

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND**

WICHITA FALLS, TEXAS

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
DECEMBER 31, 2015 AND 2014**

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HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Wichita Falls Firemen's Relief and Retirement Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the Wichita Falls Firemen's Relief and Retirement Fund (Plan) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

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 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 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 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 entity'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 entity'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 financial position of the Plan as of December 31, 2015 and 2014, and the changes in plan net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Schedules listed in the table of contents 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, who 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 Schedules 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.

Henry + Peters, P.C.

Tyler, Texas
July 20, 2016

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2015**

The Management's Discussion and Analysis (MD&A) of the Wichita Falls Firemen's Relief and Retirement Fund (Plan) for the year ended December 31, 2015 provides a summary of the financial position and performance of the Plan, including highlights and comparisons. The MD&A is presented as a narrative overview and analysis. For more detailed information regarding the Plan's financial activities, the reader should also review the actual financial statements, including the notes and supplementary schedules.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Plan's basic financial statements, which comprise the following components:

- Fund financial statements
- Notes to financial statements
- Required supplementary information

Collectively, this information presents the net position and summarizes the changes in position of the Plan as of December 31, 2015. The information available in each of these sections is briefly summarized below.

- **Fund Financial Statements.** The financial statements presented include Fiduciary Fund statements. Fiduciary Fund statements represent the financial position and activities of the Pension Trust Fund. A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are presented for the Pension Trust Fund as of December 31, 2015 and for the year then ended. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries.
- **Notes to Financial Statements.** The financial statement notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. Information available in the notes to the financial statements is described below:
 - Note 1 provides a general description of the Plan, including membership and benefit provisions, as well as a description of its reporting entity.
 - Note 2 provides a summary of significant accounting policies, including the basis of presentation and accounting and explanations of investment fair value estimates.
 - Note 3 provides a general description of the contributions.
 - Note 4 provides information on the Plan's investment portfolio including information pertaining to the investment policy, and rate of return of the portfolio.
 - Note 5 provides the components of the net pension liability of the employer, summarizes actuarial assumptions and discount rate.
 - Note 6 explains that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code.
 - Note 7 explains that the Plan is exposed to various investment risks.
 - Note 8 provides a description of the required supplementary information.
 - Note 9 explains that the Plan has evaluated subsequent events through the date on which the financial statements were available to be issued.
- **Required Supplementary Schedules.** Required supplementary schedules include schedules and related notes concerning the annual fluctuations in the net pension liability of the Plan and employer contributions required of the City to the Plan. Also included are certain actuarial assumptions that have an effect on the net pension liability and required contributions.

**WICHITA FALLS FIREMEN'S RELIEF
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MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2015**

Financial Highlights

Fiduciary Fund – Pension Trust Fund

The following table displays a summary of assets, liabilities, net position and changes in net position for the Plan at December 31, 2015 with comparative data.

	2015	2014
Assets	\$ 3,047,101	\$ 611,058
Investments	43,349,814	46,906,899
Net Position	46,396,915	47,517,957
Change in net position	\$ (1,121,042)	\$ 1,959,659

Additions to net assets held in the trust for pension benefits include employer and member contributions as well as investment income. Such amounts were as follows in 2015 with comparative data.

	2015	2014
Employer contributions	\$ 1,273,913	\$ 1,232,957
Member contributions	1,221,926	1,144,644
Net investment income	421,270	3,284,243
Total additions	\$ 2,917,109	\$ 5,661,844

Plan membership totaled 279 and 275 at December 31, 2015 and 2014, respectively. The employer contribution rate was 12.52% and 12.95% for December 31, 2015 and 2014, respectively.

Investment income is presented net of appreciation in fair value of investments, and is comprised of interest and dividends. The change in investment income for 2015 was due in large part to the decrease in fair value of investments and fluctuations of the market and economic conditions.

Deductions from net position restricted for pension benefits include payments of retirement benefits and refunds, as well as administrative and other expenses. Such amounts are as follows for 2015 with comparative data.

	2015	2014
Benefits paid to participants	\$ 3,677,644	\$ 3,431,511
Refunds and drop payments	273,262	185,038
Administrative & other expenses	87,245	85,636
Total deductions	\$ 4,038,151	\$ 3,702,185

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2015**

Requests for Information

This financial report is designed to provide a general overview of the Wichita Falls Firemen's Relief and Retirement Fund finances. Questions and requests for additional information should be addressed to the Fire Pension Board, 624 Indiana St. Suite 305, Wichita Falls, TX 76301.

BASIC FINANCIAL STATEMENTS

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and cash equivalents		
Cash	\$ 115,767	\$ 1,529
Cash equivalents	2,851,583	430,443
Total cash and cash equivalents	2,967,350	431,972
Receivables		
Employer contributions	19,118	67,063
Member contributions	19,247	64,278
Interest and dividends	41,386	47,695
Total receivables	79,751	179,036
Investments, at current value		
Investment in partnership	1,268,746	-
Mutual funds	36,375,911	37,952,821
U.S. Treasury and agency securities	4,464,090	6,833,269
Corporate bonds	1,106,569	1,147,388
Real estate investment trusts	134,498	973,421
Total investments	43,349,814	46,906,899
Computer equipment and office furniture at cost, net of accumulated depreciation of \$3,892 and \$3,842, respectively	-	50
Total assets	46,396,915	47,517,957
Net position - restricted for pension benefits	\$ 46,396,915	\$ 47,517,957

See accompanying notes to financial statements.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ADDITIONS		
Contributions		
Employer	\$ 1,273,913	\$ 1,232,957
Members	<u>1,221,926</u>	<u>1,144,644</u>
Total contributions	2,495,839	2,377,601
Investment income		
Interest and dividend income	1,457,495	1,449,701
Net (depreciation) appreciation in fair value of investments	(832,913)	2,080,471
Less investment expense	<u>(203,312)</u>	<u>(245,929)</u>
Total investment income	421,270	3,284,243
Total additions	2,917,109	5,661,844
DEDUCTIONS		
Benefits paid to participants	3,677,644	3,431,511
Refunds and drop payments	273,262	185,038
Administrative expenses	<u>87,245</u>	<u>85,636</u>
Total deductions	<u>4,038,151</u>	<u>3,702,185</u>
Net (decrease) increase	(1,121,042)	1,959,659
Net position - restricted for pension benefits		
Beginning of year	<u>47,517,957</u>	<u>45,558,298</u>
End of year	<u>\$ 46,396,915</u>	<u>\$ 47,517,957</u>

See accompanying notes to financial statements.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1: PLAN DESCRIPTION

BACKGROUND AND REPORTING ENTITY

The Wichita Falls Firemen's Relief and Retirement Fund (Plan) was established October 1, 1941 pursuant to the Texas Local Firefighter's Retirement Act of 1937 (Act). The purpose of the Plan is to provide specific benefits to members at retirement or disability and to their beneficiaries in case of death.

The Plan is administered by a seven-member Board of Trustees (Board), which includes three members elected from and by the Plan members, two representatives of the City of Wichita Falls (the City), and two citizen members elected by the Board. The Board oversees the Plan and sets policies for its operation, including appointing management and directing investments.

The Plan is a single-employer defined benefit pension plan. The Plan is an independent entity for financial reporting purposes.

MEMBERSHIP

Firefighters for the City are covered by the Wichita Falls Firemen's Relief and Retirement Fund. The membership consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Inactive Plan members or beneficiaries currently receiving benefits	121	114
Inactive Plan members entitled to but not yet receiving benefits	2	2
Active Plan members	<u>156</u>	<u>159</u>
Total membership	<u><u>279</u></u>	<u><u>275</u></u>

BENEFIT PROVISIONS

The Plan provides service retirement, death, disability, and termination benefits. These benefits fully vest after 20 years of credited service. Members may retire at age 50 with 20 years of service. The Plan provides a monthly normal retirement benefit equal to 2.55% of the member's highest three year average salary, multiplied by years of credited service as of date of termination. Six payment options are available. These options allow members to adjust the amount and longevity of the monthly benefit.

The Plan provisions also allow members the opportunity to select initial lump sum distributions, referred to as DROP payments, if certain eligibility requirements are met.

There is no provision for automatic postretirement benefit increases. The Plan has the authority to provide for ad hoc postretirement benefit increases. The benefit provisions of the Plan are authorized by the Act. The Act provides the authority and procedure to amend benefit provisions.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

The Plan financial statements are prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB) for pension trust funds, with the financial activities recorded in a separate fund. The financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment transactions are recorded as of the date a transaction is agreed upon and investment income, from interest and dividends, is recorded when earned or declared. All other expenses are recognized when incurred.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

INVESTMENTS

Investments are reported at fair value. The Plan determines the fair value of investments as follows:

- Debt and equity securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.
- Debt securities not traded on national or international exchanges are reported at estimated fair value based on equivalent values of comparable securities with similar yield and risk.
- Investments in open-ended mutual funds are based on the funds' current share price.
- Investments in partnerships or other alternative investments that are not traded on national or international exchanges are valued at the last reported share value.

Investment gains and losses arising from increases or decreases in the current market values from the beginning of the year to the end of the year and investment gains and losses arising from the sale or maturity of investments are reported as net appreciation (depreciation) in fair value on investments in the statements of changes in fiduciary net position.

EQUIPMENT AND DEPRECIATION

Computer equipment and office furniture are recorded at cost. Depreciation is computed using the straight-line method. Major additions are capitalized and depreciated over their estimated useful lives of 3-7 years.

ADMINISTRATIVE COSTS

The administrative costs are paid by the Plan through the use of investment earnings.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

NEW ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which improves the financial reporting of public employee pensions. This statement was implemented for the Plan year ending December 31, 2014 and the effects are detailed in Note 5 and RSI.

NOTE 3: CONTRIBUTIONS

The contribution provisions of the Plan are authorized by the Act. The Act provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each member and a percentage of payroll by the City.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the Plan must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the members and the City provides an adequate financing arrangement.

The funding policy of the Plan requires contributions by the members at the rate elected by the members according to the Act. The City's contribution rate is based on the Texas Municipal Retirement System's formula. Contributions for the years ended December 31 were as follows:

	2015		2014	
	Amount	Percentage	Amount	Percentage
Employer	\$ 1,273,913	12.52%	\$ 1,232,957	12.95%
Members	1,221,926	12.00%	1,144,644	12.00%

NOTE 4: INVESTMENTS

The Board has established, and has the authority to amend, the following investment guidelines:

EQUITIES

- Must be traded on a national exchange or electronic network; and
- Not more than five percent (5%) of the Plan's assets, at book value, shall be invested in the stock of one corporation, nor shall a retirement system own more than five percent (5%) of the voting stock of one corporation.

FIXED INCOME

- The purchase of high yield bonds and convertible bonds is permitted if so stated in the investment manager agreement for that Manager. All other fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service unless specifically approved by the Board to invest below investment grade; and
- Not more than five percent (5%) of the Plan's assets, at book value, shall be invested in the bonds of one corporation.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 4: INVESTMENTS - CONTINUED

FIXED INCOME

- The purchase of high yield bonds and convertible bonds is permitted if so stated in the investment manager agreement for that Manager. All other fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service unless specifically approved by the Board to invest below investment grade; and
- Not more than five percent (5%) of the Plan's assets, at book value, shall be invested in the bonds of one corporation.

ALTERNATIVE INVESTMENTS

- Alternative investment strategies are defined as those strategies that seek to produce investment returns that have low correlation to traditional equity and fixed income markets and highly dependent on manager skill more than market results. These strategies include private equity, hedge funds and fund of funds, real estate, and real assets.
- No more than five percent (5%) of the total Plan should be allocated to any one manager at the time of the commitment. To the extent possible, the allocation to a single manager should be limited to no more than ten percent (10%) of the total Plan based upon market value.
- Given the illiquid nature of most alternative investments and the broad latitude given to most alternative managers, due diligence on these types of investments is of greater importance and shall be conducted, for the most part, by the investment consultant. In evaluating a given opportunity, factors to be analyzed included but are not necessarily limited to: (1) the type of investment strategy to be employed, (2) the length of time the manager has been operating, (3) the internal controls in place, (4) the external controls in place such as independent administrators, auditors, legal representatives, etc. (5) reporting frequency, (6) valuation policy, (7) registration issues, (8) liquidation rights and (9) personal capital at risk or subordinated to the Plan's investment.

The Plan's investments at December 31, 2015 are summarized below:

	Fair Value
<u>Cash Equivalents</u>	
Money market funds	\$ 2,851,583
<u>Equity Holdings</u>	
Investment in partnership	1,268,746
Mutual funds	36,375,911
U.S. Treasury and agency securities	4,464,090
Corporate bonds	1,106,569
Real estate investment trusts	134,498
Total equity holdings	43,349,814
Total investments and cash equivalents	\$ 46,201,397

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 4: INVESTMENTS - CONTINUED

The Plan's investments at December 31, 2014 are summarized below:

	<u>Fair Value</u>
<u>Cash Equivalents</u>	
Money market funds	\$ 430,443
<u>Equity Holdings</u>	
Mutual funds	37,952,821
U.S. Treasury and agency securities	6,833,269
Corporate bonds	1,147,388
Real estate investment trusts	973,421
Total equity holdings	<u>46,906,899</u>
Total investments and cash equivalents	<u>\$ 47,337,342</u>

RATE OF RETURN

For the years ended December 31, 2015 and 2014, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 0.45 and 7.32 percent, respectively. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5: NET PENSION LIABILITY OF THE EMPLOYER

The components of the net pension liability of the employer on December 31, 2015 were as follows:

Total pension liability	\$ 72,410,174
Plan fiduciary net position	<u>(46,396,915)</u>
Employer's net pension liability	<u>\$ 26,013,259</u>

Plan fiduciary net position as a percentage of total pension liability	64.08%
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ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of January 1, 2015 updated to December 31, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary increases	Service based
Discount rate	8.00%
Investment rate of return	8.00%

Mortality rates were based on employee and healthy annuitant combined rates from the RP-2000 Mortality Table, projected to 2015 using Scale AA, with separate rates for males and females.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 5: NET PENSION LIABILITY OF THE EMPLOYER – CONTINUED

ACTUARIAL ASSUMPTIONS - CONTINUED

The long-term expected rate of return on Plan investments for the January 1, 2015 actuarial valuation and December 31, 2015 measurement date was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset class</u>	<u>Long term expected real rate of return</u>
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
International bonds	3.50%
Real estate	4.50%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For purposes of the actuarial valuation, the expected rate of return on Plan investments is 8.00%; the municipal bond rate is 3.57% (based on the weekly rate closest to, but not later than, the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 8.00%.

	1% Decrease	Current discount rate	1% Increase
	<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Employer's net pension liability	\$ 34,867,081	\$ 26,013,259	\$ 18,571,289

NOTE 6: TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated May 27, 2011, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan's board and tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**WICHITA FALLS FIREMEN'S RELIEF
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NOTES TO FINANCIAL STATEMENTS
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NOTE 7: 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 value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 8: REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary schedules for the Plan include the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, the Schedule of Investment Returns and the Notes to the Required Supplementary Schedules. These are presented in order to demonstrate the Plan's ability to pay the net pension liability and its progress in doing so. Certain schedules should include a ten-year history of information. As provided for in GASB Statement No. 67, this historical information is only presented for the years in which the information was measured in conformity with the requirements of the standard. The full trend information will be accumulated over the next eight years as the necessary information becomes available.

NOTE 9: SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through July 20, 2016, the date on which the financial statements were available to be issued. Effective April 20, 2016, the Plan was amended in an effort to reduce the remaining amortization period of the Plan's net pension liability. The member's contribution rate was increased from 12% to 13%. For members hired on or after April 20, 2016, this amendment extended the final average compensation period from three years to five years. The normal retirement date was changed from age fifty to age fifty-five, and the eligibility age for entry into the Deferred Retirement Option Program was changed from age fifty-three to age fifty-five. This amendment also reduced the normal service retirement factor from 2.55% to 2.50%.

REQUIRED SUPPLEMENTARY SCHEDULES

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ***

	<u>12/31/2015</u>	<u>12/31/2014</u>
Total pension liability		
Service cost	\$ 1,514,459	\$ 1,447,068
Service cost, administrative expenses		
Interest	5,743,802	5,537,931
Changes of benefit terms	6,752	-
Differences between Expected and Actual Experience	(3,155,703)	(320,862)
Changes of assumptions	-	(423,984)
Benefit payments, including refunds of member contributions	(3,950,906)	(3,616,549)
Net change in total pension liability	<u>158,404</u>	<u>2,623,604</u>
Total pension liability - beginning	72,251,770	69,628,166
Total pension liability - ending (a)	<u>\$ 72,410,174</u>	<u>\$ 72,251,770</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,273,913	\$ 1,232,957
Contributions - member	1,221,926	1,144,644
Net investment income	421,270	3,284,243
Benefit payments, including refunds of member contributions	(3,950,906)	(3,616,549)
Administrative expense	<u>(87,245)</u>	<u>(85,636)</u>
Net change in plan fiduciary net position	<u>(1,121,042)</u>	<u>1,959,659</u>
Plan fiduciary net position - beginning	47,517,957	45,558,298
Plan fiduciary net position - ending (b)	<u>\$ 46,396,915</u>	<u>\$ 47,517,957</u>
Net pension liability - ending (a) - (b)	<u>\$ 26,013,259</u>	<u>\$ 24,733,813</u>
Plan fiduciary net position as a percentage of the total pension liability	64.08%	65.77%
Covered member payroll	\$ 10,182,717	\$ 9,520,903
Net pension liability as a percentage of covered Member payroll	255.46%	259.78%

* - See Note 8 to the Financial Statements.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS ***

	<u>12/31/2015</u>	<u>12/31/2014</u>
Contractually required contribution	\$ 1,273,913	\$ 1,232,957
Contributions in relation to the contractually required contributions	<u>1,273,913</u>	<u>1,232,957</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,182,717	\$ 9,520,903
Contributions as a percentage of covered employee payroll	12.51%	12.95%

* - See Note 8 to the Financial Statements.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS ***

	<u>12/31/2015</u>	<u>12/31/2014</u>
Annual money-weighted rate of return net of investment expense	0.45%	7.32%

* - See Note 8 to the Financial Statements.

**WICHITA FALLS FIREMEN'S RELIEF
AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES**

Valuation date: 1/1/2015
Measurement date: 12/31/2015

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.
Amortization method: Level percent of compensation.
Remaining amortization period: 105.9 years (as of 1/1/2015 valuation).
Mortality rate: RP-2000 projected to 2024 using scale AA, with separate rates for males and females.
Retirement age: Members are assumed to retire at the later of age 50 or 20 years of service.
Termination rates: See table below.
Disability rates: See table below.

Termination and disability rate table.

Age	Termination rate	Disability rate
25	4.97%	0.111%
35	2.49%	0.152%
45	0.62%	0.335%
55	0.00%	0.858%

Interest rate: 8.00% per year, compounded annually, net of expenses.

Salary increases:

Service	Increase
0-4	8.0%
5-14	5.6%
15-19	5.5%
20-24	4.1%
25+	3.7%

Payroll growth: 4.50% per year for amortization of the Unfunded Actuarial Accrued Liability.

Marital status: 100% of actives are assumed to be married at time of benefit commencement.
Males are assumed to be two years older than their spouses.

Dependent children: Each member is assumed to have two children. The first child is assumed to have been born when the member was age 25. The second child is assumed to be two years younger. It is also assumed that benefits will be paid until each child reaches the age of 20.

Retirement election: Members eligible for the DROP are assumed to elect either straight service retirement benefits or the DROP, whichever is more valuable. Other members are assumed to receive straight service retirement benefits.

Actuarial asset method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.