

**RETIREE HEALTH TRUST**  
**JUNE 30, 2010 AND 2009**

**RETIREE HEALTH TRUST  
JUNE 30, 2010 AND 2009**

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Retiree Health Trust

We have audited the accompanying statements of net assets available for plan benefits and of benefit obligations of the Retiree Health Trust (the "Trust") as of June 30, 2010 and 2009, and the related statements of changes in net assets available for plan benefits and of changes in benefit obligations for the years 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 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 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 audits 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, 2010 and 2009, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were 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, 2010 and 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 audits 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, 2010

**RETIREE HEALTH TRUST****STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
AS OF JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
INVESTMENTS, at fair value	\$ 18,621,698	\$ 7,008,391
RECEIVABLES:		
Related party	1,122	-
Contribution receivables	232,245	234,799
	<u>233,367</u>	<u>234,799</u>
CASH AND CASH EQUIVALENTS	4,315,260	4,693,978
OTHER ASSETS	32,469	10,015
PREPAID EXPENSES	19,043	35,415
	<u>23,221,837</u>	<u>11,982,598</u>
Total assets		
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	66,375	6
Due to related party	590	23,404
Deferred insurance contribution	44,080	15,090
Total liabilities	<u>111,045</u>	<u>38,500</u>
<b>TOTAL NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>	<u>\$ 23,110,792</u>	<u>\$ 11,944,098</u>

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>ADDITIONS:</b>		
Contributions		
Clark County School District	\$ 4,189,129	\$ 6,512,559
Active employees	6,560,719	5,494,544
Retirees	419,084	4,090
CCEA governance	1,026	855
	<u>11,169,958</u>	<u>12,012,048</u>
Investment income		
Net appreciation in fair value of investments	320,377	2,316
Interest and dividends	374,673	90,672
	<u>695,050</u>	<u>92,988</u>
Less: Investment manager fees	<u>37,735</u>	<u>3,468</u>
	<u>657,315</u>	<u>89,520</u>
Other income	<u>1,704</u>	<u>-</u>
Total additions	<u>11,828,977</u>	<u>12,101,568</u>
<b>REDUCTIONS:</b>		
Insurance premiums	<u>301,875</u>	<u>147</u>
Benefits paid for participants		
Medical	109,378	24,837
Prescription drugs	36,652	1,162
Dental	27,653	-
Vision	3,305	-
	<u>176,988</u>	<u>25,999</u>
Administrative expenses	<u>183,420</u>	<u>131,324</u>
Total deductions	<u>662,283</u>	<u>157,470</u>
NET INCREASE	11,166,694	11,944,098
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	<u>11,944,098</u>	<u>-</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	<u>\$ 23,110,792</u>	<u>\$ 11,944,098</u>

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENTS OF BENEFIT OBLIGATIONS  
AS OF JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS:		
Insurance premiums	\$ 1,303	\$ -
Prescription drugs	<u>635</u>	<u>799</u>
Total currently payable	<u>1,938</u>	<u>799</u>
OTHER CURRENT BENEFIT COVERAGE OBLIGATIONS:		
Claims incurred but not reported, at present value of estimated amounts	<u>-</u>	<u>-</u>
Total obligations other than postretirement benefit obligations	<u>1,938</u>	<u>799</u>
POSTRETIREMENT BENEFIT OBLIGATIONS:		
Retirees	279,000	9,000
Other plan participants fully eligible for benefits	37,981,000	33,781,000
Plan participants not yet fully eligible for benefits	<u>92,540,000</u>	<u>80,485,000</u>
Total postretirement benefit obligations	<u>130,800,000</u>	<u>114,275,000</u>
TOTAL BENEFIT OBLIGATIONS	<u>\$ 130,801,938</u>	<u>\$ 114,275,799</u>

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENTS OF CHANGES IN BENEFIT OBLIGATIONS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS:		
Balance at beginning of year	\$ 799	\$ -
Claims reported and approved for payment	480,002	26,945
Claims paid	(478,863)	(26,146)
Balance at end of year	1,938	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	1,938	799
POSTRETIREMENT BENEFIT OBLIGATIONS:		
Balance at beginning year	114,275,000	-
Initial year - actuarial accrued liability	-	114,275,000
Interest	6,158,000	-
Benefits paid	(60,000)	-
Actuarial (gains)/losses	1,505,000	-
Normal cost	8,922,000	-
Balance at end of year	130,800,000	114,275,000
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	\$ 130,801,938	\$ 114,275,799

See accompanying notes.

**RETIREE HEALTH TRUST**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009**

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**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 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 \$1,080. 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:

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



## RETIREE HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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#### NOTE 1 – DESCRIPTION OF THE TRUST (continued)

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 \$156 to \$196.

#### 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. 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. 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.

**RETIREE HEALTH TRUST**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Claims Payable and Estimated Claims Incurred but Not Reported*** - Trust obligations at June 30, 2010 and 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, 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 9% 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, 2010 and 2009 valuation:

Discount Rate:	5% compounded annually
Mortality:	RP-2000 Table for males and females projected to 2010 and 2009 for June 30, 2010 and 2009, respectively.
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.

## RETIREE HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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#### 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 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, 2010, 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:

	<u>2010</u>	<u>2009</u>
Mutual funds	\$ 3,259,530	\$ -
U.S. Treasury note	158,438	-
U.S. Government bonds	379,246	1,404,734
Municipal bonds	4,327,512	2,912,997
Corporate bonds	1,380,188	1,384,344
Certificate of deposit	9,099,467	-
Money market account	<u>17,317</u>	<u>1,306,316</u>
	<u>\$ 18,621,698</u>	<u>\$ 7,008,391</u>

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

	<u>2010</u>	<u>2009</u>
Money Market Fund:		
Sch Muni Money Fund	\$ -	\$ 1,306,316
Certificate of Deposit:		
Bank of Nevada	9,099,467	-

## RETIREE HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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#### NOTE 3 – INVESTMENTS (continued)

During 2010 and 2009, the Trust's investments (including investments bought, sold and held during the year) appreciated by \$320,377 and \$2,316, respectively, as follows:

	<u>Year ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Net appreciation (depreciation) in fair value of investments:		
Mutual funds	\$ (79,834)	\$ -
U.S. Treasury note	12,322	-
U.S. Government bonds	16,957	-
Municipal bonds	279,541	2,316
Corporate bonds	<u>91,391</u>	<u>-</u>
	<u>\$ 320,377</u>	<u>\$ 2,316</u>

#### NOTE 4 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB), *Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures*, 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.

## RETIREE HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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#### NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009.

- *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.
- *Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Trust at year end.
- *Non-negotiable certificate of deposit:* Valued at cost, plus accrued interest, which approximates fair value.
- *U.S. Treasury note:* Valued using matrix pricing and market corroborated pricing models.

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.

RETIREE HEALTH TRUST

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value as of June 30, 2010 and 2009.

	<u>Assets at Fair Value as of June 30, 2010</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ -	\$ 17,317	\$ -	\$ 17,317
U.S. Government bonds	-	379,246	-	379,246
Municipal bonds:				
AAA credit rating	-	1,236,720	-	1,236,720
AA+ credit rating	-	251,767	-	251,767
AA credit rating	-	1,679,570	-	1,679,570
AA- credit rating	-	380,277	-	380,277
A+ credit rating	-	512,438	-	512,438
A- credit rating	-	266,740	-	266,740
Corporate bonds:				
AA- credit rating	-	323,054	-	323,054
A+ credit rating	-	343,795	-	343,795
A credit rating	-	713,339	-	713,339
U.S. Treasury note	158,438	-	-	158,438
Mutual funds:				
U.S. Large Cap	598,480	-	-	598,480
U.S. Small / Mid Cap	264,460	-	-	264,460
International	564,268	-	-	564,268
Multi Strategy	1,388,170	-	-	1,388,170
Commodity	444,152	-	-	444,152
Certificate of deposit	-	<u>9,099,467</u>	-	<u>9,099,467</u>
 Total	 <u>\$ 3,417,968</u>	 <u>\$ 15,203,730</u>	 <u>\$ -</u>	 <u>\$ 18,621,698</u>

## RETIREE HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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#### NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

	<u>Assets at Fair Value as of June 30, 2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ -	\$ 1,306,316	\$ -	\$ 1,306,316
U.S. Government bonds	-	1,404,734	-	1,404,734
Municipal bonds:				
AAA credit rating	-	676,225	-	676,225
AA+ credit rating	-	329,238	-	329,238
AA credit rating	-	1,080,805	-	1,080,805
AA- credit rating	-	353,670	-	353,670
A+ credit rating	-	232,946	-	232,946
A credit rating	-	240,113	-	240,113
Corporate bonds:				
AA- credit rating	-	357,714	-	357,714
A+ credit rating	-	365,543	-	365,543
A credit rating	-	661,087	-	661,087
Total	<u>\$ -</u>	<u>\$ 7,008,391</u>	<u>\$ -</u>	<u>\$ 7,008,391</u>

#### NOTE 5 – CONCENTRATION OF CREDIT RISK

The Trust maintains its cash balances with Bank of Nevada. At June 30, 2010, the Trust's uninsured bank balances totaled \$12,824,172. 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. 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. The Trust paid THT \$61.17 per retiree per month and a onetime implementation fee of \$100,000 as set forth by the Agreement through August 31, 2009. 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.

## RETIREE HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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#### NOTE 7 – BENEFIT OBLIGATIONS

The Trust's deficiency of its net assets over benefit obligations at June 30, 2010 and 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 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 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 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 four years. The impact to the Plan from the various provisions of the Act have not yet been determined, including the impact on the Plan's benefit obligations.



**SUPPLEMENTAL SCHEDULES**

RETIREE HEALTH TRUST

SUPPLEMENTAL SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CCEA service agreement	\$ 59,194	\$ -
THT administrative services	45,299	262
Actuarial and audit fees	28,500	-
Fiduciary liability insurance	16,308	5,417
Trustees conference and meeting expense	11,699	-
Consultant	10,250	12,563
Telephone expense	7,026	4,309
Insurance expense	3,448	2,429
Publication, subscription, and dues	831	695
Postage and delivery	755	207
Remittance advice and EOB	110	6
Implementation expense	-	80,488
Legal consultant	-	17,363
Summary plan document	-	4,365
Printing and photocopying expense	-	1,892
Taxes, license, and fees	-	750
Website maintenance and access	-	312
Office supplies	-	241
Bank service charges	-	25
<b>Total</b>	<b>\$ 183,420</b>	<b>\$ 131,324</b>

RETIREE HEALTH TRUST

SUPPLEMENTAL SCHEDULES OF INSURANCE PREMIUMS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
PacifiCare / Secure Horizons	\$ 268,017	\$ -
Group Term Life Insurance - Hartford	31,705	102
Vision PPO Network - Vision Service Plan	618	4
Medical PPO Network - THT	523	18
Dental PPO Network - Diversified Dental / THT	472	3
Utilization Management - Encompass	379	14
Behavioral Health - HBI	161	6
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 301,875</u>	<u>\$ 147</u>