

**DENTON FIREFIGHTER'S
RELIEF AND RETIREMENT FUND**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Denton Firefighter's Relief and Retirement Fund
Denton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Denton Firefighter's Relief and Retirement Fund, which comprise the statements of fiduciary net position as of December 31, 2019 and 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of Denton Firefighter's Relief and Retirement Fund as of December 31, 2019 and 2018, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3-4 and 14-15 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of the 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 regarding 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.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, P.C.

Denton, Texas

June 12, 2020

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018(UNAUDITED)

Our discussion and analysis of the Denton Firefighter's Relief and Retirement Fund (Fund) financial performance provides an overview of the Fund's financial activities for the years ended December 31, 2019 and 2018. Please read it in conjunction with the Fund's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

The Fund held \$103,913,022 in assets and had \$97,227 in total liabilities on December 31, 2019. The net amount of \$103,815,795 was held in trust to provide for future benefit payments. The Fund held \$86,961,968 in assets and had \$127,744 in total liabilities on December 31, 2018. The net amount of \$86,834,224 was held in trust to provide for future benefit payments.

From 2018 to 2019, the City's annual contribution to the Fund increased \$205,733, or 5.99%. The City's contributions were \$3,639,740 and \$3,434,007 for 2019 and 2018, respectively. From 2018 to 2019, Firefighter's contributions increased by \$140,121, or 5.99%. Firefighter's contributions were \$2,478,958 and \$2,338,837 for 2019 and 2018, respectively. Firefighter contributions generally have grown from year to year, based on the number of active members and increases in salaries.

The Fund realized net appreciation/(depreciation) of \$11,658,482 and \$(2,742,313) in the fair value of investments for 2019 and 2018, respectively. The Fund earned \$2,553,236 and \$1,905,229 in income from interest and dividends in 2019 and 2018, respectively. Investment expenses decreased by \$14,251, or 7.4%, from 2018 to 2019. This decrease was the result of lower investment manager fees paid in 2019.

Net rental income from real estate was \$1,106,311 in 2019 and \$846,645 in 2018.

From 2018 to 2019, the annual total of monthly benefit payments increased by \$72,578, or 1.96%, and lump-sum benefits increased by \$78,541, or 22.7% due to an increase in contributions refunded in 2019. From 2017 to 2018, monthly benefit payments increased by \$130,368, or 3.6%, and lump-sum benefits increased by \$156,659, or 82.5%.

From 2018 to 2019, administrative expenses decreased by \$16,472, or 18.7%. Administrative expenses increased by \$24,230, or 38.1% from 2017 to 2018. The decrease in administrative expenses in 2019 is primarily related to obtaining an actuarial valuation every two years.

USING THE AUDITED FINANCIAL STATEMENTS

The financial statements reflect the activities of the Fund and are reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. These statements are presented on an accrual basis, reflect all trust activities as incurred, and are based on fair values of investments at year end.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)

FUNDING PROGRESS

The Fund contracted with Rudd and Wisdom, Inc. to conduct an actuarial valuation to determine the funding position of the Fund as of December 31, 2017. The actuarial valuation report indicated that the overall funding of the Fund remains sound and the current contribution rates are sufficient to keep the Fund actuarially sound. Please refer to the Required Supplementary Information on page 14 for additional actuarial information. In preparing the valuation, the actuary uses a smoothing process over a rolling five-year period of investment performance to remove year-to-year volatility in asset returns.

ASSET ALLOCATION

At December 31, 2019, the Fund's investment portfolio totaled \$74,273,855. The investment allocations as of December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
U.S. Government and Agencies Obligations	\$ 12,387,550	\$ 10,917,265
Corporate Bonds	3,793,590	4,074,568
Common Stocks	43,509,556	40,687,126
Certificates of Deposit	-	1,572,758
Mutual Funds and Exchange-Traded Funds	11,782,006	-
Publicly Traded Limited Partnerships	5,565,718	4,757,330
Investment Real Estate	<u>12,800,000</u>	<u>12,264,808</u>
Total	<u>\$ 89,838,420</u>	<u>\$ 74,273,855</u>

The Fund also had cash and cash equivalents of \$13,715,138 and \$12,491,216 as of December 31, 2019 and 2018, respectively.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Fund's Board, our membership, taxpayers, and others with a general overview of the Fund's finances and to demonstrate accountability for the assets of the Fund. If anyone has any questions about this report or need additional financial information, they can contact the Denton Firefighter's Relief and Retirement Fund, P O Box 2375, Denton, Texas 76202.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2019 AND 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Investments at fair value		
U.S. Government and Agencies obligations	\$ 12,387,550	\$ 10,917,265
Corporate bonds	3,793,590	4,074,568
Common stocks	43,509,556	40,687,126
Certificates of deposit	-	1,572,758
Mutual funds and exchange-traded funds	11,782,006	-
Publicly traded limited partnerships/trusts	5,565,718	4,757,330
Investment real estate	<u>12,800,000</u>	<u>12,264,808</u>
Total Investments	<u>89,838,420</u>	<u>74,273,855</u>
Receivables		
Accrued interest and dividends	170,557	181,043
Contributions		
City of Denton, Texas	-	-
Plan participants	<u>-</u>	<u>-</u>
Total Receivables	<u>170,557</u>	<u>181,043</u>
Real estate other assets	<u>188,907</u>	<u>15,854</u>
Cash and cash equivalents	<u>13,715,138</u>	<u>12,491,216</u>
Total Assets	<u>103,913,022</u>	<u>86,961,968</u>
LIABILITIES		
Accounts payable	44,948	67,889
Benefits payable	7,934	-
Accruals - investment real estate	<u>44,345</u>	<u>59,855</u>
Total Liabilities	<u>97,227</u>	<u>127,744</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 103,815,795</u>	<u>\$ 86,834,224</u>

The accompanying notes are an integral part of these financial statements.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions		
City of Denton, Texas	\$ 3,639,740	\$ 3,434,007
Plan participants	<u>2,478,958</u>	<u>2,338,837</u>
Total Contributions	<u>6,118,698</u>	<u>5,772,844</u>
Investment income		
Interest	357,652	268,396
Dividends	2,195,584	1,636,833
Real estate income (net of expenses)	1,106,311	846,645
Net appreciation (depreciation) in fair value of investments	<u>11,658,482</u>	<u>(2,742,313)</u>
	15,318,029	9,561
Less investment expense	<u>178,458</u>	<u>192,709</u>
Net Income From Investing	<u>15,139,571</u>	<u>(183,148)</u>
Other Income	<u>1,704</u>	<u>-</u>
Total Additions	<u>21,259,973</u>	<u>5,589,696</u>
DEDUCTIONS		
Monthly benefits	3,781,902	3,709,324
Lump-sum benefits	425,073	346,532
Professional fees	27,585	41,481
Administrative expenses	<u>43,842</u>	<u>46,418</u>
Total Deductions	<u>4,278,402</u>	<u>4,143,755</u>
NET INCREASE IN NET POSITION	16,981,571	1,445,941
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	<u>86,834,224</u>	<u>85,388,283</u>
End of year	<u>\$ 103,815,795</u>	<u>\$ 86,834,224</u>

The accompanying notes are an integral part of these financial statements.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

A. General Information about the Retirement Plan

1. Plan Description

The City of Denton, Texas (City) contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The board is composed of seven members: the mayor or the mayor's designated representative; the city's chief financial officer or a person designated by the chief financial officer; three active members of the Fund elected by participating members; and two citizen members who are elected by the other members of the board.

2. Benefits Provided

Firefighters in the Denton Fire Department are covered by the Fund which provides service retirement, death, disability, and withdrawal benefits. Firefighters may retire at age 50 with 20 years of service. A vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a vested benefit, he may retire starting on the date he would have both completed 20 years of service if he had remained a Denton firefighter and attained age 50. The present plan effective January 1, 2011 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date he meets the age 52 and 22 years of service requirements and the date four years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

3. Members Covered by the Fund

In the December 31, 2017 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>189</u>
	276

4. Funding Policy

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

The funding policy of the Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City began contributing in December 2017 according to a new city funding policy. The ordinance defining it includes an actuarially determined contribution rate over a closed 25-year amortization period, an initial contribution rate of 18.5% for several years, a minimum rate standard, and city review and approval of each actuarial valuation. The December 31, 2017 actuarial valuation includes the assumption that the city contribution rate will be 18.5% over the unfunded liability amortization period. The City Council approved the December 31, 2017 actuarial valuation and the continuance of the 18.5% contribution rate in April 2019. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2019, the money-weighted rate of return on pension plan investments was 17.25%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed City contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

DENION FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below.

Basis of Accounting

The Fund's financial statements are prepared using the accrual basis of accounting. Firefighter and City contributions are recognized as revenues in the period in which salaries are earned. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

Cash and Cash Equivalents

Cash and cash equivalents are held by the Fund's bank trust department custodian and are valued at cost, which approximates fair value. Cash and cash equivalents consist of demand bank accounts and a short-term Treasury portfolio money-market mutual fund.

Valuation of Investments

Investments are reported at estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment real estate is valued at appraised value.

Investment Income

Investment Income (interest, dividends, and real estate income) is recognized as earned. Realized gains and losses on sales of investment securities are recognized on the trade date.

Estimates

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

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk and Uncertainties

Contributions to the Fund and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. As a means of limiting its exposure to interest rate risk, the Fund diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Credit Risk

Credit Risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Fund's Board of Trustees utilizes portfolio diversification in order to control this risk.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities are uninsured, are not registered in the name of the Fund and are held either by the counterparty or the counterparty's trust department or agent but not in the Fund's name.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

C. INVESTMENTS

The following table presents the fair values of investments.

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Investments at Fair Value as Determined by Quoted Market Prices (Level 1 Measurements)		
U.S. Government and Agency Obligations	\$ 12,387,550	\$ 10,917,265
Corporate Bonds	3,793,590	4,074,568
Common Stocks	43,509,556	40,687,126
Mutual Funds and Exchange-Traded Funds	11,782,006	-
Publicly Traded Limited Partnerships	5,565,718	4,757,330
Subtotal	<u>77,038,420</u>	<u>60,436,289</u>
Investment Real Estate at Fair Value as Determined by an Appraisal (Level 3 Measurements)	<u>12,800,000</u>	<u>12,264,808</u>
Investments at Cost, which approximates Fair Value (Level 2 Measurements)		
Certificates of Deposit	<u>-</u>	<u>1,572,758</u>
Total Investments At Fair Value	<u>\$ 89,838,420</u>	<u>\$ 74,273,855</u>

In June 2016, the Fund purchased investment real estate for \$8.66 million. The real estate purchased is a multi-tenant retail shopping center with approximately 24,000 square feet located in Cross Roads, Texas. The center was fully leased as of December 31, 2019. In August 2017, the Fund purchased additional investment real estate for \$3.31 million. This property is a single-tenant warehouse/distribution facility located in Denton, Texas. The building was fully leased as of December 31, 2019. The investment real estate is reported at fair value in the financial statements based on independent appraisals of the properties.

During 2018 and 2017 the Fund's investments (including investments bought, sold and held during the year) appreciated/(depreciated) in value by \$11,658,482 and \$(2,742,313).

The investment policy of the Fund contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments other than the investment real estate that represent 5% or more of the fiduciary net position at December 31, 2019.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

D. NET PENSION LIABILITY

The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2017 and rolled forward to December 31, 2019.

Total pension liability	\$ 116,469,396
Plan fiduciary net position	103,815,795
City's net pension liability	\$ 12,653,601
Plan fiduciary net position as a percentage of the total pension liability	89.1%

1. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.0%, plus promotion, step and longevity increases that vary by service
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 5.1%) and by adding expected inflation (2.5%). In addition, the final 6.75% assumption was selected by rounding down and thereby reflects a reduction of 0.85% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

D. NET PENSION LIABILITY (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	40%	6.0%
Small/mid cap domestic	10	6.5
International developed	10	6.5
Alternatives		
Master limited partnerships	8	8.0
Real estate	15	4.5
Fixed income	10	1.0
Cash	7	0.0
Total	100%	
Weighted Average		5.1%

2. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. No projection of cash flows was used to determine the discount rate because the December 31, 2017 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 15 years. Because of the 15-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, compared to what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's Net Pension Liability	\$27,091,785	\$12,653,601	\$473,025

E. SUBSEQUENT EVENTS

Management has reviewed events subsequent to December 31, 2019 through June 12, 2020, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS¹
(UNAUDITED)

	Fiscal Year Ending					
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
1. Total Pension Liability						
a. Service cost	\$ 3,723,960	\$ 3,615,495	\$ 3,182,608	\$ 3,089,911	\$ 2,836,263	\$ 2,747,253
b. Interest	7,497,583	7,049,261	6,493,255	6,135,588	5,998,959	5,685,396
c. Changes of benefit provisions	-	-	-	-	-	-
d. Differences between expected and actual experience	-	-	2,040,716	-	(2,063,421)	-
e. Changes of assumptions	-	-	-	-	2,331,908	-
f. Benefit payments	(4,206,975)	(4,055,856)	(3,768,829)	(4,270,006)	(4,048,358)	(4,036,009)
g. Net Change	7,014,568	6,608,900	7,947,750	4,955,493	5,055,351	4,396,640
h. Beginning	109,454,828	102,845,928	94,898,178	89,942,685	84,887,334	80,490,694
i. Ending	\$116,469,396²	\$109,454,828²	\$ 102,845,928	\$94,898,178²	\$ 89,942,685	\$84,887,334²
2. Plan Fiduciary Net Position						
a. Contributions by the city	\$ 3,639,740	\$ 3,434,007	\$ 2,979,807	\$ 2,759,844	\$ 2,567,219	\$ 2,566,875
b. Firefighter contributions	2,478,958	2,338,837	2,142,990	1,997,155	1,803,064	1,745,419
c. Net investment income	15,141,275	(183,148)	8,793,234	6,935,215	(3,287,188)	4,411,066
d. Benefit payments	(4,206,975)	(4,055,856)	(3,768,829)	(4,270,006)	(4,048,358)	(4,036,009)
e. Administrative expenses	(71,427)	(87,899)	(63,669)	(94,175)	(76,538)	(81,005)
f. Net Change	16,981,571	1,445,941	10,083,533	7,328,033	(3,041,801)	4,606,346
g. Beginning	86,834,224	85,388,283	75,304,750	67,976,717	71,018,518	66,412,172
h. Ending	\$ 103,815,795	\$ 86,834,224	\$ 85,388,283	\$ 75,304,750	\$ 67,976,717	\$ 71,018,518
3. City's Net Pension Liability [Item 1(i) - 2(h)]	\$ 12,653,601	\$ 22,620,604	\$ 17,457,645	\$ 19,593,428	\$ 21,965,968	\$ 13,868,816
4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.10%	79.30%	83.00%	79.40%	75.60%	83.70%
5. Covered Payroll³	\$ 19,674,270	\$ 18,562,198	\$ 17,007,857	\$ 15,850,437	\$ 14,310,032	\$ 13,852,532
6. City's Net Pension Liability as a Percentage of Covered Payroll	64.30%	121.90%	102.60%	123.60%	153.50%	100.10%

Notes to Schedule:

¹ Until a full 10-year trend is compiled, only available information is shown.

² Determined from the beginning of year total pension liability, using the roll forward procedure allowed for GASB 67.

³ Contributions by the firefighters divided by their contribution rate.

DENTON FIREFIGHTER'S RELIEF AND RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS¹
(UNAUDITED)

B. Schedule of Investment Returns for the Last Ten Fiscal Years¹

Fiscal Year Ending	Annual Money-Weighted Net Rate of Return²
December 31, 2019	17.25%
December 31, 2018	-0.21%
December 31, 2017	11.58%
December 31, 2016	10.17%
December 31, 2015	-4.62%
December 31, 2014	6.63%
December 31, 2013	15.86%

Notes to Schedule

- ¹ Until a full ten-year trend is compiled, only available information is shown. Fiscal year refers to the plan year.
² The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the timing of the contributions received and the benefits paid during the year.