SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

SUFFOLK COUNTY PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
JUNE 30, 2015 AND 2014

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fuocogroup
Certified Public Accountants Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Suffolk County Public Employees
Deferred Compensation Board:

We have audited the accompanying statements of fiduciary net assets available for plan benefits of the Suffolk County Public Employees Deferred Compensation Plan (the Plan), as of June 30, 2015 and 2014, and the related statements of changes in fiduciary net assets available for plan benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Suffolk County Public Employees Deferred Compensation Plan as of June 30, 2015 and 2014, and the respective changes in net assets available for plan benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for planning the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fuoco Group, LLP

Hauppauge, New York
June 22, 2016

SUFFOLK COUNTY PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2015 AND 2014

Overview

The following discussion and analysis is supplementary information required by accounting principles generally accepted in the United States of America and is intended to provide background and summary information for the Suffolk County (the County) Public Employees Deferred Compensation Plan (the Plan). This discussion and analysis should be read in conjunction with the financial statements, including notes, which begin on page 8.

These financial statements consist of the statements of fiduciary net assets available for plan benefits and the statements of changes in fiduciary net assets available for plan benefits which provide information about the financial status of the Plan. These statements include all assets and liabilities using the accrual basis of accounting. Revenue and expenses are taken into account regardless of when cash is received or paid.

Financial Highlights

Fiduciary net assets available for plan benefits totaled $1,212,115,519 and $1,139,604,491 at June 30, 2015 and 2014, respectively. This represents an increase of 6.4% and 17.8% in 2015 and 2014, respectively. The increase was significantly less in 2015 than 2014 due to market depreciation of the investments.

Employee contributions increased in 2015. Contributions from participants were $47,439,968 and $45,562,169 in 2015 and 2014, respectively. The 2015 contributions represent an increase of 4.1% over the 2014 contributions. Contributions may have increased due to ongoing efforts to increase plan awareness and deferral rates.

Plan Additions for 2015 and 2014

	2015	2014	% Change
Employee contributions	$ 47,439,968	$ 45,562,169	4.1%
Rollovers and transfers, net	1,384,493	1,769,515	-21.8%
Interest and dividends	70,447,844	41,572,682	69.5%
Interest on participant loans	652,192	619,068	5.4%
Net appreciation (depreciation) in fair value of investments	(8,400,094)	123,757,445	-106.8%
Other income	69,950	60,002	16.6%
Total additions	$111,594,353	$213,340,881	-47.7%

SUFFOLK COUNTY PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2015 AND 2014

Plan Additions for 2014 and 2013

	2014	2013	% Change
Employee contributions	$ 45,562,169	$ 45,301,005	0.6%
Rollovers and transfers, net	1,769,515	1,953,218	-9.4%
Interest and dividends	41,572,682	27,191,105	52.9%
Interest on participant loans	619,068	577,180	7.3%
Appreciation (depreciation) in fair value of investments	123,757,445	74,284,847	66.6%
Other income	60,002	47,417	26.5%
Total additions	$ 213,340,881	$ 149,354,772	42.8%

Fluctuations in administrative expenses from year to year are the result of various transactions executed by participants such as loan processing fees and financial advice fees.

Plan Distributions and Expenses for 2015 and 2014

	2015	2014	% Change
Distributions to participants and beneficiaries	$ 38,833,066	$ 40,605,017	-4.4%
Administrative expenses	250,259	261,195	-4.2%
Total deductions	$ 39,083,325	$ 40,866,212	-4.4%

Plan Distributions and Expenses for 2014 and 2013

	2014	2013	% Change
Distributions to participants and beneficiaries	$ 40,605,017	$ 43,315,173	-6.3%
Administrative expenses	261,195	168,934	54.6%
Total deductions	$ 40,866,212	$ 43,484,107	-6.0%

The offering of loans to participants continues to be a popular option. As of June 30, 2015 and 2014, outstanding loan balances were $16,204,455 and $15,354,894, respectively. We anticipate that the participation rate among employees will increase due to the availability of this option and the volatility of the economy.

Statements of Net Assets Available for Benefits

	2015	2014
Mutual funds	$ 569,148,831	$ 884,047,636
Common trust funds	388,128,709	-
Guaranteed investment contracts	234,294,137	236,632,819
Notes receivable from participants	16,204,455	15,354,894
Cash in bank	231,928	236,602
Fiduciary net assets available for plan benefits, at fair value	$ 1,208,008,060	$ 1,136,271,951

Statements of Net Assets Available for Benefits

	2014	2013
Mutual funds	$ 884,047,636	$ 721,391,978
Common trust funds	-	-
Guaranteed investment contracts	236,632,819	231,058,972
Notes receivable from participants	15,354,894	14,452,446
Cash in bank	236,602	226,426
Fiduciary net assets available for plan benefits, at fair value	$ 1,136,271,951	$ 967,129,822

Decisions and Conditions Expected to Have a Significant Impact on the Plan's Future Financial Position

The annual maximum contribution was $18,000 for 2015 and $17,500 for 2014. If an employee is age 50 or older, the contribution limit was $24,000 for 2015 and $23,000 for 2014. These contribution limits will remain at $18,000 for 2016 ($24,000 if an employee is age 50 or older).

The market value of the Plan's assets from mid-2014 to mid-2015 increased in excess of $71 million, compared to an increase from mid-2013 to mid-2014 in excess of $169 million.

Factors that may have a positive impact on the fiduciary net assets available for plan benefits include:

- In Spring of 2015, after a request for proposal process, the Board selected T. Rowe Price as its sole service provider. In July of 2015, all assets at VALIC were transitioned to T. Rowe Price. Of the 38 non-T. Rowe Price stock and bond funds that were being offered by VALIC, 27 of those funds were added to the T. Rowe Price line-up, 22 of which are being offered with lower expense ratios. Those not being offered were duplicate target date funds. Also in July of 2015, 21 different T. Rowe Price funds changed to Common Trust Funds, which have lower expense/trustee fees. Obtaining these lower-fee funds should have a positive impact in the future on net assets available for plan benefits.

- The local presence of service provider representatives: VALIC had three employees assigned to various County buildings on a regular basis, during the Plan Year. T. Rowe Price is currently providing representatives who are on-site at County buildings or at union offices for 50 days per year.

- Negotiated bargaining agreements by most bargaining units extend into the future. If employees know they will get steps (increases) or scheduled salary raises, they are more likely to plan ahead and increase their biweekly contribution amounts. In addition, most County employees who have completed ten years of service no longer contribute to the New York State pension plan. These employees are sent letters encouraging them to join the Plan or increase their deferrals since they will no longer have the obligation of contributing to their pension.

- It is hoped that the lack of participant fees, the availability of funds with low expense ratios, as well as the Board's policy allowing retirees or terminated employees to stay in the Plan will encourage former employees to remain in the Plan rather than rollout their account balances into Individual Retirement Accounts (IRAs) or other employers' plans.

- In a continual effort to enhance and improve the Plan, the Board evaluates the Plan offerings and removes and/or replaces funds due to a variety of factors, including under-performance over time or under-utilization.

- Effective June 26, 2015, T. Rowe Price resumed offering the Stable Value Fund to Suffolk County participants. On July 1, 2015, all assets in the T. Rowe Price Summit Cash Reserves Fund were mapped to the Stable Value Fund, where participants will earn substantially more interest. During the July, 2015 transition of assets from VALIC to T. Rowe Price, all assets in the VALIC fixed and stable interest accounts were mapped to the T. Rowe Price Stable Value Fund.

- The Board is committed to exploring options to reach out to non-participants or to educate participants on the importance of reaching their retirement goals. The Plan has had its own website (www.scdeferredcomp.org) since 2006. The site provides access to Board-produced and provider-produced forms as well as informational materials, including a listing of fund offerings for the prospective participants. The site has grown to include links to the providers as well as links to the bargaining units whose members sit on the Board. The website enables the Board to announce enhancements as well as store all prior employee memorandums relating to our Plan and quarterly Plan newsletters.

- The Board produced a *Plan Summary Guide*, formerly known as the Retirement Savings Planning Guide, to inform both non-participants and current participants of the benefits of joining and remaining in the Plan. The guide includes a comparative table to help the participant understand the value of contributing to a pre-tax deferral 457 plan as opposed to a post-tax deferral savings plan. This guide is posted on the Plan's website.

- The Administrator conducts employee orientations so that new employees are introduced to the Plan, given plan materials and can have their questions answered. Promoting rollover of assets, such as IRAs, into our Plan has been incorporated into the orientation's PowerPoint slides.

Factors that may negatively impact the fiduciary net assets available for plan benefits include:

- The volatility of the market could impact investment yields, loan levels and unforeseeable emergency (UFE) requests. As of December 2015, the Board has approved 5 UFE requests compared to 6 UFE's in 2014 approved by the Board. As of September 2015, $16.2 million dollars in loans are outstanding compared to $15.4 million in 2014.

- The creation of a County 401(a) program for terminal pay, currently negotiated for four of eight bargaining units may re-direct contributions from the Plan. The 401(a) Terminal Pay Plan commenced in 2015. The first $53,000 of separation pay must be contributed to the 401(a) plan, the remainder, if any, can be contributed to the Plan up to the 457(b) limits set by the Internal Revenue Service. The 401(a) has not yet impacted the Plan, as members of the four unions participating typically receive separation pay checks that are large enough to contribute fully to both the 401(a) and 457(b). If other bargaining units negotiate the Plan, that will not be the case and there could be a negative impact on net assets available for plan benefits.

- The continuing reduction in the County workforce will likely have a negative impact on Plan assets. The number of County employees has been reduced by approximately 10% over the last four years and a greater portion of the workforce is part time employees. Part time employees are less likely to participate in the Plan and less likely to contribute at the level that a full time employee would contribute.

SUFFOLK COUNTY PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET ASSETS AVAILABLE FOR PLAN BENEFITS
JUNE 30, 2015 AND 2014

	2015	2014
Investments:		
Mutual funds	$ 569,148,831	$ 884,047,636
Common trust funds	388,128,709	-
Guaranteed investment contracts	234,294,137	236,632,819
Total investments, at fair value	1,191,571,677	1,120,680,455
Notes receivable from participants	16,204,455	15,354,894
Cash in bank	231,928	236,602
Adjustment to reflect fully benefit-responsive investment contracts to contract value	4,107,459	3,332,540
Total fiduciary net assets available for plan benefits	$ 1,212,115,519	$ 1,139,604,491

See accompanying notes to financial statements.

SUFFOLK COUNTY PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS AVAILABLE FOR PLAN BENEFITS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net appreciation/(depreciation) in fair value of investments	$ (8,400,094)	$ 123,757,445
Interest and dividends	70,447,844	41,572,682
Interest on participant loans	652,192	619,068
Total investment income	62,699,942	165,949,195
Contributions:		
Plan participants - deferrals of compensation	47,439,968	45,562,169
Rollovers and transfers, net	1,384,493	1,769,515
Total contributions	48,824,461	47,331,684
Other income:		
Revenue sharing income	69,950	59,868
Other	-	134
Total other income	69,950	60,002
Total additions	111,594,353	213,340,881
REDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants and beneficiaries	38,833,066	40,605,017
Administrative expenses	250,259	261,195
Total reductions	39,083,325	40,866,212
Change in fiduciary net assets available for plan benefits	72,511,028	172,474,669
Fiduciary net assets available for plan benefits at beginning of year	1,139,604,491	967,129,822
Fiduciary net assets available for plan benefits at end of year	$ 1,212,115,519	$ 1,139,604,491

See accompanying notes to financial statements.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Suffolk County Public Employees Deferred Compensation Plan (the Plan) is provided for general informational purposes. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan which permits employees of the County of Suffolk, New York (the County) to defer receipt of a portion of their current salary until future years. Participants do not pay income taxes on their contributions or investment returns while these funds remain in the Plan.

The Plan is intended to satisfy the requirements of an "eligible state deferred compensation plan" under Section 457 of the Internal Revenue Code (IRC) of 1986, as amended.

Amounts maintained under a deferred compensation plan by a state or local government is to be held in trust for the exclusive benefit of plan participants and their beneficiaries.

Contributions - Participants may defer the lesser of $18,000 or 100% of gross annual compensation for calendar year 2015 and the lesser of $17,500 or 100% of gross annual compensation for calendar year 2014. Individuals age 50 or over may make an additional “catch up” contribution effective for tax years after December 31, 2001. For calendar years 2015 and 2014, the additional “catch up” contribution was $6,000 and $5,500, respectively. An additional “catch up” is allowed for previous missed contributions for participants within three years of retirement.

Participant Accounts - Each participant's account is credited with the participant's contributions as remitted, with a daily allocation of Plan earnings (losses) on the investment options in which the participant is invested. Each participant's account balance is invested in accordance with the respective investment options selected by the participant. Participants are 100% vested in their account balances at all times. The Plan had approximately 9,477 and 9,382 participants with vested account balances at June 30, 2015 and 2014, respectively.

Payment of Benefits - A participant's deferred compensation account balance is available upon termination of service, retirement, death, or the occurrence of certain unforeseeable emergencies as defined by the IRC. A participant may elect to receive one lump sum amount equal to the value of his or her account, or periodic payments in monthly, quarterly, semi-annual or annual installments. In addition to these regular periodic payments, a participant may also request a non-scheduled distribution of at least $500 no more than twelve times a year.

Participants also have the right to redirect the timing, amount and method of payment of distributions. In connection with a participant's severance from employment, a participant may elect to have all or a portion of their account rolled over into a qualified plan, a 403(b) plan, another government 457 plan, or an individual retirement account.

Certain eligible participants are entitled to a full distribution (inactive account distribution) of their account prior to separation from service if the total amount payable does not exceed $5,000 and there have been no deferrals to the Plan by the participant in the prior two years. Participants are not eligible for an inactive account withdrawal if they have taken a prior inactive distribution election.

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

Notes Receivable from Participants - Participants, after approval from the Plan Administrator, may borrow from their fund accounts a minimum of $1,000 up to a maximum amount equal to the lesser of $50,000 or 50 percent of their vested account balance. Participants may have only one loan outstanding at a time. Loan transactions are treated as a transfer to (from) the investment fund from (to) the participant loan. The maximum payment term for any loan is 5 years, unless the loan is to be used to purchase a primary residence, in which case the loan may be extended to 15 years. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 1%.

Unforeseeable Emergency (UFE) - Participants, after approval from the Deferred Compensation Board, may receive a UFE withdrawal which may not exceed the lesser of the amount reasonably needed to meet the financial need created by such unforeseeable emergency or the value of the participant's plan balance as of the most recent valuation date. All payments shall be made in one lump sum cash withdrawal within 60 days after approval of the request.

Plan Amendments - There were no significant amendments to the Plan during the years ended June 30, 2015 and 2014.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Plan's financial statements have been prepared on the accrual basis of accounting. Participant contributions are recognized in the period in which the contributions are due. Benefits are recognized when due in accordance with the terms of the Plan.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - Investments are stated at their approximate market values based on quoted market prices, if available. If quoted market prices are not available, fair market value is estimated based on available data including interest rates and market values of assets with similar characteristics. Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income are recognized in the period earned. Gains and losses on the sale of investments are recognized when realized, while unrealized gains and losses are recognized daily based on fluctuations in market value. Investment income includes both the Plan's realized and unrealized gains and losses incurred throughout the year.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the fiduciary net position available for plan benefits attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of fiduciary net assets available for plan benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statements of changes in fiduciary net assets available for plan benefits are prepared on a contract value basis.
An increase of $4,107,459 and $3,332,540 was required to adjust the fully benefit–responsive investment contract to contract value at June 30, 2015 and 2014, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable from Participants - Notes receivable from participants are stated at their unpaid balances plus any unpaid accrued interest. Delinquent notes receivable are reclassified to distributions based on the terms of the Plan document.

NOTE 3 – INVESTMENTS

The Plan's investments are held by two service providers (T. Rowe Price and Variable Annuity Life Insurance Company (VALIC)) in mutual funds, guaranteed investment contracts, and common trust fund accounts.

The Plan's investments at June 30, 2015 and 2014 representing 5% or more of the Plan's fiduciary net position available for plan benefits are as follows:

	2015	2014
Guaranteed interest accumulation accounts, at fair value	$ 233,842,197	$ 236,632,819
Health Sciences fund	61,376,640	*

*Did not meet 5% threshold for respective year-end

NOTE 4 – FAIR VALUE MEASUREMENTS

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

- Level 2 - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.
There have been no changes in the methodologies used at June 30, 2015 and 2014

- Mutual funds and common trust funds - Valued at the market value of shares held by the Plan at year-end.
- Guaranteed interest accumulation account and stable value common trust fund - Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer (note 5).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value on a recurring basis as of June 30, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
Investment in Mutual Funds				
Bond Funds	$ 39,947,825	$ -	$ -	$ 39,947,825
Balanced Funds	62,115,964	-	-	62,115,964
Target Date Retirement Funds	12,016,119	-	-	12,016,119
Large Cap Equity Funds	129,977,072	-	-	129,977,072
Mid-Cap Equity Funds	28,213,063	-	-	28,213,063
Small Cap Equity Funds	13,198,539	-	-	13,198,539
International Equity Funds	64,109,763	-	-	64,109,763
Specialty Fund/Sector Funds	204,895,386	-	-	204,895,386
Fixed Income Money Market Funds	14,675,100	-	-	14,675,100
Total Investments in Mutual Funds	569,148,831	-	-	569,148,831
Common trust funds	388,128,709			388,128,709
Stable Value Common Trust Fund		451,940		451,940
Guaranteed Interest Accumulation Account	-	233,842,197	-	233,842,197
Total Investments - at Fair Value	$ 957,277,540	$ 234,294,137	$ -	$ 1,191,571,677

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

	2014			
	Level 1	Level 2	Level 3	Total
Investment in Mutual Funds				
Bond Funds	$ 47,411,632	$ -	$ -	$ 47,411,632
Balanced Funds	61,545,238	-	-	61,545,238
Target Date Retirement Funds	127,412,604	-	-	127,412,604
Large Cap Equity Funds	254,376,553	-	-	254,376,553
Mid-Cap Equity Funds	53,592,059	-	-	53,592,059
Small Cap Equity Funds	61,237,808	-	-	61,237,808
International Equity Funds	95,421,874	-	-	95,421,874
Specialty Fund/Sector Funds	168,683,539	-	-	168,683,539
Fixed Income Money Market Funds	14,366,329	-	-	14,366,329
Total Investments in Mutual Funds	884,047,636	-	-	884,047,636
Guaranteed Interest Accumulation Account	-	236,632,819	-	236,632,819
Total Investments - at Fair Value	$ 884,047,636	$ 236,632,819	$ -	$ 1,120,680,455

NOTE 5 – GUARANTEED INTEREST ACCUMULATION ACCOUNT AND STABLE VALUE COMMON TRUST FUND

There are three VALIC guaranteed interest accumulation accounts that Participants may invest in. Two offered by VALIC, one by T. Rowe Price. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contracts are included in the Plan's financial statements at market value. They are fully benefit-responsive. There are no reserves against the contract values for the credit risk of the contract issuer or otherwise. Following is a breakdown of each account:

	Fair value at June 30, 2015	Fair value at June 30, 2014
Minimum guaranteed annual effective rate, 3.08%, average interest rate credited for periods 3.08%	$ 163,769,528	$ 164,624,434
Minimum guaranteed annual effective rate, 1%, average interest rate credited for periods 1.25%	6,203,290	5,057,016
Minimum guaranteed annual effective rate, .25%, average interest rate credited for periods, .25%	63,869,379	66,951,369
Total Investment in Guaranteed interest accumulation accounts	$ 233,842,197	$ 236,632,819

Total contract value at June 30, 2015 and June 30, 2014 was $237,949,656 and $239,965,359, respectively.

NOTE 5 – GUARANTEED INTEREST ACCUMULATION ACCOUNT AND STABLE VALUE COMMON TRUST FUND (CONTINUED)

At the end of the plan year June 30, 2015 a stable value common trust fund was offered to participants by T. Rowe Price. The account will be credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's June 30, 2015 financial statement at market value of $451,940 which approximates contract value. It is fully benefit-responsive. There were no reserves against contract value for the credit risk of the issuer or otherwise.

NOTE 6 – RECORDKEEPING AND ADMINISTRATIVE EXPENSES

The Deferred Compensation Board serves as the Plan administrator and represents the County in all matters concerning administration of the Plan.

Expenditures for administrative expenses such as loan processing fees and financial advice fees are paid directly by the Plan participants. The two service providers offering the Plan investments share the cost of a deferred compensation plan administrator, a civil service employee. The administrator's salary, and related benefits, are reimbursed to the County on a pro-rata basis based on Plan position as of June 30th and December 31st each year. In addition, both providers share the cost of the annual audits of the Plan's financial statements, based on a 50-50 split.

In addition, effective with the July 1, 2005 service provider agreement, the Deferred Compensation Board has agreed to a revenue sharing arrangement with one of the service providers. Under this arrangement, the service provider is to pay the Board a portion of revenue earned from the assets held by the Plan. Such revenue will be remitted directly to the Board and used in the best interest of the Plan as determined by the Board, including but not limited to Board Member education and training, on-line subscriptions, association memberships, computer equipment and office supplies. The revenue sharing is calculated at the end of a full year based on the total assets (exclusive of Participant loans and the Guaranteed interest accumulation accounts) held as of December 31St at that year. In February 2015, the Board received revenue sharing in the amount of $69,950 based on the assets at December 31, 2014. In January 2014, the Board received revenue sharing in the amount of $59,868 based on the assets at December 31, 2013.

Effective with the July 1, 2005 service provider agreement, the providers agreed to reimburse the Board for the quarterly administrative charge in lieu of charging the participants. Effective July 1, 2005, the providers reimbursed the Board $1.25 per quarter for each participant that had a balance at the end of the quarter. Effective July 1, 2010, the providers agreed to increase the quarterly administrative reimbursement to $1.75 per participant for the quarter.

Both service provider agreements expired in June 2015. See Note 10.

NOTE 7 – PLAN TERMINATION

The County reserves the right to amend, suspend, or terminate the Plan and any deferrals there under, the trust agreement and any investment fund, in whole or in part and for any reason and without the consent of any employee, participant, beneficiary, or other person. Upon termination of the Plan, all amounts deferred shall be payable as provided in the Plan.

NOTE 8 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net assets available for Plan benefits.

NOTE 9 – LITIGATION

The Plan was a co-defendant in a case entitled Suffolk County Association of Municipal Employees, Inc. ("AME") v. Suffolk County Public Employees Deferred Compensation Board, et al., in which AME was seeking to invalidate the decision of the Suffolk County Public Employees Deferred Compensation Board to follow a prior determination of the New York State Deferred Compensation Board wherein the State Board concluded that employees of Suffolk Community College were no longer eligible to participate in the Plan. In July 2013, the Court entered judgment in favor of the County Respondents and the State Board. In September 2013, AME filed a notice of appeal. In November 2015 the Supreme Court of the State of New York denied the petition and dismissed the proceeding. As such, the matter is closed with no impact on the Plan's fiduciary net assets available for plan benefits.

NOTE 10 – SUBSEQUENT EVENTS

During March 2015, the Plan made the determination that on July 1, 2015, T. Rowe Price will become the sole service provider of the Plan. In July 2015 all assets held by VALIC were transitioned to T. Rowe Price. The Plan is still in the process of negotiating a final contract with T. Rowe Price.

The Plan has evaluated events after June 30, 2015, and through June 22, 2016, which is the date the financial statements were available to be issued, and determined that, other than the item noted above, any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.