special Medicare Plan.

Other Supplementary Information

West Virginia Retiree Health Benefit Trust Fund

Form 7, Deposits Disclosure

(In Thousands)

June 30, 2025

	Carrying Amount	
Cash with Treasurer	$ 6,299	
Total carrying amount of deposits	$ 6,299	(1)

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, 2025

Investment Pool	Amount Unrestricted	Amount Restricted	Amount Reported	Fair Value	
West Virginia Board of Treasury Investments (BTI):					
West Virginia Money Market Pool	$ 691	$ –	$ 691	$ 691	(1)(4)
Total equity position in investment pool with BTI	$ 691	$ –	$ 691	$ 691	
West Virginia Investment Management Board (WVIMB) Investment Pool:					
Core Fixed Income	$ 160,263	$ 160,263	$ 160,263	$ 160,263	(3)
International Non-Qualified	118,947	118,947	118,947	118,947	(3)
Hedge Fund	236,431	236,431	236,431	236,431	(3)
Total Return Fixed Income	160,270	160,270	160,270	160,270	(3)
Private Markets	531,474	531,474	531,474	531,474	(3)
ST Fixed Income	157	157	157	157	(3)
Portable Alpha	591,554	591,554	591,554	591,554	(3)
Non-Large Cap Domestic Equity	94,591	94,591	94,591	94,591	(3)
International Equity	263,707	263,707	263,707	263,707	(3)
Total equity position in investment pool with WVIMB	$ 2,157,394	$ 2,157,394	$ 2,157,394	$ 2,157,394	(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	$ 691	
WVIMB	2,157,394	
Equity position in investment pools	$ 2,158,085	(2)

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

(3) Agrees to Note 4, 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, 2025

Reconciliation of cash and cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnotes:		
Cash and cash equivalents as reported	$ 6,299	(1)(2)
Equity position in investment pools as reported	$ 2,158,085	(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, 2025

External accounts receivable:			
Premium contributions	$	1,278	
Less allowance for doubtful accounts		585	(1)
Net receivable	$	693	(2)
Other receivables:			
Retiree drug subsidy	$	500	
Prescription rebates		3,885	
Other:			
Other		1,001	
Total other receivable	$	5,386	(1)
Form 9 – Net Receivable	$	693	(1)
Form 10 – Due (To) From Primary Government		(90)	(3)
Form 11 – Component Unit – A/R Balances		192	(4)
Total	$	795	(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 fiduciary net position as follows:

Contributions receivable, net	$	693	(1)
Due from the State		102	(1)
	$	795	

(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, 2025

Agency		Total
ABC Commission	$	1
Administration, Dept of		(1)
Agriculture		5
Anthony Correctional Center		(2)
Attorney General		1
Auditors Office		1
Blue Ridge Community & Technical College		(10)
Board of Medicine		(1)
Bureau of Senior Services		(1)
Commerce, Office of Secretary, Dept of		(1)
Consolidated Retirement Bd/Judges Ret.		(1)
Corrections/Salem Corr, Dept of		(5)
DCR-Beckley Correctional center		(1)
DCR-Central Office-JS-841		(1)
DCR-Central Regional Jail		(2)
DCR-Charleston Correctional Center		(1)
DCR-Chick Buckbee Juvenile Center		(1)
DCR-Donald Kuhn Juvenile Center		(1)
DCR-Gene Spadaro Juvenile Center		(1)
DCR-Lorrie Yeager Juvenile Center		(1)
DCR-North Central Regional Jail		(1)
DCR-Parole Services		(1)
DCR-Rubenstein Juvenile Center		(1)
DCR-South Central Regional Jail		(1)
DCR-Special Services-8386		(1)
DCR-Tiger Morton Juvenile Center		(1)
DCR-Vicki Douglas Juvenile Center		(1)
DCR-Youth Reporting Centers		(1)
Department of Education		(2)
Deputy Sheriffs Retirement		(3)
Division of Administrative Service		(1)
Division of Financial Institution		(1)
Education & Arts, Dept of		(1)
Examiners/Registered Nurses, Board of		(1)
Fire Commission		(1)
Forestry, Division of		1
Governors Office		1
Health Care Authority		(2)
Health Dept		2

West Virginia Retiree Health Benefit Trust Fund

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

(In Thousands)

Agency		Total	
Highways, Dept of		38	
Hopemont State Hospital		1	
Human Rights Commission		(12)	
Insurance Commission		1	
Lakin State Hospital		1	
Library Commission		(1)	
Mildred Mitchell-Bateman Hospital		(1)	
Military Authority		1	
Miners Health Safety & Training		(8)	
Motor Vehicles		(2)	
National Coal Heritage Area Authority		(1)	
Natural Resources		1	
Pharmacy, Board of		(1)	
Public Safety		4	
Public Safety/Com.Pub.Emp.Ret.Bd		(4)	
Senate		(7)	
Supreme Court/Judicial		(1)	
Tax Dept		6	
Welch Emergency Hospital		1	
Workforce WV/Payroll-05303		3	
WV Bd of Social Worker Examiners		1	
WV Board of Barbers and Cosmetologists		(6)	
WV Center for Nursing		(1)	
WV Office of Tax Appeals		(2)	
WV PERS Non State		(17)	
WV PERS State		31	
WV School for the Deaf and Blind		1	
WV Teachers Retirement Board		(77)	
Total due to/from	$	(90)	
Total primary government	$	(90)	[2]
Total component units Form 11		192	
Due from the State, net	$	102	[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, 2025

Unit	Amount
Bluefield State College	$ 2
BridgeValley Community and Technical College	(1)
Concord College	7
Development Office	1
Educational Broadcasting	(41)
Fairmont State University	8
Higher Education Policy Commission	(4)
Marshall University	(21)
Pierpont Community & Technical College	1
Reg Jail & Correctional Fac Auth	(5)
Shepherd University	(1)
West Liberty State College	3
West Virginia University	205
WV Northern Community College	2
WV Parkways Econ.Dev.& Tourism Auth.	7
WVU Parkersburg	29
Total component units	$ 192

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 of America 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 fiduciary net position as of June 30, 2025 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 RHBT's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a 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.

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, 2025

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