RETIREE HEALTH TRUST

JUNE 30, 2012 AND 2011

RETIREE HEALTH TRUST
JUNE 30, 2012 AND 2011

TABLE OF CONTENTS

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, 2012 and 2011, and the related statements of changes in net assets available for plan benefits and of changes in benefit obligations for the years then ended. These 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, 2012 and 2011, 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 financial statements taken as a whole. The Supplemental Schedules of Administrative Expenses and the Supplemental Schedules of Insurance Premiums 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
February 20, 2013

RETIREE HEALTH TRUST

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
INVESTMENTS, at fair value	$ 40,680,832	$ 32,990,365
RECEIVABLES:		
Contribution receivables	223,070	232,296
Interest receivable	194,556	-
	417,626	232,296
CASH AND CASH EQUIVALENTS	2,540,071	1,407,702
OTHER ASSETS	35,070	33,755
PREPAID EXPENSES	13,740	15,274
Total assets	43,687,339	34,679,392
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable for administrative expenses	33,088	13,064
Due to related party	954	635
Deferred insurance contribution	95,006	62,970
Total liabilities	129,048	76,669
TOTAL NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 43,558,291	$ 34,602,723

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
ADDITIONS:		
Contributions		
Clark County School District	$ 2,705,873	$ 4,182,050
Active employees	6,348,625	6,533,542
Retirees	1,025,148	635,689
CCEA governance	1,026	1,026
	10,080,672	11,352,307
Investment income		
Net appreciation in fair value of investments	45,647	637,870
Interest and dividends	916,057	792,695
	961,704	1,430,565
Less: Investment manager fees	72,865	49,492
	888,839	1,381,073
Early Retiree Reinsurance Program	-	3,785
Other income	26,138	9,091
Total additions	10,995,649	12,746,256
DEDUCTIONS:		
Insurance premiums	309,443	294,411
Benefits paid for participants		
Medical	762,352	362,862
Prescription drugs	386,514	137,909
Dental	71,073	52,758
Vision	13,106	9,175
	1,233,045	562,704
Administrative expenses	497,593	397,210
Total deductions	2,040,081	1,254,325
NET INCREASE	8,955,568	11,491,931
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	34,602,723	23,110,792
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	$ 43,558,291	$ 34,602,723

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENTS OF BENEFIT OBLIGATIONS
AS OF JUNE 30, 2012 AND 2011

	2012	2011
AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS:		
Vision claims	$ 1,935	$ 458
Benefit claims, medical and dental	44,602	-
Prescription drugs	19,288	1,139
Total currently payable	65,825	1,597
OTHER CURRENT BENEFIT COVERAGE OBLIGATIONS:		
Claims incurred but not reported, at present value of estimated amounts	48,398	-
Total obligations other than postretirement benefit obligations	114,223	1,597
POSTRETIREMENT BENEFIT OBLIGATIONS:		
Retirees	4,041,000	2,001,000
Other plan participants fully eligible for benefits	13,980,000	48,372,000
Plan participants not yet fully eligible for benefits	51,536,000	123,361,000
Administrative fixed cost (unallocated)	13,276,000	-
Total postretirement benefit obligations	82,833,000	173,734,000
TOTAL BENEFIT OBLIGATIONS	$ 82,947,223	$ 173,735,597

See accompanying notes.

RETIREE HEALTH TRUST

STATEMENTS OF CHANGES IN BENEFIT OBLIGATIONS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS:		
Balance at beginning of year	$ 1,597	$ 1,938
Claims reported and approved for payment	1,606,716	856,774
Claims paid	(1,542,488)	(857,115)
Balance at end of year	65,825	1,597
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, at estimated amounts:		
Balance at beginning of year	-	-
Net change during year	48,398	-
Balance at end of year	48,398	-
TOTAL OBLIGATIONS OTHER THAN POSTRETIREMENT BENEFIT OBLIGATIONS	114,223	1,597
POSTRETIREMENT BENEFIT OBLIGATIONS:		
Balance at beginning year	173,734,000	130,800,000
Interest	9,302,000	7,028,000
Benefits paid	(517,000)	(221,000)
Actuarial (gains)/losses	(112,243,000)	26,249,000
Normal cost	12,557,000	9,878,000
Balance at end of year	82,833,000	173,734,000
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	$ 82,947,223	$ 173,735,597

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 -
Clark County School District: 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. 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. On February 4, 2013, an arbitration opinion suspended CCSD's monthly and annual contributions for the 2012-2013 contract year.

Active Licensed Employee: Effective September 2008, each licensed employee is 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.

Trust participants (retirees): 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 $1,300. 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:

NOTE 1 – DESCRIPTION OF THE TRUST (continued)

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. 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 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Claims Payable and Estimated Claims Incurred but Not Reported - Trust obligations at June 30, 2012 and 2011, 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 for 2012 and 2011 to 6% and 5% by 2020 and 2019, respectively, and remain at that level thereafter.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following were other significant assumptions used in the June 30, 2012 and 2011 valuations, respectively:

	2012	2011
Discount Rate:	4.30% compounded annually	5% compounded annually
Participation Rate:	30% for future retirees	100% for future retirees
Mortality:	2012 IRS Mandated Mortality Table for males and females, projected 7 years for non-annuitants and 15 years for annuitants from the valuation date	RP-2000 Table for males and females projected to 2011
Actuarial Cost Method:	Projected unit credit	Projected unit credit
Retiree Contributions:	Same level as current Trust provisions for the next two years 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:	$432 per capita per year plus a fixed administrative expense of $515,000 per year	$744 per participant per year

The change in the actuary's assumption regarding the plan participation rate decreased from 100% to 30%. As a result, the benefit obligation has been reduced. The change in the plan participation rate was based on plan historical experience for the last three years. Combined with other changes in actuary assumptions that increased the benefit obligation there was an overall net decrease in benefit obligation of approximately $90 million.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012, 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.

Subsequent Events – Management has evaluated subsequent events through February 20, 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 Board of Trustees. Investments consist of the following at June 30:

	2012	2011
Mutual funds – bonds	$ 6,362,919	$ -
Mutual funds – equity	17,179,475	7,000,692
U.S. Treasury note	176,578	160,598
U.S. Government bonds	737,022	666,910
Municipal bonds	4,419,025	3,940,366
Corporate bonds	1,620,757	1,744,460
Certificate of deposit	9,458,252	19,403,241
Money market account	726,804	74,098
	$ 40,680,832	$ 32,990,365

The fair value of individual investments that represent 5% or more of the Trust's net assets in either 2012 and 2011 are as follows:

	2012	2011
Mutual Funds:		
JPMorgan Alerian MLP Index	$ 2,286,646	$ -
AQR Diversified Arbitrage	2,348,958	-
AQR Risk Parity	2,347,964	-
PIMCO All Asset All Authority Fund, Institutional	2,320,030	998,742
PIMCO Global Advantage Strategy, Institutional	2,391,395	-
PIMCO Total Return, Institutional	2,125,640	-
Certificate of Deposit:		
Bank of Nevada	9,458,252	19,403,241

NOTE 3 – INVESTMENTS (continued)

During 2012 and 2011, the Trust's investments (including investments bought, sold and held during the year) appreciated by $45,647 and $637,870, respectively, as follows:

	Year ended June 30,	
	2012	2011
Net appreciation (depreciation) in fair value of investments:		
Mutual funds	$(271,405)	$ 669,324
U.S. Treasury note	18,448	116
U.S. Government bonds	82,326	5,289
Municipal bonds	197,409	(33,626)
Corporate bonds	18,869	(3,233)
	$ 45,647	$ 637,870

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.

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 level 2 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012 and 2011.

- *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.
- *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.

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, 2012 and 2011.

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 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 4 – FAIR VALUE MEASUREMENTS (continued)

Assets at Fair Value as of June 30, 2011

	Level 1	Level 2	Level 3	Total
Money market fund	$ -	$ 74,098	$ -	$ 74,098
U.S. Government bonds	-	666,910	-	666,910
Municipal bonds:				
AAA credit rating	-	1,047,294	-	1,047,294
AA+ credit rating	-	522,136	-	522,136
AA credit rating	-	1,187,838	-	1,187,838
AA- credit rating	-	388,728	-	388,728
A+ credit rating	-	511,046	-	511,046
A- credit rating	-	283,324	-	283,324
Corporate bonds:				
AA credit rating	-	344,366	-	344,366
AA- credit rating	-	325,204	-	325,204
A+ credit rating	-	340,921	-	340,921
A credit rating	-	392,893	-	392,893
A- credit rating	-	341,076	-	341,076
U.S. Treasury note	160,598	-	-	160,598
Mutual funds:				
U.S. Large Cap	1,347,045	-	-	1,347,045
U.S. Small / Mid Cap	615,294	-	-	615,294
International	1,222,835	-	-	1,222,835
Multi Strategy	3,815,518	-	-	3,815,518
Certificate of deposit	-	19,403,241	-	19,403,241
Total	$ 7,161,290	$ 25,829,075	$ -	$ 32,990,365

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Trust maintains its cash balances and certificate of deposit with Bank of Nevada. At June 30, 2012, the Trust's uninsured bank balances totaled $11,614,794. 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, 2012.

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 $281,575 and $235,995 for the years ended June 30, 2012 and 2011, respectively.

NOTE 7 – BENEFIT OBLIGATIONS

The Trust's deficiency of its net assets over benefit obligations at June 30, 2012 and 2011 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 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 18-21%.

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 Plan from the various applicable provisions of the Act is currently being estimated. Plan amendments have not been finalized; therefore, the effect of the Act has not yet been determined, including the impact on the Plan's benefit obligations.

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

SUPPLEMENTAL SCHEDULES

RETIREE HEALTH TRUST

SUPPLEMENTAL SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CCEA service agreement	$ 231,575	$ 235,995
THT administrative services	99,508	69,822
Professional fees	74,000	24,000
Actuarial and audit fees	42,300	19,000
Trustees conference and meeting expense	16,889	16,546
Fiduciary liability insurance	16,873	16,303
Telephone expense	7,328	7,080
Insurance expense	3,351	3,351
Postage and delivery	2,128	2,457
Printing and photocopying expense	1,449	999
Publication, subscription, and dues	1,077	1,009
Remittance advice and EOB	868	406
Miscellaneous	205	-
EDI claims processing	42	24
Summary plan document	-	218
Total	$ 497,593	$ 397,210

RETIREE HEALTH TRUST

SUPPLEMENTAL SCHEDULES OF INSURANCE PREMIUMS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
United Healthcare / PacifiCare / Secure Horizons	$ 244,215	$ 250,388
Group Term Life Insurance - Lincoln Natl'l. Life / Hartford	51,872	37,871
Medical PPO Network - THT	5,171	2,166
Utilization Management - Telligen/Encompass	3,764	1,567
Vision PPO Network - Vision Service Plan	1,570	987
Dental PPO Network - THT	1,266	760
Behavioral Health - HBI	1,585	672
Total	$ 309,443	$ 294,411