

CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2015 AND 2014

CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report..... 1

Basic Financial Statements

Statements of Fiduciary Net Position..... 4

Statements of Changes in Fiduciary Net Position..... 5

Notes to Financial Statements..... 6

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios 15

Schedule of Contributions from the Employers and Other Contributing
Sources..... 16

Ten Year Schedule of Investment Returns 17

Notes to Required Supplementary Information 18



INDEPENDENT AUDITOR'S REPORT

To the Members of the Administrative Board of the
City of Irving Supplemental Benefit Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Irving Supplemental Benefit Plan (the Plan), a fiduciary fund of the City of Irving, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Plan's 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 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 City of Irving Supplemental Benefit Plan as of December 31, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Fund Financial Statements

As discussed in Note 1, the financial statements present only the Plan, a fiduciary fund of the City of Irving (the City) and do not purport to, and do not, present fairly the financial position of the City as of December 31, 2015 and 2014 and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Investments with Values that are not Readily Determined

As discussed in Note 1, the financial statements include investments valued at \$14,139,568 and \$11,721,489 as of December 31, 2015 and 2014, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios, schedule of contributions from the employers and other contributing sources and ten year schedule of investment returns 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 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.

City of Irving Supplemental Benefit Plan

Page 3

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
July 27, 2016

BASIC FINANCIAL STATEMENTS

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,263,542	\$ 1,614,848
Total cash and cash equivalents	1,263,542	1,614,848
Investments, at fair market value		
Government security	3,306,109	2,971,187
Common stock	21,100,256	23,763,591
Mutual funds	4,315,670	3,851,500
Corporate bonds	4,119,418	3,977,560
Municipal obligation	283,239	300,922
Preferred stock	2,010,304	2,659,761
Alternative investments/Hedge funds	14,139,568	11,721,489
Total investments, at fair market value	49,274,564	49,246,010
TOTAL ASSETS	50,538,106	50,860,858
 NET POSITION RESTRICTED FOR PENSION BENEFITS	 \$ 50,538,106	 \$ 50,860,858

The Notes to Financial Statements are an integral part of these statements.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
ADDITIONS		
Contributions		
Employer contributions	\$ 1,390,021	\$ 1,358,113
Member contributions	2,334,190	2,262,508
Total contributions	3,724,211	3,620,621
Net investment income		
Investment income		
Net (depreciation)/appreciation in fair value of investments	(816,160)	2,346,829
Interest	774,156	671,927
Investment expenses	(308,871)	(307,734)
Net investment income (loss)	(350,875)	2,711,022
TOTAL ADDITIONS	3,373,336	6,331,643
DEDUCTIONS		
Benefit payments	3,002,920	2,824,332
Refunds of members' contributions	569,389	261,946
Administrative and other expenses		
General administrative expenses	123,779	118,500
TOTAL DEDUCTIONS	3,696,088	3,204,778
Changes in pension plan net position	(322,752)	3,126,865
Net Position Restricted for Pension Benefits		
Beginning of Year	50,860,858	47,733,993
End of Year	\$ 50,538,106	\$ 50,860,858

The Notes to Financial Statements are an integral part of these statements.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DEFINED BENEFIT PENSION PLAN DESCRIPTION

General Description

The City of Irving Supplemental Benefit Plan (the Plan) is a contributory single-employer defined benefit pension plan initially organized on March 1, 1984, under the provisions of section 401(a)(3) of the Internal Revenue Code. The Plan is administered by the Administrative Board (the Board). The Board consists of nine voting members, five of whom shall be active City of Irving (the City) employees who contribute to the Plan and who are elected at-large from among City of Irving employees, the Chair of the Audit and Finance committee of the Irving City Council, the City's Chief Financial Officer, the Human Resources Director and the City Attorney or designee. The City Council may, by resolution appoint one of its members to the Board in place of the Chair of the Audit and Finance Committee.

The Plan is a single-employer retirement system covering all employees of the City except any person who is (1) a Fire Civil Service Employee, (2) any employee who is a member of a legally recognized collective bargaining unit and who is otherwise eligible to become a participant shall be eligible to participate in the Plan only if the collective bargaining agreement expressly provides for the participation of such employee in the plan (3) in accordance with Section 410(b)(3) of the Code, any employee who is a nonresident alien and who receives no earned income from the City of Irving which constitutes income from sources within the United States. All benefits vest after five years of service.

Pension plan membership consisted of the following at December 31:

	2015	2014
Inactive plan members or beneficiaries currently receiving benefits	361	347
Inactive plan members entitled to but not yet receiving benefits	201	181
Active plan members	1,426	1,378
	1,988	1,906

Plan Benefits

The plan provides retirement, disability, and death benefits. The normal retirement age of a participant is the later of his 65th birthday or completion of a five year period of service. The participant's monthly retirement benefit with payments commencing at Normal Retirement Date under the Plan is equal to one-twelfth of six tenths of one percent of his final average earnings multiplied by his years of benefit service.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DEFINED BENEFIT PENSION PLAN DESCRIPTION – CONTINUED

Plan Benefits – Continued

Participants who are eligible for disability retirement shall be entitled to receive a Disability Retirement Benefit equal to one-twelfth of 70% of his annualized base salary or wage rate at time of disability, less any other monthly disability income benefits as follows:

- (1) Disability retirement or service retirement under TMRS;
- (2) Disability retirement under the Federal Social Security Act, including benefits payable on account of the presence of dependents; and
- (3) Any amount payable under the Worker's Compensation Act or similar law for loss of time on account of disability.

Death benefits are determined in the same manner as retirement benefits except the years of service shall be the time between the participant's last date of hire and his 65th birthday and the final average earnings shall be figured as the date of participant's death. A plan member whose employment is terminated, prior to having completed a five year period of service shall receive a refund of his employee contributions.

Cost-of-Living Adjustment (COLA)

The Board, with the concurrence of the actuary, may periodically recommend to the City Council for their approval an increase in the retirement benefit payable to retirees.

Contributions

The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the years ended December 31, 2015 and 2014, the average active member contribution rates were 2.5 percent of annual pay, and the City of Irving's average contribution rates were 1.49 percent of annual payroll.

Basis of Accounting

The Plan's financial statements are presented on the accrual basis of accounting. Employer and employee contributions that should have been made in the calendar year based on the actuarial determined contribution rates or amounts are recognized as revenues of that calendar year. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less at the date of acquisition.

Method Used to Value Investments

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments is based on market prices provided by the Plan's custodian, Morgan Stanley, where available. The fair value of alternative investments is based on information provided by the investment manager.

Securities Transactions and Related Investment Income

Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date. Stock dividends or stock splits are recorded as memo items and do not affect the total value of the securities.

Realized gains and losses on investments sold during the year are not displayed separately in the financial statements. Instead, the realized gains and losses, along with the change in unrealized gains and losses on investments, are reported as "net appreciation/(depreciation) in fair value of investments."

The realized gain/(loss) on the sale of securities was computed as the difference between the proceeds of sale in 2015 and 2014 and the carrying cost of the securities at December 31, 2015 and 2014, or the original cost of the securities acquired during 2015 and 2014. The calculation of realized gains/(losses) is independent of the calculation of net appreciation/(depreciation) in the fair value of plan investments. Unrealized gain/(loss) on investments sold in the current year that had been held for more than one year were included in the net appreciation/(depreciation) reported in prior years and the current year.

Investment Expenses

Investment expenses include fees paid for investment management services, investment consulting services, fund evaluation services, securities custodian services, and interest expense and other fees incurred in security lending transactions.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS

Investments

As of December 31, 2015 and 2014, the Plan had the following investments:

	<u>2015</u> <u>Fair Value</u>	<u>2014</u> <u>Fair Value</u>
Investments		
Preferred stock	\$ 2,010,304	\$ 2,659,761
Common stocks	21,100,256	23,763,591
Municipal obligations	283,239	300,922
Government security	3,306,109	2,971,187
Mutual funds	4,315,670	3,851,500
Corporate bonds	4,119,418	3,977,560
Alternative investments/Hedge funds	<u>14,139,568</u>	<u>11,721,489</u>
 Total investments	 <u>\$ 49,274,564</u>	 <u>\$ 49,246,010</u>

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. The Board has selected the strategic asset allocation based upon investment time horizon, risk tolerance, performance expectation, asset class preferences, and long-term rate of return expectations. The asset allocation is designed to achieve the long-term required return objectives. The following table displays the Board-approved asset allocation policy for 2015 and 2014:

<u>Asset Class</u>	<u>2015</u>	<u>2014</u>
Cash and equivalents	0%	0%
Fixed income	35%	35%
U.S. equities	20%	20%
Non-U.S. equities	15%	15%
Emerging markets	5%	5%
Real estate	5%	10%
Commodities	5%	5%
Hedge fund	5%	5%
Private equity	10%	5%

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS – CONTINUED

Concentration of Credit Risk

This risk represents the potential loss attributable to the magnitude of the Plan's investments in a single issuer. For the Plan, managers shall not invest more than 5% of the Funds' value in the issues of any one issuer, with the sole exceptions of the U.S. Government, its agencies, or instrumentalities. The strategic target for all fixed income investments shall range from 35%- 100%. The Plan limits this type of risk by requiring a maximum of 25% of the market value of the entire fund in an industry, and a maximum of 5% in any one company with the sole exception of the U.S. Government, its agencies or instrumentalities.

As of December 31, 2015 and 2014, for separately managed investment accounts, the Plan held the following investments that represent five percent (5%) or more of the Plan's fiduciary net position.

<u>Investment</u>	<u>2015</u>	<u>2014</u>
Federated Mortgage Strategy	\$ 2,760,394	**
Blackstone RE Inc II A ESC	2,703,298	**
Blackstone RE Income Fund II A	2,705,080	**
Millenium Strategic Cap	2,944,957	2,581,268
ACL ALT LTD USD A	2,636,433	**
PARS IV Offshore Fund II LTD	**	4,990,323

** Investment value is not over 5% of the Plan's net position

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market 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. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City of Irving monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio on a quarterly basis.

The Plan's portfolio managed by Federated Investors in a Core Aggregate strategy is constrained in regards to duration to that of the benchmark index, the Barclays Capital U.S. Aggregate Index with a typical duration range that is +/- 20% of the duration of this benchmark index. A portion of the Plan's fixed income is invested in PIMCO Absolute Return Strategy IV Fund (PARS) and Blackstone Real Estate Income Fund (BRIEF). PARS is a discretionary global macro and fixed income hedge fund. BRIEF primarily invests in a broad range of liquid real estate debt instruments.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS – CONTINUED

Credit Risk

Credit Risk - Generally, this is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. By policy, the City of Irving requires a minimum rating of AAA or its equivalent on some investments.

The investment policy of the Plan requires that the fixed income account managed by any manager shall maintain a weighted average credit rating that falls within the "A" category or better, as determined by the major credit ratings agencies at all times.

Fixed income securities for the Plan made up 23.91% and 8% of total investments as of December 31, 2015 and 2014.

Custodial Credit Risk

The custodial credit risk represents the risk that, in the event of the failure of the counterparty of a transaction, the plan will not be able to recover the value of deposits and investments or collateral securities that are in the possession of an outside party.

The City requires its collected deposits in excess of the federal depository insurance to be collateralized by the depository institution at the rate of 102.5% of the value of the deposits. The collateral must be in the form of an instrument authorized by the State of Texas Public Fund Investment Act held by the City's agent in the City's name.

Rate of Return

For the year ended December 31, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.28% percent and 5.40% percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4. NET PENSION LIABILITY

Net Pension Liability of Employers

The Plan's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculation the net pension liability was determined by an actuarial valuation as of January 1, 2016.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. NET PENSION LIABILITY – CONTINUED

Net Pension Liability of Employers – Continued

The components of the net pension liability at December 31, 2015 and 2014, were as follows:

	2015	2014
Total pension liability	\$ 74,102,638	\$ 64,986,164
Plan fiduciary net position	50,538,106	50,860,858
Net pension liability	\$ 23,564,532	\$ 14,125,306
Plan fiduciary net position as a percentage of the total pension liability	68.20%	78.26%

Actuarial Assumptions

The Plan retains an independent actuarial firm to conduct actuarial valuations of the pension plan to monitor the plan’s funding status and to establish the contribution rate requirements for the pension plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67, *Financial Reporting for Pension Plans*.

Key methods and assumptions used in the latest actuarial valuation are presented below:

	2016
Inflation	3%
Salary Increases	3.50% to 12 %
Investment rate of return	7%

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. NET PENSION LIABILITY – CONTINUED

Actuarial Assumptions – Continued

Mortality rates were based on the RP-2000 Annuitant Mortality Table for males or females projected to year 2003.

The long-term expected rate of return on pension plan investments 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 for each major asset class included in the Plan’s target asset allocation as of December 31, 2015 and 2014 (see the discussion of the Plan’s investment policy) are summarized in the following table.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and equivalents	0% to 1%
Diversified portfolio of domestic and international fixed income investments	1% to 3%
Diversified portfolio of domestic or global real estate	2% to 6%
Diversified portfolio of domestic and international common stocks	4% to 8%

Discount Rate

The discount rates used to measure the total pension liability at December 31, 2015 and 2014 was 6.75% and 7%, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. NET PENSION LIABILITY – CONTINUED

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

The following presents the net pension liability of the Plan as of December 31, 2015 and 2014, calculated using the discount rate of 6.75% and 7%, respectively, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Net pension liability</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
2015	\$ 34,271,902	\$ 23,564,532	\$ 14,766,898
2014	\$ 22,948,503	\$ 14,125,306	\$ 6,793,934

NOTE 5. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Funding Policy

The funding objective of the plan is to establish contribution rates that, over time, are likely to remain as a level percentage of payroll unless plan benefit provisions are changed. Actuarial valuations involve estimates and make assumptions about the probability of events far into the future, therefore actuarially determined rates are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Contribution rates are calculated by the actuary using the Projected Unit Credit Method. The required contribution rates are expressed as a percentage of covered payroll. The 2015 and 2014 contribution rates were determined using the actuarial valuations performed as of January 1, 2015 and 2014, respectively.

Employer Contributions

The required employer contribution rates include Normal Cost and amortization of the Unfunded Actuarial Liability (UAL). The UAL is being amortized on a 30-year period as of January 1, 2016 and 2015.

Member Contributions

A participant shall make contributions to the Plan equal to two and half percent of his annual earnings.

In 2015, member contributions totaled \$2,334,190, and employer contributions totaled \$1,390,021. For 2014, member contributions totaled \$2,262,508, and employer contributions totaled \$1,358,113.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS***

	2015	2014
TOTAL PENSION LIABILITY		
Service cost	\$ 2,975,950	\$ 2,844,836
Interest (includes interest on service cost)	4,528,512	4,259,329
Change of benefit terms	-	-
Differences between expected and actual experience	95,587	-
Changes of assumptions	5,088,734	-
Benefit payments, including refunds of employee contributions	(3,572,309)	(3,086,278)
Net change in total pension liability	9,116,474	4,017,887
Total pension liability - beginning	64,986,164	60,968,277
Total pension liability - ending (a)	74,102,638	64,986,164
PLAN NET POSITION		
Contributions - employer	1,390,021	1,358,113
Contributions - employee	2,334,190	2,262,508
Net investment income	(350,875)	2,711,022
Miscellaneous income	-	-
Transfer between plans	-	-
Benefit payments, including refunds of employee contributions	(3,572,309)	(3,086,278)
Administrative expenses	(123,779)	(118,500)
Net change in plan net position	(322,752)	3,126,865
Plan net position - beginning	50,860,858	47,733,993
Plan net position - ending (b)	50,538,106	50,860,858
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 23,564,532	\$ 14,125,306
Plan Net Position as a Percentage of the Total Pension Liability	68.20%	78.26%
Covered Employee Payroll**	\$ 92,985,815	\$ 89,179,811
Plan Net Pension Liability as a Percentage of Covered Employee Payroll	25.34%	15.84%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** Covered Employee Payroll shown in this table is the beginning of year payroll

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYERS AND OTHER
CONTRIBUTING SOURCES***

	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 1,315,389	\$ 1,312,539
Contributions in relation to the actuarially determined contribution	<u>1,390,021</u>	<u>1,358,113</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ (74,632)</u>	<u>\$ (45,574)</u>
Covered employee payroll**	\$ 93,289,972	\$ 91,148,542
Contributions as a percentage of covered employee payroll	1.49%	1.49%

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

** The payroll shown on this table is the payroll on which contributions
were made during the year. This includes payroll for members
who terminated and or retired during the year.

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
TEN YEAR SCHEDULE OF INVESTMENT RETURNS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

<u>December 31,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2005	5.23%
2006	10.14%
2007	5.46%
2008	-22.23%
2009	13.94%
2010	9.70%
2011	-2.47%
2012	8.89%
2013	9.64%
2014	5.40%
2015	-0.28%

**CITY OF IRVING SUPPLEMENTAL BENEFIT PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1. KEY METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

The following actuarial methods and assumptions were used to determine contribution rates in the Schedule of Employer Contributions, for the year ended December 31, 2015 and 2014:

Valuation Date	January 1, 2016	January 1, 2015
Actuarial Cost Method	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Pay, open	Level Percent of Pay, open
Remaining Amortization Period	30 years Remaining UAL (25 Year Single Equivalent Period)	30 years Remaining UAL (25 Year Single Equivalent Period)
Asset Valuation Method	Smoothed Actuarial Value (5 years)	Market Value
Actuarial Assumptions:		
Nominal Rate of Return	7.00%	7.00%
Projected Salary Increases	3.5% - 12.0%	3.5% - 12.0%
General Inflation Rate	3.00%	3.00%
Cost-of-Living Adjustments	none	none
Payroll Growth Rate	3.50%	3.50%

A complete description of the methods and assumptions used to determine contribution rates for the year ending December 31, 2015, can be found in the January 1, 2016, actuarial valuation report.