



Robert E. Antonacci II, CPA  
Comptroller

COUNTY OF ONONDAGA

Office of the  
*County Comptroller*

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March 5, 2012

To the Committee  
Deferred Compensation Plan for Employees  
of the County of Onondaga

Section 9005.1 of the Rules and Regulation of the New York State Deferred Compensation Board requires deferred compensation plans to be audited annually. Enclosed are the following reports related to the Deferred Compensation Plan for Employees of the County of Onondaga for the years ending December 31, 2009 and 2008:

- Financial Statements audited by Testone, Marshall & Discenza, LLP
- Auditor's Communication Letter
- Report on Internal Controls

If you have any questions or would like to discuss these financial statements in detail, please contact my office.

Sincerely,

Robert E. Antonacci II, CPA

REA/nlc  
Enclosures

cc: Martin J. Murphy, Sr. Deputy County Attorney



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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, 2009, 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. As such, the Plan does not maintain documentation of non-discrimination and plan participation may not be adequately monitored or implemented.

We recommend a procedure be implemented wherein all eligible employees complete forms to provide the Plan with 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 or denial of participation in the Plan could not be provided. Inadequate documentation may not provide evidence of proper oversight.

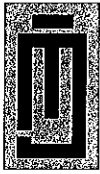
We recommend a review and reconciliation of Plan activity relative to participant data and implementation of steps to ensure adequate documentation is maintained and Plan operations conform with Plan documents.

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 & Discenza*

January 25, 2012  
Syracuse, New York



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January 25, 2012

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, 2009, and have issued our report thereon dated January 25, 2012. 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 May 4, 2010. 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 2009. 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 the 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 January 25, 2012.

### *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 January 25, 2012, 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*

Testone, Marshall & Discenza, LLP

**FINANCIAL STATEMENTS**  
**DEFERRED COMPENSATION PLAN**  
**FOR EMPLOYEES OF THE**  
**COUNTY OF ONONDAGA**  
**DECEMBER 31, 2009 AND 2008**

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

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## 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, 2009 and 2008, 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, 2009 and 2008, 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*

January 25, 2012  
Syracuse, New York



**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
INVESTMENTS:		
Guaranteed investment contracts, at contract value	\$ 14,962,881	\$ 12,815,570
Pooled separate accounts, at fair value	17,289,290	12,718,248
Mutual funds, at fair value	<u>21,158,739</u>	<u>15,999,688</u>
Total investments	<u>53,410,910</u>	<u>41,533,506</u>
 NET ASSETS AVAILABLE FOR BENEFITS	 <u>\$ 53,410,910</u>	 <u>\$ 41,533,506</u>

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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, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
<b>CHANGES IN NET ASSETS ATTRIBUTED TO:</b>		
Investments:		
Interest income, net of investment expenses	\$ 525,243	\$ 496,463
Net appreciation (depreciation) in fair value of pooled separate accounts, net of investment expenses	4,142,133	(7,457,908)
Net appreciation (depreciation) in fair value of mutual funds, net of investment expenses	4,554,110	(8,417,930)
Contributions:		
Participant	4,382,995	4,563,579
Rollover	141,517	323,114
Total changes	<u>13,745,998</u>	<u>(10,492,682)</u>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>		
Benefits paid to participants/Total deductions	<u>1,868,594</u>	<u>2,467,184</u>
<b>NET INCREASE (DECREASE)</b>	11,877,404	(12,959,866)
<b>NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR</b>	<u>41,533,506</u>	<u>54,493,372</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR</b>	<u>\$ 53,410,910</u>	<u>\$ 41,533,506</u>

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See Accompanying Notes and Independent Auditor's Report

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

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**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 and \$15,500 for the years ended December 31, 2009 and 2008, respectively, or 100% of gross annual compensation. Individuals age 50 or over may make an additional "catch-up" contribution. The additional "catch-up" contributions are \$5,500 and \$5,000 in 2009 and 2008, respectively. 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, 2009 AND 2008**

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**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.

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

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**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 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 January 25, 2012, the date the financial statements were available to be issued.

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

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**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, 2009 and 2008.

- *Guaranteed investment contracts:* value estimated primarily using a crediting interest rate reset quarterly.
- *Pooled separate accounts:* valued at the 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, 2009 AND 2008**

**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, 2009 and 2008.

Investments as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Guaranteed investment contracts	\$ -	\$ -	\$14,962,881	\$ 14,962,881
Pooled separate accounts	-	17,289,290	-	17,289,290
Mutual funds	<u>21,158,739</u>	-	-	<u>21,158,739</u>
Total investments	<u>\$ 21,158,739</u>	<u>\$17,289,290</u>	<u>\$14,962,881</u>	<u>\$ 53,410,910</u>

Investments as of December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Guaranteed investment contracts	\$ -	\$ -	\$12,815,570	\$ 12,815,570
Pooled separate accounts	-	12,718,248	-	12,718,248
Mutual funds	<u>15,999,688</u>	-	-	<u>15,999,688</u>
Total investments	<u>\$ 15,999,688</u>	<u>\$12,718,248</u>	<u>\$12,815,570</u>	<u>\$ 41,533,506</u>

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, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Balance, January 1	\$ 12,815,570	\$ 11,346,566
Interest credited	525,243	496,463
Purchases, sales, issuances and settlements (net)	<u>1,622,068</u>	<u>972,541</u>
Balance, December 31	<u>\$ 14,962,881</u>	<u>\$ 12,815,570</u>

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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>2009</u>	<u>2008</u>
Hartford Capital Appreciation HLS	\$ 4,890,875 *	\$ 3,220,792 *
Oakmark Equity & Income	1,685,654	1,512,955
American Century Equity Income	1,270,863	1,153,008
Davis New York Venture	1,219,135	877,035
American Century Ultra	1,126,190	788,561
GE Premier Growth Equity	915,408	657,528
Templeton Growth	590,555	409,967
Hartford International Opportunities HLS	570,320 **	405,031 **
Hartford Total Return Bond HLS	526,761	507,689
SSgA S&P 500 Flagship	483,320	454,726
Goldman Sachs Growth Opportunities	425,935	236,803
AllianceBernstein International Value	390,065 **	261,863 **
AIM Real Estate	349,550	182,069
Hartford MidCap HLS	318,562	191,529
Hartford Dividend & Growth HLS	289,565	207,995
Hotchkis Wiley Large Cap Value	267,884	184,805
Hartford International Growth HLS	239,557 **	186,963 **
Van Kampen Equity and Income	188,148	211,990
MFS Utilities	179,609	101,780
Hartford Small Company HLS	152,585	100,766
Lord Abbett Small Cap Value	149,294	91,535
Dreyfus Premier Small Cap Value	130,049	121,047
Artisan Mid Cap Value	121,479	56,889
Hartford Growth Opp	119,438	-
AIM Leisure	96,814	73,028
Putnam High Yield Advantage	95,577	16,926
Baron Small Cap	83,621	63,606
Hartford Global Health HLS	80,595	68,775
SSgA Russell 2000 Index	65,769	97,892
Hartford US Government Securities HLS	62,988	67,220
Franklin Small-Mid Cap Growth	46,707	46,108
Hartford Global Equity HLS	38,863	21,010
Van Kampen Comstock	25,573	25,659

(Continued)



**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**4. INVESTMENTS (CONT'D)**

	<u>2009</u>	<u>2008</u>
SSgA MC NL Series	22,085	-
Neuberger Berman Socially Responsive	16,638	9,609
SSgA Dow Jones Target 2045	16,353	2,879
SSgA Dow Jones Target 2015	11,945	70
SSgA Dow Jones Target Today	10,546	-
SSgA Dow Jones Target 2025	10,282	5,391
SSgA Dow Jones Target 2035	4,133	821
SSgA S&P Midcap Index	-	15,769
Hartford Large Cap Growth HLS	-	80,159
Total	<u>\$ 17,289,290</u>	<u>\$ 12,718,248</u>

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

\*\* Represents international pooled separate accounts

Mutual funds consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Fidelity Contrafund	\$ 3,779,004 *	\$ 2,898,632 *
American Funds The Investment Company of America Fund	1,423,286	1,153,175
Nationwide Large Cap Growth Portfolio	1,308,956	1,023,550
Fidelity OTC Portfolio	997,696	559,557
Oppenheimer Global Fund	919,478	604,131
Neuberger Berman Genesis Fund	792,157	617,657
Nationwide Investor Destinations Moderate Fund	790,963	580,200
SIMT S&P500 Index Fund	790,237	625,515
PIMCO Total Return Fund	716,340	518,707
Fidelity Equity Income Fund	704,579	547,860
American Century Value Fund	617,765	501,277
Nationwide International Index Fund	526,619 **	439,929 **
Fidelity Puritan Fund	521,955	416,912
Nationwide Investor Destinations Moderately Aggressive Fund	509,563	355,202
American Century Vista Fund	482,455	416,962
JP Morgan Mid Cap Value Fund	460,232	472,999
Nationwide International Value Fund	450,692 **	327,975 **
T. Rowe Price Growth Stock Fund	345,842	83,969

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**4. INVESTMENTS (CONT'D)**

	<u>2009</u>	<u>2008</u>
Nationwide S&P 500 Index Fund	314,095	209,487
American Funds Growth Fund of America	312,900	196,847
MFS High Income Fund	291,336	163,630
Jennison Value Fund	291,063	186,355
Nationwide Money Market Prime Fund	288,612	418,865
Nationwide Mid Cap Market Index Fund	278,669	214,535
Brown Capital Management Small Company Fund	248,149	160,956
Federated U.S. Government Securities: 2-5 Year	242,609	179,024
Van Kampen Growth & Income Fund	240,250	171,631
Dryden Government Income Fund	233,097	173,593
AllianceBernstein International Value Fund	220,905 **	141,839 **
American Century International Discovery Fund	205,339 **	137,010 **
Nationwide Investor Destinations Aggressive Fund	174,762	108,029
Neuberger Berman Socially Responsive Fund	171,059	144,184
Nationwide Bond Index Fund	147,397	88,413
Nationwide Small Cap Index Fund	142,663	113,283
Lord Abbett Mid Cap Value Fund	139,389	92,018
Nationwide Investor Destinations Conservative Fund	134,261	137,742
Nationwide Fund	131,486	126,450
Jennison Mid Cap Growth Fund	119,326	77,499
AIM STIC Treasury Portfolio	110,290	169,592
Dreyfus Appreciation Fund	98,212	83,940
NVIT Small Company Fund	89,743	73,678
Nationwide US Small Cap Value Fund	75,492	59,430
American Century Growth Fund	61,478	42,706
Nationwide Investor Destinations Moderately Conservative Fund	54,939	49,308
Waddell & Reed Advisor High Income Fund	42,115	16,249
Goldman Sachs Core Fixed Income Fund	28,616	15,402
American Funds Washington Mutual	24,926	16,422
Goldman Sachs Small Cap Value Fund	23,063	9,743
Thornburg International Value	22,435 **	14,983 **
Nationwide Destinations 2040 Fund	18,647	-
Oppenheimer Capital Appreciation Fund	14,226	10,477
Edgar Lomax Value Fund	8,597	5,860
Van Kampen Equity & Income Fund	5,353	14,032
American Funds America High Income Trust	4,567	2,244

(Continued)

**DEFERRED COMPENSATION PLAN FOR EMPLOYEES  
OF THE COUNTY OF ONONDAGA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

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**4. INVESTMENTS (CONT'D)**

	<u>2009</u>	<u>2008</u>
Legg Mason Small Cap Growth	3,717	1,951
Nationwide Retirement Fund	3,241	-
Nationwide Destinations 2030 Fund	2,322	716
Nationwide Destinations 2020 Fund	1,566	34
Nationwide Destinations 2015 Fund	8	-
Morgan Stanley Institutional Core Plus Fixed Income Portfolio	-	27,322
Total	<u>\$ 21,158,739</u>	<u>\$ 15,999,688</u>

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

\*\* Represents international mutual funds

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**4. INVESTMENTS (CONT'D)**

Guaranteed investment contracts consisted of the following at December 31, 2009:

<u>Investment Manager</u>	<u>Contract Period</u>	<u>Crediting Interest Rate at 12/31/09</u>	<u>Minimum Guaranteed Rate</u>	<u>2009 Annual Effective Yield</u>	<u>Fair Value</u>
Hartford Life Insurance Company	December 1, 2009 - November 30, 2010	4.0%	4.0%	4.0%	\$ 5,485,800 *
Nationwide Life Insurance Company	December 22, 2009 - December 21, 2010	3.6%	3.5%	3.6%	9,199,440 *
Prudential Insurance Company	January 1, 2009 - December 31, 2009	2.3%	1.5%	2.3 %	<u>277,641</u>
Total					<u>\$ 14,962,881</u>

Guaranteed investment contracts consisted of the following at December 31, 2008:

<u>Investment Manager</u>	<u>Contract Period</u>	<u>Crediting Interest Rate at 12/31/08</u>	<u>Minimum Guaranteed Rate</u>	<u>2008 Annual Effective Yield</u>	<u>Fair Value</u>
Hartford Life Insurance Company	December 1, 2008 - November 30, 2009	4.0%	4.0%	4.0%	\$ 4,843,970 *
Nationwide Life Insurance Company	December 22, 2008 - December 21, 2009	3.9%	3.5%	3.9%	7,801,275 *
Prudential Insurance Company	January 1, 2008 - December 31, 2008	3.1%	1.5%	3.1%	<u>170,325</u>
Total					<u>\$ 12,815,570</u>

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

(Continued)

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**4. INVESTMENTS (CONT'D)**

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, 2009, the Plan had the following investments and maturities in its fixed earnings investments, pooled separate accounts and mutual funds which include investments in bonds.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
<b>Fixed earnings investments</b>		
Guaranteed investment contracts:		
The Hartford	\$ 5,485,800	0.9
Nationwide	9,199,440	1.0
<b>Variable earnings investments</b>		
Oakmark Equity & Income	1,685,654	3.5
Van Kampen Equity and Income	188,148	6.0
Hartford US Government Securities HLS	62,988	3.8
Hartford Total Return Bond HLS	526,761	6.7
Putnam High Yield Advantage	95,577	6.4
MFS High Income Fund	291,336	5.9
Waddell & Reed Advisor High Income Fund	42,115	4.8
Nationwide Bond Index Fund	147,397	12.8
PIMCO Total Return Fund	716,340	6.5
Federated U.S. Government Securities: 2-5 Year	242,609	3.2

(Continued)

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**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 \$2,625,932 and \$1,915,593 as of December 31, 2009 and 2008, 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 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)

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**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 December 23, 2004 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 Model Plan has been adopted by the County of Onondaga and has been amended since the date of this letter. However, the Committee believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**9. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of the guaranteed investment contracts are estimated by the respective insurance company, primarily using a crediting interest rate reset quarterly. The fair value of these contracts was estimated to be \$14,962,881 and \$12,815,570 at December 31, 2009 and 2008, respectively.

**10. RECLASSIFICATION**

Certain amounts at December 31, 2008 have been reclassified to reflect current assumptions and information existing at December 31, 2009. These reclassifications had no effect on net assets available for benefits as previously reported.

(Concluded)