



TESTONE
MARSHALL
DISCENZA
CPAS

HELPING OUR CLIENTS'
VISIONS ADD UP

To the Committee
Deferred Compensation Plan for Employees
of the County of Onondaga
Syracuse, New York

In planning and performing our audit of the financial statements of the Deferred Compensation Plan for Employees of the County of Onondaga (the "Plan") for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting (internal control) as a basis for designating our auditing procedures for the purpose of issuing our report on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness on the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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

Eligible employees, who did not wish to participate in the Plan, were not required to complete a form documenting their declination to participate. As such, the Plan does not maintain adequate documentation of non-discrimination and plan participation and plan activity may not be adequately implemented.

We recommend the Plan retain complete documentation of employee plan acknowledgement and participation.

A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Plan's internal control to be a significant deficiency:

Review of plan data identified instances where documentation indicating an employee's deferral amount could not be provided. Inadequate documentation may not provide evidence of proper oversight.

We recommend a review and reconciliation of Plan activity relative to participant data and implementation of steps to ensure adequate documentation is maintained and Plan operations conform with participant elections and Plan documents.

We have previously discussed our observations and suggestions with the Plan sponsor personnel and would be pleased to discuss them in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendations to the extent our independence is not impaired.

This communication is intended solely for the information and use of the plan administrator and management and is not intended to be and should not be used by anyone other than these specified parties.

Jestone, Marshall & Wiscenzyn

February 19, 2013
Syracuse, New York



TESTONE
MARSHALL
DISCENZA
CPAS

HELPING OUR CLIENTS'
VISIONS ADD UP

February 19, 2013

To the Committee
Deferred Compensation Plan for Employees
of the County of Onondaga
Syracuse, New York

We have audited the financial statements of the Deferred Compensation Plan for Employees of the County of Onondaga for the year ended December 31, 2011, and have issued our report thereon dated February 19, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated July 12, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Deferred Compensation Plan for Employees of the County of Onondaga are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit beyond delays in receipt of information from investment custodians.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 19, 2013.

Management Consultations with Other Independent Accountants

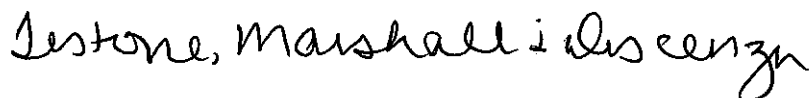
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We have provided a separate letter dated February 19, 2013, related to internal controls and operating efficiency.

This information is intended solely for the use management and the Deferred Compensation Committee and is not intended to be and should not be used by anyone other than these specific parties.

Very truly yours,



Testone, Marshall & Discenza, LLP

FINANCIAL STATEMENTS
DEFERRED COMPENSATION PLAN
FOR EMPLOYEES OF THE
COUNTY OF ONONDAGA
DECEMBER 31, 2011 AND 2010

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS: | |
| Statements of Net Assets Available for Benefits - December 31, 2011 and 2010 | 2 |
| Statements of Changes in Net Assets Available for Benefits - For the Years Ended December 31, 2011 and 2010 | 3 |
| Notes to Financial Statements | 4-17 |



TESTONE
MARSHALL
DISCENZA
CPAS

HELPING OUR CLIENTS'
VISIONS ADD UP

INDEPENDENT AUDITOR'S REPORT

To the Committee
Deferred Compensation Plan for Employees
of the County of Onondaga
Syracuse, New York

We have audited the accompanying statements of net assets available for benefits of the Deferred Compensation Plan for Employees of the County of Onondaga as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Deferred Compensation Plan for Employees of the County of Onondaga as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Testone, Marshall, Discenza & CPAS

February 19, 2013
Syracuse, New York

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2011 AND 2010**

| | <u>2011</u> | <u>2010</u> |
|-----------------------------------|----------------------|----------------------|
| INVESTMENTS, AT FAIR VALUE: | | |
| Guaranteed investment contracts | \$ 19,351,805 | \$ 17,277,879 |
| Pooled separate accounts | 40,223,881 | 42,221,538 |
| Mutual funds | 2,118,696 | 1,927,484 |
| Total investments, at fair value | <u>61,694,382</u> | <u>61,426,901</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 61,694,382</u> | <u>\$ 61,426,901</u> |

See Accompanying Notes and Independent Auditor's Report

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|--|--------------------------|--------------------------|
| CHANGES IN NET ASSETS ATTRIBUTED TO: | | |
| Investment income (loss): | | |
| Interest income, net of investment expenses | \$ 653,255 | \$ 582,375 |
| Net appreciation (depreciation) in fair value of pooled separate accounts, net of investment expenses | (1,223,007) | 5,474,060 |
| Net appreciation (depreciation) in fair value of mutual funds, net of investment expenses | <u>(107,312)</u> | <u>217,407</u> |
| Total investment income (loss) - net | <u>(677,064)</u> | <u>6,273,842</u> |
| Contributions: | | |
| Participant | 4,186,068 | 4,259,048 |
| Rollover | <u>501,973</u> | <u>321,465</u> |
| Total contributions | <u>4,688,041</u> | <u>4,580,513</u> |
| Total changes | <u>4,010,977</u> | <u>10,854,355</u> |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO: | | |
| Benefits paid to participants/Total deductions | <u>3,743,496</u> | <u>2,838,364</u> |
| NET INCREASE | 267,481 | 8,015,991 |
| NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR | <u>61,426,901</u> | <u>53,410,910</u> |
| NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR | <u>\$ 61,694,382</u> | <u>\$ 61,426,901</u> |

See Accompanying Notes and Independent Auditor's Report

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. DESCRIPTION OF THE PLAN

The following description of the Deferred Compensation Plan for Employees of the County of Onondaga (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The County of Onondaga, New York (the "County") established the Plan to encourage employees to make contributions and continue careers with the County. The Plan is available to all employees of the County and permits employees who elect participation to defer a portion of their current salary until future years. Each participant may defer a minimum of \$260 and shall not exceed the lesser of \$16,500 for the years ended December 31, 2011 and 2010, or 100% of gross annual compensation. Individuals age 50 or over may make an additional "catch-up" contribution. The additional "catch-up" contributions were \$5,500 in both 2011 and 2010. An additional "catch-up" is allowed for previous missed contributions for participants within three years of retirement.

The Onondaga County Deferred Compensation Committee (the "Committee") is responsible for adopting any changes that are mandated by the New York State Deferred Compensation Board and is responsible for establishing and amending Plan provisions.

Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of Plan earnings and expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus related earnings.

Investment Options

Upon enrollment in the Plan, a participant may direct their contributions in any of the investment options available from the providers. Participants may change their investment options at any time.

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. DESCRIPTION OF THE PLAN (CONT'D)

Payment of Benefits

Participants are eligible to receive benefits from their Plan account upon termination of employment. A participant may elect to receive benefits as a lump-sum amount equal to the value of the participant's vested interest in his or her account, installments to be paid over a period not greater than the joint life expectancy of the participant and his or her designated beneficiary, or partial lump-sum payments.

Upon the death of a participant, the designated beneficiary of the deceased participant is eligible to receive the benefits of the participant's Plan account.

A participant or a beneficiary who is the surviving spouse of the participant may elect to have all or any portion of the value of his or her account transferred to a qualified retirement plan, an IRA or to another public deferred compensation plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting.

Payment of Benefits

Benefits paid to participants are recorded when paid.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from these estimates.

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Risks and Uncertainties

The Plan provides for participant-directed investments in various pooled separate accounts, mutual funds and guaranteed investment contracts. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

Investment Valuation and Income Recognition

Investments in pooled separate accounts and mutual funds are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Guaranteed investment contracts ("GICs") are valued at contract value, which approximates fair value, as estimated by the respective insurance companies. GICs provide for a guaranteed return on the principal invested over a specified time period. The credited interest rates are reset periodically on such contracts, subject to a minimum guaranteed return. GICs may be subject to surrender charges or market value adjustment upon liquidation.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments. Administrative expenses consist primarily of investment management fees and other operating expenses of the underlying fund and are deducted from investments.

Subsequent Events

Subsequent events have been evaluated through February 19, 2013, the date the financial statements were available to be issued.

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 under FASB ASC 820 are described as follows:

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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset 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.

The 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 December 31, 2011 and 2010.

- *Guaranteed investment contracts:* valued at contract value, which approximates fair value, estimated primarily using a crediting interest rate reset quarterly.
- *Pooled separate accounts:* valued at net asset value of units held by the Plan based on quoted market prices of the underlying investments.
- *Mutual funds:* valued at the net asset value of shares held by the Plan at year end.

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. FAIR VALUE MEASUREMENTS (CONT'D)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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, of the plan's assets measured at fair value as of December 31, 2011 and 2010:

Fair Value Measurement at December 31, 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|--------------|---------------|---------------|---------------|
| Pooled separate accounts: | | | | |
| Aggressive allocation funds | \$ - | \$ 654,596 | \$ - | \$ 654,596 |
| Balanced funds | - | 3,363,198 | - | 3,363,198 |
| Bond funds | - | 2,658,878 | - | 2,658,878 |
| Conservative allocation funds | - | 264,656 | - | 264,656 |
| International funds | - | 2,698,462 | - | 2,698,462 |
| Large blend funds | - | 3,318,667 | - | 3,318,667 |
| Large cap funds | - | 11,306,189 | - | 11,306,189 |
| Large growth funds | - | 6,954,966 | - | 6,954,966 |
| Large value funds | - | 663,293 | - | 663,293 |
| Mid cap funds | - | 3,384,143 | - | 3,384,143 |
| Moderate allocation funds | - | 1,955,962 | - | 1,955,962 |
| Money market funds | - | 291,650 | - | 291,650 |
| Small cap funds | - | 1,583,105 | - | 1,583,105 |
| Specialty funds | - | 1,126,116 | - | 1,126,116 |
| Total pooled separate accounts | - | 40,223,881 | - | 40,223,881 |
| Mutual funds: | | | | |
| Balanced value funds | 64,463 | - | - | 64,463 |
| Bond funds | 341,925 | - | - | 341,925 |
| High yield funds | 22,949 | - | - | 22,949 |
| International funds | 514,149 | - | - | 514,149 |
| Large blend funds | 301,797 | - | - | 301,797 |
| Large growth funds | 359,995 | - | - | 359,995 |
| Large value funds | 72,766 | - | - | 72,766 |
| Mid cap funds | 378,062 | - | - | 378,062 |
| Small cap funds | 62,590 | - | - | 62,590 |
| Total mutual funds | 2,118,696 | - | - | 2,118,696 |
| Guaranteed investment contracts | - | - | 19,351,805 | 19,351,805 |
| Total investments | \$ 2,118,696 | \$ 40,223,881 | \$ 19,351,805 | \$ 61,694,382 |

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. FAIR VALUE MEASUREMENTS (CONT'D)

Fair Value Measurement at December 31, 2010:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------------|---------------------|----------------------|----------------------|----------------------|
| Pooled separate accounts: | | | | |
| Aggressive allocation funds | \$ - | \$ 639,388 | \$ - | \$ 639,388 |
| Balanced funds | - | 2,539,366 | - | 2,539,366 |
| Bond funds | - | 2,311,099 | - | 2,311,099 |
| Conservative allocation funds | - | 200,376 | - | 200,376 |
| International funds | - | 3,318,681 | - | 3,318,681 |
| Large blend funds | - | 3,362,042 | - | 3,362,042 |
| Large cap funds | - | 12,025,987 | - | 12,025,987 |
| Large growth funds | - | 8,044,638 | - | 8,044,638 |
| Large value funds | - | 1,514,891 | - | 1,514,891 |
| Mid cap funds | - | 3,640,600 | - | 3,640,600 |
| Moderate allocation funds | - | 1,732,415 | - | 1,732,415 |
| Money market funds | - | 305,190 | - | 305,190 |
| Small cap funds | - | 1,608,522 | - | 1,608,522 |
| Specialty funds | - | 978,343 | - | 978,343 |
| Total pooled separate accounts | - | <u>42,221,538</u> | - | <u>42,221,538</u> |
| Mutual funds: | | | | |
| Balanced value funds | 58,008 | - | - | 58,008 |
| Bond funds | 295,367 | - | - | 295,367 |
| High yield funds | 10,601 | - | - | 10,601 |
| International funds | 330,902 | - | - | 330,902 |
| Large blend funds | 374,101 | - | - | 374,101 |
| Large growth funds | 412,323 | - | - | 412,323 |
| Large value funds | 54,115 | - | - | 54,115 |
| Mid cap funds | 354,631 | - | - | 354,631 |
| Small cap funds | 37,436 | - | - | 37,436 |
| Total mutual funds | <u>1,927,484</u> | - | - | <u>1,927,484</u> |
| Guaranteed investment contracts | - | - | 17,277,879 | 17,277,879 |
| Total investments | <u>\$ 1,927,484</u> | <u>\$ 42,221,538</u> | <u>\$ 17,277,879</u> | <u>\$ 61,426,901</u> |

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. FAIR VALUE MEASUREMENTS (CONT'D)

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|--|----------------------|----------------------|
| Balance, January 1 | \$ 17,277,879 | \$ 14,962,881 |
| Interest credited | 653,255 | 582,375 |
| Purchases, sales, issuances and settlements: | | |
| Purchases | 3,302,345 | 2,879,586 |
| Sales | <u>(1,881,674)</u> | <u>(1,146,963)</u> |
| Balance, December 31 | <u>\$ 19,351,805</u> | <u>\$ 17,277,879</u> |

4. INVESTMENTS

The Plan offers participants the option to choose among pooled separate accounts, mutual funds or guaranteed investment contracts.

Pooled separate accounts consisted of the following at December 31:

| | <u>2011</u> | <u>2010</u> |
|---|----------------|----------------|
| Hartford Capital Appreciation HLS | \$ 5,097,153 * | \$ 5,713,805 * |
| Fidelity Contrafund | 3,638,254 * | 4,096,261 * |
| Oakmark Equity & Income | 1,979,846 | 1,866,993 |
| Davis New York Venture | 1,326,341 | 1,411,705 |
| American Century Equity Income | 1,318,030 | 1,324,007 |
| American Funds The Investment Company of America Fund | 1,294,473 | 1,443,521 |
| American Century Ultra | 1,224,361 | 1,236,903 |
| Nationwide Investor Destinations Moderate Fund | 1,203,356 | 1,097,338 |
| Nationwide Large Cap Growth Portfolio | 1,172,872 | 1,337,009 |
| Invesco Van Kampen Growth Income | 1,051,231 | 338,337 |
| Highland Premium Growth Equity | 989,273 | - |
| Fidelity OTC Portfolio | 969,970 | 1,096,211 |
| SEI S&P 500 Index | 911,642 | 896,721 |
| Oppenheimer Global Fund | 866,676 | 982,461 |
| Neuberger Berman Genesis Fund | 843,098 | 909,178 |
| PIMCO Total Return Fund | 817,889 | 831,306 |
| Hartford International Opportunities HLS | 778,137 ** | 927,020 ** |
| Fidelity Puritan Fund | 752,606 | 635,077 |

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. INVESTMENTS (CONT'D)

| | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|
| Nationwide Investor Destinations Moderately Aggressive Fund | 654,596 | 639,388 |
| American Century Value Fund | 639,936 | 713,354 |
| Templeton Growth | 612,001 ** | 647,732 ** |
| JP Morgan Mid Cap Value Fund | 608,367 | 641,647 |
| SSgA S&P 500 Index Fund | 574,164 | 530,423 |
| Invesco Real Estate | 560,757 | 530,019 |
| Hartford Total Return Bond HLS | 545,029 | 488,242 |
| WFS Discovery Admin | 477,116 | - |
| Nationwide Bond Index Fund | 468,509 | 227,163 |
| Goldman Sachs Growth Opportunities | 463,201 | 481,756 |
| Nationwide MidCap Market Index | 454,736 | 468,599 |
| Waddell & Reed Advisor High Income Fund | 446,463 | 56,384 |
| Nationwide International Index Fund | 387,299 ** | 535,753 ** |
| Brown Capital Management Small Company Fund | 359,265 | 329,755 |
| Nationwide S&P 500 Index Fund | 342,465 | 313,374 |
| MFS Utilities | 338,636 | 243,100 |
| AllianceBernstein International Value | 330,731 ** | 463,814 ** |
| Nationwide Investor Destinations Aggressive Fund | 305,828 | 239,320 |
| Hartford Dividend & Growth HLS | 291,733 | 308,753 |
| Hotchkis Wiley Large Cap Value | 271,363 | 282,067 |
| Nationwide International Value Fund | 265,633 ** | 373,163 ** |
| Nationwide Small Cap Index Fund | 261,754 | 268,326 |
| Lord Abbett Small Cap Value | 246,810 | 225,305 |
| Hartford MidCap HLS | 233,757 | 264,197 |
| Invesco International Growth Fund | 223,768 ** | - |
| Invesco Van Kampen Equity and Income | 212,145 | 215,028 |
| Neuberger Berman Socially Responsive Fund | 207,347 | 210,071 |
| T. Rowe Price Growth Stock Fund | 202,507 | 435,456 |
| Artisan Mid Cap Value | 194,597 | 180,576 |
| Hartford Small Company HLS | 189,131 | 182,778 |
| Federated U.S. Government Securities: 2-5 Year | 180,458 | 212,841 |
| Nationwide Investor Destinations Conservative Fund | 171,373 | 143,760 |
| Nationwide Money Market Prime Fund | 164,485 | 224,764 |
| Dreyfus Small Cap Value | 147,783 | 181,013 |
| Nationwide Fund | 135,217 | 141,600 |
| Hartford Growth Opp | 132,407 | 138,636 |
| Invesco Short Term Investment Treasury | 127,165 | 80,426 |
| Invesco Leisure | 122,266 | 123,899 |

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. INVESTMENTS (CONT'D)

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|----------------------|
| Dreyfus Appreciation Fund | 121,695 | 113,875 |
| Baron Small Cap | 120,563 | 116,145 |
| Nationwide US Small Cap Value Fund | 106,813 | 132,422 |
| American Century Growth Fund | 104,687 | 97,243 |
| Hartford HC HLS | 104,457 | - |
| SSgA SC Ind. Securities | 102,532 | 95,878 |
| Hartford US Government Securities HLS | 102,084 | 64,594 |
| Hartford Global Res HLS | 100,893 ** | 94,296 ** |
| Putnam High Yield Advantage | 98,446 | 76,753 |
| Nationwide Investor Destinations Moderately Conservative Fund | 93,283 | 56,616 |
| Franklin Small-Mid Cap Growth | 67,641 | 91,987 |
| Nationwide NVIT Multi Manager Small Company | 48,454 | 76,899 |
| Invesco Van Kampen Comstock | 44,581 | 34,917 |
| SSgA MC NL Series | 41,630 | 34,412 |
| Neuberger Berman Socially Responsive | 36,783 | 39,920 |
| Nationwide Destinations 2040 Fund | 24,920 | 24,824 |
| Edgar Lomax Value Fund | 23,357 | 11,052 |
| Nationwide Destinations 2020 Fund | 21,104 | 17,191 |
| SSgA Dow Jones Target Today | 17,349 | 14,095 |
| SSgA Dow Jones Target 2035 | 15,698 | 7,863 |
| SSgA Dow Jones Target 2025 | 15,381 | 11,735 |
| SSgA Dow Jones Target 2045 | 9,863 | 16,867 |
| Nationwide Destinations 2015 Fund | 7,171 | 4,121 |
| Nationwide Destinations 2030 Fund | 5,115 | 3,926 |
| SSgA Dow Jones Target 2015 | 2,453 | 15,175 |
| Nationwide Destinations 2035 Fund | 782 | 3,196 |
| Nationwide Destinations 2050 Fund | 140 | 15 |
| GE Premier Growth Equity | - | 1,004,851 |
| Fidelity Equity Income Fund | - | 790,485 |
| American Century Vista Fund | - | 568,247 |
| MFS High Income Fund | - | 353,815 |
| American Century International Discovery Fund | - | 276,903 ** |
| Hartford Global Health HLS | - | 81,325 |
| Nationwide Retirement Fund | - | 3,560 |
| Total | <u>\$ 40,223,881</u> | <u>\$ 42,221,538</u> |

* Represents 5% or more of net assets available for benefits

** Represents international pooled separate accounts

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. INVESTMENTS (CONT'D)

Mutual funds consisted of the following at December 31:

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| AllianceBernstein International Value Fund | \$ 456,148 ** | \$ 276,933 ** |
| American Funds Growth Fund of America | 345,320 | 405,194 |
| Jennison Value Fund | 301,797 | 374,101 |
| Prudential Government Income Fund | 295,653 | 258,810 |
| Lord Abbett Mid Cap Value Fund | 195,185 | 187,526 |
| Jennison Mid Cap Growth Fund | 182,877 | 167,105 |
| American Funds Washington Mutual | 72,766 | 54,115 |
| Van Kampen Equity & Income Fund | 64,463 | 58,008 |
| Thornburg International Value | 58,001 ** | 53,969 ** |
| Goldman Sachs Small Cap Value Fund | 51,257 | 32,533 |
| Goldman Sachs Core Fixed Income Fund | 46,272 | 36,557 |
| American Funds America High Income Trust | 22,949 | 10,601 |
| Oppenheimer Capital Appreciation Fund | 14,675 | 7,129 |
| Legg Mason Small Cap Growth | 11,333 | 4,903 |
| Total | <u>\$ 2,118,696</u> | <u>\$ 1,927,484</u> |

** Represents international mutual funds

Guaranteed investment contracts consisted of the following at December 31, 2011:

| <u>Investment Manager</u> | <u>Contract Period</u> | <u>Crediting Interest Rate at 12/31/11</u> | <u>Minimum Guaranteed Rate</u> | <u>2011 Annual Effective Yield</u> | <u>Fair Value</u> |
|--------------------------------------|--|--|------------------------------------|--|-----------------------|
| Hartford Life Insurance Company | December 1, 2011 - November 30, 2012 | 4.0% | 4.0% | 4.0% | \$ 7,370,425 * |
| Nationwide Life Insurance Company | December 22, 2011 - December 21, 2012 | 3.5% | 3.5% | 3.5% | 11,673,226 * |
| Prudential Insurance Company | January 1, 2011 - December 31, 2011 | 2.0% | 1.5% | 2.0 % | <u>308,154</u> |
| Total | | | | | <u>\$ 19,351,805</u> |

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. INVESTMENTS (CONT'D)

Guaranteed investment contracts consisted of the following at December 31, 2010:

| <u>Investment Manager</u> | <u>Contract Period</u> | <u>Crediting Interest Rate at 12/31/10</u> | <u>Minimum Guaranteed Rate</u> | <u>2010 Annual Effective Yield</u> | <u>Fair Value</u> |
|--------------------------------------|--|--|------------------------------------|--|-----------------------|
| Hartford Life Insurance Company | December 1, 2010 - November 30, 2011 | 4.0% | 4.0% | 4.0% | \$ 6,448,673 * |
| Nationwide Life Insurance Company | December 22, 2010 - December 21, 2011 | 3.6% | 3.5% | 3.6% | 10,450,788 * |
| Prudential Insurance Company | January 1, 2010 - December 31, 2010 | 2.3% | 1.5% | 2.3 % | <u>378,418</u> |
| Total | | | | | <u>\$ 17,277,879</u> |

* Represents 5% or more of net assets available for benefits

Effective interest rates are net of administrative expenses on the guaranteed investment contracts.

All investment contracts are awarded pursuant to a competitive bidding process as specified in Part 9003 of the Board's Rules and Regulations. All investment contracts are subject to the approval of the Committee, the County's Chief Executive Officer and the County's Chief Legal Officer.

The Plan conforms to the reporting requirements of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. As of December 31, 2011, the Plan had the following investments and maturities in its fixed earnings investments, pooled separate accounts and mutual funds which include investments in bonds.

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. INVESTMENTS (CONT'D)

| <u>Investment</u> | <u>Fair Value</u> | <u>Weighted Average Maturity</u> |
|--|-------------------|--|
| Fixed earnings investments | | |
| Guaranteed investment contracts: | | |
| The Hartford | \$ 7,370,425 | 0.9 |
| Nationwide | 11,673,226 | 11.7 |
| Prudential | 308,154 | 3.1 |
| Variable earnings investments | | |
| Oakmark Equity & Income | 1,979,846 | 2.3 |
| Van Kampen Equity and Income | 212,145 | 0.5 |
| Hartford US Government Securities HLS | 102,084 | 0.1 |
| Hartford Total Return Bond HLS | 545,029 | 1.4 |
| Putnam High Yield Advantage | 98,446 | 0.3 |
| Waddell & Reed Advisor High Income Fund | 446,463 | 5.4 |
| Nationwide Bond Index Fund | 468,509 | 12.1 |
| PIMCO Total Return Fund | 817,889 | 8.9 |
| Federated U.S. Government Securities: 2-5 Year | 180,458 | 3.3 |
| Prudential Government Income Fund | 295,653 | 4.0 |

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. INVESTMENTS (CONT'D)

Interest rate risk is the risk that changes in interest rates will 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.

The guaranteed investment contracts, pooled separate accounts and mutual funds are unrated.

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.

Foreign currency risk is the risk that changes in exchange rates could adversely affect the fair value of the investment. The Plan allows the option of investments in pooled separate accounts and mutual funds of countries outside the U.S. that invest in securities not required to disclose the individual assets within the fund. The fair value of these investments was \$3,212,611 and \$3,649,583 as of December 31, 2011 and 2010, respectively. The individual investment options are identified above.

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 as defined by Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures*.

5. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Plan to concentrations of credit risk consist principally of investments. The Plan has invested in guaranteed investment contracts with high credit quality financial service institutions, pooled separate accounts with highly rated underlying funds and highly rated mutual funds, thereby limiting the amount of exposure.

6. RELATED PARTY TRANSACTIONS

Plan investments are managed by The Hartford Life Insurance Company, Nationwide Life Insurance Company and Prudential Insurance Company who are also the Plan's custodians. Therefore, these transactions qualify as party-in-interest.

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES
OF THE COUNTY OF ONONDAGA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the County has the right under the Plan to discontinue deferrals and to terminate the Plan. Upon termination of the Plan, all amounts deferred shall be payable as provided in the Plan document.

8. TAX STATUS

The Internal Revenue Service has determined and informed the New York State Deferred Compensation Board by letter dated September 15, 2011 that the Model Plan is designed in accordance with Section 457 of the Internal Revenue Code (IRC) and, as such, not subject to tax under present income tax law. The Committee believes that the plan, as amended, continues to qualify and operate in accordance with applicable provision of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

9. PLAN AMENDMENTS

Effective December 9, 2011, the County adopted the amended Model Plan of the New York State Deferred Compensation Board. The amended Plan changed the minimum lump sum distribution amount that participants may receive.