

**CITY OF STAMFORD
POLICEMEN'S PENSION TRUST FUND**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2016 and 2015

CITY OF STAMFORD
POLICEMEN'S PENSION TRUST FUND

TABLE OF CONTENTS

Years Ended June 30, 2016 and 2015

	<u>PAGE</u>
Independent Auditor's Report	2-3
Statements of Plan Net Assets	4
Statements of Changes in Plan Net Assets	5
Statement of Accumulated Plan Benefits	6
Statement of Changes in Accumulated Plan Benefits	7
Notes to Financial Statements	8-19
Supplementary Information	20-23

WALTER J. McKEEVER & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

15 VALLEY DRIVE
GREENWICH, CT 06831
203 622-8625
Fax 203 622-4170

PLEASE REPLY TO:
P.O.BOX 5147
GREENWICH, CT 06831
www.wjmco.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The City of Stamford Policemen's
Pension Trust Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Stamford Policemen's Pension Trust Fund, which comprise the statements of plan net assets as of June 30, 2016 and 2015, the related statements of changes in plan net assets for the years then ended, the statement of accumulated plan benefits as of June 30, 2015, the related statement of changes in accumulated plan benefits 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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, information regarding the City of Stamford Policemen's Pension Trust Fund's plan net assets as of June 30, 2016 and 2015, and changes therein for the years then ended and its financial status as of June 30, 2015, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Funding Progress and Schedule of Employer Contributions on pages 20 and 21, which is the responsibility of the Fund's management, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Assets Held for Investment Purposes on pages 22 and 23 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Fund's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying and other accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Walter J. McKeever & Company, LLC
Greenwich, Connecticut
November 30, 2017

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
STATEMENTS OF PLAN NET ASSETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and short-term investments	<u>\$ 3,391,228</u>	<u>\$ 6,914,062</u>
Receivables		
Accrued interest	<u>680</u>	<u>9</u>
Total Receivables	<u>680</u>	<u>9</u>
Investments, at fair value (Note 7)		
Mutual funds	98,390,699	94,443,251
Alternative investments	58,303,819	69,950,257
Real estate	<u>26,708,861</u>	<u>24,328,553</u>
Total Investments	<u>183,403,379</u>	<u>188,722,061</u>
Prepaid expenses	42,759	37,399
Property and equipment (net of accumulated depreciation of \$2,549 and \$3,144)	<u>2,149</u>	<u>793</u>
Total Assets	<u>186,840,195</u>	<u>195,674,324</u>
LIABILITIES		
Accrued expenses	<u>38,194</u>	<u>51,842</u>
Total Liabilities	<u>38,194</u>	<u>51,842</u>
Net Assets Held in Trust for Pension Benefits (A schedule of funding progress for the plan is presented on page 20)	<u><u>\$ 186,802,001</u></u>	<u><u>\$ 195,622,482</u></u>

See accompanying notes to the financial statements.

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the Years Ended June 30, 2016 and 2015

	2016	2015
ADDITIONS		
Contributions (Note 4)		
Employer	\$ 7,448,422	\$ 6,645,000
Employee	<u>1,184,642</u>	<u>1,186,443</u>
Total Contributions	<u>8,633,064</u>	<u>7,831,443</u>
Investment Income		
Net appreciation in fair value of investments (Note 8)	1,407,008	578,219
Interest	270	1,326
Dividends	2,487,000	2,197,351
Plan interest in alternative investment income (Note 7)	(7,489,320)	6,073,328
Rents/partnerships	428,211	377,473
Other income	<u>1,334</u>	<u>9,076</u>
	(3,165,497)	9,236,773
Less: investment expenses	<u>1,282,533</u>	<u>754,062</u>
Net Investment (Loss) Gain	<u>(4,448,030)</u>	<u>8,482,711</u>
Total Additions	<u>4,185,034</u>	<u>16,314,154</u>
DEDUCTIONS		
Benefits paid directly to participants (Note 9)	12,713,323	11,641,731
Administrative expenses	<u>292,192</u>	<u>241,138</u>
Total Deductions	<u>13,005,515</u>	<u>11,882,869</u>
Net (Decrease) Increase	(8,820,481)	4,431,285
Net Assets Held In Trust for Pension Benefits		
Beginning of year	<u>195,622,482</u>	<u>191,191,197</u>
End of year	<u><u>\$ 186,802,001</u></u>	<u><u>\$ 195,622,482</u></u>

See accompanying notes to the financial statements.

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
STATEMENT OF ACCUMULATED PLAN BENEFITS
June 30, 2015

Actuarial present value of accumulated plan benefits (Note 2)

Vested benefits	
Members currently receiving benefits	\$ 124,515,000
Other vested members	<u>93,016,860</u>
	217,531,860
Nonvested benefits	<u>3,563,000</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 221,094,860</u></u>

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS
For the Year Ended June 30, 2015

Actuarial present value of accumulated plan benefits at beginning of year	<u>\$ 211,582,000</u>
Increase (Decrease) during the year attributable to:	
Benefits accumulated	4,272,359
Increase for interest due to the decrease in the discount period	16,709,145
Changes in actuarial assumptions	-
Benefits paid (Note 9)	<u>(11,468,644)</u>
Net increase	<u>9,512,860</u>
Actuarial present value of accumulated plan benefits at end of year	<u><u>\$ 221,094,860</u></u>

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1. DESCRIPTION OF FUND

The following brief description of the City of Stamford Policemen's Pension Trust Fund (the "Fund") is provided for general information purposes only. Participants should refer to the Fund agreement for more complete information.

GENERAL

The Fund is a defined benefit pension plan covering substantially all City of Stamford employees classified as policemen, along with retirees, their families, dependents or beneficiaries who satisfy the eligibility requirements of the Fund. The Fund's benefits provisions are provided for in the City of Stamford Charter, collective bargaining agreement and the declaration of trust between the City of Stamford and the Stamford Police Association, Inc.

SERVICE RETIREMENT

The minimum years for service retirement is 20. After 20 years of service, the pension benefit equals 50% of the final salary. The pension benefit equals 50% of the final salary plus 3% per year of service for years 21-25 and plus 2.33% per year of service for years 26-30 to a maximum of 76.65% of final salary for 30 years or more of service.

DEATH AND DISABILITY BENEFITS

An active employee who suffers a work related illness or injury at any time during employment is eligible for a disability pension equal to 75% of base salary or 100% of base salary depending on the extent of the disability but not less than the accrued benefit.

A non-service connected pre-retirement death benefit is based on 50% of base salary with a 10 years of service requirement. A service connected pre-retirement death benefit is based on 50% of base salary without a service requirement. Post- retirement spouse's benefit for those hired before April 11, 2016 is 100% of pension the retiree was receiving. For those hired after April 11, 2016, the retiree can elect an actuarially reduced joint and survivor annuity at retirement. Effective July 1, 2008, rather than the City maintaining a life insurance policy on retirees, the eligible beneficiary will receive from the Fund a \$4,000 lump sum pension bonus at the time of death.

POST RETIREMENT BENEFIT ADJUSTMENTS

Effective July 1, 1995 all active members who retire thereafter may be eligible to receive a benefit adjustment based on the average annual investment return in excess of 10% (if any), commencing January 1, 1999, for those retirees who have attained the age of 62 and have received at least 12 monthly pension payments. This adjustment will be made on January 1 of every third year, retroactive to July 1 of the prior year.

VESTING

After 10 years of service, an employee will become vested in the Fund. For those hired before April 11, 2016, 50% of final salary times the ratio of service at termination to 20 years. For those hired after April 11, 2016, 2.25% times years of services times pension earnings. Benefit is payable when the officer would have had 20 years of service but not earlier than age 48.

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 1. DESCRIPTION OF FUND (Continued)

HOLIDAY PAY

The equivalent value of 14 paid holidays, whether taken as paid leave or "cashed in", shall be added to final salary for pension calculation purposes. Employee pension contributions will be deducted from the value of these days.

WITHDRAWAL - TERMINATION OF EMPLOYMENT

If an employee leaves employment or dies before 10 years of service, contributions are refunded without interest upon termination.

SICK LEAVE DAYS

Employees can trade in 50% of sick leave for additional pension credit. If an officer's sick bank has less than 200 days, unused vacation time may be added, subject to a maximum of 200 sick and unused vacation days combined. Each 20 days grants an additional 1.5% of salary up to a maximum of 7.5%. Employees hired after April 11, 2016 are not eligible to exchange sick time for additional pension credit.

MEDICARE PART B REIMBURSEMENT

The Medicare Part B premium is reimbursed from the pension fund for participants hired before April 11, 2016.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE AND EXPENSE RECOGNITION

The Fund is maintained on the accrual basis of accounting. Under this method, investment income and contributions are recognized in the period earned rather than collected and expenses are recorded in the period incurred rather than paid.

PROPERTY AND EQUIPMENT

Property and equipment greater than \$1,000 are carried at cost and are being depreciated on a straight line basis over their estimated useful lives.

VALUATION OF INVESTMENTS

Investments are recorded at fair market value. See Note 7 for a discussion of fair value measurements.

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

ACTUARIAL ASSUMPTIONS

The significant actuarial assumptions used in the valuation as of July 1, 2016 prepared by Hooker & Holcombe, Inc. were (a) life expectancy based on the RP-2000 Mortality Table with separate male and female rates with Blue Collar adjustment, (b) a mortality improvement projected to date of decrement using Scale BB, (c) investment rate of return earned by the Fund of 7.20%, (d) retirement will be attained at 20 years of service with 50% assumed to be at age 47 and 100% of members upon reaching age 65, (e) 80% of employees are married and wives are four years younger than their husbands, (f) administrative expenses are assumed to be paid from the trust, (g) 34% of retirees are assumed to elect an annuity from the pension fund, (h) 100% of active and retired employees are assumed to have a \$4,000 life insurance policy beginning at retirement, (i) a 2.75% payroll growth, (j) a 2.75% increase in Medicare Part B reimbursement, and (k) rates of compensation increases (including inflation) at the following rates:

<u>SERVICE</u>	<u>RATE</u>
0	0.1500
1	0.1500
2 - 5	0.0600
6 +	0.0275

Representative values of the annual rates of withdrawal and disability among members in active service are as follows:

<u>AGE</u>	<u>WITHDRAWALS</u>	<u>DISABILITIES</u>
20	0.0181	0.0030
25	0.0163	0.0030
30	0.0123	0.0030
35	0.0078	0.0036
40	0.0000	0.0054
45	0.0000	0.0108
50	0.0000	0.0240
55	0.0000	0.0510
60	0.0000	0.1044

TAX STATUS

The City of Stamford Policemen's Pension Trust Fund is tax exempt as it is an agency of the City of Stamford, a municipality. This also exempts the plan from being subject to the Employee Retirement Income Securities Act (ERISA).

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are the amount of benefits that are attributable under the provisions of the Fund to employees' service rendered to the benefit information date. The actuarial assumptions are used to adjust these amounts to reflect the time value of money and the probability of payment between the benefit information date and the expected date of payment.

NOTE 3. PLAN PARTICIPATION

Plan participation at July 1, 2016 included 272 active members, 323 retirees/beneficiaries receiving benefits and 1 terminated vested plan members entitled to but not yet receiving benefits for a total of 580 participants.

NOTE 4. FUNDING STATUS AND PROGRESS

CONTRIBUTIONS

As a condition of participation, employees are required to contribute 7% of base salary to the Fund. Effective April 2000, a Section 414(h) plan was adopted allowing these contributions to be on a pre-tax basis. Effective July 1, 2016, each member shall contribute, pre-tax, the value of 1% of senior patrolman's base pay toward the City's cost for Other Post Retirement Benefits (OPEB). No contributions are required for those employees with 30 or more years of service (35 or more years for those hired after April 11, 2016) to the Stamford Police Association. Military service previously purchased by a member shall be considered years of service for this purpose.

The City's funding policy is to appropriate and recognize as an expenditure the amounts recommended by the actuary that are adequate to accumulate sufficient assets to pay benefits when due. These amounts include normal cost and amortization of prior service costs over a period of 15 years. The City uses the projected unit credit cost method utilizing the same actuarial assumptions described in Note 2 for calculation of the pension benefit obligation.

The City contributes to the plan based on the budgeted contribution, which is actuarially determined based on the prior valuation. The City's budgeted contribution for the year beginning July 1, 2015 is \$7,158,000. The City paid the entire contribution amount during the year ended June 30, 2016. Any variance between the budgeted contribution and the actual valuation results are provided for in an adjustment to future year past service payments. The collective bargaining agreement, effective July 1, 2002, removed the City's requirement to make a minimum contribution equal to 7% of active members' salary. The City's contribution per the actuarial determination as of July 1, 2016 for the fiscal year ending June 30, 2017 is \$8,275,000. Beginning in 2012, the City contributes to the Fund at the beginning of each fiscal year.

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 4. FUNDING STATUS AND PROGRESS (Continued)

CONTRIBUTIONS (Continued)

Information regarding funding as of July 1, 2015 is as follows:

Actuarial Funding Requirements:	
Normal cost	\$ 3,777,000
Amortization of unfunded accrued liabilities	<u>4,017,000</u>
Required contribution (actuarially determined)	<u>\$ 7,794,000</u>
Contributions:	
Employer (actual - for year ended 6/30/16)	\$ 7,448,422
Employee (estimated)	\$ 1,263,000
Covered Employees Payroll (estimated to be 3% higher than 2014 pay)	\$ 21,600,203
Contribution as a percentage of covered payroll:	
Employer (actual - for year ended 6/30/16)	34.5%
Employee (estimated)	5.8%

ACCRUED LIABILITY

The accrued liability equals the present value of all benefits accrued to date, increased to reflect salaries for all active participants. The total accrued liability is reduced by plan assets to develop the unfunded accrued liability. The liability as of July 1, 2015 is as follows:

Active members	\$ 115,810,000
Retired members and beneficiaries	122,304,000
Vested terminated members	<u>357,000</u>
Total Accrued Liability	238,471,000
Actuarial Asset Value	<u>200,353,566</u>
Unfunded Accrued Liability	<u>\$ 38,117,434</u>
Funded Ratio	84.0%

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 4. FUNDING STATUS AND PROGRESS (Continued)

ACTUARIALLY REQUIRED CONTRIBUTION

The following shows the calculation of the actuarially required contribution for the fiscal year beginning July 1, 2015:

Actuarially required contribution	\$ 6,645,000
Decrease due to assets	(8,000)
Decrease due to liabilities	(107,000)
Expected increase	94,000
Increase due to assumption changes	401,000
Contribution timing	44,000
Increase due to increase in plan participants	<u>89,000</u>
 Net pension obligation - end of year	 <u>\$ 7,158,000</u>

NOTE 5. FUND TERMINATION

In the event the Fund terminates, the net assets of the Fund Agreement shall be disbursed solely for the purpose of providing pension and related benefits to eligible employees, retirees, families, dependents, or beneficiaries and for administrative expenses related to this in order of priority as determined in accordance with applicable regulations thereunder and the Fund agreement.

NOTE 6. CONTRACT SETTLEMENT

On February 23, 2009 and June 12, 2009 tentative agreements with the City were signed to extend the collective bargaining agreement until June 30, 2011. In April 2016, a collective bargaining agreement between The Stamford Police Association and the City was negotiated to cover the period July 1, 2011 to June 30, 2019.

NOTE 7. FAIR VALUE MEASUREMENTS

The Fund's investments are reported at fair value in the accompanying statement of plan net assets held in trust for pension benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fund 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.

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 7. FAIR VALUE MEASUREMENTS (Continued)

Certain fair value measurements authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Fund uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair values of certain mutual funds are based on quoted market prices from active markets.

Level 3 Fair Value Measurements

The alternative investments and real estate funds are not actively traded and significant other observable inputs are not available; therefore, a degree of judgment is necessary to estimate fair value. Alternative investments are reported at net asset value. The income is reported as plan interest in alternative investment income. The valuation process for alternative investments takes into consideration factors such as interest rate changes, movements in credit spreads, default rate assumptions, prepayment assumptions, type and quality of collateral, and market dislocation. The fair value of the underlying real estate funds are determined using independent appraisal of the real estate for each investment (performed at least annually) and includes a complete property inspection and market analysis.

Gains and losses (realized and unrealized) included in changes in plan net assets held in trust for pension benefits for the fiscal years ended June 30, 2016 and 2015, are reported in net appreciation (depreciation) in fair value of investments.

Fair value measurements at reporting date using:

<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 94,443,251	\$ 94,443,251	\$ -	\$ -
Alternative investments	69,950,257			69,950,257
Real estate	24,328,553			24,328,553
Total	<u>\$ 188,722,061</u>	<u>\$ 94,443,251</u>	<u>\$ -</u>	<u>\$ 94,278,810</u>

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 7. FAIR VALUE MEASUREMENTS (Continued)

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 98,390,699	\$ 98,390,699	\$ -	\$ -
Alternative investments	58,303,819			58,303,819
Real estate	26,708,861			26,708,861
Total	<u>\$ 183,403,379</u>	<u>\$ 98,390,699</u>	<u>\$ -</u>	<u>\$ 85,012,680</u>

The following tables provide further details of the Level 3 fair value measurements:

<u>June 30, 2015</u>	<u>Alternative Investments</u>	<u>Real Estate</u>	<u>Total</u>
Beginning balance	\$57,188,592	\$22,012,986	\$ 79,201,578
Total gains or losses (realized and unrealized) included in changes in plan net assets held in trust for pension benefits	5,145,047	1,259,328	6,404,375
Purchases and sales (net)	7,616,618	1,056,239	8,672,857
Ending balance	<u>\$69,950,257</u>	<u>\$24,328,553</u>	<u>\$ 94,278,810</u>
Total gains or losses for the year included in changes in plan net assets held in trust for pension benefits attributable to the change in unrealized gains or losses relating to investments still held at the reporting date			<u>\$ 6,404,375</u>

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 7. FAIR VALUE MEASUREMENTS (Continued)

<u>June 30, 2016</u>	<u>Alternative Investments</u>	<u>Real Estate</u>	<u>Total</u>
Beginning balance	\$ 69,950,257	\$ 24,328,553	\$ 94,278,810
Total gains or losses (realized and unrealized) included in changes in plan net assets held in trust for pension benefits	2,649,588	1,472,758	4,122,346
Purchases and sales (net)	<u>(14,296,026)</u>	<u>907,550</u>	<u>(13,388,476)</u>
Ending balance	<u>\$ 58,303,819</u>	<u>\$ 26,708,861</u>	<u>\$ 85,012,680</u>
Total gains or losses for the year included in changes in plan net assets held in trust for pension benefits attributable to the change in unrealized gains or losses relating to investments still held at the reporting date			<u>\$ 1,529,175</u>

NOTE 8. INVESTMENTS

During fiscal years ended June 30, 2016 and 2015, the Fund's investments appreciated (depreciated) in fair value as follows:

	<u>6/30/16</u>	<u>6/30/15</u>
Mutual funds	\$ (5,445,969)	\$ (11,445,447)
Real estate	<u>1,472,758</u>	<u>1,259,328</u>
	(3,973,211)	(10,186,119)
Realized gain on sale of investments	<u>5,380,219</u>	<u>10,764,338</u>
Net appreciation	<u>\$ 1,407,008</u>	<u>\$ 578,219</u>

NOTE 9. BENEFITS PAID

The statement of accumulated plan benefits and the related statement of changes are provided directly by the actuarial firm of Hooker & Holcombe, Inc. The benefits paid on the statement of changes of accumulated plan benefits and the statement of changes in plan net assets may differ due to the fact that the actuary does not consider timing differences and audit adjustments, if any.

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 10. COMMITMENTS

In June 2014, the Fund entered into an agreement to engage People's United Bank to be the Fund's trust service provider at an annual cost based on the number of retirees. Either party may terminate the agreement upon 30 days written notice.

Effective November 2007 the legal structure of the Fund's investment in the PMSA and RESA funds with UBS were converted from separate accounts to REIT based funds to be known as the UBS Trumbull Property Fund and UBS Trumbull Property Income Fund.

Effective January 1, 2008 the Fund entered into a \$2 million subscription agreement with Wolver Hill Japan Multi-Strategy Fund II with Wolver Hill Asset Management. In March 2011 the Fund invested an additional \$2 million in the Wolver Hill Asia Emerging Manager Fund. Performance based fees are assessed by the General Partnership. Either party may terminate the agreement with advance written notice.

Effective April 2008, an initial \$5 million investment was made with Oppenheimer & Co., Inc. into a cash management account to increase the Fund's fixed income portfolio. Performance based fees are assessed by the General Partnership. Oppenheimer & Co. has the right to terminate the agreement at any time by notice to the Fund.

In June 2008, the Fund entered into an agreement with Hildene Capital Management, LLC and invested \$3 million in Hildene Opportunities Offshore Fund, Ltd. Additional funds were invested over time including \$5 million in March 2016; however, the Fund withdrew \$2 million in December, 2013, \$5 million in June, 2014 and \$5,912,956 in June, 2015. In April, 2013 and October, 2013 the Fund invested \$2 million and \$3 million, respectively, in Hildene Leveraged Credit Offshore Fund; this investment was terminated in March 2016. The Fund will pay management fees of 1% of assets and a 10% incentive fee on the initial investment. Either party may terminate the agreements with advance written notice.

In September 2009, the Fund entered into an initial \$2 million subscription agreement with Stone Lion Fund, Ltd. investing in Class A shares. These shares are subject to a management fee of 2% annually, a 20% performance allocation and a one-year lock-up period, provided that a 4% redemption fee is charged to the Fund on redemptions in the twelve month period following the initial lock-up period.

In April 2010, the Fund entered into a subscription agreement with GlobeOp Financial Services and invested \$2 million in the Rubicon Global Fund Series M-0510. In November 2010 the investment was transferred to Rubicon Global Fund Series M-1210 and an additional \$1 million was invested. In January 2012 the investment in Rubicon Global Fund Series M-1210 was liquidated and in April 2013 the Fund invested \$2,000,000 in the Rubicon Global Fund Series M-0413. Rubicon Global Fund Series M-0413 was consolidated into Rubicon Global Fund M-1 in January, 2014 and \$2 million was withdrawn in July, 2014. Either party may terminate the agreement with advance written notice.

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 10. COMMITMENTS (Continued)

In March 2011, the Fund entered into a subscription agreement with Golub Capital Partners investing in Golub Capital Partners International VII, LP and GC 2009 Mezzanine Partners, LP with capital commitments of \$2,000,000 and \$2,500,000, respectively. In January, 2013, the Fund invested \$2,500,000 into Golub Capital Partners International VIII, LP and an additional \$1,185,000 was invested during the year ending June 30, 2014. In January, 2014, the Fund invested \$400,000 into Golub Capital Partners International IX, LP.

In October 2011, and as amended June 2014 the Fund entered into an agreement with Clearbrook Investment Consulting, LLC to provide the Fund with investment advisory services. The advisory fee is charged quarterly at a rate of 0.0375% on the first \$100 million, 0.0325% on the next \$100 million and 0.0275% thereafter. The agreement has a term of three years. Either party may terminate the agreement upon ninety days' written notice for any reason or no reason, upon ten days' written notice following a material breach of the agreement, or immediately by written notice, upon the dissolution, cessation of business.

In April 2012, the Fund entered into an agreement with AllBlue Limited and initially invested \$4,000,000 into the fund. Either party may terminate the agreement with advance written notice.

In July 2012, the Fund entered into an agreement with U.S. Bank (referred to as Hildene TARP Fund) and invested \$5,000,000 into the Prime Obligations Fund. The investment is subject to monthly fees of 4.0 basis points. This investment was liquidated in February 2016.

In April 2013, the Fund entered into an agreement with Alter Domus and invested \$2,000,000 into the Black Crane Fund, Ltd. An additional \$2 million investment was made in April, 2015. Either party may terminate the agreement with advance written notice.

In August 2012 and April 2013, the Fund entered into an agreement with JD Capital Management LLC and invested \$3,000,000 in the Tempo Volatility Fund – Series 1 and \$1,000,000 in the Tempo Volatility Fund – Series 17, respectively. In January, 2014, Tempo Volatility Fund – Series 17 was liquidated and merged into Tempo Volatility Fund – Series 1. Either party may terminate the agreement with advance written notice.

In October 2014, the Fund entered into an agreement with CDIS Core Fund, LLC and invested \$10,000,000 into the fund. Either party may terminate the agreement with advance written notice.

In May 2015, the Fund entered into an agreement with Quadratic Fund and invested \$5,000,000 into the fund. Either party may terminate the agreement with advance written notice.

In November 2015, the Fund entered into an agreement with GC Gems Fund 4 and invested \$80,000 into the fund with subsequent investments of \$300,000 during the initial year. Either party may terminate the agreement with advance written notice.

In January 2016, the Fund entered into an agreement with Reminus Merger Fund with an initial investment of \$5,000,000. Either party may terminate the agreement with advance written notice.

(Continued)

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Continued)

NOTE 10. COMMITMENTS (Continued)

The Fund entered into a sixty month non-cancelable lease with IKON Financial Services in June 2008 for use of a copy machine. The monthly payment is \$109 plus \$0.007 per copy. In November 2013 the Fund entered into a sixty month or 75,000 copy lease, whichever comes first, with Eagle Business Machines. The monthly payment is \$137. Future minimum lease payments for years ended June 30, are as follows:

2017	\$ 1,644
2018	1,644
2019	<u>548</u>
Total	<u>\$ 3,836</u>

NOTE 11. RELATED PARTY TRANSACTIONS

The Fund's Office Manager is married to the Investment Advisor and Managing Director of Clearbrook Investment Consulting, LLC.

NOTE 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2017, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2016 and 2015
 (Unaudited)

Actuarial Valuation Date	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/10</u>	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/07</u>
Actuarial Value of Assets (A)	\$ 206,260,036	\$ 200,353,566	\$ 190,899,000	\$ 180,800,000	\$ 174,748,000	\$ 171,079,000	\$ 166,770,000	\$ 166,328,000	\$ 175,945,000	\$ 171,826,000
Actuarial Accrued Liability (AAL) (B)	\$ 254,339,167	\$ 238,471,000	\$ 225,233,000	\$ 213,642,000	\$ 204,563,000	\$ 192,260,000	\$ 183,963,000	\$ 178,919,000	\$ 171,655,000	\$ 160,970,000
Unfunded AAL (Funding Excess) (B-A)	\$ 48,079,131	\$ 38,117,434	\$ 34,334,000	\$ 32,842,000	\$ 29,815,000	\$ 21,181,000	\$ 17,193,000	\$ 12,591,000	\$ (4,290,000)	\$ (10,856,000)
Funded Ratio (A/B)	81.1%	84.0%	84.8%	84.6%	85.4%	89.0%	90.7%	93.0%	102.5%	106.7%
Covered Payroll (C)	\$ 21,723,515	\$ 22,648,757	\$ 21,994,000	\$ 22,648,757	\$ 21,353,000	\$ 22,340,000	\$ 21,378,000	\$ 20,861,000	\$ 19,963,000	\$ 18,682,000
Unfunded AAL (Funding Excess) as a percentage of Covered Payroll ((B-A)/(C))	221.3%	168.3%	156.1%	145.0%	139.6%	94.8%	80.4%	60.4%	(21.5%)	(58.1%)

**CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2016 and 2015
(Unaudited)**

<u>Actuarial Valuation Date</u>	<u>Employer Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/16	\$ 7,448,422	\$ 7,448,422	100.0%
6/30/15	6,645,000	6,645,000	100.0%
6/30/14	6,230,000	6,230,000	100.0%
6/30/13	6,230,000	6,230,000	100.0%
6/30/12	4,885,000	4,885,000	100.0%
6/30/11	4,341,000	4,341,000	100.0%
6/30/10	4,117,000	4,117,000	100.0%
6/30/09	2,305,000	2,305,000	60.3%
6/30/08	1,390,000	2,305,000	105.1%
6/30/07	1,700,000	1,617,000	108.5%

The information presented in the required supplementary schedules of funding progress and employer contributions was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	7/1/2016
Actuarial Cost Method	Projected unit credit
Amortization Schedule	15 years on an open basis
Asset Valuation Method	Actuarial value of assets recognizing 20% of the difference between expected actuarial value and actual market value each year. The actuarial value is limited to a minimum of 70% or a maximum of 130% of market value.

Actuarial Assumptions

Investment Rate of Return	7.20%
Projected Salary Increases	2.75%
Retirement	50% probability of 25 years of service for ages 55-59 and 100% probability at age 60.
Deaths	RP-2000 Mortality Table - Blue Collar Adjusted

**CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
June 30, 2016**

<u>Shares</u>		<u>Cost</u>	<u>Market</u>
<u>Mutual Funds</u>			
202,456	Artisan International Fund	\$ 6,342,315	\$ 5,563,490
358,299	Aston/Silvercrest Small Cap	5,209,588	5,317,158
1,297,567	Baird Short-Term Bond Instl	12,595,049	12,651,274
354,449	Columbia Acorn Z	9,391,002	6,135,520
145,854	Dodge and Cox International Stock Fund	6,554,900	5,059,660
12,864	Dodge and Cox Stock Fund	2,143,829	2,048,022
356,818	Gabelli Focus Five Fund Class I	5,445,604	4,617,219
206,790	Hartford Small Cap Growth	5,569,934	5,115,980
685,583	Loomis Sayles Inv Grade Bd Y Open End	8,360,100	7,808,787
515,622	Lord Abbett Short Duration	2,256,978	2,242,956
341,914	Oppenheimer Developing Mkts - Y Open End	11,229,955	10,643,776
114,747	Vanguard Growth Index Fund	6,333,346	6,331,724
78,596	Vanguard Institutional Index Fund	14,268,080	15,073,086
431,325	Vanguard Intermediate Term Bond Index Fund	5,020,634	5,124,146
453,545	Wells Fargo Absolute Return Fund CI I	<u>5,084,287</u>	<u>4,657,901</u>
	Total	<u>\$ 105,805,601</u>	<u>\$ 98,390,699</u>
		<u>Cost</u>	<u>Market</u>
<u>Alternative Investments</u>			
	AllBlue Limited - Class A	\$ 246,993	\$ 898,207
	Black Crane Fund, Ltd.	3,379,083	4,595,036
	CDIS Core Fund, LLC	10,000,000	10,012,120
	GC 2009 Mezzanine Partners, L.P.	390,557	324,962
	GC GEMS Fund 4	380,000	422,569
	Golub Capital Partners International 9, L.P.	1,628,457	1,799,000
	Golub Capital Partners International VII, L.P.	1,224,657	2,177,863
	Golub Capital Partners International VIII, L.P.	3,595,651	4,483,930
	Hildene Opportunities Offshore Fund, Ltd. - Class B, Series 2	7,491,203	9,430,450
	Quadratic Fund	5,000,000	4,721,686
	Reminus Merger Fund	5,191,100	4,723,750
	Rubicon Global Fund - Series M-1	3,209,503	3,105,380

CITY OF STAMFORD POLICEMEN'S PENSION TRUST FUND
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
June 30, 2016
(Continued)

	<u>Cost</u>	<u>Market</u>
<u>Alternative Investments (Continued)</u>		
Stone Lion Fund Ltd. - Class A, Series 1	\$ 370,168	\$ 2,194,349
Tempco Volatility Fund Ltd. - Class A, Series 1	4,000,000	5,788,120
Wolver Hill Asia Emerging Manager Fund	1,551,049	1,385,384
Wolver Hill Japan Multi-Strategy Fund - Class D, Series 0801	<u>2,059,134</u>	<u>2,241,013</u>
Total	<u>\$ 49,717,555</u>	<u>\$ 58,303,819</u>
	<u>Cost</u>	<u>Market</u>
<u>Real Estate</u>		
UBS Trumbull Property Fund	\$ 10,508,686	\$ 15,380,891
UBS Trumbull Property Income Fund	<u>6,613,309</u>	<u>11,327,970</u>
Total	<u>\$ 17,121,995</u>	<u>\$ 26,708,861</u>