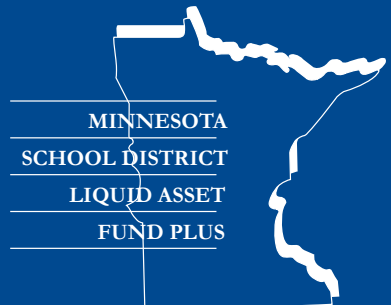
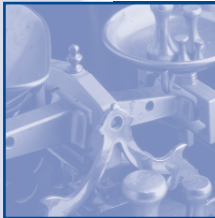


Minnesota School District  
Liquid Asset Fund Plus

*Term Series G*  
*Financial Statements*  
*December 31, 2009*



MINNESOTA  
SCHOOL DISTRICT  
LIQUID ASSET  
FUND PLUS

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For further information on MSDLAF, call 1-888-4-MSDLAF  
or visit us online at [www.msdlaf.org](http://www.msdlaf.org)

*This information does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the investment objectives, risks, charges and expenses before investing in any of the Fund's series. This and other information about the Fund's series is available in the Fund's current Information Statement, which should be read carefully before investing. A copy of the Fund's Information Statement may be obtained by calling 1-888-4-MSDLAF or is available on the Fund's website at [www.msdlaf.org](http://www.msdlaf.org). While the MSDLAF+ Liquid Class and Max Class seek to maintain a stable net asset value of \$1.00 per share and the MSDLAF+ TERM series seek to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Fund. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Fund are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. Member SIPC.*

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## About MSDLAF

The Minnesota School District Liquid Asset Fund Plus ("MSDLAF") was established on November 29, 1984 as a common law trust organized pursuant to the Minnesota Joint Powers Act. It was created to provide professional investment services to Minnesota school districts at a reasonable cost. MSDLAF offers its Participants multiple professionally managed portfolios which offer competitive money market rates. MSDLAF stresses "safety of principal" as the number one objective and each of its portfolios are rated by Standard and Poor's. Additional fixed income investment products are available through the Investment Adviser to assist MSDLAF Participants in seeking to maximize results.

### Public Focus

Since it was established, MSDLAF's single focus has been serving the investment needs of its Participants. MSDLAF's activities are directed by a Board of Trustees, all of whom are financial officials of Minnesota schools. The MSDLAF Board of Trustees contracts for services with professional service providers who are industry leaders in their fields. As a result, MSDLAF is accountable solely to its Participants.

### Investment Options

Currently, MSDLAF offers Participants the Liquid Class and the MAX Class of the MSDLAF+ Portfolio, a short-term money market portfolio, and also MSDLAF+ Term, which offers Participants fixed-term investments with a minimum maturity of 60 days to a maximum maturity of up to one year. Additionally, fixed-term investments and individually managed portfolios, which are not a part of MSDLAF, are available under a separate agreement with MSDLAF's investment adviser.

#### The Liquid Class

The Liquid Class of the MSDLAF+ Portfolio seeks to preserve principal, provide daily liquidity and earn a high level of income, consistent with its objectives of preserving principal. This class is rated AAAM\* by Standard & Poor's and offers Participants daily liquidity, interest earned daily and credited monthly, competitive money market rates and unlimited check writing privileges.

#### The MAX Class

The Max Class of the MSDLAF+ Portfolio seeks to preserve principal, but provides investors an alternative for funds which don't need to be as liquid as those in the Liquid Class. This class is rated AAAM\* by Standard & Poor's. There is a 14-day minimum deposit period for investments in the MAX Portfolio and a requirement to provide 24-hour notice of withdrawal, but the 14-day requirement is waived for State Payments sent directly to MSDLAF via Automated Clearing House (ACH) transfer.

#### MSDLAF+ TERM

MSDLAF+ Term provides a fixed-rate, fixed-term investment option within the Trust to complement the Liquid and MAX Classes of the MSDLAF+ Portfolio. The projected earnings rate for investments in MSDLAF+ Term are determined when the shares are

purchased and earnings are declared and paid on a planned withdrawal date. Multiple MSDLAF+ Term series will be created with staggered maturity dates. Each Series of MSDLAF+ Term is a portfolio of Permitted Investments and will have a Series-specific Scheduled Withdrawal Date. The investment strategy of MSDLAF+ Term is to match the cash flows required to meet Participants' planned withdrawals, including the projected earnings, with the cash flows from the portfolio. Funds of a Participant would be invested in MSDLAF+ Term through same day wire or transfers from the Participant's account in the Liquid Class. Upon withdrawal of a MSDLAF+ Term investment, funds will be transferred to the Participant's account in the Liquid Class or upon the request of a Participant, transferred by bank wire to a pre-authorized Participant bank account. MSDLAF+ TERM is rated AAAF\* by Standard & Poor's.

### **Fixed Income Investment Program**

The Board of Trustees approved the Investment Adviser making available to Participants a fixed income investment program. This program will allow Participants to individually invest in securities issued by the United States Government or agencies or instrumentalities thereof, certificates of deposit and other fixed income investments permitted by Minnesota law. The Investment Adviser will offer investment advice on a non-discretionary basis and assist Participants in the purchase of these investments for an advisory fee, based upon factors such as the amount and complexity of the transaction. The CDs available through this program are usually issued in denominations up to the maximum amount insured by the FDIC, and, within the limits and to the extent of insurance provided by the FDIC, may be separately insured by the FDIC from any certificates of deposit which may be held by MSDLAF.

### **Individually Managed Portfolios**

Individualized portfolios ("Individual Portfolios") are designed to offer Participants a comprehensive solution to their investment needs and enable them to invest in longer-term investments in a manner that is coordinated by the Investment Adviser with their investment in the Fund. The portfolios are created pursuant to a separate agreement between a Participant and the Fund's Investment Adviser. The Investment Adviser has agreed with the Fund that fees for these programs shall not exceed 25 basis points (0.25%) of the daily net assets under management in each respective portfolio. The Custodian will hold assets in an Individual Portfolio in a separate account in the Participant's name. Individual Portfolios may be appropriate for certain operating funds and reserves ("Separate Account Management") or for bond proceeds ("Bond Account Management"), as further described below:

**Separate Account Management (SAM)** In the SAM program, the Investment Adviser works with each Participant to create a comprehensive investment strategy and individualized portfolio of fixed income investments for that Participant. Each SAM account is created by the Investment Adviser following a review of budget and cash flow projections and schedules. SAM accounts can be managed on either a discretionary or non-discretionary basis. Participants participating in the SAM program may receive a cash flow review, investment policy review and assistance in determining acceptable benchmarks, in addition to other cash management services (during the term of the investment advisory agreement).

**Bond Account Management (BAM)** In the BAM program, the Investment Adviser works closely with the Participant to create a comprehensive investment strategy and portfolio for the Participant while focusing on the project's disbursement needs for the bond financed project. In addition, the Investment Adviser offers arbitrage rebate services, investment policy review and development, cash flow modeling, and cash management services.

## Services

To simplify investing, MSDLAF also offers a variety of cash management tools to assist public agencies in effectively managing their cash, such as automatic transfers, which help Participants minimize the effort of transferring funds. MSDLAF also provides unlimited sub-accounting, which allows Participants to easily track investments for different funds or entities. As a Participant in MSDLAF, you may access your account information 24 hours a day, seven days a week through EON (Easy Online Network). This on-line service provided by the Investment Adviser offers complete, up-to-date account and investment information, pertinent general information, transaction input up to six months in advance, current and previous monthly statements, and current yield information. MSDLAF's Investment Adviser also provides a number of specialized services for bond proceeds to help Participants comply with complex arbitrage rebate regulations. These services include expenditure tests and arbitrage rebate tracking.

## We Value Your Participation

The Board of Trustees is committed to managing the Fund in a manner that meets the investment and associated record-keeping and cash management needs of its Participants. We are interested in your feedback. For additional information, please call us at 1-888-4-MSDLAF or visit us online at [www.msdlaf.org](http://www.msdlaf.org).

*\* These ratings are based on Standard & Poor's ("S&P") analysis of each portfolio's credit quality, market price exposure and management. According to S&P rating criteria, the AAAM rating signifies excellent safety of invested principal and a superior capacity to maintain a \$1.00 per share net asset value and the AAAR rating that a fund's portfolio holdings provide extremely strong protection against losses from credit defaults. However, it should be understood that these ratings are not a "market" rating or a recommendation to buy, hold or sell the securities.*

# Report of Independent Auditors

To the Board of Trustees of the Minnesota School District Liquid Asset Fund Plus and Participants of MSDLAF+ Term Series G

In our opinion, the accompanying statement of assets and liabilities, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of MSDLAF+ Term Series G (the "Fund") at December 31, 2009, and the results of its operations, the changes in its net assets and the financial highlights for the period June 26, 2008 (commencement of operations) through December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



New York, New York  
April 26, 2010

# MSDLAF+ Term Series G

## Statement of Assets and Liabilities

December 31, 2009

<b>Assets</b>	
Cash .....	\$ 24,520
Total Assets .....	24,520
<b>Liabilities</b>	
Investment Advisory Fees Payable .....	9,315
Audit Fees Payable .....	15,000
Banking Fees Payable .....	205
Total Liabilities .....	24,520
<b>Net Assets</b>	\$ —

## Statement of Operations

Period June 26, 2008<sup>(1)</sup> through December 31, 2009

<b>Investment Income</b>	
Interest Income .....	\$ 508,227
<b>Expenses</b>	
Investment Advisory and Administration Fees .....	73,386
Banking Fees .....	1,929
Audit Fees .....	15,000
Rating Fees .....	6,500
Liability Insurance Premiums .....	487
Legal Fees .....	215
Trustee Expenses .....	478
Total Expenses .....	97,995
Less Investment Advisory and Administration Fee Waivers .....	(49,071)
Net Expenses .....	48,924
<b>Net Investment Income</b> .....	459,303
<b>Net Realized Gain on Sale of Investments</b> .....	9,885
<b>Net Increase in Net Assets Resulting from Operations</b> .....	\$ 469,188

(1) Date of commencement of operations.

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

# MSDLAF+ Term Series G

## Statement of Changes in Net Assets

Period June 26, 2008<sup>(1)</sup> through December 31, 2009

INCREASE IN NET ASSETS	
<b>Operations</b>	
Net Investment Income . . . . .	\$ 459,303
Net Realized Gain on Sale of Investments . . . . .	9,885
Net Increase in Net Assets . . . . .	469,188
<b>Distributions</b>	
Net Investment Income . . . . .	(459,303)
Net Realized Gain on Sale of Investments . . . . .	(9,885)
Total Distributions . . . . .	(469,188)
<b>Capital Transactions</b>	
Issued . . . . .	63,400,000
Redeemed . . . . .	(63,869,188)
Distributions Reinvested . . . . .	469,188
Net Increase . . . . .	—
<b>Net Assets</b>	
Beginning of Period . . . . .	—
End of Period . . . . .	\$ —

## Financial Highlights

Period June 26, 2008<sup>(1)</sup> through December 31, 2009

Ratio of Expenses to Average Net Assets <sup>(2)</sup> . . . . .	0.17%
Ratio of Expenses to Average Net Assets Before Fee Waivers . . . . .	0.34%
Ratio of Net Investment Income to Average Net Assets <sup>(2)</sup> . . . . .	1.58%
Ratio of Net Investment Income to Average Net Assets Before Fee Waivers . . . . .	1.41%
Total Return <sup>(3)</sup> . . . . .	2.11%

(1) Date of commencement of operations.

(2) Ratios are computed on an annual basis using the period during which shares of MSDLAF+ TERM Series G were outstanding. Shares of MSDLAF+ TERM Series G were outstanding from June 26, 2008 through August 16, 2009, a period of 416 days.

(3) Unannualized. Determined by geometrically linking period returns.

The financial highlights are calculated for the fund taken as a whole. The computation of such ratios and total return for an individual investor may vary based on the timing of capital transactions.

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

# Notes to Financial Statements

## A. Description of the Fund

The Minnesota School District Liquid Asset Fund Plus (“MSDLAF”) was established on November 29, 1984, as a common law trust organized under Section 471.59 of the Minnesota Statutes (the Joint Powers Act). The purpose of MSDLAF is to enable such school districts and other organized bodies to pool their available funds for investment. MSDLAF may invest only in instruments as authorized by Section 475.66 of the Minnesota Statutes. Shares of MSDLAF’s portfolios are offered exclusively to Minnesota school districts, intermediate units, cooperative units, regional information centers and joint purchasing units.

MSDLAF currently consists of the MSDLAF+ Portfolio and the MSDLAF+ Term Series. The MSDLAF+ Portfolio has a Liquid Class of shares and a MAX Class of shares. The financial statements of each MSDLAF+ TERM Series are prepared following the termination date of each individual MSDLAF+ TERM series. These financial statements and related notes encompass only the MSDLAF+ Term Series G (the “Fund”).

MSDLAF+ Term’s shares have termination dates of up to one year. Each Series of MSDLAF+ Term is a portfolio of Permitted Investments and will have a Series-specific termination date. Multiple MSDLAF+ Term Series are created with staggered maturity dates. MSDLAF+ Term offers its Participants an estimated yield on their investments when the shares are purchased. The investment strategy of MSDLAF+ Term is to match as closely as possible the cash flows required to meet Participants’ planned redemptions, including the projected dividend, with the cash flows from the portfolio. Consistent with this strategy, active trading of securities held by the portfolio will be practiced with the objective of enhancing the overall yield of the portfolio. A Participant only receives dividends from the investment of the MSDLAF+ Term Series in which it is invested. At the termination date of any MSDLAF+ Term Series, any excess net income of the Series may be distributed in the form of a supplemental dividend only to Participants of the Series that are outstanding on the termination date of the Series, and the excess net income will be allocated on a pro rata basis to all participants then outstanding. MSDLAF Term Series G terminated operations December 31, 2009. Shares of MSDLAF Term Series G were outstanding from June 26, 2008 through August 16, 2009.

The investment portfolio of each MSDLAF+ Term Series is accounted for independent of the investment portfolio of any other Series or portfolio of MSDLAF. In the event a MSDLAF+ Term Series portfolio were to realize a loss (whether of principal or interest), no contribution would be made to such MSDLAF+ Term Series from any other Series or portfolio to offset such loss. No Series would constitute security or collateral for any other Series or portfolio.

## B. Summary of Significant Accounting Policies

The accompanying financial statements of the Fund have been prepared on the basis of accounting principles generally accepted in the United States of America (“GAAP”).

## **Use of estimates in financial statement preparation**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

## **Valuation of investments**

Portfolio securities are valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any premium or discount. It is Fund's policy to compare amortized cost and fair values of the securities periodically throughout each month and as of the last business day each month. Fair value is determined by reference to quoted market prices.

## **Investment transactions**

Security transactions are accounted for on trade date (date the order to buy or sell is executed). Costs used in determining realized gains and losses on the sale of investment securities are those of specific securities sold. Interest income is recorded using the accrual method. Discounts and premiums are accreted and amortized, respectively, to interest income over the lives of the respective securities.

## **Income and expense allocations**

Certain expenses of MSDLAF, such as legal fees, trustee expenses and insurance premiums are allocated between the MSDLAF+ Portfolio and each MSDLAF+ Term Series based on the relative net assets of each when such expense are incurred. Income, realized gains and losses and expense specific to Series of MSDLAF+ Term, such as investment advisory, administration, audit, banking and rating fees, are allocated to the MSDLAF+ Term Series to which they relate.

## **Income tax status**

Pursuant to Section 115 of the Internal Revenue Code, the Fund is not a taxable entity. Accordingly, no provision for income tax is required in the financial statements. The Fund has evaluated this tax position to determine whether the tax position is "more likely-than-not" of being sustained by the applicable tax authority. Management has concluded that no provision for federal income tax is required for the Fund's financial statements.

## **Repurchase agreements**

Repurchase agreements entered into with broker-dealers are secured by U.S. government or agency obligations. The Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. Repurchase agreements are collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines, realization of the value of the obligation by the Fund may be delayed. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to delays from legal proceedings.

## **Subsequent events**

The Fund has evaluated subsequent events through April 26, 2010, the date through which procedures were performed to prepare the financial statements for issuance. No events have taken place that meet the definition of a subsequent event that requires disclosure in these financial statements.

## **C. Fund Expenses**

### **Investment advisory, administration and distribution services**

Pursuant to an Investment Advisory Agreement with MSDLAF, PFM Asset Management LLC ("PFM") serves as the Investment Adviser and Administrator of the Fund, and PFM's wholly-owned subsidiary, PFM Fund Distributors, Inc., serves as Distributor of the Fund.

Under terms of its Investment Advisory Agreement with MSDLAF each MSDLAF+ Term series pays PFM a monthly fee for investment advisory and administration at the annual rate of 0.25% of average daily net assets. Such fee is calculated daily and paid monthly. At its discretion, PFM may waive some or all of its fees for each MSDLAF+ Term series, and such waiver may be discontinued at any time. PFM Fund Distributors is not compensated for the marketing services it provides to the Fund.

PFM voluntarily waived \$49,071 of the fees to which it was entitled for services provided to the Fund during the period June 26, 2008 through December 31, 2009. During this period, the fees charged to the Fund by PFM represent an effective annual rate of 0.08%. Had PFM not waived these fees the total expenses of the Fund for the period June 26, 2008 through December 31, 2009 would have represented an effective annual rate of 0.34% of average daily net assets.

### **Other Fund expenses**

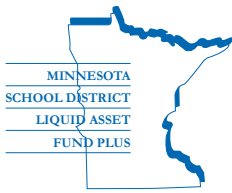
MSDLAF pays expenses incurred by its Trustees and officers (in connection with the discharge of their duties), insurance for the Trustees, banking fees, audit fees, rating fees and legal fees. Expenses which are not specifically related to a particular portfolio or Series of the MSDLAF are allocated between the portfolio or Series to which they relate.

### **Representations and indemnifications**

In the normal course of business, MSDLAF enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience the Fund expects the risk to loss to be remote.

## **D. Dividends and Distributions**

Dividends to Participants of MSDLAF+ Term are declared and paid on the termination date of each series, except for dividends on shares redeemed pursuant to a planned early redemption or a premature redemption before the termination date of such series, which will be declared and paid when such shares are redeemed.



## **Sponsoring Organizations**

### **Minnesota Association of School Administrators**

Dr. Charles Kyte\*, Executive Director

### **Minnesota School Boards Association**

Robert Meeks\*, Executive Director

### **Minnesota Association of School Business Officials**

Connie Nordquist\*, Executive Director

\* *Ex-Officio Trustees*

## **Service Providers**

Investment Adviser & Administrator

### **PFM Asset Management LLC**

45 South Seventh Street, Suite 2800  
Minneapolis, Minnesota 55402

One Keystone Plaza, Suite 300  
North Front & Market Streets  
Harrisburg, Pennsylvania 17101-2044

Airport Corporate Center  
One Corporate Drive, Suite 101  
Bohemia, New York 11716

Distributor

### **PFM Fund Distributors, Inc.**

45 South Seventh Street, Suite 2800  
Minneapolis, Minnesota 55402

One Keystone Plaza, Suite 300  
North Front & Market Streets  
Harrisburg, Pennsylvania 17101-2044

Custodian

### **U.S. Bank, N.A.**

One U.S. Bank Plaza  
St. Louis, Missouri 63101

Independent Auditors

### **PricewaterhouseCoopers LLP**

300 Madison Avenue  
New York, New York 10017

Legal Counsel

### **Knutson, Flynn & Deans**

1155 Centre Point Drive, Suite 10  
Mendota Heights, Minnesota 55120

## **Trustees and Officers**

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Vice Chairperson

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### **Karen Kirschner**

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### **Lydia Lee**

School Board Member of Special School  
District No. 1 (*Minneapolis*)

### **Heide Miller**

Director of Business Services  
of Independent School District  
No. 2144 (*Chisago Lakes Area*)

### **Bruce Novak**

Superintendent of Schools of Independent  
School District No. 911 (*Cambridge-Isanti*)

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## **Minnesota School District Liquid Asset Fund Plus**

c/o Minnesota School Boards Association

1900 West Jefferson Avenue • St. Peter, Minnesota 56082

1-888-4-MSDLAF

[www.msdlaf.org](http://www.msdlaf.org)