

RETIREE HEALTH CARE PLAN

**Financial Statements and Supplementary Information
For the Years Ended December 31, 2024 and 2023
With Independent Auditor's Report**



MITCHELL TITUS
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RETIREE HEALTH CARE PLAN
For the Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Retiree Health Care Plan

Opinion

We have audited the accompanying financial statements of the Retiree Health Care Plan (the Plan), which comprise the statements of fiduciary net position as of December 31, 2024 and 2023, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retiree Health Care Plan as of December 31, 2024 and 2023, and the changes in its financial 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 the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, 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 these 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 from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

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



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents 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 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 basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of investment returns and schedule of investment and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mitchell Titus, LLP

September 25, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The Management's Discussion and Analysis of the Retiree Health Care Plan (the Plan) provides an overview and analysis of the financial statements of the Plan, including highlights and a discussion of current activities for the years ended December 31, 2024 and 2023. For more detailed information regarding the Plan's financial activities, readers should also review the Plan's financial statements, including the notes and supplementary schedules.

Overview of the Financial Statements

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board (GASB) and are described below:

- *The Statements of Fiduciary Net Position* present the Plan's assets and liabilities and the resultant net position held in trust for plan benefits at year end. The statements reflect the Plan's investments at fair value as well as receivables and liabilities.
- *The Statements of Changes in Fiduciary Net Position* present the additions and deductions to the Plan during the current year. It reflects the investment income and net realized and unrealized gains or losses during the year, along with members' contributions and employer's contributions, if any, as well as benefit payments and administrative expenses.
- *The Notes to Financial Statements* provide additional information for a better understanding of the data provided in the financial statements. They explain the purpose of the Plan, significant accounting policies, investment details and related risks, and other relevant information.

The required supplementary information consists of a schedule of changes in the net OPEB asset and related ratios and a schedule of investment returns, as well as the related notes to discuss actuarial assumptions and methods. Such schedules provide the historical trend information for the Plan since its adoption of GASB Statement No. 74 (a schedule of contributions is not required).

The additional schedule provided consists of the *Schedule of Investment and Administrative Expenses*, which reflects the costs to manage the Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Financial Highlights

- Public Act 094-0839, which passed in June 2006, separated the funding for retiree health care benefits from the funding for pension benefits by January 1, 2009.
- Public Act 095-0708, which was signed by the governor on January 18, 2008, established the Retiree Health Care Trust (RHCT, or the Plan) and provided for funding and benefit changes to the retiree health care benefits. Beginning January 18, 2008, all Chicago Transit Authority (CTA) employees were required to contribute 3% of their compensation into the newly formed RHCT. The legislation also required changes to eligibility for health care benefits from the RHCT. Contributions from retirees, dependents, and survivors may not exceed 45% of the total cost of their benefits under the Plan. Public Act 095-0708 also authorized the CTA to issue pension obligation bonds to fund the RHCT. After the bond funding, the legislation provides that the CTA has no further obligation to provide funding for health care benefits to eligible retirees and their dependents and survivors. During 2024 and 2023, CTA employees' contributions remained at 1% of their compensation. During 2022, the CTA employees' contribution was 1% of their compensation.
- The RHCT was established on May 12, 2008. An approximately \$529 million from bond proceeds was deposited into the RHCT in August 2008.
- During 2009, the RHCT's Board of Trustees developed the Plan's design and eligibility rules for retirees, which were required pursuant to Public Act 095-0708, and entered into contracts with health care providers to provide benefits to retirees, dependents, and surviving spouses. In May 2009, the RHCT held its first open enrollment for retirees, dependents, and survivors. All who elected coverage with RHCT began on July 1, 2009.
- Retiree and employee contributions totaled \$21.6 million, \$22.0 million and \$23.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.
- Net investment (loss) income was \$100.9 million, \$112.3 million and \$(141.9) million for the years ended December 31, 2024, 2023, and 2022, respectively.
- The Plan's net position totaled \$1,091.7 million, \$1,013.3 million and \$919.1 million at December 31, 2024, 2023, and 2022, respectively.
- According to GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*, the Plan's fiduciary net position as a percentage of the total OPEB liability was 169.73% as of December 31, 2024; 164.71% as of December 31, 2023; and 170.32% as of December 31, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Fiduciary Net Position

(in millions)

As of December 31, 2024, 2023, and 2022

The following schedule presents the Plan's net position:

	2024	2023	2022	2024-2023 Change	
				\$	%
Investments, at fair value	\$ 1,111.9	\$ 1,029.1	\$ 1,021.4	\$ 83.0	8 %
Employee contributions receivable	0.1	0.1	0.1	-	- %
Retiree contributions receivable	1.0	1.2	1.2	(0.2)	(16.7)%
Securities sold, but not received	0.1	4.8	17.6	(4.7)	(97.9)%
Accrued interest and dividends	3.9	2.6	1.8	1.3	50 %
Other receivables	1.2	0.9	0.7	0.3	33 %
Prepaid expense	-	1.0	1.1	(1.0)	(100.0)%
Subscription asset, net	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>100.0 %</u>
Total assets	<u>1,118.4</u>	<u>1,039.7</u>	<u>1,043.9</u>	<u>78.7</u>	<u>-</u>
Accounts payable	3.2	3.3	2.9	(0.1)	(3.0)%
Securities purchased, but not paid	23.4	23.1	41.9	0.3	1.0 %
Settlement fund payable	-	-	80.0	-	- %
Subscription liability	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>100.0 %</u>
Total liabilities	<u>26.7</u>	<u>26.4</u>	<u>124.8</u>	<u>0.3</u>	
Fiduciary net position	<u>\$ 1,091.7</u>	<u>\$ 1,013.3</u>	<u>\$ 919.1</u>	<u>\$ 78.4</u>	8 %

Fiduciary net position increased by \$78.4 million, or 8%, at December 31, 2024, primarily due to market conditions, which increased investments at year end by \$83.0 million. Receivables decreased by \$3.3 million at December 31, 2024, mainly due to a decrease in securities sold but not received. Liabilities increased by \$0.3 million at December 31, 2024, caused mainly by an increase in securities purchased, but not paid.

Fiduciary net position increased by \$94.2 million, or 10.2%, at December 31, 2023, primarily due to market conditions, which increased investments at year end by \$7.7 million. Receivables decreased by \$11.8 million at December 31, 2023, mainly due to a decrease in securities sold but not received. Liabilities decreased by \$98.4 million at December 31, 2023, caused mainly by a decrease in settlement fund payable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Changes in Fiduciary Net Position (in millions) For the Years Ended December 31, 2024, 2023, and 2022

The following schedule presents changes in the Plan's net position:

	2024	2023	2022	2024-2023 Change	
				\$	%
ADDITIONS					
Employee contributions	\$ 9.6	\$ 8.6	\$ 9.2	\$ 1	12 %
Retiree contributions	12.0	13.4	14.4	(1.4)	(10.4)%
Rebates and reimbursements related to claims	3.0	1.9	1.2	1.1	58 %
Net investment (loss) income	<u>100.9</u>	<u>112.3</u>	<u>(142.0)</u>	<u>(11.4)</u>	<u>(10.2)%</u>
Total additions	<u>125.5</u>	<u>136.2</u>	<u>(117.2)</u>	<u>(10.7)</u>	<u>(7.8)%</u>
DEDUCTIONS					
Medical claims paid to providers	\$ 29.4	\$ 24.8	\$ 22.6	\$ 4.6	19 %
Medical premium payments to insurance companies	11.9	11.8	18.5	0.1	1 %
Dental premium payments to insurance companies	1.9	1.9	2.6	-	- %
Health reimbursement account	1.4	1.2	1.1	0.2	17 %
Claim administration fee	1.3	0.9	1.4	0.4	44 %
Settlement fund	-	-	80.0	-	- %
Administrative expenses	<u>1.3</u>	<u>1.4</u>	<u>2.1</u>	<u>(0.1)</u>	<u>(7.1)%</u>
Total deductions	<u>47.2</u>	<u>42.0</u>	<u>128.3</u>	<u>5.2</u>	<u>12.4 %</u>
Net increase (decrease)	\$ 78.3	\$ 94.2	\$ (245.5)	\$ (15.9)	(20.2)%

Total additions of \$125.5 million in 2024 were lower than the amount in 2023, primarily due to a net investment income of \$100.9 million in 2024 compared to a net investment of \$112.3 million in 2023. A decrease in the 2024 total additions over 2023 represents a decrease of \$(10.7) million, or (7.8)%.

Total additions of \$136.2 million in 2023 were higher than the amount in 2022, primarily due to a net investment income of \$112.3 million in 2023 compared to a net investment loss of \$(142.0) million in 2022. An increase in the 2023 total additions over 2022 represents an increase of \$253.4 million, or 216.2%.

Deductions for medical claims and administration fees for 2024 were \$47.2 million compared to \$42.0 million in 2023. Medical claims paid to providers increased by \$29.4 million and medical premium payments to insurance companies increased by \$11.9 million. Dental premium payments to insurance companies remain constant at \$1.9 million while administrative expenses decreased by \$1.3 million. During 2024, the Health Reimbursement Account transaction amount increased by \$1.4 million compared to 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Changes in Fiduciary Net Position (*continued*)

During 2024, the Trust paid the \$0 million settlement in accordance to the Williams settlement agreement; therefore, the settlement fund payable decreased to zero in 2024 from zero in 2023.

Deductions for medical claims and administration fees for 2023 were \$42.0 million compared to \$128.3 million in 2022. Medical claims paid to providers increased by \$2.2 million and medical premium payments to insurance companies decreased by \$(6.7) million. Dental premium payments to insurance companies decreased by \$(0.7) million while administrative expenses decreased by \$(0.7) million. During 2023, the Health Reimbursement Account transaction amount increased by \$0.1 compared to 2022.

Plan Membership

The following table presents the changes in Plan membership as of December 31, 2024, 2023, and 2022:

	2024	2023	2022	2024-2022 Change	2024-2022 %
Retirees and beneficiaries receiving benefits	7,824	7,831	7,838	(7)	(0.1)%
Active employees	8,697	9,478	9,292	(781)	-8.2 %
Terminated (inactive members) employees entitled to benefits or refunds of contributions	83	103	107	(20)	(19.4)%
Separated participants only eligible for HRA at age 65	15,046	12,241	11,096	2,805	22.9 %
Total	31,650	29,653	28,333	1,997	6.7 %

Funding Results on the Retiree Health Care Trust and Plan

Section 22-101B(b)(3)(iii) of the Illinois Pension Code requires the Board of Trustees of the RHCT to make an annual assessment of the funding levels of the RHCT and to submit a report to the Auditor General regarding the assessment. The purpose of the RHCT is to fund the expenses of the Retiree Health Care Plan. If the actuarial present value of projected benefits exceeds the actuarial present value of projected contributions and trust income plus assets in excess of the statutory reserve, then a plan should be implemented by management of the RHCT to increase the contribution levels from employees, retirees, dependents, or survivors; to decrease benefit levels or both, which is projected to cure the shortfall over a period not to exceed 10 years. At December 31, 2024, 2023, and 2022, income and assets as a percentage of projected benefits were 143.9%, 139.5%, and 147.1%, respectively.

At December 31, 2024, income and assets as a percentage of projected benefits increased to 143.9% from 139.5% due to changes in census data and changes in per capita claims, retiree contribution rates and trend. A 2022 amendment to the Illinois Pension Code (PA 102-0315) decreased the minimum active contribution rate to 1% from 3% of compensation. The Trustees lowered the active contribution rate to 1% from 3%, effective January 1, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Investment Activities

The Plan's net position held for investment was \$1,111.9 million at year-end 2024, an increase of \$83 million compared to 2023, with a total Plan rate of return of 10.5%. Domestic equity investment managers returned 21.9%, while non-U.S. equity investment managers returned a 4.3%, domestic fixed income returned 1.0%, volatility risk premium returned 16.1% and real estate managers returned (2.7%), infrastructure returned 8.0% and private debt returned 11.3% for the year ended December 31, 2024. The Plan's net position held for investment was \$1,029.1 million at year-end 2023, an increase of \$7.7 million compared to 2022, with a total Plan rate of return of 12.5%. Domestic equity investment managers returned 24.4%, while non-U.S. equity investment managers returned a 20.3%, domestic fixed income returned 6.2%, volatility risk premium returned 17.2%, and real estate managers returned (14.3%), infrastructure returned 10.7% and private debt returned 11.6% for the year ended December 31, 2023.

In January 2024, the Board of Trustees, as recommended by our Investment Consultants, approved a new investment asset allocation as follows: fixed income 27%, domestic equities 35%, international equities 12%, real estate 8%, infrastructure 5%, volatility risk premium 8%, and private debt 5%. Investment asset allocation for 2023 was fixed income 27%, domestic equities 38%, international equities 12%, real estate 8%, infrastructure 5%, volatility risk premium 5%, and private debt 5%.

Investment Return (Calendar Year Performance Gross of Fees Basis) For the Years Ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Health Care Trust	10.5 %	12.5 %	(12.6)%
Benchmark portfolio	10.5 %	12.3 %	(13.1)%
Domestic equities	21.9 %	24.4 %	(18.1)%
International equities	4.3 %	20.3 %	(17.6)%
Domestic fixed income	1.0 %	6.2 %	(12.6)%
International fixed income	N/A	N/A	(17.0)%
Volatility risk premium	16.10 %	17.2 %	(7.3)%
Real estate	(2.7)%	(14.3)%	9.5 %
Infrastructure	8.0 %	10.7 %	N/A
Private debt	11.3 %	11.6 %	N/A

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Contact Information

This financial report is designed to provide the employer, plan participants, and others with a general overview of the Plan's finances and to show accountability for the monies received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Paul Sidrys
Executive Director
Retiree Health Care Trust
55 West Monroe Street, Suite 1950
Chicago, Illinois 60603

FINANCIAL STATEMENTS

RETIREE HEALTH CARE PLAN
 Statements of Fiduciary Net Position
 As of December 31, 2024 and 2023

	2024	2023
ASSETS		
<i>Receivables</i>		
Employee contributions	\$ 153,487	\$ 10,514
Retiree contributions	1,001,394	1,183,155
Securities sold, but not received	161,631	4,786,424
Accrued interest and dividends	3,854,902	2,671,288
Other	<u>1,183,496</u>	<u>934,585</u>
Total receivables	<u>6,354,910</u>	<u>9,585,966</u>
Prepaid expense	8,995	1,000,613
<i>Investments</i>		
Fixed income	295,619,322	248,146,622
Domestic equities	389,146,932	415,186,238
International equities	84,918,122	113,224,473
Real estate	94,181,721	107,981,453
Venture capital and partnerships	235,026,544	126,459,514
Short-term investments	<u>13,016,353</u>	<u>18,152,550</u>
Total investments	<u>1,111,908,994</u>	<u>1,029,150,850</u>
Right-to-use subscription asset, net of accumulated amortization	<u>151,054</u>	<u>-</u>
Total assets	<u>1,118,423,953</u>	<u>1,039,737,429</u>
LIABILITIES		
<i>Payables</i>		
Accounts payable	3,255,657	3,315,928
Securities purchased, but not paid	23,376,897	23,084,981
Settlement fund payable (see Note 11)	-	-
Subscription liability	<u>122,255</u>	<u>-</u>
Total liabilities	<u>26,754,809</u>	<u>26,400,909</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 1,091,669,144</u>	<u>\$ 1,013,336,520</u>

The accompanying notes are an integral part of these financial statements.

RETIREE HEALTH CARE PLAN

Statements of Changes in Fiduciary Net Position
For the Years Ended December 31, 2024 and 2023

	2024	2023
ADDITIONS		
Employee contributions	\$ 9,603,566	\$ 8,654,675
Retiree contributions	11,960,715	13,449,431
Rebates and reimbursements related to claims	3,034,510	1,855,398
<i>Investment income</i>		
Net appreciation (depreciation) in fair value of investments	80,325,352	90,256,536
Interest	15,678,378	15,918,510
Dividends	<u>6,929,572</u>	<u>8,223,838</u>
Net investment income (loss) before investment activity expenses	<u>102,933,302</u>	<u>114,398,884</u>
<i>Investment activity expenses</i>		
Investment management fees	(1,572,637)	(1,713,015)
Investment consulting fees	(170,000)	(170,000)
Custodian fees	(261,644)	(254,721)
Reporting, monitoring and other investment fees	<u>(1,542)</u>	<u>(1,241)</u>
Total investment activity expenses	<u>(2,005,823)</u>	<u>(2,138,977)</u>
Net investment income (loss)	<u>100,927,479</u>	<u>112,259,907</u>
Total additions	<u>125,526,270</u>	<u>136,219,411</u>
DEDUCTIONS		
Medical claims paid to providers	29,353,266	24,778,982
Medical premium payments to insurance companies	11,918,063	11,856,580
Dental premium payments to insurance companies	1,928,456	1,868,511
Health reimbursement account (HRA)	1,350,061	1,162,120
Claim administration fees	<u>1,329,203</u>	<u>976,709</u>
	<u>45,879,049</u>	<u>40,642,902</u>
Administrative expenses	1,314,597	1,374,259
Settlement fund (see Note 11)	-	-
Total deductions	<u>47,193,646</u>	<u>42,017,161</u>
Net increase (decrease) in net position	<u>78,332,624</u>	<u>94,202,250</u>
<i>Net position restricted for postemployment benefits other than pensions</i>		
Beginning of year	<u>1,013,336,520</u>	<u>919,134,270</u>
End of year	<u>\$ 1,091,669,144</u>	<u>\$ 1,013,336,520</u>

The accompanying notes are an integral part of these financial statements.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pursuant to 40 ILCS 5/22-101B, as amended by Public Act 095-0708 on January 18, 2008, the Chicago Transit Authority (CTA) established the Retiree Health Care Trust (RHCT) and Plan, effective May 12, 2008. The primary responsibility of the RHCT is to provide funding to the Retiree Health Care Plan (the Plan), which provides and administers health care benefits to CTA's retirees and their dependents and survivors. The financial information of the Trust is incorporated into the Plan's financial statements.

The CTA intends for the RHCT to satisfy the requirements of Section 115 of the Internal Revenue Code of 1986 (the Code), as amended. A private letter ruling regarding the exclusion of the RHCT's income from gross income under Section 115 was received from the Internal Revenue Service (IRS).

Under Public Act 095-0708 (the Act), Section 22-101B, after the establishment of the RHCT and starting January 1, 2009, and no later than July 1, 2009, the CTA no longer has any obligation to provide health care benefits to current or future retirees and their dependents or survivors. The retiree health care benefits are provided by the Plan.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as established by the Governmental Accounting Standards Board (GASB), define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of the primary government to impose its will on the component unit or the potential for the component unit to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for its component units that are fiscally dependent on it.

Based on the above criteria, the RHCT and Plan have no component units and are not a component unit of another entity.

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting. Employee and retiree contributions are recognized when due. Benefits are recognized as deductions when paid; expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the Plan's net position at the date of the financial statements, the funded status of the Plan, the actuarial information included in the required supplementary information as of the actuarial valuation date, the changes in the Plan's net position during the reporting period, and disclosures of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results may differ from those estimates.

Investments

The Plan is authorized to invest in bonds, notes, and other direct obligations of the U.S. Government and U.S. Government agencies; certain common stocks, and convertible bonds of U.S. companies; equity securities of foreign companies that trade in the U.S. financial markets through American Depository Receipts; short-term investment funds; commingled funds composed of guaranteed investment contracts, bank investment contracts, and other stable value instruments; mortgage securities, venture capital, and partnerships.

The Plan does not have a formal investment risk policy. Investment risk management is a function of the Plan's asset allocation process. Plan assets are diversified over a broad range of asset classes, utilizing multiple investment strategies to limit concentration risk.

Method Used to Value Investments

To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 6. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net appreciation (depreciation) in the fair value of investments is recognized as a component of investment income.

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed-income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value (NAV) is determined and certified by the investment managers as of the reporting date. Venture capital and partnerships do not have established market prices and are reported at estimated NAV by money managers. The pooled real estate investment funds are reported at NAV of shares held by the Plan at year end based on independent appraisals of the underlying properties.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Transactions

Purchases and sales of securities are accounted for on the trade-date basis. For purposes of determining the realized gain or loss on the disposal of investments, the average cost of investments sold is used. Unrealized gains or losses on investments held during the year, as well as realized gains or losses on securities sold, are included in the statements of changes in fiduciary net position in the period in which they occur.

Investment Income

Interest income is recognized on an accrual basis when earned. Dividend income is recognized on the ex-dividend date.

Furniture and Office Equipment

Furniture and office equipment are not capitalized, as they are immaterial and are charged to expenses in the period of purchase.

Administrative Expenses

Administrative expenses are recorded as incurred and budgeted and approved by the RHCT's Board of Trustees. Administrative expenses are paid from the Plan's assets and investment earnings. Certain administrative expenses are allocated between the Retirement Plan for CTA employees and the Retiree Health Care Plan based on periodic time and expense studies.

NOTE 2 PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

Plan and Trust Description

The following brief description of the Plan and RHCT is provided for general information purposes only. Participants should refer to the Plan and RHCT documents, as amended, for complete information.

The Plan is a single-employer, defined benefit post-employment health care plan. The Plan provides medical, prescription drug, and dental benefits to eligible retirees and their dependents and survivors starting no later than July 1, 2009, but no earlier than January 1, 2009. Dental benefits prior to age 65 are also available at cost.

The RHCT and Plan are administered by a seven-member Board of Trustees composed of members appointed by the CTA, the Amalgamated Transit Union (ATU) and the Regional Transportation Authority. The Board of Trustees of the RHCT and Plan have the authority to establish or amend the contribution and benefit provisions under the Plan. The Plan is classified as a "governmental plan" and, therefore, is exempt from certain provisions of the Employee Retirement Income Security Act of 1974, as amended.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 2 PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (continued)

Plan and Trust Description (continued)

The Act, enacted on January 18, 2008, provides funding for retiree health care benefits and makes substantive changes to the retirees' health care benefits. Under the Act, CTA issued pension obligation bonds and deposited approximately \$528,800,000 into the RHCT in August 2008. Funding for retiree health care benefits comes from employees' contributions, retirees' contributions, and investment earnings in the RHCT.

The RHCT was required to assume financial responsibility for retiree health care benefits no later than July 1, 2009, and the CTA has no further responsibility to fund the retiree health care costs. The Board of Trustees of the RHCT is required by the Act to make an annual assessment of the funding levels of the RHCT and has the authority to increase members' contributions, decrease benefits, or a combination of both, to eliminate any funding shortfall within 10 years.

Major changes to the Plan's benefits under the Act include the following:

- All active CTA employees are required to contribute 3% of their compensation to the RHCT. This rate is subject to change every year and it is subject to a 45% test according to Section 22-101B(b)(5) of the Illinois Pension Code. Total contributions from members taken together cannot exceed 45% of total retiree health care costs in the prior plan year. A 2021 amendment to the Illinois Pension Code decreased the minimum active contribution rate from 3% of compensation to 1%. The Board of Trustees lowered the active contribution rate from 3% to 1%, effective January 1, 2022.
- Beginning July 1, 2009, retirees were required to make contributions for their health care coverage.
- Effective January 1, 2018, participants became eligible to receive health care benefits if they met the following criteria (1) they separate from service at or after age 55 with at least 20 years of eligibility service, or (2) they separate with at least 10 years of service and are at least age 65 at the time they enrolled.
- Effective January 1, 2018, the Trustees established a Health Reimbursement Account (HRA). Former employees who contributed to the Trust and have never received health benefits from the Trust are eligible for an HRA at age 65 equal to their contributions.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 2 PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (continued)

Membership

At December 31, 2024 and 2023, the number of participants was as follows:

	2024	2023
Retirees and beneficiaries receiving benefits	7,824	7,831
Terminated plan members entitled to but not yet receiving benefits	83	103
Active participants	8,697	9,478
Separated participants only eligible for HRA at age 65	<u>15,046</u>	<u>12,241</u>
	<u><u>31,650</u></u>	<u><u>29,653</u></u>

Contributions

During 2024 and 2023, retiree health care benefits were funded through active employee contributions, retiree contributions, investment return on assets, rebates, and other reimbursements.

The Act, 095-0708, effective January 18, 2008, authorized CTA to issue bonds and notes in the aggregate amount of \$639,680,000, of which net proceeds of \$528,800,000 were deposited into the RHCT in August 2008 as advance funding.

During 2024 and 2023, active employees were required to contribute 1% of their salary to the RHCT.

NOTE 3 INVESTMENTS

Investment Policy: The Plan's policy regarding the allocation of invested assets is established and may be amended by the Board of Trustees. The primary objective of the Plan's investment policy is to provide a structured approach in implementing the Plan's investment strategies to achieve above-average returns consistent with prudent risk and investment volatility.

The Plan's investment policy takes a long-term investment perspective by allocating its assets across major asset classes and is diversified broadly within each asset class, in accordance with the "prudent person rule" as prescribed by the Illinois Statutes.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 3 INVESTMENTS (continued)

The following was the Board of Trustees' adopted asset allocation policy as of December 31, 2024 and 2023:

<u>Asset Class</u>	Target Allocation	
	At December 31	
	2024	2023
Fixed income	27%	27%
Domestic equities	35	38
International equities	12	12
Real estate	8	8
Infrastructure	5	5
Volatility risk premium	8	5
Private debt	<u>5</u>	<u>5</u>
Total	<u>100%</u>	<u>100%</u>

In January 2024, the Board of Trustees, as recommended by our Investment Consultants, approved a new investment asset allocation as follows: fixed income 27%, domestic equities 35%, international equities 12%, real estate 8%, infrastructure 5%, volatility risk premium 8%, and private debt 5%. Investment asset allocation for 2023 was fixed income 27%, domestic equities 38%, international equities 12%, real estate 8%, infrastructure 5%, volatility risk premium 5%, and private debt 5%.

Rate of Return: For the years ended December 31, 2024 and 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.24% and 11.91%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4 INVESTMENT SUMMARY

The Plan's investments were held by The Northern Trust Company as custodian to the Plan.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 4 INVESTMENT SUMMARY *(continued)*

The following table summarizes the Plan's investments by type at December 31, 2024 and 2023:

	2024	2023
Asset-backed securities	\$ 9,923,216	\$ 9,950,854
Commercial mortgage-backed securities	12,381,226	5,444,815
Corporate bonds	38,153,861	31,241,261
U.S. Government agency securities	643,308	882,074
U.S. Government bonds	115,768,321	87,185,437
U.S. Government-issued commercial mortgage-backed securities (CMOs)	1,107,092	476,829
U.S. Government mortgage-backed securities	94,285,542	88,945,598
Municipal/provincial bonds	407	180,921
Non-government-backed CMOs	6,121,312	3,033,494
Index-linked government bonds	-	1,083,838
Opportunistic core bonds	17,235,039	19,721,501
U.S. equities	389,146,932	415,186,238
Foreign equities	84,918,121	113,224,473
Real estate	94,181,721	107,981,453
Venture capital and partnerships	235,026,544	126,459,514
Short-term investments and currency positions	<u>13,016,352</u>	<u>18,152,550</u>
Total investments, at fair value	<u>\$ 1,111,908,994</u>	<u>\$ 1,029,150,850</u>

NOTE 5 INVESTMENT RISK

The Plan's investments are subject to risks, including stable NAV risk, credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following is a description of those risks:

Stable NAV Risk: The risk that the collective short-term investment fund will not be able to maintain an NAV per share of \$1.00 at all times. The investment advisor manages this risk by buying securities with remaining maturities of one year or less and investing only in U.S. dollar-denominated securities that represent minimal credit risks.

Credit Risk: Credit risk is the risk that an issuer of fixed-income securities held by the Plan may default on its obligation to pay interest and repay principal. This credit risk is measured by the credit quality ratings issued by a Nationally Recognized Statistical Rating Organization (NRSRO), such as Moody's and Standard & Poor's. The Plan has no formal credit risk policy. The Plan limits its investments to securities that have short-term debt ratings at the time of purchase in the two highest rating categories of an NRSRO or that are issued or guaranteed by, or otherwise allow the Plan to demand payment from, an issuer with such ratings.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 5 INVESTMENT RISK (*continued*)

The following tables provide information on the credit ratings associated with the Plan's investments in debt securities at December 31, 2024 and 2023. Ratings were obtained from Standard & Poor's.

	2024					
	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Corporate Bonds	Government Agency Securities	Government Bonds	Government-Issued CMOs
'AAA'	\$ 827,638	\$ 2,493,136	\$ -	\$ -	\$ -	\$ 321,257
'AA'	1,029,822	-	194,107	-	-	-
'A'	1,911,676	1,239,281	13,752,917	-	-	-
'BBB'	1,134,141	651,056	19,586,808	643,308	-	-
'BB'	558,766	-	2,721,424	-	-	-
'B'	179,670	-	249,777	-	-	-
'CCC'	-	-	-	-	-	-
'CC'	-	-	-	-	-	-
Not rated	4,281,503	7,997,753	1,648,828	-	-	-
U.S. Govt. agencies	-	-	-	-	115,768,321	785,835
Total	\$ 9,923,216	\$ 12,381,226	\$ 38,153,861	\$ 643,308	\$ 115,768,321	\$ 1,107,092

	2024 (<i>continued</i>)					
	Government Mortgage-Backed Securities	Municipal/Provincial Bonds	Non-Government-Backed CMOs	Index-Linked Government Bonds	Opportunistic Core Bonds	Total
'AAA'	\$ -	\$ -	\$ 1,302,465	\$ -	\$ -	\$ 4,944,496
'AA'	-	-	185,812	-	-	1,409,741
'A'	-	-	7,740	-	-	16,911,614
'BBB'	124,551	-	210,063	-	-	22,349,927
'BB'	890,918	-	152,807	-	-	4,323,915
'B'	-	-	167,531	-	-	596,978
'CCC'	-	-	622,427	-	-	622,427
'CC'	-	-	-	-	-	-
Not rated	-	407	3,472,467	-	17,235,039	34,635,997
U.S. Govt. agencies	93,270,073	-	-	-	-	209,824,229
Total	\$ 94,285,542	\$ 407	\$ 6,121,312	\$ -	\$ 17,235,039	\$ 295,619,324

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 5 INVESTMENT RISK (*continued*)

Credit Risks (continued)

	2023					
	Commercial		Government		Government-	
	Asset- Backed Securities	Mortgage- Backed Securities	Corporate Bonds	Agency Securities	Government Bonds	Issued CMOs
'AAA'	\$ 867,018	\$ 389,946	\$ -	\$ -	\$ -	\$ -
'AA'	2,927,391	-	322,632	-	-	-
'A'	722,964	938,214	12,864,324	-	-	-
'BBB'	933,423	418,355	14,832,892	634,133	-	-
'BB'	509,209	-	1,320,204	247,941	78,457	-
'B'	88,508	-	454,077	-	-	-
'CCC'	-	-	-	-	-	-
'CC'	-	-	-	-	-	-
Not rated U.S. Gov't. agencies	3,902,341	3,698,301	1,447,133	-	-	-
Total	\$ 9,950,854	\$ 5,444,815	\$ 31,241,261	\$ 882,074	\$ 87,185,437	\$ 476,829

	2023 (continued)					
	Government Mortgage- Backed Securities	Municipal/ Provincial Bonds	Non- Government- Backed CMOs	Index- Linked Government Bonds	Opportunistic Core Bonds	Total
'AAA'	\$ -	\$ -	\$ 425,382	\$ -	\$ -	\$ 1,682,346
'AA'	-	180,513	-	-	-	3,430,536
'A'	-	-	10,182	-	-	14,535,684
'BBB'	-	-	73,123	-	-	16,891,925
'BB'	1,502,651	-	160,285	-	-	3,818,748
'B'	-	-	500,582	-	-	1,043,167
'CCC'	-	-	661,697	-	-	661,697
'CC'	-	-	-	-	-	-
Not rated U.S. Gov't. agencies	-	407	1,202,242	-	19,721,501	29,971,925
Total	\$ 87,442,947	\$ -	\$ -	\$ 1,083,838	\$ -	\$ 176,110,595
	\$ 88,945,598	\$ 180,921	\$ 3,033,494	\$ 1,083,838	\$ 19,721,501	\$ 248,146,622

Custodial Credit Risk: For an investment, it is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. The Plan's master custodian holds all investments of the Plan in the Plan's name. At December 31, 2024 and 2023, deposits of approximately \$0.52 and \$0.57, respectively, were exposed to custodial credit risk as uninsured and uncollateralized.

Concentration of Credit Risk: The concentration of credit risk is the risk of loss attributed to the magnitude of a Plan's investment in a single issuer.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 5 INVESTMENT RISK (*continued*)

The Plan did not invest in derivative instruments during the years ended December 31, 2024 and 2023.

Interest Rate Risk: The risk that during periods of rising interest rates, the fixed-income investments' yield will be lower than prevailing market rates; in periods of falling interest rates, the fixed-income investments' yield will tend to be higher. All fixed-income investments are managed by external investment managers. Each investment manager is required to determine the maturities of all fixed-income securities in their portfolio. Additionally, guidelines are provided to the external investment managers, given the level of risk within the investment manager's portfolio. These guidelines include a target duration range that is consistent with each investment manager's respective strategy.

The following tables segment the distribution of the Plan's investments into time periods of maturities based on the investments' cash flows.

At December 31, 2024, the Plan had the following investments and maturities related to certain fixed-income securities:

Investment Type	Market Value	Investment Maturities					Maturity Not Determined
		Less Than 1 Year	1+ to 6 Years	6+ to 10 Years	More Than 10 Years		
Asset-backed securities	\$ 9,923,216	\$ -	\$ 2,415,939	\$ 3,073,938	\$ 4,433,339	\$ -	
Commercial mortgage-backed securities	12,381,226	-	390,224	440,691	11,550,311		-
Corporate bonds	38,153,861	975,112	20,358,453	10,182,202	6,638,094		-
U.S. Government agency securities	643,308	-	512,688	-	130,620		-
U.S. Government bonds	115,768,321	-	47,793,039	38,904,621	29,070,661		-
U.S. Government-issued CMOs	1,107,092	-	-	491,130	615,962		-
U.S. Government mortgage-backed securities	94,285,542	-	-	506,692	75,431,496		18,347,354
Municipal/provincial bonds	407	-	-	-	407		-
Non-government-backed CMOs	6,121,312	-	-	-	6,121,312		-
Index-linked government bonds	-	-	-	-	-		-
Opportunistic core bonds	17,235,039	-	-	-	-		17,235,039
Total	\$ 295,619,324	\$ 975,112	\$ 71,470,343	\$ 53,599,274	\$ 133,992,202	\$ 35,582,393	

At December 31, 2023, the Plan had the following investments and maturities related to certain fixed-income securities:

Investment Type	Market Value	Investment Maturities					Maturity Not Determined
		Less Than 1 Year	1+ to 6 Years	6+ to 10 Years	More Than 10 Years		
Asset-backed securities	\$ 9,950,854	\$ -	\$ 3,037,386	\$ 248,933	\$ 6,664,535	\$ -	
Commercial mortgage-backed securities	5,444,815	-	-	145,600	5,299,215		-
Corporate bonds	31,241,261	264,781	14,522,986	11,138,575	5,314,920		-
U.S. Government agency securities	882,074	-	499,804	247,941	134,329		-
U.S. Government bonds	87,185,437	-	26,285,970	34,519,634	26,379,833		-
U.S. Government-issued CMOs	476,829	-	-	175,070	301,759		-
U.S. Government mortgage-backed securities	88,945,598	-	-	797,325	72,465,901		15,682,372
Municipal/provincial bonds	180,921	-	-	-	180,921		-
Non-government-backed CMOs	3,033,494	-	-	-	3,033,494		-
Index-linked government bonds	1,083,838	-	-	1,083,838	-		-
Opportunistic core bonds	19,721,501	-	-	-	-		19,721,501
Total	\$ 248,146,622	\$ 264,781	\$ 44,346,146	\$ 48,356,916	\$ 119,774,906	\$ 35,403,873	

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 5 INVESTMENT RISK (*continued*)

Foreign Currency Risk: The risk that changes in exchange rates will adversely affect the fair value of an investment. International equity securities purchased by the Plan meet exchange listing requirements and all foreign equities held by the Plan are denominated in U.S. dollars. The Plan has no formal foreign currency risk policy. The Plan's exposure to foreign currency risk is as follows:

<u>Type of investment</u>	<u>(US\$) 2024</u>		<u>(US\$) 2023</u>	
<i>Short-term investment and currency positions</i>				
Canadian dollar	\$	1	\$	1
European euro		-		-
<i>Equities</i>				
British pound sterling	\$	5,076,337	\$	7,654,437
Canadian dollar		967,822		1,391,262
Danish krone		-		417,982
European euro		9,498,999		17,475,687
Hong Kong dollar		1,044,623		1,067,266
Japanese yen		6,355,191		9,380,318
New Israeli shekel		-		-
Norwegian krone		-		-
Singapore dollar		436,239		534,925
Swedish krona		895,870		1,322,051
Swiss franc		<u>1,437,837</u>		<u>2,348,955</u>
		<u>\$ 25,712,919</u>		<u>\$ 41,592,883</u>

Investment management fees from equity and fixed-income managers, including most of the collective funds, are included in the investment management fees on the statement of changes in fiduciary net position. Investment management fees from funds of short-term investments and private equity are reflected in the net investment income from such investment products. Such investment management fees are not significant to the financial statements.

NOTE 6 FAIR VALUE OF INVESTMENTS

GASB 72, *Fair Value Measurements and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liabilities as of the measurement date. The three levels are defined as follows:

Level 1: Observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 6 FAIR VALUE OF INVESTMENTS *(continued)*

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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Plan categorized its fair value measurements within the fair value hierarchy established by U.S. GAAP. The Plan had the following recurring fair value measurements as of December 31, 2024:

	12/31/2024	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by fair value level					
<i>Fixed-income investments</i>					
Asset-backed securities	\$ 9,923,216	\$ -	\$ 9,923,216	\$ -	
CMOs	12,381,226	-	12,381,226	-	
Corporate bonds	38,153,861	-	38,153,861	-	
U.S. Government agency securities	643,308	-	643,308	-	
U.S. Government bonds	115,768,321	-	115,768,321	-	
U.S. Government-issued CMOs	1,107,092	-	1,107,092	-	
U.S. Government mortgage-backed securities	94,285,542	-	94,285,542	-	
Municipal/provincial bonds	407	-	-	407	
Non-government-backed CMOs	6,121,312	-	6,121,312	-	
Total fixed-income investments	278,384,285	-	278,383,878	407	
<i>Equity investments</i>					
Corporate stocks	418,094,755	\$ 418,094,755	\$ -	\$ -	
<i>Investments measured at NAV</i>					
Emerging markets debt fund	-				
Opportunistic core bonds plus fund	17,235,039				
Emerging markets small-cap fund	26,612,881				
International small-cap fund	20,458,608				
Emerging markets instl fund	8,898,809				
Real estate open fund	94,181,721				
Venture capital and partnerships	235,026,544				
Total investments measured at NAV	402,413,602				
Total investments by fair value level	\$ 1,098,892,642				
<i>Investments not subject to fair value leveling (at cost or amortized cost)</i>					
Short-term investments and currency positions	\$ 13,016,352				

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 6 FAIR VALUE OF INVESTMENTS *(continued)*

The Plan had the following recurring fair value measurements as of December 31, 2023:

	Fair Value Measurements Using				
	12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by fair value level					
<i>Fixed-income investments</i>					
Asset-backed securities	\$ 9,950,854	\$ -	\$ 9,950,854	\$ -	
Commercial mortgage-backed securities	5,444,815	-	5,444,815	-	
Corporate bonds	31,241,261	-	31,241,261	-	
U.S. Government agency securities	882,074	-	882,074	-	
U.S. Government bonds	88,269,275	-	88,269,275	-	
U.S. Government-issued CMOs	476,829	-	476,829	-	
U.S. Government mortgage-backed securities	88,945,598	-	88,945,598	-	
Municipal/provincial bonds	180,921	-	180,513	407	
Non-government-backed CMOs	3,033,494	-	3,033,494	-	
Total fixed-income investments	228,425,121	-	228,424,713	407	
<i>Equity investments</i>					
Corporate stocks	460,228,487	\$ 460,228,487	\$ -	\$ -	
<i>Investments measured at NAV</i>					
Emerging markets debt fund	-				
Opportunistic core bonds plus fund	19,721,501				
Emerging markets small-cap fund	33,558,073				
International small-cap fund	20,507,256				
Emerging markets instl fund	14,116,895				
Real estate open fund	107,981,453				
Venture capital and partnerships	126,459,514				
Total investments measured at NAV	322,344,692				
Total investments by fair value level	\$ 1,010,998,300				
<i>Investments not subject to fair value leveling (at cost or amortized cost)</i>					
Short-term investments and currency positions	\$ 18,152,550				

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Equity funds and fixed-income securities classified in Level 2 of the fair market hierarchy are valued using either a bid evaluation or a matrix pricing technique maintained by various pricing vendors. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 6 FAIR VALUE OF INVESTMENTS *(continued)*

The redemption restrictions for investments measured at the NAV per share (or its equivalent) is presented on the following table:

Investments Measured at NAV	Fair Value 2024	Redemption Frequency (if Current Eligible)	Redemption Notice Period
Emerging markets debt fund	\$ -	Monthly	5 days
Opportunistic core plus fund	17,235,039	Daily	1 to 3 days
Emerging markets small-cap fund	26,612,881	Monthly	1 to 15 days
International small-cap fund	20,458,608	Monthly	1 to 15 days
Emerging markets fund	8,898,809	Daily	1 to 3 days
Real estate open fund	94,181,721	Quarterly	90 days
Venture capital and partnerships	<u>235,026,544</u>	Monthly	5 days
Total investments measured at NAV	<u>\$ 402,413,602</u>		
Investments Measured at NAV	Fair Value 2023	Redemption Frequency (if Current Eligible)	Redemption Notice Period
Emerging markets debt fund	\$ -	Monthly	5 days
Opportunistic core plus fund	19,721,501	Daily	1 to 3 days
Emerging markets small-cap fund	33,558,073	Monthly	1 to 15 days
International small-cap fund	20,507,256	Monthly	1 to 15 days
Emerging markets fund	14,116,895	Daily	1 to 3 days
Real estate open fund	107,981,453	Quarterly	90 days
Venture capital and partnerships	<u>126,459,514</u>	Monthly	5 days
Total investments measured at NAV	<u>\$ 322,344,692</u>		

Emerging markets debt fund. This fund invests primarily in a diversified portfolio of fixed-income securities issued by entities whose principal domicile is in an emerging market country. The value of each unit of participation is determined daily and calculated by dividing the total value of assets, less liabilities, by the number of units outstanding.

Opportunistic core plus fund. This fund includes investments in commingled investment entities, such as open-ended limited partnerships and registered or unregistered investment companies maintained or offered by the investment manager or any affiliate of the investment manager. Any assets of the account that are held in any fund will be redeemed only at such time as permitted by the applicable governing documents of such funds. The NAV of each fund's shares is determined by dividing the net assets attributable to each class of shares of the fund by the number of issued and outstanding shares of the class/fund on each business day.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 6 FAIR VALUE OF INVESTMENTS *(continued)*

Emerging markets small-cap fund. This fund invests in developing markets. It may invest directly or indirectly in securities and other instruments, including in other pooled investment vehicles sponsored or managed by the investment manager, or otherwise affiliated with the investment manager. The per unit NAV of the fund is determined each business day.

International small-cap fund. This fund invests in international small-cap securities and the NAV of its units is calculated at the end of each business day.

Emerging markets fund. This fund invests primarily in equity securities, principally common stocks, of non-U.S. companies whose principal activities are located in emerging market countries that the manager believes are undervalued based on their earnings, cash flow, and asset values. The NAV per share is determined by dividing the value of the total assets of the portfolio represented by such class, less all liabilities, by the total number of portfolio shares of such class outstanding.

Real estate fund. This fund consists of two core open-end real estate funds. Open-end funds provide liquidity to investors quarterly, subject to each fund's ability to honor investment and redemption requests. However, the funds will not be required to cause the funds to sell any investments to satisfy redemption requests. Additionally, redemptions may be suspended at any given time by the funds. The NAV per share on any given date is equal to the NAV on such date divided by the total number of outstanding interests on such date.

Venture capital and partnerships fund. This fund seeks to achieve its investment objective by employing an option-based strategy that utilizes a fully covered option strangle (selling out-of-the-money put and call options). The NAV per share is calculated by adding the value of its investments, cash, and other assets and subtracting its accrued liabilities and expenses, all determined in accordance with generally recognized valuation principles.

NOTE 7 UNFUNDED INVESTMENT COMMITMENTS

The Plan had unfunded commitments at December 31, 2024 and 2023, of \$14,365,172 and \$22,364,592, respectively.

NOTE 8 NET OPEB ASSET

The components of the net OPEB asset at December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Total OPEB liability	\$ 643,178,180	\$ 615,235,547
Plan fiduciary net position	<u>1,091,669,144</u>	<u>1,013,336,520</u>
Net OPEB asset	<u>\$ (448,490,964)</u>	<u>\$ (398,100,973)</u>

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 8 NET OPEB ASSET

	<u>2024</u>	<u>2023</u>
Plan fiduciary net position as a percentage of the total OPEB liability	169.73%	164.71%

Actuarial assumptions: The total OPEB asset was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2024</u>	<u>2023</u>
Inflation	2.40%	2.40%
<i>Salary increases</i>		
Years of service		
Less than 1	25%	25%
1	18%	18%
2	13%	13%
3	13%	13%
4	7%	7%
Equal to or more than 5	3.75%	3.75%
Investment rate of return (net of the plan investment expense, including inflation)	6.85%	6.85%
<i>Healthcare costs trend rates</i>		
Non-Medicare	8.00% graded down to 4.5% over 14 years	8.00% graded down to 4.5% over 14 years
Medicare	10.00% graded down to 4.5% over 16 years	15.00%, then 9.00% graded down to 4.5% over 18 years

For 2024, the mortality rates for healthy were based on the SOA Public 2010 General Healthy Retiree Headcount-Weighted Below Median Mortality Tables, multiplied by 113% for females, with generational projection using Scale MP-2021. Mortality rates for disabled employees were based on the SOA Public 2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables, with generational projection using Scale MP-2021.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 8 NET OPEB ASSET (continued)

For 2023, the mortality rates for healthy were based on the SOA Public 2010 General Healthy Retiree Headcount-Weighted Below Median Mortality Tables, multiplied by 113% for females, with generational projection using Scale MP-2021. Mortality rates for disabled employees were based on the SOA Public 2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables, with generational projection using Scale MP-2021.

For 2024, rates of mortality, turnover, disability, retirement, salary increases, and inflation were based on the results of an actuarial experience study covering Plan years from January 1, 2018, through December 31, 2022. Rates of retiree and spouse participation, Plan election assumptions, the percent of disabled participants eligible for Medicare, and turnover rates for participants who are not full-time permanent employees were based on an analysis on historical data and projections for various periods ended December 31, 2024.

For 2023, rates of mortality, turnover, disability, retirement, salary increases, and inflation were based on the results of an actuarial experience study covering Plan years from January 1, 2018, through December 31, 2022. Rates of retiree and spouse participation, Plan election assumptions, the percent of disabled participants eligible for Medicare, and turnover rates for participants who are not full-time permanent employees were based on an analysis on historical data and projections for various periods ended December 31, 2023.

The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding the expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of December 31, 2024 and 2023, are summarized in the following table:

Long-Term Expected Real Rate of Return

<u>Asset Class</u>	<u>2024</u>	<u>2023</u>
Domestic fixed income	1.90%	1.80%
Domestic equities	6.10%	6.60%
International equities	6.20%	7.70%
Other	4.96%	5.38%

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 8 NET OPEB ASSET *(continued)*

Discount rate: The discount rate used to measure the total OPEB asset was 6.85%. The projection of cash flows used to determine the discount rate for 2024 and 2023 assumed that active members will continue to contribute 1% and 1% of payroll, respectively. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future net benefit payments for current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Long-Term Expected Real Rate of Return *(continued)*

Sensitivity of the net OPEB asset to changes in the discount rate: The following presents the net OPEB asset, calculated using the discount rate of 6.85%, as well as the net OPEB asset if it were calculated using a discount rate that is 1 percentage point lower (5.85%) or 1 percentage point higher (7.85%) than the current rate:

Net OPEB Asset	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
December 31, 2024	\$379,388,719	\$448,490,964	\$506,900,083
December 31, 2023	\$332,934,548	\$398,100,973	\$453,352,034

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates: The following presents the net OPEB asset, as well as the net OPEB asset if it was to be calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

Net OPEB Asset	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
December 31, 2024	\$506,799,687	\$448,490,964	\$378,570,235
December 31, 2023	\$453,298,483	\$398,100,973	\$332,154,402

*For the Healthcare costs trend rates, please see page 38.

NOTE 9 STATUTORY RESERVE

Section 22-101B (b)(3)(ii) of the Illinois Pension Code requires the Board of Trustees of the Retiree Healthcare Trust to maintain an appropriate funding reserve level that will not be less than the amount of incurred and unreported claims, plus 12 months of expected claims and administrative expenses. Total statutory reserve as of December 31, 2024 and 2023, is \$36,019,562 and \$34,171,427, respectively.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 10 RISKS AND UNCERTAINTIES

The Plan invests in investment securities that are exposed to several risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The changes could materially affect the amounts reported in the statements of fiduciary net position.

Contributions to the Plan and the actuarial information are reported based on certain assumptions pertaining to interest rates, health care inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Because actuarial calculations reflect a long-term perspective, actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates made about the future. Examples include assumptions about mortality, investment returns, and future employment.

The Plan is subject to various claims and legal proceedings arising in the ordinary course of business which, in management's opinion, will be resolved without any material adverse effect on the Plan's financial position or changes in its financial position.

NOTE 11 LEGAL PROCEEDINGS

Williams et al. vs. Retirement Plan for Chicago Transit Authority Employees, et al., No. 11 CH 15446 (Circuit Court of Cook County, Illinois). Plaintiffs are retirees from the CTA who allege that the Trust and its Board (among others) violated their rights to health care benefits and breached a contract (Retirement Plan Agreement) relating to their health care benefits. The Court approved the settlement in this case, final approval hearing took place October 23, 2023. This matter and related obligations, if any, are reflected in the financial statements as a settlement fund payable of \$0 as of December 31, 2024 and 2023.

NOTE 12 ALLOCATION OF EXPENSES

In 2024 and 2023, \$499,361 and \$431,849 of expenses paid by the Retirement Plan for CTA employees, respectively, were allocated to Retiree Health Care Trust based on management's expense allocation.

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 13 TAX STATUS

The IRS issued a private letter ruling dated June 16, 2009, stating that the RHCT is qualified under Section 115(1) of the Code and, therefore, the RHCT's income is excludable from gross income. The RHCT and the Plan are required to operate in conformity with the Code to maintain this tax-exempt qualification. The Plan's management is not aware of any course of action or series of events that have occurred that may adversely affect the RHCT and the Plan's tax status.

NOTE 14 SUBSCRIPTION ASSET

On December 26, 2023, the Retirement Plan for CTA Employees and the Retiree Health Care Trust Fund signed a non-cancelable agreement with a vendor to provide software, implementation, support and hosting services. The initial Term of this Agreement is nine years. The Retirement Plan for CTA Employees is responsible for the 90% of the costs associated for the software and the Retiree Health Care Trust is responsible for the remaining 10% of the costs.

Changes in the subscription asset for the software, implementation, support and hosting services for the years December 31, 2024 and 2023, were as follows:

2024					
Subscription Asset	Beginning Balance	Increase	Decrease	Ending Balance	
Subscription asset	\$ -	\$ 167,837	\$ -	\$ 167,837	
Less: Accumulated amortization	<u>\$ -</u>	<u>\$ 16,783</u>	<u>\$ -</u>	<u>\$ 16,783</u>	
	<u>\$ -</u>	<u>\$ 184,620</u>	<u>\$ -</u>	<u>\$ 151,054</u>	

2023					
Subscription Asset	Beginning Balance	Increase	Decrease	Ending Balance	
Subscription asset	\$ -	\$ -	\$ -	\$ -	
Less: Accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Subscription Liability					
2024	\$ -	\$ 167,837	\$ 45,582	\$ 122,255	
2023	\$ -	\$ -	\$ -	\$ -	

RETIREE HEALTH CARE PLAN

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 14 SUBSCRIPTION ASSET

The scheduled fiscal year maturities of the subscription liability and related interest expense at December 31, 2024 and for 2023, are as follows:

Subscription Liability Principal and Interest Requirements to Maturity December 31, 2024					
Fiscal Year Ending:	Cash		Interest Expense		Liability Reduction
2024	\$ 58,590		\$ 13,008		\$ 45,582
2025	128,622		6,367		122,255

Subscription Liability Principal and Interest Requirements to Maturity December 31, 2023					
Fiscal Year Ending:	Cash		Interest Expense		Liability Reduction
2024	\$ 58,590		\$ 13,008		\$ 45,582
2025	128,622		6,367		122,255

NOTE 15 SUBSEQUENT EVENTS

Plan management has evaluated subsequent events for recognition and disclosure through September 25, 2025, which is the date the financial statements were available to be issued. No matters requiring recognition or disclosure were identified.

REQUIRED SUPPLEMENTARY INFORMATION

RETIREE HEALTH CARE PLAN

Schedule of Changes in the Net OPEB Asset and Related Ratios
 As of December 31, 2024
 (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 15,025,962	\$ 12,443,896	\$ 13,941,889	\$ 14,494,046	\$ 14,679,935	\$ 14,467,096	\$ 16,248,895	\$ 17,056,064 *
Interest	42,115,142	36,951,351	42,869,767	41,293,312	43,520,614	42,238,580	48,344,035	49,442,226 *
Change of benefit terms	10,376,775	-	-	(6,836,572)	-	-	-	(231,265)
Differences between expected and actual experience	(15,304,097)	(8,618,439)	(19,418,962)	(15,467,426)	(22,326,324)	5,306,214	(4,438,778)	(15,636,958) *
Changes of assumptions	6,612,676	60,135,894	(94,345,814)	19,971,491	(38,729,375)	(13,417,865)	(101,361,429)	(35,532,918)
Benefit payments net of retiree contributions	(30,883,825)	(25,338,073)	(30,560,185)	(29,217,319)	(29,731,301)	(30,450,777)	(31,586,009)	(28,370,831)
Net change in total OPEB liability	27,942,633	75,574,629	(87,513,305)	24,237,532	(32,586,451)	18,143,248	(72,793,286)	(13,273,682)
Total OPEB liability - beginning	615,235,547	539,660,918	627,174,223	602,936,691	635,523,142	617,379,894	690,173,180	703,446,862
Total OPEB liability - ending	\$ 643,178,180	\$ 615,235,547	\$ 539,660,918	\$ 627,174,223	\$ 602,936,691	\$ 635,523,142	\$ 617,379,894	\$ 690,173,180
Plan fiduciary net position								
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	9,603,566	8,654,675	9,192,177	23,285,858	23,370,519	24,039,187	23,300,031	21,205,666
Net investment income	100,927,480	112,259,907	(141,986,277)	130,551,028	114,601,568	138,082,960	(35,292,431)	111,133,146
Benefit payments net of retiree contributions	(30,883,825)	(25,338,073)	(30,560,184)	(29,217,319)	(29,731,301)	(30,450,778)	(31,586,009)	(28,370,831)
Administrative expense	(1,314,597)	(1,374,259)	(2,128,395)	(1,762,012)	(2,027,844)	(2,910,387)	(2,458,360)	(1,718,881)
Settlement payable	-	-	(80,000,000)	-	-	-	-	-
Net change in Plan fiduciary net position	78,332,624	94,202,250	(245,482,679)	122,857,555	106,212,942	128,760,982	(46,036,769)	102,249,100
Plan fiduciary net position - beginning	1,013,336,520	919,134,270	1,164,616,949	1,041,759,394	935,546,452	806,785,470	852,822,239	750,573,139
Plan fiduciary net position - ending	\$ 1,091,669,144	\$ 1,013,336,520	\$ 919,134,270	\$ 1,164,616,949	\$ 1,041,759,394	\$ 935,546,452	\$ 806,785,470	\$ 852,822,239
Net OPEB asset - ending	\$ (448,490,964)	\$ (398,100,973)	\$ (379,473,352)	\$ (537,442,726)	\$ (438,822,703)	\$ (300,023,310)	\$ (189,405,576)	\$ (162,649,059)
Plan fiduciary net position as a percentage of the total OPEB liability	169.73%	164.71%	170.32%	185.69%	172.78%	147.21%	130.68%	123.57%
Covered employee payroll	\$ 885,369,515	\$ 813,371,515	\$ 762,227,385	\$ 737,577,463	\$ 737,513,496	\$ 761,433,460	\$ 671,698,469	\$ 684,200,773
Plan net OPEB asset as a percentage of covered employee payroll	(50.66)%	(48.94)%	(49.78)%	(72.87)%	(59.50)%	(39.40)%	(28.20)%	(23.77)%

The above information is required beginning in 2017. A full 10-year trend will be compiled in future years.

* The information for years 2017, 2018, and 2019 in this row was restated to exclude the effect of the active contributions from the service cost.

RETIREE HEALTH CARE PLAN

Notes to Schedule of Changes in the Net OPEB Asset and Related Ratios
As of December 31, 2024
(Unaudited)

Benefit changes:	<p>January 1, 2018: On April 27, 2017, the Trustees changed eligibility requirements for retirements on or after January 1, 2018, to be (1) separate from the service at or after age 55 with at least 20 years of eligibility service, or (2) separate with at least 10 years of service and are at least age 65 at the time they enroll.</p> <p>Effective January 1, 2018, the HRA program was established.</p> <p>January 1, 2019: None.</p> <p>January 1, 2020: None.</p> <p>January 1, 2021: None.</p> <p>January 1, 2022: A 2021 amendment to the Illinois Pension Code (PA 102-0415) decreased the minimum active contribution rate to 1% from 3% of compensation. The Trustees lowered the active contribution rate to 1% from 3%, effective January 1, 2022</p> <p>January 1, 2023: None.</p> <p>January 1, 2024: None.</p> <p>January 1, 2025: Vision and hearing benefits were added to the Plan.</p>
Changes of assumptions:	<p>January 1, 2019: Valuation-year per capita health costs, retiree contribution rates, and future assumed trend rates on such costs and rates were updated. Assumed retirement, turnover, disability, and mortality rates and salary scale were modified. The percent of future retirees assumed to enroll in health care was decreased. The percent of future retirees assumed to enroll in the PPO versus HMO plans was changed to 85% PPO and 15% HMO for non-Medicare retirees and 95% PPO and 5% HMO for Medicare retirees. The percentage of future disabled retirees assumed to be on Medicare was decreased to 40% in the first two years of disability and 70% thereafter. The discount rate was lowered from 7.00% in 2017 to 6.85% in 2018.</p> <p>January 1, 2020: Valuation-year retiree contribution rates remained unchanged rather than increasing as projected. Valuation-year per capita health costs and future assumed trend rates on such costs and rates were updated.</p> <p>January 1, 2021: Valuation-year per capital health costs, retiree contribution rates, and future assumed trend rates on such costs and rates were updated.</p> <p>January 1, 2022: Valuation-year per capital health costs, retiree contribution rates, and future assumed trend rates on such costs and rates were updated.</p> <p>January 1, 2023: Valuation-year per capital health costs, retiree contribution rates, and future assumed trend rates on such costs and rates were updated.</p>

RETIREE HEALTH CARE PLAN

Notes to Schedule of Changes in the Net OPEB Asset and Related Ratios (*continued*)

As of December 31, 2024

(Unaudited)

Changes of assumptions:

(continued)

January 1, 2024: Valuation-year per capita health costs, retiree contribution rates, and future assumed trend rates on such costs and rates were updated.

January 1, 2025: Valuation-year per capita health costs, retiree contribution rates, and future assumed trend rates on such costs and rates were updated.

RETIREE HEALTH CARE PLANSchedule of Investment Returns
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	10.24%	11.9%	(12.9)%	12.6%	12.30%	17.2%	(4.48)%	14.70%

The above information is required beginning in 2017. A full 10-year trend will be compiled in future years.

RETIREE HEALTH CARE PLAN

Notes to Required Supplementary Information
For the Years Ended December 31, 2024
(Unaudited)

Actuarial Method and Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	December 31, 2024
<i>Actuarial assumptions</i>	
Investment rate of return:	6.85% for 2024
Projected salary increases:	For 2024 valuation: 25% for less than one year of service, 18% for one year of service, 13% for two years of service, 13% for 3 years of service, 7% for four years of service, and 3.75% thereafter
Healthcare costs trend rates:	For 2024 valuation: 8.00% graded down to 4.50% over 14 years for non-Medicare and 10% graded down to 4.5% over 16 years for Medicare.
Mortality:	Healthy: SOA Public 2010 General Healthy Retiree Headcount-Weighted Below Median Mortality Tables, multiplied by 113% for females, with generational projection using Scale MP-2021 Disabled: SOA Public 2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables, with generational projection using Scale MP-2021
Retirement age:	Normal Retirement: Age 65 Early retirement if hired before 1/18/08: Age 55 with three years of service or any age with 25 years of service Early retirement if hired on or after 1/18/08: Age 55 with 10 years of service, or age 64 with 25 years of service Retirement age for eligible inactives: Age 65

OTHER INFORMATION

RETIREE HEALTH CARE PLAN

Schedule of Investment and Administrative Expenses
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<i>Investment expenses</i>		
Investment management fees	\$ 1,572,637	\$ 1,713,015
Investment consulting fees	170,000	170,000
Custodian fees	261,644	254,721
Other investment fees	<u>1,542</u>	<u>1,241</u>
Total investment expenses	<u>\$ 2,005,823</u>	<u>\$ 2,138,977</u>
<i>Administrative expenses</i>		
Staff salaries and fringe benefits	\$ 353,333	\$ 339,514
Outside consultants	13,488	27,317
Actuarial services	372,845	270,129
Auditing	80,311	86,553
Legal fees	53,531	237,250
Special projects	-	30,385
Data processing	104,266	84,097
Cybersecurity services	9,250	9,250
Court reporting	7,160	11,230
Stationery and printing	37,349	41,550
Telephone and communication	8,046	7,895
Postage and messenger	48,729	35,698
Occupancy	40,941	42,639
Supplies	6,408	6,548
Utilities	1,566	1,576
Equipment	12,029	7,645
Insurance	92,449	91,849
Travel and seminars	13,134	11,357
PCORI fee	5,671	4,546
Forms submission	7,500	7,500
Seminars for retirees	11,981	14,556
Miscellaneous	4,818	5,175
Amortization expense	<u>29,792</u>	-
Total administrative expenses	<u>\$ 1,314,597</u>	<u>\$ 1,374,259</u>

