RETIREE HEALTH TRUST

JUNE 30, 2013 AND 2012

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
the Retiree Health Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Retiree 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 Retiree 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
November 18, 2013

RETIREE HEALTH TRUST

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

	2013	2012
ASSETS		
INVESTMENTS, at fair value	$ 44,515,310	$ 40,680,832
RECEIVABLES:		
Contribution receivables	(349)	223,070
Interest receivable	130,686	194,556
	130,337	417,626
CASH AND CASH EQUIVALENTS	640,455	2,540,071
OTHER ASSETS	24,732	35,070
PREPAID EXPENSES	15,062	13,740
Total assets	45,325,896	43,687,339
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable for administrative expenses	154	33,088
Due to related party	930	954
Deferred insurance contribution	125,111	95,006
Total liabilities	126,195	129,048
TOTAL NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 45,199,701	$ 43,558,291

See accompanying notes.

RETIREE 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	$ -	$ 2,705,873
Active employees	270	6,348,625
Retirees	1,388,521	1,025,148
CCEA governance	-	1,026
	1,388,791	10,080,672
Investment income		
Net appreciation in fair value of investments	1,394,277	45,647
Interest and dividends	1,518,675	916,057
	2,912,952	961,704
Less: Investment manager fees	117,405	72,865
	2,795,547	888,839
Other income	25,995	26,138
Total additions	4,210,333	10,995,649
DEDUCTIONS:		
Insurance premiums	313,713	309,443
Benefits paid for participants		
Medical	1,113,293	762,352
Prescription drugs	558,486	386,514
Dental	88,773	71,073
Vision	16,693	13,106
	1,777,245	1,233,045
Administrative expenses	477,965	497,593
Total deductions	2,568,923	2,040,081
NET INCREASE	1,641,410	8,955,568
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	43,558,291	34,602,723
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	$ 45,199,701	$ 43,558,291

See accompanying notes.

RETIREE 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	$ 3,312	$ 1,935
Benefit claims, medical and dental	155,558	44,602
Prescription drugs	24,120	19,288
Total currently payable	182,990	65,825
OTHER CURRENT BENEFIT COVERAGE OBLIGATIONS:		
Claims incurred but not reported, at present value of estimated amounts	67,442	48,398
Total obligations other than postretirement benefit obligations	250,432	114,223
POSTRETIREMENT BENEFIT OBLIGATIONS:		
Retirees	5,592,000	4,041,000
Other plan participants fully eligible for benefits	15,121,000	13,980,000
Plan participants not yet fully eligible for benefits	50,435,000	51,536,000
Administrative fixed cost (unallocated)	9,774,000	13,276,000
Total postretirment benefit obligations	80,922,000	82,833,000
TOTAL BENEFIT OBLIGATIONS	$ 81,172,432	$ 82,947,223

See accompanying notes.

RETIREE 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	$ 65,825	$ 1,597
Claims reported and approved for payment	2,208,123	1,606,716
Claims paid	(2,090,958)	(1,542,488)
Balance at end of year	182,990	65,825
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, at estimated amounts:		
Balance at beginning of year	48,398	-
Net change during year	19,044	48,398
Balance at end of year	67,442	48,398
TOTAL OBLIGATIONS OTHER THAN POSTRETIREMENT BENEFIT OBLIGATIONS	250,432	114,223
POSTRETIREMENT BENEFIT OBLIGATIONS:		
Balance at beginning year	82,833,000	173,734,000
Interest	3,796,000	9,302,000
Benefits paid	(702,000)	(517,000)
Actuarial (gains)	(10,511,000)	(112,243,000)
Normal cost	6,101,000	12,557,000
Administrative expenses	(595,000)	-
Balance at end of year	80,922,000	82,833,000
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	$ 81,172,432	$ 82,947,223

See accompanying notes.

NOTE 1 – DESCRIPTION OF THE TRUST

The following description of the Retiree 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 - 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. The Trust was established to provide health benefits to the retired employees and their dependents. 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 – 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. Employees must be eligible for Public Employees' Retirement System (PERS) pension benefits and have been enrolled in the Teachers Health Trust (THT) plan for a minimum of five consecutive years immediately prior to retirement from CCSD.

Retirees that have a date of retirement prior to January 1, 2009 are eligible to obtain health coverage through insurance contracts that have been negotiated by the Trust.

Benefits - For all employees who retire from active employment with CCSD on or after January 1, 2009, the Trust provides medical, prescription drug, dental, vision, wellness, and life insurance to eligible participants and their covered dependents. All benefits are self-insured by the Trust, other than life insurance which is covered through insurance contracts. For all employees who retire from active employment from CCSD prior to January 1, 2009, the Trust provides health coverage through insurance contracts. Participants become eligible for coverage on the first day of the month following their retirement date and resulting termination of their active plan coverage.

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 -
Clark County School District: Effective July 1, 2008, CCSD contributed $12.76 per month for each licensed employee pursuant to the current collective bargaining agreement and an annual contribution of $1,400,000. As a result of contract negotiations and arbitration opinion, CCSD did not contribute the annual contribution of $1,400,000 for the 2011-2012 contract year. Additionally, an arbitration opinion suspended CCSD's monthly and annual contributions for the 2012-2013 contract year. The 2013-2014 collective bargaining agreement was approved in September 2013 and reduced CCSD's monthly contribution to $1.00 per month for each licensed employee as well as reduced CCSD's annual contribution to $100,000, effective September 1, 2013.

NOTE 1 – DESCRIPTION OF THE TRUST (continued)

Active Licensed Employee: Effective September 2008, each licensed employee was required to contribute, through payroll withholding, $15.00 per pay period. On February 4, 2013, an arbitration opinion suspended the licensed employee contribution for the 2012-2013 contract year. The 2013-2014 collective bargaining agreement was approved in September 2013 and reduced each licensed employees' contribution to $1.00 per pay period, effective September 1, 2013.

Trust participants (retirees): 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. Retirees that have a date of retirement prior to January 1, 2009 are required to contribute the entire monthly premium approximating $1,500 and $1,300 for the years ended June 30, 2013 and 2012, respectively. Retirees that 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%

The retirees are responsible for 100% of the monthly premium for their dependents. Upon eligibility of Medicare, the Trust offers a supplemental benefit with a required monthly contribution of the entire premium ranging from $219 to $259 for the year ended June 30, 2013 and $156 to $196 for the year ended June 30, 2012.

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 ordinary 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 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 Trustee's 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 4.

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.

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, and claims payable. 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 security deposits and prepaid insurance.

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

Claims Payable and Estimated Claims Incurred but Not Reported - Trust obligations at June 30, 2013 and 2012, for health claims payable and claims incurred by participants but not reported at that date, are estimated by the Trust's actuary in accordance with accepted actuarial principles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Postretirement Benefits – 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.

For measurement purposes, an annual rate of increase in the per capita costs of covered health care benefits for 2013 and 2012 was assumed at 5% dental, 3.5% vision and 3% administrative expenses; the rates were assumed to remain at those levels. The annual rate of increase in the per capita costs of covered medical benefits was assumed as follows:

2013: 7.5% in 2014 decreasing to an ultimate rate of 5.6% per annum by 2042.
2012: 9.0% in 2013 decreasing to an ultimate rate of 6.0% per annum by 2020.

The following were other significant assumptions used in the June 30, 2013 and 2012 valuations, respectively:

	2013	2012
Discount Rate:	5.50% compounded annually	4.30% compounded annually
Participation Rate:	30% for future retirees	30% for future retirees
Mortality:	2013 IRS Mandated Mortality Table for males and females, projected 7 years for non-annuitants and 15 years for annuitants from the valuation date	2012 IRS Mandated Mortality Table for males and females, projected 7 years for non-annuitants and 15 years for annuitants from the valuation date

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	2013	2012
Actuarial Cost Method:	Projected unit credit	Projected unit credit
Retiree Contributions:	Same level as current Trust provisions for the next year and increased thereafter based on health care trend rates	Same level as current Trust provisions for the next two years and increased thereafter based on health care trend rates
Administrative Expenses:	$484 per capita per year plus a fixed administrative expense of $560,000 per year	$432 per capita per year plus a fixed administrative expense of $515,000 per year

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

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 a favorable tax determination letter, dated July 30, 2009, 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 State 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 administrator 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 November 18, 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 – 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	$ 30,868,210	$ 23,542,394
U.S. Treasury note	167,227	176,578
U.S. Government agency bonds	693,835	737,022
Municipal bonds	4,228,897	4,419,025
Corporate bonds	1,694,262	1,620,757
Certificate of deposit	6,589,567	9,458,252
Money market fund	273,312	726,804
	$ 44,515,310	$ 40,680,832

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:		
JPMorgan Alerian MLP Index	$ 3,498,000	$ 2,286,646
AQR Diversified Arbitrage	-	2,348,958
AQR Risk Parity	3,215,351	2,347,964
PIMCO All Asset All Authority Fund, Institutional	2,539,341	2,320,030
PIMCO Global Advantage Strategy, Institutional	1,154,792	2,391,395
PIMCO Total Return, Institutional	2,024,061	2,125,640
Schwab Fdmtl US Lg Co Idx	2,531,732	1,756,347
DFA Emerging Markets Core Equity	2,552,182	1,075,250
Certificate of Deposit:		
Bank of Nevada	6,589,567	9,458,252

During 2013 and 2012, the Trust's investments (including investments bought, sold and held during the year) appreciated by $1,394,277 and $45,647, respectively, as follows:

	Year ended June 30,	
	2013	2012
Net appreciation (depreciation) in fair value of investments:		
Mutual funds	$1,685,247	$(271,405)
U.S. Treasury note	(8,970)	18,448
U.S. Government agency bonds	(41,427)	82,326
Municipal bonds	(183,383)	197,409
Corporate bonds	(57,190)	18,869
	$1,394,277	$ 45,647

NOTE 4 – 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.

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 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 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.

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

- *Non-negotiable certificate 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, 2013 and 2012.

Assets at Fair Value as of June 30, 2013

	Level 1	Level 2	Level 3	Total
Money market fund	$ -	$ 273,312	$ -	$ 273,312
U.S. Government agency bonds	-	693,835	-	693,835
Municipal bonds:				
AAA credit rating	-	1,380,730	-	1,380,730
AA+ credit rating	-	434,130	-	434,130
AA credit rating	-	832,245	-	832,245
AA- credit rating	-	1,206,046	-	1,206,046
A credit rating	-	278,218	-	278,218
A+ credit rating	-	97,528	-	97,528
Corporate bonds:				
AA credit rating	-	536,211	-	536,211
AA+ credit rating	-	179,233	-	179,233
A+ credit rating	-	436,422	-	436,422
A credit rating	-	371,067	-	371,067
A- credit rating	-	171,329	-	171,329
U.S. Treasury note	167,227	-	-	167,227
Mutual funds:				
U.S. Large Cap	5,053,145	-	-	5,053,145
U.S. Small / Mid Cap	2,743,505	-	-	2,743,505
International	5,526,654	-	-	5,526,654
Multi Strategy	11,359,378	-	-	11,359,378
Fixed Income	6,185,528	-	-	6,185,528
Certificate of deposit	-	6,589,567	-	6,589,567
Total	$ 31,035,437	$ 13,479,873	$ -	$ 44,515,310

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

Assets at Fair Value as of June 30, 2012

	Level 1	Level 2	Level 3	Total
Money market fund	$ -	$ 726,804	$ -	$ 726,804
U.S. Government agency bonds	-	737,022	-	737,022
Municipal bonds:				
AAA credit rating	-	1,476,507	-	1,476,507
AA+ credit rating	-	443,329	-	443,329
AA credit rating	-	865,654	-	865,654
AA- credit rating	-	749,494	-	749,494
A+ credit rating	-	598,883	-	598,883
A- credit rating	-	285,158	-	285,158
Corporate bonds:				
AA credit rating	-	365,089	-	365,089
AA- credit rating	-	195,329	-	195,329
A+ credit rating	-	320,421	-	320,421
A credit rating	-	383,293	-	383,293
A- credit rating	-	356,625	-	356,625
U.S. Treasury note	176,578	-	-	176,578
Mutual funds:				
U.S. Large Cap	3,458,820	-	-	3,458,820
U.S. Small / Mid Cap	1,422,484	-	-	1,422,484
International	2,994,572	-	-	2,994,572
Multi Strategy	9,303,599	-	-	9,303,599
Fixed Income	6,362,919	-	-	6,362,919
Certificate of deposit	-	9,458,252	-	9,458,252
Total	$ 23,718,972	$ 16,961,860	$ -	$ 40,680,832

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Trust maintains its cash balances and certificate of deposit with Bank of Nevada. At June 30, 2013, the Trust's uninsured bank balances totaled $7,002,100. Trust management periodically evaluates financial soundness of the financial institution and believes such assets do not pose a financial risk to the Trust.

NOTE 6 – RELATED PARTIES

THT:
On August 11, 2008, the Teachers Health Trust (THT) signed an Administrative Services Agreement with the Trust, with an effective date of July 1, 2008. Under this Agreement, THT will provide services to the Trust, including claim processing, maintenance of eligibility records and other similar services in the same manner as those provided to THT. 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.

CCEA:
The CCEA signed a Service Agreement with the Trust, with an effective date of April 1, 2010. Under this Agreement, the CCEA, as the exclusive bargaining agent representing licensed personnel employed by CCSD, will provide services to the Trust, including representation during union contract negotiations, education of rights and benefits to CCSD active employees in the retirement process and other administrative services. Amounts paid to the CCEA totaled $227,746 and $281,575 for the years ended June 30, 2013 and 2012, respectively.

NOTE 7 – BENEFIT OBLIGATIONS

The Trust's deficiency of its net assets over benefit obligations at June 30, 2013 and 2012 is the result of the infancy of the Trust relative to the postretirement benefit obligation. It is expected that the deficiency will decline over time, however due to contract negotiations there has been a decrease in the current funding levels by CCSD and active employee contributions.

The health care cost-trend rate assumptions (see Note 2) have a significant effect on the amounts reported in the accompanying financial statements. If the assumed rates increased by one percentage point each year, it would increase the postretirement benefit obligation by approximately 16-19%.

NOTE 8 – 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 benefit obligations 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

NOTE 8 – RISKS AND UNCERTAINTIES (continued)

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, many of which will not apply to the Trust given it is a retiree only plan. The impact to the Trust with respect to the excise tax on high cost plans was addressed in the postretirement benefit obligation estimated by the Trust's actuary. Based on current information available, other Act provisions are not anticipated to impact the Trust.

The majority of the Trust's participants are retired CCSD licensed employees. The Trust receives contributions from CCSD pursuant to the collective bargaining agreement determined between the CCEA and CCSD. The 2013-2014 collective bargaining agreement between the CCEA and CCSD was finalized in September 2013. See Note 1 for the details of the agreement.

SUPPLEMENTAL SCHEDULES

RETIREE HEALTH TRUST

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

	2013	2012
CCEA service agreement	$ 227,746	$ 231,575
THT administrative services	126,055	99,508
Actuarial and audit fees	44,600	42,300
Professional fees	24,315	74,000
Fiduciary liability insurance	19,800	16,873
Trustees conference and meeting expense	13,205	16,889
Telephone expense	7,120	7,328
Bank service charges	6,629	125
Postage and delivery	3,293	2,128
Remittance advice and EOB	1,305	868
Printing and photocopying expense	1,304	1,449
Publication, subscription, and dues	1,120	1,077
Insurance expense	1,117	3,351
Miscellaneous	250	80
EDI claims processing	106	42
Total	$ 477,965	$ 497,593

RETIREE HEALTH TRUST

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

	2013	2012
United Healthcare / Secure Horizons	$ 230,258	$ 244,215
Group Term Life Insurance - Lincoln National Life	63,838	51,872
Medical PPO Network - Teachers Health Trust	7,754	5,171
Utilization Management - Health Care Partners / Telligen	5,713	3,764
Behavioral Health - Human Behavior Institute	2,402	1,585
Vision PPO Network - Vision Service Plan	2,062	1,570
Dental PPO Network - Teachers Health Trust	1,686	1,266
Total	$ 313,713	$ 309,443