

**TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN**

FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013

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TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN
Management's Discussion and Analysis

The statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits provide information about the financial status of the Town of Southold Deferred Compensation Plan (the Plan). These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis of accounting, revenue and expenses are recorded when earned or incurred regardless of when cash is received or paid.

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide background and summary information for the Plan. This discussion and analysis should be read in conjunction with the financial statements, including notes, which begin on page 4.

Financial Highlights

Net assets available for benefits amounted to \$15,951,731 at December 31, 2014 compared to \$14,602,181 at December 31, 2013. The increase of \$1,349,550 (8%) during the year ended December 31, 2014 is primarily the result of appreciation in the fair value of invested assets and employee contributions.

Contributions from participants excluding rollovers were \$664,862 in 2014 and \$728,458 in 2013. The 2014 contributions decreased 9% from the 2013 contributions.

The Plan's loans to participants were \$294,310 in 2014 and \$243,610 in 2013. This increase of 17% is mainly due to an increase in participants borrowing from the Plan.

Summarized Financial Statement Information

	December 31,	
	<u>2014</u>	<u>2013</u>
Net assets available for benefits	<u>\$ 15,951,731</u>	<u>\$ 14,602,181</u>
Increase in net assets available for benefits	<u>\$ 1,349,550</u>	<u>\$ 3,002,335</u>

TOWN OF SOUTHDOLD
DEFERRED COMPENSATION PLAN
 Management's Discussion and Analysis

	<u>Plan Additions</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Employee contributions	\$ 664,862	\$ 728,458	(9%)
Rollovers	<u>-0-</u>	<u>20,251</u>	
	<u>664,862</u>	<u>748,709</u>	(12%)
Appreciation in fair value of investments	889,946	2,473,437	(177%)
Interest income on notes receivable from participants	<u>9,676</u>	<u>10,095</u>	(4%)
	<u>899,622</u>	<u>2,483,532</u>	(177%)
Total additions to net assets	<u>\$ 1,564,484</u>	<u>\$ 3,232,241</u>	(106%)

	<u>Plan Deductions</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Distributions to participants and beneficiaries	\$ 213,984	\$ 228,968	(7%)
Administrative expenses	950	938	0%

	<u>Average Rate of Return</u>	
	<u>2014</u>	<u>2013</u>
Appreciation in fair value of investments	\$ 889,946	\$ 2,473,437
Average plan assets	15,276,956	12,868,402
Rate of return on average plan assets	5.8%	19.2%

TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN
Management's Discussion and Analysis

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

The annual maximum contributions during the year ended December 31, 2014 was \$17,500 (\$23,000 if the employee is age 50 or older).

Due to the demographics of the Town of Southhold's ("the Town") employee base, the amount categorized as "employee contributions" should continue to increase in the foreseeable future as long as participants believe the market will continue to rise and the cost of consumer goods does not significantly decrease the participant's disposable income. Participants understand that the earlier they retire, the longer they will live in retirement and that they will need to supplement their New York State pension. As long as they can afford it (and the closer they get to retirement) they will continue to defer a portion of their current salary into the Plan.

The Plan's Third Party Administrator does offer investment advice or guidance to attract non-participants who have not enrolled because of their lack of expertise in investing, fear of investing in the wrong option, not familiar with asset allocation, etc. The Town is committed to explore options to reach out to non-participants or to educate participants on the importance of reaching their retirement goals.

It is hoped that the fee structure as well as the Town's policy that allows retirees or terminated employees to stay in the Plan will encourage former employees to remain in the Plan rather than rollout their account balance to another financial institution.

Request for Information

This financial report is designed to provide a general overview of the Plan's finances for all those included in the Plan. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Accounting and Finance Department
Deferred Compensation Plan for Employees of the Town of Southold
Town Hall Annex
P.O. Box 1179
54375 Main Road
Southold, NY 11971



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Trustees
Town of Southold
Southold, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Town of Southold Deferred Compensation Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013 and the related statements of changes in net assets available for benefits for the year ended December 31, 2014 and 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3, 4 and 5, which was certified by Mass Mutual Retirement Services, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of December 31, 2014 and 2013 and for the years ended December 31, 2014 and 2013, that the information provided to the Plan administrator by the Trustee is complete and accurate.

PERSONAL SERVICE. TRUSTED ADVICE. 

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Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Alberto, Vignani, 3rd & Company, P.C.

Hauppauge, New York
June 8, 2015

TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Investments at fair value	\$ 15,657,421	\$ 14,358,571
Notes receivable from participants	<u>294,310</u>	<u>243,610</u>
 Net Assets Available for Benefits	 <u>\$ 15,951,731</u>	 <u>\$ 14,602,181</u>

See accompanying notes to the financial statements.

TOWN OF SOUTHDOLD
DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Years Ended December 31, 2014 and 2013

	2014	2013
ADDITIONS:		
Investment income:		
Net appreciation in fair value of investments	\$ 889,946	\$ 2,473,437
Interest income on notes receivable from participants	9,676	10,095
	899,622	2,483,532
Contributions:		
Participant	664,862	728,458
Rollovers	-0-	20,251
	664,862	748,709
Total Additions	1,564,484	3,232,241
DEDUCTIONS:		
Benefits paid to participants and beneficiaries	213,984	228,968
Administrative expenses	950	938
Total Deductions	214,934	229,906
Net Increase	1,349,550	3,002,335
Net Assets Available for Benefits:		
Beginning of Year	14,602,181	11,599,846
End of Year	\$ 15,951,731	\$ 14,602,181

See accompanying notes to the financial statements.

TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 1 – Description of Plan

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

General

The Plan is a defined contribution plan available to substantially all of the employees of the Town of Southold ("the Town") upon date of hire. The Plan was created in accordance with Internal Revenue Code Section 457 and permits the employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination of employment, retirement, death or unforeseeable financial emergency.

The Plan has entered into contract with the Mass Mutual Retirement Services ("the Administrator") to administer the Plan. The Administrator offers several investment options through various financial organizations, and maintains individual accounts for Plan participants.

All amounts deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries and alternate payees pursuant to the trust agreement.

Contributions

Each year, participants may contribute up to fifteen percent of their annual compensation, as defined by the Plan, not to exceed the maximum amount permitted under the Internal Revenue Code. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of the Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined by the Plan. 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 actual earnings thereon.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined quarterly by the Plan Administrator. Principal and interest is paid ratably through payroll deductions.

TOWN OF SOUTHDOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 1 – Description of Plan (continued)

Investment Options

Upon enrollment in the Plan, a participant may direct contributions to a variety of investment options in mutual funds offered by Mass Mutual Retirement Services. Participants may change their investment options throughout the Plan year.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or monthly, quarterly, semi-annually or annual installments over a certain period, as defined by the Plan. Additionally, participants may request withdrawals for unforeseeable emergencies subject to certain federal rules and regulations.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting and present the fiduciary net assets available for plan benefits and changes in fiduciary net assets for benefits.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the investment contracts from fair value to contract value. The fair value of the benefit responsive investment contracts approximated contract value as of December 31, 2014 and 2013, respectively.

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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are recorded 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. See Note 4 for discussion of fair value measurements.

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

**TOWN OF SOUTHDOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

Note 2 – Summary of Significant Accounting Policies (continued)

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest Income is recorded on the accrual basis. Related fees are recorded as administrative expenses and expensed when incurred. No allowance for credit losses has been recorded as of December 31, 2014 and 2013. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Each participant account is credited with earnings on the underlying investments and charged for administrative expenses to arrive at the net yield on an investment. The Town pays all other administrative expenses.

Subsequent Events

Plan management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

Note 3 – Investments

The following present investments that represent five percent or more of the Plan's net assets at December 31:

	<u>2014</u>	<u>2013</u>
Mass Mutual Guaranteed Interest Account	\$ 3,577,590	\$ 3,636,466
Hartford Capital Appreciation	2,180,843	1,927,744
Prudential Jenn 20/20 Fund	-0-	766,347
Fidelity Contra Fund	2,611,367	1,468,292
American Funds Growth Fund	942,309	838,788
Janus Balanced Fund	841,166	866,375
❖ SSGA S&P 500 Index SEC Lender	<u>719,234</u>	<u>576,596</u>
	10,872,509	10,080,608
Investments representing less than 5% of the Plan's net assets	<u>4,784,912</u>	<u>4,277,963</u>
	<u>\$ 15,657,421</u>	<u>\$ 14,358,571</u>

❖ The 2013 amount doesn't represent 5% or more of the Plan's net assets but is included for comparative purposes only.

During 2014 and 2013, the Plan's investments (including interest, dividends and gains and losses on investments bought and sold, and held during the year) appreciated in value by approximately \$890,000 and 2,473,000, respectively, which consists of mutual funds.

TOWN OF SOUTHOLD
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 4 – Fair Value Measurements

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 the ASC 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.

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, 2014 and 2013.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the SEC. The funds are required to publish their daily net asset value (NAV) and transcript at that price. The mutual funds held by the Plan are deemed to be actively traded.

Investment contract: Valued at fair-value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

TOWN OF SOUTHDOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

Note 4 – Fair Value Measurements (continued)

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 table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value:

Investments at Fair Value as of December 31, 2014

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:			
Index funds	\$ 987,576	\$ -0-	\$ 987,576
Balanced funds	3,549,296	-0-	3,549,296
Growth funds	4,449,589	-0-	4,449,589
Value funds	1,352,524	-0-	1,352,524
Fixed income funds	258,570	-0-	258,570
International funds	1,104,889	-0-	1,104,889
Allocation funds	377,387	-0-	377,387
Total mutual funds	<u>12,079,831</u>	<u>-0-</u>	<u>12,079,831</u>
Investment contract	<u>-0-</u>	<u>3,577,590</u>	<u>3,577,590</u>
Total investments at fair value	<u>\$ 12,079,831</u>	<u>\$ 3,577,590</u>	<u>\$ 15,657,421</u>

Investments at Fair Value as of December 31, 2013

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:			
Index funds	\$ 822,752	\$ -0-	\$ 822,752
Balanced funds	2,424,625	-0-	2,424,625
Growth funds	3,992,941	-0-	3,992,941
Value funds	1,128,965	-0-	1,128,965
Fixed income funds	189,364	-0-	189,364
International funds	1,075,338	-0-	1,075,338
Allocation funds	1,088,120	-0-	1,088,120
Total mutual funds	<u>10,722,105</u>	<u>-0-</u>	<u>10,722,105</u>
Investment contract	<u>-0-</u>	<u>3,636,466</u>	<u>3,636,466</u>
Total investments at fair value	<u>\$ 10,722,105</u>	<u>\$ 3,636,466</u>	<u>\$ 14,358,571</u>

**TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

Note 4 - Fair Value Measurements (continued)

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2014:

Balance, beginning of year	\$ 3,636,466
Realized gains/ (losses)	103,506
Purchases	131,189
Sales	<u>(293,571)</u>
Balance, end of year	<u>\$ 3,577,590</u>

Unrealized gains/(losses) from the guaranteed investment contract are not included in the statement of changes in net assets available for benefits as the contract is recorded at contract value for purposes of the net assets available for benefits.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range of Significant Input Value</u>	<u>Weighted Average</u>
Guaranteed Investment Contract	\$ 3,577,590	Discounted Cash Flow	Composite Credit Rate	4.00	N/A

TOWN OF SOUTHDOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 5 – Investment Contract With Insurance Company

The Plan has a fully benefit responsive investment contract with the Mass Mutual Retirement Services (“Mass Mutual”) as of December 31, 2014 and 2013. The Plan invests in a variety of investment contracts such as guaranteed investment contracts issued by insurance companies and other financial institutions and other investment products (synthetic guaranteed investment contracts and collective investment trusts) with similar characteristics. Mass Mutual maintains the contributions in a general account. The accounts are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Because the investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contract. The investment contract is presented on the face of the Statements of Net Assets Available for Benefits at contract value which approximates fair value in arriving at net assets available for benefits. Contract value, as reported to the Plan by Mass Mutual, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of these investment contracts at December 31, 2014 and 2013 were approximately \$3,577,000 and \$3,636,000, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed on a semi-annual basis for resetting.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (a) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (b) changes to the Plan’s prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the ERISA. The Plan Administrator does not believe that any events that would limit the Plan’s ability to transact at contract value with Plan participants are probable of occurring.

Both fully benefit responsive investment contracts invest in a variety of investment contracts including guaranteed investment contracts. Guaranteed investment contracts generally do not permit the issuer to terminate the agreement prior to the scheduled maturity date. Average yields based on annual earnings and interest rates credited to participants was approximately 4% as of December 31, 2014 and 2013, respectively.

TOWN OF SOUTHOLD
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 6 – Plan Termination

Although it has not expressed any intent to do so, the Board has the right under the Plan to amend, suspend or terminate the Plan and any deferrals there under, the Trust Agreement and any Investment Fund, in whole or in part and for any reason and without consent of any employee, participant, beneficiary, or other person. In the event of Plan termination, all amounts deferred would be payable in accordance with plan provisions.

Note 7 – Related Party Transactions

Certain Plan investments are managed by Mass Mutual. Mass Mutual is the Trustee and record keeper for the Plan and, therefore, these transactions qualify as party in interest transactions

Note 8 – Tax Status

The Internal Revenue Service has determined and informed the New York State Deferred Compensation Board by a letter dated September 15, 2011, that the Model Plan implemented by Mass Mutual is designed in accordance with applicable sections of the Internal Revenue Code.

Note 9 – Certification

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Mass Mutual Retirement Services certified to the completeness and accuracy of all investments reflected in the accompanying statement of assets available for benefits as of December 31, 2014 and 2013 the related investment activity reflected in the statement of changes in assets available for benefits for the years ended December 31, 2014 and 2013.

Note 10 – Risks and Uncertainties

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