

nyhart

***Town of Narragansett
Pension Plan***

***Actuarial Valuation Report
July 1, 2014***

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Highlights

Purpose of the Valuation

This report summarizes actuarial information regarding the plan's liabilities and benefit obligations as compared to assets available for benefits on the valuation date. The report was prepared by Nyhart to:

- determine the acceptable range of employer contributions;
- determine the plan's funded status; and
- measure values of plan benefits and obligations under governmental financial accounting standards.

Principal results of actuarial valuations are shown in the following sections.

Plan Year Beginning	07/01/14	07/01/13
Employer Contributions		
Total payroll	\$ 12,188,272	\$ 12,466,246
Annual Required Contribution	\$ 4,880,448	\$ 5,619,927
As percent of payroll	40.0%	45.1%
Actuarial Recommended Funding Contribution	\$ 4,880,448	N/A
As percent of payroll	40.0%	N/A
Employer contribution	N/A	\$ 3,237,890
Total as percent of payroll	N/A	26.0%
Plan Assets		
Fair market value	\$ 71,559,495	\$ 62,115,638
Actuarial value for funding	\$ 66,174,613	\$ 59,981,681
Financial Accounting		
Present value of accumulated plan benefits	\$ 102,366,733	\$ 96,868,273
Assets available for benefits	\$ 71,559,495	\$ 62,115,638
Surplus/(shortfall) of assets over value of plan benefits	\$ (30,807,238)	\$ (34,752,635)

Highlights – Continued

Plan Year Beginning	07/01/14	07/01/13
Participants		
Number of participants:		
Active	251	255
Inactive with deferred benefits	24	19
Inactive receiving benefits	<u>181</u>	<u>175</u>
Total in valuation	456	449
Active participant averages:		
Age nearest birthday	47.1	47.7
Years of employment to date	10.9	11.2
Compensation for benefits	\$ 48,559	\$ 48,887

Changes Since the Last Valuation

The unfunded liability is re-amortized as of July 1, 2014 based on a 20-year level percent of pay closed amortization with payments increasing at 4.0% per year.

Six retirees which had previously been valued in and funded by the Town of Narragansett Pension Plan were moved to the Town of Narragansett Chapter 1666 Police Pension Plan. Asset values and liabilities were updated accordingly, as shown in the following pages of this report.

The valuation assumptions have changed as follows:

The future salary increases for Local 1033 members have been updated to reflect increases of \$1,000 with an additional 2.00% as of July 1, 2014, \$1,000 with an additional 2.00% as of July 1, 2015, and \$3,000 with an additional 2.00% as of July 1, 2016. Salaries then increase at the rates shown on the assumptions pages for all other employees. Note that salary increases first apply the dollar increase to the base salary, then apply the percentage increase to both the original base salary and the flat dollar increase.

The future salary increases for Council 94 members have been updated to reflect increases of 2.50% as of July 1, 2014, 3.00% as of July 1, 2015, and 2.50% as of July 1, 2016. Salaries then increase at the rates shown on the assumptions pages for all other employees.

The employee contribution rates have been updated to reflect the provision changes outlined below.

The plan provisions have changed as follows:

The contribution rate for school employees was corrected to 8%.

The contribution rate for non-union municipal employees increased to 10% per the vote of the Town Council on July 15, 2013.

Actuary's Opinion

This report provides information regarding the actuarial valuation prepared for

Town of Narragansett Pension Plan

The actuarial valuation was prepared as of July 1, 2014 using information which has been reconciled and reviewed for reasonableness. Employee census information was provided by the Town and asset information was provided by the Town. Our review was not performed at the source, and we therefore do not accept responsibility for the accuracy or completeness of the data on which the information is based.

To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries.

In our opinion, the actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan.

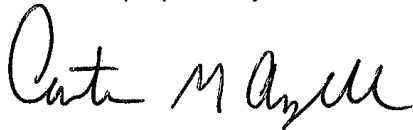
Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report.

To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Nyhart

Valuation prepared by:



Carter M. Angell, FSA, EA

Valuation reviewed by:



Tayt V. Odom, FSA, EA

December 4, 2014

Date

Section 1 - Assets

1.1 Reconciliation of Plan Assets

Transaction activity is summarized in Section A and market value of assets is reconciled in Section B from 06/30/13 to 06/30/14 as follows:

A. Net income/(loss):

(1) Contributions:			
From town	\$	3,237,890	
From participants		1,272,360	
Other		<u>0</u>	\$ 4,510,250
(2) Interest and Dividends			1,500,921
(3) Net appreciation/(depreciation) in fair market value of investments			9,021,414
(4) Other income			0
(5) Disbursements:			
Benefit payments	\$	4,134,229	
Investment expenses		392,369	
Administrative expenses		<u>36,250</u>	4,562,848
(6) Transfer of Assets to Chapter 1666 Police Pension Plan			1,025,880
(7) Net income/(loss) = (1) + (2) + (3) + (4) – (5) – (6)			\$ 9,443,857

B. Reconciliation of market value of assets:

(1) Market value of assets as of 06/30/13	\$	62,115,638
(2) Net income/(loss) from A(7)		9,443,857
(3) Market value of assets as of 06/30/14 = (1) + (2)	\$	71,559,495

Section 1 – Continued**1.2 Summary of Assets**

(1) Cash and Cash Equivalents				\$ 4,314,077
(2) General investments:				
Fixed Income	\$ 18,088,063	(26%)		
Domestic Equity	32,026,669	(46%)		
International Equity	9,678,247	(14%)		
Alternatives	<u>9,772,694</u>	(14%)		69,565,673
(3) Receivables:				
Employer contributions	\$ 71,822			
Income	<u>59,584</u>			131,406
(4) Prepaid Expenses				360,510
(5) Liabilities:				
Due to General Fund	\$ 1,963,701			
Internal Balances	(177,410)			
Accounts Payable & Accrued Expenses	<u>0</u>			1,786,291
(6) Transfer of Assets to Chapter 1666 Police Pension Plan				1,025,880
(7) Total assets = (1) + (2) + (3) + (4) – (5) – (6)				71,559,495

1.3 Actuarial Value of Assets

The market value of plan assets has been adjusted for valuation purposes to smooth the effects of appreciation and/or depreciation in assets over a 5-year period. Determination of the actuarial value of plan assets is detailed below.

(1) Fair market value of assets as of 06/30/2014					\$ 71,559,495
(2) Five-year smoothing of gains/(losses):					
2013	\$ 5,421,197	x 80%	=	\$ 4,336,958	
2012	\$ 3,543,982	x 60%	=	\$ 2,126,389	
2011	\$ (5,057,178)	x 40%	=	\$(2,022,871)	
2010	\$ 4,722,028	x 20%	=	\$ 944,406	\$ 5,384,882
(3) Actuarial value of assets = (1) – (2)					\$ 66,174,613

Section 1 – Continued

1.4 Average Rates of Return on Assets

Average rates of investment return have been determined using the formula

Two times (I) divided by (A + B – I), where

I is the dollar amount of earnings (including unrealized appreciation or depreciation of plan assets) for the plan year;

A is the value of assets at the beginning of the plan year; and

B is the value of assets at the end of the plan year

Under this formula, all transactions are assumed to occur in the middle of the year, therefore, rates of return determined in this manner are estimates and should be used only for comparison with actuarial assumptions.

Plan Year Ending	06/30/14	06/30/13	06/30/12
Based on average market value:			
Earnings after expenses	16.21%	14.01%	-1.60%
Based on actuarial value:			
Earnings after expenses	11.38%	5.57%	2.88%

Section 2 – Contribution Alternatives – All Divisions

2.1 Annual Required Contribution

The contribution required under GASB #27 is shown for the current and prior plan years.

Plan Year Ending	06/30/15	06/30/14
(1) Employer normal cost	\$ 1,654,426	\$ 1,689,350
(2) Net amortization payment (Exhibit 1)	2,885,526	3,538,489
(3) Interest at valuation rate on (1) + (2)	340,496	392,088
(4) Annual required contribution = (1) + (2) + (3)	\$ 4,880,448	\$ 5,619,927

2.2 Actuarial Recommended Funding Contribution

Plan Year Ending	06/30/15	06/30/14
(1) Employer normal cost	\$ 1,654,426	N/A
(2) Net amortization payment (Exhibit 1)	2,885,526	N/A
(3) Interest at valuation rate on (1) + (2)	340,496	N/A
(4) Actuarial recommended funding contribution = (1) + (2) + (3)	\$ 4,880,448	N/A

Section 2 – Continued

2.3 Annual Required Contribution/Actuarial Recommended Funding Contribution – By Division

Plan Year Ending: June 30, 2015

	Municipal Employees	Police	Firefighters	School	Total
(1) Total Normal Cost	800,776	722,559	398,143	629,079	2,550,557
(2) Expected Employee Contributions	329,718	248,846	139,132	178,435	896,131
(3) Employer Normal Cost = (1) – (2)	471,058	473,713	259,011	450,644	1,654,426
(4) Net Amortization Payment	991,905	698,972	661,178	533,471	2,885,526
(5) Interest at Valuation rate on (3) + (4)	109,722	87,951	69,014	73,809	340,496
(6) Annual required contribution = (3) + (4) + (5)	1,572,685	1,260,636	989,203	1,057,924	4,880,448

Section 3 – Basis for the Valuation

3.1 Plan Participants

Participant information provided by the plan administrator is summarized in the following table.

	Active	Inactive Participants Benefits Deferred	Receiving Benefits	Total
Participants at 07/01/13	255	19	175	449
Retired	(10)	0	10	0
Disabled	(1)	0	1	0
Rehires	0	0	0	0
Deaths without survivor benefits	0	0	0	0
Deaths with survivor benefits	0	0	(1)	(1)
Beneficiary added	0	0	1	1
Vested terminations	(2)	2	0	0
Non-vested terminations*	(7)	7	0	0
Add alternate payees	0	0	1	1
Benefits paid in full	(5)	(6)	(1)	(11)
Chapter 1666 Retirees Correction	0	0	(6)	(6)
Data corrections	0	1	1	1
New participants during the plan year	21	1 [†]	0	22
Participants as of 07/01/14	251	24	181	456

* Participants are due a return of their employee contributions

† New participant was hired, then terminated in the same plan year. The participant is still due a return of his/her employee contributions with interest.

Section 3 – Continued

3.1 Plan Participants – Continued

	Municipal Employees	Police	Firefighters	School	Totals
Actives					
Eligible for normal retirement benefits	16	3	12	21	52
Non-vested benefits	48	21	25	45	139
Not yet eligible for retirement benefits	19	14	0	27	60
Total	83	38	37	93	251
Receiving					
Currently receiving benefits	92	26	30	33	181
Terminated Vested					
Entitled to deferred benefit	6	0	0	3	9
Entitled to a return of employee contributions	5	2	1	7	15
Totals	186	66	68	136	456

Section 3 – Continued**3.2 Information about Participants****Active Participants**

Number accruing benefits	251
Average age for valuation	47.1
Average years of employment	10.9
Average expected pay	\$ 48,559

Inactive Participants with Deferred Benefits

Number of former participants with deferred benefits	9
Average age for valuation	52.1
Total deferred monthly benefits	\$ 10,581
Average deferred monthly benefit	\$ 1,176
Number of former participants due a return of employee contributions	15
Total employee contributions payable	\$ 240,084

Retired Participants and Beneficiaries

Number of retired pensioners	157
Number of disabled pensioners	13
Number of beneficiaries	10
Number of alternate payees	1
Total monthly benefits	\$ 349,461
Average monthly benefit	\$ 1,931

Section 3 – Continued

3.3 Summary of Plan Provisions

Name of plan

Town of Narragansett Pension Plan

Effective date

The plan was originally effective as of July 1, 1984.

Participation

All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week who elect to contribute to the Plan at the prescribed rates are eligible to participate in the Plan.

School Department employees who have been, are, or will be eligible for membership in the State Teacher’s Retirement System shall be excluded from this Plan.

The Plan shall exclude any Police Officer covered under the 1666 Plan who has refused to join the Plan.

Normal retirement benefit

For all employees hired prior to July 1, 2011: A benefit equal to 2.5% of Final Average Compensation multiplied by years of credited service (subject to a maximum benefit of 75% of Final Average Compensation).

For Council 94 and Local 1033 employees hired on or after July 1, 2011: A benefit equal to 2.0% of Final Average Compensation multiplied by years of credited service up to 20 and 2.5% of Final Average Compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of Final Average Compensation).

For Police and Fire Union members hired on or after July 1, 2013: A benefit equal to 2.0% of Final Average Compensation multiplied by years of credited service.

Chapter 1666 participants shall be entitled to a benefit equal to 50% of final earnings.

Normal retirement date

Municipal Employees	A member may retire upon the later of attainment of age 58 or the completion of 10 years of credited service, but, in any case, he can retire immediately after completing 20 years of credited service
Firefighters	<p>For Firefighters hired prior to July 1, 2011: A Firefighter may retire upon completion of 20 years of credited service</p> <p>For Firefighters hired on or after July 1, 2011, except Blanchette and Hultzman: A Firefighter may retire 23 years from their date of hire with a minimum 20 years of credited service</p> <p>For Firefighters hired on or after July 1, 2013: A Firefighter may retire upon completion of 25 years of credited service</p>
Police Officers (including Chapter 1666)	<p>For Police Union members hired before July 1, 2013: A Police Union member may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service</p> <p>For Police Union members hired on or after July 1, 2013: A Police Union member may retire upon the completion of 25 years of credited service</p>

Section 3 – Continued**3.3 Summary of Plan Provisions** – Continued**Average monthly salary**

Average annual basic compensation during the highest three consecutive years of service.

Early retirement

A member who has attained age 55 with 10 years of credited service, or has attained age 50 with 20 years of credited service may elect to retire and receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

Disability retirement

Non-Occupational Causes

Municipal Employees After the completion of seven years of credited service but prior to attainment of age 58, a disabled member is entitled to the greater of (a) 2.5% of Final Average Compensation multiplied by years of credited service (subject to a minimum of 25% and maximum of 50%) or (b) 1 2/3% of Final Average Compensation multiplied by years of credited service (subject to a minimum of 25%)

Firefighters and Police Officers After the completion of seven years of credited service but prior to attainment of age 58 (age 55 for firefighters), a benefit equal to 2.5% of Final Average Compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%)

Occupational Causes A benefit equal to 66 2/3% of the annualized rate of compensation determined as of the date of disability, reduced by the monthly value of any payments provided for the member under any worker's compensation law.

Preretirement death benefit

Municipal Employees

Non-Occupational Causes Upon the death of a member his beneficiary shall be entitled to the greater of (a) a refund of employee contributions with interest plus a lump sum benefit equal to \$400 times years of credited service (subject to a minimum of \$2,000 and a maximum of \$8,000) or (b) for a member with 10 or more years of credited service, a refund of employee contributions with interest, plus a monthly benefit equal to 50% of the member's accrued benefit.

Occupational Causes Upon the death of a member, his beneficiary shall receive a refund of employee contributions with interest, plus a benefit equal to 50% of compensation.

Firefighters and Police Officers Upon the death of a Firefighter or Police Officer who has completed 10 years of credited service, the beneficiary may elect either a refund of employee contributions with interest or a benefit equal to 50% of the accrued benefit. Special rules apply for death after meeting the eligibility for retirement.

Section 3 – Continued

3.3 Summary of Plan Provisions – Continued

Termination Benefit

For vested participants: Accrued benefit payable at normal retirement date

For non-vested participants: A return of employee contributions with interest payable as a lump sum

Vesting

For non-Firefighters: 100% vested after 10 years of Credited Service

For Firefighters: 100% vested after 20 years of Credited Service

Compensation

Annual base compensation excluding longevity, incentive and holiday pay

Credited service

Contributing employees will receive credit for all service rendered to the Town from date of membership subject to certain special provisions.

Cost of Living Adjustments

Municipal Employees	Who retire on or after July 1, 2002 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the employee turns 58 years old.
Firefighters	<p>Who retire on or after July 1, 2002 and before July 1, 2015 shall receive annually a 3% compounded COLA beginning on the July 1 of the year that the firefighter turns 52 years old.</p> <p>Who retire on or after July 1, 2015 shall receive annually a 3% simple COLA beginning on the July 1 of the year that the firefighter turns 52 years old, subject to the suspension below.</p> <p>The COLA has been suspended for 8 years for active members as of July 1, 2013.</p>
Police Officers	<p>Who retire on or after July 1, 2002, if employed before July 1, 2013, shall receive annual 3% compounded COLAs beginning on the earlier of July 1 or the year that the employee turns 52 years old of July 1 of the year that is the fifth anniversary of the police officer's retirement, subject to the suspension below.</p> <p>Employees hired on or after July 1, 2013 shall receive a 3% simple COLA at retirement and when eligible</p> <p>The COLA has been suspended for 8 years for active members as of July 1, 2013</p>

Section 3 – Continued**3.3 Summary of Plan Provisions** – Continued**Optional forms of payment**

In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

Participant contributions

As of July 1, 2014

Municipal Employees	10% of salary; for Council 94 and Local 1033 employees, 11% of salary
Firefighters	10.5% of salary, holiday, incentive & longevity, increasing to 11% as of July 1, 2015
Police Officers	11% of base salary, holiday, incentive & longevity
Laborers & Clerical	10% of base salary & longevity
Mid-managers	10% of base salary & longevity
Non Union	10% of base salary
School	8% of base salary

Contributions cease once a participant has reached 30 years of service

Section 3 – Continued

3.4 Actuarial Assumptions

Actuarial assumptions concerning future events are described below. Please see *Highlights* section for comments regarding changes in assumptions since the last valuation.

Retirement age

Municipal Employees 100% retirement at the earlier of the completion of 20 years of service or attainment of age 58 with at least 10 years of service.

Firefighters and Police 100% retirement at the earlier of the completion of 20 years of service or attainment of age 58.

Mortality of healthy lives

Municipal Employees RP2000 Fully Generational, Base Year 2000, Scale AA
 Firefighters and Police RP2000 Fully Generational, Base Year 2000, Scale AA

Mortality of disabled lives

Municipal Employees RP2000 Fully Generational, Base Year 2000, Scale AA
 Firefighters and Police RP2000 Fully Generational, Base Year 2000, Scale AA

Disablement

None assumed

Withdrawal

Municipal Employees Rates in accordance with the T2 Table of *The Pension Actuary's Handbook*.

Age	Percent
25	3.99%
35	2.00%
45	0.59%
55	0.00%

Firefighters and Police None

Future salary increases

Local 1033 Members Salary increases of \$1,000 with an additional 2.00% as of July 1, 2014, \$1,000 with an additional 2.00% as of July 1, 2015, \$3,000 with an additional 2.00% as of July 1, 2016, then increases at the rates shown below for All Other Employees

Note that salary increases first apply the dollar increase to the base salary, then apply the percentage increase to both the original base salary and the flat dollar increase

Council 94 Members Salary increases by 2.50% as of July 1, 2014, 3.00% as of July 1, 2015, 2.50% as of July 1, 2016, then increases at the rates shown below for All Other Employees

Section 3 – Continued

3.4 Actuarial Assumptions – Continued

Future salary increases – Continued

All Other Employees	<table border="0"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Percent</td> </tr> <tr> <td style="text-align: center;">20-29</td> <td style="text-align: center;">6.00%</td> </tr> <tr> <td style="text-align: center;">30-34</td> <td style="text-align: center;">5.50%</td> </tr> <tr> <td style="text-align: center;">35-39</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td style="text-align: center;">40-44</td> <td style="text-align: center;">4.50%</td> </tr> <tr> <td style="text-align: center;">45+</td> <td style="text-align: center;">4.00%</td> </tr> </table>	Age	Percent	20-29	6.00%	30-34	5.50%	35-39	5.00%	40-44	4.50%	45+	4.00%
Age	Percent												
20-29	6.00%												
30-34	5.50%												
35-39	5.00%												
40-44	4.50%												
45+	4.00%												
Valuation interest rate	7.5%												
Eligible spouse	85% of participants assumed to be married with female spouse 4 years younger												
Cost of Living Adjustment	<p>For Council 94: 3% increase is assumed once the participant is eligible with a simple COLA occurring once the benefit reaches \$35,000</p> <p>For Local 1033: 3% increase is assumed once the participant is eligible. For employees retiring after January 1, 2012, a 3% increase with a simple COLA occurring once the benefit reaches \$45,000</p> <p>For Police and Fire: the COLA is suspended for active members as of July 1, 2013 for 8 years</p> <p>For Fire members expected to retire before July 1, 2015: the COLA is 3% compounded when eligible and subject to the suspension noted above</p> <p>For Fire members expected to retire on or after July 1, 2015: the COLA is 3% simple when eligible and subject to the suspension noted above</p> <p>For Police members hired on or after July 1, 2013: a 3% simple COLA when eligible</p> <p>For all other employees: 3% compound COLA is assumed once eligible</p>												

Section 3 – Continued**3.5 Valuation Procedures****Funding method****Actuarial Recommended Funding Contribution and Annual Required Contribution – Entry Age Normal Cost Method**

The actuarial cost method used in determining the Actuarial Recommended Funding and Annual Required contributions is the entry age normal cost method.

In determining the Annual Required and Actuarial Recommended Funding Contribution, the excess of the entry age actuarial accrued liability over the actuarial value of plan assets is amortized over a closed 20 year period as a level percentage of pay. For this purpose, pay is assumed to grow at 4.00% annually.

Asset valuation method

The actuarial value of assets is equal to the fair market value of assets on the valuation date adjusted for a 5 year phase in of gains and losses on fair market value of assets.

Other procedures

Benefits projected to assumed retirement age for active participants have been limited so as not to exceed maximum benefit limits imposed by Code Section 415(b) and/or maximum compensation limits of Code Section 401(a)(17).

Exhibit 1 – Unfunded Actuarial Liability

A. Unfunded Entry-Age Actuarial Accrued Liability

(1)	Active participants	\$ 51,298,408
(2)	Inactive participants with deferred benefits	1,500,138
(3)	Participants/beneficiaries receiving benefits	56,287,503
(4)	Total entry-age actuarial accrued liability = (1) + (2) + (3)	109,086,049
(5)	Actuarial value of assets as of 07/01/14	66,174,613
(6)	Unfunded actuarial liability as of 07/01/14 = (4) – (5), not less than zero	\$ 42,911,436

B. Annual Required Contribution/Actuarial Recommended Funding Contribution Amortization Schedule

	First Payment	Remaining Amortization Period (Years)	Outstanding Balance	Annual Payment
Charges:	07/01/2014	20	\$ 42,911,436	\$ 2,885,526
		Total:	\$ 42,911,436	\$ 2,885,526

**Town of Narragansett
Pension Plan**

Appendix A

Financial Reporting for Statement No. 25/27

As Amended by Statement No. 50

**Governmental Accounting Standards Board
for Fiscal Year Ending 06/30/2014**

Town of Narragansett – Pension Plan

Statement of Plan Net Assets as of June 30,

	2014	2013
Assets		
Cash	\$ 4,314,077	\$ 0
Investments [‡]		
Fixed Income	18,088,063	14,773,446
Domestic Equity	32,026,669	28,913,128
International Equity	9,678,247	17,389,163
Alternatives	<u>9,772,694</u>	<u>2,740,142</u>
Total Investments	\$ 69,565,673	\$ 63,815,879
Receivables	\$ 131,406	\$ 68,298
Prepaid Expenses	\$ 360,510	\$ 296,551
Liabilities		
Due to General Fund	\$ 1,963,701	\$ 2,065,090
Internal Balances	\$ (177,410)	\$ 0
Accounts Payable and Accrued Expenses	\$ 0	\$ 0
Transfer of Assets to Chapter 1666 Police Pension Plan	\$ 1,025,880	\$ 0
Net assets held in trust for pension benefits	\$ 71,559,495	\$ 62,115,638

[‡] Asset allocations were shown with different descriptions at 7/1/2013. Allocations shown for 7/1/2013 are estimated.

Town of Narragansett – Pension Plan

Statement of Changes in Plan Net Assets for the years ended June 30,

	2014	2013
Additions		
Contributions		
Employer	\$ 3,237,890	\$ 2,627,014
Employee	1,272,360	1,156,823
Other	<u>0</u>	<u>0</u>
Total contributions	\$ 4,510,250	\$ 3,783,837
Investment income		
Interest and dividends	\$ 1,500,921	\$ 1,607,638
Net appreciation/depreciation in fair value of investments	<u>9,021,414</u>	<u>6,305,878</u>
Net investment income	\$ 10,522,335	\$ 7,913,516
Total additions	\$ 15,032,585	\$ 11,697,353
Deductions		
Benefits	\$ 4,134,229	\$ 3,776,706
Administrative and Other Expenses	<u>428,619</u>	<u>396,391</u>
Total deductions	\$ 4,562,848	\$ 4,173,097
Transfer in/out for Retiree Health Care	\$ 0	\$ 0
Transfer of Assets to Chapter 1666 Police Pension Plan	\$ 1,025,880	\$ 0
Increase/(Decrease) to General Fund Liability	\$ 0	\$ (112,998)
Net increase/(decrease)	\$ 9,443,857	\$ 7,637,254
Net assets held in trust for benefits		
Beginning of year	\$ <u>62,115,638</u>	\$ <u>54,478,384</u>
End of year	\$ 71,559,495	\$ 62,115,638

Town of Narragansett – Pension Plan

Required Pension Disclosure Under GASB #27 Schedule of Funding Progress

Valuation Date	Valuation** Assets	Accrued Liability*	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as % of Payroll
01/01/93	\$ 12,631,307	\$ 15,218,551	\$ 2,587,244	83.0 %	\$ 5,171,827	50.0%
01/01/94	\$ 14,226,068	\$ 18,105,897	\$ 3,879,829	78.6 %	\$ 5,461,950	71.0%
01/01/95	\$ 14,413,105	\$ 20,106,524	\$ 5,693,419	71.7 %	\$ 5,850,913	97.3%
01/01/96	\$ 17,814,249	\$ 22,396,296	\$ 4,582,047	79.5 %	\$ 5,891,005	77.8%
01/01/97	\$ 20,300,972	\$ 24,530,154	\$ 4,229,182	82.8 %	\$ 6,222,743	68.0%
01/01/98	\$ 23,966,134	\$ 26,175,165	\$ 2,209,031	91.6 %	\$ 6,531,974	33.8%
01/01/99	\$ 28,020,433	\$ 27,968,369	\$ (52,064)	100.2%	\$ 6,902,270	(0.8%)
01/01/00	\$ 32,061,782	\$ 30,371,465	\$ (1,690,317)	105.6%	\$ 7,337,529	(23.0%)
01/01/03	\$ 32,353,844	\$ 41,331,700	\$ 8,977,856	78.3%	\$ 8,466,424	106.0%
07/01/04	\$ 38,783,456	\$ 49,772,860	\$ 10,989,404	77.9%	\$ 8,814,679	124.7%
07/01/05	\$ 41,278,370	\$ 52,236,039	\$ 10,957,669	79.0%	\$ 9,279,194	118.1%
07/01/07	\$ 50,566,985	\$ 64,920,534	\$ 14,353,549	77.9%	\$ 9,803,980	146.4%
07/01/08	\$ 53,153,249	\$ 66,594,667	\$ 13,441,418	79.8%	\$ 9,620,655	139.7%
07/01/09	\$ 53,379,846	\$ 70,750,626	\$ 17,370,780	75.4%	\$ 9,620,655	180.6%
07/01/10	\$ 53,870,256	\$ 77,014,388	\$ 23,144,132	69.9%	\$ 11,975,586	193.3%
07/01/11	\$ 55,636,412	\$ 87,849,253	\$ 32,212,841	63.3%	\$ 11,393,405	282.7%
07/01/12	\$ 56,809,355	\$ 98,815,043	\$ 42,005,688	57.5%	\$ 12,482,365	336.5%
07/01/13	\$ 59,981,681	\$ 104,162,759	\$ 44,181,078	57.6%	\$ 12,466,246	354.4%
07/01/14	\$ 66,174,613	\$ 109,086,049	\$ 42,911,436	60.7%	\$ 12,188,272	352.1%

*Determined under the Entry Age actuarial cost method as defined in Statement #27 of the Governmental Accounting Standards Board. Under this method, the excess of the entry-age actuarial accrued liability over the actuarial value of plan assets is amortized over an open period which was 40 years prior to July 1, 2006 and is 30 years after July 1, 2006 through July 1, 2013. As of July 1, 2014, the excess is amortized over a closed period of 20 years as a level percentage of pay.

** Smoothed value of assets used beginning with the 7/1/08 valuation.

Town of Narragansett – Pension Plan

Required Pension Disclosure Under GASB #27

Schedule of Contributions from the Employer and Other Contributing Entities

Fiscal Year Ending	Annual Required Contribution*	Employer Funding Contributions	Percentage Contributed	Net Pension Obligation
12/31/2001	\$ 884,131	\$ 869,736	98.4%	\$ 2,354,760
12/31/2002	\$ 884,131	\$ 888,603	100.5%	\$ 2,351,515
12/31/2003	\$ 1,986,691	\$ 909,544	45.8%	\$ 3,429,888
06/30/2004	\$ 1,986,691	\$ 986,097	49.6%	\$ 4,307,936
06/30/2005	\$ 2,255,815	\$ 960,733	42.6%	\$ 5,605,263
06/30/2006	\$ 2,184,453	\$ 1,028,030	47.1%	\$ 6,768,072
06/30/2007	\$ 2,653,919	\$ 1,051,572	39.6%	\$ 8,304,944
06/30/2008	\$ 2,630,851	\$ 1,164,457	44.3%	\$ 9,740,079
06/30/2009	\$ 2,462,870	\$ 1,342,866	54.5%	\$ 10,823,422
06/30/2010	\$ 2,462,870	\$ 1,557,772	63.3%	\$ 11,687,782
06/30/2011	\$ 3,581,961	\$ 1,936,385	54.1%	\$ 13,289,366
06/30/2012	\$ 4,359,974	\$ 2,177,565	50.0%	\$ 15,421,754
06/30/2013	\$ 5,432,159	\$ 2,627,014	48.4%	\$ 18,168,853
06/30/2014	\$ 5,619,927	\$ 3,237,890	57.6%	\$ 20,482,504

*Determined under the Entry Age actuarial cost method as defined in Statement #27 of the Governmental Accounting Standards Board. Under this method, the excess of the entry-age actuarial accrued liability over the actuarial value of plan assets is amortized over an open period which was 40 years prior to July 1, 2006 and is 30 years after July 1, 2006 through July 1, 2013. As of July 1, 2014, the excess is amortized over a closed period of 20 years as a level percentage of pay.

Town of Narragansett – Pension Plan

Required Pension Disclosure Under GASB #27

Trend Information

Fiscal Year Ending	Annual Pension Cost*	Employer Funding Contributions	Percentage Contributed	Net Pension Obligation
12/31/2001	\$ 885,350	\$ 869,736	98.2%	\$ 2,354,760
12/31/2002	\$ 885,358	\$ 888,603	100.4%	\$ 2,351,515
12/31/2003	\$ 1,987,917	\$ 909,544	45.8%	\$ 3,429,888
06/30/2004	\$ 1,864,145	\$ 986,097	52.9%	\$ 4,307,936
06/30/2005	\$ 2,258,060	\$ 960,733	42.5%	\$ 5,605,263
06/30/2006	\$ 2,190,839	\$ 1,028,030	46.9%	\$ 6,768,072
06/30/2007	\$ 2,588,444	\$ 1,051,572	40.6%	\$ 8,304,944
06/30/2008	\$ 2,599,592	\$ 1,164,457	44.8%	\$ 9,740,079
06/30/2009	\$ 2,426,209	\$ 1,342,866	55.3%	\$ 10,823,422
06/30/2010	\$ 2,422,132	\$ 1,557,772	64.3%	\$ 11,687,782
06/30/2011	\$ 3,537,969	\$ 1,936,385	54.7%	\$ 13,289,366
06/30/2012	\$ 4,309,953	\$ 2,177,565	50.5%	\$ 15,421,754
06/30/2013	\$ 5,374,113	\$ 2,627,014	48.9%	\$ 18,168,853
06/30/2014	\$ 5,551,541	\$ 3,237,890	58.3%	\$ 20,482,504

*Determined under the Entry Age actuarial cost method as defined in Statement #27 of the Governmental Accounting Standards Board. Under this method, the excess of the entry-age actuarial accrued liability over the actuarial value of plan assets is amortized over an open period which was 40 years prior to July 1, 2006 and is 30 years after July 1, 2006 through July 1, 2013. As of July 1, 2014, the excess is amortized over a closed period of 20 years as a level percentage of pay.

Town of Narragansett – Pension Plan

Required Pension Disclosure Under GASB #27

Annual Pension Cost and Net Pension Obligation

	Year Ending 6/30/2010	Year Ending 6/30/2011	Year Ending 6/30/2012	Year Ending 6/30/2013	Year Ending 6/30/2014
Annual Required Contribution (ARC)	\$ 2,462,870	\$ 3,581,961	\$ 4,359,974	\$ 5,432,159	\$ 5,619,927
Interest on Net Pension Obligation (NPO)	811,757	876,584	996,702	1,156,632	1,362,664
Adjustment to ARC	<u>(852,495)</u>	<u>(920,576)</u>	<u>(1,046,723)</u>	<u>(1,214,678)</u>	<u>(1,431,050)</u>
Annual Pension Cost	\$ 2,422,132	\$ 3,537,969	\$ 4,309,953	\$ 5,374,113	\$ 5,551,541
Actual Contributions	<u>(1,557,772)</u>	<u>(1,936,385)</u>	<u>(2,177,565)</u>	<u>(2,627,014)</u>	<u>(3,237,890)</u>
Increase/(decrease) in NPO	\$ 864,360	\$ 1,601,584	\$ 2,132,388	\$ 2,747,099	\$ 2,313,651
NPO Beginning of Year	<u>10,823,422</u>	<u>11,687,782</u>	<u>13,289,366</u>	<u>15,421,754</u>	<u>18,168,853</u>
NPO End of Year	\$ 11,687,782	\$ 13,289,366	\$ 15,421,754	\$ 18,168,853	\$ 20,482,504
Interest Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Amortization Period	30	30	30	30	30