

McGladrey & Pullen

Certified Public Accountants

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

**FINANCIAL REPORT
JUNE 30, 2007**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the statement of plan net assets of the City of Stamford, Connecticut's Firefighters' Pension Trust Fund (the "Fund") as of June 30, 2007 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Board of Trustees of the Fund. 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 and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the City of Stamford, Connecticut's Firefighters' Pension Trust Fund and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut, and changes in its financial position and where applicable, cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Fund as of June 30, 2007, and the related changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has chosen not to present a Management Discussion and Analysis for the Firefighters' Pension Trust Fund that accounting principles generally accepted in the United States of America require to supplement, although not to be a part of, the basic financial statements.

In accordance with "Government Auditing Standards," we have also issued our report dated November 30, 2007 on our consideration of the City of Stamford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards," and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP

New Haven, Connecticut
November 30, 2007

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

STATEMENT OF PLAN NET ASSETS

June 30, 2007

ASSETS

Cash and short-term investments	\$ 7,050,908
Accrued interest	248,059
Investments, at fair value	<u>146,871,534</u>
Total assets	<u><u>154,170,501</u></u>
 Net assets held in trust for pension benefits	 <u><u>\$ 154,170,501</u></u>

See Notes to Financial Statements.

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

**STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Year Ended June 30, 2007**

ADDITIONS

Investment Income	
Net appreciation in fair value of investments	\$ 28,924,308
Interest and dividends	3,238,875
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	32,163,183
Less investment management fees	1,205,054
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	30,958,129
Contributions	
Employee	1,073,000
Employer	1,093,702
	<hr/>
	2,166,702
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Total additions	33,124,831

DEDUCTIONS

Benefit payments	6,618,719
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Total deductions	6,618,719
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Net increase	26,506,112

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Beginning of year	127,664,389
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End of year	\$ 154,170,501
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See Notes to Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

Note 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 only the City of Stamford, Connecticut's Firefighters' Pension Trust Fund and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut, and changes in its financial position and where applicable, cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Covered employees

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

Summary of benefit provisions

The Fund is a trustee contributory 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 members and the City.

Retirement benefits are payable to members with 20 years of service and for firefighters hired in 1981 or later, after attainment of age 48. Members 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 plan allows employee to exchange sick and vacation leave for up to 7.5% additional pension credit (1.5% per 20 days).

Disability benefits are payable at 50% of salary during the member's last year of service at date of disability, but not less than the accrued retirement benefit. If members are terminated from the City, they may elect a withdrawal benefit equal to a refund of employee contributions without interest. The Plan also provides lump-sum death benefits for beneficiaries primarily equal to a refund of employee contributions without interest, less benefits paid. Death benefits can also be paid to beneficiaries as an annuity equal to 50% of salary at the time of death.

Employees 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.

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Contributions

The City is required to contribute the greater of an actuarially determined rate or minimum contribution required by the collective bargaining agreement. By City Charter, contribution requirements of the plan members and the City are established and may be amended by the collective bargaining agreement between the Union and the City.

The City's contribution to the Fund is actuarially determined and is intended to set aside amounts to cover the costs related to both current and future services rendered by members. In order to arrive at the City's annual contribution, these costs are spread over the aggregate working lifetime of active participants as a function of actual current and assumed future payroll.

Fund members are required to contribute 6.25% of their salary until they have reached 32 years of credited service.

Trust fund managed by Merrill Lynch, Pierce, Fenner & Smith, Incorporated

Under the terms of a trust agreement between Merrill Lynch, Pierce, Fenner & Smith, Incorporated (the "Trustee") and the Fund, the Trustee administers a trust fund on behalf of the Fund. Investment managers have been granted discretionary authority concerning purchases and sales of investments in the trust fund.

Note 2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements were prepared using the accrual basis of accounting. Fund member contributions are recognized in the period in which the contributions are due. Employer contributions to the Fund 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.

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 the reported amounts of additions and deductions as reflected in the statement of changes in net assets held in trust for pension benefits during the reporting period. The most significant estimates relate to the determination of accumulated plan benefits. Actual results could differ from those estimates.

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Valuation of investments

Investment assets consist principally of short-term investments, United States Government and agency securities, common and preferred equities, corporate debt and mutual funds. Investments are stated at quoted market prices. The pension fund allows for investments in certain hedge funds. All such assets are carried at fair value, losses are incurred only up to the assets invested.

Securities transactions are recorded on the trade date

Purchases and sales of securities and resulting gain/loss are recorded on a trade date basis. Interest and dividend income are recorded when earned. Changes in the fair value of plan investments are recognized at the time of the change.

Risk and uncertainties

The Fund provides for various investment options. Investments are exposed to various risks, such as interest rate, market and credit rates. Due to the level of risk associated with certain investments, it is at least reasonably possible those changes in the values of investments will occur in the near term and that such changes could be material.

Annual pension cost and net pension obligation (asset)

The City's annual pension cost and net pension obligation (asset) to the Fund for the current year are as follows:

Annual required contribution	\$ 741,000
Interest on net pension obligation	20,000
Adjustments to annual required contribution	<u>(28,000)</u>
Annual pension cost	733,000
Contributions made	<u>(1,073,000)</u>
Increase in net pension asset	(340,000)
Net pension asset, beginning of year	<u>246,000</u>
Net pension asset, end of year	<u><u>\$ (94,000)</u></u>

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Membership in the Fund consisted of the following at July 1, 2006, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	210
Active plan members	
Vested	113
Non-Vested	152
Total	<u>475</u>

Trend Information:

Fiscal Year	Trend Information		
	Annual Pension Cost (APC) (\$000)	Percentage of APC Contributed	Net Pension Asset (\$000)
2007	\$ 733	146.4%	\$ (94)
2006	\$ 784	67.6%	\$ 246
2005	\$ 502	34.9%	\$ (283)

Note 3. Cash and Investments

The following is a summary of cash and cash equivalents at June 30, 2007:

	<u>Carrying and Fair Values</u>
Cash and short-term investments	<u>\$ 7,050,908</u>

The Fund's policy for investments is as follows:

The 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 asset allocation is as follows:

	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Equities	40%	70%
Bonds	20%	60%

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Interest rate risk

The Fund limits its exposure to fair value 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, and investing funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations

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

The following represents the investments in this Plan that represent more than 5% of the respective Plan's net assets as of June 30, 2007:

Firefighters' Pension Trust

ML Hedge Acc Mariner	\$ 11,310,000
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Custodial credit risk

Deposits: This is the risk, that in the event of failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2007, \$6,346,900 of the Fund's bank balance of \$7,051,000 was uninsured and uncollateralized.

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Fund's investments were exposed as follows at June 30, 2007:

U.S. Government Securities	\$ 9,895,446	*
U.S. Government Agencies Securities	6,597,403	*
Corporate Debt Securities	10,109,123	*
Private Hedge Funds	19,509,911	
Common and Preferred stocks	100,539,585	*
Mutual funds	188,373	
Other Investments	31,693	
Total Investments	<u>\$ 146,871,534</u>	

* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the Fund's name.

Interest rate risk

This 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. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	\$ 6,597,403	\$ -	\$ 875,000	\$ 2,125,000	\$ 3,597,403
U.S. Government Agencies Securities	9,895,446	1,600,000	-	920,000	7,375,446
Corporate Debt Securities	10,109,123	1,075,000	4,635,000	3,015,000	1,384,123
TOTAL	<u>\$ 26,601,972</u>	<u>\$ 2,675,000</u>	<u>\$ 5,510,000</u>	<u>\$ 6,060,000</u>	<u>\$ 12,356,972</u>

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Credit risk

Generally, 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. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment.

Average Rating	Corporate Debt Securities
AA1	\$ 339,528
AA2	1,390,022
AA3	885,256
A1	1,136,891
A2	795,732
A3	942,178
BAA1	425,499
BAA2	1,509,970
BAA3	577,266
B1	711,569
Unrated	1,395,211
	<u>\$ 10,109,123</u>

Note 4. Required Trend Information

Schedule of funding progress (000's)

Actuarial Valuation Date	7/1/2006	7/1/2005	7/1/2004	7/1/2003	7/1/2002	7/1/2001
Actuarial Valuation of Plan Assets (a)	\$ 124,131	\$ 118,681	\$ 115,211	\$ 112,669	\$ 111,643	\$ 110,431
Actuarial Accrued Liability (AAL) (b)	\$ 113,830	\$ 109,365	\$ 103,782	\$ 97,597	\$ 92,542	\$ 90,470
Unfunded (assets in excess of) AAL (c)	\$ (10,301)	\$ (9,316)	\$ (11,429)	\$ (15,072)	\$ (19,101)	\$ (19,961)
Actuarial value of assets as a percentage of the AAL (a/b)	109.0%	108.5%	111.0%	115.4%	120.6%	122.1%
Annual Covered Payroll (d)	\$ 16,864	\$ 17,503	\$ 16,986	\$ 17,035	\$ 14,930	\$ 15,347
Percentage of unfunded (assets in excess of) AAL to annual covered payroll (c/d)	(61.1)%	(53.2)%	(67.3)%	(88.5)%	(127.9)%	(130.1)%

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

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007**

Schedule of employer contributions

Fiscal Year	Annual Required Contribution (\$000)	Percentage Contributed
2007	\$741	144.8%
2006	784	67.6%
2005	491	35.6%
2004	208	0.0%
2003	-	N/A
2002	-	N/A

Actuarial assumptions

Valuation date	July 1, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount (OPEN)
Remaining amortization period	15 years
Asset valuation method	Actuarial value - smoothed market
Actuarial assumptions:	
Investment rate of return	8% per year
Projected salary increases	4.5% per year