

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

FINANCIAL STATEMENTS

JUNE 30, 2014

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

FINANCIAL STATEMENTS

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Independent Auditors' Report

Board of Trustees
Firefighters' Pension Trust Fund
City of Stamford, Connecticut

We have audited the accompanying financial statements of the City of Stamford, Connecticut Firefighters' Pension Trust Fund (the Fund), which comprise the statement of net position as of June 30, 2014 and the related statement of changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Fund as of June 30, 2014 and the related changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present the financial position of the City of Stamford, Connecticut, and the changes in its financial position in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios on page 15, the schedule of employer contributions on page 16 and the schedule of investment returns on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 20, 2015

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

STATEMENT OF NET POSITION

JUNE 30, 2014

Assets

| | |
|-------------------------------------|---------------------|
| Cash and cash equivalents | \$ <u>2,961,078</u> |
| Investments, at fair value: | |
| U.S. government obligations | 9,339,986 |
| Corporate bonds | 7,223,382 |
| Common and preferred equities | 53,139,641 |
| Mutual funds | 10,637,025 |
| Alternative investments/hedge funds | <u>46,267,132</u> |
| Total investments | <u>126,607,166</u> |
| Receivables: | |
| Accounts and other receivables | 22,528 |
| Accrued interest | <u>124,042</u> |
| Total receivables | <u>146,570</u> |
| Total assets | <u>129,714,814</u> |

Net Position

| | |
|------------------------------------|------------------------------|
| Held in Trust for Pension Benefits | \$ <u><u>129,714,814</u></u> |
|------------------------------------|------------------------------|

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

Additions

Contributions:

| | |
|---------------------|------------------|
| Employer | \$ 3,119,000 |
| Employee | 1,189,553 |
| Total contributions | <u>4,308,553</u> |

Investment income:

| | |
|---|-------------------|
| Net appreciation in fair value of investments | 13,850,144 |
| Interest and dividends | 1,860,838 |
| Total investment income | <u>15,710,982</u> |
| Investment expenses | (651,210) |
| Net investment income | <u>15,059,772</u> |

| | |
|-----------------|-------------------|
| Total additions | <u>19,368,325</u> |
|-----------------|-------------------|

Deductions

| | |
|-------------------------|------------------|
| Benefit payments | 8,956,725 |
| Administrative expenses | 247,774 |
| Total deductions | <u>9,204,499</u> |

| | |
|------------|------------|
| Net change | 10,163,826 |
|------------|------------|

| | |
|--|--------------------|
| Net Position at Beginning of Year | <u>119,550,988</u> |
|--|--------------------|

| | |
|------------------------------------|------------------------------|
| Net Position at End of Year | <u><u>\$ 129,714,814</u></u> |
|------------------------------------|------------------------------|

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS**

1. REPORTING ENTITY AND PLAN DESCRIPTION

Reporting Entity

The Firefighters' Pension Trust Fund (the Fund) of the City of Stamford, Connecticut (the City) is reported as a fiduciary fund in the City's basic financial statements.

The financial statements present the Fund's financial position only and do not purport to, and do not, present the financial position of the City and the changes in its financial position in conformity with accounting principles generally accepted in the United States of America.

Administration and Management

A Board of Trustees manages the Fund. The board consists of five (5) members, two (2) appointed by the Mayor's Office, two (2) agreed to by the union, and one (1) independent member as agreed to by the Mayor's Office appointees and the union.

Trust Fund Managed by National Financial Services LLC and Merrill Lynch, Pierce, Fenner & Smith, Incorporated

Under the terms of trust agreements between National Financial Services LLC and Merrill Lynch, Pierce, Fenner & Smith, Incorporated (the Custodians) and the Fund, the Custodians administer the accounts on behalf of the Fund. Investment managers have been granted certain discretionary authority concerning purchases and sales of investments in the trust.

Covered Employees

Coverage is extended to all full-time firefighters employed by the City.

Membership

Membership in the Fund consisted of the following at July 1, 2012, the date of the last actuarial valuation:

| | |
|---|-------------------|
| Retirees and beneficiaries receiving benefits | 214 |
| Active participants | 250 |
| Terminated participants entitled to, but not yet receiving benefits | <u>2</u> |
| | <u><u>466</u></u> |

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

Summary of Benefit Provisions

The Fund is a contributory single employer defined benefit plan authorized under the collective bargaining agreement between the City and Local 786 of the International Association of Firefighters (the Union). The Fund is supported by the joint contributions of its participants and the City.

Retirement benefits are payable to participants with 20 years of service and for those participants who were hired in 1981 or later, after attainment of age 48. Participants who reach age 65 with less than 20 years of service are also eligible for benefits. Upon retirement, annual benefits are paid equal to 50% of final salary, as defined, plus 2% for each year of service over 20 years, up to a maximum pension of 74% of final salary. The collective bargaining agreement allows participants to exchange vacation leave for up to 7.5% additional pension credit (1.5% for each 20 days exchanged).

Disability benefits are payable at 50% to 100% of salary during the participant's last year of service as of the date of disability, but not less than the accrued retirement benefit. If participants are terminated from the City, they may elect a withdrawal benefit equal to the refund of their contributions without interest.

Death benefits are paid to beneficiaries as an annuity equal to 50% of salary at the time of death. The Fund also provides for lump sum death benefits for beneficiaries primarily equal to the refund of the participant's contributions without interest, less any benefits paid.

Participants should not rely solely upon this synopsis of pension benefit provisions. The City's Charter, together with the pension provisions of the collective bargaining agreement, are at all times the official source of plan provisions.

Contributions

The City's contribution to the Fund is actuarially determined and is intended to set aside amounts to cover the cost related to both current and future services rendered by the Fund's participants. The actuary spreads these service costs over the aggregate working lifetime of active participants based on actual current and assumed future payrolls to arrive at the City's annual contribution. The City is required to contribute the greater of this actuarially determined amount or some minimum contribution as indicated in the City Charter.

The Fund participant's contributions are established by the collective bargaining agreement between the Union and the City and may be amended over time. Currently, Fund participants contribute 6.25% of their salary until they have reached 32 years of credited service.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements were prepared using the accrual basis of accounting. Participant contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fund.

The accounting policies of the Fund predominantly follow Governmental Accounting Standards Board guidance, which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of additions and deductions as reflected in the statement of changes in net position during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Investment assets consist principally of short-term investments, United States Government and agency securities, common and preferred stocks, corporate bonds, and alternative investments. Short-term investments are stated at cost, which approximates fair value. Fair value of other securities is determined by the means of the most recent bid and asked prices as obtained from dealers that make markets in such securities. The fair value of the hedge funds has been estimated using the net asset value (NAV) as reported by the management of the fund. GAAP guidance provides for the use of NAV as a practical expedient for estimating the fair value of alternative investments. NAV reported by the hedge funds is used as a practical expedient to estimate the fair value of the Fund's interest therein. Investments in other alternative investments for which market quotations are not readily available are valued at the fair values as determined by the fund managers. All such assets are carried at fair value; losses are incurred only up to the assets invested. Private placement securities are valued at an estimated fair value as determined by the fund managers. Factors considered in valuing private placements include: the cost, restrictions on disposition, prices of recent additional financings by the same issuer, changes in the financial condition of the issuer, pending mergers and acquisitions, and estimates of liquidation value. Private placement securities of a public company are priced daily at a 20% discount to market price. The discount is removed when the security becomes freely tradable (marketable). Private placement securities of private companies are carried at cost at acquisition. Adjustments to the pricing of the private placement will be made upon the occurrence of significant events as determined by the fund manager.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

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 (depreciation) includes the Fund's gains and losses on investments bought and sold as well as held during the year.

Administrative Expenses

Certain administrative expenses of the Fund are paid by the City.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through January 20, 2015, the date that the financial statements were available to be issued.

3. INVESTMENTS

Investments at June 30, 2014 consist of the following:

| | |
|-------------------------------------|-----------------------|
| Cash and cash equivalents | \$ 2,961,078 |
| U.S. government obligations | 9,339,986 |
| Corporate bonds | 7,223,382 |
| Common and preferred equities | 53,139,641 |
| Mutual funds | 10,637,025 |
| Alternative investments/hedge funds | <u>46,267,132</u> |
| | <u>\$ 129,568,244</u> |

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

The Fund's investment policy targets an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk and remain in accordance with state statutes. The target asset allocation at June 30, 2014 is as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|-------------------------|------------------------------|
| Large Cap Equities | 35 % |
| International Equities | 20 |
| Small Cap Equities | 15 |
| High Quality Bonds | 14 |
| International Income | 2 |
| High Yield | 2 |
| Emerging Markets | 2 |
| Alternative Investments | <u>10</u> |
| Total Allocation | <u><u>100 %</u></u> |

Concentrations

The following investments represent 5% or more of the Fund's net position at June 30, 2014:

| | |
|---|---------------|
| Omega Overseas Partners LTD | \$ 15,989,745 |
| Beach Point Total Return Offshore Fund II | 11,779,897 |
| Beach Point Loan Fund | 7,393,566 |

The Fund's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

Private placements are restricted securities that are not registered with the Securities and Exchange Commission for public sale in the United States of America. These securities may have contractual restrictions on resale and may be revalued under methods approved by the fund manager as to fair value. A security may be considered illiquid if it lacks a readily available market.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

The following are the minimum ratings for corporate bonds as of June 30, 2014:

| <u>Average Rating</u> | <u>Amount</u> |
|-----------------------|---------------------|
| A1 | \$ 1,370,825 |
| A2 | 683,631 |
| A3 | 1,209,515 |
| AA1 | 86,127 |
| AA2 | 321,340 |
| AA3 | 393,175 |
| BAA1 | 1,170,320 |
| BAA2 | 1,619,158 |
| BAA3 | <u>369,291</u> |
| | <u>\$ 7,223,382</u> |

The Fund's investments in corporate bonds and U.S. Government obligations mature as follows:

| <u>Type of Investment</u> | <u>Fair Value</u> | <u>Investment Maturities</u> | | | |
|-----------------------------|----------------------|------------------------------|----------------------|-----------------------|--------------------------|
| | | <u>Less than 1 Year</u> | <u>1-5 Years</u> | <u>6-10 Years</u> | <u>Over 10 Years</u> |
| Corporate bonds | \$ 7,223,382 | \$ 280,160 | \$ 3,522,458 | \$ 1,824,117 | \$ 1,596,647 |
| U.S. Government obligations | <u>9,339,986</u> | <u>1,161,169</u> | <u>6,789,929</u> | <u>1,388,888</u> | <u>-</u> |
| | <u>\$ 16,563,368</u> | <u>\$ 1,441,329</u> | <u>\$ 10,312,387</u> | <u>\$ 3,213,005</u> | <u>\$ 1,596,647</u> |

The Fund has an open unfunded commitment of \$1,750,539 and \$1,187,980 for Blackstone Real Estate Partners and Zephyr Peacock India Fund III Limited, respectively, at June 30, 2014. There are no obligations for the Fund to make future contributions to any other funds. The redemption frequency for all of these funds ranges from quarterly to annually.

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of Fund investment expense, was 12.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

4. NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City pertaining to this Fund at June 30, 2014 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 166,270,668 |
| Plan fiduciary net position | <u>129,714,814</u> |
| Net Pension Liability | <u>\$ 36,555,854</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 78.01% |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2012, using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|---------------------------|---------------------|
| Inflation rate | None |
| Salary increase | Graded scale by age |
| Investment rate of return | 7.75% |

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on Fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Fund investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2014 (see the discussion of the Fund's investment policy) are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|---|
| Large Cap Equities | 4.75 % |
| International Equities | 5.25 |
| Small Cap Equities | 5.50 |
| High Quality Bonds | 2.00 |
| International Income | 2.00 |
| High Yield | 3.25 |
| Emerging Markets | 3.50 |
| Alternative Investments | 5.25 |

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

| | 1% Decrease to 6.75% | Current Discount Rate 7.75% | 1% Increase to 8.75% |
|---|---------------------------------|--|---------------------------------|
| Net Pension Liability as of June 30, 2014 | \$ 55,755,182 | \$ 36,555,854 | \$ 20,383,391 |

5. RISKS AND UNCERTAINTIES

The assets of the Fund are primarily financial instruments that are monetary in nature. Accordingly, interest rates have a more significant impact on the Fund's performance than do the effects of the general levels of inflation. Interest rates generally do not move in the same direction or with the same magnitude as prices of goods and services as measured by the consumer price index. Investments are subject to risk conditions of the individual investment's objectives, stock market performance, interest rates, economic conditions and world affairs. Due to the level of risk associated with the Fund's investments, it is reasonably possible that changes in the values of the Fund's investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Contributions are made to the Fund based on the actuarial valuation. The actuarial valuation is based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Interest Rate Risk

The Fund limits its exposure to realized losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for benefit payments, thereby avoiding the need to sell securities on the open market prior to maturity.

The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. See Note 3 for the maturities of such investments.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

Credit Risk

Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. See Note 3 for the rating of such securities.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the value of the investment or collateral securities that are in the possession of an outside party may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name. The Fund's investments are not exposed to custodial credit risk as they are held by the Custodians in the name of the Fund/government.

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

| | 2014 |
|--|---------------|
| Total pension liability: | |
| Service cost | \$ 2,964,491 |
| Interest | 12,287,263 |
| Benefit payments, including refunds of member contributions | (8,956,725) |
| Net change in total pension liability | 6,295,029 |
| Total pension liability - beginning | 159,975,639 |
| Total pension liability - ending | 166,270,668 |
| Plan fiduciary net position: | |
| Contributions - employer | 3,119,000 |
| Contributions - member | 1,189,553 |
| Net investment income | 15,059,772 |
| Benefit payments, including refunds of member contributions | (8,956,725) |
| Administrative expense | (247,774) |
| Net change in plan fiduciary net position | 10,163,826 |
| Plan fiduciary net position - beginning | 119,550,988 |
| Plan fiduciary net position - ending | 129,714,814 |
| Net Pension Liability - Ending | \$ 36,555,854 |
| Plan fiduciary net position as a percentage of the total pension liability | 78.01% |
| Covered-employee payroll | \$ 21,475,500 |
| Net pension liability as a percentage of covered-employee payroll | 170.22% |

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN FISCAL YEARS

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|------------------|------------------|----------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 3,119,000 | \$ 2,340,000 | \$ 2,080,000 | \$ 1,717,000 | \$ 406,000 | \$ 406,000 | \$ 409,000 | \$ 741,000 | \$ 784,000 | \$ 491,000 |
| Contributions in relation to the actuarially determined contribution | <u>3,119,000</u> | <u>2,340,000</u> | <u>2,080,000</u> | <u>1,717,000</u> | <u>406,000</u> | <u>65,000</u> | <u>630,000</u> | <u>1,073,000</u> | <u>530,000</u> | <u>175,000</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 341,000</u> | <u>\$ (221,000)</u> | <u>\$ (332,000)</u> | <u>\$ 254,000</u> | <u>\$ 316,000</u> |
| Covered-employee payroll | \$ 21,475,500 | \$ 20,850,000 | \$ 22,638,000 | \$ 21,663,000 | \$ 19,292,000 | \$ 18,461,000 | \$ 18,835,000 | \$ 16,864,000 | \$ 17,503,000 | \$ 16,986,000 |
| Contributions as a percentage of covered-employee payroll | 14.52% | 11.22% | 9.19% | 7.93% | 2.10% | 0.35% | 3.34% | 6.36% | 3.03% | 1.03% |

Notes to Schedule

Valuation date: July 1, 2012

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Projected Unit Credit Cost Method |
| Remaining amortization period | 15 years, open |
| Asset valuation method | 5-year smoothed market |
| Inflation | 3% |
| Salary increases | 3%, annually to project normal cost only, Prior valuation: 0% |
| Investment rate of return | 7.75%, net of pension plan investment expense, including inflation, Prior Valuation: 8% per year |

Retirement age: Age based table

Mortality: RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA. Prior Valuations: 1983 Group Annuity table

**CITY OF STAMFORD, CONNECTICUT
FIREFIGHTERS' PENSION TRUST FUND**

SCHEDULE OF INVESTMENT RETURNS

LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

12.67%