



Report of Independent Auditors
and Financial Statements with Required
Supplementary Information and
Other Supplementary Information for
El Paso Firemen and Policemen's
Pension Fund
(A Fiduciary Fund of the
City of El Paso, Texas)
December 31, 2015 and 2014

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
El Paso, Texas

Report on Financial Statements

We have audited the accompanying financial statements of the El Paso Firemen and Policemen's Pension Fund, a fiduciary fund of the City of El Paso, Texas, which comprise the statements of fiduciary net position as of December 31, 2015 and 2014, and the related statements of changes in fiduciary net position for the years 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 audits 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.

To the Board of Trustees
El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)

We believe that the audit evidence 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 fiduciary net position of the El Paso Firemen and Policemen's Pension Fund as of December 31, 2015 and 2014, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of employer contributions, and schedules of investment returns and related ratios (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, 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 audits 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 assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the El Paso Firemen and Policemen's Pension Fund's basic financial statements. The schedules of administrative and investment expenses, combining schedules of fiduciary net position and combining schedules of changes in fiduciary net position (collectively, the other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Trustees
El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Moss Adams LLP

Albuquerque, New Mexico
July 18, 2016

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EL PASO FIREMEN AND POLICEMEN'S PENSION FUND (A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS) MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis of the financial performance of the El Paso Firemen and Policemen's Pension Fund and its blended component unit, Lomaland West, LLC (collectively, the Fund) during the years ended December 31, 2015 and 2014. Please read it in conjunction with the accompanying financial statements and the related notes.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair value, and revenues include the recognition of unrealized gains and losses. The accrual basis of accounting is used to record assets, liabilities, revenues, and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date.

This report contains the following information:

1. **Basic Financial Statements** including:
 - a. Statements of Fiduciary Net Position
 - b. Statements of Changes in Fiduciary Net Position
 - c. Notes to the Financial Statements
2. **Required Supplementary Information** including:
 - a. Schedules of Changes in Net Pension Liability and Related Ratios
 - b. Schedules of Employer Contributions
 - c. Schedules of Investment Returns and Related Ratios
 - d. Notes to the Required Supplementary Information
3. **Other Supplementary Information** including:
 - a. Schedules of Administrative and Investment Expenses
 - b. Combining Schedules of Fiduciary Net Position
 - c. Combining Schedules of Changes in Fiduciary Net Position

The basic financial statements are described as follows:

- The Statements of Fiduciary Net Position show the account balances at year-end and includes the net assets available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedules of Changes in Net Pension Liability and Related Ratios that is included in the Required Supplementary Information.
- The Statements of Changes in Fiduciary Net Position shows the sources and uses of funds during the year and illustrates the change in net position from the previous year.
- The Notes to the Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The required supplementary information provides historical trends that help reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedules of Changes in Net Pension Liability and Related Ratios contains the total pension liability, fiduciary net position and the net pension liability for the plan.
- The Schedules of Contributions contains historical trend information regarding the value of the total annual contributions the employer must pay and the actual contributions by employers in meeting that requirement.
- The Schedules of Investment Returns and Related Ratios contains money-weighted rate of return, net of investment expense.

Financial Highlights

- The Fund's investment return was up 0.57%, ranking in the 32nd percentile, and up 4.60%, ranking in the 89th percentile of public pension funds, for the years ended December 31, 2015 and 2014, respectively.
- The assets of the Fund exceeded its liabilities at the close of the fiscal years 2015 and 2014 by \$1,245,378,586 and \$1,270,861,916, respectively.
- The Fund's total net position decreased by \$25,483,330 during fiscal 2015 and increased by \$27,478,671 during fiscal 2014.

The Fund's funding objective is to meet long-term benefit obligations through contributions and investment income. As of January 1, 2014, the date of our last actuarial valuation for the Fire and Police Divisions, the funded ratio was approximately 79.22%. In general, this indicates that, as of January 1, 2014, for every dollar of benefits due for the Fire and Police Divisions, we had approximately \$0.79 of assets to cover it. As of January 1, 2016, the date of the first actuarial valuation for the Staff Plan, the funded ratio was approximately 283%. In general, this indicates that for every dollar of benefits due for the Staff Plan, we had \$2.83 of assets to cover it.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements. The Fund is accounted for on an economic resource measurement focus using the accrual basis of accounting principles generally accepted in the United States of America.

The financial statements include the statements of fiduciary net position and the statements of changes in fiduciary net position. The notes provide additional information that is essential to a full understanding of the data provided in the Fund's basic financial statements. In addition to the basic financial statements and required supplementary information, this report also contains other supplementary information that is intended to enhance the reader's understanding of the financial condition of the Fund.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summarized Financial Information

The following table displays a summary of the net position available for benefits from fiscal years 2015 and 2014 for the Fund:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets	\$ 1,346,980,884	\$ 1,372,126,575	\$ 1,324,419,251
Liabilities	<u>101,602,298</u>	<u>101,264,659</u>	<u>81,036,006</u>
Net position restricted for pension benefits	<u>\$ 1,245,378,586</u>	<u>\$ 1,270,861,916</u>	<u>\$ 1,243,383,245</u>

Net position restricted for pension benefits decreased by \$25,483,330 or 2.01% during fiscal year 2015 to \$1,245,378,586. The decrease to net position is primarily due to the Fund's investment activities and decreases in the net investment income from the Fund's investments related to volatility in global security markets.

Financial Analysis

As previously noted, net position may serve over time as useful indication of the Fund's financial position. The assets of the Fund exceeded its liabilities at the close of the year. Currently, \$1,245,378,586 in net position is held in trust for future pension benefits. All of the net positions are available to meet the Fund's ongoing obligations to plan members and their beneficiaries.

Investments – The investment decisions made by the Board of Trustees are made mindfully and with careful thought especially in the unpredictable global and domestic financial markets today. The portfolio continues to be structured to provide the best returns possible over the long-term within the risk parameters adopted by the Board.

Revenues – Additions to Fiduciary Net Position. The assets needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and earnings on investments (net of investment expenses). Total additions to plan net position for the year ended December 31, 2015 was \$49,336,158.

Expenses – Deductions from Fiduciary Net Position. The Fund was established to provide lifetime retirement annuities, survivor benefits and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring monthly benefit payments, as designated by the Fund, refund of employee contributions (without interest) to terminated employees, and the cost of administering the retirement system. The total cost of the Fund administrative expenses is 100% funded by investment proceeds earned throughout each fiscal year.

Deductions for the year ended December 31, 2015 totaled \$74,819,488, an increase of \$4,870,229 or 7.41% over the year ended December 31, 2014. The majority of this increase is comprised of benefit payments to retirees and beneficiaries and employee contribution refunds, including interest.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
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Comparison of Fiscal Year 2015 to 2014 – As of December 31, 2015, net position decreased by 2.01% from the prior year primarily due to decreases in the fair value of investments during 2015. Total additions to fiduciary net position for the year ended December 31, 2015 was \$49,336,158. Deductions for the year ended December 31, 2015, totaled \$74,819,488 an increase of \$4,870,229 or 7.41% over the year ended December 31, 2014.

Comparison of Fiscal Year 2014 to 2013 – As of December 31, 2014, net position increased by 2.21% from the prior year primarily due to increases in the fair value of investments during 2014. Total additions to fiduciary net position for the year ended December 31, 2014 was \$97,427,930. Deductions for the year ended December 31, 2014, totaled \$69,949,259, an increase of \$4,747,058 or 7.28% over the year ended December 31, 2013.

The following table displays the summary of the change in net position available for benefits from fiscal years 2015 and 2014 for the Fund:

	2015	2014	2013
Contributions	\$ 46,183,386	\$ 45,277,391	\$ 44,380,916
Net investment and other income	3,152,772	52,150,539	184,132,766
Total additions	<u>49,336,158</u>	<u>97,427,930</u>	<u>228,513,682</u>
Benefit payments	69,436,154	64,643,571	60,101,603
Refunds of employee contributions	3,524,591	3,810,892	3,953,970
Administrative expenses	1,685,929	1,368,428	1,024,429
Depreciation expense	172,814	126,368	122,199
Total deductions	<u>74,819,488</u>	<u>69,949,259</u>	<u>65,202,201</u>
Change in net position restricted for pension benefits	<u>\$ (25,483,330)</u>	<u>\$ 27,478,671</u>	<u>\$ 163,311,481</u>

Requests for Information

This report is designed to provide an overview of the Fund's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the El Paso Firemen and Policemen's Pension Fund, 909 East San Antonio Avenue, El Paso, Texas, 79901-2523, (915) 771-8111, or email us at info@elpasofireandpolice.org.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
STATEMENTS OF FIDUCIARY NET POSITION

	ASSETS	
	December 31,	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,472,755	\$ 16,970,347
RECEIVABLES		
Employer contributions	348,595	938,589
Employee contributions	280,555	752,348
Dividend and interest receivable	-	406,322
Total receivables	629,150	2,097,259
INVESTMENTS		
Fixed income securities	361,616,714	389,333,373
Domestic equities	375,384,479	388,272,540
International equities	365,590,764	376,253,674
Private equities	51,170,313	35,582,094
Limited partnerships	75,860,674	62,411,531
Securities lending collateral	100,302,724	99,972,828
Total investments	1,329,925,668	1,351,826,040
PROPERTY AND EQUIPMENT		
Building	1,580,246	721,135
Furniture and fixtures	90,997	52,090
Computer equipment	46,549	74,801
Machinery equipment	-	5,756
Pension administration system software	1,106,857	1,106,857
Total property and equipment	2,824,649	1,960,639
Less: Accumulated depreciation	(871,338)	(727,710)
Net property and equipment	1,953,311	1,232,929
Total assets	1,346,980,884	1,372,126,575
LIABILITIES		
Accrued expenses and other liabilities	1,299,574	1,291,831
Securities lending obligation	100,302,724	99,972,828
Total liabilities	101,602,298	101,264,659
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 1,245,378,586	\$ 1,270,861,916

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

	Years Ended December 31,	
	2015	2014
ADDITIONS		
Contributions		
Employer	\$ 25,645,959	\$ 25,629,900
Employee	20,537,427	19,647,491
Total contributions	<u>46,183,386</u>	<u>45,277,391</u>
Investment income		
Net change in fair value of investments	(14,037,776)	32,971,424
Interest	9,734,513	7,282,716
Dividends	11,920,916	16,030,479
Securities lending income	275,119	436,156
	<u>7,892,772</u>	<u>56,720,775</u>
Less investment expenses	4,765,024	4,570,236
Net investment income	<u>3,127,748</u>	<u>52,150,539</u>
Other income	25,024	-
Total additions	<u>49,336,158</u>	<u>97,427,930</u>
DEDUCTIONS		
Benefits paid to participants	69,436,154	64,643,571
Refunds of employee contributions	3,524,591	3,810,892
Administrative expenses	1,685,929	1,368,428
Depreciation expense	172,814	126,368
Total deductions	<u>74,819,488</u>	<u>69,949,259</u>
NET CHANGE	(25,483,330)	27,478,671
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	<u>1,270,861,916</u>	<u>1,243,383,245</u>
End of year	<u>\$ 1,245,378,586</u>	<u>\$ 1,270,861,916</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Reporting Entity and Summary of Accounting Policies

Reporting entity – The El Paso Firemen and Policemen's Pension Fund (the Fund) is a single-employer public employee retirement plan established and administered by the Board of Trustees in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The fund is a fiduciary fund of the City of El Paso, Texas. It consists of separate divisions for firemen, policemen and the Fund's staff. The three divisions are presented in combining financial statements in the other supplementary information.

Lomaland West, LLC, a limited liability company and blended component unit of the Fund (Lomaland West), was formed during 2006 to acquire a building to house the Fund's operations. During 2013, Lomaland West purchased a building, and the Fund relocated its operations to the building during 2015. At December 31, 2015, Lomaland West's primary activity was ownership of the building.

During February 2016, the Fund's Board of Trustees passed a resolution to liquidate Lomaland West. Lomaland West was officially liquidated on May 18, 2016 and the assets, liabilities and net position were transferred to the Fund.

Basis of accounting – The accounting policies of the Fund have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Valuation of investments – Investments of the Fund were held by The Northern Trust Company (the Custodian) in the Plan's name for the years ended December 31, 2015 and 2014.

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments is determined by the latest bid price, closing exchange price at year end, institutional bid evaluation and net asset value as considered appropriate for each investment type by the Custodian. The estimated fair value of alternative investments is based on the most recent valuations provided by the external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Third-party investment managers administer substantially all marketable securities of the Fund. Gains and losses resulting from securities transactions are recorded in investment income.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net change in fair value of investments reflected in the accompanying statements of changes in fiduciary net position available for benefits represents the net realized and unrealized gains or losses on investments, which equals the difference between the cost and the market value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Reporting Entity and Summary of Accounting Policies (continued)

The Custodian utilizes a master trust to account for investments of the Fund. As part of the master trust concept, all investments for each division are unitized. A unitization is an arrangement which allows multiple participants to share in the same commingled investment pool. Each division then owns a certain number of units of the master trust. Units are assets which represent an undivided ownership in the master trust. All activity of the master trust, including gains and losses and all expenses not otherwise specifically allocated to each division, are reflected in the master trust.

Securities lending – Earnings from securities lending transactions are reported net of security lending fees and rebates paid as securities lending income on the statement of changes in fiduciary net position. Securities lending collateral held by the Fund is reported as an asset and a liability on the statements of fiduciary net position.

Foreign currency transactions – The Fund may be a party to certain financial derivatives, utilizing put or call options, future contracts, options on futures, and any other type of financial futures transactions, only when used by international managers or index managers if such transactions are for the purpose of currency hedging, investing cash to efficiently obtain market exposure prior to the purchase of actual securities or due to the delay in settlement of accrued dividends which have not yet been received as paid, respectively, or when used by core plus fixed income managers. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts but also the risk associated with market fluctuations. Gains and losses on option and future arrangements are recorded as they are incurred. Gains and losses on forward contracts are recorded on the settlement date. The Fund does not have any put or call options, futures contracts, options on futures of any other type of financial futures transactions as of December 31, 2015 or 2014.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Fund's functional currency – United States dollars) are recorded by the Fund based on changes in market values and are combined with similar transactions in the accompanying statements of changes in plan net position and are included in net master trust investment gain (loss).

Investments and broker accounts denominated in foreign currencies outstanding as of December 31, 2015 and 2014 were converted to the Fund's functional currency (United States dollars) at the foreign exchange rates quoted as of December 31, 2015 and 2014, respectively. These foreign exchange gains and losses are included in net appreciation in fair value of investments in the accompanying statements of changes in fiduciary net position.

Revenue and expense recognition – The accounts of the Fund are maintained and reported in the accompanying financial statements on the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Benefits, refunds and expenses paid are recognized as incurred.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Reporting Entity and Summary of Accounting Policies (continued)

Capital assets – Capital assets are recorded at cost, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; whereas, major additions and significant improvements are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is 30 years on buildings, 5 years for computer equipment, 5-10 years for furniture and fixtures, and 10 years for the pension administration system. Depreciation expense totaled \$172,814 and \$126,368 for the years ended December 31, 2015 and 2014, respectively.

Payment of benefits – Benefit payments to members are recognized when paid.

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 reported amounts of assets and liabilities at the date of the financial statements and the reported changes in fiduciary net position during the reporting period. Actual results may differ from estimates.

New Accounting Pronouncement – GASB Statement No. 82, *Pension Issues*, amends Statement No. 67, Statement No. 68, and Statement No. 73 and addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from guidance in actuarial standards for financial reporting purposes, and (3) the classification of payments made by employers to satisfy plan member contribution requirements. This Statement is effective for the year ending December 31, 2018 with early adoption allowed. The Plan has early adopted this Statement and presents the payroll-related measures in the required supplementary information in accordance with GASB No. 82.

Refund of contributions – Member contributions (without interest) are refunded upon request if a member terminates with five or more years of service but less than twenty years of service. All benefits under the Fund are terminated if contributions are refunded.

Risks and uncertainties – The Fund 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net position.

The Fund's contribution rates and the actuarial information included in the footnotes and required supplementary information are based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 2 – Description of the Retirement Fund

The designated purpose of the Fund is to provide retirement, death and disability benefits to members or their beneficiaries. The City of El Paso, Texas (the City) is the only participating employer. The Fund is established by state statute and administered by a Board of Trustees comprised of 11 trustees as follows: three citizens of the City appointed by the mayor; two citizens of the City appointed by the city manager; three member firemen of the Fire Department, to be elected by the firemen members of the Fund; and three member policemen of the Police Department, to be elected by the policemen members of the Fund. The Board contracts with an independent custodian bank, investment managers, an investment consultant, and an actuary to assist in managing the Fund.

The Fund's membership is estimated as follows as of December 31, 2015 and 2014:

	2015			2014	
	Firemen Division	Policemen Division	Staff Plan	Firemen Division	Policemen Division
Retirees and beneficiaries of deceased retirees currently receiving benefits	744	1,004	-	732	975
Inactive employees entitled to benefits but not yet receiving them	5	16	1	4	17
Total retired and inactive members	749	1,020	1	736	992
Current active members	867	1,005	6	870	1,017

The Pension Fund was originally enacted under Chapter 101, Acts of the 43rd Legislature, 1st Called Sessions, 1933, subsequently modified from time to time, and has been restated, effective July 1, 2007, in two parts: Part I, The Base Plan, Part II, The Second Tier Plan. During 2015, the Board approved the creation of the Staff Plan, a defined benefit plan for the Fund's employees.

The Firemen Division of the Fund is a defined benefit retirement plan covering uniformed employees of the Fire Department. Members enrolled in the Base Plan and Second Tier Plan are required to contribute 15.28% of their compensation to the Fund. In addition, the City of El Paso pays up to 18.5% of compensation into the Fund whether the member is enrolled in the Base Plan or the Second Tier Plan. Non-employer contributions are limited to participating employees.

The Policemen Division of the Fund is a defined benefit retirement plan covering uniformed employees of the Police Department. Members enrolled in the Base Plan and Second Tier Plan are required to contribute 13.89% of their compensation to the Fund. In addition, the City of El Paso pays up to 18.5% of compensation into the Fund whether the member is enrolled in the Base Plan or the Second Tier Plan. Non-employer contributions are limited to participating employees.

Any person duly appointed and enrolled as a fireman or policeman in the fire or police departments of the City shall automatically become a member of the pension fund, provided such person shall have attained eighteen (18) years of age. Any member enrolled on July 1, 2007 or thereafter is automatically enrolled in the Second Tier Plan.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 2 – Description of the Retirement Fund (continued)

The Staff Plan is a defined benefit retirement plan for the employees of the Fund. Members are required to contribute 10% of their compensation to the Fund. In addition, the Fund is required to contribute the annually an amount determined by the Fund's qualified actuary as necessary to satisfy the normal costs for that year, plus the amount necessary to pay the past service costs of the Staff Plan over a ten- year period. A person is eligible to participate in the Staff Plan on the later of January 1, 2015 or the date they become a full-time employee.

The Fund is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current Fund provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document, as restated effective July 1, 2007. All current provisions for the Staff Plan are set forth in the El Paso Firemen and Policemen's Staff Plan and Trust as restated effective July 17, 2015. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended by the Board of Trustees in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets.

The Fund provides retirement, death and disability benefits to members enrolled in the Base Plan, the Second Tier Plan and Staff Plan or their beneficiaries. In the following paragraphs, retiree benefits are described for the Base Plan, Second Tier Plan and Staff Plan.

Base plan – Retirement benefits for members with at least 20 years of Vesting Service and the attainment of age 45 or more are calculated at 2.75% of the member's final wages multiplied by years of service. Retirement benefits for members with at least 20 years of Vesting Service, but not having attained the age of 45 are calculated at 2.75% of the member's final wages multiplied by the member's years of service reduced by a factor proportionate to the number of months and years below the age 45. Retirement benefits for members with at least 10 years of Vesting Service and at least 50 years of age are calculated as 2.75% of the member's final wages.

Plan members are eligible for Service-Connected Disability benefits and for Ordinary Disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.75% of the member's final wages multiplied by years of service. Death benefits are calculated as the greater of 50% of the member's final wages or the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit.

Cost-of-living adjustment (COLAs) are provided upon the earlier of the retiree having attained age 60 or the fifth anniversary for firemen or second anniversary for policemen of the pension commencement date and on each January 1st thereafter. The plan document containing benefit and vesting provision in their entity is available at the Fund's office.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS

Note 2 – Description of the Retirement Fund (continued)

Members who are at least 50 years of age and have in excess of 20.5 years of credited service are eligible to participate in the Back Deferred Retirement Option Program. This program allows members to receive a lump sum distribution at the time of retirement, and in addition to a pension to which the member is entitled to receive. A member may elect a lump sum accumulation period for a minimum of 6 months and for not more than 36 months provided the member shall have at least 20 years of credited service remaining. The member receives the distribution at the time of their retirement. No amounts are held by the Fund on behalf of member's who elect to participate in this program.

Second tier plan – Retirement benefits for members with at least 25 years of service and the attainment of age 55 or more are calculated at 2.50% of the member's final wages multiplied by years of service. Retirement benefits for members with at least 10 years of service, but less than 25 years of service, and attainment of age 50 or more are calculated at 2.50% of the member's final wages multiplied by the member's years of service.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit.

COLAs are not provided to retirees under the second tier plan. The plan document containing benefit and vesting provision in their entirety is available at the Fund's office.

Members who are at least 50.5 years of age and have in excess of 25.5 years of credited service are eligible to participate in the Back Deferred Retirement Option Program. This program allows members to receive a lump sum distribution at the time of retirement, and in addition to a pension to which the member is entitled to receive. A member may elect a lump sum accumulation period for a minimum of 6 months and for not more than 36 months provided the member shall have at least 25 years of credited service remaining. The member receives the distribution at the time of their retirement. No amounts are held by the Fund on behalf of member's who elect to participate in this program.

Staff plan – Retirement benefits for staff members with at least 10 years of service and the attainment of age 55 or more are calculated at 1.75% of the member's final wages multiplied by years of service. Retirement benefits for members with at least 10 years of service, but not having attained the age of 55 are calculated at 1.75% of the member's final wages multiplied by the member's years of service reduced by a factor proportionate to the number of months and years below the age 60. Retiree benefits are suspended if the retiree is reemployed by the fund.

COLAs are not provided to retirees under the Staff Plan. The plan document containing benefit and vesting provision in their entirety is available at the Fund's office.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 3 – Cash and Investments

Cash and cash equivalents – Cash and cash equivalents consists of cash and short-term investments. For cash deposits and cash equivalents, custodial risk is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's deposits are held by the Custodian, which are classified as cash and cash equivalent in the statement of plan net position. As of December 31, 2015, the Fund's cash and cash equivalents totaled \$14,477,691. The Fund does not have a deposit policy for custodial credit risk; however, management believes that the Fund's credit risk exposure for amounts not covered by federal depository insurance is mitigated by the financial strength of the banking institution in which the deposits are held.

Investments – The Board has adopted an investment policy and has the authority to establish or amend the policy for time to time, with the objective to invest the Fund's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the Fund's objective is to be diversified. No changes to their investment policy were made during 2015 or 2014.

The Fund's investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board under contracts with the Fund. The investments of the Fund are held by the Fund's custodian and are accessible by the investment managers. The investments generally consist of short-term securities, U.S. and foreign government securities, and domestic and foreign corporate debt and equity securities. The Board has adopted the following asset allocation policy as of December 16, 2014:

<u>Asset Allocation</u>	<u>Allowable Range</u>	<u>Target Percentage</u>
Large Cap Domestic Equity	15.0% - 25.0%	19.25%
Small Cap Domestic Equity	5.0% - 15.0%	8.25%
International Equity	20.0% - 30.0%	22.50%
Emerging Markets Equity	4.0% - 9.0%	5.00%
Private Equity	0.0% - 10.0%	10.00%
Real Estate	0.0% - 10.0%	10.00%
Fixed Income	25.0% - 30.0%	25.00%
Cash Equivalents	0.0% - 5.0%	0.00%

Certain investment managers have invested in bank collective investment funds which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures, and temporary collective investment funds and may enter into collateralized securities lending transactions.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 3 – Cash and Investments (continued)

<u>Asset Type</u>	<u>Fair Value Measurement Method</u>
Common stock	Last trade of official close
Fixed income	
Government bonds	Net asset value
Municipal provincial bonds	Net asset value
Corporate bonds	Net asset value
Venture capital and limited partnerships	Fair value

Management attempts to limit or mitigate certain risks through adherence to the Fund's investment policy. Certain of these requirements are listed below:

Domestic Large Cap Equity Portfolio – The annual standard deviation of returns for the Fund's domestic large cap equity portfolio, if actively managed, is not expected to exceed 1.25 times the annual standard deviation of the S&P 500 Index. If passively managed, it is not expected to exceed 1.1 times the annual standard deviation of the S&P 500 Index.

Domestic Small Cap Equity Portfolio – The annual standard deviation of returns for the Fund's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the Russell 2000 Index.

International Equity Portfolio – The annual standard deviation of returns for the Fund's international equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the International Equity Benchmark Index.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 3 – Cash and Investments (continued)

Emerging Markets Equity Portfolio – The annual standard deviation of returns for the Fund's emerging markets equity portfolio, if actively managed, is not expected to exceed the 1.5 times the annual standard deviation of the returns for the Emerging Markets Equity Benchmark Index.

Domestic Fixed Income Portfolio – The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index. If passively managed, the portfolio is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

Real Estate Portfolio – The annual standard deviation of returns for the Fund's real estate portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the NCREIF Index.

Private Equity Portfolio – The annual standard deviation for the Fund's private equity portfolio is not to exceed 1.5 times the annual standard deviation of the S&P 500 returns.

Domestic Cash Equivalents Investments – The risk objective shall be to stay within an acceptable risk level, as measured by standard deviations, which is equal to that of the 91-day Treasury Bill rate.

Concentration of credit risk – The asset allocation contains guideline percentages, at market value, of total Fund Assets to be invested in various asset classes. Actual asset allocations will be dictated by current and anticipated market conditions, the independent actions of the board and/or investment managers, and required cash flows to and from the Fund.

As of December 31, 2015, the Funds' investment portfolio had no single holdings in excess of 5% of Fund net assets.

Investments custodial credit risk – For an investment, custodial credit is the risk that, in the event of the failure of the custodial counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. At December 31, 2015, the Fund's security investments that were not subject to custodial credit risk were the investments not registered on an exchange. The Fund's investments are held in the Fund's name and are not exposed to custodial credit risk. There are no general policies relating to custodial credit risks.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 3 – Cash and Investments (continued)

Investments interest rate risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Interest rate and market risk are the greatest risks faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the Investment Policy, the Board of Trustees provides each of the Fund’s investment managers with a set of investment guidelines. These guidelines specify the following:

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Lehman Brothers Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund’s domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund’s domestic fixed income portfolio, if passively managed, is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

As of December 31, 2015, the fixed income portfolio had the following rating and maturities:

Rating		Investment Maturities	
US Treasury	\$ 71,056,980	< 1 year	\$ 16,826,195
US Agency	39,076,913	1 - 3 years	43,718,959
AAA	115,150,387	3 - 5 years	115,864,350
AA	42,123,022	5 - 7 years	93,515,451
A	28,128,327	7 - 10 years	29,048,937
BBB	44,035,297	10 - 20 years	25,794,097
BB	7,070,320	20 - 30 years	36,182,822
B	7,504,461	over 30	665,903
Below B	7,083,087		\$ 361,616,714
Committed cash	387,920		
	\$ 361,616,714		

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 3 – Cash and Investments (continued)

As of December 31, 2014, the fixed income portfolio had the following rating and maturities:

Rating		Investment Maturities	
US Treasury	\$ 75,068,372	< 1 year	\$ 28,787,621
US Agency	42,728,495	1 - 3 years	78,655,244
AAA	91,284,272	3 - 5 years	94,498,392
AA	62,918,148	5 - 7 years	120,074,272
A	59,477,900	7 - 10 years	22,315,015
BBB	47,619,093	10 - 20 years	15,355,576
BB	3,699,993	20 - 30 years	28,783,546
B	2,386,305	over 30	863,707
Below B	3,037,116		\$ 389,333,373
Committed cash	1,113,679		
	\$ 389,333,373		

Foreign currency risk – The Fund's exposure to foreign currency risk at December 31, 2015 and 2014 was as follows:

Investment	Currency	2015 Fair Value	2014 Fair Value
Cash and cash equivalents	European Union Euro	\$ -	\$ 1,490,513
Limited partnerships	European Union Euro	15,751,663	15,774,032
		\$ 15,751,663	\$ 17,264,545

Money-weighted rate of return – For the years ending December 31, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.57% and 4.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Unfunded capital commitments – As of December 31, 2015, the Fund has unfunded capital commitments outstanding of approximately \$101.4 million.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 4 – Securities Lending Transactions

The Fund is authorized to enter into securities lending transactions under Texas State Statutes Section 2256.0015. The Fund has a securities lending agreement with its custodian under which Fund owned investments are lent to one or more borrowers for a fee. The lending agent is responsible for collecting required collateral in the form of U.S. dollar cash, securities issued or guaranteed by the United States Government or its agencies or instrumentalities, or irrevocable letters of credit issued by banks independent of the borrowers.

The lending agent is authorized to enter into securities lending transactions of U.S. and non-U.S. securities in accordance with the terms of a securities lending authorization agreement. The lending agent is authorized to lend the Fund's securities to one or more borrowers, as appropriate, but limited to only central approved borrowers.

The lending agent has indemnified the Fund harmless from any losses, damages, costs or expenses the Fund may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determinations of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the Fund. The agreement states that collateral must have a market value equal to no less than 100% of the market value of the borrowed securities.

Each business day, the lending agent and the Fund determine the market value of the collateral and the borrowed securities. If on any business day the market value of all the collateral is less than the required value, the lending agent will demand from the borrower, additional collateral so that the market value of the additional collateral, when added to the market value of the collateral previously delivered to the lending agent equal the required value. If on any business day the market value of all the collateral is greater than the required value, the lending agent will, upon request from the borrower, redeliver the borrower such amount of collateral selected by the borrower so that the market value of all collateral equals the required value. The Fund's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2015 and 2014, the Fund's securities lending obligation exceeded the fair value of the underlying securities resulting in no credit risk for the Fund.

	2015		
	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Securities Lent			
Lent for cash collateral			
Domestic equities	\$ 96,087,741	\$ 98,856,278	\$ 99,472,522
Lent for securities collateral			
Domestic equities	1,411,026	1,446,446	1,502,854
	<u>\$ 97,498,767</u>	<u>\$ 100,302,724</u>	<u>\$ 100,975,376</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 4 – Securities Lending Transactions (continued)

	2014		
	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Securities Lent			
Lent for cash collateral			
Domestic equities	\$ 97,239,648	\$ 99,700,692	\$ 99,686,868
Lent for securities collateral			
Domestic equities	264,686	272,136	271,978
	<u>\$ 97,504,334</u>	<u>\$ 99,972,828</u>	<u>\$ 99,958,846</u>

The securities collateral received and invested consists of cash equivalents held in a short-term investment fund, and U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds. There were no losses from securities lending transactions during the years ended December 31, 2015 and 2014 resulting from a default of a borrower or the lending agent.

Note 5 – Net Pension Liability

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

	2015			
	Firemen Division	Policemen Division	Staff Plan	Total
Total pension liability	\$ 652,863,658	\$ 987,219,263	\$ 57,572	\$ 1,640,140,493
Plan fiduciary net position	<u>(505,209,625)</u>	<u>(740,006,100)</u>	<u>(162,861)</u>	<u>(1,245,378,586)</u>
Net pension liability	<u>\$ 147,654,033</u>	<u>\$ 247,213,163</u>	<u>\$ (105,289)</u>	<u>\$ 394,761,907</u>
Plan fiduciary net position as a percentage of the total pension liability	77.38%	74.96%	282.88%	75.93%

	2014		
	Firemen Division	Policemen Division	Total
Total pension liability	\$ 622,998,216	\$ 938,652,154	\$ 1,561,650,370
Plan fiduciary net position	<u>(517,224,488)</u>	<u>(753,637,428)</u>	<u>(1,270,861,916)</u>
Net pension liability	<u>\$ 105,773,728</u>	<u>\$ 185,014,726</u>	<u>\$ 290,788,454</u>
Plan fiduciary net position as a percentage of the total pension liability	83.02%	80.29%	81.38%

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 5 – Net Pension Liability (continued)

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.75% per year
Projected Salary increase	4.5% to 10.75%
General inflation rate	3.5% per year
Cost-of-living adjustment	3% annually
Mortality rates	RP-2000 mortality tables with separate healthy annuitant and employee tables with Scale AA forecasts of mortality improvement projected to seven years after valuation date for annuitants and 15 years after valuation date for non-annuitants

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the Fund's contributions will continue to follow the current funding policy. Total covered employee payroll is assumed to grow at 3.5% per year. In addition, employer payroll contribution percentage, and employee payroll contribution percentage are assumed to remain constant for the entire projection period. The normal cost rate for future members is assumed to be 19.19%, 17.78%, and 10.00% for the Firemen, Policemen, and Staff Plan, respectively. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all future years and hence, the blended GASB discount rate is equal to the long-term rate of return of 7.75%. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
December 31, 2015			
Firemen division	\$ 237,218,478	\$ 147,654,033	\$ 74,477,513
Police division	385,645,840	247,213,163	134,810,849
Staff plan	<u>(100,688)</u>	<u>(105,289)</u>	<u>(109,205)</u>
	<u>\$ 622,763,630</u>	<u>\$ 394,761,907</u>	<u>\$ 209,179,157</u>
December 31, 2014			
Firemen division	\$ 191,982,180	\$ 105,773,728	\$ 35,441,143
Police division	<u>318,831,849</u>	<u>185,014,726</u>	<u>76,561,849</u>
	<u>\$ 510,814,029</u>	<u>\$ 290,788,454</u>	<u>\$ 112,002,992</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO FINANCIAL STATEMENTS**

Note 5 – Net Pension Liability (continued)

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 administrative and investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 and 2014 are summarized in the following table (note that the rates shown below exclude the inflation component):

	<u>Long-term expected rate of return</u>	<u>Target asset allocation</u>
US Large Cap	8.53%	19.25%
US Small Cap	10.64%	8.25%
Bank Loans	2.58%	5.00%
MSCI EAFE	6.83%	22.50%
MSCI Emerging Markets	9.95%	5.00%
Aggregate Bonds	1.79%	20.00%
NCREIF	6.91%	5.00%
Commodities	5.45%	5.00%
Private Equity	12.40%	10.00%

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Schedule 1

	Year Ended December 31, 2015			
	Firemen Division	Policemen Division	Staff Plan	Total
Total pension liability				
Service cost	\$ 13,242,130	\$ 17,514,129	\$ 53,431	\$ 30,809,690
Interest	48,111,236	72,525,801	4,141	120,641,178
Benefit payments	(31,487,924)	(41,472,821)	-	(72,960,745)
Net change in total pension liability	29,865,442	48,567,109	57,572	78,490,123
Total pension liability - beginning	622,988,216	938,652,154	-	1,561,640,370
Total pension liability - ending	652,853,658	987,219,263	57,572	1,640,130,493
Plan fiduciary net position				
Contributions - employer	10,785,306	14,754,441	106,212	25,645,959
Contributions - employee	9,133,372	11,347,467	56,588	20,537,427
Net investment income	397,347	2,582,550	61	2,979,958
Benefit payments, including refunds of employee contributions	(31,487,924)	(41,472,821)	-	(72,960,745)
Administrative expenses	(842,964)	(842,965)	-	(1,685,929)
Net change in plan fiduciary net position	(12,014,863)	(13,631,328)	162,861	(25,483,330)
Plan fiduciary net position - beginning	517,224,488	753,637,428	-	1,270,861,916
Plan fiduciary net position - ending	505,209,625	740,006,100	162,861	1,245,378,586
Net pension liability (asset) - ending	\$ 147,644,033	\$ 247,213,163	\$ (105,289)	\$ 394,751,907
Plan fiduciary net position as a percentage of the total pension liability	77.38%	74.96%	282.88%	75.93%
Covered payroll	\$ 54,605,415	\$ 68,424,487	\$ 505,502	\$ 123,535,404
Net pension liability as a percentage of covered payroll	270.38%	361.29%	-20.83%	319.55%

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (continued)**

Schedule 1

	Year Ended December 31, 2014		
	Firemen Division	Policemen Division	Total
Total pension liability			
Service cost	\$ 13,064,315	\$ 18,126,576	\$ 31,190,891
Interest	45,884,434	68,900,266	114,784,700
Benefit payments	(29,886,861)	(38,567,602)	(68,454,463)
Net change in total pension liability	29,061,888	48,459,240	77,521,128
Total pension liability - beginning	593,936,328	890,192,914	1,484,129,242
Total pension liability - ending	622,998,216	938,652,154	1,561,650,370
Plan fiduciary net position			
Contributions - employer	10,853,759	14,776,141	25,629,900
Contributions - employee	8,749,488	10,898,003	19,647,491
Net investment income	20,616,237	30,039,506	50,655,743
Benefit payments, including refunds of employee contributions	(29,886,861)	(38,567,602)	(68,454,463)
Net change in plan fiduciary net position	10,332,623	17,146,048	27,478,671
Plan fiduciary net position - beginning	506,891,865	736,491,380	1,243,383,245
Plan fiduciary net position - ending	517,224,488	753,637,428	1,270,861,916
Net pension liability - ending	\$ 105,773,728	\$ 185,014,726	\$ 290,788,454
Plan fiduciary net position as a percentage of the total pension liability	83.02%	80.29%	81.38%
Covered payroll	\$ 53,872,177	\$ 70,817,206	\$ 124,689,383
Net pension liability as a percentage of covered payroll	196.34%	261.26%	233.21%

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
SCHEDULES OF EMPLOYER CONTRIBUTIONS**

Schedule 2

	Year Ended December 31,	
	2015	2014
Actuarially determined contribution*		
Firemen	\$ 10,785,306	\$ 10,853,759
Policemen	14,754,441	14,776,141
Staff	106,212	-
	<u>25,645,959</u>	<u>25,629,900</u>
Contributions in relation to the actuarially determined contribution		
Firemen	10,785,306	10,853,759
Policemen	14,754,441	14,776,141
Staff	106,212	-
	<u>25,645,959</u>	<u>25,629,900</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll		
Firemen	\$ 54,605,415	\$ 53,872,177
Policemen	68,424,487	70,817,206
Staff	505,502	-
	<u>\$ 123,535,404</u>	<u>\$ 124,689,383</u>
Contributions as a percentage of covered-employee payroll	20.76%	20.55%

*The amounts listed above are the actual employer contributions since the actuarially determined contributions were not determined. The City of El Paso's contribution rates are established by ordinance. However, the actuarial valuation dated January 1st 2014 disclosed that the 30-year funding costs for the City are 21.81% and 26.45% for the Firemen and Policemen, respectively. The calculated contribution deficiency as of the December 31, 2015 and 2014 is 3.31% and 7.95% for Firemen and Policemen, respectively.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
SCHEDULES OF INVESTMENT RETURNS AND RELATED RATIOS**

Schedule 3

	Years Ended December 31,	
	2015	2014
Annual money-weighted rate of return net of investment expense		
Firemen Division	0.57%	4.27%
Policemen Division	0.57%	4.27%
Staff Plan	0.74%	-
Aggregate rate of return	<u>0.57%</u>	<u>4.27%</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015**

Employee contributions as established by the Board of Trustees and a vote of active members in accordance with Article 6243b (Act) of Vernon's Annotated Texas Statutes. The City's funding policies provide for periodic employer contributions.

In the event, based upon the results of the actuarial valuations, a qualified actuary determines that the total contribution rate, is insufficient to amortize an unfunded actuarial accrued liability. The City's governing body may increase its contribution rate.

The sum of the City's contribution rate and the member contribution rate, after an increase, may not exceed the total contribution rate determined by the actuary necessary to amortize the unfunded actuarial accrued liability over a forty (40) year period.

OTHER SUPPLEMENTARY INFORMATION

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES**

Schedule 4

	Year Ended December 31,	
	2015	2014
Investment Expenses		
Brokerage fees	\$ 4,115,540	\$ 3,826,593
Investment consulting fees	508,065	538,654
Legal	57,878	62,881
Custodian fees	73,792	122,083
Due diligence	9,749	20,025
	<u>4,765,024</u>	<u>4,570,236</u>
Administrative Expenses		
Salaries and benefits	861,440	655,149
Operating expenses	322,314	88,170
Legal	235,330	163,792
Actuary	99,314	110,999
Audit	56,100	82,000
Lomaland expenses	48,578	184,550
Fiduciary education	29,243	50,595
Insurance	33,610	33,173
	<u>1,685,929</u>	<u>1,368,428</u>
Total administrative and investment expenses	<u>\$ 6,450,953</u>	<u>\$ 5,938,664</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
DECEMBER 31, 2015**

	Pension Fund				Lomaland West, LLC			
	Firemen Division	Policemen Division	Staff Plan	Total	Firemen Division	Policemen Division	Staff Plan	Total
ASSETS								
Cash and cash equivalents	\$ 5,851,158	\$ 8,575,816	\$ 1,890	\$ 14,428,864	\$ 21,945	\$ 21,946	\$ -	\$ 43,891
Receivables								
Employer contributions	151,364	197,060	-	348,424	-	-	-	-
Employee contributions	128,491	152,064	-	280,555	-	-	-	-
Dividend and interest receivable	-	-	-	-	-	-	-	-
Other Receivable	-	-	-	-	85	86	-	171
Total receivables	279,855	349,124	-	628,979	85	86	-	171
Investments, at fair value								
Fixed income securities	146,642,455	214,926,880	47,379	361,616,714	-	-	-	-
Domestic equities	152,225,001	223,110,296	49,182	375,384,479	-	-	-	-
International equities	148,253,477	217,289,387	47,899	365,590,764	-	-	-	-
Private equities	20,750,461	30,413,148	6,704	51,170,313	-	-	-	-
Real estate	30,762,836	45,087,899	9,939	75,860,674	-	-	-	-
Securities lending collateral	40,674,517	59,615,066	13,142	100,302,724	-	-	-	-
Investment in subsidiary	772,147	772,148	-	1,544,295	-	-	-	-
Total investments	540,080,894	791,214,824	174,245	1,331,469,963	-	-	-	-
Property and equipment								
Building	-	-	-	-	790,123	790,123	-	1,580,246
Furniture and fixtures	45,498	45,499	-	90,997	-	-	-	-
Computer equipment	23,275	23,274	-	46,549	-	-	-	-
Pension administration system software	553,428	553,429	-	1,106,857	-	-	-	-
Total property and equipment	622,201	622,202	-	1,244,403	790,123	790,123	-	1,580,246
Less: accumulated depreciation and amortization	(409,331)	(409,332)	-	(818,663)	(26,337)	(26,338)	-	(52,675)
Net property and equipment	212,870	212,870	-	425,740	763,786	763,785	-	1,527,571
Other assets								
Organizational costs	-	-	-	-	10,288	14,991	-	25,279
Less: accumulated amortization	-	-	-	-	(10,288)	(14,991)	-	(25,279)
Net other assets	-	-	-	-	-	-	-	-
TOTAL ASSETS	546,424,777	800,352,634	176,135	1,346,953,546	785,816	785,817	-	1,571,633
LIABILITIES								
Accrued expenses and other	540,635	731,469	132	1,272,236	13,669	13,669	-	27,338
Securities lending collateral	40,674,517	59,615,066	13,142	100,302,724	-	-	-	-
TOTAL LIABILITIES	41,215,152	60,346,535	13,274	101,574,960	13,669	13,669	-	27,338
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 505,209,625	\$ 740,006,100	\$ 162,861	\$ 1,245,378,586	\$ 772,147	\$ 772,148	\$ -	\$ 1,544,295

Schedule 5

Eliminating Entries				Combined			
Firemen Division	Policemen Division	Staff Plan	Total	Firemen Division	Policemen Division	Staff Plan	Total
\$ -	\$ -	\$ -	\$ -	\$ 5,873,103	\$ 8,597,762	\$ 1,890	\$ 14,472,755
-	-	-	-	151,364	197,060	-	348,424
-	-	-	-	128,491	152,064	-	280,555
-	-	-	-	-	-	-	-
-	-	-	-	85	86	-	171
-	-	-	-	279,940	349,210	-	629,150
-	-	-	-	146,642,455	214,926,880	47,379	361,616,714
-	-	-	-	152,225,001	223,110,296	49,182	375,384,479
-	-	-	-	148,253,477	217,289,387	47,899	365,590,763
-	-	-	-	20,750,461	30,413,148	6,704	51,170,313
-	-	-	-	30,762,836	45,087,899	9,939	75,860,674
-	-	-	-	40,674,517	59,615,066	13,142	100,302,725
(772,147)	(772,148)	-	(1,544,295)	-	-	-	-
(772,147)	(772,148)	-	(1,544,295)	539,308,747	790,442,676	174,245	1,329,925,668
-	-	-	-	790,123	790,123	-	1,580,246
-	-	-	-	45,498	45,499	-	90,997
-	-	-	-	23,275	23,274	-	46,549
-	-	-	-	553,428	553,429	-	1,106,857
-	-	-	-	1,412,324	1,412,325	-	2,824,649
-	-	-	-	(435,668)	(435,670)	-	(871,338)
-	-	-	-	976,656	976,655	-	1,953,311
-	-	-	-	10,288	14,991	-	25,279
-	-	-	-	(10,288)	(14,991)	-	(25,279)
-	-	-	-	-	-	-	-
(772,147)	(772,148)	-	(1,544,295)	546,438,446	800,366,303	176,135	1,346,980,884
-	-	-	-	554,304	745,137	132	1,299,573
-	-	-	-	40,674,517	59,615,066	13,142	100,302,725
-	-	-	-	41,228,821	60,360,203	13,274	101,602,298
<u>\$ (772,147)</u>	<u>\$ (772,148)</u>	<u>\$ -</u>	<u>\$ (1,544,295)</u>	<u>\$ 505,209,625</u>	<u>\$ 740,006,100</u>	<u>\$ 162,861</u>	<u>\$ 1,245,378,587</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2015**

	Pension Fund				Lomaland West, LLC			
	Firemen Division	Policemen Division	Staff Plan	Total	Firemen Division	Policemen Division	Staff Plan	Total
ADDITIONS								
Contributions								
Employer	\$ 10,785,306	\$ 14,754,441	\$ 106,212	\$ 25,645,959	\$ -	\$ -	\$ -	\$ -
Employee	9,133,372	11,347,467	56,588	20,537,427	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total contributions	<u>19,918,678</u>	<u>26,101,908</u>	<u>162,800</u>	<u>46,183,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment income								
Net change in fair value of investments	(5,693,270)	(8,344,372)	(134)	(14,037,776)	-	-	-	-
Interest	3,947,991	5,786,222	300	9,734,513	-	-	-	-
Dividends	4,834,765	7,086,013	138	11,920,916	-	-	-	-
Securities lending income	111,566	163,517	36	275,119	-	-	-	-
Less: investment expenses	(1,932,446)	(2,832,299)	(279)	(4,765,024)	-	-	-	-
Net investment income	<u>1,268,606</u>	<u>1,859,081</u>	<u>61</u>	<u>3,127,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income (loss)								
Net income in subsidiary	487,770	357,788	-	845,558	-	-	-	-
Other income	(797,364)	797,364	-	-	12,512	12,512	-	25,024
Rental income	-	-	-	-	8,670	8,670	-	17,340
Total other income	<u>(309,594)</u>	<u>1,155,152</u>	<u>-</u>	<u>845,558</u>	<u>21,182</u>	<u>21,182</u>	<u>-</u>	<u>42,364</u>
Total additions	<u>20,877,690</u>	<u>29,116,141</u>	<u>162,861</u>	<u>50,156,692</u>	<u>21,182</u>	<u>21,182</u>	<u>-</u>	<u>42,364</u>
DEDUCTIONS								
Benefits paid to participants	29,855,222	39,580,932	-	69,436,154	-	-	-	-
Refunds of employee contributions	1,632,702	1,891,889	-	3,524,591	-	-	-	-
Administrative expenses	827,345	827,346	-	1,654,691	24,289	24,289	-	48,578
Depreciation and amortization expense	60,070	60,069	-	120,139	26,337	26,338	-	52,675
Total deductions	<u>32,375,339</u>	<u>42,360,236</u>	<u>-</u>	<u>74,735,575</u>	<u>50,626</u>	<u>50,627</u>	<u>-</u>	<u>101,253</u>
TRANSFERS								
Transfers in	-	-	-	-	517,214	387,233	-	904,447
Transfers out	(517,214)	(387,233)	-	(904,447)	-	-	-	-
Total transfers	<u>(517,214)</u>	<u>(387,233)</u>	<u>-</u>	<u>(904,447)</u>	<u>517,214</u>	<u>387,233</u>	<u>-</u>	<u>904,447</u>
NET CHANGE	<u>(12,014,863)</u>	<u>(13,631,328)</u>	<u>162,861</u>	<u>(25,483,330)</u>	<u>487,770</u>	<u>357,788</u>	<u>-</u>	<u>845,558</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS								
Beginning of year	<u>517,224,488</u>	<u>753,637,428</u>	<u>-</u>	<u>1,270,861,916</u>	<u>284,377</u>	<u>414,360</u>	<u>-</u>	<u>698,737</u>
End of year	<u>\$ 505,209,625</u>	<u>\$ 740,006,100</u>	<u>\$ 162,861</u>	<u>\$ 1,245,378,586</u>	<u>\$ 772,147</u>	<u>\$ 772,148</u>	<u>\$ -</u>	<u>\$ 1,544,295</u>

Schedule 6

Eliminating Entries				Combined			
Firemen Division	Policemen Division	Staff Plan	Total	Firemen Division	Policemen Division	Staff Plan	Total
\$ -	\$ -	\$ -	\$ -	\$ 10,785,306	\$ 14,754,441	\$ 106,212	\$ 25,645,959
-	-	-	-	9,133,372	11,347,467	56,588	20,537,427
-	-	-	-	-	-	-	-
-	-	-	-	19,918,678	26,101,908	162,800	46,183,386
-	-	-	-	(5,693,270)	(8,344,372)	(134)	(14,037,776)
-	-	-	-	3,947,991	5,786,222	300	9,734,513
-	-	-	-	4,834,765	7,086,013	138	11,920,916
-	-	-	-	111,566	163,517	36	275,119
-	-	-	-	(1,932,446)	(2,832,299)	(279)	(4,765,024)
-	-	-	-	1,268,606	1,859,081	61	3,127,748
(487,770)	(357,788)	-	(845,558)	-	-	-	-
-	-	-	-	(784,852)	809,876	-	25,024
(8,670)	(8,670)	-	(17,340)	-	-	-	-
(496,440)	(366,458)	-	(862,898)	(784,852)	809,876	-	25,024
(496,440)	(366,458)	-	(862,898)	20,402,432	28,770,865	162,861	49,336,158
-	-	-	-	29,855,222	39,580,932	-	69,436,154
-	-	-	-	1,632,702	1,891,889	-	3,524,591
(8,670)	(8,670)	-	(17,340)	842,964	842,965	-	1,685,929
-	-	-	-	86,407	86,407	-	172,814
(8,670)	(8,670)	-	(17,340)	32,417,295	42,402,193	-	74,819,488
(517,214)	(387,233)	-	(904,447)	-	-	-	-
517,214	387,233	-	904,447	-	-	-	-
-	-	-	-	-	-	-	-
(487,770)	(357,788)	-	(845,558)	(12,014,863)	(13,631,328)	162,861	(25,483,330)
(284,377)	(414,360)	-	(698,737)	517,224,488	753,637,428	-	1,270,861,916
\$ (772,147)	\$ (772,148)	\$ -	\$ (1,544,295)	\$ 505,209,625	\$ 740,006,100	\$ 162,861	\$ 1,245,378,586

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
DECEMBER 31, 2014**

	Pension Fund			Lomaland West, LLC		
	Firemen	Policemen	Total	Firemen	Policemen	Total
	Division	Division		Division	Division	
ASSETS						
Cash and cash equivalents	\$ 6,904,889	\$ 10,060,976	\$ 16,965,865	\$ 1,824	\$ 2,658	\$ 4,482
Receivables						
Employer contributions	381,924	556,494	938,418	-	-	-
Employee contributions	306,196	446,152	752,348	-	-	-
Dividend and interest receivable	165,368	240,954	406,322	-	-	-
Other receivable	-	-	-	70	101	171
Total receivables	853,488	1,243,600	2,097,088	70	101	171
Investments, at fair value						
Fixed income securities	158,453,686	230,879,687	389,333,373	-	-	-
Domestic equities	158,021,940	230,250,600	388,272,540	-	-	-
International equities	153,130,416	223,123,258	376,253,674	-	-	-
Private equities	14,481,456	21,100,638	35,582,094	-	-	-
Real estate	25,400,692	37,010,839	62,411,531	-	-	-
Securities lending collateral	40,687,658	59,285,170	99,972,828	-	-	-
Investment in subsidiary	284,377	414,360	698,737	-	-	-
Total investments	550,460,225	802,064,552	1,352,524,777	-	-	-
Property and equipment						
Building	-	-	-	293,491	427,644	721,135
Furniture and fixtures	21,200	30,890	52,090	-	-	-
Computer equipment	30,443	44,358	74,801	-	-	-
Machinery equipment	2,343	3,413	5,756	-	-	-
Pension administration system software	450,477	656,380	1,106,857	-	-	-
Total property and equipment	504,463	735,041	1,239,504	293,491	427,644	721,135
Less: accumulated depreciation and amortization	(296,169)	(431,541)	(727,710)	-	-	-
Net property and equipment	208,294	303,500	511,794	293,491	427,644	721,135
Other assets						
Organizational costs	-	-	-	10,288	14,991	25,279
Less: accumulated amortization	-	-	-	(10,288)	(14,991)	(25,279)
Net other assets	-	-	-	-	-	-
TOTAL ASSETS	558,426,896	813,672,628	1,372,099,524	295,385	430,403	725,788
LIABILITIES						
Accrued expenses and other	514,750	750,030	1,264,780	11,008	16,043	27,051
Securities lending collateral	40,687,658	59,285,170	99,972,828	-	-	-
TOTAL LIABILITIES	41,202,408	60,035,200	101,237,608	11,008	16,043	27,051
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 517,224,488	\$ 753,637,428	\$ 1,270,861,916	\$ 284,377	\$ 414,360	\$ 698,737

Schedule 7

Eliminating Entries			Combined		
Firemen Division	Policemen Division	Total	Firemen Division	Policemen Division	Total
\$ -	\$ -	\$ -	\$ 6,906,713	\$ 10,063,634	\$ 16,970,347
-	-	-	381,924	556,494	938,418
-	-	-	306,196	446,152	752,348
-	-	-	165,368	240,954	406,322
-	-	-	70	101	171
-	-	-	853,558	1,243,701	2,097,259
-	-	-	158,453,686	230,879,687	389,333,373
-	-	-	158,021,940	230,250,600	388,272,540
-	-	-	153,130,416	223,123,258	376,253,674
-	-	-	14,481,456	21,100,638	35,582,094
-	-	-	25,400,692	37,010,839	62,411,531
-	-	-	40,687,658	59,285,170	99,972,828
(284,377)	(414,360)	(698,737)	-	-	-
(284,377)	(414,360)	(698,737)	550,175,848	801,650,192	1,351,826,040
-	-	-	293,491	427,644	721,135
-	-	-	21,200	30,890	52,090
-	-	-	30,443	44,358	74,801
-	-	-	2,343	3,413	5,756
-	-	-	450,477	656,380	1,106,857
-	-	-	797,954	1,162,685	1,960,639
-	-	-	(296,169)	(431,541)	(727,710)
-	-	-	501,785	731,144	1,232,929
-	-	-	10,288	14,991	25,279
-	-	-	(10,288)	(14,991)	(25,279)
-	-	-	-	-	-
(284,377)	(414,360)	(698,737)	558,437,904	813,688,671	1,372,126,575
-	-	-	525,758	766,073	1,291,831
-	-	-	40,687,658	59,285,170	99,972,828
-	-	-	41,213,416	60,051,243	101,264,659
<u>\$ (284,377)</u>	<u>\$ (414,360)</u>	<u>\$ (698,737)</u>	<u>\$ 517,224,488</u>	<u>\$ 753,637,428</u>	<u>\$ 1,270,861,916</u>

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A FIDUCIARY FUND OF THE CITY OF EL PASO, TEXAS)
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2014

	Pension Fund			Lomaland West, LLC		
	Firemen	Policemen	Total	Firemen	Policemen	Total
	Division	Division		Division	Division	
ADDITIONS						
Contributions						
Employer	\$ 10,853,759	\$ 14,776,141	\$ 25,629,900	\$ -	\$ -	\$ -
Employee	8,749,488	10,898,003	19,647,491	-	-	-
Other	-	-	-	-	-	-
Total contributions	<u>19,603,247</u>	<u>25,674,144</u>	<u>45,277,391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment income						
Net change in fair value of investments	13,418,946	19,552,478	32,971,424	-	-	-
Interest	2,963,972	4,318,744	7,282,716	-	-	-
Dividends	6,524,199	9,506,280	16,030,479	-	-	-
Securities lending income	177,510	258,646	436,156	-	-	-
Less: investment expenses	<u>(1,860,027)</u>	<u>(2,710,209)</u>	<u>(4,570,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>21,224,600</u>	<u>30,925,939</u>	<u>52,150,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income						
Net income in subsidiary	22,637	34,063	56,700	-	-	-
Other income	-	-	-	-	-	-
Rental income	-	-	-	48,677	70,926	119,603
Total other income	<u>22,637</u>	<u>34,063</u>	<u>56,700</u>	<u>48,677</u>	<u>70,926</u>	<u>119,603</u>
Total additions	<u>40,850,484</u>	<u>56,634,146</u>	<u>97,484,630</u>	<u>48,677</u>	<u>70,926</u>	<u>119,603</u>
DEDUCTIONS						
Benefits paid to participants	27,839,232	36,804,339	64,643,571	-	-	-
Refunds of employee contributions	2,047,629	1,763,263	3,810,892	-	-	-
Administrative expenses	530,500	772,981	1,303,481	75,109	109,441	184,550
Depreciation and amortization expense	51,431	74,937	126,368	-	-	-
Total deductions	<u>30,468,792</u>	<u>39,415,520</u>	<u>69,884,312</u>	<u>75,109</u>	<u>109,441</u>	<u>184,550</u>
TRANSFERS						
Transfers in	-	-	-	49,069	72,578	121,647
Transfers out	<u>(49,069)</u>	<u>(72,578)</u>	<u>(121,647)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net transfers	<u>(49,069)</u>	<u>(72,578)</u>	<u>(121,647)</u>	<u>49,069</u>	<u>72,578</u>	<u>121,647</u>
NET CHANGE	10,332,623	17,146,048	27,478,671	22,637	34,063	56,700
NET POSITION RESTRICTED FOR						
PENSION BENEFITS						
Beginning of year	<u>506,891,865</u>	<u>736,491,380</u>	<u>1,243,383,245</u>	<u>261,740</u>	<u>380,297</u>	<u>642,037</u>
End of year	<u>\$ 517,224,488</u>	<u>\$ 753,637,428</u>	<u>\$ 1,245,378,586</u>	<u>\$ 284,377</u>	<u>\$ 414,360</u>	<u>\$ 698,737</u>

Schedule 8

Eliminating Entries			Combined		
Firemen Division	Policemen Division	Total	Firemen Division	Policemen Division	Total
\$ -	\$ -	\$ -	\$ 10,853,759	\$ 14,776,141	\$ 25,629,900
-	-	-	8,749,488	10,898,003	19,647,491
-	-	-	-	-	-
-	-	-	19,603,247	25,674,144	45,277,391
-	-	-	13,418,946	19,552,478	32,971,424
-	-	-	2,963,972	4,318,744	7,282,716
-	-	-	6,524,199	9,506,280	16,030,479
-	-	-	177,510	258,646	436,156
-	-	-	(1,860,027)	(2,710,209)	(4,570,236)
-	-	-	21,224,600	30,925,939	52,150,539
(22,637)	(34,063)	(56,700)	-	-	-
-	-	-	-	-	-
(48,677)	(70,926)	(119,603)	-	-	-
(71,314)	(104,989)	(176,303)	-	-	-
(71,314)	(104,989)	(176,303)	40,827,847	56,600,083	97,427,930
-	-	-	27,839,232	36,804,339	64,643,571
-	-	-	2,047,629	1,763,263	3,810,892
(48,677)	(70,926)	(119,603)	556,932	811,496	1,368,428
-	-	-	51,431	74,937	126,368
(48,677)	(70,926)	(119,603)	30,495,224	39,454,035	69,949,259
(49,069)	(72,578)	(121,647)	-	-	-
49,069	72,578	121,647	-	-	-
-	-	-	-	-	-
(22,637)	(34,063)	(56,700)	10,332,623	17,146,048	27,478,671
(261,740)	(380,297)	(642,037)	506,891,865	736,491,380	1,243,383,245
<u>\$ (284,377)</u>	<u>\$ (414,360)</u>	<u>\$ (698,737)</u>	<u>\$ 517,224,488</u>	<u>\$ 753,637,428</u>	<u>\$ 1,270,861,916</u>