

Virginia
Pooled OPEB Trust Fund

Comprehensive Annual Financial Report
For the Year Ended June 30, 2010



Certified Public Accountants
Specialized Services
Business Solutions

Virginia Pooled OPEB Trust Fund

Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

Prepared by:

VML/VACO Finance

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Table of Contents

Introductory Section

Letter of Transmittal	3
Organizational Chart	7
Governing Board and Administration	8

Financial Section

Report of Independent Auditors	10
Management's Discussion and Analysis	11
Basic Financial Statements	
Statement of Net Assets	15
Statement of Changes in Net Assets and Trust Balance	16
Notes to Financial Statements	17

Virginia Pooled OPEB Trust Fund

LETTER OF TRANSMITTAL

September 30, 2010

Honorable Board of Trustees

Virginia Pooled OPEB Trust Fund

Richmond, Virginia

It is our pleasure to submit the *Comprehensive Annual Financial Report* (CAFR) of the Virginia Pooled OPEB Trust Fund (Trust) for the year ended June 30, 2010. The CAFR represents a compilation of financial data that details the Trust's financial status. Information contained in this report was prepared in strict conformance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). The CAFR is intended to provide readers with a clearly articulated, user-friendly reporting of the Trust's financial affairs. Responsibility for both the accuracy of the data, and the completeness and reliability of the presentation, including all disclosures, rests with the management of the Trust. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and the activities of the Trust.

The CAFR is presented in two sections:

- 1) *Introductory Section* – includes this letter of transmittal, identification of the Trust's administrative organization, and descriptions of administrative responsibilities.
- 2) *Financial Section* – consists of the Report of Independent Auditors, Management's Discussion and Analysis (MD&A), basic financial statements, and the notes to the financial statements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements, and should be read in conjunction with, this letter of transmittal.

Background

The Virginia Pooled OPEB Trust Fund, operating as the “VACo-VML Pooled OPEB Trust, was established on April 11, 2008 as an irrevocable trust to receive, invest, and disburse funds set aside by political subdivisions of the Commonwealth of Virginia to defray future expenses related to postemployment benefits other than pensions (OPEB). Income of the Trust is tax-exempt under Section 115 of the Internal Revenue Code.

The Trust is jointly sponsored by the Virginia Association of Counties and the Virginia Municipal League in response to Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (Statement No. 43) and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (Statement No. 45). The assets in the Trust are administered by a Board of Trustees (“Board”) composed of between five and nine trustees. As of June 30, 2010, the Board of Trustees had nine members, consisting of seven members of Local Finance Boards of participating employers elected for staggered three-year terms by the participants in the Trust. The remaining two members include one individual each selected by the Local Finance Boards of Henrico and Fairfax Counties, respectively, the two founding localities. These two members, or successors, will serve two consecutive three year terms through the Annual Meeting to be held in FY 2015.

The Virginia Local Government Finance Corporation (VLGFC) provides day-to-day administration of the Trust. An investment consultant has been hired by the Trust to provide investment advice to the trustees. A custodian bank has also been retained to assist with reporting of contributions, distributions and employer balances within the Trust.

FY 2010 Highlights

The 2009-2010 fiscal year saw continued growth for the Virginia Pooled OPEB Trust. The Trust, which had thirty employer participants holding twenty-three accounts at June 30, 2009, expanded to thirty-three employer participants and twenty-six accounts as of June 30, 2010 (Note: Related employers, such as a primary government and its public school system, can join as one member but create separate Trust accounts). The net assets held by the Trust increased substantially, as net assets held increased from \$119.9 million on June 30, 2009 to \$202.7 million on June 30, 2010. Despite continued local government revenue impacts associated with the economic recession of 2008 and 2009, governmental employers across the Commonwealth recognized the benefit of investing current assets to offset the increasing liabilities resulting from other post employment benefits.

VLGFC continued an extensive marketing campaign during the year to make localities across the Commonwealth aware of the Trust and its benefits to participating members. Such benefits include professional management of trust assets under a shared cost structure. Participants have individual trust accounts whereby they can track the performance of their investments, without the burden and expense of directing privately managed individual trust accounts.

Summary of Financial Condition

The objective of the Trust is to provide for future OPEB obligations of participating employers' through the investment of contributions from those employers and investment earnings. Participants engage consulting actuaries to determine their long-term obligations related to OPEB and the sufficiency of current contribution levels to fund the liabilities of each plan over a reasonable time frame. Contributions not necessary for the payment of current expected benefits may be remitted to the Trust for long-term investment. Governmental accounting standards require that the maximum acceptable amortization period for the total unfunded actuarial liability is 30 years.

During FY2010, the Trust established a second portfolio to give participants an alternatively-weighted investment mix focused on lower risk and expected to achieve a lower expected rate of return. While the original portfolio (Portfolio I) targets an expected rate of return of 5% over inflation (total rate of 7.5%), the new portfolio (Portfolio II) targets an expected rate of return of 4% over inflation (total rate of 6.5%) with lower volatility.

An optimally diversified investment portfolio is designed to provide maximum long-term returns for a given level of risk as measured by expected volatility. For the period ended June 30, 2010, Portfolio I produced an annualized return of 12%, significantly above the expected 7.5% rate of return, and considerably better than the prior year's return of -14.7% which was attributable to the difficult market conditions of 2008 and 2009. Portfolio II, which was established on September 30, 2009, returned 3.4% since inception. The Trust benchmarks its returns with Mellon Small-Mid Public Funds Index, which had a return of 12.6% for the fiscal year, and 2.9% since September 30, 2009.

The target allocations of the Trust as of June 30, 2010, were as follows:

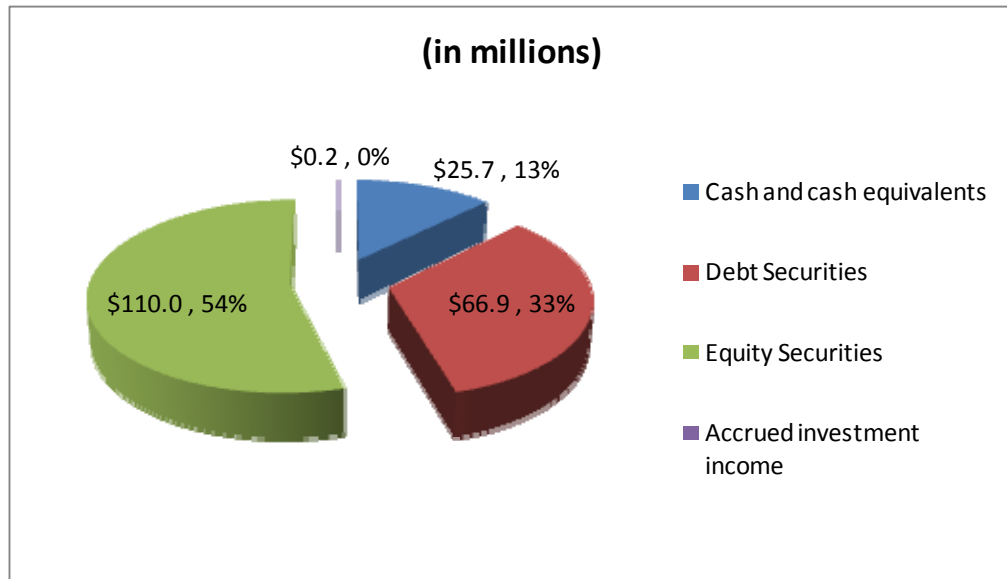
<u>Asset Class</u>	<u>Portfolio I</u>	<u>Portfolio II</u>
Domestic Equity	45%	26%
Large Cap	35%	20%
Small Cap	10%	6%
International Equities	12%	8%
Global REITs	3%	3%
Fixed Income	35%	60%
Active	23%	39%
Passive	12%	21%
Hedge Fund of Funds	5%	3%
Cash	0%	0%

The target allocations are updated and revised by the Board of Trustees as the Board considers additional asset classes and assesses market conditions with the advice of an investment consultant. As the Trustees investigate additional investment opportunities, and as the market conditions change, it is expected that the allocations to the various classes of assets will be adjusted to achieve a desired rate of return while minimizing risk.

Significant contributions were made by several participants in late June 2010. These contributions resulted in the large allocation to cash at June 30, 2010, as those contributions were not invested until July 1, 2010. The chart below summarizes the Trust's asset allocation as of June 30, 2010.

Virginia Pooled OPEB Trust Fund Schedule of Asset Allocation

Market Value of Investments as of June 30, 2010



Independent Audit

For the year ended June 30, 2010, the Trust's financial statements were audited by the certified public accounting firm of Goodman & Company, LLP to provide reasonable assurance that the financial statements of the Trust were free of material misstatement. The audit: a) examined activities, documents, and disclosures used to create the financial statements, b) assessed the accounting principles used by management, and c) evaluated the overall financial statement presentation.

Acknowledgements

This report reflects the efforts of the Board of Trustees and staff of VML/VACO Finance working together to achieve the goals of the Trust. It is intended to provide comprehensive and reliable information about the Trust and allow for the evaluation of responsible stewardship of the funds of the Trust's net assets.

We express our gratitude to the members of the Board, the consultants, the auditors, and the many people who have worked so diligently to assure the successful operation of the Trust.

Respectfully submitted,

Robert W. Lauterberg

Managing Director

VML/VACO Finance

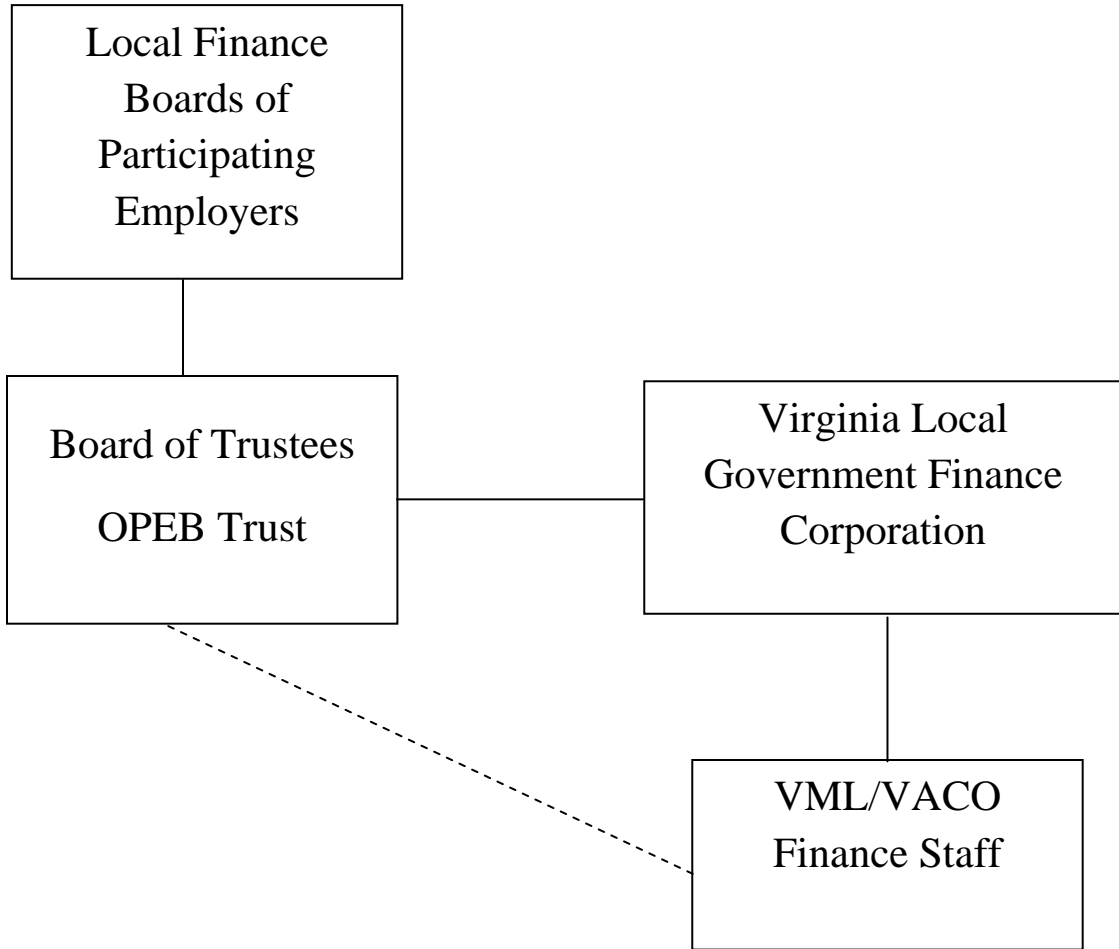
Sheila S. Minor, CPA

Comptroller

VML/VACO Finance

Virginia Pooled OPEB Trust Fund

Organization Chart



Virginia Pooled OPEB Trust Fund
Governing Board and Administration
June 30, 2010

Board of Trustees

Robert L. Mears, Chairman
Executive Director
County of Fairfax Retirement Administration Agency

Leon T. Johnson, Vice Chairman
Deputy County Manager for Administration
County of Henrico

Mark D. Adams
Chief Financial Officer
County of Loudoun

David A. Brat
Director
Richmond Metropolitan Authority

Wayne C. Carruthers
Assistant Superintendent for Financial Services
Stafford County Public Schools

Richard A. Cordle
Treasurer
County of Chesterfield

Victoria Lucente
Assistant Superintendent for Budget and Finance
Chesapeake City Public Schools

Patricia A. Phillips
Director of Finance
City of Virginia Beach

Susan S. Quinn
Assistant Superintendent for Financial Services
Fairfax County Public Schools

Administrative Staff

Robert W. Lauterberg
Managing Director
VML/VACO Finance

Steven C. Mulroy
Deputy Director
VML/VACO Finance

Sheila S. Minor, CPA
Comptroller
VML/VACO Finance

Denise L. Sandlin
Accounting Manager
VML/VACO Finance

Investment Consultants

Evaluation Associates, LLC
Norwalk, Connecticut

Custodian

Comerica Bank, Inc.
Detroit, Michigan



Report of Independent Auditors

Certified Public Accountants
Specialized Services
Business Solutions

Board of Trustees
Virginia Pooled OPEB Trust

We have audited the accompanying financial statements of the governmental activities and major fund of **Virginia Pooled OPEB Trust** as of and for the year ended June 30, 2010, which collectively comprise **Virginia Pooled OPEB Trust's** basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Virginia Pooled OPEB 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the **Virginia Pooled OPEB Trust** as of June 30, 2010, and the respective changes in financial position for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Virginia Pooled OPEB Trust's** financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Richmond, Virginia
November 3, 2010

Virginia Pooled OPEB Trust Fund Management's Discussion and Analysis For the period ended June 30, 2010

Management offers the following discussion and analysis as a narrative introduction to the basic financial statements and an analytical overview of the Trust's financial activities for the fiscal year ended June 30, 2010. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Trust's financial statements include the following components:

- Statement of Net Assets
- Statement of Changes in Net Assets and Trust Balance
- Notes to the Financial Statements

The *Statement of Net Assets* presents the Trust's assets and liabilities and the resulting net assets, which are held in trust for the payment of other postemployment benefits of contributing members. This statement reflects a year-end snapshot of the Trust's investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The *Statement of Changes in Net Assets and Trust Balance* presents information showing how the Trust's net assets held in trust for the payment of other postemployment benefits changed during the period. This statement includes additions for contributions by employers and investment earnings and deductions for payments, refunded contributions and administrative expenses.

The *Notes to the Financial Statements* are an integral part of the financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data reported in the financial statements.

Financial Highlights

- Portfolio I generated a 12.0 percent return for fiscal year 2009 - 2010. This compares favorably with the annualized -14.70 percent return for the year ended June 30, 2009.
- Net assets are held in trust to meet future benefit payments. Total plan net assets at June 30, 2010 totaled \$202.7 million.
- Outstanding accounts payable at year end were \$35,790. This amount includes \$30,000 of fourth quarter investment advisory fees and \$5,790 of membership fees payable to the program administrator.

Condensed Financial Information

In order to ensure the participating employers' ability to properly fund the payment of other post employment benefits to their employees in future years, it is necessary for employers to accumulate funds on a regular and systematic basis. The principal sources from which the Trust derives additions are employer contributions and earnings on investments.

Comparative summary financial statements of the Trust are presented as follows:

Plan Net Assets June 30, 2009 and 2010

Assets	2009	2010
Cash and cash equivalents	\$ 27,988,445	\$ 25,571,548
Total investments, at fair value	91,972,554	176,979,163
Accrued investment income	2,734	180,494
Total assets	\$ 119,963,733	\$ 202,731,205
Liabilities		
Accounts payable	\$ 21,895	\$ 35,790
Total liabilities	\$ 21,895	\$ 35,790
Net assets held in trust for other postemployment benefits	\$ 119,941,838	\$ 202,695,415

Changes in Plan Net Assets Years Ended June 30, 2009 and 2010

Additions	2009	2010
Employer contributions	\$ 50,200,830	\$ 67,965,214
Net investment income	(12,698,189)	15,103,877
Total additions	\$ 37,502,641	\$ 83,069,091
Deductions		
Administrative expense	\$ 290,217	\$ 315,514
Total deductions	\$ 290,217	\$ 315,514
Net increase	\$ 37,212,424	\$ 82,753,577
Net assets held in trust for other postemployment benefits		
Beginning of year	\$ 82,729,414	\$ 119,941,838
End of year	\$ 119,941,838	\$ 202,695,415

Analysis of Financial Position and Results of Operations

The total plan net assets were \$202.7 million at June 30, 2010. The Trust had twenty-six participant accounts as of June 30, 2010. (Related employers, such as a primary government and a school system, may become members jointly of the Trust Fund.) Eighteen of the twenty-three participants in the Trust as of June 30, 2009 made a second contribution during fiscal year 2010. Three new participants, representing three employers, joined the Trust during fiscal year 2010. Current Trust participants and the fiscal year in which they joined the Trust are as follows:

Henrico County	2007-2008
City of Suffolk & City of Suffolk Public Schools	2007-2008
Fairfax County	2007-2008
City of Chesapeake Public Schools	2007-2008
Chesterfield County & Chesterfield County Public Schools	2007-2008
City of Roanoke	2007-2008
Fairfax Public Schools	2007-2008
City of Virginia Beach & Virginia Beach Public Schools	2007-2008
Lucy Corr Village	2008-2009
Stafford County Public Schools	2008-2009
Fauquier County & Public Schools	2008-2009
Town of Leesburg	2008-2009
City of Staunton & Staunton City Public Schools	2008-2009
Newport News Redevelopment & Housing Authority	2008-2009
Southeastern Cooperative Educational Programs	2008-2009
Richmond Metropolitan Authority	2008-2009
Henry County, Henry County Schools, Henry County Social Services, & Henry County PSA	2008-2009
Roanoke County	2008-2009
Stafford County	2008-2009
Town of Blacksburg	2008-2009
Alexandria City Public Schools	2008-2009
City of Salem & Salem City Schools	2008-2009
Fluvanna County	2008-2009
Rappahannock Area Community Services Board	2009-2010

Loudoun County	2009-2010
Newport News Public Schools	2009-2010

Subsequent to June 30, 2010, equity markets continued to gain value. As of July 31, 2010, program assets had increased in value to \$212.4 million, an amount including \$168,560 in new contributions. The Trust had one new participant, the Town of Ashland, join the Trust during the first month of fiscal year 2010-2011.

Requests for Information

This financial report is designed to provide a general overview of the Trust's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Comptroller
VML/VACO Finance Program
1108 E. Main St., Suite 801
Richmond, VA 23219
(804) 648-0635

Virginia Pooled OPEB Trust

Statement of Net Assets

June 30, 2010

Assets

Cash and cash equivalents	\$ 25,571,548
Investments at fair value	
Cash and cash equivalents	130,340
Debt securities	66,864,946
Equity securities	109,983,877
Accrued investment income	<u>180,494</u>
	<u>\$ 202,731,205</u>

Liabilities and Net Assets

Liabilities	
Accounts payable	\$ 35,790
Net assets	<u>202,695,415</u>
	<u>\$ 202,731,205</u>

The accompanying notes are an integral part of these financial statements.

Virginia Pooled OPEB Trust

Statement of Changes in Net Assets and Trust Balance

Year Ended June 30, 2010

Additions to net asset attributed to	
Employer contributions	<u>\$ 67,965,214</u>
Investment income:	
Net appreciation in fair value of investments	15,241,933
Interest	22,321
Less - investment expense	<u>(160,377)</u>
	<u>15,103,877</u>
Total additions	83,069,091
Deductions from net assets attributed to	
Administrative expense (including investment advisor fees)	<u>315,514</u>
Net change	82,753,577
Net assets and trust balance - beginning of year	<u>119,941,838</u>
Net assets and trust balance - end of year	<u>\$ 202,695,415</u>

The accompanying notes are an integral part of these financial statements.

Virginia Pooled OPEB Trust

Notes to Financial Statements

June 30, 2010

1. Organization and Nature of Activities

The Virginia Pooled OPEB Trust Fund (Trust) was established April 11, 2008 for the purpose of accumulating and investing assets to fund postemployment benefits other than pensions for counties, cities, towns, school divisions and other authorized political subdivisions of the Commonwealth of Virginia. The Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement.

The Trust does not purport to present the financial status of each of the participating employer's post employment benefit plans, nor do these statements contain information on accumulated plan benefits and other disclosures necessary for a fair presentation of the individual plan in accordance with accounting principles generally accepted in the United States of America.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the employer's plan.

Cash and Cash Equivalents

The Trust considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents. All cash equivalents are recorded at cost, which approximates fair value.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements. Net investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, and investment expense. Realized gains and losses on the sale of investments are recognized on the specific identification basis to determine the cost basis of the investments sold.

Taxes

The Trust is exempt from taxation under Section 115 of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal or state income taxes.

Estimates

The preparation of 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 and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Termination

The Trust Agreement specifically allows for the termination of the Trust once “all participation interest of all participating employers have been terminated in their entirety.” Partial termination would occur when a participating employer’s interest in the Trust is terminated or when a Trust Joinder Agreement has been terminated. In case of termination, either in whole or in part, affected assets of the Trust are distributed or transferred in accordance with the Trust Agreement to a trust or trusts established by the participating employer(s) for the funding of other post employment benefits.

Subsequent Events

In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through November 3, 2010, the date the financial statements were available to be issued.

3. Investments and Risk

The following information regarding disclosures of credit and interest rate risk are designed to inform financial statement users about investment risks that could affect the Trust’s ability to meet its obligations. The standard of prudence to be used by investment officials of the Trust shall be the “prudent person” and shall be applied in the context of managing the portfolios.

Custodial Credit Risk – Deposits

The Virginia Security for Public Deposits Act (Act) requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral to a pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool’s collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Accordingly, all deposits in banks and savings and loans are considered to be insured. The Trust had no carrying amount or bank balance on deposit at June 30, 2010.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in interest rates. The Trust’s investment policy mandates that no single issue shall exceed five percent of the portfolio, nor shall any single issuer exceed ten percent of the portfolio, with the exception of U.S. Treasury and U.S. government agency securities.

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust. Credit Risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and disclosure is not required.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Trust's investment policy mandates that no more than 25% of Trust assets at market value shall be invested by each investment manager, no more than 20% of Trust assets at market value shall be invested in one general industry, and that no more than 5% of Trust assets at market value shall be invested in the securities of one company. There are no limits on the use of U.S. government, agency, or guaranteed issues.

4. Related Party Transactions

The Trust has an agreement with the Virginia Local Government Finance Corporation (VLGFC) whereby the VLGFC serves as administrator for the Trust. The Trust compensates the VLGFC for personnel costs, rent and other expenses incurred on its behalf through a quarterly program fee charged as a percentage of invested assets. The program fee during 2010 amounted to \$180,515. Participants also pay membership fees to cover initial legal costs and start-up expenses. Participants have the option of paying a one-time membership fee of \$5,000 plus annual fee, or paying a membership fee of \$1,500 and a larger annual fee for the first five years. Membership fees totaled \$15,000 for 2010.

5. Fair Value Reporting

As of June 30, 2009, the Trust adopted accounting standards that established 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 accounting standards 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: <ul style="list-style-type: none">• 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. <p>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.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset 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.

Closely Held Equity - Made up of a wide variety of underlying investments such as equities, preferred stock, bonds, real estate and mutual funds. The net asset value is based on the market value of underlying investments. The net asset value is not a publicly-quoted price in an active market.

Common Stocks - Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds - Valued at the net asset value (NAV) of shares held by the Trust at year end.

Short Term Investments (Money Market Funds) - Valued at cost.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value as of June 30, 2010:

Asset Type	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Closely Held Equity	\$ -	\$ 8,126,616	\$ -	\$ 8,126,616
Common Stock	18,287,999	-	-	18,287,999
Mutual Funds (Open, Equity)	64,622,967	18,946,295	-	83,569,262
Mutual Funds (Open, Fixed Income)	66,864,946	-	-	66,864,946
Short-Term Investments	130,340	-	-	130,340
Total assets at fair value	\$ 149,906,252	\$ 27,072,911	\$ -	\$ 176,979,163

6. Subsequent Events

In the period ended August 31, 2010, the Trust had received contributions totaling \$168,560 from one new and two existing participants. As of July 31, 2010, the investments on hand at June 30, 2010 had increased in market value by approximately \$9.7 million, or 4.8%.

* * * * *