

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED
COMPENSATION PLAN**

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2018 and 2017

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Suffolk County Public Employees Deferred Compensation Plan

We have audited the accompanying financial statements of Suffolk County Public Employees Deferred Compensation Plan (the "Plan"), which comprise the statements of net position available for plan benefits as of June 30, 2018 and 2017, and the related statements of changes in net position 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 from 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 basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position available for plan benefits of Suffolk County Public Employees Deferred Compensation Plan as of June 30, 2018 and 2017, and the changes in net position available for plan benefits for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

UHY LLP

New York, New York
December 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2018 and 2017**

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 net position available for plan benefits and the statements of changes in net position 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. Additions and deductions are taken into account regardless of when cash is received or paid.

Financial Highlights

Net position available for plan benefits totaled \$1,599,346,524 and \$1,423,513,497 at June 30, 2018 and 2017, respectively. This represents an increase of 12.4% and 15.6% in 2018 and 2017, respectively. Net assets available increased at a slightly lower rate in 2018 than 2017 due primarily to a decrease in investment income.

Employee contributions increased in 2018. Contributions from participants were \$59,487,572 and \$54,465,966 in 2018 and 2017, respectively. The 2018 contributions represented an increase of 9.2% over the 2017 contributions. Contributions likely increased due to expanded efforts to increase plan awareness, participation rates and deferral rates.

Plan Additions for 2018 and 2017

	Years Ended June 30,		% Change
	2018	2017	
Employee contributions	\$ 59,487,572	\$ 54,465,966	9.2%
Rollovers and transfers, net	3,023,648	1,488,501	103.1%
Interest and dividends	86,998,717	53,131,898	63.7%
Interest on participant loans	672,782	687,451	-2.1%
Net appreciation in fair value of investments	78,787,717	125,994,795	-37.5%
Other income	1,103,553	909,500	21.3%
Total additions	<u>\$ 230,073,989</u>	<u>\$ 236,678,111</u>	-2.8%

Plan Additions for 2017 and 2016

	Years Ended June 30,		% Change
	2017	2016	
Employee contributions	\$ 54,465,966	\$ 50,254,156	8.4%
Rollovers and transfers, net	1,488,501	2,394,893	-37.8%
Interest and dividends	53,131,898	32,717,673	62.4%
Interest on participant loans	687,451	654,392	5.1%
Net appreciation in fair value of investments	125,994,795	(26,077,580)	-583.2%
Other income	909,500	1,444,998	-37.1%
Total additions	<u>\$ 236,678,111</u>	<u>\$ 61,388,532</u>	285.5%

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2018 and 2017**

Distributions to participants, including rollovers out of the Plan and distributions to terminated participants, increased by 20.7% in 2018 and 8.1% in 2017.

Plan Distributions and Expenses for 2018 and 2017

	Years Ended June 30,		% Change
	2018	2017	
Distributions to participants and beneficiaries	\$ 53,887,010	\$ 44,655,132	20.7%
Administrative expenses	353,952	301,612	17.4%
Total deductions	<u>\$ 54,240,962</u>	<u>\$ 44,956,744</u>	20.7%

Plan Distributions and Expenses for 2017 and 2016

	Years Ended June 30,		% Change
	2017	2016	
Distributions to participants and beneficiaries	\$ 44,655,132	\$ 41,308,778	8.1%
Administrative expenses	301,612	403,143	-25.2%
Total deductions	<u>\$ 44,956,744</u>	<u>\$ 41,711,921</u>	7.8%

Participant loans continue to be a popular option. As of June 30, 2018 and 2017, outstanding loan balances were \$15,072,660 and \$14,862,659, respectively.

Statements of Net Position Available for Plan Benefits

	June 30,	
	2018	2017
Mutual funds	\$ 713,474,726	\$ 620,512,278
Common trust funds	602,668,442	519,771,301
Guaranteed investment contracts	267,796,155	268,037,298
Notes receivable from participants	15,072,660	14,862,659
Revenue sharing receivable	179,546	154,969
Cash in bank	154,995	195,293
Accrued expenses	-	(20,300)
Net position available for plan benefits	<u>\$ 1,599,346,524</u>	<u>\$ 1,423,513,497</u>

Statements of Net Position Available for Plan Benefits

	June 30,	
	2017	2016
Mutual funds	\$ 620,512,278	\$ 521,702,691
Common trust funds	519,771,301	433,104,737
Guaranteed investment contracts	268,037,298	260,244,920
Notes receivable from participants	14,862,659	15,447,615
Revenue sharing receivable	154,969	1,080,836
Cash in bank	195,293	241,481
Accrued expenses	(20,300)	(30,150)
Net position available for plan benefits	<u>\$ 1,423,513,497</u>	<u>\$ 1,231,792,130</u>

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2018 and 2017**

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

The annual maximum contribution was \$18,500 and \$18,000 for 2018 and 2017, respectively. If an employee is age 50 or older, the contribution limit was \$24,500 and \$24,000 for 2018 and 2017, respectively. These contribution limits will increase in 2019 to \$19,000 or \$25,000 if an employee is age 50 or older.

The market value of the Plan's assets increased in excess of \$175 million from mid-2017 to mid-2018. Approximately \$166 million of the Plan's additions are attributed to investment income.

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

- The Board launched online (paperless) enrollment in April of 2018 and believes that this enhancement will result in a higher Plan participation rate, as well as employees enrolling in the Plan earlier on in their careers. The Plan had a 44.4% increase in new enrollments for the plan year ended June 30, 2018 compared to new enrollments for the plan year ended June 30, 2017.
- T. Rowe Price currently provides representatives who are on-site at County buildings and union offices for 60 days per year. The representatives promote Plan enrollment, assist employees in the enrollment process and assist employees in making changes to their deferral amount and asset allocation. The Plan continues to track the number of new enrollments and positive actions (such as increasing deferral amounts) resulting from the representatives' visits. At least quarterly, the Board reviews statistics provided by the on-site representative to adjust locations and scheduling in an effort to assist as many employees as possible.
- 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 bi-weekly contribution amounts. In addition, many County employees who have completed ten years of service no longer contribute to the New York State pension plan. These employees receive letters encouraging them to join the Plan or increase their deferrals since they will no longer have the obligation of contributing to their pension.
- In July of 2015, the Board consolidated to one service provider and as a result, was able to offer common trust funds and mutual funds with lower expense/trustee fees. Additionally, the current services agreement states that revenue in excess of the service provider's per participant revenue threshold is to be returned to the Plan. Obtaining lower-fee funds, as well as revenue in excess of a negotiated threshold, should continue to have a positive impact in the future of net position available for plan benefits.

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2018 and 2017**

- In a continual effort to enhance and improve the Plan, the Board periodically evaluates the Plan offerings and is currently developing and formalizing investment "Watch List" criteria, which will give us the ability to more thoroughly monitor and evaluate all offerings, using a large range of fund data. Periodic review by the Board's Investments Committee may result in recommending action by the Board to remove and/or replace funds due to a variety of factors, including under-performance over time or under-utilization.
- It is believed that the availability of funds with low expense ratios, as well as the Board's policy to allow retirees and terminated employees to stay in the Plan, will encourage former employees to remain in the Plan rather than roll out their account balances into Individual Retirement Accounts (IRAs) or other employer plans. The Plan Administrator attends union retirement seminars to educate participants on their options after separation from County service.
- The Board is committed to exploring options to reach out to non-participants and 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 regarding enrollment, a list of fund offerings for prospective participants, and educational videos and articles provided by the provider or other organizations. The site has grown to include the ability to enroll online, using a link to the provider's enrollment site. 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 Plan Administrator conducts employee orientations so that new employees are introduced to the Plan, given plan materials and can have their questions answered. The ability to rollover assets, such as prior employers' qualified plans and IRAs, into our Plan has been incorporated into the orientation.
- 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.

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

- The volatility of the market could impact investment yields, loan levels and unforeseeable emergency (UFE) requests. The Board approved two UFE requests in calendar year 2018 and three UFE requests in calendar year 2017. As of June 30 2018, \$15.1 million in loans are outstanding compared to \$14.9 million as of June 30, 2017. The Board continues to educate participants on the possible negative effects that loans can have on their retirement savings.

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2018 and 2017**

- The creation of a County 401(a) program for terminal pay, currently negotiated for five of eight bargaining units may re-direct contributions from the Plan. The 401(a) Terminal Pay Plan commenced in 2015. The first \$55,000 (in 2018) 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 bargaining units 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 to participate in the 401(a) plan, that will not be the case and there could be a negative impact on net position available for plan benefits.
- The continuing reduction in the County workforce will have a negative impact on Plan assets. The number of full time County employees has been reduced by approximately 12.6% over the last seven 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.

FINANCIAL STATEMENTS

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATEMENTS OF NET POSITION AVAILABLE FOR PLAN BENEFITS**

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Investments at fair value	\$ 1,316,143,168	\$ 1,140,283,578
Investments at contract value	267,796,155	268,037,298
Cash	154,995	195,293
Receivables:		
Revenue sharing receivable	179,546	154,969
Notes receivable from participants	15,072,660	14,862,659
Total receivables	15,252,206	15,017,628
 Total assets	 \$ 1,599,346,524	 \$ 1,423,533,797
LIABILITIES		
Accrued expenses	\$ -	\$ 20,300
Total liabilities	-	20,300
 NET POSITION AVAILABLE FOR PLAN BENEFITS	 \$ 1,599,346,524	 \$ 1,423,513,497

See notes to financial statements.

**SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR PLAN BENEFITS**

	<u>Years Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
ADDITIONS		
Investment income:		
Net appreciation in the fair value of investments	\$ 78,787,717	\$ 125,994,795
Interest and dividends	86,998,717	53,131,898
Participant loan interest	<u>672,782</u>	<u>687,451</u>
Total investment income	<u>166,459,216</u>	<u>179,814,144</u>
Contributions:		
Plan participants	59,487,572	54,465,966
Rollovers and transfers, net	<u>3,023,648</u>	<u>1,488,501</u>
Total contributions	<u>62,511,220</u>	<u>55,954,467</u>
Other income:		
Revenue sharing income	<u>1,103,553</u>	909,500
Total other income	<u>1,103,553</u>	<u>909,500</u>
Total additions	<u>230,073,989</u>	<u>236,678,111</u>
DEDUCTIONS		
Benefits paid to participants	53,887,010	44,655,132
Administrative expenses	<u>353,952</u>	<u>301,612</u>
Total deductions	<u>54,240,962</u>	<u>44,956,744</u>
NET INCREASE	175,833,027	191,721,367
NET POSITION AVAILABLE FOR PLAN BENEFITS		
BEGINNING OF YEAR	<u>1,423,513,497</u>	<u>1,231,792,130</u>
END OF YEAR	<u>\$ 1,599,346,524</u>	<u>\$ 1,423,513,497</u>

See notes to financial statements.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 — DESCRIPTION OF THE PLAN

The following description of the Suffolk County Public Employees Deferred Compensation Plan (the “Plan”) is provided for general information 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 deferred compensation plan” under Section 457 of the Internal Revenue Code (“IRC”), and as such, are not subject to tax under the present income tax law.

Amounts maintained under a deferred compensation plan by a state or local government are to be held in trust for the exclusive benefit of plan participants and their beneficiaries. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Eligibility

All full time and part time employees of the County are eligible to join the Plan from the initial date of employment.

Contributions

Participants may elect to defer a portion of their pre-tax eligible compensation, as defined in the Plan, through a payroll deduction. The amount an employee may contribute is limited to the maximum amount permitted under the IRC. Participants who have attained the age of 50 before the end of the Plan year are eligible to make catch-up contributions up to a maximum amount permitted under the IRC. An additional catch-up is allowed for previous missed contributions for participants within three years of retirement.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant’s account is credited with the participant’s contributions as remitted and allocations of the Plan’s earnings and losses on the investment options in which the participant is invested. Contributions are invested at the direction of the participant among the investment options available under the Plan. Earnings or losses during the year are credited to or deducted from each account balance based on its relative share of the total of all account balances.

Vesting

Participants are 100% vested in their account balances at all times.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 — DESCRIPTION OF THE PLAN (Continued)

Investments

The Plan's investment options were selected by the Suffolk County Public Employees Deferred Compensation Board (the "Board"). The Board serves as the Plan administrator and represents the County in all matters concerning administration of the Plan. The actions of the Board are governed by the terms of the Plan, IRC Section 457, and the Rules and Regulations of the New York State Deferred Compensation Board.

Participant contributions are deposited into a trust account, which is invested by the Trustee in various investment options as directed by each participant. The investment options available include money market funds, mutual funds, common trust funds, and a stable value common trust fund maintained by the Trustee. Participants, at their sole discretion, may transfer amounts among the various investment options in accordance with the terms of the Plan.

Payment of Benefits

A participant is entitled to receive their deferred compensation account balance upon termination of service, retirement, death, or the occurrence of certain unforeseeable emergencies ("UFE") as defined by the IRC. A participant may elect to receive one lump sum amount equal to the value of his or her account, a partial lump sum, or periodic payments in monthly, quarterly, semi-annual or annual installments.

Participants or beneficiaries 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 distribution if they have taken a prior inactive account distribution.

Participants, after approval from the 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.

Notes Receivable from Participants (Participant Loans)

Participants, upon the occurrence of events as specified in the Plan, may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000, or 50% of their vested account balance.

Participants may have only one loan outstanding at a time. The 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 extend to 15 years. The loans are secured by the balance in the participant's account and bear interest at prime rate plus 1%. Principal and interest are paid ratably through payroll deductions.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 — DESCRIPTION OF THE PLAN (Continued)

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 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 set forth in the Plan document.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

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 reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Contract value is the relevant measure for the stable value fund (the "Fund") offered and managed by the Trustee. The Fund invests in synthetic and traditional guaranteed investment contracts and cash and cash equivalents, including money market instruments. Contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan document.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

At June 30, 2018, the investments that represented more than 5% of the Plan's total investments were T. Rowe Price Stable Value Common Trust and T. Rowe Price Science & Technology Fund which amounted to \$267,796,155 and \$82,043,303, respectively. At June 30, 2017, the only investment that represented more than 5% of the Plan's total investments was T. Rowe Price Stable Value Common Trust Fund which amounted to \$268,037,298.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Receivable from Participants (Participant Loans)

Notes receivable from participants are measured at their unpaid principal balance plus any unpaid accrued interest. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of June 30, 2018 and 2017. Delinquent note receivables from participants are reclassified to distributions based on the terms of the Plan document.

Benefit Payments

Benefits are recognized when due and payable in accordance with the terms of the Plan document.

Administrative Expenses

Fees related to the administration of participant loans are paid by participants. All other expenses of maintaining the Plan are paid by the Plan's revenue sharing income. Other expenses are attributable to fees for trustee, administrative services, audit, and the Board's administrative expenses.

Subsequent Events

The Plan has evaluated subsequent events through December 10, 2018, the date the financial statements were available to be issued.

NOTE 3 — INVESTMENTS

The Plan offers participants the option to choose among money market funds, mutual funds, common trust funds, and a stable value common trust fund, which primarily consists of Guaranteed Investment Contracts (GICs).

Money market funds, mutual funds and common trust funds options consists of the following at June 30:

	2018	2017
MONEY MARKET FUNDS		
T Rowe Price Government Money	\$ 261,993	\$ 1,604,775
MUTUAL FUNDS		
BOND FUNDS		
TRP Spectrum Income Fund	18,999,437	19,487,440
TRP High Yield Fund	8,982,226	9,357,533
TRP U.S. Treasury Long-Term Fund	7,285,837	7,456,508
TRP Gnma Fund	6,085,263	6,717,364
Pimco Total Return Instl	3,471,413	3,016,781
TRP Emerging Markets Bond Fund	3,002,347 *	3,483,771 *
TRP Short-Term Bond Fund	2,851,897	3,229,635
TRP International Bond Fund	2,685,477 *	2,550,656 *
		<i>(Continued...)</i>

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 — INVESTMENTS (Continued)

	<u>2018</u>	<u>2017</u>
American Century Gov Bond	1,961,387	2,014,553
Franklin Strategic Income	1,895,993	2,014,092
AM Century Infl Adj Bond	1,664,531	1,567,349
STOCK FUNDS		
TRP Science & Technology Fund	82,043,303	62,433,625
TRP Media & Telecommunications	74,066,196	62,303,287
Vanguard Inst Index	73,044,444	61,928,085
TRP New America Growth Fund	65,182,802	52,077,508
TRP Health Sciences Fund	60,294,617	53,379,625
TRP Global Technology Fund	30,958,773	19,985,331
TRP Spectrum Growth Fund	24,590,819	23,089,534
TRP Balanced Fund	20,988,431	19,783,419
AF Growth Fund of America	20,171,988	16,043,664
TRP Dividend Growth Fund	14,215,101	13,275,193
Dreyfus Mid Cap Index	13,566,870	12,319,732
Allianzgi Technology Instl	12,850,997	6,401,768
TRP New Asia Fund	12,179,426 *	12,307,496 *
TRP Real Estate Fund	11,880,350	13,712,996
TRP Financial Services Fund	11,847,347	10,151,456
TRP New Era Fund	10,054,300	10,498,150
JPMorgan Large Cap Growth	9,383,605	5,326,776
Dodge & Cox Intl Stock	8,639,493 *	8,897,678 *
Dreyfus Small Cap Stock Index	7,336,500	6,841,138
TRP Emerging Markets Stock Fund	7,322,353 *	5,964,744 *
American Funds New Perspectives	7,289,086 *	5,854,775 *
Neuberger Berman Genesis	6,136,973	5,300,254
TRP Latin America Fund	5,720,880 *	8,811,622 *
Franklin SM-Mid Cap Growth	5,516,645	4,995,434
American Cent Balanced Inst	5,340,467	5,068,936
American Century Eq Income	5,128,991	5,080,940
Virtus Ceredex Mid Cap Val Eq	4,589,335	4,493,144
American Funds Europac Grw	4,528,383 *	3,771,552 *
Fidelity Adv Health Care I	4,186,832	3,380,691
Oppenheimer Develop Markets I	3,726,853 *	3,325,315 *
AMG MNGRS Fairpoint Mid Cap I	3,650,817	4,297,609
American Century Heritage	3,518,618	3,427,143
Amer Beac Small Cap Val Inst	3,334,270	3,812,184
Fidelity Advisor Div Intl I	3,227,960 *	3,039,390 *
TRP Overseas Stock Fund	3,032,083 *	2,364,115 *
TRP Spectrum International Fund	2,827,183 *	2,544,827 *
TRP European Stock Fund	2,757,956 *	2,622,607 *
TRP Japan Fund	2,744,960 *	2,237,580 *
		<i>(Continued...)</i>

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 — INVESTMENTS (Continued)

	<u>2018</u>		<u>2017</u>
Oppenheimer Value I	2,198,828		2,089,929
TRP Emerging Europe	2,056,965	*	2,196,434
Franklin Natural Resources Adv	1,498,565		1,988,142
TRP Africa & Middle East Fund	696,558	*	587,994
COMMON TRUST FUNDS			
TRP Blue Chip Growth Trust T5	78,670,821		57,606,666
TRP Trp Equity Income Trust D	52,309,576		51,158,609
T Rowe Price Retire 2025 Tr F	50,694,555		44,659,896
TRP Capital Appreciation Trust D	49,809,463		47,211,523
T Rowe Price Retire 2020 Tr F	49,357,909		44,937,416
TRP U.S. Mid-Cap Growth Eq Trust D	44,026,681		38,808,206
T Rowe Price Retire 2030 Tr F	41,793,752		33,567,137
TRP New Horizons Trust D	37,566,652		28,266,587
TRP U.S. Small-Cap Val Eq Trust D	28,372,942		27,023,300
T Rowe Price Retire 2035 Tr F	27,679,775		20,937,920
T Rowe Price Retire 2015 Tr F	23,996,580		22,433,010
T Rowe Price Retire 2040 Tr F	18,685,981		12,436,701
TRP Intl Growth Equity Trust D	17,590,680	*	16,276,720
TRP U.S. Value Equity Trust D	16,578,301		15,869,496
TRP Intl Small Cap Equity Trust D	14,098,374	*	11,896,033
T Rowe Price Retire 2045 Tr F	12,260,157		8,295,133
T Rowe Price Retire 2010 Tr F	11,165,899		12,394,964
TRP Bond Trust I T5	8,296,607		9,094,259
T Rowe Price Retire Bal Tr F	7,008,366		6,973,273
T Rowe Price Retire 2005 Tr F	4,638,941		5,040,361
T Rowe Price Retire 2050 Tr F	3,533,678		2,114,765
T Rowe Price Retire 2055 Tr F	2,823,292		1,483,908
T Rowe Price Retire 2060 Tr F	1,709,461		1,285,417
Total	<u>\$ 1,316,143,168</u>		<u>\$ 1,140,283,578</u>

* Represents international mutual funds or accounts.

All mutual funds and common trust funds mature in less than 1 year.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
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NOTE 3 — INVESTMENTS (Continued)

Investments included in the stable value common trust fund consisted of the following at June 30:

Investment Name	Asset	2018 Contract	2018 Discount		
	Duration	/Fund Rate	Rate/Yield	2018	2017
Metropolitan Life	3.43	2.607%	3.455%	\$ 41,936,878	\$ 42,187,498
Pacific Life	3.23	2.487%	3.424%	36,286,379	36,368,958
State Street	3.43	2.486%	3.455%	31,492,828	31,578,128
Prudential	3.23	2.400%	3.425%	29,163,001	26,538,329
Transamerica	3.02	2.340%	3.388%	26,190,464	26,220,932
Royal Bank of Canada	3.02	2.358%	3.388%	20,352,508	20,407,509
New York Life	3.09	2.149%	3.402%	19,093,866	12,698,846
American General	3.04	2.293%	3.392%	16,817,599	16,851,694
TRP ST Retirement Fund	-	2.219%	2.219%	13,630,824	15,875,262
Mass Mutual	3.23	2.270%	3.425%	12,559,640	3,627,453
RGA Reinsurance	3.23	2.144%	3.425%	10,631,507	10,636,167
JP Morgan Chase Bank, N.A.	3.23	2.298%	3.425%	9,640,662	9,661,802
Bank of Tokyo	-	0.000%	0.000%	-	15,384,721
				<u>\$ 267,796,155</u>	<u>\$ 268,037,298</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates could adversely affect the fair value of an investment. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss.

Credit Risk

At June 30, 2018 and 2017, the fair value of the underlying investments exceeded the book value. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates that could adversely affect the fair value of the investment. The Plan allows the option of investments in mutual funds and common trust funds that invest outside the United States not required to disclose the individual assets within the fund. The fair value of these investments were \$104,127,019 and \$98,733,310 as of June 30, 2018 and 2017, respectively. The individual funds are identified on pages 13 through 15.

SUFFOLK COUNTY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 — INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Plan's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Plan's name.

All deposits of the Plan are held on behalf of the Plan by the Plan custodian in accordance with the formal deposit policy for custodial credit risk and are not exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Board. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their position on demand and has responsibility for managing their exposure to fair value loss.

NOTE 4 — REVENUE SHARING INCOME AND RECEIVABLE

The Plan entered into a revenue sharing agreement with the Service Provider which was retroactive for the term beginning July 1, 2015 through June 30, 2018, with two one year options to renew, at the Board's discretion. The Service Provider agreed to provide the Plan with a portion of their administrative revenue. The revenue sharing is calculated quarterly, using an average assets formula for less a pre-determined threshold per participant. The revenue received is placed into an investment account to be used for Plan expenses and/or reallocated back to the Plan participants. For the years ended June 30, 2018 and 2017, the Plan participants received reallocated amounts of \$2,134,050 and \$0, respectively.

The revenue sharing income for the years ended June 30, 2018 and 2017 amounted to \$1,103,553 and \$909,500 respectively.

At June 30, 2018 and 2017, the revenue sharing receivable represents monies owed to the Plan, net of Plan expenses payable.

