State of Nevada

Office of the State Treasurer

Kate Marshall

Nevada Prepaid Tuition Program

ANNUAL REPORT

FISCAL YEAR 2010

NevadaTreasurer.gov 1-888-477-2667

Kate Marshall
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STATE OF NEVADA
OFFICE OF THE STATE TREASURER
NEVADA PREPAID TUITION PROGRAM

March 1, 2011

The Honorable Brian Sandoval
Governor of the State of Nevada
Capitol Building
Carson City, NV 89701

Dear Governor Sandoval:

In accordance with Nevada Revised Statute 353B.170, on behalf of the Board of Trustees of the College Savings Plans of Nevada (Board), I respectfully submit the Nevada Prepaid Tuition Program Annual Report for Fiscal Year 2010.

The Nevada Prepaid Tuition Program, which began in 1998 as the state's first 529 college savings plan under IRS Section 529, continues to offer families a unique opportunity to save for their children's higher education expenses. One of only 12 such programs available in the nation, through the Nevada Prepaid Tuition Program, families may pre-purchase college credit hours to be used at a future date, providing a cost effective and easy way to afford future college education costs.

During the twelfth annual year of enrollment—which began on December 1, 2009, and closed on February 28, 2010—516 new enrollees were added to the Nevada Prepaid Tuition Program, bringing the total number of children enrolled to 13,526. This enrollment period continued an increasing trend of new enrollment producing a 25% increase over the previous year.

The Board contracts for professional investment services to manage the assets in the Higher Education Tuition Trust Fund (Fund). At the conclusion of FY 2010, more than $108.5 million was invested in the program. Through the efforts of the Board and the State Treasurer's Office, the program continues to be self-supporting, requiring no contribution from the state's general fund.

For your information and use, included in this report is the annual independent audit of the Nevada Prepaid Tuition Program and Fund, as required by the Board.

In closing, I wish to restate my commitment to the success of our state's children in achieving a college education. The Nevada Prepaid Tuition Program continues to provide families with a financial tool that can help pave the way to their children's future success. Your support of this worthwhile program is appreciated.

Sincerely,

Kate Marshall
State Treasurer

Nevada Prepaid Tuition

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EXECUTIVE SUMMARY

The purpose of the Nevada Prepaid Tuition Program (Program) is to provide a simple and convenient way for Nevada families to save for a college education through a system that allows purchasers to lock in the cost of higher education credit hours today for credit hour payments in the future. The Nevada Prepaid Tuition Program allows parents, grandparents, businesses and others to purchase a contract for a fixed amount of undergraduate credit hours for a child at any Nevada public college or university. A purchaser enters into a contract for the future payment for a specified beneficiary. When the beneficiary enrolls in college, the Program will pay the contract benefits. The contract benefits are based on in-state rates of Nevada public colleges, but can be used toward costs at any accredited public or private institution of higher education, either in-state or out-of-state.

The Program operates under Nevada Revised Statutes (NRS) 353B, which was adopted by the Nevada Legislature in 1997. The Program is administered by the Office of the State Treasurer under the direction of the Board of Trustees of the College Savings Plans of Nevada (Board). The Board consists of five members composed of:

- State Treasurer
- Director of the Department of Administration
- Chancellor of the Nevada System of Higher Education (NSHE) or his/her designee
- Two members appointed by the Governor

In accordance with NRS 353B, the Board is required to contract with a certified actuary and a certified public accounting firm to perform an annual actuarial valuation and financial audit. For FY 2010, the Board contracted with Milliman, Inc. to conduct the actuarial valuation study and with Kafoury, Armstrong & Co. to conduct the annual audit of the accounts and records of the State Treasurer and the Board.

The Program also contracts with a professional investment manager to invest assets of the plan. Investments were made in accordance with the Program Investment Policies approved by the Board. The Board contracted with The Bank of New York Mellon for Fiscal Year 2010.

OBJECTIVES

The financial objectives of the Board have remained firm and consistent:

- Require the fair value of the Program's investments and assets to be greater than or equal to the actuarial value of all obligations, including future tuition benefits and all future administrative expenses and liabilities associated with operating the Program.

- Establish an appropriate investment portfolio of assets to accumulate an amount sufficient to pay future tuition benefits and administrative expenses associated with all prepaid contracts.

- Establish contract plans and payment options that are affordable to most of Nevada's families.

STRATEGIES

The Program's pricing schedule used for FY 2010 increased 9-10% from the previous year's enrollment depending on the age of the child and the tuition plan chosen. Prices were established in consideration of three basic criteria:

- Assumption regarding the growth rate of credit hour cost at the Nevada System of Higher Education (NSHE).

- Assumption regarding the rate of return on investments.

- Methodology allocating current and future administrative expenses of the Program.

ENROLLMENT

The fiscal year 2010 enrollment period ran from December 1, 2009 to February 28, 2010, with newborns under the age of one being eligible to enroll through June 30, 2010. The FY 2010 enrollment proved to be a successful one.

- There were 516 new enrollments, which was an increase of about 25% from the previous enrollment period.
- The 4-year University Plan remained to be the most popular plan choice (64.92%)
- Lump sum payment option remains to be a popular choice (28.49%).
- Newborns continue to make up the largest percentage (14.34%) of new enrollees.

FINANCIAL STABILITY

The Nevada Prepaid Tuition Program is not supported by the full faith and credit of the State of Nevada, nor is it guaranteed by the State's General Fund. In order to increase the financial stability of the Higher Education Trust Fund, the Board adopted a 10-Year Plan, which included a $5 million transfer loan in FY 2010 to increase the actuarial soundness of the Fund. In addition, the plan requested authority for annual transfers to cover administrative costs, the updating of the plan's recordkeeping and client service computer system; and the contracting of an investment advisor to monitor investments in order to assist the Board in fulfilling its fiduciary responsibilities. To increase customer participation and provide a new low-cost option for participants, the Board added a one-year university plan.

BENEFIT USAGE

The Program's benefits can be used at any eligible educational institution nationwide upon the expected matriculation year of the beneficiary. The number of students using their benefits continues to grow each year as older contracts begin to mature.

- Nearly 1,750 students used their tuition benefits in FY 2010.

- Tuition benefits paid out were $4,651,325.85.

SUMMARY OF ACTUARIAL VALUATION REPORT

The fiscal year 2010 Actuarial Valuation Report was prepared by Milliman, Inc. and shows significant improvement in the financial position of Nevada's Higher Education Trust Fund and the Prepaid Tuition Program.

During the fiscal year 2010, the stabilization reserve/(deficit) position of the Program improved from a stabilization deficit of $16,280,915 to a stabilization deficit of $4,512,925 which is 3.4% of obligations. The improvement in the deficit was mostly attributable to a significant investment gain and a $5 million loan from the College Savings Endowment account. Approximately $1,875,454 was generated from new contracts to add to the stabilization reserve.

The return on fund investments was approximately 12.8% on a dollar weighted basis. Prior to the Valuation, the Board reduced the assumed rate of return for future years from 7.25% to 6.75% providing a more conservative view of future returns and resulting in a lower projected funded status. In the previous valuation reports the funded status was based on a 7.25% return assumption. Even with these changes, the actual investment returns were 5.55% higher than expected. This increased the FY 2010 reserve by $5,081,561.

Milliman, Inc. estimates a fund balance of $131.5 million would be 100 percent of their "Best Estimate" reserve needed. As of June 30, 2010, the actual fund balance was $127 million (the present value of obligations for future tuition payments), or 96.6% of the actuarially determined "Best Estimate" reserve.

At the close of the fiscal year, June 30, 2010, the ending market value of investments was $108.5 million, which was an increase of $17.7 million from fiscal year ending 2009.

The Board continues to take steps to build the stabilization reserve and improve the overall funded status of the Program. By revising investment assumptions, tuition projections, investment allocations, and contract pricing the Program is better able to handle the risk of adverse deviations in investment and tuition growth experience.

STATEMENT OF ASSETS
AS OF JUNE 30, 2010

INVESTMENTS	MARKET VALUE
EQUITY	$57,011,402
FIXED INCOME	$50,549,229
CASH	$996,420
TOTAL MARKET VALUE OF INVESTMENTS	$108,557,051
PRESENT VALUE OF INSTALLMENT CONTRACT RECEIVABLES	$18,435,024
VALUE OF TOTAL FUND ASSETS	$126,992,075

The full actuarial valuation report can be viewed in Appendix A.

SUMMARY OF INDEPENDENT AUDITOR'S REPORT

NRS 353B.180 requires the Board to contract with an independent certified public accounting firm to perform an annual audit of accounts and records of the State Treasurer and the Board. The Board contracted with independent auditors Kafoury, Armstrong & Co., which performed the audit on the Higher Education Tuition Trust Fund for FY 2010, which ended on June 30, 2010.

For FY 2010, the Trust Fund received a clean audit with no qualifications. Material issues of note were:

- During FY 2010, the Trust Fund continued to be classified as an enterprise fund of the State of Nevada and was included in the State of Nevada's *Comprehensive Annual Financial Report*.

- Total operating revenues increased for FY 2010 by $2,000,277 compared to the previous fiscal year, for a total of $8,222,058 as of June 30, 2010.

- Total assets held as of June 30, 2010 were $127,152,553. This was an increase of $16,572,717 from the previous fiscal year.

- As of June 30, 2010 there was an increase of $9,817,034 in total liabilities as compared to the previous fiscal year ending June 30, 2009.

- Due to several factors, including: more students using their contract benefits, higher tuition rates, and market conditions, there continued to be a deficit in net assets for FY 2010. The deficit did however decrease by $6,755,683 for a deficit in total net assets of $9,708,161. The Board continues to take steps to improve total net assets by dedicating additional college savings revenues for FY 2011.

- The Trust fund conformed to all significant statutory constraints on its financial administration during the fiscal year.

- There have been no material settlements related to the Trust Fund in any of the past four years.

- No deficiencies or material weakness in internal control over financial reporting were found or reported.

The financial statements of the Trust Fund have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government agencies and standards accepted by the Governmental Accounting Standards Board (GASB).

The full auditor's report can be viewed in Appendix B.

SUMMARY OF INVESTMENT REPORTS

The Board contracts with a professional investment manager for the investment and management of assets held in the Higher Education Tuition Trust Fund. For FY 2010, the Board contracted with The Bank of New York Mellon (BNY Mellon). Included in this annual report is the Program Update Statement as of June 30, 2010, from BNY Mellon.

The Bank of New York Mellon

The Board contracted with BNY Mellon as of September 28, 2007, as the investment manager for the Program. They continued as the manager throughout fiscal year 2010. The portfolio maintained an asset allocation of 45% fixed income and 55% public equity. The public equity portion of the portfolio is further allocated to three separate funds based on market capitalization: Large Cap, Mid Cap, and Small Cap. The total return for the investments in FY 2010 as of June 30, 2010 was 13.96%, with a total Market Value of $107,560,630.89.

Fund Market Values For Period Ending June 30, 2010		
Allocation	%	Market Value
Large Cap	33%	$33,858,393
Mid Cap	11%	$11,897,475
Small Cap	11%	$11,255,532
Fixed Income	45%	$50,549,229
Total	100%	$107,560,631

The return on investments ended positively for FY 2010. For the fiscal year ending June 30, 2010, the Program's portfolio had a 13.96% return, which greatly exceeded the Board's long-term expected return of 7.25%. Although the Portfolio under performed the benchmark by 81 basis points for FY 2010 the Board remains optimistic. They along with their investment advisors, continuously examine the investment portfolio throughout the year and rebalance whenever considered appropriate.

The BNY Mellon Report is attached as Appendix C.

SUMMARY OF PROGRAM STATISTICS

Various statistics are collected from the enrollment forms submitted by purchasers who enrolled children in the Program. This information is provided by purchasers on a strictly voluntary basis. The information is collected and presented by enrollment year and on a cumulative basis. Below are some highlights of the information collected.

The four-year university plan remains the most popular, with slightly over 64.5% of purchasers choosing this plan option during FY 2010. The four-year university choice was followed by the combination of two-year community college and two-year university plan (12.98%). The lump sum payment option plan was chosen by roughly 28.5% while the five-year and extended monthly installment payment options made up the other 71.5%. A down payment option was chosen by 21.1% of the purchasers.

In FY 2010, residents from Clark and Washoe counties remain the top purchasers. Residents of Clark County purchased slightly over 50.5% of the contracts, while residents of Washoe County purchased 32.75% of the contracts. Carson followed in third with just over 6 %.

Newborns continued to account for the highest percentage of contracts (14.34%). However, more and more parents are realizing it is not to late to start saving for their older children. In FY 2010, the number of ninth graders grew to 5.62%, compared to the cumulative total since inception of 4.13%. Eighth graders accounted for 7.17% in FY 2010, compared to a cumulative total of 4.45%. The average age of the beneficiary grew to seven years old in FY 2010 from six years old in the previous fiscal year.

At the conclusion of FY 2010, slightly over 56% of the beneficiaries were Caucasian, followed by Asians (9.69%) and Hispanics (9.5%), African-Americans (2.52%), and Native Americans (.58%). Parents continue to purchase the largest percentage of contracts (81.78%) for their children in FY 2010, followed by a growing number of grandparents (13.57%).

Purchasers with annual household incomes under $50,000 represented 8.3% of the plans sold. Purchasers with annual household incomes ranging from $50,000 to $79,000 represented 17.25%, and those with an income level of $80,000 or more represented 53.1%.

Trends show the referral source continues to change since the inception of the Program. During the first three enrollment periods, approximately 40% of purchasers stated they learned about the Program through television and radio advertising. For the third year in a row, word of mouth and the State Treasurer's website came in as the top two avenues to learn about the Program. Word of mouth jumped to the number one spot in FY 2010, with 35.47%. The Treasurer's website followed a close second with 29.65% indicating this source of referral.

The complete collection of tables and charts can be viewed in Appendix D.

OUTREACH AND FUTURE DIRECTION

The Treasurer's Office continues to offer a range of college savings options to help more Nevadans be prepared for future college costs. In order to disseminate information, the Office staff continues outreach within public and private schools throughout the state, as well as through various professional groups and community meetings.

In FY 2010, staff extended it's outreach efforts through the various chambers of commerce, on-site presentations, various mailings, and social networking sites. They attended nearly 145 events throughout the State to distribute information. These efforts resulted in an increase of approximately 25% in new enrollees from the prior fiscal year. The increased success of these efforts in such economically stressful times show the importance families place on saving for college, and the potential for future growth in the Nevada Prepaid Tuition Program.

The Program also continues to distribute outreach materials and has made numerous presentations to promote the Program and explain its compatibility with the Gov. Guinn Millennium Scholarship Program and other 529 college savings plans administered by the State Treasurer.

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APPENDIX A

ACTUARIAL VALUATION REPORT

ACTUARIAL VALUATION
OF THE
NEVADA PREPAID TUITION PROGRAM

JUNE 30, 2010

By:

ALAN H. PERRY, FSA, CFA
JILL M. STANULIS, E.A.

IMPORTANT NOTICE

This report was prepared exclusively for the Nevada Prepaid Tuition Program for a specific and limited purpose. This report is not a recommendation to anyone to participate in the Nevada Prepaid Tuition Program. Milliman makes no representations or warranties to any person participating in the Program. Participants should be aware that the promises of the Program will only be met if the assets in the Program are sufficient to pay its obligations.

It is a complex, technical analysis that assumes a high level of knowledge concerning the Nevada Prepaid Tuition Program's operations, and uses the Nevada Prepaid Tuition Program's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

This report concludes that that the Nevada Prepaid Tuition Program does not have sufficient assets, including the value of future installment payments, to cover the actuarially estimated value of the tuition obligations under all contracts outstanding as of the valuation date. Absent the addition of sufficient funds to the Stabilization Reserve, or experience which is better than assumed, there will be a shortfall which is not backed by the full faith and credit of the State of Nevada. These conclusions are more fully explained in the report which should be read in its entirety.

THIS NOTICE MUST ACCOMPANY EVERY COPY OF THIS REPORT

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December 6, 2010

Nevada Prepaid Tuition Program
555E. Washington Avenue
Suite 4600
Las Vegas, NV 89101

Ladies and Gentlemen:

As requested, we have performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2010. This report presents the results of the actuarial valuation.

Purpose

The main purposes of this report are:

- to calculate the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2010 and compare the value of those obligations with the assets in the Fund as of that date;

- to review the experience and changes in the actuarial assumptions and methods during the last year and indicate their effects on the results; and

- to set forth the basis for the actuarial assumptions and methods utilized in those calculations.

The results contained in this report are based on contract data and preliminary financial statements provided by the Nevada Prepaid Tuition Program. We have relied on this data in preparing this report.

Background

Chapter 353B of the Nevada Revised Statutes created the Nevada Prepaid Tuition Program to help families save for the cost of higher education. The Act created the Nevada Higher Education Tuition Trust Fund Board of Trustees (the "Board"). Section 353B.090 stated "The board shall develop a program for the prepayment of tuition at a guaranteed rate which is established based on the annual actuarial study required pursuant to NRS 353B.190 for undergraduate studies at a university or community college that is a member of the system."

This Act also created the Nevada Higher Education Tuition Trust Fund (the "Fund"), which consists of payments received pursuant to a prepaid tuition contract, a bequest, endowment or grant from the Federal Government or any other public or private source of money. All income derived from investments in the Fund and gains from a sale or exchange shall be credited to the Fund. Money in the Fund that is not expended during any biennium does not revert to the state general fund at any time.

The Nevada Prepaid Tuition Program offers five plan types; a University Plan providing 120 credit hours (8 semesters) of tuition at a state university, a University Plan providing 60 credit hours (4 semesters) of tuition at a state university, a University Plan providing 30 credit hours (2 semesters) of tuition at a state university, a Community College Plan providing 60 credit hours (4 semesters) of tuition at a state community college, and a Community College Plus University Plan providing 60 credit hours (4 semesters) of tuition at a state community college and 60 upper division level credit hours (4 semesters) of tuition at a state university.

Purchasers are allowed to pay for their contracts by choosing one of three payment options: 1) a single lump sum payment, 2) equal monthly payments until the beneficiary reaches college age, or 3) a five year plan of 60 equal monthly payments.

The purpose of this actuarial valuation is to estimate the obligations of the Prepaid Tuition Program for all future payments associated with Prepaid Contracts purchased as of the valuation date. The value of those obligations is then compared with the Fund Balance to determine the current financial position of the Prepaid Tuition Program.

Statutory Requirements

Section 353B.160(10) states that "if the annual actuarial study performed pursuant to NRS 353B.190 reveals that there is insufficient money to ensure the actuarial soundness of the trust fund, the board shall modify the terms of subsequent prepaid tuition contracts."

"Actuarially sound" is not a precise concept and there is no generally accepted understanding of the meaning of this phrase within the actuarial profession, especially with respect to Prepaid Tuition Programs. For purposes of this report, we have assumed that the phrase "actuarially sound" when applied to the Fund, means that the Fund has sufficient assets (including the value of future installment payments due under current contracts) to cover the actuarially estimated value of the tuition obligations under those contracts (including any administrative costs associated with those contracts).

We have also interpreted these Sections to require that the actuarial liabilities be evaluated using sound actuarial principles that are generally consistent with the practices and principles widely used for retirement programs. Reference to other programs is necessary because of the innovative nature of a Prepaid Tuition Program. No generally accepted Standard of Practice has evolved within the actuarial profession specifically addressing Prepaid Tuition Programs. We chose the standards applicable to retirement programs because these programs generally provide for payments at some future date where that payment has a high probability of payment at, or close to, some specific age.

Valuation Basis

The assumptions selected for this report are intended to represent "best estimates". The method for determining the "best estimate" liability for the Program reflects the possible variability of inflation, tuition, and investment returns and the correlation between each of these variables. This methodology is described in the section below, Variability of Results and Valuation Basis.

Investment Policy

The Investment Policy for the Prepaid Tuition Program is determined by the Board and implemented by the State Treasurer. The Investment Policy is important because it sets forth acceptable investment allocations among asset classes. The asset allocation affects the magnitude and variability of investment returns realized and therefore the financial structure of the plan.

For the Valuation, we have assumed that Program investments will be allocated as follows:

U.S. Large Cap Equity	33%
U.S. Mid-Cap Equity	11%
U.S. Small Cap Equity	11%
U.S. Fixed Income	45%

Actuarial Assumptions

The actuarial assumptions used to prepare this report are summarized in Appendix C. The two most significant of those assumptions are the rate of investment returns and tuition growth in the future. The Nevada Prepaid Tuition Program Board selected both of these assumptions. They are:

- the investment return assumption of 6.75% per year (this is the lower than the investment return assumption used to prepare the prior year's report of 7.25%); and,

- the tuition growth assumptions, which are summarized in the table below.

	Universities		Community Colleges	
	New Assumption	Prior Assumption	New Assumption	Prior Assumption
Fall 2011	9.81%	6.00%	9.92%	4.00%
Fall 2012	0.00%	6.00%	0.00%	4.00%
Fall 2013 and thereafter	6.00%	6.00%	4.00%	4.00%

Summary of Results

The actuarial value of the obligations of the Prepaid Tuition Program as of June 30, 2010 is summarized below and compared with the total assets of the Program.

Prepaid Tuition Program:	Present Value of Obligations for Future Payments	Value of Total Fund Assets*	Stabilization Reserve/(Deficit)
Tuition Obligations	$130,756,000	n/a	n/a
Administrative Expenses	749,000	n/a	n/a
Grand Total	$131,505,000	$126,992,075	$(4,512,925)

* Total Fund Assets is the sum of the market value of program investments and the present value of installment contract receivables. It includes a $5 million loan from the Endowment and the investment earnings associated with it as of June 30, 2010. Part or all of the $5 million may be repaid to the Endowment at a future date if the Board determines that the Prepaid Program is sufficiently funded.

The present value of future obligations for Administrative Expenses reflects the expected costs of administering existing contracts until all tuition benefits have been paid and the expenses associated with making those payments. It does not include the future expenses of the Program associated with general overhead and marketing.

As indicated above, the Fund has assets that fall short of the best estimate of the obligations by roughly $4.5 million or 3.4% of obligations. Unfavorable future experience would adversely affect this position. It would be desirable to increase the stabilization reserve over time to provide a cushion against the risk of adverse deviations in tuition and/or investment growth experience.

Actuarial Gain/Loss Analysis

During the 2010 fiscal year, the stabilization reserve/(deficit) position of the Program improved from a stabilization deficit of $16,280,915 to a stabilization deficit of $4,512,925, which is 3.4% of obligations. The improvement is mostly attributable to a significant investment gain and the $5 million loan. Each of the factors affecting the stabilization reserve is discussed below.

The stabilization deficit was expected to grow during the year by $1,180,366 due to the passage of time (the obligation is calculated as a present value which grows with interest each year).

During the 2010 fiscal year there were 503 enrollments. Each contract sold contributes to the stabilization reserve. We estimate that $1,875,454 of stabilization reserve was generated by the new contracts. In the development of the 2010 fiscal year contract prices, the Program assumed that 300 new contracts would be sold. Since 503 were actually sold, the Program received more revenue to cover expenses than anticipated.
This increased the stabilization reserve by $215,145.

In the development of the 2010 fiscal year prices for new contracts, a $455,837 operating budget was assumed. Actual administrative expenses paid out of the Trust were $395,857. In addition, $427,915 was transferred to the Prepaid Program from the Endowment to help cover operating expenses. The combined impact was a $487,895 contribution to the stabilization reserve.

The rate of return on the Program's investments was approximately 12.8% on a dollar-weighted basis and 14.0% on a time-weighted basis. In the previous valuation, a 7.25% investment return was assumed. The investment gain increased the stabilization reserve by $5,081,561.

The investment return assumption was lowered from 7.25% to 6.75%. This change decreased the stabilization reserve by approximately $3.61 million.

The tuition assumption was changed to reflect the expected increases in 2011 and 2012. The investment and tuition volatility and correlation assumptions for the economic model were updated. These changes increased the stabilization reserve by approximately $2.66 million.

The Program received a $5 million loan from the Endowment Account during the year, increasing the stabilization reserve by $5.0 million.

In summary, the stabilization reserve/(deficit) changes due to experience and assumption changes can be summarized as follows:

Stabilization Reserve / (Deficit) as of June 30, 2009	$(16,280,915)
Interest on the reserve at 7.25% due to the passage of time	(1,180,366)
Addition to stabilization reserve from new contracts	1,875,454
More new contracts sold than expected	215,145
Operating expenses including $427,915 transfer	487,895
Investment gain	5,081,561
Change in discount rate	(3,610,000)
Change in tuition and risk assumptions	2,660,000
Loan	5,000,000
Other	1,238,301
Stabilization Reserve / (Deficit) as of June 30, 2010	$(4,512,925)

Variability of Results and Valuation Basis

The present values of the obligations shown above were based on assumptions that represent an estimate of anticipated experience under the Prepaid Tuition Program that are reasonably related to past educational cost and investment data. Differences between those projections and actual amounts will depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

A prime source of variation will be normal fluctuations that occur in the rate of increase in tuition, investment returns, inflation, etc. One way of estimating the range of possible outcomes is to stochastically model the financial operation of the Program using Monte Carlo techniques. This approach involves preparing 1,000 projections of financial results under randomly derived scenarios of tuition growth and investment returns. Each of these scenarios is based on statistical factors such as standard deviation and correlation that were established by reviewing historical results and then adjusting where appropriate to reflect current conditions.

For each scenario, we determined whether the Fund would run out of money before all tuition and expense obligations were paid. By tabulating the results under all of these projections we estimated the probability of having the assets of the Prepaid Tuition Program exceed its obligations. Note that for this analysis, a scenario where the Fund comes up as little as one dollar short is considered a scenario where Fund assets do not exceed obligations. Also note that we have assumed there are no additional contracts sold and no changes are made to the asset mix throughout the projection period. We have also assumed that all future installment payments will be made and that the $5 million loan from the Endowment and any earnings on it remain in the assets.

We have summarized in the table below the results of this process. It is important to understand that these results are only illustrative of the range of results that are possible and are dependent on the assumptions utilized. They do not necessarily represent the "true" probability of future events, which, of course, are unknown. The assumptions are presented in detail in Appendix C.

(Amounts in Millions)

Percentage of "Best Estimate" Reserve	Total Fund Value at June 30, 2010	Probability of Funds Exceeding Obligation
80.0%	$105.2	12%
90.0%	118.4	31%
96.6%	127.0	45% *
100.0%	131.5	50%
110.0%	144.7	66%
120.0%	157.8	79%
130.0%	171.0	88%
140.0%	184.1	93%
150.0%	197.3	96%

* Actual Fund Position

The "Best Estimate" Reserve of $131.5 million represents the level of assets necessary as of June 30, 2010 to achieve a 50% probability of sufficiency. This includes the present value of Installment Contract Receivables. The actual Fund balance at June 30, 2010 of $127.0 is approximately 96.6% of the actuarially determined "Best Estimate" Reserve. As indicated in the above table, this Fund balance is estimated to have a 45% probability of being adequate to satisfy all Program obligations. We believe the 45% figure should be viewed as a risk index. To date the Program has a goal to gradually build a Stabilization Reserve to help absorb the risk of adverse deviations in investment and tuition growth experience. As the Stabilization grows relative to the Program obligations, we would expect to see this risk index measure improve. We included in the table the probability of sufficiency associated with other funding levels to illustrate the sensitivity of this measure to the level of funding.

Data Reliance

In performing this analysis, we relied on data and other information (some oral and some in writing) provided by the Nevada Prepaid Tuition Program. This information includes, but is not limited to, contractual provisions, contract holder data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

Actuarial Assumptions

All costs, liabilities, and other factors for the Nevada Prepaid Tuition Program have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Program and reasonable expectations). Further, the actuarial assumptions in the aggregate are reasonable and are related to the experience of the Program and to reasonable expectations. The following actuarial assumptions were set by the Board:

1) the investment return assumption of 6.75% per year, and;

2) the tuition growth assumption of 6.00% for universities and 4.00% for community colleges (starting in 2013).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: future experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and increases or decreases expected as part of the natural operation of the methodology used for these measurements. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Cash Flow Projection

Appendix E shows a deterministic cash flow projection based on the actuarial assumptions. The starting Market Value of Investments as of July 1, 2010 is $108.6 million. At the end of the 2030 Fiscal Year all tuition obligations associated with units already purchased are expected to have been paid, resulting in a final stabilization reserve of $(11.3) million. Since the actuarial assumptions are intended to represent “best estimates” of future expenses, there is a 50% probability that results will be less favorable than indicated and a 50% probability that results will be more favorable.

Certification

Based on the foregoing, we estimate that the Nevada Prepaid Tuition Program does not have sufficient assets, including the value of future installment payments, to cover the actuarially estimated value of the tuition obligations under all contracts outstanding as of the valuation date. This determination has been based on reasonable actuarial assumptions that represent the Program's best estimate of anticipated experience under the Prepaid Tuition Program taking into account past experience and future expectations. Since the results of the valuation are dependent on the actuarial assumptions used, actual results can be expected to deviate from the figures indicated in this report to the extent that future experience differs from those assumptions.

This report was prepared exclusively for the Nevada Prepaid Tuition Program for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Nevada Prepaid Tuition Program's operations, and uses the Nevada Prepaid Tuition Program's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We look forward to reviewing the results of our analyses with you and the Board at your earliest convenience.

Respectfully submitted,

MILLIMAN, INC.

Alan H Perry

Alan H. Perry, FSA, CFA
Member American Academy of Actuaries

Jill M Stanulis

Jill M. Stanulis, EA
Member American Academy of Actuaries

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Attachments

Nevada Prepaid Tuition Program

I. Statement of Assets as of June 30, 2010

	Investments	Market Value
1)	Equity	$57,011,402
2)	Fixed Income	50,549,229
3)	Cash and Cash Equivalents	996,420
	Total Market Value of Investments	$108,557,051
	Present Value of Installment Contract Receivables	18,435,024
	Value of Total Fund Assets	$126,992,075

II. Reconciliation of Investments

1)	Investments at June 30, 2009	$90,838,787
2)	Contract Purchase Payments	7,598,589
3)	Interest and Dividends	2,742,253
4)	Net Realized and Unrealized Gains and Losses	9,383,103
5)	Tuition Benefits Paid	(4,651,326)
6)	Refunds Paid	(1,945,645)
7)	Rollovers Paid	(18,033)
8)	Operating Expenses	(395,857)
9)	Investment Management Fees	(422,735)
10)	Loan from College Savings Endowment	5,000,000
11)	Operating Expenses Transfer from Endowment	427,915
10)	Investments at June 30, 2010	$108,557,051
	Dollar-weighted rate of return	12.8%
	Time-weighted rate of return	14.0%

Nevada Prepaid Tuition Program

Participant Data as of June 30, 2010

Number of Contracts by Plan Type

Matriculation Year	University Plan (4 yrs)	Community College Plus University Plan	Community College Plan	University Plan (2 yrs)	University Plan (1 yr)	Total
2002	15	4	1			20
2003	33	9	3			45
2004	79	17	6			102
2005	126	12	7	3		148
2006	212	35	13	5		265
2007	341	56	12	7		416
2008	369	54	26	14		463
2009	432	68	23	20		543
2010	502	61	20	24		607
2011	499	69	24	20		612
2012	535	64	35	20		654
2013	582	66	28	24	3	703
2014	535	60	22	33	7	657
2015	535	49	41	26	2	653
2016	577	62	27	27	2	695
2017	508	65	27	28		628
2018	514	51	23	21		609
2019	431	34	15	19		499
2020	242	42	14	17		315
2021	251	33	20	23	3	330
2022	231	26	11	17	1	286
2023	166	23	8	10		207
2024	137	22	2	9		170
2025	93	15	7	8	1	124
2026	86	12	9	9	3	119
2027	45	8	2	5	3	63
Total	8,076	1,017	426	389	25	9,933

Estimated number of years of university tuition in force	32,264
Estimated number of years of community college tuition in force	2,510

Nevada Prepaid Tuition Program

Summary of Actuarial Assumptions

Economic Assumptions for Simulation Model:

The standard deviation and correlation assumptions are based on actual historical returns and tuition growth. Expected return assumptions are based on Milliman's investment assumptions, but are adjusted so that the expected annualized return on the portfolio is 6.75%, which is the assumption set by the Board.

	General Price Inflation	U.S. Large Cap Equity	U.S. Mid Cap Equity	U.S. Small Cap Equity	U.S. Fixed Income	Nevada University Tuition*	Nevada Community College Tuition*
Expected Arithmetic Annual Return	2.50%	8.92%	9.92%	9.92%	5.00%	6.08%	4.06%
Standard Deviation	3.11	17.86	20.31	22.56	7.16	4.61	4.74
Correlation with:							
Inflation	1.00	-0.07	0.02	0.06	-0.24	0.12	-0.02
Large Cap		1.00	0.90	0.82	0.44	0.05	0.43
Mid Cap			1.00	0.96	0.48	0.14	0.48
Small Cap				1.00	0.39	0.22	0.61
Fixed Income					1.00	0.07	0.35
University Tuition						1.00	0.66
Community College Tuition							1.00

* University tuition is increased 9.81% in 2011 and 0.00% in 2012, and Community College tuition is increased 9.92% in 2011 and 0.00% in 2012.

Equivalent Deterministic Economic Assumptions:

The assumptions shown below, used deterministically, would produce the same "best estimate" obligation developed by the Simulation Model assumptions shown above and used in the valuation.

Consumer Price Index (CPI) Inflation Rate	2.50%, per annum
Investment Returns	6.62%, per annum
University Tuition Growth: Fall 2011	9.81%, per annum
University Tuition Growth: Fall 2012	0.00%, per annum
University Tuition Growth: Thereafter	6.00%, per annum
Community College Tuition Growth: Fall 2011	5.00%, per annum
Community College Tuition Growth: Fall 2012	0.00%, per annum
Community College Tuition Growth: Thereafter	4.00%, per annum

Nevada Prepaid Tuition Program

Summary of Actuarial Assumptions
(continued)

Percentage of Contracts Requesting a Refund or Rollover Each Year:

Years Since Enrollment	Extended Payment Contract	60-Payment Contract	Lump Sum Contract
1 - 3	5.00%	3.00%	0.50%
4	3.50%	1.25%	0.50%
5	2.00%	1.20%	0.50%
6 or higher	0.50%	0.50%	0.50%

Expenses:

The expenses included in the present value of future obligations are those relating to:

Annual Maintenance Expense per Contract = $6.65
Annual Distribution Cost per Contract in Payment Status = $11.07

A monthly processing expense of $1.50 has been netted out in calculating the present value of Installment Contract receivables.

Expenses are assumed to increase at a rate equal to CPI + .5%.

Nevada Prepaid Tuition Program

Recent History of Per Credit Hour Tuition in Nevada

Academic Year	Average Community College Tuition	Percent Increase	University Tuition	Percent Increase
1982-1983	$17.00		$31.00	
1983-1984	20.92	23.0%	36.00	16.1%
1984-1985	20.88	-0.2	36.00	0.0
1985-1986	20.88	0.0	36.00	0.0
1986-1987	20.89	0.0	36.00	0.0
1987-1988	21.36	2.3	36.00	0.0
1988-1989	21.35	-0.1	40.00	11.1
1989-1990	21.34	0.0	40.00	0.0
1990-1991	24.00	12.4	46.00	15.0
1991-1992	26.00	8.3	49.00	6.5
1992-1993	28.00	7.7	55.50	13.3
1993-1994	29.50	5.4	55.50	0.0
1994-1995	30.50	3.4	58.00	4.5
1995-1996	33.50	9.8	61.00	5.2
1996-1997	36.50	9.0	64.00	4.9
1997-1998	38.00	4.1	66.50	3.9
1998-1999	39.50	3.9	69.00	3.8
1999-2000	41.00	3.8	71.50	3.6
2000-2001	42.50	3.7	74.00	3.5
2001-2002	44.00	3.5	76.50	3.4
2002-2003	44.50	1.1	79.00	3.3
2003-2004	47.25	6.2	85.00	7.6
2004-2005	49.00	3.7	91.00	7.1
2005-2006	50.75	3.6	98.00	7.7
2006-2007	52.50	3.5	105.25	7.4
2007-2008	54.75	4.3	116.75	10.9
2008-2009	57.25	4.6	129.50	10.9
2009-2010	60.00	4.8	136.00	5.0
2010-2011	63.00	5.0	142.75	5.0

Annualized Increase in Tuition

	Community College	University
Over last 5 years:	4.4%	7.8%
Over last 10 years:	4.0	6.8
Over last 20 years:	4.9	5.8
Over last 28 years:	4.8	5.6

Appendix D

Nevada Prepaid Tuition Program

Deterministic Cash Flow Projection

($Millions)

Fiscal Year	Beginning Balance	Monthly Payments	Tuition Benefits	Contract Expenses	Investment Income	Ending Balance
2011	$108.6	$4.4	$10.0	$0.095	$6.8	$109.7
2012	109.7	3.7	12.1	0.100	7.0	108.2
2013	108.2	3.1	12.8	0.102	6.8	105.2
2014	105.2	2.7	13.8	0.103	6.4	100.4
2015	100.4	2.0	12.9	0.084	6.3	95.7
2016	95.7	1.5	13.7	0.081	5.8	89.2
2017	89.2	1.3	14.5	0.079	5.3	81.2
2018	81.2	1.1	14.7	0.074	4.8	72.3
2019	72.3	0.9	15.3	0.070	4.2	62.0
2020	62.0	0.8	15.3	0.064	3.5	50.9
2021	50.9	0.7	13.5	0.055	2.8	40.8
2022	40.8	0.5	12.1	0.047	2.0	31.2
2023	31.2	0.4	10.3	0.038	1.6	22.9
2024	22.9	0.3	8.4	0.030	1.0	15.8
2025	15.8	0.2	7.7	0.025	0.7	9.0
2026	9.0	0.1	6.5	0.020	0.3	2.9
2027	2.9	0.1	5.3	0.015	0.0	(2.3)
2028	(2.3)	0.0	4.2	0.011	0.0	(6.5)
2029	(6.5)	0.0	2.6	0.007	0.0	(9.1)
2030	(9.1)	0.0	1.6	0.004	0.0	(10.7)
2031	(10.7)	0.0	0.6	0.001	0.0	(11.3)

APPENDIX B

INDEPENDENT AUDITOR'S REPORT

STATE OF NEVADA
OFFICE OF THE STATE TREASURER
HIGHER EDUCATION TUITION TRUST FUND
JUNE 30, 2010

STATE OF NEVADA
OFFICE OF THE STATE TREASURER
HIGHER EDUCATION TUITION TRUST FUND
JUNE 30, 2010

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

Independent Auditor's Report

To the Board of Trustees,
Higher Education Tuition Trust Fund

We have audited the accompanying financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Trust Fund'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As discussed in Note 1, the financial statements present only the Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Trust Fund, as of June 30, 2010, and the changes in its financial position and cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2011, on our consideration of the Trust Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3A-3D are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kafoury, Armstrong & Co.

Reno, Nevada
February 7, 2011

State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund
Management's Discussion and Analysis

As management of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), we offer readers of the Trust Fund's financial statements this narrative overview and analysis of the financial activities of the Trust Fund for the fiscal year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

The Trust Fund's financial position positively improved from last year, despite ending with a shortfall.

- The Trust Fund's total assets increased by $16,572,717 from the prior year. These assets are used to pay tuition benefits for contracts purchased.

- The Trust Fund's total net assets deficit dropped by $6,755,683 from a deficit of $16,463,844 in 2009 to a deficit of $9,708,161 in 2010. The reduction in the deficit was primarily due to an increase in investment returns.

- The Trust Fund's operating loss fell by $1,051,331 from prior year ended June 30, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trust Fund's annual report. The Trust Fund's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements and a Compliance Section.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Trust Fund report information about the Trust Fund using a single proprietary fund. Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Assets includes all of the Trust Fund's assets and liabilities and provides information about the nature and amount of its resources and the obligations to contract holders. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This Statement measures the success of the Trust Fund's operations over the past year, and can be used to determine whether the Trust Fund has successfully met all of its costs through its tuition contributions, along with other fees and charges for sales and services. The final statement is the Statement of Cash Flows, which is used to provide information about the Trust Fund's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

NET ASSETS (DEFICIT)

Net assets may serve over time as a useful indicator of financial position. In the case of the Trust Fund, assets fell short of liabilities by $9,708,161 at the close of the 2009-2010 fiscal year. However, the Trust Fund's position positively improved as the deficit decreased from $16,463,844 to $9,708,161.

The vast majority of the Trust Fund's assets (83.7%) are its investments. The Trust Fund uses these assets to pay future tuition benefits for contracts purchased.

Higher Education Tuition Trust Fund Net Assets

	2010	2009
Assets		
Current and other assets	$ 127,150,864	$ 110,576,147
Net capital assets	1,689	3,689
Total Assets	127,152,553	110,579,836
Liabilities		
Current liabilities	10,355,714	10,812,680
Noncurrent liabilities	126,505,000	116,231,000
Total Liabilities	136,860,714	127,043,680
Net Assets (Deficit)		
Invested in capital assets	1,689	3,689
Unrestricted	(9,709,850)	(16,467,533)
Total Net Assets (Deficit)	$ (9,708,161)	$ (16,463,844)

The Trust Fund's net assets made gains in fiscal year 2010. The deficit decreased by $6,755,683 compared to the prior fiscal year ended June 30, 2009. The improvement was primarily due to an increase in contract enrollment and an increase in investment returns.

CHANGE IN NET ASSETS (DEFICIT)

Higher Education Tuition Trust Fund Change in Net Assets

	2010	2009
Operating Revenues		
Tuition contributions and other revenues	$ 8,222,058	$ 6,221,781
Operating Expenses		
Operating expenses before depreciation	14,048,580	13,097,813
Depreciation	2,000	3,821
Total Operating Expenses	14,050,580	13,101,634
Operating Loss	(5,828,522)	(6,879,853)
Nonoperating revenues (expenses) and interest income	12,156,290	(10,180,504)
Contribution - State of Nevada College Savings Trust	427,915	1,160,576
Change in Net Assets	6,755,683	(15,899,781)
Net Assets (Deficit), July 1	(16,463,844)	(564,063)
Net Assets (Deficit), June 30	$ (9,708,161)	$ (16,463,844)

Tuition contributions and other revenues increased from prior year, as a result of the increased number of enrollments in fiscal year 2010. Operating expenses increased slightly from prior year as a result of an increase in the tuition benefits expense. This is mainly due to a larger number of students using benefits and an increase in tuition rates charged by Nevada universities and colleges.

CAPITAL ASSET ADMINISTRATION

The Trust Fund’s investment in capital assets as of June 30, 2010, amounts to $1,689 (net of accumulated depreciation). Detailed information about the Trust Fund’s capital assets can be found in Note 4 to the Trust Fund’s financial statements.

ECONOMIC FACTORS

During the January 20, 2010 meeting of the Board of Trustees of the College Savings Plans of Nevada (the Board), the Board approved a loan from the State of Nevada General Fund-College Savings Endowment account not to exceed $5,000,000. This amount is recorded as a portion of Non-current liabilities. This liability will begin repayment once the Trust Fund is 100% funded.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Trust Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Nevada Treasurer's Office, Nevada Prepaid Tuition Program, 555 E. Washington Ave., Suite 4600, Las Vegas, NV 89101.

STATE OF NEVADA, OFFICE OF THE STATE TREASURER
HIGHER EDUCATION TUITION TRUST FUND
STATEMENT OF NET ASSETS (DEFICIT)
JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009)

	2010	2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,822,546	$ 5,343,999
Investment income receivable	515,805	434,866
Due from State of Nevada	7,448	20,673
Tuition contributions receivable	4,400,000	4,400,000
Investments	106,364,432	86,754,479
Trades pending settlement	5,609	210,832
Total Current Assets	113,115,840	97,164,849
Noncurrent Assets		
Capital Assets, Net	1,689	3,689
Other Noncurrent Assets:		
Tuition contributions receivable	14,035,024	13,411,298
Total Noncurrent Assets	14,036,713	13,414,987
Total Assets	127,152,553	110,579,836
LIABILITIES		
Current Liabilities:		
Accounts payable	221,989	166,345
Accrued salaries and benefits	21,165	17,047
Due to State of Nevada	29,300	33,953
Due to other governments	29,867	36,422
Trades pending settlement	53,393	1,858,913
Tuition benefits payable	10,000,000	8,700,000
Total Current Liabilities	10,355,714	10,812,680
Noncurrent Liabilities:		
Advance from State of Nevada General Fund - College Savings Endowment Account	5,000,000	-
Tuition benefits payable	121,505,000	116,231,000
Total Noncurrent Liabilities	126,505,000	116,231,000
Total Liabilities	136,860,714	127,043,680
NET ASSETS (DEFICIT)		
Invested in capital assets	1,689	3,689
Unrestricted	(9,709,850)	(16,467,533)
Total Net Assets (Deficit)	$ (9,708,161)	$ (16,463,844)

See accompanying notes.

STATE OF NEVADA, OFFICE OF THE STATE TREASURER
HIGHER EDUCATION TUITION TRUST FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010	2009
OPERATING REVENUES		
Charges for sales and services	$ 88,763	$ 73,104
Tuition contributions	8,133,295	6,148,677
Total Operating Revenues	8,222,058	6,221,781
OPERATING EXPENSES		
Personnel costs	149,572	154,292
Contract and other administrative services	703,344	680,377
Tuition benefits expense	11,231,986	10,345,228
Refunds	1,963,678	1,917,916
Depreciation	2,000	3,821
Total Operating Expenses	14,050,580	13,101,634
OPERATING LOSS	(5,828,522)	(6,879,853)
NONOPERATING REVENUES (EXPENSES)		
Interest, dividends and other investment income	2,761,824	3,205,897
Net increase (decrease) in fair value of investments	9,394,466	(13,386,401)
Contribution from the State of Nevada General Fund - College Savings Endowment Account	427,915	1,160,576
Total Nonoperating Revenues (Expenses)	12,584,205	(9,019,928)
CHANGE IN NET ASSETS	6,755,683	(15,899,781)
NET ASSETS (DEFICIT), JULY 1	(16,463,844)	(564,063)
NET ASSETS (DEFICIT), JUNE 30	$ (9,708,161)	$ (16,463,844)

See accompanying notes.

STATE OF NEVADA, OFFICE OF THE STATE TREASURER
HIGHER EDUCATION TUITION TRUST FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for sales and services	$ 88,763	$ 73,104
Tuition contributions received	7,509,569	6,104,868
Payments to suppliers for good and services	(645,683)	(664,180)
Payments to employees	(145,454)	(153,641)
Payments for tuition benefits	(4,657,986)	(4,081,228)
Payments of refunds	(1,963,678)	(1,917,916)
Net Cash Provided (Used) by Operating Activities	185,531	(638,993)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from advance from State of Nevada General Fund - College Savings Endowment Account	5,000,000	-
Payments on advance from State of Nevada General Fund	-	(1,160,576)
Contribution from the State of Nevada General Fund - College Savings Endowment Account	427,915	1,160,576
Net Cash Provided (Used) by Noncapital Financing Activities	5,427,915	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales or maturities of investments	124,427,620	129,246,259
Purchase of investments	(136,243,404)	(129,049,016)
Interest, dividends and other investment income received	2,680,885	3,244,406
Net Cash Provided (Used) by Investing Activities	(9,134,899)	3,441,649
Net Increase (Decrease) in Cash and Cash Equivalents	(3,521,453)	2,802,656
Cash and Cash Equivalents, July 1	5,343,999	2,541,343
Cash and Cash equivalents, June 30	$ 1,822,546	$ 5,343,999
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	$ (5,828,522)	$ (6,879,853)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	2,000	3,821
Change in assets and liabilities:		
(Increase) decrease in due from State of Nevada	13,225	563
(Increase) decrease in tuition contributions receivable	(623,726)	(43,809)
Increase (decrease) in accounts payable and accrued liabilities	59,762	(29,735)
Increase (decrease) in due to State of Nevada	(4,653)	32,622
Increase (decrease) in due to other governments	(6,555)	13,398
Increase (decrease) in tuition benefits payable	6,574,000	6,264,000
Total Adjustments	6,014,053	6,240,860
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 185,531	$ (638,993)
NONCASH INVESTING ACTIVITIES		
Net increase (decrease) in fair value of investments	$ 9,394,466	$ (13,386,401)

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity:

The Trust Fund operates under Nevada Revised Statutes (NRS) 353B, *Prepayment of Tuition At Institutions of Higher Learning*, which was adopted by the Nevada Legislature in 1997. The Trust Fund is administered by the Office of the State Treasurer under the direction of a five-member Board of Trustees (the Board).

The purpose of the Trust Fund's program is to provide a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. When the beneficiary enrolls in college, the program will pay the contract benefits. The beneficiary has ten years after the projected college entrance date to begin using the benefits of the contract, or until they reach the age of 30. Exceptions are granted for military service. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college.

The Trust Fund completed its twelfth enrollment period on February 28, 2010 with 516 new enrollments. The Trust Fund also had 356 cancellations, three rollovers to other plans, and 222 contracts completing benefits for a total enrollment of 10,072 at June 30, 2010.

Measurement Focus and Basis of Accounting:

The Trust Fund is an enterprise fund (proprietary fund type) of the State of Nevada and thus is included in the State of Nevada's *Comprehensive Annual Financial Report.* The accompanying financial statements present only the Trust Fund and are not intended to present fairly the financial position of the State of Nevada, the changes in its financial position or its cash flows in conformity with GAAP.

Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet operating objectives. The financial statements for the Trust Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

The Trust Fund applies all applicable GASB pronouncements in accounting and reporting for proprietary activities, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure, (unless those pronouncements conflict with or contradict GASB pronouncements) issued on or before November 30, 1989 in accounting and reporting for its operations. The Trust Fund has elected not to apply private sector standards issued subsequent to December 1, 1989.

Cash Equivalents:

Cash equivalents include short-term highly liquid investments (3 months or less) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes of value. Such amounts include the Trust Fund's cash and investments pooled with the State Treasurer and money market mutual funds.

Custodian and Transfer Agent:

Wells Fargo Bank is the custodian and transfer agent for the Trust Fund.

Investment Valuation and Income Recognition:

Investments are reported at fair value as determined by quoted market prices. The investments are marked to market daily.

Security transactions are accounted for on the trade date (date order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Dividends are recorded on the ex-dividend date.

Tuition Contributions Receivable:

Tuition contributions receivable in the Trust Fund represents the actuarially determined present value of future installment payments anticipated from contract holders.

Capital Assets:

Capital assets are recorded at cost and consist of assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets are depreciated on a straight-line basis over an estimated useful life of four years.

Tuition Benefits Payable:

The Trust Fund records tuition benefits payable at the actuarial present value of its future tuition obligation, which is adjusted for the effects of projected tuition and fee increases and termination of contracts.

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES AND ADMINISTRATIVE CODE

The Trust Fund conformed to all significant statutory constraints on its financial administration during the year.

NOTE 3 – CASH AND INVESTMENTS

The State Treasurer serves as the administrator to the Trust Fund. The Trust Fund's assets are managed in accordance with the Trust Fund's investment objectives and policies, as provided in Section 353B.160.1 of NRS. Authorized investments are as follows:

- A bond, note, certificate or other general obligation of the State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada;
- "A" or better rated corporate bonds of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States;
- "A-3", "P-3" or better rated commercial paper;
- A bond, note, debenture or other valid obligation that is issued by the Treasury of the United States, or other security that is issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States in the Federal Farm Credit Bank, the Federal National Mortgage

Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;

- A bond, note, debenture or other security in the Student Loan Marketing Association;
- "AAA" rated collateralized mortgage obligations, asset-backed securities, and money market mutual funds whose policies meet the criteria set forth in statute;
- Common or preferred stock of corporations that have a total market value of not less than $50,000,000;
- A covered call or put option on securities that are traded on one or more of the regulated exchanges in the United States;
- A pooled or commingled real estate fund or a real estate security whose policies meet the criteria set forth in statute; and
- Mutual funds or common trust funds that consist of any combination of the investments listed above.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust Fund's investment policies address interest rate risk by providing for an asset allocation plan that gives appropriate consideration to an average investment horizon of 3 to 18 years, while taking into consideration current and near-term liquidity needs.

As of June 30, 2010 the Trust Fund had the following investments and maturities (including money market mutual funds representing cash equivalents) that are subject to interest rate risk:

		Maturities, in Years			
	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
Investments:					
Corporate notes	$ 12,930,478	$ 7,081	$ 3,083,406	$ 7,429,468	$ 2,410,523
U.S. Agencies	20,317,276	-	2,847,258	1,567,598	15,902,420
Collateralized mortgage obligations	3,165,303	-	213,631	78,336	2,873,336
Asset-backed securities	436,543	-	296,159	-	140,384
U.S. Treasury notes	13,190,458	-	8,058,773	1,494,713	3,636,972
Cash equivalent:					
Money market mutual funds	818,698	818,698	-	-	-
	$ 50,858,756	$ 825,779	$ 14,499,227	$ 10,570,115	$ 24,963,635

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust Fund. The Trust Fund's investments (including money market mutual funds) as of June 30, 2010 were rated by Standard and Poor's and the ratings for the portfolio are as follows:

		Credit Quality Ratings		
	Fair Value	AAA	AA	A
Investments:				
Corporate notes	$ 12,930,478	$ -	$ 1,743,348	$ 11,187,130
U.S. Agencies	20,317,276	20,317,276	-	-
Collateralized mortgage obligations	3,165,303	3,165,303	-	-
Asset-backed securities	436,543	436,543	-	-
Cash equivalent:				
Money market mutual funds	818,698	818,698	-	-
Interest Rate Risk Table:	$ 37,668,298	$ 24,737,820	$ 1,743,348	$ 11,187,130

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2010, the following investments exceeded 5% of the Trust Fund's total investments:

	Fair Value	Percentage
Federal Home Loan Mortgage Corporation	$ 7,086,673	6.66%
Federal National Mortgage Association	11,859,412	11.15%

Other Risk:

The Trust Fund invests in various equity securities, including at June 30, 2010 when equity securities comprised approximately 53% of total investments. Equity securities are exposed to other risks such as market risks. Due to the level of risk associated with equity securities, it is at least reasonably possible that changes in the values of equity securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Pooled Cash and Investments:

Of the $1,822,546 cash and cash equivalents at June 30, 2010, $1,003,848 represents the Trust Fund’s investment in the State of Nevada's external investment pool.

The Trust Fund is an internal participant in the external investment pool maintained by the Treasurer of the State of Nevada. The external investment pool is not registered with the SEC as an investment company. State of Nevada has not provided or obtained any legally binding guarantees during the period to support the value of the shares.

The Trust Fund receives a prorated share of the earnings from its participation in the investment pool based on daily cash balances. Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Trust Fund. Instead, the Trust Fund owns a proportionate share of each investment, based on the Trust Fund’s participation percentage in the investment pool.

Custodial Credit Risk: The State Treasurer minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State’s deposits may not be recovered. The Nevada Revised Statutes direct the Office of the State Treasurer to deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits.

Interest Rate Risk: The State Treasurer does not have a written interest rate risk policy. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill’s average over the previous three month period. (Rolling 90 day T-Bill).

As of June 30, 2010, the Trust Fund's investments held in the external investment pool are categorized as follows:

	Percentages Based on Fair Value	Maturities, in Years			
		Less Than 1	1-5	6 -10	Greater Than 10
Investments:					
U.S. Treasury obligations	17.92%	84.77%	15.23%	-	-
U.S. Agencies	78.33%	94.76%	5.24%	-	-
Mutual funds	0.01%	100.00%	-	-	-
Asset-backed securities	1.78%	81.60%	18.40%	-	-
Corporate bonds & notes	1.65%	60.13%	39.87%	-	-
Collateralized mortgage obligations	0.31%	-	-	9.42%	90.58%
	100.00%				

Credit Risk: The State Treasurer's investment policy addresses credit risks. A summary of the policies is presented as follows:

- Commercial paper, negotiable certificates of deposit, and Banker's Acceptances are rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. are rated by a nationally recognized rating service as "A" or its equivalent, or better,
- Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as "AAA" or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as "AAA" or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

The State's investments as of June 30, 2010 were rated by Standard and Poor's and/or an equivalent national rating organization and categorized as follows:

	Credit Quality Ratings				
	AAA	AA	A	BBB	Unrated
Investments:					
U.S. Agencies	17.83%	-	81.89%	-	0.28%
Mutual funds	100.00%	-	-	-	-
Asset-backed securities	18.40%	-	81.60%	-	-
Corporate bonds & notes	-	20.17%	36.21%	-	43.62%
Collateralized mortgage obligations	100.00%	-	-	-	-

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The NRS 355.140, 355.060, and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2010, the following investments exceeded 5% of the State of Nevada's investments in the external investment pool:

Federal National Mortgage Association Discount Notes	20.72%
Federal Home Loan Bank Discount Notes	20.71%
Federal Home Loan Mortgage Corporation Discount Notes	20.17%
Federal Farm Credit Bank	5.86%

Securities Lending: At year end the State was not invested in securities lending transactions; however, during the year the State invested in securities lending transactions, where the State's U.S. Government agency securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The State's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities, plus accrued interest, as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102% and the value of the securities borrowed must be determined on a daily basis.

The State has no credit risk exposure to borrowers because the amount the State owes to borrowers exceeds the amounts the borrowers owe to the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. The contract with the securities lending agent requires it to indemnify the State for all losses related to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

There are no restrictions on the amount of securities that can be loaned. Either the State or the borrower can terminate all open securities loans on demand. Either the State or the borrower can terminate all term securities loans with five days notice. Cash collateral is invested in accordance with the investment guidelines approved by the State Board of Finance. The maturities of the investments made with cash collateral generally match the maturities of the securities loans.

NOTE 4 – CAPITAL ASSETS

The following schedule summaries the changes in capital assets for the year ended June 30, 2010:

	Balance July, 1 2009	Additions	Deletions	Balance June 30, 2010
Capital Assets				
Computer equipment	$ 15,295	$ -	$ -	$ 15,295
Less: Accumulated depreciation	(11,606)	(2,000)	-	(13,606)
Capital Assets, Net	$ 3,689	$ (2,000)	$ -	$ 1,689

NOTE 5 – NONCURRENT LIABILITIES

Tuition Benefits Payable:

Included in noncurrent liabilities is the Trust Fund's tuition benefits obligation based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses. This amount reflects the present value of estimated tuition benefits and administrative expenses that will be paid in future years. The present value calculation includes the effects of projected tuition and fee increases and termination of contracts.

APV of the Future Tuition Obligation	$131,505,000
Net Assets Available	$121,796,839
Net Assets as a Percentage of Tuition Benefits Obligation	92.6%

The following assumptions were used in the actuarial valuation:

- Investment Rates: The investment yield assumption is 6.75% per year, which is a decline of .50% from the prior year assumption of 7.25%.
- Tuition Growth Assumptions:

	Universities	Community Colleges
Fall 2011	9.81%	9.92%
Fall 2012	0.00%	0.00%
Fall 2013 and later	6.00%	4.00%

Advance from the State of Nevada General Fund – College Savings Endowment Account:

Noncurrent liabilities include an advance from the State of Nevada's General Fund – College Savings Endowment Account. The liability will be repaid in accordance with one of the following two methods. The first method requires payments in increments determined by the State Treasurer at the time the annual actuarial evaluation, approved by the Board at the end of each fiscal year, determines that the best estimate percentage of reserve of the Trust Fund is estimated to meet or exceed 100% within the valuation study's fiscal year, or based on quarterly estimates of the status reviewed and determined by the Board. The second method indicates that repayment can occur under other conditions as proposed by the State Treasurer and adopted by the Board.

Changes in the Trust Fund's noncurrent liabilities:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Due Within One Year
Tuition benefits payable	$ 124,931,000	$ 11,225,326	$ (4,651,326)	$ 131,505,000	$ 10,000,000
Advance from State of Nevada General Fund - College Savings Endowment Account	-	5,000,000	-	5,000,000	-
	$ 124,931,000	$ 16,225,326	$ (4,651,326)	$ 136,505,000	$ 10,000,000

NOTE 6 – TUITION CONTRIBUTIONS AND TUITION BENEFITS EXPENSE

The tuition contributions of $8,133,295 and the tuition benefits expense of $11,231,986 on the Statement of Revenues, Expenses and Changes in Net Assets (Deficit) represent the annual accrual of contributions and benefit expenses for the year ended June 30, 2010 as determined by the actuarial valuation and adjusted by the actual activity for the fiscal year.

NOTE 7 – PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

Employees of the Trust Fund are employees of the State of Nevada and the Nevada Legislature created various plans to provide benefits to qualified employees of the State.

Pension Plan: The employees participate in a cost-sharing, multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PERS, information relating to PERS is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2010.

Other Post Employment Benefits (OPEB): The employees participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Public Employees' Benefits Program of the State of Nevada (PEBP). PEBP provides group health and life insurance benefits to plan members, both active and retired, and their dependents. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PEBP, information relating to PEBP is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2010.

NOTE 8 – RISK MANAGEMENT

As with all governmental entities, the Trust Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Such losses, if any, are accounted for in the State of Nevada's various insurance funds. The Trust Fund is responsible for premium charges payable to the State of Nevada for coverage in the self-funded programs. There have been no material settlements related to the Trust Fund in any of the past four years.

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees,
Higher Education Tuition Trust Fund

We have audited the financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2010, and have issued our report thereon dated February 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Trust Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Trustees, the Office of the State Treasurer, the Office of the State Controller, and management of the Trust Fund, and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
February 7, 2011

APPENDIX C

THE BANK OF NEW YORK MELLON REPORT

August 18, 2010

Nevada Prepaid Tuition Program

Second Quarter 2010 Program Update

Agenda

I. Economic and Market Overview

II. Portfolio Review

III. Disclosures

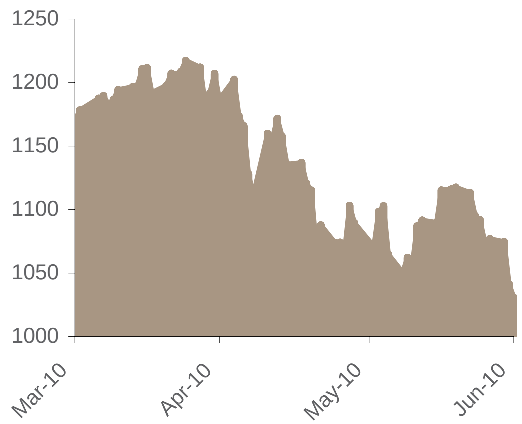
Section I.

Economic and Market Overview

Economic Concerns Weigh Heavily on Markets

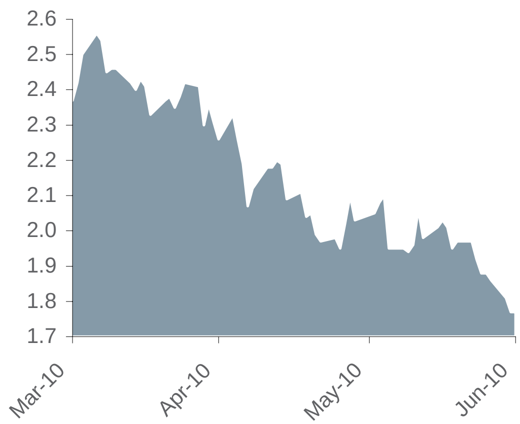
- The second quarter of 2010 raised many concerns about the sustainability of the global economic recovery
  - Risk of the European debt crisis stalling global growth
  - Weak employment numbers in the US potentially leading to a double dip recession
  - China experiencing a slowdown in growth
- These mounting issues translated into a very poor quarter for global stocks, declining Treasury yields, and wider credit spreads

S&P 500 Levels ($)



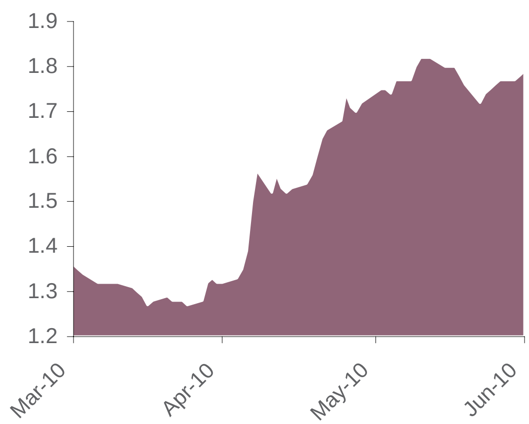
Source: S&P

US Treasury Yields (%)



Source: Barclays Capital

US Credit Spreads (%)



Source: Barclays Capital

Please review the disclosures which follow this presentation.

Equity Markets

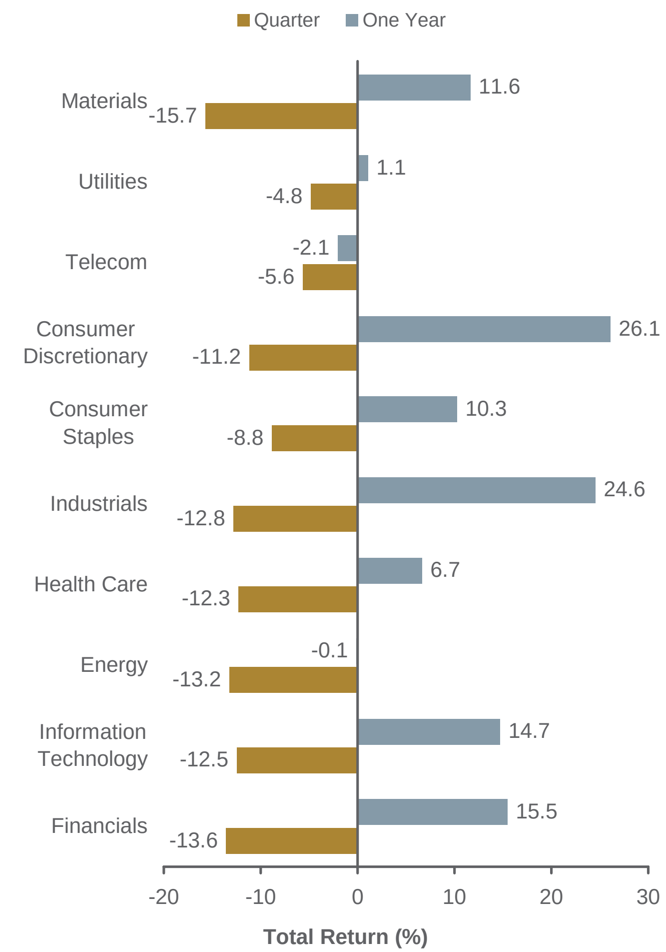
- Economic concerns caused equity markets to experience their worst quarter since Q4 of 2008
- US markets were down over 11% for the quarter
- A weaker Euro caused developed international markets to struggle even more, down 14%
- Emerging markets performed the best, down 8%
- Utilities and telecom were the bright spot among US industry returns, losing about 5%
- All other sectors struggled significantly, particularly Materials, which lost nearly 16% for the quarter

Equity Index Returns as of 6/30/10 (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500	-11.4	-6.7	14.4	-9.8	-0.8	-1.6
Russell 3000	-11.3	-6.0	15.7	-9.5	-0.5	-0.9
Russell Large Cap	-11.4	-6.4	15.2	-9.5	-0.6	-1.2
Russell Mid Cap	-9.9	-2.1	25.1	-8.2	1.2	4.2
Russell Small Cap	-9.9	-2.0	21.5	-8.6	0.4	3.0
Russell Growth	-11.6	-7.2	14.0	-7.0	0.4	-4.9
Russell Value	-11.1	-4.8	17.6	-12.1	-1.6	2.7
MSCI EAFE	-14.0	-13.2	5.9	-13.4	0.9	0.1
MSCI Emerging	-8.4	-6.2	23.2	-2.5	12.7	10.0

Source: Bloomberg, S&P, Russell, MSCI

Industry Returns as of 6/30/10



Source: Bloomberg, S&P

Please review the disclosures which follow this presentation.

Fixed Income Markets

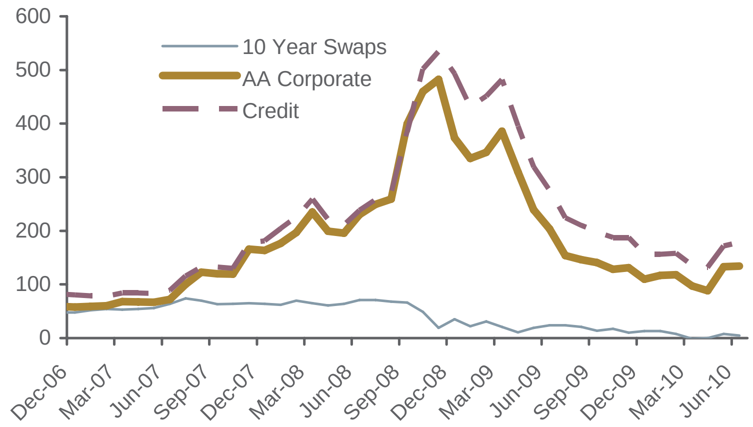
- Flight to quality caused US Treasury yields to plummet, down 60 basis points for the quarter
- Credit spreads rose significantly, increasing 45 basis points during the quarter
- Dropping interest rates caused most US investment grade bonds to perform well
- Global bonds fell 2.4%, primarily due to a weaker Euro
- Risky sectors such as high yield and emerging bonds also fell during the quarter

Fixed Income Returns as of 6/30/10 (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Aggregate	3.5	5.3	9.5	7.5	5.5	6.5
Treasury	4.7	5.9	6.7	7.8	5.4	6.2
Agency	2.6	3.7	5.5	7.0	5.3	6.2
Credit	3.3	5.6	14.7	7.4	5.3	6.9
Mortgage	2.9	4.5	7.5	8.2	6.2	6.5
Asset-Backed	2.5	4.8	12.9	4.7	4.2	5.5
High Yield	-0.1	4.5	26.8	6.5	7.2	7.3
Global	-2.4	-4.0	1.9	6.1	4.6	6.3
Emerging	-0.8	2.7	17.8	7.0	7.8	n/a

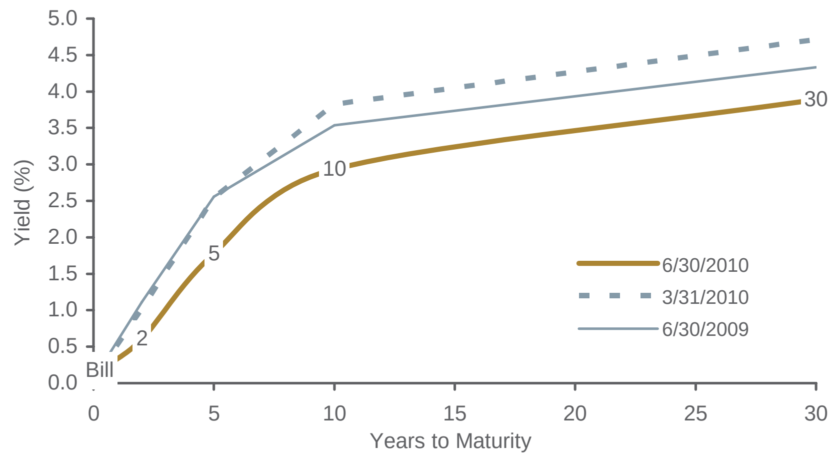
Source: Bloomberg, Barclays Capital

Bond Yield Spreads Vs. Treasury (bp)



Source: Barclays Capital

US Treasury Term Structures



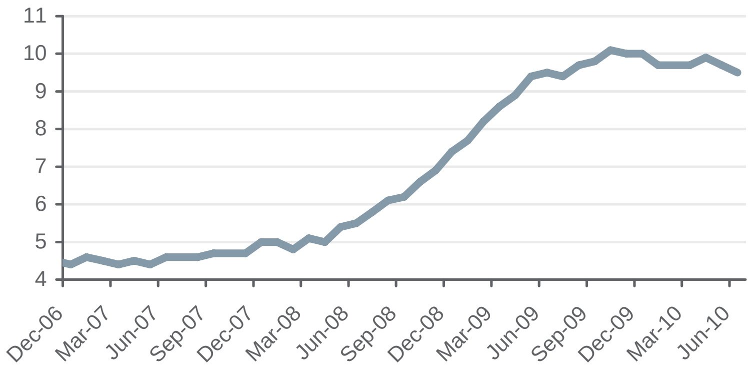
Source: Bloomberg, Barclays Capital

Please review the disclosures which follow this presentation.

Labor Market

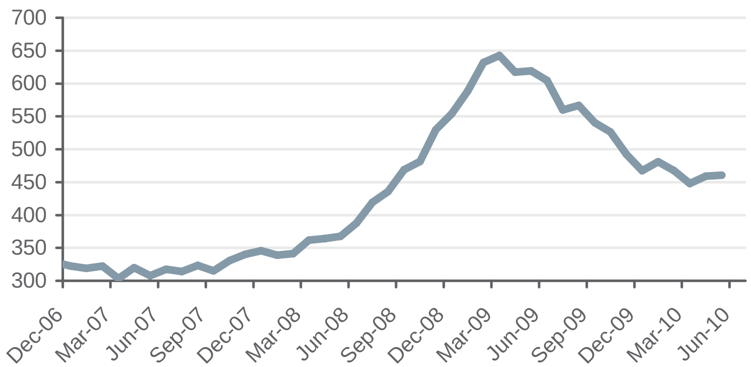
- The unemployment rate decreased to 9.5% at the end of June, its lowest level since July 2009
- Unfortunately, the decrease in the unemployment rate is largely due to disgruntled unemployed workers no longer looking for employment
- Another threat to the labor market was the increase in weekly jobless claims during the quarter, signifying labor market growth may have stalled

Unemployment Rate (%)



Source: Bloomberg, Bureau of Labor Statistics

Weekly Jobless Claims (000's)



Source: Bloomberg, Conference Board

Please review the disclosures which follow this presentation.

Housing Market

- Median home prices increased from $170k to $180k over the quarter, possibly signifying further stabilization in the housing market
- Existing home sales rebounded from a steep drop in the first quarter, increasing over the quarter to 5.7 million homes sold (annualized)

Median Home Prices ($000's)

Source: Bloomberg, National Association of Realtors

Existing Home Sales (Millions)

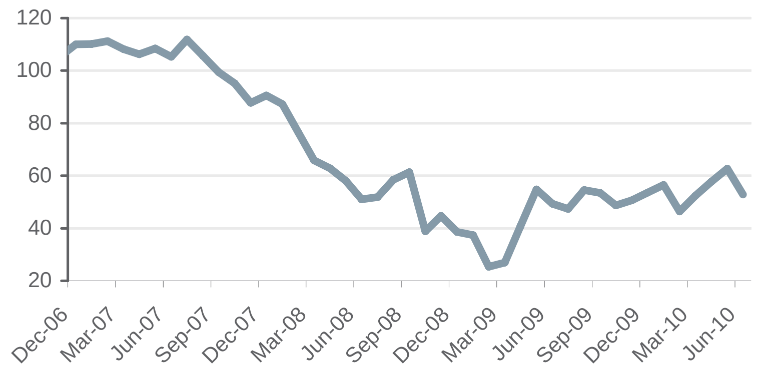
Source: Bloomberg, National Association of Realtors

Please review the disclosures which follow this presentation.

Consumers

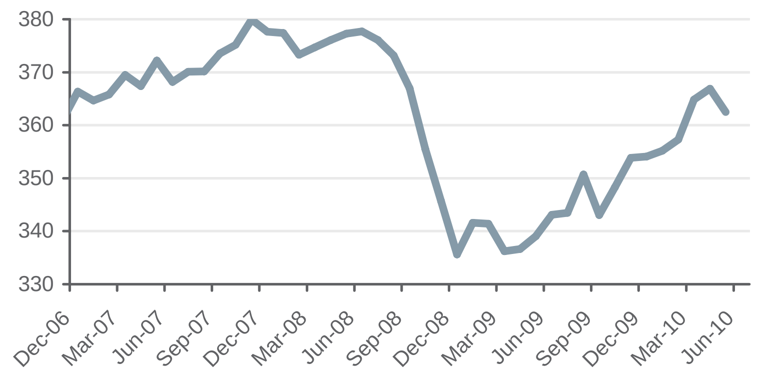
- The economic crisis over the past two years has severely impacted consumer confidence, resulting in a significant decrease in consumer spending
- Consumer confidence remained at low levels, with little change over the quarter
- Retail sales decreased slightly over the quarter, but are well off lows of early 2009
- Economic recovery in the US is dependent on increased consumer spending

Consumer Confidence



Source: Bloomberg, Conference Board

Retail Sales ($Billions)



Source: Bloomberg, U.S. Census Bureau

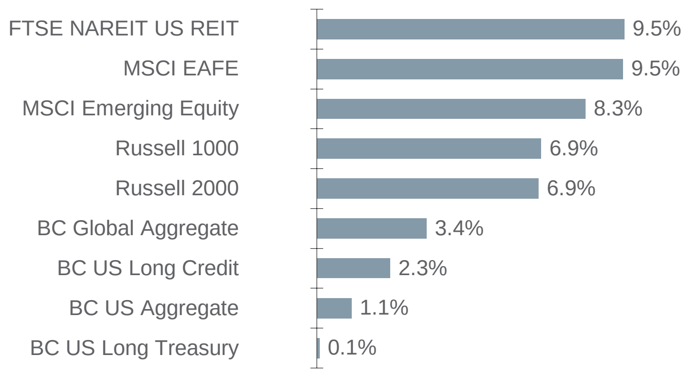
Please review the disclosures which follow this presentation.

Market Returns

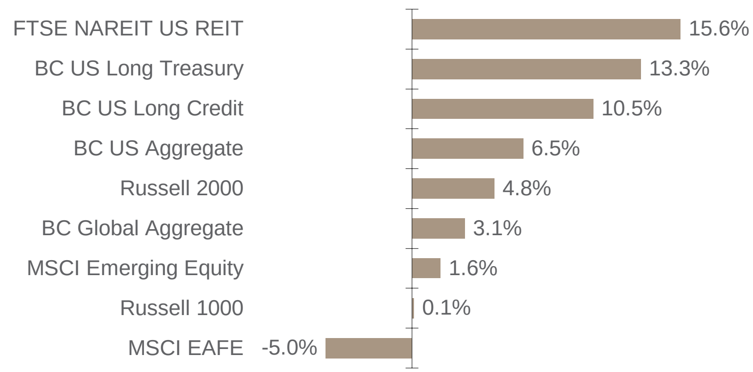
Annualized returns for periods ended July 31, 2010

Index Returns (%)	Russell 1000	Russell 2000	MSCI EAFE	MSCI Emerging Equity	FTSE NAREIT US REIT	BC US Aggregate	BC Global Aggregate	BC US Long Treasury	BC US Long Credit
One Month	6.95	6.87	9.48	8.33	9.52	1.07	3.40	0.08	2.27
Three Months	-7.01	-8.89	-4.08	-1.93	-1.74	3.52	3.34	9.20	4.94
Year-to-Date	0.11	4.79	-5.00	1.65	15.61	6.46	3.08	13.29	10.52
1 Year	14.51	18.43	6.26	19.92	52.57	8.91	6.22	11.44	15.47
3 Years	-6.51	-4.32	-10.28	-1.57	-3.62	7.63	7.27	9.71	9.03
5 Years	0.02	0.47	2.10	13.01	0.64	5.96	5.91	6.69	5.84
10 Years	-0.39	4.03	1.49	11.49	9.94	6.48	6.86	7.81	8.12

One Month



Year-to-Date



Source: Bloomberg

Note: Periods of less than one year are not annualized

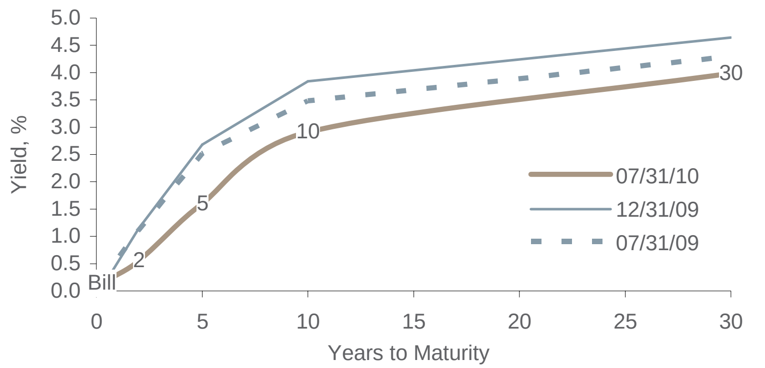
Please review the disclosures which follow this presentation.

Fixed Income Data

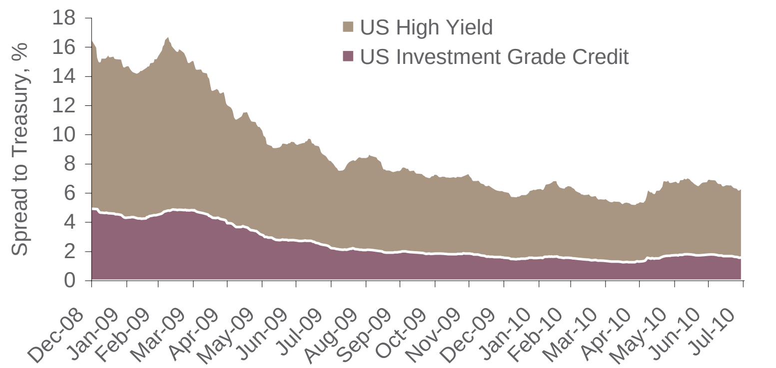
Fixed income data for periods ended July 31, 2010

Bond Data (%)	BC US Treasury	BC US Long Treasury	BC US Aggregate	BC US Credit	BC US Long Credit	BC US High Yield	BC Global Aggregate
Yield to Worst							
Current	1.65	3.69	2.57	3.73	5.63	8.34	2.49
One Month	1.77	3.68	2.83	4.03	5.79	9.16	2.54
Three Months	2.26	4.29	3.35	4.09	5.94	8.11	2.87
1 Year	2.34	4.16	3.88	5.06	6.35	11.52	3.22
Spread to Treasury							
Current	n/a	n/a	0.47	1.61	1.94	6.42	0.54
One Month	n/a	n/a	0.57	1.79	2.09	7.00	0.65
Three Months	n/a	n/a	0.52	1.32	1.62	5.48	0.57
1 Year	n/a	n/a	0.86	2.24	2.14	8.30	0.70

US Treasury Term Structures



Spreads to Treasury



Source: Bloomberg, Barclays Capital

Please review the disclosures which follow this presentation.

Section II.

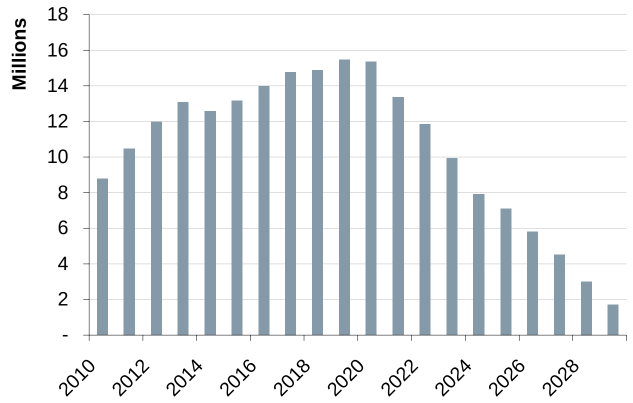
Portfolio Review

Funded Status Estimate – June 30, 2010

- Actuarial information and cash flow projections were provided by Milliman
- The **Market Value of Assets** equals the market value of investments plus the present value of future contract receivables ($14.5MM)
- The **Discount Rate** is the rate that is used to compute the Actuarial Liabilities and is based on the expected long term rate of return of the assets
- The **Actuarial Liabilities** are calculated by taking the present value of all Expected Future Cashflows which are comprised of tuition payments and administrative expenses
- The **Funded Ratio** is equal to the Market Value of Assets divided by the Actuarial Liabilities. A Funded Ratio over 100% implies there are sufficient assets to cover the liabilities
- A graph of the **Expected Future Cashflows** is presented to the right

Asset & Liability Information	
Valuation Date	6/30/2010
Market Value of Assets (MVA)	122,100,000
Discount Rate	7.25%
Actuarial Liabilities (AL)	124,900,000
Funded Ratio (MVA/AL)	97.8%

Expected Future Cashflows



Actuarial information and cash flow projections provided by Milliman as of 6-30-09 Prepaid Program Valuation

Please review the disclosures which follow this presentation.

Fund Market Values for period ending June 30, 2010

Market Value of Assets Allocation Overview

Allocation	Policy % Allocation - Market Value		Market Value	Actual % Allocation - Market Value
Nevada Prepaid Tuition Program Large Cap Equity Fund	**33.0%**	$	33,858,393.76	**31.5%**
Nevada Prepaid Tuition Program Mid Cap Equity Fund	**11.0%**	$	11,897,475.55	**11.1%**
Nevada Prepaid Tuition Program Small Cap Equity Fund	**11.0%**	$	11,255,532.55	**10.5%**
Total Equities	**55.0%**	$	57,011,401.86	**53.0%**
Nevada Prepaid Tuition Program Fixed Income Fund	**45.0%**	$	50,549,229.03	**47.0%**
Total Assets	**Total Market Value Assets**	**$**	**107,560,630.89**	

Cost Value of Assets Allocation Overview

Allocation	Policy % Allocation - State Statutes *		Cost	Actual % Allocation - Cost
Nevada Prepaid Tuition Program Large Cap Equity Fund	n/a	$	37,042,567	33.4%
Nevada Prepaid Tuition Program Mid Cap Equity Fund	n/a	$	12,992,793	11.7%
Nevada Prepaid Tuition Program Small Cap Equity Fund	n/a	$	12,459,091	11.2%
Equities Cost	**60.0%**	$	62,494,451	**56.4%**
Nevada Prepaid Tuition Program Fixed Income Fund	40.0%	$	48,328,574	43.6%
	40.0%		**Fixed Cost**	**43.6%**
	Total Cost Value Assets	**$**	**110,823,025**	

* Nevada Revised Statutes: Chapter 353B.160 Investment #2(j)(3) mandates that "The maximum investment in stock is not greater than 60 percent of the book value of the total investments of the Trust Fund."

Please review the disclosures which follow this presentation.

Investment Performance Summary for period ending June 30, 2010

Fund	Quarter Ending	Year To Date	1 Year	3 Years	5 Years	Since Inception *
TOTAL PORTFOLIO						
Nevada Prepaid Tuition Program	**-4.41**	**-0.44**	**13.96**	**--**	**--**	**-1.07**
Benchmark 1: 33% S&P 500 Stock Index, 11% S&P 400 Stock Index, 11% S&P 600 Stock Index, 45% Barclays Capital U.S. Aggregate Bond Index	-4.30	0.10	14.77			-1.68
Benchmark 2: 33% S&P 500 Stock Index, 11% S&P 400 Stock Index, 11% S&P 600 Stock Index, 45% Barclays Capital U.S. Aggregate Bond A or Better Index	-4.28	0.06	14.42			-1.73
EQUITIES						
Nevada Prepaid Tuition Program Large Cap Equity Fund	**-11.96**	**-8.15**	**12.57**	**--**	**--**	**-10.53**
Benchmark: S&P 500 Stock Index	-11.43	-6.65	14.43			-11.31
Nevada Prepaid Tuition Program Mid Cap Equity Index Fund	**-9.56**	**-1.37**	**24.84**	**--**	**--**	**-5.99**
Benchmark: S&P 400 Stock Index	-9.59	-1.36	24.93			-6.12
Nevada Prepaid Tuition Program Small Cap Equity Index Fund	**-8.73**	**-0.90**	**23.55**	**--**	**--**	**-7.52**
Benchmark: S&P 600 Stock Index	-8.73	-0.88	23.64			-7.69
Nevada Prepaid Tuition Program Equity Allocation	**-10.81**	**-5.36**	**17.13**	**--**	**--**	**-8.98**
Benchmark: 60% S&P 500 Stock Index, 20% S&P 400 Stock Index, 20% S&P 600 Stock Index	-10.51	-4.46	18.38			-9.47
FIXED INCOME						
Nevada Prepaid Tuition Program Fixed Income Fund	**4.09**	**5.76**	**9.86**	**--**	**--**	**6.94**
Benchmark 1: Barclays Capital U.S. Aggregate Bond Index	3.49	5.33	9.50			7.16
Benchmark 2: Barclays Capital U.S. Aggregate Bond A or Better Index	3.52	5.23	8.73			7.00

***Inception Date: September 28, 2007**

Please review the disclosures which follow this presentation.

Nevada Prepaid Tuition Program Large Cap Equity Fund Commentary – June 30, 2010

Equity markets fell sharply in the second quarter with the major stock indices posting significant declines. The European sovereign debt problems and continuing signs of sluggish global economic growth drove the market weakness. U.S. large and small capitalization stocks along with developed market equities were all led lower by European investments. The Federal Reserve indicated short term rates would remain near zero for an extended period due to low economic growth.

The portfolio underperformed its benchmark for the period as both earnings quality and valuation metrics failed to discriminate well early in the period. In particular the technology and financials sectors lagged due to poor stock selection in computer stocks as well as diversified financials and capital markets companies. Good stock selection among the consumer discretionary and energy names added to relative returns.

Please review the disclosures which follow this presentation.

Large Cap Equity Fund Historical Calendar Year Composite Returns

Year	MCM Large Cap Core Composite	S&P 500 Index	Alpha
1983	26.02	22.56	3.46
1984	9.78	6.27	3.51
1985	34.35	31.73	2.62
1986	22.29	18.66	3.63
1987	6.86	5.25	1.61
1988	11.66	16.61	-4.95
1989	31.81	31.69	0.12
1990	-1.79	-3.10	1.31
1991	39.71	30.47	9.24
1992	4.75	7.62	-2.87
1993	11.75	10.08	1.67
1994	-0.15	1.32	-1.47
1995	39.94	37.58	2.36
1996	24.77	22.96	1.81
1997	34.15	33.36	0.79
1998	29.16	28.58	0.58
1999	20.18	21.04	-0.86
2000	-14.69	-9.10	-5.59
2001	-14.07	-11.89	-2.18
2002	-21.58	-22.10	0.52
2003	28.86	28.68	0.18
2004	10.15	10.88	-0.73
2005	6.14	4.91	1.23
2006	17.96	15.79	2.17
2007	7.32	5.49	1.83
2008	-33.49	-37.00	3.51
2009	24.90	26.46	-1.56

The strategy has outperformed the S&P 500 Index in 20 of 27 calendar years since inception.

Past performance is not indicative of future returns.
Please review the disclosures which follow this presentation.

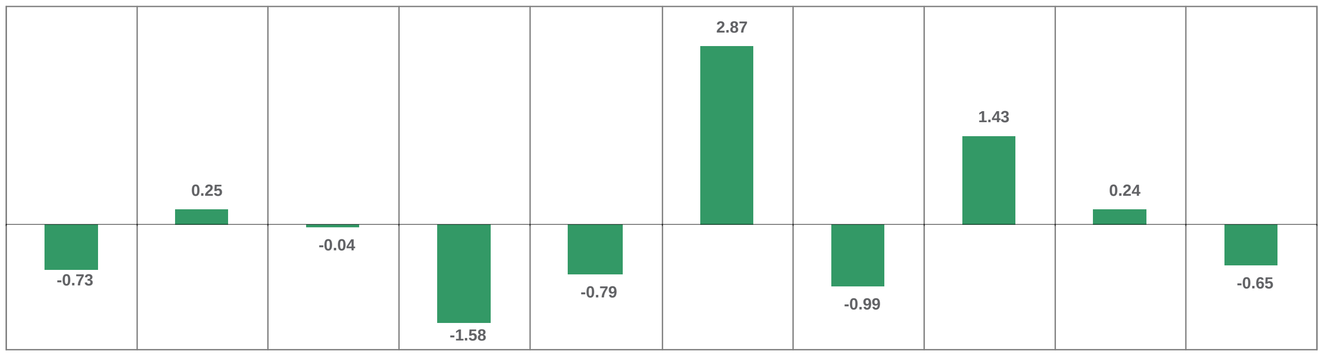
Nevada Prepaid Tuition Program Large Cap Equity Fund Sector Attribution – Quarter Ending June 30, 2010

Economic Sector	Nevada Prepaid Tuition Program Large Cap Fund		S&P 500® Index		
	Average Percent Cap	Total Return	Average Percent Cap	Total Return	Relative Return
Energy	10.22	-11.94	10.93	-12.75	0.12
Consumer Discretionary	9.45	-10.38	10.39	-10.98	0.11
Telecommunication Services	3.08	-5.31	2.83	-4.24	-0.02
Materials	3.60	-15.83	3.49	-14.96	-0.03
Consumer Staples	11.66	-8.64	11.20	-8.14	-0.09
Information Technology	20.20	-12.59	18.97	-12.25	-0.10
Utilities	4.25	-7.70	3.53	-3.74	-0.11
Health Care	13.69	-13.04	11.75	-11.80	-0.14
Industrials	9.33	-14.12	10.49	-12.34	-0.18
Financials	14.52	-15.19	16.42	-13.34	-0.21

Please review the disclosures which follow this presentation.

Nevada Prepaid Tuition Program Large Cap Equity Fund – Portfolio Characteristics June 30, 2010

Sector Exposure (%)



	Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecomm	Utilities
Nevada Prepaid Tuition Program Large Cap Fund	9.95	3.69	10.33	8.55	10.74	14.95	15.32	20.12	3.24	3.10
S&P 500® Index	10.69	3.44	10.38	10.12	11.53	12.09	16.31	18.69	3.00	3.76

	Number of Holdings in Portfolio	Weighted Mkt. Cap ($ Billions)	P/E Ratio	P/B Ratio	Yield (%)	Trailing 5 Year EPS Growth (%)	Return on Equity
Nevada Prepaid Tuition Program Large Cap Fund	105	$66.66	17.4X	2.8X	2.05%	11.90%	22.0X
S&P 500® Index	500	$74.49	23.1X	3.2X	2.19%	10.70%	19.0X

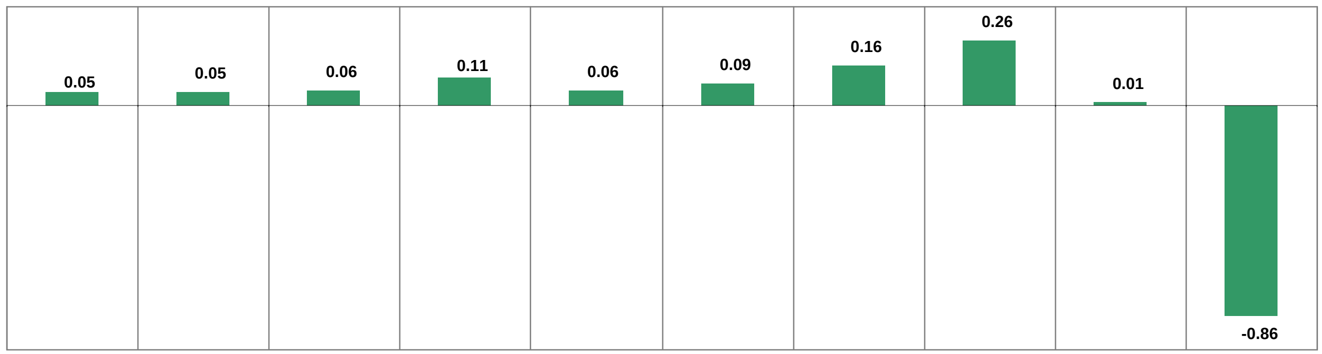
Second Quarter 2010 Portfolio Turnover: 33.09%
Second Quarter 2010 Benchmark Turnover: 0.69%

Please review the disclosures which follow this presentation.

Nevada Prepaid Tuition Program Mid Cap Equity Index Fund Portfolio Characteristics – June 30, 2010

Sector Exposure (%)

	Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecomm	Utilities
Nevada Prepaid Tuition Program Mid Cap Equity Index Fund	5.84	6.61	14.64	13.76	3.80	12.42	20.76	15.25	0.84	6.06
S&P 400® Index	5.79	6.56	14.58	13.65	3.74	12.33	20.60	14.99	0.83	6.92



	Number of Holdings in Portfolio	Weighted Mkt. Cap ($ Billions)	P/E Ratio	P/B Ratio	Yield (%)	Trailing 5 Year EPS Growth (%)	Return on Equity
Nevada Prepaid Tuition Program Mid Cap Equity Index Fund	400	$2.90	16.97X	2.75X	1.56%	8.11%	11.34X
S&P 400® Index	400	$2.94	16.98X	2.74X	1.56%	8.14%	11.34X

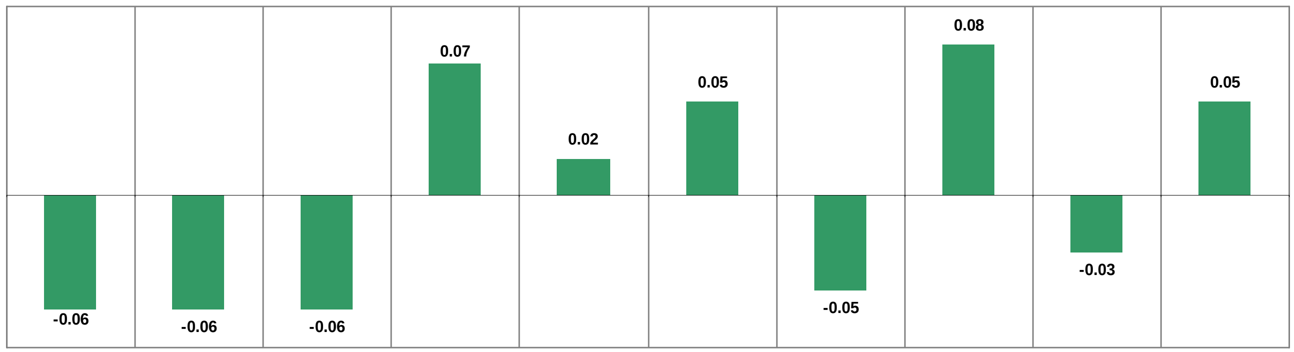
Second Quarter 2010 Portfolio Turnover: 1.69%
Second Quarter 2010 Benchmark Turnover: 2.71%

Please review the disclosures which follow this presentation.

Nevada Prepaid Tuition Program Small Cap Equity Index Fund Portfolio Characteristics – June 30, 2010

Sector Exposure (%)

	Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecomm	Utilities
Nevada Prepaid Tuition Program Small Cap Equity Index Fund	5.01	3.76	16.21	15.85	3.51	13.61	19.10	18.63	0.44	3.88
S&P Small Cap 600® Index	5.07	3.82	16.27	15.78	3.49	13.56	19.15	18.55	0.47	3.83



	Number of Holdings in Portfolio	Weighted Mkt. Cap ($ Billions)	P/E Ratio	P/B Ratio	Yield (%)	Trailing 5 Year EPS Growth (%)	Return on Equity
Nevada Prepaid Tuition Program Small Cap Equity Index Fund	600	$1.00	17.44X	2.37X	1.12%	6.35%	6.92X
S&P Small Cap 600® Index	600	$1.01	17.64X	2.39X	1.13%	6.26%	6.89X

Second Quarter 2010 Portfolio Turnover: 3.57%
Second Quarter 2010 Benchmark Turnover: 2.60%

Please review the disclosures which follow this presentation.

Nevada Prepaid Tuition Program Fixed Income Fund Commentary – June 30, 2010

Market Environment

In the second quarter markets priced in a much higher likelihood of slowing global and domestic growth going forward. This was partially due to the continuing deficit concerns in Europe, but also due to the deceleration of growth expectations in the US and the need for the US to address its fiscal deficit. This, coupled with decreasing core inflation, led to an almost 1% rally in 10-year US Treasury rates, as the Federal Reserve reaffirmed accommodative monetary policy well into year end and 2011. Globally, China's recent economic activity has also slowed leading markets to question the notion that China will be the driver of global economic growth. German government bonds also rallied during the quarter, while peripheral European government debt risks increased substantively and their spreads widened relative to German Bunds. Greece's debt is widely considered to be in need of restructuring over the intermediate term, but the European bail-out package has reduced the risk of more near-term panic. Meanwhile, the Gulf oil spill only added to the risks for credit, as spreads in British Petroleum and other spill-related companies widened out significantly, due to the unknown liability facing the company and to the public relations damage sustained to the company's image.

Sector Performance

The Barclays Capital Aggregate Index returned 3.49% for the quarter but still underperformed Treasuries, which dramatically rallied by 50 basis points, as all spread sectors underperformed Governments. High Yield was the worst performing sector, essentially flat for the quarter and close to negative 4% relative to Governments. Investment Grade Credit returned 3.27% for the quarter, similar to the Aggregate, but again, underperformed the Government sector.

Nevada Prepaid Tuition Program Fixed Income Fund Commentary – June 30, 2010 (continued)

Sector Performance (continued)

While returning less than either the Aggregate or Treasuries due to a shorter-term structure, Securitized Product was the best performing spread sector on a duration basis. Asset Backed Securities underperformed Treasuries for the quarter by eight basis points, and Commercial Mortgage Backed Securities, after a very strong first quarter, returned negative 67 basis points versus Treasuries, but still lead Treasuries by 7.50% for the year.

Portfolio Attribution

For the quarter the account outperformed the BC Aggregate by .60%. Relative returns were driven by strong security selection, particularly in Agency MBS where the portfolio's preference for up-in-coupon mortgage pools proved beneficial. Additionally, a longer than benchmark duration was a positive as rates rallied during the period. The rally in rates was particularly strong in the intermediate portion of the curve where the portfolio was positioned adding further benefit to performance.

Detracting from relative performance was our modest underweight to Treasuries, which posted very strong returns for the quarter.

Please review the disclosures which follow this presentation.

Nevada Prepaid Tuition Program Fixed Income Fund Characteristics – June 30, 2010

Portfolio Characteristics

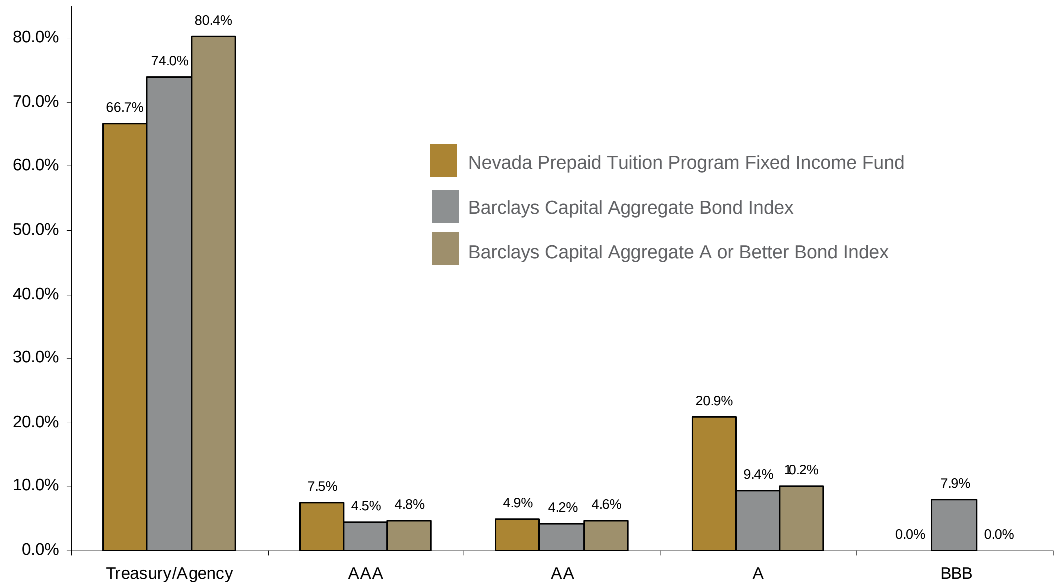
	Portfolio	Barclays Capital Aggregate Bond Index	Barclays Capital Aggregate A or Better Bond Index
Average Duration (years)	4.5	4.3	4.1
Average Quality	AAA	AA	AAA
Turnover *	45.9%		

** For the quarter ending June 30, 2010. Portfolio was rebalanced/realigned beginning on or about June 26 in order to reflect new Barclays Aggregate A or Better Benchmark.

Sector Diversification

	Portfolio	Barclays Capital Aggregate Bond Index	Barclays Capital Aggregate A or Better Bond Index
Government	33.1%	39.9%	43.4%
Corporate	25.8%	22.7%	16.2%
Asset Backed	1.0%	0.3%	0.3%
Mortgage	39.8%	37.1%	40.1%
Cash	0.3%	0.0%	0.0%
	100.0%	100.0%	100.0%

Quality Distribution



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Section III.

Disclosures

Capital Market Assumptions & Methodology

	Asset Class	Expected Return	Standard Deviation	Effective Duration
Fixed Income	Cash Equivalents	3.5%	1.5%	0.2
Fixed Income	Core Fixed	4.9%	4.3%	4.6
Fixed Income	TIPS	5.3%	5.2%	6.5
Fixed Income	Long Treasury	5.8%	6.7%	11.1
Fixed Income	Long Aa Bonds	6.1%	7.4%	11.5
Fixed Income	International Bonds	6.7%	8.6%	5.6
Fixed Income	High Yield	7.0%	9.7%	4.5
Equity	REIT	8.5%	13.7%	2.6
Equity	Large Cap Equity	9.0%	15.2%	2.8
Equity	Mid Cap Equity	9.4%	16.3%	2.3
Equity	Small Cap Equity	10.3%	18.6%	1.8
Equity	International Equity	9.8%	17.1%	1.6
Equity	Emerging Equity	11.0%	20.5%	-0.3
Alternatives	Absolute Return	5.5%	5.9%	1.6
Alternatives	Private Equity	12.7%	25.1%	3.9
Alternatives	Hedge Funds	7.5%	11.3%	2.8
Alternatives	Real Return	4.7%	3.8%	0.2
	Inflation	2.5%	1.0%	0.0

Our model is intended for use in long-term (five to ten years) applications like asset/liability modeling or evaluating strategic asset allocations

For these applications, our view of the capital markets rests on three major assumptions:

1. Model excess return vs. risk-free rate
   - Investment return expectations are weighed against risk-free alternatives (US Treasury bills)
2. Expected return and risk are related
   - Asset class expected returns are proportional to expected risk
   - One should not expect higher returns without incurring more risk
   - All assets have the same expected return/ risk (Sharpe) ratio
3. Markets are relatively efficient over long periods
   - Past outperformance of an asset class does not guarantee future outperformance
   - Market arbitrage will tend to align long term returns with risk contribution
   - “No free lunch” for taking more risk

Estimated standard deviations and correlations take into account:

- Long term (15-20 year) and market cycle averages
- Recent (five year) behavior
- Expected systemic trends

Disclosures

1. The capital market assumptions are The Bank of New York Mellon's estimates based on historical performance and the current market environment. We do not present the capital market assumptions as actual future performance.
2. This presentation is not intended as an offer to sell or a solicitation of an offer to buy any security.
3. The hypothetical performance information provided is gross of fees and reflects both income and capital appreciation. Management fees will reduce a client's actual return.
4. This information has been prepared by The Bank of New York Mellon based on data and information provided by internal and external sources. While we believe the information provided by external sources to be reliable, we do not warrant its accuracy or completeness.

Disclosures

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As of July 1, 2008, The Bank of New York Mellon Corporation reorganized various of its banking subsidiaries. As a result of this restructuring, the institutional banking and investment management businesses of Mellon Bank, N.A. and Mellon Trust of New England, N.A., including the collective and common trust funds businesses, have been combined with the institutional banking businesses of The Bank of New York, which has changed its name to The Bank of New York Mellon. The Bank of New York Mellon has become the successor trustee of all of the common trust funds and collective investment funds formerly maintained by Mellon Bank, N.A. or Mellon Trust of New England, National Association.
Information on separate account or collective trust funds are presented in this report.

The Bank of New York Mellon is the investment manager for the funds. The Bank of New York Mellon is a subsidiary of BNY Mellon Corporation.

The performance information provided, if any, is gross of fees and reflects both income and capital appreciation. Management fees will reduce a client's actual return

In some instances, Composite performance of the portfolio managers 'strategies are provided for illustrative purposes. There are many differences between the collective funds or client specific accounts and portfolio strategies that are not being illustrated in this presentation that would have affected the performance..

A client's actual portfolio return will be reduced by management fees and any other expenses that may be incurred in the management of the client's account. Assuming a 5% total return for a 5-year period, the value of $1,000 invested October 31, 2003 would total $1,283 as of September 30, 2007, or $1,239 adjusting for the standard investment management fee schedule for active portfolio management (70 basis points annually).

Employees of Franklin Portfolio Associates LLC, Mellon Capital Management Corporation, Newton Capital Management Limited, The Boston Company Asset Management LLC, and Standish Mellon Asset Management LLC manage the funds as dual officers of The Bank of New York Mellon and the respective firm.

Franklin Portfolio Associates LLC (FPA) has no affiliation to the Franklin Templeton Group of Funds or Franklin Resources, Inc. *Notes:* FPA is an independently managed, wholly owned subsidiary of The Bank of New York Mellon Corporation. Established in 1982, FPA specializes in quantitative equity management for primarily institutional clients. A complete list and description of all FPA composites is available upon request along with the portfolio dispersion within each composite.

Representation On Performance

Past performance is not indicative of future returns. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Market volatility can significantly impact short-term performance.

In some instances, Composite performance of the portfolio managers' strategies are provided for illustrative purposes. There are many differences between the collective funds and portfolio strategies that are not being illustrated in this presentation that would have affected the performance.

** Small cap stocks typically involve a higher risk of price fluctuation than large company stocks.

** International investing involves special risks, such as currency-exchange and share-price fluctuation.

** An investment in Fixed Income is neither insured nor guaranteed by the FDIC or the U.S. government.

Disclosures

Indexes (Benchmarking)
An index is a hypothetical portfolio of specific securities (common examples are the Dow Jones Industrials and the S&P 500), the performance of which is often used a benchmark in judging the relative performance of securities such as mutual funds, stocks and variable annuities. Indexes are unmanaged portfolios and should only be used as comparisons with securities with similar investment characteristics and criteria. The characteristics of the index(es) included in this report are described below for your reference. It is impossible to invest in an index.

Indexes represent different asset classes, and there are often material differences between types of indexes. Some represent asset classes that involve risk of principal loss, while others represent assets, which are guaranteed by the U.S. Government or insured by the FDIC. For details about material differences as they pertain to indexes used in these illustrations, please refer to the descriptions below.

US Equity

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S&P 500 ® Index – a market capitalization-weighted index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange, and Over-the-Counter market.
S&P 400 ® Index – consists of 400 domestic stocks chosen for market size, liquidity, and industry group representation. It is a market value-weighted index, with each stock affecting the index in proportion to its market value.
S&P 600 ® Index - A market capitalization weighted index that tracks the daily stock total return performance of an investable universe of domestic, small capitalization stocks listed on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market System. Consists of 600 stocks chosen for market size, liquidity, and industry.

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The Dow Jones Wilshire 5000 - is quite simply the most comprehensive measure of the U.S. stock market. The benchmark is designed to represent the performance of all U.S.-headquartered equity securities with readily available prices
The Dow Jones Wilshire 4500 Completion Index - is a subset of the Dow Jones Wilshire 5000 and contains all stocks in the Dow Jones Wilshire 5000 except components of the S&P 500.

Frank Russell Company – US Equity Indexes: Frank Russell Company is the owner of the trademarks and copyrights relating to the Russell 3000® Index, the Russell 1000® Index, and the Russell 2000® Index. The foregoing index licensor does not sponsor, endorse, sell or promote the investment strategies or products mentioned in this article and they make no representation regarding the advisability of investing in the products or strategies described herein.
Russell 3000 ® Index – a market capitalization-weighted, index comprising 3,000 of the largest capitalized U.S. domiciled companies whose common stock is traded in the United States on the New York Stock Exchange, American Stock Exchange, and NASDAQ. This portfolio of securities represents approximately 98% of the investable U.S. equity market.

Disclosures

Indexes (Benchmarking)

Russell 1000 ® Index – a capitalization-weighted index that comprises 1,000 of the largest capitalized U.S. domiciled companies. These companies have common stock that is traded in the United States on the New York Stock Exchange, American Stock Exchange, and NASDAQ, and are included in the the Russell 3000 Index. The Russell 1000 represents approximately 92% of the Russell 3000 Index.

Russell 1000 ® Growth Index – contains those securities in the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index tend to exhibit higher price-to-book and price-to-earnings ratios, lower dividend yields, and higher forecasted growth rates.

Russell 1000 ® Value Index – contains those securities in the Russell 1000 Index with a less-than-average growth orientation. Companies in this index generally have low price-to-book and price-to-earnings ratios, higher dividend yields, and lower forecasted growth values.

Russell 2500 Growth Index - Measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2500 Value Index - Measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 ® Index – a market capitalization-weighted index comprising 2,000 of the smallest stocks in the Russell 3000 Index. Representing approximately 8% of the Russell 3000 index, this is small cap index.

<u>Non-US Equity</u>

Morgan Stanley Capital International Inc. – Non-US Equity Indexes

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MSCI EAFE ® Index - This index is listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world.

MSCI ACWI ex-US ® Index – The All Country World Index ex-US represents both the developed and the emerging markets for the World except the US. The MSCI All Country World Indexsm includes 48 markets.

MSCI World ® Index – The World Index represents all developed markets in the World. This index includes securities from 23 countries, and has been calculated since December 31, 1969

MSCI World ® Index (half-hedged) – Morgan Stanley Capital International's market capitalization weighted index composed of companies representative of the market structure of 22 developed market countries in North America, Europe, and the Asia/Pacific Region. The index is calculated without dividends, with net or with gross dividends reinvested, in both US dollars and local currencies. The index returns are 50% hedged to the US Dollar.

MSCI World ex-US ® Growth Index – it is a subset of the MSCI World ex USA Index and is composed only of the MSCI World ex USA Index stocks which are categorized as growth stocks.

Disclosures

Indexes (Benchmarking)

Fixed Income

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Barclays Capital Aggregate Bond Index - is a broad representation of the investment-grade fixed income market in the U.S. It includes U.S. government and corporate debt securities, mortgage and asset backed securities, and international U.S. dollar-denominated bonds. All securities contained in the Index are investment grade debt issues with at least $250 million par amount outstanding and with a minimum term to maturity of one year.

Barclays Capital Government / Credit Bond Index - includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, 1-3 Year Government index, and the 20+-Year treasury) indexes. The returns we publish for the index are total returns, which include reinvestment of dividends.

Barclays Capital Intermediate Government / Credit Bond Index - includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, 1-3 Year Government index, and the 20+-Year treasury) indexes, including bonds with maturities up to ten years. The returns we publish for the index are total returns, which include reinvestment of dividends.

Barclays Capital Long-term Treasury Bond Index – the index consists of dollar-denominated debt issues of the U.S. Treasury with maturities greater than ten years. The returns we publish for the index are total returns, which include reinvestment of dividends.

Barclays Capital Long-term Government Bond Index – the index consists of dollar-denominated debt issues of the U.S. Treasury and Agencies with maturities greater than ten years. The returns we publish for the index are total returns, which include reinvestment of dividends.

Barclays Capital Long-term Treasury Bond Index – the index consists of publicly issued investment grade U.S. domestic corporate debt. The Long-Term index measures the return of securities with maturities greater than ten years. The returns we publish for the index are total returns, which include reinvestment of dividends.

Barclays Capital US TIPS Index - is an unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade, have at least one year to final maturity, and at least $250 million par amount outstanding.

Barclays Capital U.S. Treasury Index is an unmanaged index representing public obligations of the U.S. Treasury with a remaining maturity of one years or more.

Barclays Capital U.S. Corporate Index is an unmanaged index representing public obligations of U.S. corporate debentures and secured notes with a remaining maturity of one year or more.

Barclays Capital U.S. Treasury Long Index is an unmanaged index representing public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Barclays Capital U.S. Long Corporate A+ Index is an unmanaged index representing public obligations of U.S. corporate debentures and secured notes with a remaining maturity of ten years or more, and quality ratings of A or better.

Indexes (Benchmarking)

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The J.P. Morgan Non-U.S. Index (Hedged) - is an unmanaged index representative of the total return performance in U.S. dollars of major non-U.S. bond markets.

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Indexes (Benchmarking)

Citigroup Global Markets Inc. – Fixed Income Indexes: These indexes are a trademark of Citigroup Global Markets Inc. The foregoing index licensor does not sponsor, endorse, sell or promote the investment strategies or products mentioned in this article and they make no representation regarding the advisability of investing in the products or strategies described herein.
Citigroup 30 Day T-Bill The Index is generally considered representative of the performance of short-term money market instruments
Citigroup World Government Bond Index - Consists of about 640 fixed interest securities (bonds) issued by 20 governments in various countries. This index provides diversified exposure to the interest rate segments of most of the developed economies of the world.
Citigroup World Government Bond Index (half-hedged) - Consists of about 640 fixed interest securities (bonds) issued by 20 governments in various countries. This index provides diversified exposure to the interest rate segments of most of the developed economies of the world. The index returns are 50% hedged to the US Dollar.

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Merrill Lynch 91-Day T-Bill Index: The Index is generally considered representative of the performance of short-term money market instruments. Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.
Merrill Lynch 6-Month T-Bill Index - is an unmanaged index that measures returns of six-month Treasury Bills.

APPENDIX D

PROGRAM STATISTICAL CHARTS

CHOICE OF PLANS AND PAYMENT OPTIONS

CHOICE OF PLANS AND PAYMENT OPTIONS

2 YEAR COMMUNITY COLLEGE PLAN

PAYMENT OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
LUMP SUM	9	21	14	10	4	7	18	8	10	5	10	1	117
DOWN PAYMENT	-	-	4	3	2	4		5	3	1	3	4	29
EXTENDED MONTHLY	95	100	-	-	-	-	-	-	-	-			195
5 YR MONTHLY	51	34	-	-	-	-	-	-	-	-			85
MONTHLY	-	-	103	20	9	17	25	20	25	5	17	23	264
TOTAL	155	155	121	33	15	28	43	33	38	11	30	28	690

2 YEAR COMMUNITY COLLEGE + 2 YR UNIVERSITY PLAN

PAYMENT OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
LUMP SUM	52	61	41	17	12	9	12	15	18	10	6	19	272
DOWN PAYMENT	-	-	27	17	8	7	20	15	9	3	13	10	129
EXTENDED MONTHLY	192	172	-	-	-	-							364
5 YR MONTHLY	96	105	-	-	-	-							201
MONTHLY	-	-	199	58	25	15	45	38	29	10	35	38	492
TOTAL	340	338	267	92	45	31	77	68	56	23	54	67	1,458

SUMMARY OF PAYMENT OPTIONS

PAYMENT OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
LUMP SUM	24.50%	26.20%	21.70%	33.50%	35.80%	41.00%	33.00%	35.00%	34.00%	35.00%	27.00%	28.00%	27.83%
MONTHLY	75.50%	73.80%	65.30%	50.50%	19.40%	41.00%	44.00%	41.00%	42.00%	40.00%	50.00%	50.00%	72.17%
DOWN PAYMENT	0.00%	0.00%	13.00%	16.00%	44.80%	18.00%	23.00%	24.00%	24.00%	25.00%	23.00%	21.00%	

2 YEAR UNIVERSITY PLAN

PAYMENT OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
LUMP SUM	-	-	19	17	10	13	17	5	15	1	12	12	121
DOWN PAYMENT	-	-	17	5	4	4	16	7	13	2	6	9	83
EXTENDED MONTHLY	-	-	-	-	-	-	-	-	-	-			-
5 YR MONTHLY	-	-	-	-	-	-	-	-	-	-			-
MONTHLY	-	-	136	35	15	12	27	18	14	6	18	40	321
TOTAL	-	-	172	57	29	29	60	30	42	9	36	61	525

4 YEAR UNIVERSITY PLAN

PAYMENT OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
LUMP SUM	647	667	485	368	173	163	187	195	128	58	80	110	3,261
DOWN PAYMENT	-	-	287	171	94	69	129	131	94	47	73	82	1,177
EXTENDED MONTHLY	937	888	-	-	-	-							1,825
5 YR MONTHLY	804	802	-	-	-	-							1,606
MONTHLY	-	-	1,250	508	200	148	222	189	145	63	134	143	3,002
TOTAL	2,388	2,357	2,022	1,047	467	380	538	515	367	168	287	335	10,871

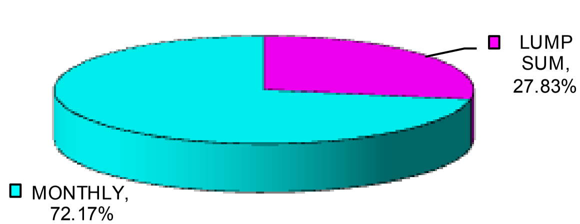
SUMMARY OF PLAN OPTIONS

PLAN OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
2 YR COMM COLLEGE	5.40%	5.40%	4.70%	2.70%	2.70%	5.98%	5.99%	5.11%	7.55%	5.21%	7.37%	5.43%	5.09%
2 YR COMM + 2 YR UNIV	11.80%	11.90%	10.30%	7.50%	8.10%	6.62%	10.72%	10.53%	11.13%	10.90%	13.27%	12.98%	10.75%
1 YR UNIV												4.84%	0.18%
2 YR UNIV	0.00%	0.00%	6.70%	85.20%	5.30%	6.20%	8.36%	4.64%	8.35%	4.27%	8.85%	11.82%	3.87%
4 YR UNIV	82.80%	82.70%	78.30%	4.60%	83.90%	81.20%	74.93%	79.72%	72.96%	79.62%	70.52%	64.92%	80.12%

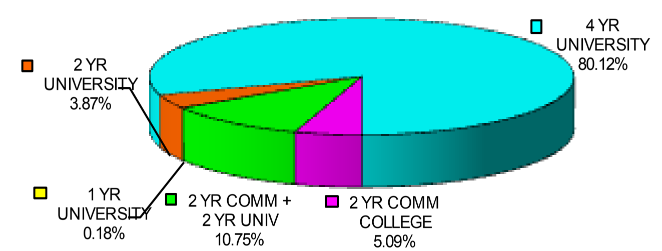
1 YEAR UNIVERSITY PLAN

PAYMENT OPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
LUMP SUM												5	5
DOWN PAYMENT												4	4
EXTENDED MONTHLY													-
5 YR MONTHLY													-
MONTHLY												16	16
TOTAL	-	-	-	-	-	-	-	-	-	-	-	25	25

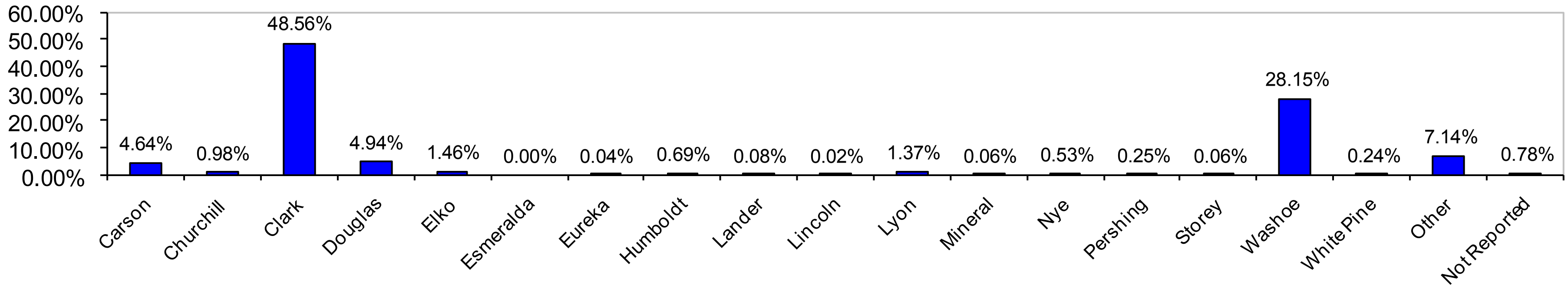
CUMULATIVE PAYMENT OPTION



CUMULATIVE PLAN OPTION

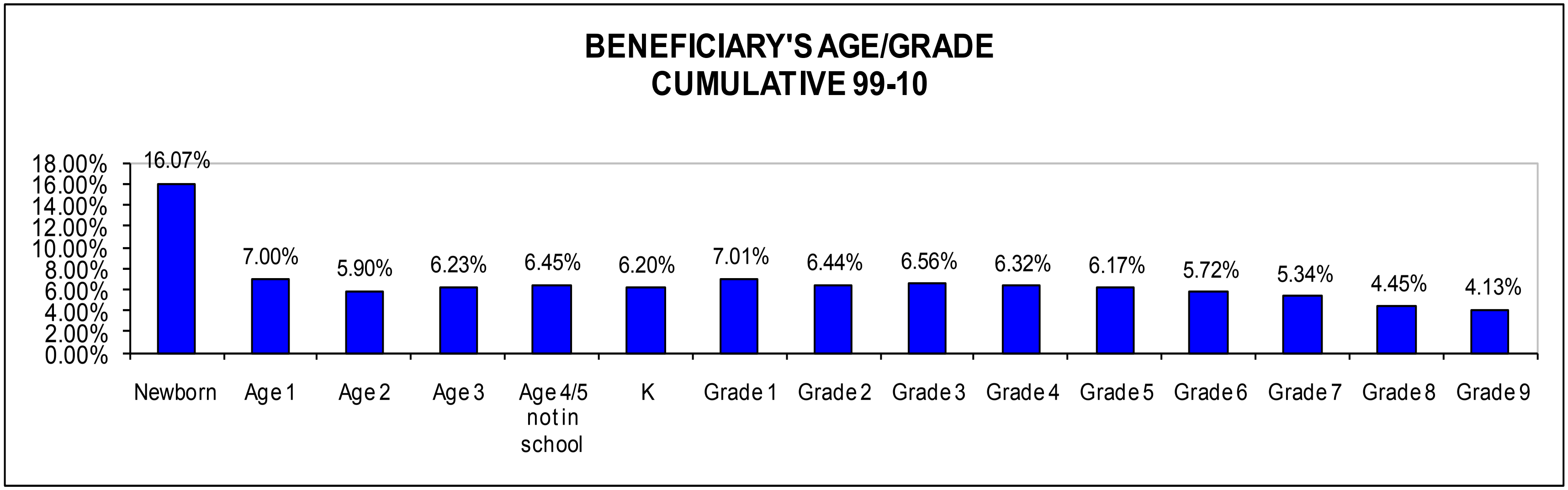


CONTRACTS BY COUNTY
CUMULATIVE 00-10



	FISCAL YEARS 00 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
Carson	415	4.56%		31	6.01%		446	4.64%
Churchill	89	0.98%		5	0.97%		94	0.98%
Clark	4,408	48.43%		262	50.78%		4,670	48.56%
Douglas	460	5.05%		15	2.91%		475	4.94%
Elko	138	1.52%		2	0.39%		140	1.46%
Esmeralda	0	0.00%		0	0.00%		0	0.00%
Eureka	1	0.01%		3	0.58%		4	0.04%
Humboldt	62	0.68%		4	0.78%		66	0.69%
Lander	8	0.09%		0	0.00%		8	0.08%
Lincoln	2	0.02%		0	0.00%		2	0.02%
Lyon	127	1.40%		5	0.97%		132	1.37%
Mineral	6	0.07%		0	0.00%		6	0.06%
Nye	45	0.49%		6	1.16%		51	0.53%
Pershing	23	0.25%		1	0.19%		24	0.25%
Storey	6	0.07%		0	0.00%		6	0.06%
Washoe	2,538	27.89%		169	32.75%		2,707	28.15%
White Pine	20	0.22%		3	0.58%		23	0.24%
Other	677	7.44%		10	1.94%		687	7.14%
Not Reported	75	0.82%		0	0.00%		75	0.78%
Total	9,101	100.00%		516	100.00%		9,617	100.00%

COUNTY DATA NOT TRACKED PRIOR TO 2000

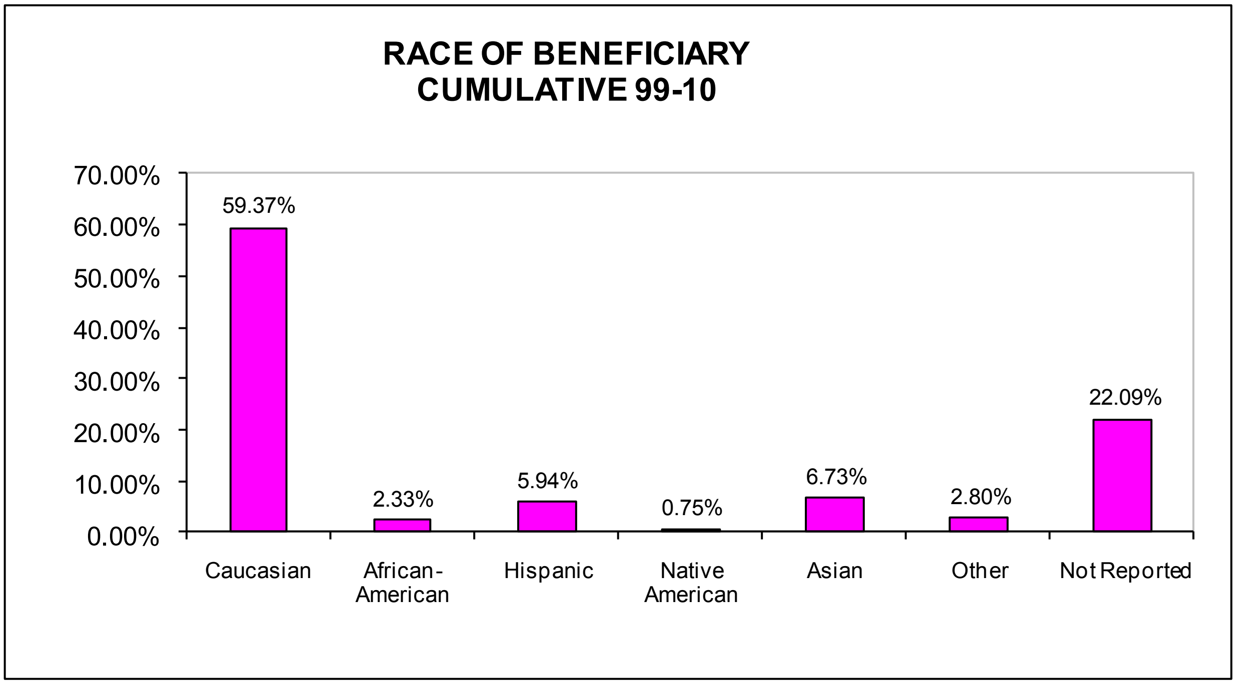


	FISCAL YEARS 99 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
Newborn	1995	16.14%		74	14.34%		2,069	16.07%
Age 1	868	7.02%		33	6.40%		901	7.00%
Age 2	733	5.93%		27	5.23%		760	5.90%
Age 3	772	6.25%		30	5.81%		802	6.23%
Age 4/5 not in school	803	6.50%		28	5.43%		831	6.45%
K	759	6.14%		39	7.56%		798	6.20%
Grade 1	869	7.03%		34	6.59%		903	7.01%
Grade 2	795	6.43%		34	6.59%		829	6.44%
Grade 3	812	6.57%		32	6.20%		844	6.56%
Grade 4	785	6.35%		29	5.62%		814	6.32%
Grade 5	761	6.16%		33	6.40%		794	6.17%
Grade 6	704	5.70%		33	6.40%		737	5.72%
Grade 7	664	5.37%		24	4.65%		688	5.34%
Grade 8	536	4.34%		37	7.17%		573	4.45%
Grade 9	503	4.07%		29	5.62%		532	4.13%
Total	12,360	100.00%		516	100.00%		12,876	100.00%

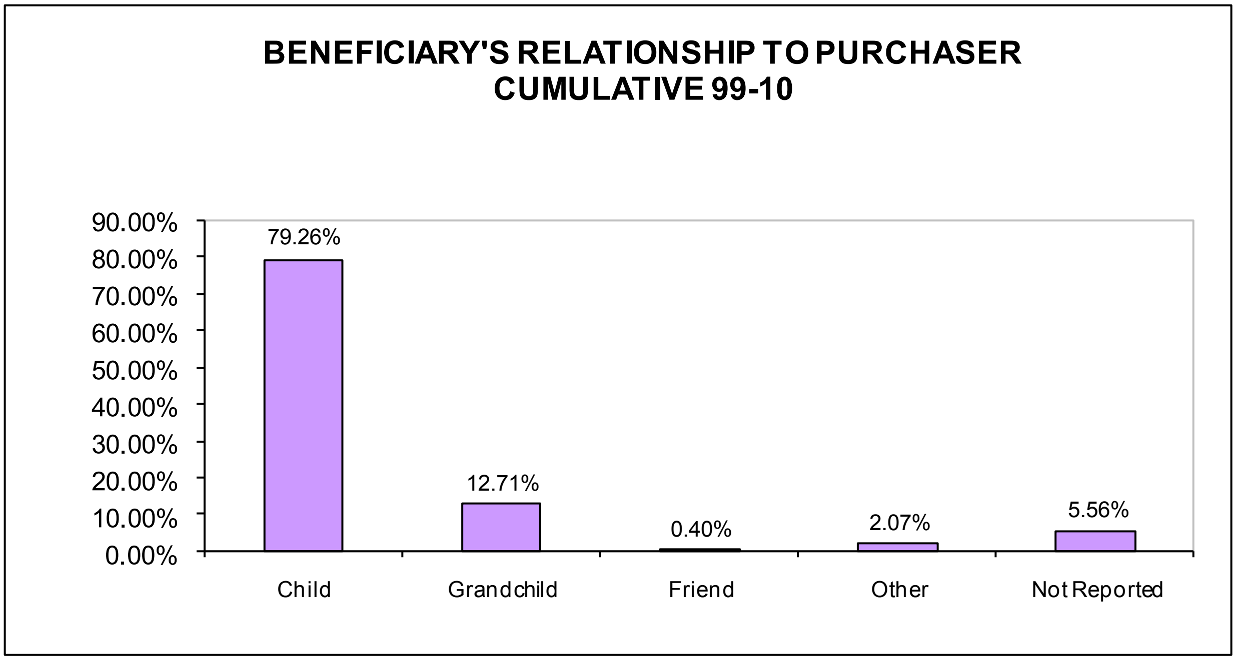
NEVADA PREPAID TUITION PROGRAM
LIABILITY BY PROJECTED ENROLLMENT YEAR
AS OF JUNE 30, 2010

2002	20	0.20%
2003	45	0.45%
2004	102	1.03%
2005	148	1.49%
2006	265	2.67%
2007	416	4.19%
2008	463	4.66%
2009	543	5.47%
2010	607	6.11%
2011	612	6.16%
2012	654	6.58%
2013	703	7.08%
2014	657	6.61%
2015	653	6.57%
2016	695	7.00%
2017	628	6.32%
2018	609	6.13%
2019	499	5.02%
2020	315	3.17%
2021	330	3.32%
2022	286	2.88%
2023	207	2.08%
2024	170	1.71%
2025	124	1.25%
2026	119	1.20%
2027	63	0.63%
TOTAL	9,933	100.00%

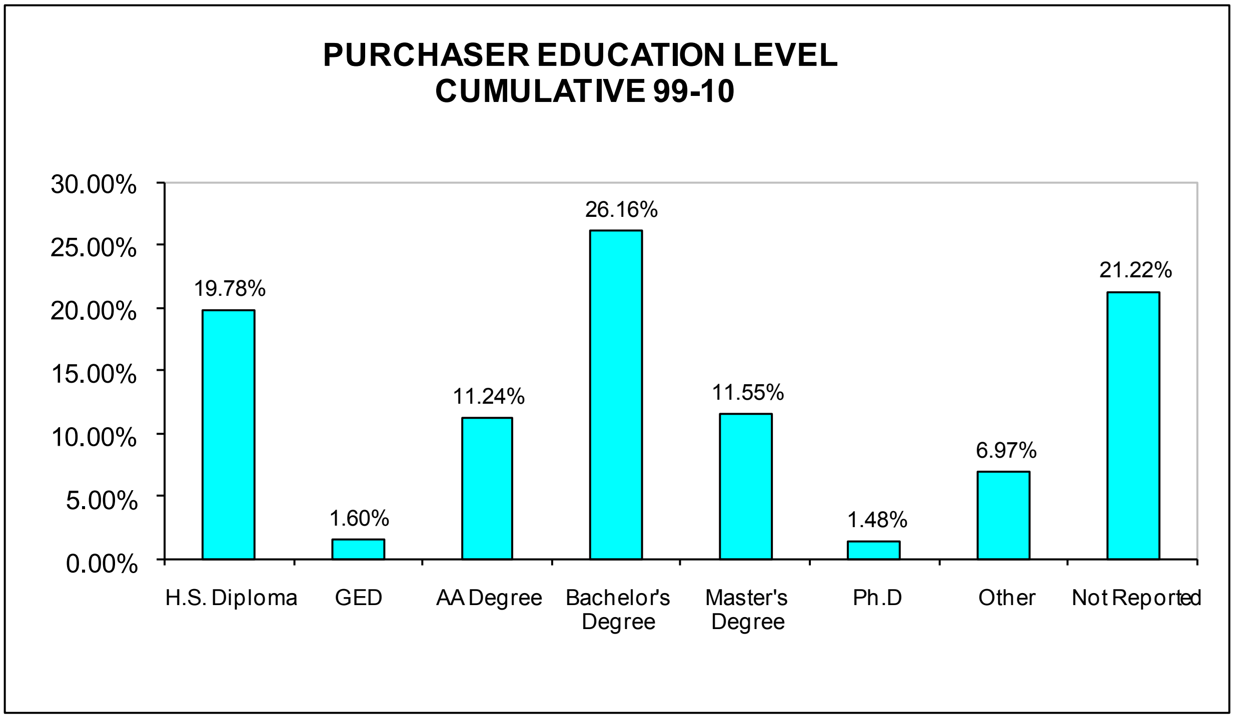
Note: This Table includes only active contracts as of June 30, 2010



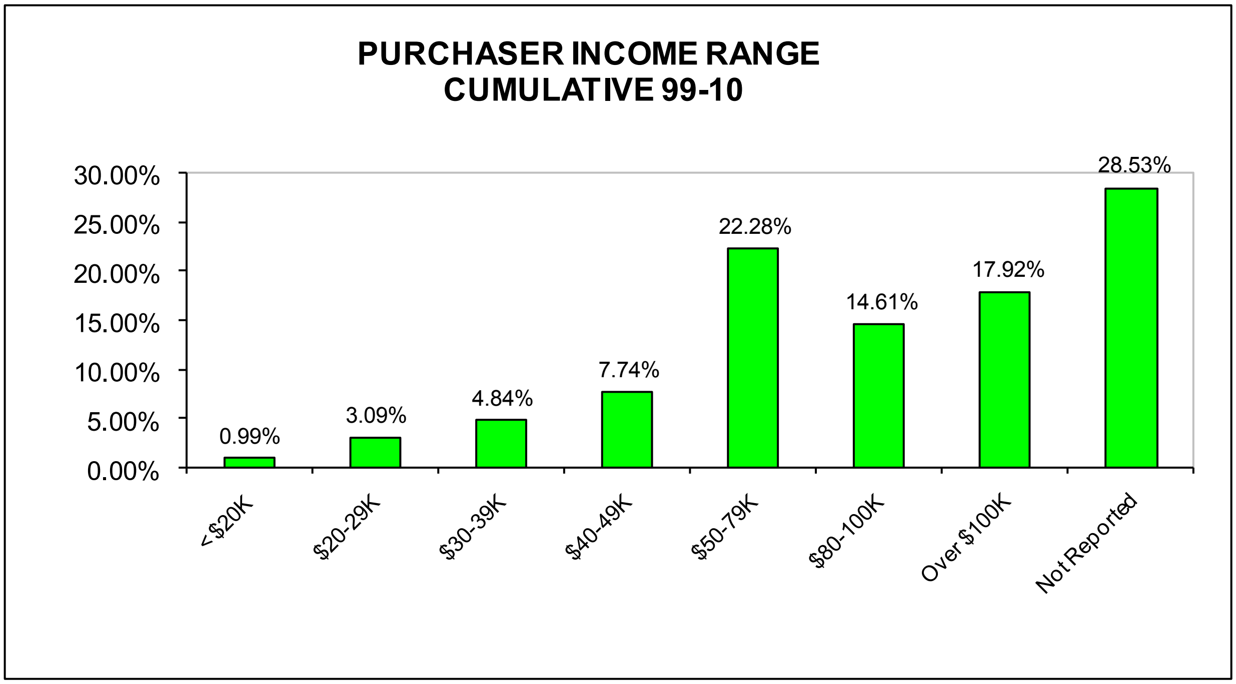
	FISCAL YEARS 99 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
Caucasian	7,353	59.49%		291	56.40%		7,645	59.37%
African-American	287	2.32%		13	2.52%		300	2.33%
Hispanic	716	5.79%		49	9.50%		765	5.94%
Native American	93	0.75%		3	0.58%		96	0.75%
Asian	817	6.61%		50	9.69%		867	6.73%
Other	343	2.78%		17	3.29%		360	2.80%
Not Reported	2,751	22.26%		93	18.02%		2,844	22.09%
Total	12,360	100.00%		516	100.00%		12,876	100.00%



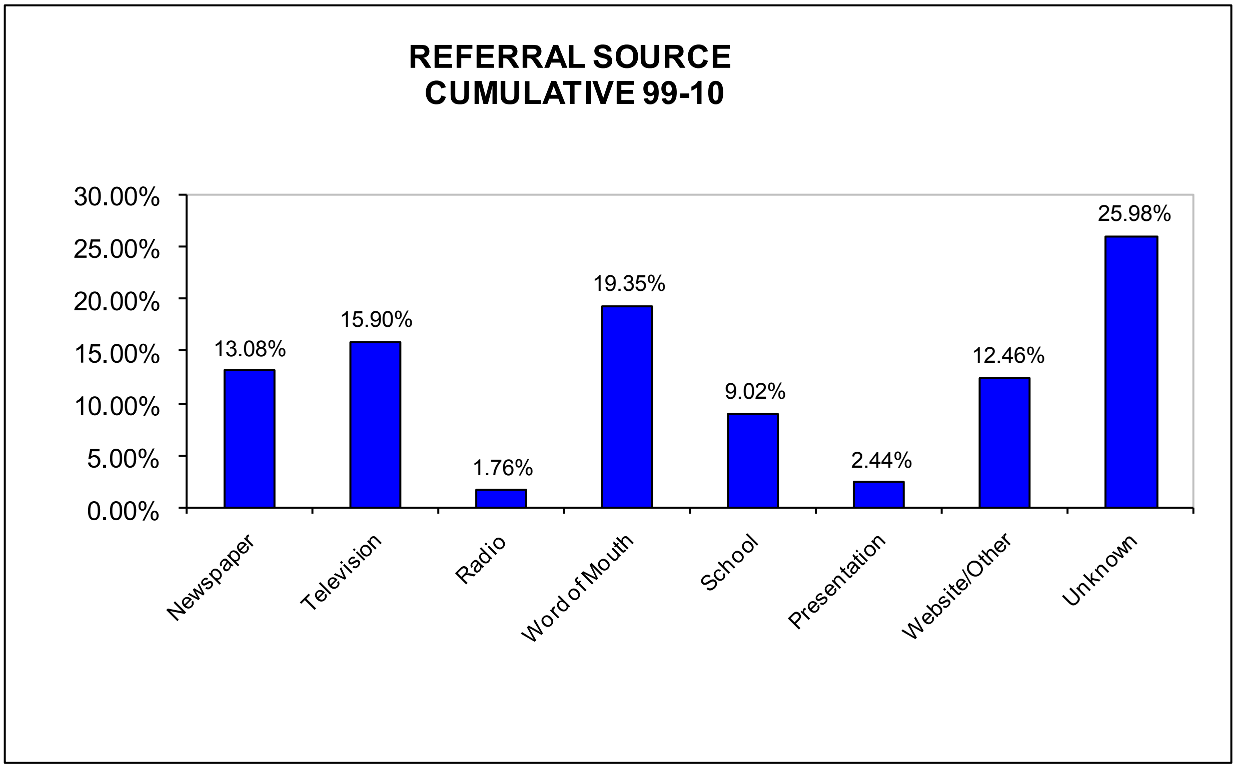
	FISCAL YEARS 99 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
Child	9784	79.16%		422	81.78%		10,207	79.26%
Grandchild	1567	12.68%		70	13.57%		1,637	12.71%
Friend	51	0.41%		0	0.00%		51	0.40%
Other	255	2.06%		11	2.13%		266	2.07%
Not Reported	703	5.69%		13	2.52%		716	5.56%
Total	12,360	100.00%		516	100.00%		12,876	100.00%



	FISCAL YEARS 99 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
H.S. Diploma	2,478	20.05%		69	13.37%		2,547	19.78%
GED	203	1.64%		3	0.58%		206	1.60%
AA Degree	1,397	11.30%		50	9.69%		1,447	11.24%
Bachelor's Degree	3,203	25.91%		165	31.98%		3,368	26.16%
Master's Degree	1,390	11.25%		97	18.80%		1,487	11.55%
Ph.D	185	1.50%		6	1.16%		191	1.48%
Other	862	6.97%		35	6.78%		897	6.97%
Not Reported	2,641	21.37%		91	17.64%		2,732	21.22%
Total	12,360	100.00%		516	100.00%		12,876	100.00%



	FISCAL YEARS 99 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
< $20K	127	1.03%		0	0.00%		127	0.99%
$20-29K	392	3.17%		6	1.16%		398	3.09%
$30-39K	606	4.90%		17	3.29%		623	4.84%
$40-49K	976	7.90%		20	3.88%		996	7.74%
$50-79K	2,780	22.49%		89	17.25%		2,869	22.28%
$80-100K	1,803	14.59%		78	15.12%		1,881	14.61%
Over $100K	2,111	17.08%		196	37.98%		2,307	17.92%
Not Reported	3,564	28.83%		110	21.32%		3,674	28.53%
Total	12,360	100.00%		516	100.00%		12,876	100.00%



	FISCAL YEARS 99 - 09			FISCAL YEAR 10			CUMULATIVE	
	COUNT	%		COUNT	%		COUNT	%
Newspaper	1,633	13.21%		51	9.88%		1,684	13.08%
Television	2,006	16.23%		41	7.95%		2,047	15.90%
Radio	213	1.72%		14	2.71%		227	1.76%
Word of Mouth	2,308	18.67%		183	35.47%		2,491	19.35%
School	1,113	9.00%		48	9.30%		1,161	9.02%
Presentation	310	2.51%		4	0.78%		314	2.44%
Website/Other	1,452	11.75%		153	29.65%		1,605	12.46%
Unknown	3,323	26.89%		22	4.26%		3,345	25.98%
Total	12,360	100.00%		516	100.00%		12,876	100.00%