

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUND
Statements of Revenues, Expenses, and
Changes in Net Assets —Internal Service Funds
YTD as of July 31, 2013

8/26/2013

	YTD 7/31/2013	Full Year 6/30/2013	Full Year 6/30/2012	Full Year 6/30/2011
Operating revenues:				
Operating income	\$ 11,634,690	\$ 127,596,532	\$ 122,941,566	119,211,913
Other income				884
Investment income	0	284,792	443,209	498,476
Total operating revenues	\$ 11,634,690	\$ 127,881,324	\$ 123,384,775	\$ 119,711,273
Operating expenses:				
Losses and loss expenses	10,215,261	113,125,266	114,179,304	111,900,464
All other expenses	689,490	7,848,550	7,060,881	8,621,004
Total operating expenses	\$ 10,904,751	\$ 120,973,816	\$ 121,240,185	\$ 120,521,468
Nonoperating revenues:				
Capital contributions	0	0	0	49,990
Transfers to Other Funds	0	0	0	(1,380,291)
Loss on disposal of capital assets	0	0	0	(3,273)
Total nonoperating revenues	\$ -	\$ -	\$ -	\$ (1,333,574)
Change in net assets	729,937	6,907,508	2,144,590	(2,143,769)
Total net assets - Beginning	50,075,231	43,167,723	41,023,133	43,166,902
Total net assets - Ending	\$ 50,805,168	\$ 50,075,231	\$ 43,167,723	\$ 41,023,133

Maricopa County
Employee Benefits Trust Funds
Statements of Net Assets - Internal Service Funds
July 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011

	7/31/2013	6/30/2013	6/30/2012	6/30/2011
Assets				
Cash and cash equivalents	\$ 60,411,061	\$ 60,786,170	\$ 60,636,639	\$ 57,181,449
Interest receivable	81,633	81,633	42,598	3,563
Accounts receivable	707,093	848,755	924,206	898,195
Prepaid insurance	1,672,385	2,606,982	1,411,102	852,807
Capital assets, net	0	0	0	0
Total assets	\$ 62,872,172	\$ 64,323,540	\$ 63,014,545	\$ 58,936,014
Liabilities				
Accounts payable	143,692	586,562	88,404	124,271
Accrued Liabilities	2,319,700	3,581,110	5,554,366	2,382,967
Employee compensation payable	146,788	135,030	3,268,085	3,290,574
Reserve for losses and loss expenses	9,456,823	9,945,608	10,935,968	12,115,069
Total liabilities	\$ 12,067,004	\$ 14,248,310	\$ 19,846,823	\$ 17,912,881
Net Assets				
Invested in capital assets	0		0	0
Unrestricted (deficit)	50,805,168	50,075,231	43,167,723	41,023,133
Total net assets (deficit)	\$ 50,805,168	\$ 50,075,231	\$ 43,167,723	\$ 41,023,133

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Fund Balance Roll-Forward
One month Ended July 31, 2013

Self Insured Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2013</u>	<u>Fund Balance</u> <u>7/31/2013</u>
601-CMG MEDICAL	\$ 3,510,595	\$ 4,103,404	\$ 592,808	\$ 922,683	\$ 1,515,491
602-CMG LOW OPTION				0	0
603-OAP IN				0	0
604-OAP MEDICAL	2,593,928	3,176,581	582,652	(220,153)	362,499
605-OAP LOW OPTION				0	0
606-CHOICE FUND H.S.A.	2,328,332	1,674,610	(653,722)	531,939	(121,783)
614-BEHAVIORAL HEALTH	113,495	140,545	27,050	5,243,475	5,270,525
Total Medical & BH	\$ 8,546,351	\$ 9,095,139	\$ 548,788	\$ 6,477,944	\$ 7,026,732
629-SI DENTAL	361,480	377,494	16,013	5,103,870	5,119,883
Total Dental	\$ 361,480	\$ 377,494	\$ 16,013	\$ 5,103,870	\$ 5,119,883
608-COINSURANCE PHARMACY	1,203,222	1,273,953	70,732	19,487,425	19,558,157
609-CONSUMER CHOICE			0	1,261,278	1,261,278
619-ONSITE PHARMACY CLINIC *	124,500	124,200	(300)	(372,426)	(372,726)
620- BENEFITS ELIMINATIONS	80,000	80,000	0	0	0
Total Pharmacy	\$ 1,407,722	\$ 1,478,153	\$ 70,432	\$ 20,376,277	\$ 20,446,709
623-VISION	163,872	161,963	(1,909)	44,120	42,211
Total Vision	\$ 163,872	\$ 161,963	\$ (1,909)	\$ 44,120	\$ 42,211
615-WELLNESS	48,244	116,919	68,675	3,821,574	3,890,249
618-BENEFIT ADMINISTRATION	197,600	245,817	48,217	5,751,269	5,799,486
999-BENEFITS CLEARING		(0)	(0)		(0)
Total Other	\$ 245,844	\$ 362,736	\$ 116,892	\$ 9,572,843	\$ 9,689,735
Grand Total	\$ 10,725,269	\$ 11,475,486	\$ 750,217	\$ 41,575,054	\$ 42,325,271

Employee Self Insured Funds

611-60 PERCENT STD	154,777	120,375	(34,402)	6,673,672	6,639,270
612-50 PERCENT STD	18,735	27,052	8,318	1,213,198	1,221,516
613-40 PERCENT STD	5,972	11,777	5,805	756,999	762,804
Total STD	\$ 179,483	\$ 159,204	\$ (20,279)	\$ 8,643,869	\$ 8,623,590
Total Self-Insured	\$ 10,904,752	\$ 11,634,690	\$ 729,937	\$ 50,218,922	\$ 50,948,859

Fully Insured (Agency) Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2013</u>	<u>Fund Balance</u> <u>7/31/2013</u>
607-FI DENTAL PPO	\$ 435,353	\$ 433,035	\$ (2,318)	\$ 77,526	\$ 75,208
625-FI PREPAID DENTAL	19,172	19,473	301	109,386	109,687
Total Dental	\$ 454,524	\$ 452,508	\$ (2,016)	\$ 186,912	\$ 184,896
621-FLEX SPENDING HEALTH	298,920	174,780	(124,140)	0	(124,140)
622-FLEX SPENDING DEP CARE	13,281	64,540	51,258	0	51,258
Total FSA	\$ 312,201	\$ 239,320	\$ (72,881)	\$ -	\$ (72,881)
626-FI LIFE AND AD AND D	30,955	31,013	58	40,664	40,722
627-SUPPLEMENTAL LIFE	272,614	271,655	(959)	238,311	237,352
630-DEPENDENT LIFE	28,690	28,701	11	9,889	9,900
Total Life and AD&D	\$ 332,259	\$ 331,369	\$ (891)	\$ 288,864	\$ 287,973
628-EMPLOYEE ASSISTANCE	32,261	32,317	56	1,051	1,107
631-VOLUNTARY BENEFITS	73,434	73,261	(173)	3,952	3,779
632-CIGNA FOR SENIORS	48,960	48,172	(788)	73,236	72,448
Total Others	\$ 154,655	\$ 153,750	\$ (905)	\$ 78,239	\$ 77,334
Total Agency Funds	\$ 1,253,639	\$ 1,176,946	\$ (76,693)	\$ 554,015	\$ 477,322

Note:

Onsite Pharmacy Clinic

* Flu Shot Savings

57,568

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Fund Balance Roll-Forward
Twelve Months Ended June 30, 2013

Self Insured Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2012</u>	<u>Fund Balance</u> <u>6/30/2013</u>
601-CMG MEDICAL	\$ 48,794,949	\$ 51,751,136	\$ 2,956,187	\$ (3,175,089)	\$ (218,902)
602-CMG LOW OPTION				1,141,584	1,141,584
603-OAP IN				(1,764,074)	(1,764,074)
604-OAP MEDICAL	33,458,083	35,098,521	1,640,438	(2,034,662)	(394,224)
605-OAP LOW OPTION				1,938,145	1,938,145
606-CHOICE FUND H.S.A.	15,308,087	15,020,221	(287,866)	819,805	531,939
614-BEHAVIORAL HEALTH	1,977,112	1,851,170	(125,941)	5,304,061	5,178,120
Total Medical & BH	\$ 99,538,231	\$ 103,721,049	\$ 4,182,817	\$ 2,229,770	\$ 6,412,587
629-SI DENTAL	3,797,441	3,812,024	14,583	5,089,287	5,103,870
Total Dental	\$ 3,797,441	\$ 3,812,024	\$ 14,583	\$ 5,089,287	\$ 5,103,870
608-COINSURANCE PHARMACY	10,269,075	12,295,487	2,026,411	17,461,014	19,487,425
609-CONSUMER CHOICE			0	1,261,278	1,261,278
619-ONSITE PHARMACY CLINIC *	1,899,953	1,527,527	(372,426)	0	(372,426)
620- BENEFITS ELIMINATIONS	(1,059,306)	(1,059,306)	0	0	0
Total Pharmacy	\$ 11,109,723	\$ 12,763,708	\$ 1,653,985	\$ 18,722,292	\$ 20,376,277
623-VISION	1,612,632	1,488,277	(124,355)	168,475	44,120
Total Vision	\$ 1,612,632	\$ 1,488,277	\$ (124,355)	\$ 168,475	\$ 44,120
615-WELLNESS	860,861	1,755,380	894,519	2,926,118	3,820,637
618-BENEFIT ADMINISTRATION	2,086,938	2,456,559	369,621	5,304,248	5,673,869
999-BENEFITS CLEARING		(0)	(0)		(0)
Total Other	\$ 2,947,799	\$ 4,211,939	\$ 1,264,140	\$ 8,230,366	\$ 9,494,506
Grand Total	\$ 119,005,825	\$ 125,996,996	\$ 6,991,171	\$ 34,440,190	\$ 41,431,361

Employee Self Insured Funds

611-60 PERCENT STD	1,656,881	1,421,010	(235,871)	6,909,543	6,673,672
612-50 PERCENT STD	215,285	317,870	102,585	1,110,613	1,213,198
613-40 PERCENT STD	95,826	145,448	49,621	707,378	756,999
Total STD	\$ 1,967,993	\$ 1,884,328	\$ (83,665)	\$ 8,727,534	\$ 8,643,869
Total Self-Insured	\$ 120,973,817	\$ 127,881,324	\$ 6,907,507	\$ 43,167,723	\$ 50,075,230

Fully Insured (Agency) Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2012</u>	<u>Fund Balance</u> <u>6/30/2013</u>
607-FI DENTAL PPO	\$ 4,910,537	\$ 4,919,110	\$ 8,574	\$ 68,952	\$ 77,526
625-FI PREPAID DENTAL	374,510	374,006	(504)	109,890	109,386
Total Dental	\$ 5,285,047	\$ 5,293,116	\$ 8,069	\$ 178,842	\$ 186,911
621-FLEX SPENDING HEALTH	2,392,827	2,392,827	(0)	0	(0)
622-FLEX SPENDING DEP CARE	921,061	921,061	0	0	0
Total FSA	\$ 3,313,889	\$ 3,313,888	\$ (0)	\$ -	\$ (0)
626-FI LIFE AND AD AND D	370,266	367,853	(2,413)	43,077	40,664
627-SUPPLEMENTAL LIFE	3,242,087	3,248,352	6,265	232,046	238,311
630-DEPENDENT LIFE	362,209	361,612	(597)	10,486	9,889
Total Life and AD&D	\$ 3,974,562	\$ 3,977,817	\$ 3,255	\$ 285,609	\$ 288,864
628-EMPLOYEE ASSISTANCE	215,833	216,146	312	739	1,051
631-VOLUNTARY BENEFITS	897,631	898,386	754	3,198	3,952
632-CIGNA FOR SENIORS	656,427	643,259	(13,167)	86,403	73,236
Total Others	\$ 1,769,891	\$ 1,757,790	\$ (12,101)	\$ 90,340	\$ 78,239
Total Agency Funds	\$ 14,343,389	\$ 14,342,612	\$ (777)	\$ 554,791	\$ 554,014

Note:

Onsite Pharmacy Clinic
* Flu Shot Savings

57,568

Employee Benefits Trust Funds
Balance Sheet Details
July 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011

	7/31/2013	6/30/2013	6/30/2012	6/30/2011
<u>Accounts receivable</u>				
<i>COBRA Receivable</i>	\$ 139,374	\$ 174,040	\$ 164,058	\$ 109,355
<i>Vision</i>	1,954	1,057	1,057	1345
<i>Dental</i>	3,237	1,154	1,154	2652
<i>619-ONSITE PHARMACY CLINIC</i>	0			
<i>WHI Rebate</i>	562,528	672,504	757,936	784,843
Total Accounts receivable	\$ 707,093	\$ 848,755	\$ 924,206	\$ 898,195
<u>Prepaid insurance</u>				
<i>STD</i>	\$ 87,530	\$ 87,530	\$ 94,567	\$ 97,716
<i>Vision</i>	0	0	4,989	4,856
<i>Dental</i>	49,757	17,190		
<i>Medical</i>	1,535,098	2,502,262	1,311,547	750,235
Total prepaid insurance	\$ 1,672,385	\$ 2,606,982	\$ 1,411,103	\$ 852,807
<u>Accounts payable</u>				
<i>Medical</i>	\$ -	\$ -	\$ -	\$ -
<i>Behavioral Health</i>	0	65,355	38,030	32,500
<i>Vision</i>	0	147,547		300
<i>Dental</i>				
<i>STD</i>	(0)	13,978	11,929	13,007
<i>614-BEHAVIORAL HEALTH</i>	65,355	0	5,754	16,705
<i>616-CONTRACT ADMINISTRATION</i>	0	0	23,474	37,543
<i>615-WELLNESS</i>	937	18,399	9,218	24,217
<i>618-BENEFIT ADMINISTRATION</i>	77,400	105,707		
<i>619-ONSITE PHARMACY CLINIC</i>	0	102,894		
Total accounts payable	\$ 143,692	\$ 453,879	\$ 88,405	\$ 124,272
<u>Accrued Liabilities</u>				
<i>Medical</i>	\$ 741,222	\$ 923,519	\$ 1,664,741	\$ 1,470,817
<i>Pharmacy</i>	657,449	524,517	625,425	650,525
<i>Behavioral Health</i>	65,000	65,355	0	
<i>Vision</i>		(132,683)		0
<i>Dental</i>	195,230	157,837	139,519	261,625
<i>STD</i>	17,499	0		
<i>615-WELLNESS</i>	0			
<i>618-BENEFIT ADMINISTRATION</i>	157,737	77,400		
<i>619-ONSITE PHARMACY CLINIC</i>	80,300			
<i>623-VISION</i>	7,317			
<i>999-BENEFITS CLEARING</i>	397,946	1,223,942	1,942,466	
<i>HEALTH SELECT SI TRUST</i>				
Total Accrued Liabilities	\$ 2,319,700	\$ 3,581,110	\$ 5,554,366	\$ 2,382,967
<u>Employee compensation payable</u>				
<i>Consumer Choice Pharmacy Employee Allo</i>	\$ -	\$ 6,609	\$ 3,122,217	\$ 3,122,217
<i>618-Employee compensation payable</i>	132,041	128,422	145,869	124,553
<i>615-Employee compensation payable</i>	14,748			43,804
Total Employee Comp Accrual	\$ 146,788	\$ 135,031	\$ 3,268,086	\$ 3,290,574
<u>Reserve for losses and loss expenses -IBNR Details</u>				
<i>Medical</i>	\$ 8,245,248	\$ 8,734,032	\$ 9,788,419	\$ 10,991,704
<i>Pharmacy</i>				
<i>Behavioral Health</i>	231,766	231,766	231,766	178,642
<i>Vision</i>	171,603	171,603	107,576	91,554
<i>Dental</i>	484,345	484,345	484,345	409,517
<i>STD</i>	323,861	323,861	323,861	443,654
Total Reserve for losses and loss exen	\$ 9,456,823	\$ 9,945,607	\$ 10,935,967	\$ 12,115,071

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
One Month Ended July 31, 2013

Self Insured Funds

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Revenue				
601-CMG MEDICAL	\$ 4,422,970	\$ 4,103,404	\$ (319,566)	-7.23%
604-OAP MEDICAL	2,987,390	3,176,581	189,191	6.33%
606-CHOICE FUND H.S.A.	1,288,052	1,674,610	386,558	30.01%
614-BEHAVIORAL HEALTH	145,816	140,545	(5,271)	-3.62%
Total Medical & BH	\$ 8,844,228	\$ 9,095,139	250,911	2.84%
629-SI DENTAL	359,187	377,494	18,307	5.10%
Total Dental	\$ 359,187	\$ 377,494	18,307	5.10%
608-COINSURANCE PHARMACY	1,320,086	1,273,953	(46,133)	-3.49%
619-ONSITE PHARMACY CLINIC	144,667	124,200	(20,467)	-14.15%
620- BENEFITS ELIMINATIONS	(103,750)	80,000	183,750	-177.11%
Total Pharmacy	\$ 1,361,003	\$ 1,478,153	(66,600)	-4.89%
623-VISION	138,066	141,963	3,897	2.82%
Total Vision	\$ 138,066	\$ 141,963	3,897	2.82%
615-WELLNESS	113,567	116,919	3,352	2.95%
618-BENEFIT ADMINISTRATION	236,264	245,817	9,553	4.04%
Total Other	\$ 349,831	\$ 362,736	12,905	3.69%
Grand Total	\$ 11,052,315	\$ 11,455,486	\$ 403,171	3.65%

Employee Self Insured Funds

611-60 PERCENT STD	\$ 117,345	\$ 120,375	\$ 3,030	2.58%
612-50 PERCENT STD	25,380	27,052	1,672	6.59%
613-40 PERCENT STD	11,848	11,777	(71)	-0.60%
Total STD	\$ 154,573	\$ 159,204	4,631	3.00%
Total Revenue	\$ 11,206,888	\$ 11,614,690	407,802	3.64%

Expenses

601-CMG MEDICAL	\$ 4,403,146	\$ 3,510,594	\$ 892,552	20.27%
604-OAP MEDICAL	2,821,499	2,593,928	227,571	8.07%
606-CHOICE FUND H.S.A.	1,285,856	2,328,332	(1,042,476)	-81.07%
614-BEHAVIORAL HEALTH	145,815	113,495	32,320	22.17%
Total Medical & BH	\$ 8,656,316	\$ 8,546,350	\$ 109,966	1.27%
629-SI DENTAL	332,473	361,480	(29,007)	-8.72%
Total Dental	\$ 332,473	\$ 361,480	(29,007)	-8.72%
608-COINSURANCE PHARMACY	1,218,586	1,203,222	15,364	1.26%
619-ONSITE PHARMACY CLINIC	144,667	124,500	20,167	13.94%
620- BENEFITS ELIMINATIONS	(103,750)	80,000	(183,750)	177.11%
Total Pharmacy	\$ 1,259,503	\$ 1,407,722	(148,219)	-11.77%
623-VISION	170,413	143,872	26,541	15.57%
Total Vision	\$ 170,413	\$ 143,872	26,541	15.57%
615-WELLNESS	66,479	48,244	18,235	27.43%
618-BENEFIT ADMINISTRATION	233,716	197,600	36,116	15.45%
Total Other	\$ 300,195	\$ 245,844	\$ 54,351	18.11%
Grand Total	\$ 10,718,900	\$ 10,705,268	\$ 13,632	0.13%

Employee Self Insured Funds

611-60 PERCENT STD	\$ 117,345	\$ 154,777	\$ (37,432)	-31.90%
612-50 PERCENT STD	25,380	18,735	6,645	26.18%
613-40 PERCENT STD	11,848	5,972	5,876	49.60%
Total STD	\$ 154,573	\$ 179,483	\$ (24,910)	-16.12%
Total Self-Insured	\$ 10,873,473	\$ 10,884,751	\$ (11,278)	-0.10%

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
July 2013

NOTE 1 – Interest Receivable Held with the Treasurer

Interest Receivable represents the Trust's share of the amortization of zero coupon bond discounts and the unpaid but earned portion of bond coupons which are normally paid every six months on varying dates. The trust has all cash invested with the Maricopa County Treasurer in the investment pool. This pool consists of U S Government Securities that have up to a three year maturity.

NOTE 2 – Accounts Receivable

Accounts Receivable include \$139,374 for COBRA premium, \$1,954 for Vision, \$3,237 for Dental and \$562,528 for RxRebates.

NOTE 3 – Pre-Paid Insurance

Pre-Paid insurance include \$87,530 for Sedgwick, \$49,757 for Dental, and \$1,535,098 for Medical. The balance of Cigna Catalyst Bank Account was \$352,582.45 as of July 31, 2013, these funds are going to pay Cigna for Medical and Dental Claims.

NOTE 4 – Capital Equipment

This is for the Ergonomics AstroVan purchased in 2000. All equipment has been fully depreciated as of June 30, 2012.

NOTE 5 – Accounts Payable

Accounts Payable was \$1,292.

NOTE 6 – Accrued Liabilities

Accrued Liabilities fluctuates monthly mainly due to the amount of outstanding checks that have not been cashed by providers. That includes \$741,222 for Medical, \$657,449 for Pharmacy, \$65,000 for Behavioral Health, \$195,230 for Dental, \$17,499 for STD, \$157,737 for Benefit Administration (OptumHealth), \$80,300 for Onsite Pharmacy Clinic, \$27,317 for Vision and \$397,946 for Fund 999- Benefits Clearing.

NOTE 7 – Employee Compensation Payable

\$28,576 is accrued salaries as of month end, plus employee vacations earnings payable.

NOTE 8 – Reserve for losses and loss expenses

The funds establish claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. As of 7/31/13, the Reserve for losses and loss expenses is \$9,956,823 that included \$8,745,248 for Medical, \$231,766 for Behavioral health, \$171,603 for Vision, \$484,345 for Dental, and \$323,861 for STD.

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Financial Commentary
July 2013

FY 2013 Final Results (Unaudited)

Net Margin for the Year Ended June 30, 2013 was \$6,907,508. This occurred in the Cigna CMG Medical Plan - \$2,956,187, in the Cigna OAP Medical Plan - \$1,640,438, In the Coinsurance Pharmacy Plan - \$2,026,411 and in the Wellness Fund \$894,519 and the Benefits Administration Fund - \$369,621. It should be noted that Cigna High Deductible Health Plan lost \$287,866 due to a large number of claims being incurred in the last two months of the year.

The Net Margin of \$6,907,508 for the Trust includes non-recurring income of \$3,122,217 due to the reversal of a reserve for the discontinued Consumer Choice Pharmacy Plan which was not used. If this adjustment is not counted, Net Margin for the Trust would be \$3,785,291 for FY 2013.

July 2013 Year-To-Date Results

As of July 31, 2013, cash and cash equivalents were \$60,411,061 as compared to the June 30, 2013 balance of \$60,786,170; a decline of \$375,109. Cash not included in this account is shown in the prepaid insurance balance sheet account. This was \$1,672,385 as of July 31st versus a balance of \$2,606,982 on June 30, 2013; a reduction of \$934,597. Prepaid insurance consists of the funding the Trust transfers to outside bank accounts to pay for Cigna medical claims and the employer contribution to employee Health Savings Accounts via sweeps. The combined reduction in cash-like balances was \$1,309,706.

Net Margin (profit) on a year-to-date basis through July 2013 was \$729,937. Net Margin was not in line with the decrease in cash-like balances of \$1,309,706. This \$2,039,643 difference (or reduction in cash versus margin) is accounted for as follows: There was a reduction for the accrued liability of the cost allocation clearing account of \$718,524. This account is used to account for the difference between what departments are charged for benefits and what the Benefit Trust records as Revenues from the departments. There was a reduction in Medical Checks Outstanding of \$923,519. Finally, accounts payable declined by \$310,187.

In reviewing the Fund Balance Roll-Forward report, it should be pointed out that the HDHP plan, Choice Fund H.S.A lost \$653,722 in the month of July. This is due to the employer contribution to the Health Savings Accounts of approximately \$1,500,000 being paid in July.