TEACHERS HEALTH TRUST

JUNE 30, 2013 AND 2012

TEACHERS HEALTH TRUST
JUNE 30, 2013 AND 2012

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
the Teachers Health Trust

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, 2013 and 2012, and the related statements of changes in net assets available for plan benefits and of changes in benefit obligations for the years 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 audits. We conducted our audits 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, 2013 and 2012, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Administrative Expenses and the Supplemental Schedules of Insurance Premiums, together referred to as "supplemental information," 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.

Kafoury, Armstrong & Co.

Reno, Nevada
October 1, 2013

TEACHERS HEALTH TRUST

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
INVESTMENTS, at fair value	$ 27,383,413	$ 29,450,668
RECEIVABLES:		
Related party	14,148	14,172
Prescription drug rebate	467,199	1,300,000
Interest receivable	50,525	55,577
	531,872	1,369,749
CASH AND CASH EQUIVALENTS	7,688,047	546,921
FIXED ASSETS (net of accumulated depreciation of $4,849,882 and $4,384,669, respectively)	6,300,965	6,354,084
OTHER ASSETS	14,520	29,200
PREPAID EXPENSES	227,615	216,960
Total assets	42,146,432	37,967,582
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable for administrative expenses	877,082	734,084
Due to related party	608	-
Deferred insurance contribution	9,344,184	63,317
Line of credit	-	4,001,806
Capital lease payable	182,879	35,057
Total liabilities	10,404,753	4,834,264
TOTAL NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 31,741,679	$ 33,133,318

See accompanying notes.

TEACHERS HEALTH TRUST

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ADDITIONS:		
Contributions		
Clark County School District / Charter Schools	$ 112,650,555	$ 115,393,787
Employee deduction	24,227,894	24,329,516
Self-pay, COBRA, staff participants	2,064,391	1,836,200
	138,942,840	141,559,503
Investment income		
Net appreciation (depreciation) in fair value of investments	1,090,119	(688,169)
Interest and dividends	950,992	979,813
	2,041,111	291,644
Less: Investment manager fees	89,992	94,021
	1,951,119	197,623
Other income	2,483,098	2,913,535
Total additions	143,377,057	144,670,661
DEDUCTIONS:		
Insurance premiums	2,025,887	2,110,561
Benefits paid for participants		
Medical	91,571,998	95,471,377
Prescription drugs	29,020,765	32,922,820
Dental	12,338,914	12,616,628
Vision	2,255,444	2,332,946
	135,187,121	143,343,771
Administrative expenses	7,555,688	7,859,209
Total deductions	144,768,696	153,313,541
NET DECREASE	(1,391,639)	(8,642,880)
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	33,133,318	41,776,198
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	$ 31,741,679	$ 33,133,318

See accompanying notes.

TEACHERS HEALTH TRUST

STATEMENTS OF BENEFIT OBLIGATIONS
AS OF JUNE 30, 2013 AND 2012

	2013	2012
AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS:		
Vision claims	$ 217,995	$ 210,524
Medical and dental claims	5,719,205	6,859,662
Prescription drugs	1,134,141	1,600,452
Total currently payable	7,071,341	8,670,638
OTHER CURRENT BENEFIT COVERAGE OBLIGATIONS:		
Claims incurred but not reported, at present value of estimated amounts	4,880,795	4,340,338
TOTAL BENEFIT OBLIGATIONS	$ 11,952,136	$ 13,010,976

See accompanying notes.

TEACHERS HEALTH TRUST

STATEMENTS OF CHANGES IN BENEFIT OBLIGATIONS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS:		
Balance at beginning of year	$ 8,670,638	$ 5,385,355
Claims reported and approved for payment	135,613,711	148,739,615
Claims paid	(137,213,008)	(145,454,332)
Balance at end of year	7,071,341	8,670,638
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, at estimated amounts:		
Balance at beginning of year	4,340,338	6,150,164
Net change during year	540,457	(1,809,826)
Balance at end of year	4,880,795	4,340,338
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	$ 11,952,136	$ 13,010,976

See accompanying notes.

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 administer health benefits for its participants. 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. The Trust has elected to follow, but is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Benefits - The Trust provides medical, prescription drug, dental, vision, behavioral health, and death benefits to eligible participants and their covered dependents. Death benefits are covered by an insurance contract, all other benefits are self insured by the Trust.

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.

Contributions - The collective bargaining agreement with the CCSD provides for monthly contributions by the CCSD to the Trust for eligible employees of the CCSD. The contribution rate is determined through collective bargaining between the CCEA and the CCSD. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Trust maintains its records on the accrual basis of accounting as applied to employee benefit plans. Revenue is recognized when earned, and administrative expenses are recognized when incurred. Insurance premiums and benefits paid for participants are recorded when paid.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Valuation and Income Recognition – The Trust's investments are stated 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. Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date and interest income on the accrual method. 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. For further information regarding fair value measurements of the Trust's investments, see Note 5.

Cash Equivalents - The Trust considers all highly liquid investments with maturity of three months or less at the date of purchase to be cash equivalents.

Fixed Assets, Net - Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets. The Trust depreciates its fixed assets using an estimated useful life of 40 years for buildings, 15 years for building improvements, 10 years for office furniture and equipment, and 5 years for computer hardware and software and telephone equipment. Costs of major improvements are capitalized, while costs of normal maintenance and repairs are expensed as incurred.

Use of Estimates - The preparation of the 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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates used by the Trust include the total benefit obligation and changes therein, claims incurred but not reported, claims payable, and the estimated useful lives for depreciable assets. Actual results could differ from these estimates.

Priorities Upon Termination - Except as may be otherwise provided by law, in the event of termination, 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.

Other Assets – Other assets consists primarily of utility deposits.

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.

Claims Payable and Estimated Claims Incurred but Not Reported - Plan obligations for health claims payable and claims incurred by participants but not reported at that date, are estimated by the Trust's management for the years ended June 30, 2013 and 2012. Trust management used 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes - Based on a determination received from the Internal Revenue Service ("IRS") the Trust is exempt from federal income tax based upon Section 501 (c)(9) of the Internal Revenue Code ("IRC"). Accordingly, the Trust's net investment income is exempt from income taxes. The Trust has obtained its tax exempt status letter, dated March 21, 1991, from the IRS, and management of the Trust believes it continues to qualify and to operate in accordance with applicable provisions of the IRC.

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. Trust management has analyzed the tax positions taken by the Trust, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. 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 2009.

Subsequent Events – Management has evaluated subsequent events through October 1, 2013, which is the date these financial statements were available to be issued and the financial statements have not been updated for subsequent events occurring after that date.

NOTE 3 – CONTRIBUTION RATE

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.

NOTE 4 – INVESTMENTS

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

	2013	2012
Mutual funds – bond	$ 7,102,272	$ 6,926,061
Mutual funds – equity	13,761,677	15,933,125
U.S. Government agency bonds	804,511	939,113
Municipal bonds	4,978,008	5,208,505
Corporate bonds	150,493	154,603
U.S. Treasury notes	400,199	-
Money market account	186,253	289,261
	$ 27,383,413	$ 29,450,668

NOTE 4 – INVESTMENTS (continued)

The fair value of individual investments that represent 5% or more of the Trust's net assets in either 2013 or 2012 is as follows:

	2013	2012
Mutual Funds:		
PIMCO Total Return Fund, Institutional	$ 1,643,802	$ 2,085,886
PIMCO All Asset All Authority Fund, Institutional	1,885,131	2,196,877
JPMorgan Alerian MLP Index	2,372,344	2,228,700
AQR Diversified Arbitrage I	-	2,194,065
AQR Risk Parity CL I	2,276,210	2,234,140
PIMCO Global Advantage Strategy, Institutional	-	2,737,972
PIMCO Income Fund, Institutional	1,679,738	696,438

During 2013 and 2012, the Trust's investments (including investments bought, sold and held during the year) appreciated and (depreciated) by $1,090,119 and $(688,169), respectively, as follows:

	Year ended June 30	
	2013	2012
Mutual funds	$ 1,305,784	$ (886,271)
U.S. Government agency bonds	(45,952)	15,816
Municipal bonds	(160,091)	177,698
Corporate bonds	(4,031)	4,588
U.S. Treasury notes	(5,591)	-
	$ 1,090,119	$ (688,169)

NOTE 5 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB), *Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements*, establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described below:

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

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

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 level 2 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

- *Money Market Fund:* Valued at amortized cost, in accordance with accounting rules under the Investment Company Act of 1940. Amortized cost approximated fair value.
- *U.S. Government agency bonds*: Valued based on inputs including interest-rate yield curves, cross-currency-basis index spreads and country credit spreads similar to the bond in terms of issuer, maturity and seniority.
- *Municipal and corporate bonds*: Valued based on cash flow models that include interest rate yield curves.

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.

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the Trust's assets at fair value as of June 30, 2013 and 2012.

Assets at Fair Value as of June 30, 2013

	Level 1	Level 2	Level 3	Total
Money market fund	$ -	$ 186,253	$ -	$ 186,253
U.S. Government agency bonds:				
AAA credit rating	-	200,802	-	200,802
AA+ credit rating	-	603,709	-	603,709
Municipal bonds:				
AAA credit rating	-	1,191,358	-	1,191,358
AA+ credit rating	-	1,525,730	-	1,525,730
AA credit rating	-	1,722,481	-	1,722,481
AA- credit rating	-	173,252	-	173,252
A+ credit rating	-	289,048	-	289,048
A credit rating	-	76,139	-	76,139
Corporate bonds:				
AA credit rating	-	150,493	-	150,493
U.S. Treasury notes	400,199	-	-	400,199
Mutual funds:				
U.S. Large Cap	3,062,417	-	-	3,062,417
U.S. Small / Mid Cap	1,454,103	-	-	1,454,103
International	2,711,472	-	-	2,711,472
Multi Strategy	8,111,634	-	-	8,111,634
Fixed income	5,524,323	-	-	5,524,323
Total	$ 21,264,148	$ 6,119,265	$ -	$ 27,383,413

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

Assets at Fair Value as of June 30, 2012

	Level 1	Level 2	Level 3	Total
Money market fund	$ -	$ 289,261	$ -	$ 289,261
U.S. Government agency bonds:				
AAA credit rating	-	210,953	-	210,953
AA+ credit rating	-	728,160	-	728,160
Municipal bonds:				
AAA credit rating	-	1,272,582	-	1,272,582
AA+ credit rating	-	1,646,407	-	1,646,407
AA credit rating	-	1,599,425	-	1,599,425
AA- credit rating	-	170,842	-	170,842
A+ credit rating	-	291,451	-	291,451
A credit rating	-	77,204	-	77,204
A-1+ credit rating	-	150,594	-	150,594
Corporate bonds:				
AA credit rating	-	154,603	-	154,603
Mutual funds:				
U.S. Large Cap	2,916,823	-	-	2,916,823
U.S. Small / Mid Cap	1,425,128	-	-	1,425,128
International	2,737,392	-	-	2,737,392
Multi Strategy	8,853,782	-	-	8,853,782
Fixed income	6,926,061	-	-	6,926,061
Total	$ 22,859,186	$ 6,591,482	$ -	$ 29,450,668

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Trust maintains its cash balances with Bank of Nevada. At June 30, 2013, the Trust's uninsured bank balances totaled $9,148,604. Trust management periodically evaluates the financial soundness of the financial institution and believes such assets do not pose a financial risk to the Trust.

NOTE 7 – FIXED ASSETS

Fixed assets, net are summarized as follows at June 30:

	2013	2012
Building - 2950 E. Rochelle Avenue	$ 5,967,452	$ 5,967,452
Land - 2950 E Rochelle Avenue	640,000	640,000
Building improvements	60,668	-
Office furniture and equipment	760,907	756,871
Computer hardware and software	3,191,045	3,040,221
Telephone equipment	259,206	248,399
Capital lease equipment	271,569	85,810
	11,150,847	10,738,753
Accumulated depreciation	(4,849,882)	(4,384,669)
Total fixed assets, net	$ 6,300,965	$ 6,354,084

Depreciation expense for the years ended June 30, 2013 and 2012 totaled $465,213 and $549,606, respectively.

NOTE 8 – 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. Amounts paid to CCEA were $248,133 and $434,069 for the years ended June 30, 2013 and 2012, respectively.

RHT:

The Agreement and Declaration of Trust by the Clark County Education Association (CCEA) was made on August 11, 2008. 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. This Trust, known as Retiree Health Trust (RHT), was established to provide health benefits to the retired employees and their dependents. The Trust and RHT are separate entities and maintain separate records. All employees who retire from actual 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. RHT provides medical, prescription drug, dental, vision, wellness and life insurance to eligible participants.

NOTE 8 – RELATED PARTIES (continued)

On August 11, 2008, the Trust signed an Administrative Services Agreement with RHT, with an effective date of July 1, 2008. Under this Agreement, the Trust will provide services including claim processing, maintenance of eligibility records and other similar services. Effective September 1, 2009 through October 31, 2011, 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 remain the same through June 30, 2013. Amounts received from RHT totaled $127,742 and $100,774 for the years ended June 30, 2013 and 2012, respectively.

COMMUNITY FOUNDATION:

The Trust signed a service agreement with the Clark County Education Association Community Foundation (Foundation) with an effective date of January 1, 2003. Under this agreement, the Foundation will provide services to the Trust, including public relation services, assist with presentation and outreach efforts, development and presentation of materials regarding Trust issues and other administrative services. Amounts paid to the Foundation were $0 and $187,500 for the years ended June 30, 2013 and 2012, respectively. Effective May 1, 2012, the Trust terminated the service agreement with the Foundation.

NOTE 9 – BENEFIT OBLIGATIONS

The Trust's benefit obligations represents claims incurred but not reported, claims unprocessed, claims in ready-to-pay status but not yet paid, vision claims payable, and prescription drug claims payable. As of June 30, 2013 and 2012, the Trust had recorded benefit obligations of $11,952,136 and $13,010,976 in the accompanying statements of benefit obligations, of which $7,071,341 and $8,670,638 is currently payable as of June 30, 2013 and 2012, respectively. The remaining amounts of $4,880,795 and $4,340,338 represent claims incurred but not reported.

NOTE 10 – LINE OF CREDIT

The Trust has a $5,000,000 revolving line of credit with Bank of Nevada. At June 30, 2013 and 2012, the outstanding balance was $0 and $4,001,806, respectively. Bank advances on the line of credit carry an interest rate of prime plus zero. Interest payments are due monthly. The entire line of credit is secured by investments totaling $6,401,903, held in an account at Charles Schwab & Co. The line of credit matures November 14, 2013. Interest paid on bank advances totaled $25,458 and $2,619 for the year ended June 30, 2013 and 2012, respectively.

NOTE 11 – CAPITAL LEASE

The Trust leases equipment under two separate capital lease agreements with unrelated third parties. At June 30, 2013 and 2012, $271,569 and $85,810, respectively, of such equipment is included in capital lease equipment, net of accumulated depreciation of $81,456 and $50,452 at June 30, 2013 and 2012, respectively. Future minimum payments under the lease as of June 30, 2013 are as follows:

Year ending June 30,		
2014	$	53,918
2015		37,152
2016		37,152
2017		37,152
2018		17,505
		182,879
Less current maturities		(53,918)
	$	128,961

NOTE 12 – EMPLOYEE BENEFIT PLAN

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, 2013 and 2012 were $519,652 and $522,668, 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, 2013 and 2012.

NOTE 13 – 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.

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 impact to the Trust from the various provisions of the Act is currently being estimated. The Trust has been amended, in accordance with the provisions of the Act for those provisions of the Act that are currently applicable.

NOTE 13 – RISKS AND UNCERTAINTIES (continued)

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. Currently, the 2013-2014 collective bargaining agreement between the CCEA and CCSD has not been finalized.

SUPPLEMENTAL SCHEDULES

TEACHERS HEALTH TRUST

SUPPLEMENTAL SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Staff salaries and benefits:		
Accounting and administrative	$ 1,151,081	$ 1,017,436
Claims administration	971,722	1,029,604
Participant services	875,645	924,875
Support services	573,364	566,469
Provider services	343,184	356,538
Wellness and health programs	303,089	360,786
Information technology	296,071	257,132
Clinical initiatives	283,055	274,650
Document imaging	200,579	235,438
	4,997,790	5,022,928
Depreciation expense	465,213	549,606
Legal fees	331,434	228,260
Claims processing expenses	285,150	305,109
CCEA service agreement	246,836	340,430
Professionals fees	193,513	139,704
Postage and delivery	155,650	175,952
Health education programs	149,709	156,052
Benefit communications	124,362	131,203
Building expenses	123,630	129,560
Utilities expenses	76,076	71,909
Computer supplies and expenses	57,078	38,523
Audit and actuarial fees	55,100	43,500
Insurance expenses	42,015	43,477
Health Traxx newsletter	38,630	54,152
Photocopying expenses	38,390	34,745
Bank fees, interest, and penalty	30,998	7,619
Fiduciary liability insurance	30,649	31,262
Printing expenses	23,790	35,414
Trustees conference and meeting expenses	11,093	46,367
Publications, subscriptions, and dues	15,850	16,330
Office supplies and expenses	14,705	16,050
Miscellaneous expenses	12,767	14,223
Rental expenses	11,969	9,102
Staff training and conference	8,952	5,325
Employee related expenses	7,334	16,459
Business personal property tax	7,005	8,448
Community foundation service agreement	-	187,500
Total	$ 7,555,688	$ 7,859,209

TEACHERS HEALTH TRUST

SUPPLEMENTAL SCHEDULES OF INSURANCE PREMIUMS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Group Term Life Insurance - Lincoln National Life	$ 1,107,530	$ 1,134,317
Utilization Management - Health Care Partners/Telligen	508,889	548,162
Behavioral Health - Human Behavioral Institute	213,984	219,379
Vision PPO Network - Vision Service Plan	155,182	158,942
Medical PPO Network - Coalition of America	40,302	49,761
Total	$ 2,025,887	$ 2,110,561