RETIREE HEALTH TRUST

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Retiree Health Trust

We have audited the accompanying statements of net assets available for benefits and of benefit obligations of the Retiree Health Trust (the "Trust") as of June 30, 2009, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the year then ended. The financial statements are the responsibility of the Trust's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our 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, 2009, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules for the years ended June 30, 2009, listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Trust's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Kafoury, Armstrong + Co.

Reno, Nevada
December 3, 2009

RETIREE HEALTH TRUST

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS AS OF JUNE 30, 2009

ASSETS	
Investments, at fair value	$ 7,008,391
Receivables	234,799
Cash and cash equivalents	4,693,978
Other assets	10,015
Prepaid expenses	35,415
Total assets	11,982,598
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable for administrative expenses	6
Due to related party	23,404
Deferred insurance contribution	15,090
Total liabilities	38,500
TOTAL NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 11,944,098

See accompanying notes.

RETIREE HEALTH TRUST

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

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED JUNE 30, 2009

ADDITIONS:	
Contributions	
Clark County School District	$ 6,512,559
Active employees	5,494,544
Retirees	4,090
CCEA governance	855
	12,012,048
Interest and other income	92,988
Total additions	12,105,036
REDUCTIONS:	
Insurance premiums	147
Benefits paid for participants	
Medical	24,837
Prescription drugs	1,162
	25,999
Administrative expenses	134,792
Total deductions	160,938
NET INCREASE	11,944,098
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	$ 11,944,098

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENT OF BENEFIT OBLIGATIONS
AS OF JUNE 30, 2009

AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES AND DEPENDENTS:	
Prescription drugs	$ 799
Total currently payable	799
OTHER CURRENT BENEFIT COVERAGE OBLIGATIONS:	
Claims incurred but not reported, at present value of estimated amounts	-
Total obligations other than postretirement benefit obligations	799
POSTRETIREMENT BENEFIT OBLIGATIONS:	
Retirees	9,000
Other plan participants fully eligible for benefits	33,781,000
Plan participants not yet fully eligible for benefits	80,485,000
Total postretirement benefit obligations	114,275,000
TOTAL BENEFIT OBLIGATIONS	$ 114,275,799

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS
FOR THE YEAR ENDED JUNE 30, 2009

AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES AND DEPENDENTS:	
Balance at beginning of year	$ -
Claims reported and approved for payment	26,945
Claims paid	(26,146)
Balance at end of year	799
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, at estimated amounts:	
Balance at beginning of year	-
Net change during year	-
Balance at end of year	-
TOTAL OBLIGATIONS OTHER THAN POSTRETIREMENT BENEFIT OBLIGATIONS	799
POSTRETIREMENT BENEFIT OBLIGATIONS:	
Balance at beginning year	-
Initial year - actuarial accrued liability	114,275,000
Balance at end of year	114,275,000
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	$ 114,275,799

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.

Benefits - The Trust provides medical, prescription drug, dental, vision, wellness, and life insurance to eligible participants. All benefits are self-insured by the Trust, other than life insurance which is covered 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.

Contributions - Effective July 1, 2008, CCSD contributes $12.76 per month for each licensed employee pursuant to the current collective bargaining agreement and an annual contribution of $1,400,000. Effective September 2008, each licensed employee is required to contribute, through payroll withholding, $15.00 per pay period. Trust participants (retirees) share in the costs of the Trust through required monthly contributions that are based on the retirees' years of service at retirement as follows:

Years of Service	Retiree Contribution % of $1,169 premium
< 10	100%
10-19	70%
20-25	55%
26-29	45%
30+	32%

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Trust maintains its records on the accrual basis of accounting. Revenue is recognized when earned, and administrative expenses are recognized when incurred.

Investment Valuation and Income Recognition – The Trust's investments are stated at fair value. 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. The Trust has contracted with an investment consultant, investment manager, and investment custodian to manage the Trust's investment assets. 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.

Benefits and Insurance Premiums – Benefits and insurance premiums are recorded when paid.

Claims Payable and Estimated Claims Incurred but Not Reported - Trust obligations at June 30, 2009, 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.

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,

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 cost of covered health care benefits was assumed of 10% medical, 5% dental, 3.5% vision and 3% administrative expenses; the rates were assumed to remain at that level for all but medical, which was assumed to decrease gradually to 5% by 2016 and remain at that level thereafter.

The following were other significant assumptions used in the June 30, 2009 valuation:

Discount Rate:	5% compounded annually
Mortality:	RP-2000 Table for males and females projected to 2009
Actuarial Cost Method:	Projected unit credit
Retiree Contributions:	Same level as current Trust provisions for the next four years and increased thereafter based on health care trend rates
Administrative Expenses:	$744 per participant 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.

Subsequent Events – Management has evaluated subsequent events through December 3, 2009, 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 Board of Trustees. Investments consist of the following at June 30:

	2009
U.S. Government bonds	$ 1,404,734
Municipal bonds	2,912,997
Corporate bonds	1,384,344
Money market account	1,306,316
	$ 7,008,391

The fair market value of individual investments that represent 5% or more of the Trust's net assets are as follows:

	2009
Money Market Fund:	
Sch Muni Money Fund	$ 1,306,316

During 2009, the Trust's investments in bonds (including investments bought, sold and held during the year) appreciated in value by $2,316. Additionally, during 2009, the Trust received interest of $9,569. These amounts are included in "Interest and other income" on the accompanying statements of changes in net assets available for benefits.

NOTE 4 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), 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 Statement No. 157 are described below:

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.

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

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.

- *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 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.

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.

Within the fair value hierarchy, all of the Trust's investments, totaling $7,008,391 at June 30, 2009, are considered Level 2 measurements.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Trust maintains its cash balances with Bank of Nevada. At June 30, 2009, the Trust's bank balances totaled $4,073,713, which is substantially in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation. 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

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, and will continue for a period of five years. Under this Agreement, THT will provide services including claim processing, maintenance of eligibility records and other similar services in the same manner as those provided to THT. The Trust will pay THT $61.17 per retiree per month and a onetime implementation fee of $100,000 as set forth by the Agreement. Subsequent to June 30, 2009, an addendum to the administrative services was signed and to be in effect from September 1, 2009 to October 31, 2011. Under the addendum, the monthly fee per retiree has been reduced to $44.81 and a flat administration fee of $4,000 per month has been added.

NOTE 7 – BENEFIT OBLIGATIONS

The Trust's benefit obligations, excluding the postretirement benefit obligation, represents claims incurred but not reported, claims unprocessed, claims in ready-to-pay status but not yet paid, insurance premium payable, and prescription drug claims payable. As of June 30, 2009, the Trust had recorded benefit obligations (excluding the postretirement benefit obligation) of $799, in the accompanying statement of benefit obligations, which is payable as of June 30, 2009.

The Trust's deficiency of its net assets over benefit obligations at June 30, 2009 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 given the current funding by levels by CCSD and active employee contributions; however, future increases in contribution rates will be considered if determined necessary.

The health care cost-trend rate assumptions (see Note 1) 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 21-22%.

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 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 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.

SUPPLEMENTAL SCHEDULES

RETIREE HEALTH TRUST

SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

Administrative service agreement	$	262
Implementation expense		80,488
Bank service charges		25
Insurance expense		2,429
Office supplies		241
Postage and delivery		207
Printing and photocopying expense		1,892
Taxes, license and fees		750
Telephone expense		4,309
Consultant		12,563
Investment manager		3,468
Legal consultant		17,363
Fiduciary liability insurance		5,417
Membership dues		695
Remittance advice and EOB		6
Summary plan document		4,365
Website maintenance and access		312
Total	$	134,792

RETIREE HEALTH TRUST

SUPPLEMENTAL SCHEDULE OF INSURANCE PREMIUMS
FOR THE YEAR ENDED JUNE 30, 2009

Group Term Life Insurance - Hartford	$	102
Utilization Management - Encompass		14
Medical PPO Network - THT		18
Behavioral Health - HBI		6
Vision PPO Network - Vision Service Plan		4
Dental PPO Network - Diversified Dental		3
Total	$	147