

**CITY OF DUNEDIN
MUNICIPAL FIREFIGHTERS' PENSION
TRUST FUND**

FINANCIAL STATEMENTS
September 30, 2019 and 2018

SALTMARSH, CLEVELAND & GUND, P.A.
Certified Public Accountants

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

September 30, 2019 and 2018

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The Board of Trustees
City of Dunedin Municipal Firefighters'
Pension Trust Fund
Dunedin, Florida

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of City of Dunedin Municipal Firefighters' Pension Trust Fund (Fund), which comprise the statements of fiduciary net position as of September 30, 2019, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Plan's Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain 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 Plan'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 Plan'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.

The Board of Trustees
City of Dunedin Municipal Firefighters'
Pension Trust Fund
Dunedin, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Dunedin Municipal Firefighters' Pension Trust Fund as of September 30, 2019, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the City of Dunedin Municipal Firefighters' Pension Trust Fund as of September 30, 2018, were audited by other auditors whose report dated February 14, 2019, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the City of Dunedin Firefighters' Pension Trust Fund, a pension trust fund of the City of Dunedin, Florida (City), and are not intended to present fairly the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 31 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Trustees
City of Dunedin Municipal Firefighters'
Pension Trust Fund
Dunedin, Florida

The City of Dunedin Municipal Firefighters' Pension Trust Fund has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The additional information on pages 39 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 above information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Tampa, Florida
January 23, 2020

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

STATEMENTS OF FIDUCIARY NET POSITION

September 30, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Receivables:		
Interest	\$ 30,407	\$ 32,285
Dividends	7,909	4,448
Intergovernmental:		
Supplemental state excise tax rebate	-	1,207
Total receivables	<u>38,316</u>	<u>37,940</u>
Investments at fair value:		
U.S. Government obligations	1,519,949	2,093,081
U.S. Government agency obligations	3,016,910	1,647,236
Corporate obligations	1,783,380	2,042,170
Domestic stocks	10,198,259	11,689,021
Domestic equity investment fund	8,496,444	4,438,251
International stocks	838,349	4,025,928
International equity investment fund	276,007	-
Real estate investment fund	3,047,509	2,964,564
Temporary investment funds	598,171	617,367
Total investments	<u>29,774,978</u>	<u>29,517,618</u>
Prepaid expenses	<u>878</u>	<u>869</u>
Total assets	<u>29,814,172</u>	<u>29,556,427</u>
 <u>Liabilities</u>		
Accounts payable	<u>33,507</u>	<u>24,290</u>
Total liabilities	<u>33,507</u>	<u>24,290</u>
Net position restricted for pensions	<u>\$ 29,780,665</u>	<u>\$ 29,532,137</u>

See Notes to Financial Statements.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years ended September 30, 2019 and 2018

Additions:	<u>2019</u>	<u>2018</u>
Contributions:		
Plan members	\$ 186,986	\$ 181,279
Plan member buyback	70,955	-
Employer	<u>460,064</u>	<u>490,695</u>
Total contributions	718,005	671,974
Intergovernmental revenue:		
State excise tax rebate	312,939	300,749
Supplemental state excise tax rebate	<u>-</u>	<u>1,206</u>
Total intergovernmental revenue	312,939	301,955
Investment income:		
Net appreciation (depreciation) in fair value of investments	275,766	2,454,900
Interest	210,554	214,911
Dividends	308,041	313,536
Class action revenue	249	1,432
Other	<u>100</u>	<u>300</u>
Total investment income	794,710	2,985,079
Less investment expenses	<u>(117,559)</u>	<u>(119,112)</u>
Net investment income	<u>677,151</u>	<u>2,865,967</u>
Total additions	1,708,095	3,839,896
Deductions:		
Benefits:		
Age and service	1,075,711	967,418
Disability	151,664	153,927
SHARE payments	5,902	-
DROP payments	150,597	-
Refunds of contributions	4,432	15,016
Administrative expenses	<u>71,261</u>	<u>67,810</u>
Total deductions	<u>1,459,567</u>	<u>1,204,171</u>
Net increase in net position	248,528	2,635,725
Net position restricted for pensions:		
Beginning of year	<u>29,532,137</u>	<u>26,896,412</u>
End of year	<u>\$ 29,780,665</u>	<u>\$ 29,532,137</u>

See Notes to Financial Statements.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

1. Description of the Plan

The following brief description of the City of Dunedin Municipal Firefighters' Pension Trust Fund (Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

The Plan is a defined benefit pension plan covering all full-time firefighters of the City of Dunedin, Florida (City).

At September 30, 2019, the Plan's membership consisted of:

Retirees and beneficiaries:

Currently receiving benefits	46
DROP retirees	5
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>

Total	<u><u>53</u></u>
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Current employees:

Vested	35
Nonvested	<u>16</u>

Total	<u><u>51</u></u>
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At October 1, 2018, the date of the most recent actuarial valuation, there were 45 retirees, disabled firefighters and beneficiaries.

General - The Plan is a defined benefit pension plan covering all full-time firefighters of the City. Participation in the Plan is required as a condition of employment. Originally established in 1980 and substantially amended in 2004, 2008, and 2012, the Plan provides for pension, death and disability benefits. The Plan is subject to provisions of Chapter 175 of the State of Florida Statutes.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

1. Description of the Plan (Continued)

The Plan, in accordance with the above statutes, is governed by a five member pension board. Two firefighters, two City residents and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Pension Benefits - Under the Plan, participants with ten or more years of continuous service are entitled to annual pension benefits beginning at age fifty-five or at age fifty-two if they have completed twenty-five continuous years of service. Benefits are equal to three percent of the participant's average final compensation (FAC) for each of the first twenty-five years of credited service and two percent of average compensation for each year in excess of thirty-seven and one-half years. Beginning April, 2003, a supplemental monthly benefit of \$3 per year of service, not to exceed \$75, was added for future retirees. The supplemental benefit increased from \$3 to \$13 per year of service (maximum of \$325). This benefit change applies to all years of service for those members who retire on or after October 1, 2016 and those who entered the DROP on or after October 1, 2014. On February 21, 2019, the supplemental benefit increased from \$13 per month to \$16 per month (maximum \$400) payable to members who retire on or after October 1, 2018. Members do not receive the supplemental benefit while participating in the DROP. Service between twenty-five and thirty-seven and one-half years does not add to benefits. A participant's normal retirement benefit is a ten year certain and life annuity measured from the date of commencement. A participant who terminates prior to ten continuous years of service forfeits the right to receive all benefits he has accumulated. However, he retains the right of refund of all personal contributions made to the Plan.

The early retirement accrual rate is 3% per year to age 50 and 3.33% per year from age 45 to 50.

Death Benefit - For any participant who dies while an actively employed participant who was eligible for early or normal retirement, the benefit payable shall be at least equal in value to the amount which would have been paid had the participant retired. Benefits payable under service-connected death for participants ineligible for early retirement shall be payable to the spouse at the rate of fifty percent of the participant's regular base salary for the life of the spouse. If there is no spouse, or upon the death of the spouse, each unmarried child shall receive fifteen percent of the participant's regular base salary (aggregate not greater than fifty percent) until age of eighteen, or the age of twenty-two if a full-time student at an accredited institution. A nonservice connected death benefit shall be payable to the spouse at the rate of twenty-five percent of the participant's regular base salary until the earlier of death or remarriage of the spouse; benefits are payable to the children in amounts equal to one-half of the benefits as are payable by reasons of service-incurred death.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

1. Description of the Plan (Continued)

Disability Benefits - Benefits payable to participants under service-incurred disability shall be paid in monthly installments of the greater of sixty percent of the participant's average salary over the highest five years or the participant's accrued benefit in effect at the date of disability. The benefit shall be paid from the date of disability until recovery, or death of the participant and then continued to the beneficiary for life. After ten years of continuous service, should a participant become disabled due to a nonservice-incurred cause, benefits of the greater of thirty percent of the participant's average salary over the highest five years or the participant's accrued benefit shall be paid from the date of disability until recovery or death. Disability payments may be reduced proportionally to the extent that the disabled participant's benefits received hereunder together with worker's compensation benefits exceed his earnings for the calendar year preceding disability .

Refund of Contributions - Covered firefighters are required to contribute 5.5% of their salary to the Plan. If a nonvested firefighter retires, dies, becomes disabled, or terminates employment with the City, accumulated contributions paid by the firefighter are refunded to the firefighter or the designated beneficiary.

Deferred Retirement Option Plan (DROP) - A member may retire on the first day of the month coincident with or next following the earlier of: (1) age 52 and 25 years of Credited Service, or (2) age 55 and 10 years of Credited Service, or (3) 20 years of Credited Service regardless of age. Members who meet eligibility must submit a written election to participate in the DROP. The member's credited service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under normal retirement is calculated based upon the frozen credited service and FAC. In addition, a supplemental benefit of \$3 per year of credited service up to a maximum of \$75 is payable monthly to members who meet the requirements of normal retirement and retire. DROP participants do not receive the supplement until actual termination of employment.

The maximum DROP period is the earlier of 5 years of participation in the DROP or when the member has completed 30 years of credited service. The member's average daily balance of the DROP account is debited or credited with interest on a quarterly basis at a rate equal to the trust fund's net investment return for the quarter.

Share Plan - 75% of the excess state excise tax received each fiscal year is allocated equally among eligible members.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies

Basis of Accounting - Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the plan, as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Basis of Presentation - The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement 67, *Financial Reporting for Defined Benefit Pension Plans* and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer. The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of assets and related income necessary to provide the service, disability and death benefits required under the terms of the Plan and the amendments thereto.

Valuation of Investments - Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between market participants, other than in a forced or liquidation sale. Investment transactions are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation or depreciation in fair value of investments includes the differences between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Change in Fiduciary Net Position.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Asset Allocation - The Plan's adopted asset allocation policy as of September 30, 2019 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	52.5%
International equity	12.5
Domestic bonds	25
Real estate	<u>10</u>
Total	<u>100%</u>

Rate of Return - For the years ended September 30, 2019 and 2018, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 2.26 percent and 10.90 percent, respectively, adjusted for the changing amounts actually invested.

Custody of Assets - Custodial services are provided to the Plan under contract with Salem Trust Company, a national bank having trust powers. The Plan's investment policies are governed by ordinances of the City of Dunedin and Florida Statutes.

Authorized Plan Investments - The Board recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective, then, is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the Prudent Investor Rule and Chapter 175 of the Florida Statutes.

Permissible investments include obligations of the U.S. Government or those guaranteed by the U.S. Government, U.S. Government agencies, time deposits insured by the FDIC, and common or preferred stock of U.S. companies and high quality corporate bonds or notes of at least an A rating. Foreign equity securities and foreign fixed income securities are also permitted up to a limit of 25% of the respective equity or fixed income portfolios.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

In addition, the Plan limits investments in common stock (equity investments) as follows:

- a. No more than five percent of the Plan's assets may be invested in the common or capital stock of any single corporation.
- b. The Plan's investment in common stock of any single corporation shall not exceed five percent of such corporation's outstanding common or capital stock.
- c. The equity and bond investment mix is targeted at 60% equities and 40% bonds. Significant variations from these targets will result in rebalancing.

Actuarial Cost Method - The Plan has elected the Entry Age Normal Actuarial Cost Method for funding purposes. This method allocates future normal costs based on the earnings of each firefighter. Entry age is the firefighter's age nearest his/her birthday on October first following his employment. The unfunded actuarially accrued liability is funded as a level percentage of payroll over a closed thirty year period.

Federal Income Taxes - The Plan has received a favorable determination letter from the Internal Revenue Service dated April 18, 2016 indicating that the Plan is qualified and exempt from Federal income taxes. The Board believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

Administrative Costs - All administrative costs of the Plan are financed through investment earnings. The Plan has no undue investment concentrations.

Cash - The Plan considers money market and demand account bank and broker-dealer deposits as cash. Temporary investments, shown on the statement of fiduciary net position are composed of investments in short-term custodial proprietary money market funds.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Reporting Entity - The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the City of Dunedin, Florida.

The Plan is included in the City's Comprehensive Annual Financial Report (CAFR) for the years ended September 30, 2019 and 2018, which are separately issued documents. Anyone wishing further information about the City is referred to the City's CAFR.

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City Firefighters. The provisions of the Plan provide for retirement, disability, and survivor benefits.

Risk and Uncertainties - The Plan invests in a variety of security investments. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Derivatives - The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* during the current Plan year.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56, *Subsequent Events*, and considered subsequent events through January 23, 2020 which is the date the financial statements were available to be issued.

GASB 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

3. Funding Policy

As a condition of participation, firefighters are required to contribute 5.5% of their earnings to the Plan. These contributions are designated as employee contributions under Section 414(c)(2) of the Internal Revenue Code. The City's funding policy is to make monthly contributions to the Plan in fixed amounts, actuarially computed, such that, when combined with firefighters' contributions and the State insurance fund contribution, all firefighters' benefits will be fully provided by the time they retire. The Plan does not have legal or contractual maximum contribution rates.

The Plan's administrative costs are financed through investment earnings. The Plan has no undue investment concentrations.

The City's actuarially determined contribution rate for the year ended September 30, 2019 was 13.01%. This rate consists of 12.00% of member salaries to pay normal costs plus 1.01% to amortize the unfunded actuarially accrued liability pursuant to the October 1, 2018 actuarial valuation.

4. Deposits and Investments

Deposits

Salem Trust Company (Salem) periodically holds uninvested cash in its capacity as custodian for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

4. Deposits and Investments (Continued)

Investments

As of September 30, 2019 the Plan's investments are managed under separate investment agreements with Great Lakes Advisors, L.L.C., Rockwood Capital Advisors, L.L.C. and Harding Loevner, L.P. These agreements give Salem the custodianship, but gives Great Lakes Advisors, L.L.C., Rockwood Capital Advisors, L.L.C. and Harding Loevner, L.P. the authority to manage the investments. These assets are invested in accordance with specific investment guidelines as set forth in the Plan. Investment management fees are calculated quarterly as a percentage of the fair market value of the Plan's assets managed.

Barings Core Property Fund (Barings) is an alternative real estate investment vehicle valued using the net asset value (NAV) provided by the investment managers of the fund. The NAV is based on the value of the underlying assets owned by these funds minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active, however, the unit price is based on underlying investments.

The values of these alternative investments are not necessarily indicative of the amount that could be realized in a current transaction. The fair value may differ significantly from the values that would have been used had a ready market for the underlying assets existed, and the differences could be material. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimates of fair value could be material.

The Plan also invests in index funds sponsored by Dimensional Fund Advisors (DFA). DFA funds focus on the dimensions of capital markets using indexes that overweight small cap and value stocks. The Plan also invested in the Vanguard Total Domestic Stock Index Fund.

The alternative investment funds expose the Plan to certain risks, including liquidity risks, counterparty risks, foreign political, economic, and governmental risks, and market risk. In addition, these investments may have initial lock-up periods, as well as restrictions for liquidating positions in these funds, that make the investment non-current and non-marketable.

The Plan had no investments (stock or bond) that individually represent 5% or more of the Plan's net assets available for benefits as of September 30, 2019.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

4. Deposits and Investments (Continued)

Investments (Continued)

Except for the Barings Fund, the Plan's investments are uninsured and unregistered and are held in custodial accounts in the Plan's name.

The Plan held the following fixed income investments as of September 30, 2019 and 2018:

Investment Type	Percentage of Fund	Fair Value 9/30/19	Fair Value 9/30/18	Rating Standard & Poor's	Effective Duration (Years)
U.S. Government obligations	5.1 %	\$ 1,519,949	\$ 2,093,081	AA	6.2
U.S. Government agency obligations	10.1	3,016,910	1,647,236	AA	4.1
Corporate obligations	5.9	1,783,380	2,042,170	BAA-A	7.8
Temporary investment funds	<u>2.1</u>	<u>598,171</u>	<u>617,367</u>	AAA	Daily
Total	<u>23.2 %</u>	<u>\$ 6,918,410</u>	<u>\$ 6,399,854</u>		

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risks. Through its investment policies the Plan manages its exposure to fair value losses rising from increasing interest rates. The Plan limits the effective duration of its investment portfolio through the adoption of the Barclays Capital Aggregate Bond Index benchmark.

Credit Risk - Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality rating of "A" or equivalent as rated by Moody's or by Standard & Poor's bond rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

4. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk - Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

Investment in Foreign Markets - Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices can be more volatile than those of comparable securities in U.S. companies.

Foreign Tax Withholdings and Reclaims - Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the United States of America and the applicable foreign jurisdiction, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statement of changes in fiduciary net position. Where treaties allow for a reclaim of taxes, the Fund will make a formal application for refund. Such reclaims are included as an addition to dividend income.

Investing in Real Estate - The Plan is subject to the risks inherent in the ownership and operation of real estate. These risks include, among others, those normally associated with changes in the general economic climate, trends in the industry including creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

5. Net Increase (Decrease) in Realized and Unrealized Appreciation (Depreciation) of Investments

The Plan's investments appreciated (depreciated) in value during the years ended September 30, 2019 and 2018 as follows:

	Year Ended September 30, 2019			Year Ended September 30, 2018		
	Realized Appreciation (Depreciation)	Unrealized Appreciation (Depreciation)	Total	Realized Appreciation (Depreciation)	Unrealized Appreciation (Depreciation)	Total
Investments at fair value as determined by quoted value price:						
U.S. Government obligations	\$ 47,977	\$ 111,854	\$ 159,831	\$ (36,033)	\$ (17,253)	\$ (53,286)
U.S. Government agency obligations	(2,755)	78,403	75,648	176	(45,479)	(45,303)
Corporate obligations	210	98,498	98,708	(17,636)	(84,428)	(102,064)
Domestic stocks	428,551	(638,510)	(209,959)	937,936	1,164,507	2,102,443
Domestic equity investment fund	2,349	(115,737)	(113,388)	1,673	362,724	364,397
International stocks	46,341	46,928	93,269	20,829	(12,584)	8,245
International equity investment fund	-	(5,393)	(5,393)	-	-	-
Real estate investment fund	-	177,050	177,050	-	180,468	180,468
Net increase in realized and unrealized appreciation (depreciation) of investments	<u>\$ 522,673</u>	<u>\$ (246,907)</u>	<u>\$ 275,766</u>	<u>\$ 906,945</u>	<u>\$ 1,547,955</u>	<u>\$ 2,454,900</u>

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments.

Unrealized gains and losses on investments sold in 2019 that had been held for more than one year were included in net appreciation (depreciation) reported in the prior year.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

6. Investments

The Plan's investments at both carrying value and cost or adjusted cost as of September 30, 2019 and 2018 are summarized as follows:

Investment	September 30, 2019		September 30, 2018	
	Cost	Fair Value	Cost	Fair Value
U.S. Government obligations	\$ 1,473,916	\$ 1,519,949	\$ 2,103,325	\$ 2,093,081
U.S. Government agency obligations	2,864,774	3,016,910	1,679,610	1,647,236
Corporate obligations	1,684,441	1,783,380	2,092,254	2,042,170
Domestic stocks	8,937,453	10,198,259	10,018,516	11,689,021
Domestic equity investment fund	7,717,589	8,496,444	3,977,158	4,438,251
International stocks	731,963	838,349	3,283,634	4,025,928
International equity investment fund	306,005	276,007	-	-
Real estate investment fund	1,710,528	3,047,509	1,804,633	2,964,564
Temporary Investment funds	598,171	598,171	617,367	617,367
Total	\$ 26,024,840	\$ 29,774,978	\$ 25,576,497	\$ 29,517,618

7. Mortgage-Backed Securities

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

All of the Plan's financial investments are carried at fair value on the Statements of Fiduciary Net Position included in investments. The gain or loss on financial instruments is recognized and recorded on the Statement of Changes in Fiduciary Net Position as part of investment income.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

8. Designations

A portion of the Plan's net assets are designated for benefits that accrue in relation to the DROP accounts as further described in Note 1. Allocations to the DROP and Share accounts for the years ended September 30, 2019 and 2018 are presented below as determined in the most recent actuarial data available as of September 30, 2019.

	<u>2019</u>	<u>2018</u>
Designated for DROP accounts (fully funded)	\$ 583,882	\$ 458,968
Designated for Share accounts (fully funded) (as of September 30, 2018)	<u>149,010</u>	<u>149,010</u>
Total designated net position	732,892	607,978
Undesignated net position	<u>29,047,773</u>	<u>28,924,159</u>
Total net position	<u>\$ 29,780,665</u>	<u>\$ 29,532,137</u>

9. Plan Termination

Although it has not expressed any intention to do so, the City may terminate the Plan at any time by a written ordinance of the City Commission of Dunedin, duly certified by an official of the City. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each firefighter in the Plan at such termination date would be non-forfeitable.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

10. Plan Amendments

The Plan was amended during the fiscal year ended September 30, 2019 as follows:

Ord. 19-08

Increase the supplemental benefit from \$13 month to \$16 month per year of credited service. This is only payable to members who retire on or after their normal retirement date and retire after October 1, 2018 (the members who retired prior to October 1, 2018 receive the prior supplemental benefit). It also clarifies that members do not receive the supplemental benefit while participating in the deferred retirement option program. Subsection g is amended to identify the new minimum benefit accrual rate of 2.75%. The cost increase due from the City applicable to this change was \$18,100.

Ord 19-15

Section 58-65, Disability, is amended to more clearly identify those individuals who may be eligible to apply for a disability pension in the event that they have resigned or their employment is terminated.

Section 58-65, 58-67, 58-77 and 58-79 relate to changes required by the Internal Revenue Service. The above change had no impact on the City's funding requirements.

The Plan was not amended during the fiscal year ended September 30, 2018.

11. Commitments and Contingencies

As described in Note 1, certain members of the Plan are entitled to refunds of their accumulated contributions, without interest, upon termination of employment with the City prior to being eligible for pension benefits. At September 30, 2019 aggregate contributions from active members of the Plan were approximately \$2,418,000. The portion of these contributions which are refundable to participants who may terminate with less than ten years of service has not been determined.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

12. Risks and Uncertainties

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net position restricted for pensions.

13. Investment Measurement at Fair Value

Fair Value Hierarchy

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purposes. The Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of September 30, 2019 and 2018:

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

- *Debt securities* - Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.
- *Mutual funds* - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's opening. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.
- *Fixed income funds* - Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.
- *Equity funds* - Valued at market prices for similar assets in active markets.
- *Common stock* - Valued at quoted market prices for identical assets in active markets.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

Investments by fair value level	September 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government obligations	\$ 1,519,949	\$ 1,519,949	\$ -	\$ -
U.S. Government agency obligations	3,016,910	-	3,016,910	-
Corporate obligations	1,783,380	-	1,783,380	-
Domestic stocks	10,198,259	10,189,259	-	-
Domestic equity investment fund	8,496,444	8,496,444	-	-
International stocks	838,349	838,349	-	-
International equity investment fund	276,007	276,007	-	-
Temporary investment funds	<u>598,171</u>	<u>-</u>	<u>598,171</u>	<u>-</u>
Total investments by fair value level	\$ 26,727,469	\$ <u>21,320,008</u>	\$ <u>5,398,461</u>	\$ <u>-</u>
Investment measured at the net asset value (NAV):				
Real estate investment fund	<u>3,047,509</u>			
Total investments measured at NAV	<u>3,047,509</u>			
Total investments measured at fair value	\$ <u>29,774,978</u>			

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

	2019 Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Investments measured at NAV				
Real estate investment fund ^(A) :				
Barings Core Property Fund	\$ <u>3,047,509</u>	-	Quarterly	60 days
Total investments measured at NAV	\$ <u><u>3,047,509</u></u>			

^(A) Liquidity is quarterly and notice is 60 days.

The real estate investment funds are open end, commingled private real estate portfolios. These REIT-based funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties within major U.S. markets. The fair values of the investments in these funds have been determined using the NAV per unit of the Trust's ownership interest in partners' capital. The investments of the fund are valued quarterly. Withdrawal requests must be made 60 days in advance and may be paid in one or more installments.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

	September 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Government obligations	\$ 2,093,081	\$ 2,093,081	\$ -	\$ -
U.S. Government agency obligations	1,647,236	-	1,647,236	-
Corporate obligations	2,042,170	-	2,042,170	-
Domestic stocks	11,689,021	11,689,021	-	-
Domestic equity investment fund	4,438,251	4,438,251	-	-
International stocks	4,025,928	4,025,928	-	-
Temporary investment funds	<u>617,367</u>	<u>-</u>	<u>617,367</u>	<u>-</u>
Total investments by fair value level	\$ 26,553,054	\$ <u>22,246,281</u>	\$ <u>4,306,773</u>	\$ <u>-</u>
Investment measured at the net asset value (NAV):				
Real estate investment fund	<u>2,964,564</u>			
Total investments measured at NAV	<u>2,964,564</u>			
Total investments measured at fair value	\$ <u>29,517,618</u>			

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

	2018 Fair Value	Unfunded Commitment	Redemption Frequency (if currently eligible)	Redemption Notice Period
Investments measured at NAV				
Real estate investment fund ^(A) :				
Barings Core Property Fund	\$ <u>2,964,564</u>	-	Quarterly	60 days
Total investments measured at NAV	\$ <u><u>2,964,564</u></u>			

^(A) Liquidity is quarterly and notice is 60 days.

14. Net Pension Liability of the City

The components of net pension liability of the City on September 30, 2019 were as follows:

Total pension liability	\$ 31,250,475
Plan fiduciary net position	<u>29,780,665</u>
City's net pension liability (asset)	\$ <u><u>1,469,810</u></u>
Plan fiduciary net position as a percentage of total pension liability	<u><u>95.29%</u></u>

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

14. Net Pension Liability of the City (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary increases	Service based
Investment rate of return	7.50%
Discount rate	7.50%

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White collar, scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/90% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projections scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2018 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

75% of active deaths are assumed to be service-incurred.

The most recent actuarial experience study used to review the other significant assumptions was dated October 3, 2016.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

14. Net Pension Liability of the City (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 investment expenses 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 arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

<u>Target Allocation</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
52.5%	Domestic equity	5.47%
12.5%	International equity	8.50%
25.0%	Domestic bonds	2.50%
10.0%	Real estate	4.50%

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

14. Net Pension Liability of the City (Continued)

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 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ <u>4,951,831</u>	\$ <u>1,469,810</u>	\$ <u>(1,453,379)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

September 30, 2019

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY

Last Seven Fiscal Years

	<u>September 30,</u> 2019	<u>September 30,</u> 2018	<u>September 30,</u> 2017	<u>September 30,</u> 2016	<u>September 30,</u> 2015	<u>September 30,</u> 2014	<u>September 30,</u> 2013
Total pension liability:							
Service cost	\$ 896,035	\$ 818,157	\$ 856,749	\$ 818,555	\$ 795,653	\$ 793,320	\$ 736,260
Interest	2,252,498	2,090,180	1,965,605	1,940,322	1,786,282	1,706,513	1,586,064
Changes in excess state money	-	(32,072)	-	-	5,213	9,746	-
Share plan allocation	22,417	14,179	11,304	2,432	15,635	29,234	-
Difference between expected and actual experience	(170,541)	28,595	(89,355)	495,699	(214,235)	-	-
Changes of benefit terms	170,785	-	-	(836,436)	-	-	-
Changes of assumptions	-	-	-	201,521	-	-	-
Contributions - buy back	70,955	-	1,118	73,537	32,877	64,645	-
Benefit payments, including refunds of employee contributions	<u>(1,388,306)</u>	<u>(1,136,361)</u>	<u>(1,138,394)</u>	<u>(1,052,548)</u>	<u>(1,091,384)</u>	<u>(1,083,306)</u>	<u>(1,108,108)</u>
Net change in total pension liability	1,853,843	1,782,678	1,607,027	1,643,082	1,330,041	1,520,152	1,214,216
Total pension liability - beginning	<u>29,396,632</u>	<u>27,613,954</u>	<u>26,006,927</u>	<u>24,363,845</u>	<u>23,033,804</u>	<u>21,513,652</u>	<u>20,299,436</u>
Total pension liability ending (a)	\$ <u>31,250,475</u>	\$ <u>29,396,632</u>	\$ <u>27,613,954</u>	\$ <u>26,006,927</u>	\$ <u>24,363,845</u>	\$ <u>21,513,652</u>	\$ <u>21,513,652</u>
Plan fiduciary net position:							
Contributions - employer	\$ 460,064	\$ 490,695	\$ 446,583	\$ 442,686	\$ 479,580	\$ 510,314	\$ 358,128
Contributions - State	312,939	301,955	298,122	286,293	303,897	322,029	314,996
Contributions - employees	186,986	181,279	180,673	186,368	178,121	176,623	172,605
Contributions - buy-back	70,955	-	1,118	73,537	32,877	64,645	-
Net investment income (loss)	677,151	2,865,967	1,888,834	1,681,268	(354,587)	1,930,923	2,509,249
Benefit payments including refunds of employee contributions	(1,388,306)	(1,136,361)	(1,138,394)	(1,052,548)	(1,091,384)	(1,083,306)	(1,108,109)
Administrative expenses	<u>(71,261)</u>	<u>(67,810)</u>	<u>(66,799)</u>	<u>(80,004)</u>	<u>(68,517)</u>	<u>(46,515)</u>	<u>(48,949)</u>
Net change in plan fiduciary net position	248,528	2,635,725	1,610,137	1,537,600	(520,013)	1,874,713	2,197,920
Plan fiduciary net position - beginning	<u>29,532,137</u>	<u>26,896,412</u>	<u>25,286,275</u>	<u>23,748,675</u>	<u>24,268,688</u>	<u>22,393,975</u>	<u>20,196,055</u>
Plan fiduciary net position - ending (b)	\$ <u>29,780,665</u>	\$ <u>29,532,137</u>	\$ <u>26,896,412</u>	\$ <u>25,286,275</u>	\$ <u>23,748,675</u>	\$ <u>24,268,688</u>	\$ <u>22,393,975</u>
Net pension liability (asset) (a) - (b)	\$ <u>1,469,810</u>	\$ <u>(135,505)</u>	\$ <u>717,542</u>	\$ <u>720,652</u>	\$ <u>615,170</u>	\$ <u>#VALUE!</u>	\$ <u>(880,323)</u>

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

September 30, 2019

SCHEDULE OF RATIOS
Last Seven Fiscal Years

	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014	September 30, 2013
Plan fiduciary net position as a percentage of the total pension liability	<u>95.29%</u>	<u>100.46%</u>	<u>97.40%</u>	<u>97.23%</u>	<u>97.47%</u>	<u>105.46%</u>	<u>104.11%</u>
Covered employee payroll*	\$ <u>3,399,726</u>	\$ <u>3,295,962</u>	\$ <u>3,284,952</u>	\$ <u>3,395,812</u>	\$ <u>3,288,614</u>	\$ <u>3,211,327</u>	\$ <u>3,138,275</u>
Net pension liability as a percentage of covered payroll	<u>43.23%</u>	<u>-4.11%</u>	<u>21.84%</u>	<u>21.22%</u>	<u>18.71%</u>	<u>-38.45%</u>	<u>-28.05%</u>

Notes to Schedule:

For the fiscal years 2013 and 2014 the covered employee payroll figures were based on pensionable salary.

The 2016 covered Employer Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll

Change of benefit terms:

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related. Additionally, the Supplemental Benefit has been increased from \$13 per month per year of services to \$16 per month per year of service.

For measurement date 09/30/2016, Ordinance 16-22 was adopted. The change was an increase in the Supplemental benefit from \$3 to \$13 per month per year of service up to a maximum of \$325 for Members who retire on or after October 1, 2016 or enter the DROP on or after October 1, 2014.

Changes of assumptions

For measurement date 09/30/2016, as a result of an October 3, 2016 Experience Study and as a result of recent State legislation, the Board has made the following assumption changes:

- The assumed rates of mortality were changed to match those used by the FRS for special risk employees in their July 1, 2015 Valuation report.
- The expected withdrawal rates were reduced as shown in the Actuarial Assumptions and Methods section of the 10/01/2016 Valuation report.
- The investment return assumption was reduced from 7.75% to 7.50% per year, net of investment related expenses.
- The assumed rates of individual salary increase were reduced as shown in the Actuarial Assumptions and Methods section of 10/01/2016 Valuation Report.
- The assumed rates of retirement were reduced at each age, as shown in the Actuarial Assumptions and Methods section of 10/01/2016 Valuation Report.

For measurement date 9/30/2015, the inflation assumption was lowered from 3.50% to 3.00%.

In addition the inflation assumption was lowered from 3.00% to 2.50% matching the long-term inflation assumption utilized by the Plan's investment consultant.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

SCHEDULE OF CONTRIBUTIONS

Last Seven Fiscal Years

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Actuarially determined contributions	\$ 746,882	\$ 777,513	\$ 733,401	\$ 725,736	\$ 784,433	\$ 793,364	\$ 832,898
Contributions in relation to the actuarially determined contributions	<u>750,586</u>	<u>778,472</u>	<u>733,401</u>	<u>725,736</u>	<u>784,433</u>	<u>793,364</u>	<u>832,898</u>
Contribution deficiency (excess)	\$ <u>(3,704)</u>	\$ <u>(959)</u>	\$ <u>-</u>				
Covered employee payroll	\$ <u>3,399,726</u>	\$ <u>3,295,962</u>	\$ <u>3,284,952</u>	\$ <u>3,395,812</u>	\$ <u>3,288,615</u>	\$ <u>3,211,327</u>	\$ <u>3,138,275</u>
Contributions as a percentage of covered employee payroll	<u>22.08%</u>	<u>23.62%</u>	<u>22.33%</u>	<u>21.37%</u>	<u>23.85%</u>	<u>24.71%</u>	<u>26.54%</u>

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND
September 30, 2019

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: 10/01/2017
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal cost method.
Amortization method: Level percentage of pay, closed.
Remaining amortization period: 30 Years.
Termination Rates: See table on following page.
Disability Rates: See table on following page. 75% of disabilities are assumed to be service-incurred.

Retirement Rates:

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	35%
1	20%
2	20%
3	20%
4	20%
5+	100%

The assumed rate of retirement is 5.0% for each year of eligibility for early retirement.

Interest rate: 7.50% per year, compounded annually, net of investment related expenses.
Salary increases: See table on following page.
Post Retirement COLA: None.
Payroll Growth: 1.77% per year for amortization of the Unfunded Actuarial Accrued Liability. This is in compliance with Part VII of Chapter 112, Florida Statutes.
Funding Projection: The required dollar contributions for the following year include a half year of interest and a full year of salary increase based on the average salary increase for the upcoming year.

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND
 September 30, 2019

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Disability rates:	Age	% Becoming Disabled During the Year
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
Salary increases:	Years of Service	% Increase in Salary
	0	14.0%
	1	13.0%
	2	12.0%
	3	11.0%
	4	10.0%
	5	9.0%
	6	8.5%
	7	8.0%
	8	7.5%
	9	7.0%
	10	6.5%
	11	6.0%
	12	5.5%
	13	5.0%
14+	4.0%	

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

September 30, 2019

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Mortality Rates:

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/ 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.17%	0.13%
55	0.28%	0.25%
60	0.55%	0.47%
65	1.06%	0.91%
70	1.82%	1.57%
75	3.15%	2.53%
80	5.65%	4.19%

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND
September 30, 2019

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Termination rates:	<u>Sample Ages</u>	<u>Years of Service</u>	<u>% of Active Members Separating Within Next Year</u>
	ALL	0	15.0%
		1	15.0%
		2	7.0%
		3	7.0%
		4	5.0%
		5	5.0%
		6	4.0%
		7	4.0%
		8	2.0%
		9	2.0%
		10+	0.5%

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

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

September 30, 2019

SCHEDULE OF INVESTMENT RETURNS

Last Seven Fiscal Years

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Annual money-weighted rate of return net of investment expenses	<u>2.26%</u>	<u>10.90%</u>	<u>7.55%</u>	<u>7.12%</u>	<u>-1.47%</u>	<u>8.56%</u>	<u>13.40%</u>

ADDITIONAL INFORMATION

CITY OF DUNEDIN MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

Years ended September 30, 2019 and 2018

	2019		2018	
	Investment Expenses	Administrative Expenses	Investment Expenses	Administrative Expenses
Expenses:				
Accounting fees	\$ -	\$ 5,225	\$ -	\$ 4,975
Actuary fees	-	24,672	-	24,199
Administrator's fees	-	12,639	-	8,972
Audit fees	-	8,000	-	7,500
Custodial fees	8,301	-	12,726	-
Directors' liability insurance	-	3,494	-	3,508
Dues and subscriptions	-	600	-	600
Investment managers' fees:				
Great Lakes Advisors, L.L.C.	35,298	-	25,139	-
Harding Loevner	25,733	-	27,090	-
Rockwood Capital Advisors	31,215	-	37,472	-
Legal fees	-	10,400	-	7,816
Performance monitor	17,012	-	16,685	-
Secretary's fee	-	4,800	-	4,800
Seminars and training	-	1,431	-	5,440
	(A) \$ <u>117,559</u>	\$ <u>71,261</u>	(A) \$ <u>119,112</u>	\$ <u>67,810</u>
Percentage of				
plan net position	<u>0.39%</u>	<u>0.23%</u>	<u>0.40%</u>	<u>0.23%</u>

(A) Management fees withheld from investment fund income are not included.