

Virginia
Pooled OPEB Trust Fund

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Virginia Pooled OPEB Trust Fund

Comprehensive Annual Financial Report

For the Year Ended June 30, 2011

Prepared by:

VML/VACO Finance

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Virginia Pooled OPEB Trust Fund

LETTER OF TRANSMITTAL

December 6, 2011

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, 2011. 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, governed pursuant to the Virginia Pooled OPEB Trust Fund Agreement, 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 post employment benefits other than pensions (OPEB) that governmental employers offer their retirees. Income of the Trust is tax-exempt under Section 115 of the Internal Revenue Code.

The creation of the Trust was 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 managed at the direction of a Board of Trustees (“Board”) currently composed of nine members. Trustees are members of Local Finance Boards of participating employers elected for staggered three year terms by the participants in the Trust. Notwithstanding this practice, pursuant to the Trust Agreement, the two local governments that initially founded the Trust, Henrico County and Fairfax County, are each entitled to representation on the Board of Trustees through FY 2014.

The Virginia Local Government Finance Corporation (VLGFC) provides day-to-day administration of the Trust pursuant to the Memorandum of Agreement. 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 2011 Highlights

The 2010-2011 fiscal year saw continued growth for the Virginia Pooled OPEB Trust. The Trust, which had thirty-three employer participants holding twenty-three accounts at June 30, 2010, expanded to thirty-five employer participants and twenty-eight accounts as of June 30, 2011 (Note: related employers, such as a primary government and its public school system, can create joint Trust accounts.) The net assets held by the Trust increased substantially, as net assets held increased from \$202.7 million on June 30, 2010 to \$318.1 million on June 30, 2011. Despite continued budgetary constraints associated with stagnant or declining real estate tax revenues, governmental employers across the Commonwealth recognized the benefit of investing current assets to offset the increasing liabilities resulting from other post employment benefits.

The VLGFC continued its marketing efforts 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 hold 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 assist participating employers in providing for their future OPEB obligations by generating investment earnings on employer contributions. 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 FY 2010, the Trust established a second portfolio to provide participants with an alternative investment mix with a lower expected rate of return focused on reducing volatility. While the original portfolio (Portfolio I) targets an expected rate of return of 5% over inflation (roughly 7.5%), the new portfolio (Portfolio II) targets an expected rate of return of 4% over inflation (roughly 6.5%).

An optimally diversified investment portfolio is designed to provide long-term returns for a given level of risk as measured by volatility. For the period ended June 30, 2011, Portfolio I produced an annualized return of 20.7%, significantly above the long-run expected rate of return of 7.5%, and exceeding the prior year's return of 12%. Portfolio II, which was established on September 30, 2009, returned 14.2% for the fiscal year compared with the 3.4% return achieved from inception to June 30, 2010.

The Trust measures its returns against a customized benchmark, comprised of recognized indexes for each asset class weighted by the Trust's target allocation for that asset class. For example 35% of Portfolio I's custom benchmark is comprised of the return of the S&P 500. For the year ended June 30, 2011, the custom benchmark for Portfolio I returned 20.4% (compared to the Portfolio's performance of 20.7%), and the custom benchmark for Portfolio II returned 14.0% (compared to the Portfolio's performance of 14.2%),

The target allocations of the Trust as of June 30, 2011, were as follows:

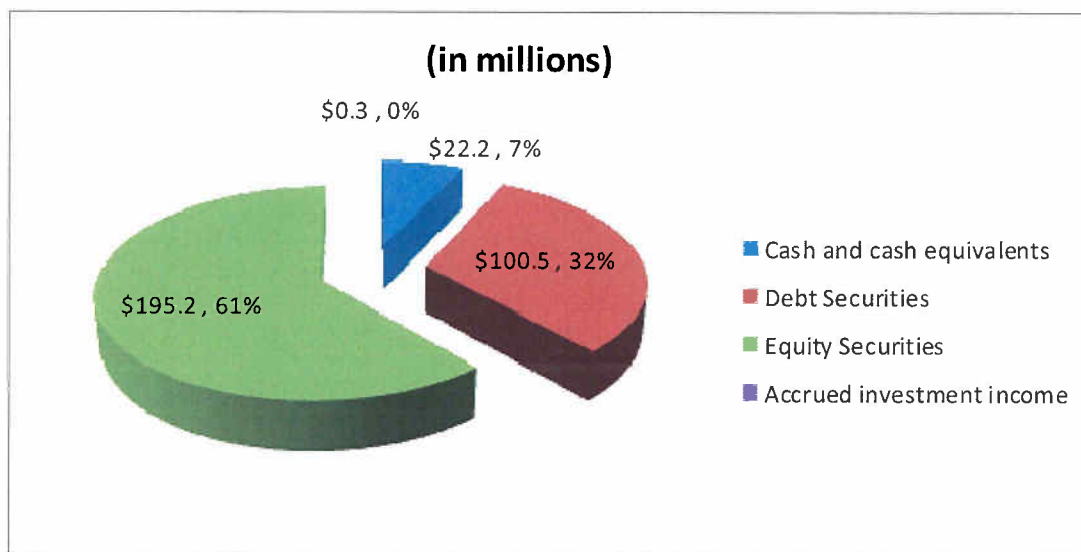
<u>Asset Class</u>	<u>Portfolio I</u>	<u>Portfolio II</u>
Domestic Equities	45%	26%
Large Cap Growth	16%	9%
Large Cap Value	8%	5%
Large Cap Core	11%	6%
Small Cap	10%	6%
International Equities	12%	8%
Fixed Income	35%	60%
Active	23%	39%
Passive	12%	21%
Hedge Fund of Funds	5%	3%
Global REITs	3%	3%
Cash	0%	0%

The target allocations are updated and revised by the Board of Trustees as the Board investigates additional asset classes and assesses market conditions with the advice of an Investment Consultant. As the Trustees investigate additional investment opportunities, and as 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 managing risk.

Significant contributions were made by several participants in late June 2011. These contributions resulted in the large allocation to cash at June 30, 2011, as those contributions were not invested until July 1, 2011. The chart below summarizes the Trust's asset allocation as of June 30, 2011.

Virginia Pooled OPEB Trust Fund Schedule of Asset Allocation

Market Value of Investments as of June 30, 2011



Independent Audit

For the year ended June 30, 2011, the Trust's financial statements were audited by the certified public accounting firm of Dixon Hughes Goodman 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

The completion of 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. The report 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,

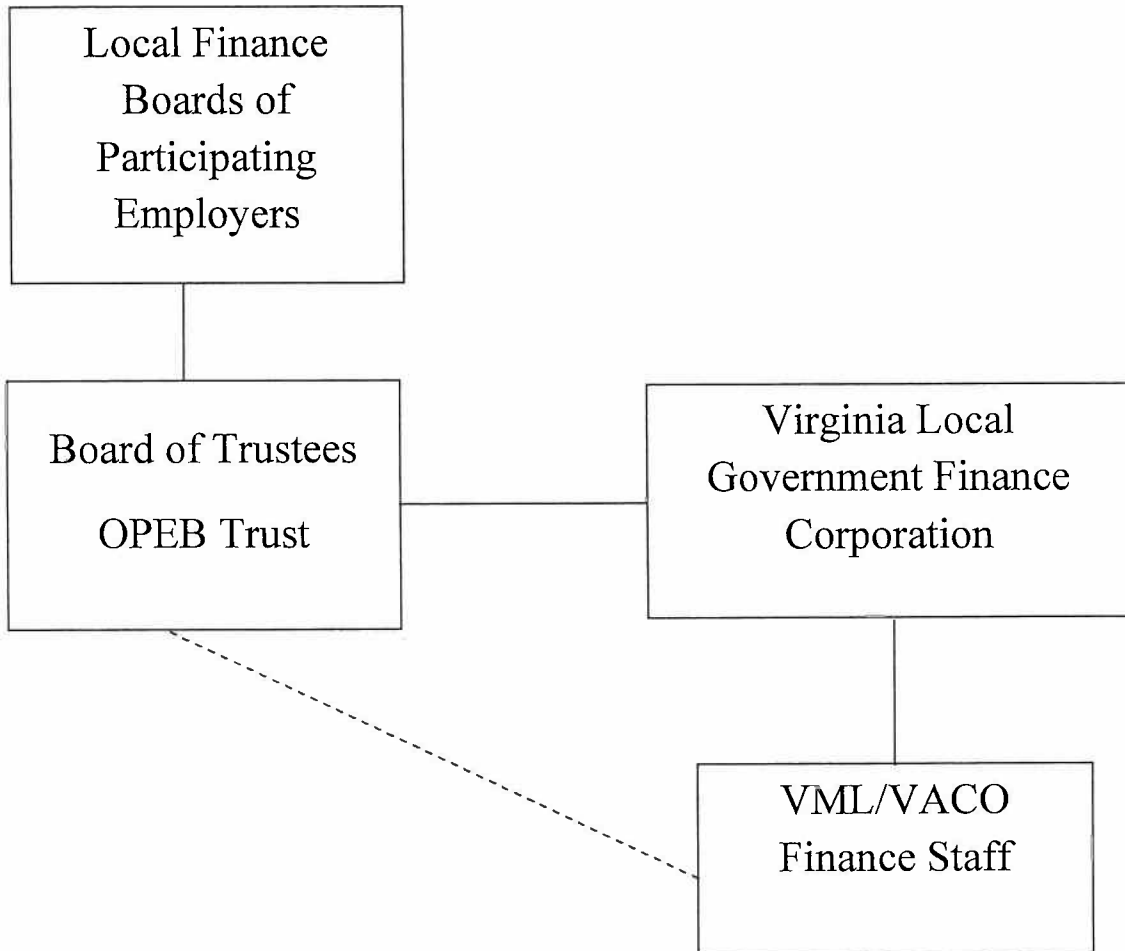
Robert W. Lauterberg

Managing Director

VML/VACO Finance

Virginia Pooled OPEB Trust Fund

Organization Chart



Virginia Pooled OPEB Trust Fund

Governing Board and Administration

June 30, 2011

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

Caitlin A. Farrell
Accounting Manager
VML/VACo Finance

Investment Consultants

Asset Consulting Group, LLC
St. Louis, Missouri

Custodian

Comerica Bank, Inc.
Detroit, Michigan



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Trustees
Virginia Pooled OPEB Trust

We have audited the accompanying statement of pool net assets of the *Virginia Pooled OPEB Trust*, an investment trust fund for authorized local governmental entities of the Commonwealth of Virginia, as of June 30, 2011 and the related statement of changes in pool net assets for the year then ended. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. 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 pool net assets of the *Virginia Pooled OPEB Trust* as of June 30, 2011, and the respective changes in pool net assets for the year ended June 30, 2011, 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 12 through 15 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* basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Dixon Hughes Goodman LLP

Richmond, Virginia
December 6, 2011

Virginia Pooled OPEB Trust Fund

Management's Discussion and Analysis

For the period ended June 30, 2011

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, 2011. 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 Pool Net Assets
- Statement of Changes in Pool Net Assets
- Notes to the Financial Statements

The *Statement of Pool Net Assets* presents the Trust's assets and liabilities and the resulting net assets, which are held in trust for the other post employment 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 Pool Net Assets* presents information showing how the Trust's net assets held in trust for other post employment 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 20.7 percent return for fiscal year 2010 - 2011. This compares favorably with the annualized 12.0 percent return for the year ended June 30, 2010.
- Net assets are held in trust to meet future benefit payments. Total plan net assets at June 30, 2011 totaled \$318.1 million.
- Outstanding accounts payable at year end were \$49,426. This amount includes \$30,000 of fourth quarter investment advisory fees and \$19,426 for investment fees payable.

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:

Pool Net Assets June 30, 2010 and 2011

Assets	2010	2011
Cash and cash equivalents	\$ 25,571,548	\$ 22,219,953
Total investments, at fair value	176,979,163	295,670,717
Accrued investment income	180,494	275,820
Total assets	\$ 202,731,205	\$ 318,166,490
Liabilities		
Accounts payable	\$ 35,790	\$ 49,426
Total liabilities	\$ 35,790	\$ 49,426
Net assets held in trust for other postemployment benefits	\$ 202,695,415	\$ 318,117,064

Changes in Pool Net Assets Years Ended June 30, 2010 and 2011

Additions	2010	2011
Employer contributions	\$ 67,965,214	\$ 71,997,420
Net investment income	15,103,877	43,825,014
Total additions	\$ 83,069,091	\$ 115,822,434
Deductions		
Administrative expense	\$ 315,514	\$ 400,785
Total deductions	\$ 315,514	\$ 400,785
Net increase	\$ 82,753,577	\$ 115,421,649
Net assets held in trust for other postemployment benefits		
Beginning of year	\$ 119,941,838	\$ 202,695,415
End of year	\$ 202,695,415	\$ 318,117,064

Analysis of Financial Position and Results of Operations

The total pool net assets were \$318.1 million at June 30, 2011. The Trust had twenty-eight participant accounts as of June 30, 2011. (Related employers, such as a primary government and a school system, may create a joint account.) Nineteen of the twenty-six participating accounts in the Trust as of June 30, 2010 made a second contribution during FY2011. Two new participants, representing two employers, joined the Trust during the year. 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 County 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
Town of Ashland	2010-2011
Mecklenburg County	2010-2011

Subsequent to June 30, 2011, equity markets declined. As of July 31, 2011, program assets had decreased in value to \$315.6 million, (not including \$1,440,000 in new contributions). The Trust had one new participant, Spotsylvania County Public Schools, join the Trust during the first month of fiscal year 2012.

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
919 E. Main St., Suite 1100
Richmond, VA 23219
(804) 648-0635

Virginia Pooled OPEB Trust

Statement of Pool Net Assets

June 30, 2011

Assets

Cash and cash equivalents \$ 22,219,953

Investments at fair value

Debt securities 100,460,644

Equity securities 195,210,073

Accrued investment income 275,820

\$ 318,166,490

Liabilities

Accounts payable 49,426

Net assets held in trust for other postemployment benefits \$ 318,117,064

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

Virginia Pooled OPEB Trust

Statement of Changes in Pool Net Assets

Year Ended June 30, 2011

Additions

Employer contributions	<u>\$ 71,997,420</u>
Investment income:	
Net appreciation in fair value of investments	44,154,845
Interest	36,055
Less - investment expense	<u>(365,886)</u>
	<u>43,825,014</u>
Total additions	115,822,434

Deductions

Administrative expense (including investment advisor fees)	<u>400,785</u>
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Net change 115,421,649

Net assets held in trust for other postemployment benefits:

Beginning of year	<u>202,695,415</u>
End of year	<u>\$ 318,117,064</u>

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

Virginia Pooled OPEB Trust

Notes to Financial Statements

June 30, 2011

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 post-employment benefits other than pensions for counties, cities, towns, school divisions and other authorized political subdivisions of the Commonwealth of Virginia. The Trust is not a component unit of another governmental entity.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is comprised of a minimum of five but not more than nine members elected at an annual meeting of the then-participating employers. Trustees serve for staggered three-year terms.

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

Measurement Focus and Basis of Accounting

The financial statements of the Trust are presented as a fiduciary fund type. The economic resources measurement focus and the accrual basis of accounting are used in the preparation of the financial statements. 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 each 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.

In order to account for each participating employer's activity, separate accounts are maintained by the Trust. As such, investment income and expenses are separately accounted for and maintained by employer.

Taxes

The Trust is exempt from taxation under Section 115 of the Internal Revenue Code, and has formally requested a private letter ruling as such. 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 Jointer 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 December 6, 2011, 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 which 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 financial institutions. 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 financial institutions are considered to be insured. The Trust had no carrying amount or bank balance on deposit at June 30, 2011.

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.

Foreign Currency Risk – Investments

The Trust's exposure to foreign currency risk derives from its holdings of foreign securities and the use of derivatives to hedge the related foreign currency exposure back to the U.S. dollar. The Trust restricts the investment in foreign securities to 20% per investment manager's portfolio at fair market value, including a maximum of 5% in issues other than Canadian, U.K., Japanese, Australian, Scandinavian or European monetary system's bloc governments and their agencies and supra-national borrowers in local currency or ECU.

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.

As of June 30, 2011, the Trust had the following investments and maturities:

	Fair Value	Maturities Less Than 1 Year
Closely held equity:		
Grosvenor	\$ 12,554,916	\$ 12,554,916
Common stocks:		
Large capital	72,271,847	72,271,847
Small capital	32,983,944	32,983,944
Mutual funds:		
Real estate	10,241,557	10,241,557
Large capital	34,755,318	34,755,318
Bonds	100,460,644	100,460,644
International equity	32,402,491	32,402,491
Total assets at fair value	\$ 295,670,717	\$ 295,670,717

In relation to the above closely held equity investment asset class the following information is presented regarding the nature of the Trust's investments and related commitments. Information has been presented within the class according to lock in periods. The fair value of the investments in each class has been estimated using the net asset value per share of investments. Redemption of these investments is restricted as indicated below.

	Fair Value	Unfunded Commitments	Redemption Notice Period
Closely held equity (a)	\$ 12,554,916	\$ n/a	45 days

(a) Grosvenor Institutional Partners is a globally diversified, multi-strategy, multi-manager portfolio that allocates its assets to hedge fund managers that invest in various alternative investment strategies. These underlying managers and strategies may include long and short positions in equity and fixed income securities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of June 30, 2011, all of the investments in this category have passed their initial lock up period. However, some have terms that make full liquidity unavailable at the Trust's report date.

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 reimburses 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 FY2011 amounted to \$274,284. 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, or paying a membership fee of \$1,500 and additional program administration fees of 13 basis points for the first five years. Membership fees totaled \$6,500 for 2011.

6. Subsequent Events

In the period ending September 30, 2011, the Trust had received contributions totaling \$2,889,000 from one new and one existing participant. As of September 30, 2011, the investments on hand at June 30, 2011 had decreased in market value by approximately \$34.3 million, or 12.1%.

* * * * *