Financial Statements
June 30, 2015 and 2014

Teachers Health Trust

Independent Auditor's Report

To the Board of Trustees
Teachers Health Trust
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the Teachers Health Trust (the "Trust"), which comprise the statements of net assets available for plan benefits and of benefit obligations as of June 30, 2015, and the related statements of changes in net assets available for plan benefits and of changes in benefit obligations for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Teachers Health Trust as of June 30, 2015, and the changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information – June 30, 2015
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of administrative expenses and the supplemental schedule of insurance premiums, together referred to as "supplemental information," for the year ended June 30, 2015, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Trust's 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter – June 30, 2014 Financial Statements and Supplemental Information
The financial statements of the Teachers Health Trust as of and for the year ended June 30, 2014, were audited by Kafoury, Armstrong & Co., who joined Eide Bailly LLP on December 15, 2014, and whose report dated November 19, 2014, expressed an unmodified opinion on those statements. In addition, their report expressed an opinion that the supplemental schedule of administrative expenses and supplemental schedule of insurance premiums, together referred to as "supplemental information," for the year ended June 30, 2014, was fairly stated in all material respects in relation to the financial statements taken as a whole.

Eide Bailly LLP

Reno, Nevada
January 20, 2016

	2015	2014
Assets		
Investments, at fair value	$ 62,404,793	$ 25,501,378
Receivables		
Related party receivable	17,866	15,116
Prescription drug rebate receivable	2,133,292	710,466
Interest receivable	-	53,462
Total receivables	2,151,158	779,044
Cash and cash equivalents	550,222	-
Property and equipment (net of accumulated depreciation of $5,616,337 and $5,218,874, respectively)	5,802,435	6,106,152
Other assets	12,338	12,100
Prepaid expenses	271,196	217,968
Total assets	71,192,142	32,616,642
Liabilities		
Accounts payable for administrative expenses	924,202	758,350
Cash overdraft	589,682	752,147
Due to related party	25,000	25,000
Deferred insurance contribution	209,554	16,705
Line of credit	3,001,725	3,003,252
Capital lease payable	148,207	203,648
Total liabilities	4,898,370	4,759,102
Net Assets Available for Plan Benefits	$ 66,293,772	$ 27,857,540

	2015	2014
Additions		
Contributions		
Clark County School District/Charter schools	$ 117,808,041	$ 116,049,878
Employee deduction	29,076,629	25,006,304
Retiree participants	1,261,724	-
Self-pay, cobra, staff participants	2,003,511	1,955,082
Total contributions	150,149,905	143,011,264
Investment income		
Net appreciation (depreciation) in fair value of investments	(1,280,671)	2,335,853
Interest and dividends	1,512,086	861,882
Total investment income	231,415	3,197,735
Less investment manager fees	135,172	76,833
Net investment income	96,243	3,120,902
Other income	4,880,946	2,615,886
Total additions	155,127,094	148,748,052
Deductions		
Insurance premiums	2,299,823	2,102,514
Benefits paid for participants		
Medical	101,133,415	96,583,969
Prescription drugs	36,925,725	31,823,942
Dental	13,306,159	12,898,674
Vision	2,440,020	2,328,489
Total benefits paid for participants	153,805,319	143,635,074
Administrative expenses	8,820,418	6,894,603
Total deductions	164,925,560	152,632,191
Net Decrease	(9,798,466)	(3,884,139)
Net Assets - Retiree Health Trust	48,234,698	-
Net Assets Available for Benefits		
Beginning of Year	27,857,540	31,741,679
End of Year	$ 66,293,772	$ 27,857,540

	2015	2014
Amounts Currently Payable to or for Participants, Beneficiaries, and Dependents		
Vision claims	$ 287,705	$ 244,457
Medical and dental claims	8,123,555	6,181,253
Prescription drugs	1,681,461	1,570,345
Total currently payable	10,092,721	7,996,055
Other Current Benefit Coverage Obligations		
Claims incurred but not reported, at present value of estimated amounts	6,776,445	5,818,747
Postretirement Benefit Obligations		
Plan participants not yet fully eligible for benefits	58,942,000	-
Other plan participants fully eligible for benefits	16,131,000	-
Retirees	7,332,000	-
Administrative fixed cost (unallocated)	3,156,000	-
Total postretirement benefit obligations	85,561,000	-
Total Benefit Obligations	$ 102,430,166	$ 13,814,802

	2015	2014
Amounts Currently Payable to or for Participants, Beneficiaries, and Dependents		
Balance, beginning of year	$ 7,996,055	$ 7,071,341
Claims reported and approved for payment	158,201,808	146,662,302
Claims paid	(156,105,142)	(145,737,588)
Balance, end of year	10,092,721	7,996,055
Other Obligations for Current Benefit Coverage, at Estimated Amounts		
Balance, beginning of year	5,818,747	4,880,795
Net change during year	957,698	937,952
Balance, end of year	6,776,445	5,818,747
Postretirement Benefit Obligations		
Balance, beginning of year	-	-
Merger of Retiree Health Trust obligation	114,336,000	-
Normal cost	8,124,000	-
Interest	5,583,000	-
Administrative expenses	(389,000)	-
Benefits paid	(1,775,000)	-
Plan design changes	(11,654,000)	-
Actuarial (gains)/losses	(28,664,000)	-
Balance, end of year	85,561,000	-
Total Benefit Obligations, at End of Year	$ 102,430,166	$ 13,814,802

Note 1 - Description of the Trust

The following description of the Teachers Health Trust (the "Trust") provides only general information. Trust participants should refer to the Trust Agreement and Plan Document for a more complete description of the Trust provisions.

General

On October 1, 1983, as a result of contract negotiations between the Clark County Education Association (CCEA), operating at that time as the Clark County Classroom Teachers Association (CCCTA), and the Clark County School District (CCSD), the Trust was created under NRS 287.010. The responsibilities of administration and management of health and welfare benefits shifted from the CCSD, as an employer, to the CCEA as bargaining agents of education employees. The Trust was established by the CCEA to provide and administer health benefits for its participants.

The CCEA entered into a Collective Bargaining Agreement (CBA) with the Clark County School District (CCSD) providing for the creation of a retiree health and welfare plan for the employees covered by the CBA. The Retiree Health Trust (RHT) was established to provide and administer health benefits to the retired employees and their dependents. Effective November 1, 2014 the RHT merged into the Trust, such that the health and welfare benefits of both active and retired participants and their beneficiaries are provided for and administered by the Trust.

These financial statements include the balances, transactions and benefit obligations of the health and welfare plans that are provided to eligible active and retiree participants of the collective bargaining agreements between the CCEA and CCSD.

The Trust has elected to follow, but is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Eligibility

Active employees – All licensed employees of CCSD paid on the teachers' salary schedule and eligible for representation by the CCEA, and other groups identified by the Teachers Health Trust Board of Trustees, are eligible for coverage. Participants become eligible for coverage on the first day of the month following their hire date.

Retirees – All employees who retire from active employment with CCSD on or after January 1, 2009, and have attained the age of 52 with five years of service as a licensed employee are eligible to participate in the retiree portion of the plan. Employees must be eligible for Public Employees’ Retirement System (PERS) pension benefits and have been enrolled in the THT plan for a minimum of five consecutive years immediately prior to retirement from CCSD. Participants become eligible for coverage on the first day of the month following their retirement date and resulting termination of their active plan coverage.

Retirees that have a date of retirement prior to January 1, 2009 are also eligible; however their benefits are provided through insurance contracts that have been negotiated by the Trust.

Benefits

The Trust provides medical, prescription drug, dental, vision, wellness, and life insurance to eligible participants and their covered dependents. Life insurance is covered by an insurance contract for all participants. Coverage for all other benefits is dependent on type of participant as follows:

- Active employee participants and pre-medicare eligible retiree participants who retired on or after January 1, 2009: Benefits are self-insured by the Trust
- Pre-medicare eligible retiree participants who retired before January 1, 2009: Benefits are through insurance contracts negotiated by the Trust.
- Medicare eligible retiree participants: Benefits are offered through an insured medicare supplemental plan

The Trust utilizes a Pharmacy Benefits Manager (PBM) which periodically makes refunds to the Trust based on the Trust's actual utilization pattern of specific drugs.

The Plan also provides continuation of certain benefits upon termination of employment through the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Contributions

Clark County School District – The collective bargaining agreement with the CCSD provides for monthly contributions by the CCSD to the Trust. The contribution rates are determined through collective bargaining between the CCEA and the CCSD. Pursuant to the current collective bargaining agreement, the CCSD contribution for each participating licensed employee was $538.87 per month effective July 1, 2008. The collective bargaining agreement remains effective until a new rate is negotiated.

Active Licensed Employees – In addition to deductibles, copayments and coinsurance, active employee participants may be required to contribute to premium costs for the health care (medical, dental and vision). Employee contributions, if any, vary among the Trust options available and the employee elections for various benefits as well as coverage for their eligible dependents. Under the life insurance plan, the premiums are established by the insurer. The Trust pays the full premium cost of basic life insurance.

Retirees – In addition to deductibles, copayments, and coinsurance, retirees share in the costs of the Trust through required monthly contributions that are based on the retirees' years of service and unused sick leave at retirement and their date of retirement. Pre-medicare eligible retirees that were hired as active employees on or after September 1, 2014 are required to contribute 100% of the $1,169 premium. Pre-medicare eligible retirees that were hired as active employees prior to September 1, 2014 and have a date of retirement on or after January 1, 2009 are required to contribute a percentage of the $1,169 monthly premium as follows:

	Unused Sick Leave				
Years of Service	Less than 150 days	150-199 days	200-249 days	250-299 days	300 days or more
Less than 10 years	100%	100%	100%	100%	100%
10-19 years	70%	69%	68%	67%	66%
20-25 years	55%	54%	53%	52%	51%
26-29 years	45%	44%	43%	42%	41%
30 years and over	32%	31%	30%	29%	28%

Absent the availability of a premium subsidy, the Trust would have received a total of approximately $2,750,000 for the eight months ended June 30, 2015, from retiree participants. As a result of the subsidy schedule above, the Trust received $1,261,724 from retiree participants for the eight months ended June 30, 2015.

Pre-medicare eligible retirees that have a date of retirement prior to January 1, 2009 are required to contribute the entire premium which approximated $1,500 per month.

Medicare eligible retirees are offered a supplemental benefit with a required monthly contribution of the entire premium, which ranged from $265-$330 per month.

All retirees are responsible for 100% of the monthly premium for their dependents.

Priorities Upon Termination

Except as may be otherwise provided by law, in the event of termination of the Trust, the Trust agreement provides that any monies remaining in the Trust will be used for the continuance of the purpose for which the Trust was established and for the administrative expense of the Trust, until such monies are exhausted.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue is recognized when earned, and administrative expenses are recognized when incurred. Insurance premiums and benefits paid for participants are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Significant estimates used by the Trust include amounts reflected for claims incurred but not reported and the postretirement benefit obligation and the related changes therein. Actual results could differ from these estimates.

Cash Equivalents

The Trust considers all highly liquid investments with an original maturity of three months or less at date of purchase to be cash equivalents.

Investment Valuation and Income Recognition

The Trust’s investments are reported at fair value. 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. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the Trust's gains and losses on investments bought and sold, as well as held during the year. The Trust has contracted with an investment manager and investment custodian to manage the Trust's investment assets. The Board of Trustees determines the Trust's valuation policies and procedures utilizing information provided by the investment manager and investment custodian.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation is eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from five to forty years.

Estimated Claims Incurred but Not Reported

Trust obligations at June 30, 2015 and 2014 for health claims incurred by participants but not reported at that date are estimated by the Trust's management based on a method that the progression of claim payment follows runoff patterns that are assumed to remain stable over time, adjusted for other factors that could impact the reserve adequacy. These amounts are paid by the Trust only if claims are submitted an approved for payment.

Postretirement Benefit Obligation

The amount reported as the postretirement benefit obligation represents the actuarial present value of those estimated future benefits that are attributable by the terms of the Trust to employees' service rendered to the date of the financial statements, reduced by the actuarial present value of contributions expected to be received in the future from current plan participants. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and their beneficiaries and dependents and (2) active employees and their beneficiaries and dependents after retirement from service with CCSD. The postretirement obligation represents the amount that is to be funded by contributions from CCSD, active employees of CCSD and from existing Trust assets. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributable to the employee's service rendered to the valuation date.

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to the historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The annual rate of increase in the per capita costs of covered medical benefits at June 30, 2015 was assumed as 7.00% in 2015 decreasing to an ultimate rate of 5.17% per annum by 2099. The weighted average health care cost trend rate assumption has a significant effect on the amounts reported as postretirement benefit obligations. If the assumed rates increased by one percentage point in each year, it would increase the obligation as of June 30, 2015 by approximately 14-17%.

The following were other significant assumptions used in the June 30, 2015 valuation:

Discount Rate	4.70% compounded annually
Participation Rate	30% for future retirees
Mortality	RP-2014 combined annuitant/non-annuitant mortality table with MP-2014 mortality projection scale
Actuarial Cost Method	Projected unit credit
Retiree Contributions	Same level as current Trust provisions for the next year and increased thereafter based on health care trend rates
Administrative Expenses	$499 per capita per year plus a fixed administrative expense of $260,000 per year

The foregoing assumptions are based on the presumption that the Trust's provisions will continue as a going concern. Were the Trust provisions to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the postretirement benefit obligation.

The actuarial present value of the postretirement benefit obligation as of June 30, 2015 was based on the plan design changes that take effect January 1, 2016 (see Note 15).

Other Income

Other income consists primarily of prescription drug rebates from the Trust's PBM and administrative fee income. Such other income is recorded when earned.

Administrative Expenses

Administrative expenses incurred in the administration of the Trust include salaries and benefits, claims processing expenses, accounting and legal fees, and other administration fees. These expenses are recorded as deductions in the accompanying statements of changes in net assets available for plan benefits.

Subsequent Events

Management has evaluated subsequent events through January 20, 2016, which is the date these financial statements were available to be issued (see Note 15).

Note 3 - Investments

The Trust retains an investment consultant and manager to manage the Trust's investments according to the investment policies established by the Trust's Board of Trustees. Investments consisted of the following at June 30, 2015 and 2014:

	2015	2014
Mutual funds - equity	$ 31,101,905	$ 14,341,281
Mutual funds - bond	21,981,506	3,799,455
Certificates of deposit	8,536,384	-
Money market mutual fund	784,998	761,886
U.S. Government agency bonds	-	703,914
Municipal bonds	-	4,779,736
Corporate bonds	-	156,348
U.S. Treasury notes	-	958,758
	$ 62,404,793	$ 25,501,378

The Trust's investments that represent 5% or more of the Trust's net assets available for plan benefits as of June 30, 2015 and 2014 are as follows:

	2015	2014
Mutual Funds		
PIMCO Income Fund Institutional Fund	$ 8,756,666	$ *
Metropolitan West Total Return Bond	8,731,828	*
Stone Ridge High Yield	4,493,009	*
AQR Style Premia Aternative CL I	4,050,472	*
AQR Risk Parity CL I	3,912,491	1,976,374
Stone Ridge Reinsurance Risk Prem Fund	3,619,847	1,801,201
Schwab Fundamental US Large Co Index Institutional	3,547,970	1,527,670
JPMorgan Alerian MLP Index	*	2,104,733
PIMCO All Asset All Authority Fund, Institutional	*	2,024,963
Certificate of Deposit		*
Bank of Nevada	5,511,358	*

* Investment balance less than 5% of the Trust's net assets for the applicable year.

During the years ended June 30, 2015 and 2014, the Trust's investments (including gains and losses on investments bought and sold, as well as held, during the year) appreciated (depreciated) in value as follows:

	2015	2014
Mutual funds	$ (1,375,578)	$ 2,280,431
Municipal bonds	38,688	50,122
Corporate bonds	32,197	5,868
U.S. Government agency bonds	24,022	(6,671)
U.S. Treasury notes	-	6,103
Net appreciation (depreciation) in fair value of investments	$ (1,280,671)	$ 2,335,853

Note 4 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Mutual funds – Valued at fair value based on the quoted net asset value (NAV) of shares held by the Trust at year end.

Money market mutual funds – Valued at the quoted NAV of shares held by the Trust at year end.

U.S. government agency bonds – Valued using pricing models maximizing the use of observable inputs for similar securities.

Municipal bonds – Valued based on a rating scale that includes type of issuer, credit rating, coupon, maturity date and certain criteria assumptions.

Corporate bonds – Valued based on cash flow models that include interest rate yield curves.

U.S. treasury notes – Valued at the quoted market price of the note in an active market.

Non-negotiable certificates of deposit – Valued at cost which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Trust's assets at fair value as of June 30, 2015 and 2014.

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Multi Strategy	$ 18,540,839	$ -	$ -	$ 18,540,839
Fixed Income	17,488,495	-	-	17,488,495
International	7,580,002	-	-	7,580,002
U.S. Large Cap	7,097,123	-	-	7,097,123
U.S. Small/Mid Cap	2,376,952	-	-	2,376,952
	53,083,411	-	-	53,083,411
Money market mutual fund	-	784,998	-	784,998
Certificates of deposit	8,536,384	-	-	8,536,384
	$ 61,619,795	$ 784,998	$ -	$ 62,404,793

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	$ -	$ 761,886	$ -	$ 761,886
U.S. Government agency bonds				
AA+ credit rating	-	703,914	-	703,914
Corporate bonds				
AA credit rating	-	156,348	-	156,348
U.S. Treasury notes	958,758	-	-	958,758
Municipal bonds				
AAA credit rating	-	1,339,820	-	1,339,820
AA+ credit rating	-	1,355,626	-	1,355,626
AA credit rating	-	1,516,694	-	1,516,694
AA- credit rating	-	302,853	-	302,853
A+ credit rating	-	162,399	-	162,399
A credit rating	-	102,344	-	102,344
Total municipal bonds	-	4,779,736	-	4,779,736
Mutual funds				
Multi Strategy	8,871,421	-	-	8,871,421
U.S. Large Cap	3,059,352	-	-	3,059,352
Fixed income	2,835,306	-	-	2,835,306
International	2,530,140	-	-	2,530,140
U.S. Small/Mid Cap	844,517	-	-	844,517
Total mutual funds	18,140,736	-	-	18,140,736
	$ 19,099,494	$ 6,401,884	$ -	$ 25,501,378

Transfers Between Levels

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Plan management evaluated the transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended June 30, 2015, there were no transfers in or out of levels 1, 2, or 3.

Note 5 - Concentration of Credit Risk

The Trust's cash accounts and certificates of deposit balances are periodically in excess of federally insured limits. At June 30, 2015 and 2014, the Trust's uninsured balances totaled $11.3 million and $205,000, respectively. Trust management periodically evaluates the financial soundness of the financial institutions that hold the cash and certificates of deposit and believes such uninsured balances do not pose a significant financial risk to the Trust.

Note 6 - Property and Equipment

Property and equipment are summarized as follows at June 30, 2015 and 2014:

	2015	2014
Building - 2950 E. Rochelle Avenue	$ 5,967,452	$ 5,967,452
Computer hardware and software	3,409,323	3,334,007
Office furniture and equipment	761,539	761,539
Land - 2950 E Rochelle Avenue	640,000	640,000
Capital lease equipment	281,784	281,784
Telephone equipment	259,206	259,206
Building improvements	99,470	81,038
	11,418,774	11,325,026
Less accumulated depreciation	(5,616,337)	(5,218,874)
Total property, plant, and equipment, net	$ 5,802,437	$ 6,106,152

Depreciation expense for the years ended June 30, 2015 and 2014 totaled $397,461 and $438,036, respectively.

Note 7 - Line of Credit

The Trust has entered into a revolving line of credit with Bank of Nevada that provides for available borrowings of $5,000,000. The agreement matured on January 13, 2015 and was extended with modification to terms through September 24, 2015. Borrowings under the line of credit bear interest at prime plus zero through January 13, 2015 with reduction in the rate to 2.3% through September 25, 2015. The original line of credit required collateral, which was held in a separate account at Charles Schwab & Co. through January 13, 2015. The amended agreement continues to require collateral at an increased amount of $5,500,000, which is held in a certificate of deposit with Bank of Nevada. Amounts outstanding on the line totaled $3,001,725 and $3,003,252 as of June 30, 2015 and 2014, respectively. Borrowings under the line of credit are subject to certain covenants and restrictions on indebtedness. The line of credit has been further extended to September 24, 2016 with no further changes in terms.

Note 8 - Capital Lease

The Trust leases equipment under two long-term capital lease agreements. The leases expire at various dates through 2019. Future minimum lease payments are as follows:

Year ending June 30,		
2016	$	55,441
2017		55,441
2018		35,794
2019		1,531
		148,207
Less current maturities		(55,441)
	$	92,766

At June 30, 2015 and 2014, $281,784 of such equipment is included in capital lease equipment, net of accumulated depreciation of $123,768 and $67,411 at June 30, 2015 and 2014, respectively.

Note 9 - Reserve for Estimate Retiree Liability

In accordance with the merger agreement between the Retiree Health Trust and the Trust (see Note 14), assets valued at 115% of the Estimated Retiree Liability (ERL) are to be considered reserved and are required to be placed in accounts segregated from the remainder of the Trust's assets (Retiree Health Account). The ERL is based on the present value of all future payments expected to be made for continuing the premium subsidies for present and future retirees, as determined by an actuary. The ERL is to be recalculated at least annually and at the time of recalculation, should amounts in the Retiree Health Account exceed 120% of the ERL, the excess shall be transferred to the Trust's general account and if the ERL is less than 110% of the ERL, the amount of the deficiency shall be transferred from the Trust's general account to the Retiree Health Account. The ERL as of November 1, 2014, effective date of the merger was $33 million, resulting in a total of $38 million deposited into the Retiree Health Account and considered reserved as of the merger date.

The funds in the Retiree Health Account are withdrawn and transferred bi-annually to the Trust's general account to cover the retiree premium subsidies. A total of $1,496,404 was transferred from the Retiree Health Account to the Trust's general account representing the retiree premium subsidies for the eight months ended June 30, 2015.

The balance of the Retiree Health Account, and considered reserved at June 30, 2015 was $37,445,516, and is comprised of the following assets on the Trust's statement of net assets available for plan benefits:

Cash and cash equivalents	$	529,485
Investments, at fair value		36,916,031
	$	37,445,516

Note 10 - Tax Status

The Trust is exempt from federal income tax under Section 501(c)(9) of the Internal Revenue Code ("IRC"). The Trust obtained its tax exempt status letter March 21, 1991 from the Internal Revenue Service. The Trust is required to operate in conformity with the IRC to maintain tax exempt status of the trust and qualified status of the plans. Management of the Trust believes it continues to qualify and to operate in accordance with applicable provisions of the IRC. Accordingly, the Trust's net investment income is exempt from income taxes.

Accounting principles generally accepted in the United States of America require Trust management to evaluate tax positions taken by the Trust and recognize a tax liability (or asset) if the Trust has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Trust is subject to routine audits by the IRS; however, there are currently no income tax audits for any tax periods in progress. Trust management believes it is no longer subject to income tax examinations for years prior to 2011.

Note 11 - Related Parties

CCEA

The Trust reimburses CCEA for costs incurred based on the relationship agreement between the CCEA and the Trust. The Trust and CCEA are separate entities and maintain separate records. The service agreement was discontinued in October 2014. Amounts paid to CCEA were $8,783 and $102,250 for the years ended June 30, 2015 and 2014, respectively.

RHT

Prior to the merger of the Retiree Health Trust into the Trust (see Note 14) on November 1, 2014, the Trust had an Administrative Services Agreement with RHT. Under this Agreement, the Trust provided services including claim processing, maintenance of eligibility records and other similar services. The monthly fee per retiree was $44.81 plus a flat administration fee of $4,000 per month. The fees have not been renegotiated and remained the same through November 1, 2014, the date RHT merged into THT. Amounts received by the Trust from RHT totaled $29,318 and $156,129 for the years ended June 30, 2015 and 2014, respectively.

Note 12 - Risks and Uncertainties

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market 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 and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

The actuarial present value of the Trust’s postretirement benefit obligation is reported based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to changes. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, collectively referred to as the Health Care Reform Act (Act). The Act includes a large number of health-related provisions to take effect over the next several years. The Trust has been amended, in accordance with the provisions of the Act for those provisions of the Act that are currently applicable.

The majority of the Trust's participants are CCSD licensed employees. The Trust receives contributions from CCSD pursuant to the collective bargaining agreement determined between the CCEA and CCSD. While the 2014-2015 collective bargaining agreement between the CCEA and CCSD was finalized in October 2014, negotiations continue between the entities regarding outcome of future agreements.

Note 13 - Other Employee Benefit Plans

Effective January 1, 2001, the Trust established a Money Purchase Pension Plan for its eligible employees. The Trust makes a contribution of 18.4 percent of all eligible employees' compensation. Employer contributions for the year ended June 30, 2015 and 2014 were $522,704 and $491,733, respectively.

Effective January 1, 2007, the Trust established a Roth 401(k) plan for its employees. No contributions to the plan were made or required to be made by the Trust for the year ended June 30, 2015 and 2014.

Note 14 - Merger of Retiree Health Trust

Effective November 1, 2014, the Retiree Health Trust and the Trust merged into a single trust, with the Trust as the surviving entity. All of the assets and liabilities of the RHT were consolidated with the Trust as of that date. Following presents composition of the net assets of RHT that merged into the Trust on November 1, 2014:

Assets	
Investments, at fair value	$ 47,835,763
Receivables	189,469
Cash and cash equivalents	350,312
Other assets	76,730
Total assets	48,452,274
Liabilities	
Accounts payable	51,393
Deferred insurance contribution	166,183
Total liabilities	217,576
Net Assets Available for Plan Benefits	$ 48,234,698

Note 15 - Subsequent Events

Plan Design Changes

On June 23, 2015, the Board of Trustees of Teachers Health Trust approved the decision to initiate plan design changes for both active and retired participants via a development agreement with Well Health. On July 2, 2015, the Board of Trustees and Well Health signed the development agreement and on December 30, 2015 an interim operating agreement with Well Health was approved. The new plan changes went into effect January 1, 2016.

In accordance with the new plan, CCSD will contribute an additional $45 per active licensed employee per month to the Trust, this will be effective for one year. The Trust will also outsource the administration of the plan benefits to a third party administrator, TriStar. As an effect of this outsourcing, the Trust will only maintain approximately 10 employees, as the majority of the remaining employees are expected to become employees of TriStar.

Supplementary Information

Teachers Health Trust

	2015	2014
Staff salaries and benefits		
Claims administration	$ 1,084,528	$ 1,080,190
Accounting and administrative	1,078,670	929,605
Participant services	903,645	918,874
Support services	589,250	560,456
Provider services	352,465	345,814
Information technology	312,024	304,908
Clinical initiatives	270,464	282,441
Document imaging	191,559	184,922
Wellness and health programs	148,606	186,806
	4,931,211	4,794,016
ACA transitional reinsurance and PCORI fees	1,925,791	70,550
Depreciation expense	397,461	438,036
Claims processing expenses	256,628	261,465
Postage and delivery	189,379	174,342
Professionals fees	167,423	133,835
Legal fees	137,847	115,557
Benefit communications	129,653	149,892
Building expenses	109,392	98,293
Utilities expenses	76,423	83,226
Computer supplies and expenses	61,691	70,006
Audit and actuarial fees	61,100	30,800
Health education programs	51,955	50,562
Fiduciary liability insurance	51,262	36,940
Photocopying expenses	42,403	40,214
Printing expenses	39,690	17,037
Insurance expenses	39,481	45,396
Bank fees, interest, and penalty	30,744	53,068
Outside services	23,299	1,990
Publications, subscriptions, and dues	19,796	17,159
Trustees conference and meeting expenses	19,239	16,789
Employee related expenses	14,616	10,204
Miscellaneous expenses	11,475	13,253
Office supplies and expenses	9,321	13,083
Rental expenses	9,132	9,579
Business personal property tax	6,710	9,195
Health Traxx newsletter	5,577	19,520
Staff training and conference	1,719	4,320
CCEA service agreement	-	116,276
Total	$ 8,820,418	$ 6,894,603

	2015	2014
Group Term Life Insurance - Lincoln National Life	$ 1,212,114	$ 1,139,882
Utilization Management - Health Care Partners/Telligen	538,293	524,286
Behavioral Health - Human Behavioral Institute	226,328	220,438
Vision PPO Network - Vision Service Plan	164,159	159,950
Retiree Premium - United Healthcare/Secure Horizons	111,910	-
Medical PPO Network - Coalition of America	47,019	57,958
	$ 2,299,823	$ 2,102,514