

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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## INDEPENDENT AUDITORS' REPORT

To the Nassau County  
Deferred Compensation Board and Participants:

We have audited the accompanying statement of fiduciary net assets of the Nassau County Deferred Compensation Plan (the "Plan") as of December 31, 2009 and 2008, and the related Statement of Changes in Fiduciary Net Assets 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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 financial position of the Nassau County Deferred Compensation Plan as of December 31, 2009 and 2008, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Israeloff, Trattner & Co. P.C.*

Garden City, New York  
March 6, 2013

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

**Overview of the Financial Statements**

The Nassau County Deferred Compensation Plan (the "Plan") has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus". The two statements require state and local governments and their components' financial statements to include management's discussion and analysis, government wide financial statements, fund financial statements, notes to the financial statements and required supplementary information. The statements also require state and local governments to report infrastructure assets. There was no effect on the net assets of the Plan as a result of implementing GASB 34 and GASB 37.

The financial statements of the Plan consist of the following components: management's discussion and analysis (this section), financial statements, and notes to the financial statements. The Statement of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits provide information about the financial status of the Plan. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Management's discussion and analysis of the Plan's financial performance provides an overview of the Plan's financial activities for the fiscal years ended December 31, 2009 and 2008. Please read it in conjunction with the Plan's financial statements.

**Financial Highlights**

Plan Assets, Contributions and Investment Results

Net Assets Available for Benefits totaled \$740,808,053 at December 31, 2009 and \$613,310,354 at December 31, 2008, an increase of 20.79% in 2009. The 2009 increase is primarily the result of significant appreciation in the fair value of invested assets in 2009.

Contributions from participants were \$52,056,529 in 2009 and \$54,630,848 in 2008. The 2009 participant contribution amount represents a decrease of 4.71% over the 2008 participant contribution.

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Financial Highlights (Continued)**

Plan Additions for 2009 and 2008

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Participant contributions	\$ 52,056,529	\$ 54,630,848	(4.71%)
Interest and dividends	5,454,233	4,914,459	10.98%
Revenue Sharing Income	224,667	347,401	(3.53%)
Appreciation (depreciation)			
In fair value of investments - net	103,726,518	(170,335,135)	160.90%
Rollovers and transfers and other adjustments, net	19,053	189,247	(89.93%)
Other income	<u>3,186</u>	<u>-</u>	
Total additions	\$ <u>161,484,186</u>	\$ <u>(110,253,180)</u>	

Statements of Net Assets Available for Benefits

	<u>2009</u>	<u>2008</u>
Investments in mutual funds, pooled separate assets and interest accumulation account	\$ <u>740,876,053</u>	\$ <u>613,355,354</u>
Net assets available for benefits	\$ <u>740,808,053</u>	\$ <u>613,310,354</u>
Increase (decrease) in net assets available for benefits	\$ <u>127,497,699</u>	\$ <u>(146,700,785)</u>

The following is a listing of all the Plan's investment options offered and their related average annual performance for 2009. Average annual performance reflects changes in share price and reinvestment of dividends and capital gains and losses. Performance includes the effect of any applicable recurring and non-recurring fees. Investment decisions should be based upon a thorough reading of the appropriate prospectus and/or consultation with professional advisors. Past performance is no guarantee of future results:

<u>Mutual Fund Select Portfolios/Met Life Investment Alternative Description</u>	<u>Average 2009 Annual Return</u>
Allianz NJF Small Cap Value Fund Class A	23.94%
American Funds American Balanced Fund R3	20.73%
American Funds EuroPacific Growth Fund R3	38.71%
Legg Mason ClearBridge Small Cap Growth Fund Class A	42.22%
Legg Mason Government Securities Fund Class A	9.11%

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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<b>Mutual Fund Select Portfolios/Met Life Investment Alternative Description (Continued)</b>	<b>Average 2009 Annual Return</b>
Legg Mason Partners Aggressive Growth Fund Class B	32.56%
Morgan Stanley Institutional Fund Trust Mid Cap Growth	60.19%
Royce Mutual Fund – Inv.	36.28%
Virtus Mid-Cap Value Fund Class A	34.42%
Pioneer Mid-Cap Value Fund Class A	24.69%
T. Rowe Price Growth Stock Fund	43.25%
T. Rowe Price Retirement Income Fund	22.06%
T. Rowe Price Retirement 2010 Fund	27.95%
T. Rowe Price Retirement 2015 Fund	31.35%
T. Rowe Price Retirement 2020 Fund	34.19%
T. Rowe Price Retirement 2025 Fund	36.29%
T. Rowe Price Retirement 2030 Fund	37.99%
T. Rowe Price Retirement 2035 Fund	39.04%
T. Rowe Price Retirement 2040 Fund	39.07%
T. Rowe Price Retirement 2045 Fund	39.10%
T. Rowe Price Retirement 2050 Fund	38.92%
T. Rowe Price Retirement 2055 Fund	38.97%
Vanguard Institutional Index Fund	26.63%
Vanguard Mid-Cap Index Institutional Fund	40.51%
Vanguard Total Bond Market Index – Institutional Fund	6.09%
Van Kampen Growth & Income Fund Class A	24.26%
American Funds ® Balanced Allocation Class C	28.94%
American Funds ® Growth Allocation Portfolio Class C	33.64%
American Funds ® Moderate Allocation Portfolio Class C	23.03%
Black Rock High Yield Fund Class A	46.75%
Black Rock Large Cap Value Fund Class B	10.72%
Black Rock Legacy Large Cap Growth Fund Class A	36.28%
Janus Forty Fund Class A	42.78%
Davis NY Venture Value Fund Class A	31.59%
Blackrock Diversified Portfolio Class A	18.03%
Fidelity ® VIP Equity – Income Portfolio	29.82%
Fidelity ® VIP High Income Portfolio – Initial Class	43.53%
GTS Fixed Account	3.00%
Lazard Mid-Cap FundClass A	36.73%
Legg Mason Clearbridge Appreciation Fund – Class A	21.31%
Legg Mason Partners Variable Investors Portfolio Class A	24.13%
Legg Mason Partners Variable Social Awareness Stock Portfolio	22.47%
Legg Mason Value Equity Fund Class B	37.56%

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
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Mutual Fund Select Portfolios/Met Life Investment Alternative Description (Continued)	Average 2009 Annual Return
Barclays Aggregate Bond Index Portfolio Class A	4.85%
Loomis Sayles Global Markets Fund Class A	40.57%
Lord Abbett Growth & Income Fund Class B	18.04%
Lord Abbett Mid-Cap Value Fund Class B	26.16%
MetLife Conservative Allocation Fund Class B	20.16%
MetLife Conservative to Moderate Allocation Fund Class B	23.31%
MetLife Moderate Allocation Fund Class B	26.15%
MetLife Moderate to Aggressive Fund Class B	28.71%
MetLife Aggressive Allocation Fund Class B	31.10%
MFS® Total Return Fund Class F	18.00%
Morgan Stanley EAFE (R) Index	28.29%
Clarion Global Real Estate Fund Class A	34.72%
Oppenheimer Global Equity Portfolio Class A	39.89%
Oppenheimer Capital Appreciation Class A	43.59%
PIMCO Total Return Fund Class B	16.96%
Pioneer Fund Portfolio Class A	23.51%
Pioneer Strategic Income Fund Class A	32.69%
Russell ® 2000 Index Class A	25.64%
Legg Mason Partners Variable High Income Fund	59.45%
Legg Mason Partners Variable International All Cap Growth Portfolio	28.23%
Legg Mason Partners Variable Money Market	(0.08)%
BlackRock Bond Income Portfolio Class A	9.14%
Legg Mason Western Asset US Government Portfolio Class A	4.18%
T. Rowe Price Large Cap Growth Fund Class B	42.61%
T. Rowe Price Small Cap Growth Fund Class B	38.22%
Van Kampen Mid-Cap Growth Fund Class B	56.80%

Plan's Distributions and Expenses

Administrative expenses totaled \$118,675 and \$332,046 for the years ended December 31, 2009 and 2008.

Plan Distributions and Expenses for 2009 and 2008

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Distributions to participants and beneficiaries	\$ 33,867,812	\$ 36,115,559	(6.22%)
Administrative expenses	<u>118,675</u>	<u>332,046</u>	(64.43%)
Total Plan deductions	\$ <u>33,986,487</u>	\$ <u>36,447,605</u>	

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

The Plan had entered into a revenue sharing agreement with its service provider in 2004. The agreement called for the service provider to share its revenues earned from the assets held with the Plan. The arrangement, which is described in more detail in Note 4 of the financial statements, was terminated effective September 1, 2009. The arrangement provided \$224,667 and \$347,401 to the Plan for the calendar years 2009 and 2008, respectively. Part of the funds earned were used to pay for consulting, auditing and other administrative expenses of the Plan in 2009 and 2008. As of December 31, 2009, the plan has \$763,886 in revenue sharing funds invested in the Vanguard Money Market Fund.

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

The annual maximum contribution for 2009 was \$16,500 (\$22,000 if employee is age 50 or older) and the annual maximum contribution for 2008 was \$15,500 (\$20,500 if employee is age 50 or older). The annual maximum contributions have been set for the coming years as follows:

2010	\$ 16,500 (\$22,000 if age 50 or older)
2011	\$ 16,500 (\$22,000 if age 50 or older)
2012	\$ 17,000 (\$22,500 if age 50 or older)
2013	\$ 17,500 (\$23,000 if age 50 or older)

Due to the demographics of the employee base as well as the number of participants who contribute the maximum amount each year, the amount categorized as participant contributions may increase (decrease) in the foreseeable future.

NASSAU COUNTY  
DEFERRED COMPENSATION PLAN

STATEMENT OF FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2009 AND 2008

**ASSETS**

	<u>2009</u>	<u>2008</u>
Investments, at fair value:		
Guaranteed investment account	\$ 335,038,703	\$ 309,173,336
Pooled separate accounts	228,540,147	187,047,786
Mutual funds	176,533,317	116,540,362
Money market account	<u>763,886</u>	<u>593,870</u>
 Total Assets	 740,876,053	 613,355,354
 <b>LIABILITIES</b>		
 Accrued expenses	 <u>68,000</u>	 <u>45,000</u>
 Total Liabilities	 <u>68,000</u>	 <u>45,000</u>
 FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS	 <u><u>\$ 740,808,053</u></u>	 <u><u>\$ 613,310,354</u></u>

See accompanying notes to the financial statements.

NASSAU COUNTY  
DEFERRED COMPENSATION PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS

FOR YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</b>		
Investment income:		
Interest and dividends	\$ 5,454,233	\$ 4,914,459
Revenue Sharing	224,667	347,401
Net appreciation (depreciation) in fair value of investments	<u>103,726,518</u>	<u>(170,335,135)</u>
	109,405,418	(165,073,275)
Contributions:		
Plan participants - deferrals of compensation	52,056,529	54,630,848
Rollovers, transfers and other adjustments, net	19,053	189,247
Other income	<u>3,186</u>	<u>-</u>
Total Contributions, Rollovers, transfers and other adjustments, net	<u>52,078,768</u>	<u>54,820,095</u>
 Total additions	 <u>161,484,186</u>	 <u>(110,253,180)</u>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>		
Benefits paid to participants and beneficiaries	33,867,812	36,115,559
Administrative expenses	<u>118,675</u>	<u>332,046</u>
Total deductions	<u>33,986,487</u>	<u>36,447,605</u>
 Increase (decrease) in fiduciary net assets available for benefits	 127,497,699	 (146,700,785)
FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>613,310,354</u>	<u>760,011,139</u>
FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u>\$ 740,808,053</u>	<u>\$ 613,310,354</u>

See accompanying notes to the financial statements.

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

**1. DESCRIPTION OF PLAN**

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

(a) General:

The Plan is a defined contribution plan which permits employees and elected officials of Nassau County to defer a portion of their current salary until future years. Nassau County does not make any contributions to the Plan. Participants do not pay income taxes on their contributions or investment returns while these funds remain in the Plan. The Plan's membership was approximately 8,000 at December 31, 2009 and 2008, respectively.

The assets of the Plan are being held in trust for the exclusive benefit of Plan members and their beneficiaries as required by the Internal Revenue Code Section 457.

(b) Employees of the County are eligible to participate in the Plan as of any enrollment date following the date he or she becomes an employee.

(c) Contributions:

Participants may defer a minimum of \$260 and up to 100% of their compensation, not to exceed the maximum deferral amount under Internal Revenue Service regulations in a calendar year (\$16,500 in 2009 and \$15,500 in 2008). Participants that have attained age 50 before the close of a plan year are permitted to contribute an additional catch-up amount (\$5,500 in 2009 and \$5,000 in 2008).

Under the limited "catch-up" provision a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable. Federal income taxes are not due on deferred amounts or on any accumulated earnings until the participant receives a distribution of assets. Participants may elect to invest their contributions in multiples of 1% in any of the investment fund options, and may increase, decrease or suspend their deferrals once a month. Compensation amounts deferred and accumulated earnings thereon, while in trust for the exclusive benefit of participants remain the property of Nassau County until distributed to participants. Participants are always fully vested for the accumulated units in their accounts. Participation in the Plan ceases at retirement, termination of service, disability or death. The employer does not make contributions to the Plan.

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
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**1. DESCRIPTION OF PLAN (CONTINUED)**

(d) Participants' Accounts:

Each participant's account is credited with the participant's contributions as of the date at which the participant's contribution is remitted. The account is also credited with any increase or charged with any decrease related to the transactions of the Plan. Each participant's account balance is invested in accordance with the investment option(s) selected by the participant.

Nassau County is only under a contractual obligation to make payments under this Plan in accordance with the provisions of the applicable statute as payments become due. Nassau County is not a guarantor of the Plan.

(e) Payment of Benefits and Transfers:

A participant's deferred compensation account balance is available upon the occurrence of the earlier of such participant's severance from employment, retirement, death, attainment of age 70½ or the occurrence of certain unforeseeable emergencies as defined by the Internal Revenue Code. A participant may elect to receive a lump sum amount equal to the value of his or her account, or periodic payments in monthly, quarterly, semiannual or annual installments. In addition to these regular periodic payments, a participant may also request a non-scheduled distribution of at least \$500 no more than twelve times a year.

Participants also have the right to redirect the timing, the amount, and the method of payment of the distribution. In connection with a participant's severance from employment, the participant may elect to have all or a portion of his/her account rolled over into another qualified 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 election.

Distribution is also permitted in the case of unforeseen emergency, as defined by Internal Revenue Code 457 regulations. A participant may also elect to receive an in-service distribution if the participant has not made deferrals into the Plan for 24 consecutive months and the total value of the participant's account does not exceed \$5,000.

(f) Allocation of Contributions:

Contributions are allocated among investment options based on participants' designations through the Plan's record-keepers.

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
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**1. DESCRIPTION OF PLAN (CONTINUED)**

(g) Unforeseeable Emergency (UFE):

Participants, after approval from the Third Party Administrator and the Plan's 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 cash sum within sixty days after approval of the request.

(h) Termination of the Plan:

The Nassau County Legislature has the authority to terminate this Plan or to substitute a new plan consistent with the requirements of the United States Internal Revenue Service.

Upon termination, each participant shall be deemed to have withdrawn from the Plan as of the date of such termination: the participant's full compensation on a non-deferred basis will be restored; and the administrator shall treat such participants as if they had termination of service on the date of such termination and pay such deferred compensation in accordance with the provisions of the Plan.

Any substitute of a new plan, consistent with the requirements of the United States Internal Revenue Service, shall provide for the retention by the employer of the amounts already deferred under the prior plan and for the distribution of said amounts in accordance with the irrevocable written elections made pursuant to the Plan.

(i) Vesting and Benefit Provisions:

Assets in the Plan are held in trust for the exclusive benefit of Plan members and their beneficiaries in accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Plan members are fully vested for the current valuation of their account from the date of enrollment in the Plan. Benefits are payable upon separation from service with Nassau County.

**2. SUMMARY OF ACCOUNTING POLICIES**

(a) Basis of Accounting

The Plan's financial statements have been prepared using the accrual basis of accounting and conform to the provisions of Government Accounting Standards Board (GASB) Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
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**2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

(c) Unit Valuation

Participants' net asset value per unit is determined on a daily basis for each of the Plan's 30 investment fund options. Net Asset value per unit is computed on the total fair value at the end of the day of the Plan's net assets divided by the total outstanding units of the Plan.

(d) Recent Accounting Pronouncements

The Plan has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus". The two statements require state and local governments' financial statements to include management's discussion and analysis, Government-wide financial statements, fund financial statements, notes to the financial statements and required supplementary information. The statements also require state and local governments to report infrastructure assets. There was no effect on the net assets of the Plan as a result of implementing GASB 34 and GASB 37.

(e) Investment

Investments are reported at fair value based upon quoted market prices, except for the Plan's fixed income options and pooled separate accounts, which are valued at contract value, which approximates fair value. Investment transactions are accounted for on a trade or investment date basis. Interest income is recognized in the period earned. Gains and losses on the sales of investments are recognized when realized, while unrealized gains and losses are recognized daily based on fluctuations in market value. Realized and unrealized gains and losses are netted in the financial statements. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. Certain expenses charged by custodians, such as insurance mortality expense charges or deferred sales charges, if any, are included as a component of gains and losses.

NASSAU COUNTY DEFERRED COMPENSATION PLAN  
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**2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

(f) Payments of Benefits:

Benefits are recorded when paid.

(g) Fixed Income Accounts

Participants can allocate account funds to the Plan's guaranteed interest account. The guaranteed interest rate, under the terms of the contract at December 31, 2009, was 3%. The average interest rate credited to the accounts in 2008 was 3%.

**3. INVESTMENTS**

The Plan's investments as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Fixed interest account	\$ 335,038,703	\$ 309,173,336
Mutual funds	176,533,317	116,540,362
Pooled separate assets	228,540,147	187,047,786
Money market account	<u>763,886</u>	<u>593,870</u>
Total Plan Investments	\$ <u>740,876,053</u>	\$ <u>613,355,354</u>

The Plan's investments are subject to various risks. Among these risks are custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near term.

Custodial credit risk, as it relates to investments, is the risk that in the event of the failure of the custodian, the Plan will not be able to recover the value of the investments that are in the possession of the third-party. The Plans investment securities are not exposed to custodial credit risk as they are held in segregated trust accounts in the name of the Plan with the custodians.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment

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**3. INVESTMENTS (CONTINUED)**

As of December 31, 2009 and 2008, the following investments represented 5% or more of the Plan's net assets:

	<u>2009</u>	<u>2008</u>
Janus Forty	\$ 45,662,581	\$ 32,834,059
Metlife Gold Track Select (previously Travelers GTS Liquid Fixed Fund)	\$ 335,038,703	309,173,336

**4. RECORDKEEPING AND ADMINISTRATIVE EXPENSES**

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

Expenditures for recordkeeping and administrative expenses rendered in connection with administration of the Plan are paid directly by the Plan and allocated to and deducted from the accounts of all participants unless paid by the Board from either the proceeds of the revenue sharing agreement (see below) with Metlife, the Plan's service provider, state funds allocated for such expenses or the employer elects to pay such expenses directly.

Effective with the September 1, 2004, service provider agreement, the Deferred Compensation Board has agreed to a revenue sharing agreement between the plan and its service provider. Under this arrangement, the service provider is to pay the Plan a portion of revenues earned from the assets held by the Plan. The arrangement calls for 80% of annual revenues in excess of \$1,669,000 earned by the provider to be remitted to the Plan and no less than \$337,000. Such revenues will be remitted directly to the Plan and used in the best interest of the plan as determined by the Board (i.e., plan expenses). In case the Board finds such revenues to be significantly more than the sum of the plan's incurred and anticipated expenses and a prudent reserve for future expenses, the Board may instruct that the difference be allocated among participants, beneficiaries, and alternate payees' plan accounts.

Effective September 1, 2009, the Service Agreement between the Deferred Compensation Board and Metropolitan Life Insurance Company was amended, which, among other things, eliminated the annual revenue sharing minimum of \$337,000 and the sharing of annual revenues in excess of \$1,669,000.

For the year ended December 31, 2009, earnings by the plan from the revenue sharing agreement amounted to \$224,667 compared to \$347,401 in 2008. Earnings are being invested in the Vanguard Money Market Fund and are being used to pay consulting, auditing and miscellaneous other plan expenses in 2009 and 2008. At December 31, 2009, the balance in the Vanguard Money Market Fund was \$763,886 and was included in the total asset balance on the statement of fiduciary net assets available for plan benefits.

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NOTES TO FINANCIAL STATEMENTS  
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**5. RELATED PARTY TRANSACTIONS**

**CitiStreet Associates, LLC**

Certain Plan investment options are offered through CitiStreet's Mutual Fund Select Portfolios Group-Trust ("MSSP"), also referred to as CitiStreet Retirement Services Group – Trust. The group-trust is sponsored by CitiStreet Associates, LLC ("CitiStreet") and provides for investment in shares of registered investment companies and collective investment funds. A participant's contribution applied to the group-trust is invested in the available investment options in accordance with the participant's direction. Certain fees are paid to CitiStreet from the group-trust assets in consideration for recordkeeping and other services provided. The Plan has contracted with CitiStreet to perform certain administrative and recordkeeping functions, and therefore, these transactions qualify as party-in-interest transactions. Additionally, the group-trust may invest in funds that are managed or advised by an affiliate of CitiStreet. During 2005, MSSP was sold by CitiStreet to Travelers and Travelers was bought by Met Life, the Plan's Administrative Service Agency.

**CitiStreet Financial Services, LLC**

Prior to 2007 each participant in the Plan was able to elect to enter into a separate advisory agreement with CitiStreet Financial Services, LLC, referred to as the CHART Program. The CHART Program is an asset diversification service, in which an asset allocation is recommended based upon the participant's risk tolerance level. Once enrolled in the program, a participant's investment allocation is automatically rebalanced each year to match the participant's investment profile. The maximum annual fee that may be charged for these advisory services is 0.75% of the assets invested in accordance with the program.

Certain Plan investments, as of December 31, 2009, are shares of pooled separate accounts and/or annuity investment options managed by MetLife. Purchases and sales of these funds are open market transactions at fair market value. Met Life is the Plan Administrative Service Agency during the year 2009; therefore, these transactions qualify as party-in-interest transactions.