ANGELL

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December 4, 2015

PERSONAL & CONFIDENTIAL

Mr. Robert Mushen
Chair, Pension Committee
c/o Town Hall
P.O. Box 226
Little Compton, RI 02837-0226

RE: Town of Little Compton Pension Plan

Dear Bob:

Enclosed is the July 1, 2015 actuarial valuation report, which outlines the funding requirements and summarizes the current position of the Plan.

Please call me at extension 202 if you have any questions or need additional information.

Sincerely,

Matt Crawford
Defined Benefit Administrator
The Angell Pension Group, Inc.
MCrawford@AngellPensionGroup.com
Phone: (401) 438-9250 x 202

Town of Little Compton Pension Plan

Actuarial Valuation

as of July 1, 2015

For the Fiscal Year Beginning July 1, 2015

and Ending June 30, 2016

Prepared By:

The Angell Pension Group, Inc.
88 Boyd Avenue
East Providence, RI 02914
Telephone (401) 438-9250

December 2015

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I. INTRODUCTION

This report presents the results of the actuarial valuation as of July 1, 2015 of the Town of Little Compton Pension Plan. The purpose of the report is to illustrate the current position of the plan and present information which will assist the Town in determining the appropriate contribution for the plan year beginning July 1, 2015 and ending June 30, 2016.

Section II contains a summary of the benefits that were included in the valuation.

Section IX of this report illustrates three alternative contributions for this plan year. The first contribution figure represents the Town's pension cost under the plan, without considering any amortization of the unfunded actuarial accrued liability. The second figure represents the Town's pension cost, plus a 30-year amortization of the unfunded actuarial accrued liability. The third figure represents the Town's pension cost, plus a 10-year amortization of the unfunded actuarial accrued liability. All contribution amounts assume payment is made on June 30, 2016.

This valuation was prepared on the basis of information submitted to The Angell Pension Group, Inc. in the form of payroll and asset data, as well as ancillary material pertaining to the plan, and was prepared in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). We have not independently verified, nor do we make any representations as to, the accuracy of such information.

Jean M. Wilson, E.A.
Member, American Academy of Actuaries

12/3/2015
Date

Matthew Crawford
Defined Benefits Administrator

II. SUMMARY OF PLAN PROVISIONS

Plan Effective Date:	January 1, 1972
Eligible Employees:	All full time employees of the bargaining unit of the Little Compton Municipal Employees Association, permanent members of the Fire and Police Departments, members of the Educational Support Personnel Union, the Town Clerk, the Town Treasurer, the Police Chief, the Fire Chief, the Building Official, the Librarian and the Deputy Librarian.
Plan Entry Date:	All Eligible Employees will enter the plan on the first day of the plan year coincident with or next following the employee's date of hire.
Year of Service:	12-consecutive-month computation period in which an employee is credited with 1,000 or more hours of service. Benefit Accrual: Computation period commences January 1st. Vesting: Computation period commences January 1st.
Normal Retirement Date:	A Participant's 62nd birthday or, if later, the fifth anniversary of his initial Employment Date. Effective July 1, 1992, in the case of a Participant who is a member of (a) the Police Officers Union and is employed by the Town of Little Compton Police Department or (b) the Firefighters Union and is employed by the Town of Little Compton Fire Department, "Normal Retirement Age" shall mean the earlier of (1) his 62nd birthday or, if later, the fifth anniversary of his initial Employment Date, or (2) the date he completes twenty-five (25) Years of Service.
Compensation:	The basic rate of pay in effect on the July 1st of each plan year exclusive of overtime pay and bonuses.
Average Compensation:	Compensation of a Participant averaged over the five (5) consecutive calendar years in his last ten (10) calendar years as an Employee producing the highest average prior to the earlier of (1) his termination of Service or (2) termination of the Plan. Effective July 1, 2000, "Average Compensation" shall mean the Compensation of a Participant averaged over the three (3)

consecutive calendar years in his last ten (10) calendar years as an Employee producing the highest average prior to the earlier of (1) his termination of Service or (2) termination of the Plan.

For members of the Fire and Police Departments, the highest annualized rate of pay will be used.

Employee Contributions: Commencing July 1, 1995 and ending June 30, 1997, each participant who is a member of the Fire Department (other than the Fire Chief) shall contribute to the Plan an amount equal to four and one-half percent (4.5%) of his compensation.

Effective July 1, 1997, employee contributions for Fire Department members are no longer required.

Commencing July 1, 1994 and ending June 30, 2000, any police officer hired after July 1, 1994 must contribute 2.5% of his base annual compensation.

Effective July 1, 2000, employee contributions for Police Department members are no longer required.

Effective July 1, 2012, any Fire, Police or Municipal employee hired after July 1, 2012 shall contribute to the Plan an amount equal to seven percent (7.0%) of compensation.

Normal Retirement Benefit: The product of (a) times (b):

(a) 1.65% of Average Compensation, and (b) Years of Service

Effective July 1, 1992, members of the Police and Fire Departments may retire after 25 years of service at fifty percent of their highest annual salary. Commencing July 1, 1994 and ending June 30, 2009, a police officer must have attained age 55 with 25 years of service before retiring with fifty percent of highest annual salary.

Effective July 1, 1997, members of the Police and Fire

Departments will receive an additional 2% of salary for each year of service in excess of 25 years, subject to a maximum of 5 additional years.

The minimum annual benefit shall be $100 multiplied by the number of Years of Service.

Effective July 1, 2000, participants in pay status will receive an annual cost-of-living increase of 2% per year, effective as of each July 1st for participants in pay status as of July 1, 2000, and effective each anniversary date of retirement for participants retiring after July 1, 2000. Effective July 1, 2005, the annual cost-of-living increase will be effective each July 1st for all participants in pay status, except for those in pay status due to occupational disability described below.

Normal Form of Benefit: Life Annuity. Other forms of benefit, including a Qualified Joint & Survivor Annuity, are available on an actuarially equivalent basis.

Accrued Benefit: The Normal Retirement Benefit based on Average Compensation and Years of Service to date.

Early Retirement: A Participant who separates from Service on or after the later of his attainment of age fifty (50) and the completion of at least twenty (20) Years of Service shall be entitled to elect to receive his monthly retirement benefit either (a) commencing on his Normal Retirement Date in an amount equal to the product of one and one-half percent (1.5%) of his Average Compensation and the number of his Years of Service, or (b) commencing on the first day of the month following his satisfaction of the age and service requirements for Early Retirement in an amount equal to the product of one and twenty-five hundredths percent (1.25%) of his Average Compensation and the number of his Years of Service.

Death Benefit: If a participant should die while in the employ of the Employer and is survived by an eligible spouse, such spouse shall be entitled to receive a qualified pre-retirement survivor annuity, as defined in the Plan.

Disability Benefit: A participant who has been credited with ten or more Years of Service becomes totally and permanently disabled shall be entitled to payment of the Accrued Benefit.

If a participant who is a member of the Fire or Police Department separates from service by reason of occupational disability, the participant shall be entitled to a monthly benefit equal to 68% of the participant's compensation at the time of occupational disability. A participant receiving an occupational disability shall not be eligible for the cost of living increases.

Vesting: A participant will become 100% vested in his Accrued Benefit upon the completion of ten Years of Service. Notwithstanding this vesting schedule, a participant will become 100% vested upon reaching the Normal Retirement Date.

III. ACTUARIAL COST METHODS

A. Actuarial Cost Method

Costs have been computed in accordance with the Entry Age Normal Cost Method.

The normal cost is the sum of the normal costs for all active participants who have not reached the assumed retirement age. For each such participant, the individual normal cost is the participant's normal cost accrual rate multiplied by the participant's current compensation. The normal cost accrual rate equals (a) the actuarial present value of future benefits as of the participant's entry age divided by (b) the actuarial present value of future compensation as of the participant's entry age. For other participants, the normal cost equals zero.

The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to the actuarial present value of future benefits less the normal cost accrual rate multiplied by the actuarial present value of future compensation.

B. Asset Valuation Method

The actuarial value of the plan assets used in determining plan costs is equal to the fair market value.

C. Changes in Actuarial Methods

No changes in actuarial methods have occurred since the prior plan year.

IV. ACTUARIAL ASSUMPTIONS

A. Assumptions Used For The Current Plan Year

Actuarial assumptions are estimates as to the occurrence of future events affecting the costs of the plan such as mortality rates, withdrawal rates, changes in compensation level, retirement ages, rates of investment earnings, expenses, etc. The assumptions have been chosen to anticipate the long-range experience of the plan.

Investment Return: 7.25%

Discount Rate: 7.25%

Mortality: RP-2014 Blue Collar with MP-2014 Generational Projection (Male/Female); separate tables are used for Employees and Annuitants.

Withdrawal Rate: None

Salary Scale: 3.00% per annum

Assumed Retirement Age: Members of the Fire and Police Departments are assumed to retire at the earlier of age 62, or the completion of 30 Years of Service.

Participants who are not members of the Fire and Police Departments are assumed to retire at age 62.

Participants who are beyond their assumed retirement ages are assumed to retire immediately.

Expenses: The investment return assumption is net of expenses.

Employee Contributions: Effective July 1, 2012, any Fire, Police or Municipal employee hired after July 1, 2012 shall contribute to the Plan an amount equal to seven percent (7.0%) of compensation.

B. Changes In Actuarial Assumptions

Mortality:	The mortality tables were changed from the IRS 2014 Combined (Male/Female) tables to the RP-2014 Blue Collar (Male/Female) tables with MP-2014 Generational Projection.
Investment Return:	The assumed rate of return was changed from 7.50% to 7.25% per annum.
Discount Rate:	The liability discount rate was changed from 7.50% to 7.25% per annum.
Salary Scale:	Assumed salary increases decreased from 4.00% to 3.00% per annum.

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Town of Little Compton Pension Plan

Summary of Actuarial Assumptions as of June 30, 2015

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Discount Rate	7.25%	Town of Little Compton	"Chosen by plan sponsor." The discount rate is selected by considering the annualized Moody's Aa Index and the Citigroup Pension Liability Index as of the measurement date and the changes in these Indices since the prior measurement date.	The discount rate was changed from 7.50% as of the prior measurement date, June 30, 2014, set equal to the assumed long-term rate of return on assets. The change increased the Plan's actuarial accrued liability as of the current measurement date, June 30, 2015, by 2.83%.
Long-Term Rate of Return on Assets	7.25%	Town of Little Compton	"Chosen by plan sponsor." The assumed long-term rate of return on assets is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor.	The assumed long-term rate of return on assets was changed from 7.50% as of the prior measurement date, June 30, 2014. The change was made to reflect the best estimate of future asset performance under the plan.
Inflation Rate	3.00%	The Angell Pension Group, Inc.	Long-term CPI-U experience.	None
Salary Scale	3.00%	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan, and negotiated future salary increases.	The assumed salary increase scale was changed from 4.00% as of the prior measurement date, June 30, 2014. This change decreased the Plan's actuarial accrued liability as of the current measurement date, June 30, 2015, by 2.03%.
Pre-Retirement Mortality	RP-2014 Blue Collar Employee with MP-2014 Generational Projection (M/F)	Town of Little Compton	"Chosen by plan sponsor." The Society of Actuaries published a study of retirement experience in October, 2014. The RP-2014 tables presented in the study represent the most current and complete benchmarks of U.S. private pension plan mortality experience. As recommended by the authors of the study, the mortality tables used for the Plan include generational projection of mortality improvements using the MP-2014 projection scale.	The mortality tables changed from the 2014 IRS Optional Combined (M/F) tables as of the prior measurement date, June 30, 2014. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in post-retirement mortality, increased the Plan's actuarial accrued liability as of the current measurement date, June 30, 2015, by 3.67%.
Post-Retirement Mortality	RP-2014 Blue Collar Healthy Annuitant with MP-2014 Generational Projection (M/F)	Town of Little Compton	"Chosen by plan sponsor." The Society of Actuaries published a study of retirement experience in October, 2014. The RP-2014 tables presented in the study represent the most current and complete benchmarks of U.S. private pension plan mortality experience. As recommended by the authors of the study, the mortality tables used for the Plan include generational projection of mortality improvements using the MP-2014 projection scale.	The mortality tables changed from the 2014 IRS Optional Combined (M/F) tables as of the prior measurement date, June 30, 2014. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in pre-retirement mortality, increased the Plan's actuarial accrued liability as of the current measurement date, June 30, 2015, by 3.67%.
Disability Rates	None	The Angell Pension Group, Inc.	The incidence of disability under the Plan is negligible.	None
Withdrawal Rates	None	The Angell Pension Group, Inc.	The incidence of withdrawal under the Plan is negligible.	None

Town of Little Compton Pension Plan
Summary of Actuarial Assumptions as of June 30, 2015

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Retirement Rates	Members of the Fire and Police Departments are assumed to retire at the earlier of age 62, or the completion of 30 years of Service. Participants who are not members of the Fire and Police Departments are assumed to retire at age 62.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan.	None
Percent Married	80% of males and 80% of females are assumed to be married.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan.	None
Age of Spouse	The female spouse is assumed to be the same age as the male spouse.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan and general experience from similarly situated plans.	None

A. Market Value of Plan Assets

Fixed Income	$ 2,614,206
Domestic Equities	4,649,640
International Equities	1,680,645
Real Estate	211,268
Cash and Equivalents	(38,987)
TOTAL MARKET VALUE OF PLAN ASSETS:	$9,116,772

B. Actuarial Value of Plan Assets

Total Market Value of Plan Assets	$9,116,772
Plus: Receivable Town Contribution (FYE June 30, 2015)	412,141
TOTAL MARKET VALUE OF PLAN ASSETS:	$9,528,913

C. Contributions for the Prior Plan Year

Date	Amount
August 19, 2015	$412,141
Total	**$412,141**

VI. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

A. Present Values as of July 1, 2015

	Number of Lives	Vested Benefits	Non-Vested Benefits	Total Present Value
Actives:				
Police:	9	$ 549,917	$ 13,268	$ 563,185
Fire:	9	568,000	103,581	671,581
School:	9	673,841	32,662	706,503
Town:	16	1,304,715	101,713	1,406,428
Sub-Totals:	43	$3,096,473	$ 251,224	$3,347,697
Retirees:				
Police:	8	$2,466,814	$ 0	$2,466,814
Fire:	6	1,483,844	0	1,483,844
School:	13	1,521,186	0	1,521,186
Town:	5	392,722	0	392,722
Sub-Totals:	32	$5,864,566	$ 0	$5,864,566
Vested Terminations and Inactive Lives:	8	$ 333,062	$ 0	$ 333,062
TOTALS:	**83**	**$9,294,101**	**$ 251,224**	**$9,545,325**

B. Basis of Determination

The actuarial assumptions used in calculating the Actuarial Present Value of Accumulated Plan Benefits are the same as stated in Section IV, except as follows:

Assumed Benefit Commencement Date:	Benefits for members of the Fire and Police Departments who have completed 30 or more Years of Service are assumed to commence immediately. All other participants are assumed to begin to receive benefit payments at age 62.
Basis of Calculation of Accumulated Plan Benefits for Fire and Police Departments:	Members of the Fire and Police Departments who have not completed 25 Years of Service are assumed to accrue benefits at a rate of 1.65% of Average Compensation multiplied by Years of Service.

C. Effect of Earlier Benefit Commencement

If benefits for members of the Fire and Police Department who have not completed 30 years of service are assumed payable upon completion of 30 years of service (rather than age 62), the present values would be as follows:

D. Present Values as of July 1, 2015

	Number of Lives	Vested Benefits	Non-Vested Benefits	Total Present Value
Actives:				
Police:	9	$792,362	$26,040	$818,402
Fire:	9	848,139	109,937	958,076
School:	9	673,841	32,662	706,503
Town:	16	1,304,715	101,713	1,406,428
Sub-Totals:	43	$3,619,057	$270,352	$3,889,409
Retirees:				
Police:	8	$2,466,814	$0	$2,466,814
Fire:	6	1,483,844	0	1,483,844
School:	13	1,521,186	0	1,521,186
Town:	5	392,722	0	392,722
Sub-Totals:	32	$5,864,566	$0	$5,864,566
Vested Terminations and Inactive Lives:	8	333,062	0	333,062
TOTALS:	**83**	$ 9,816,685	$ 270,352	$10,087,037

VII. DEVELOPMENT OF TOTAL NORMAL COST ON ENTRY AGE METHOD

1.	Entry Age Normal Cost for Police Department	$ 75,317
2.	Entry Age Normal Cost for Fire Department	71,208
3.	Entry Age Normal Cost for School Employees	47,457
4.	Entry Age Normal Cost for Town Employees	71,559
5.	Total Normal Cost as of July 1, 2015 [(1) + (2) + (3) + (4)]	$265,541

VIII. DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

1.	Actuarial Accrued Liability as of July 1, 2015	$11,510,744
2.	Actuarial Value of Assets as of July 1, 2015	9,528,913
3.	Unfunded Actuarial Accrued Liability as of July 1, 2015 [(1) - (2), but not less than zero]	$1,981,831

IX. DEVELOPMENT OF ALTERNATIVE PENSION COSTS

A. Pension Cost Without Amortization of Unfunded Actuarial Accrued Liability

1.	Total Normal Cost	$265,541
2.	Interest on (1) to the end of Plan Year	19,252
3.	Total Pension Cost [(1) + (2)]	284,793
4.	Total Payroll as of July 1, 2015	1,985,681
5.	Total Pension Cost as a Percentage of Payroll [(3)/(4)]	14.34%
6.	Expected Employee Contributions	$14,236
7.	Total Pension Cost (Without Amortization) [(3) - (6)]	$270,557

B. Pension Cost With 30-Year Amortization of Unfunded Actuarial Accrued Liability

1.	Total Normal Cost	$265,541
2.	30-Year Amortization of Unfunded Actuarial Accrued Liability	152,670
3.	Interest on (1) and (2) to the end of the Plan Year	30,320
4.	Total Pension Cost (30-Year Amortization) [(1) + (2) + (3)]	448,531
5.	Total Payroll as of July 1, 2015	1,985,681
6.	Total Pension Cost (30-Year Amort.) as a Percentage of Payroll [(4) / (5)	22.59%
7.	Expected Employee Contributions	$14,236
8.	Town's Pension Cost with 30 Year Amortization [(4) – (7)]	$434,295

C. Pension Cost With 10-Year Amortization of Unfunded Actuarial Accrued Liability

1.	Total Normal Cost	$265,541
2.	10-Year Amortization of Unfunded Actuarial Accrued Liability	266,142
3.	Interest on (1) and (2) to the end of the Plan Year	38,547
4.	Total Pension Cost (10-Year Amortization) [(1) + (2) + (3)]	570,230
5.	Total Payroll as of July 1, 2015	1,985,681
6.	Total Pension Cost (10-Year Amort. as a Percentage of Payroll [(4) / (5)]	28.72%
7.	Expected Employee Contributions	$14,236
8.	Town's Pension Cost with 10 Year Amortization [(4) – (7)]	$555,994

X. RECONCILIATION OF PLAN PARTICIPANTS

	Active	Terminated Vested*	Retired	Total
Participants included in the 07-01-2014 valuation	43	7	33	83
Data corrections	0	0	0	0
Terminated vested	-1	1	0	0
Retired	0	0	0	0
Died with beneficiary	0	0	0	0
Died without beneficiary	0	0	-1	-1
Transferred out	0	0	0	0
Lump sum	0	0	0	0
Terminated non-vested	0	0	0	0
Rehired	0	0	0	0
Transferred in	0	0	0	0
New participants	1	0	0	1
Participants included in the 07-01-2015 valuation	43	8	32	83

* Includes one Town employee who retains benefits previously accrued as a School employee

XI. EXPECTED FUTURE BENEFIT PAYMENTS

Year	Expected Benefit Payments
2015	$498,699
2016	$538,868
2017	$665,691
2018	$681,404
2019	$698,216
2020	$772,179
2021	$793,061
2022	$837,359
2023	$856,276
2024	$887,208
2025	$930,930
2026	$996,544
2027	$1,046,987
2028	$1,106,293
2029	$1,119,302

SCHEDULE OF EMPLOYEE CONTRIBUTIONS

	Name	Date of Hire	Vested Percent	6/30/2014 Balance	Interest at 5.00%	Employee Contributions	6/30/2015 Balance	Accumulated Employee Contributions
FIRE:	Gilbert Amarantes	05/29/1990	100%	$9,015.73	$450.79	$0.00	$9,466.52	$3,596.31
	Jason Dasilva	11/22/2013	0%	$1,867.20	$93.36	$3,450.22	$5,410.78	5,317.42
	Samuel Hussey	03/10/2014	0%	$746.88	$37.34	$3,333.46	$4,117.68	4,080.34
	Donald P. Medeiros	05/12/1986	100%	$9,603.93	$480.20	$0.00	$10,084.13	3,831.30
	Fred M. Melnyk, Jr.	10/02/1996	100%	$1,190.13	$59.51	$0.00	$1,249.64	512.40
	David Wood	01/24/1988	100%	$9,015.73	$450.79	$0.00	$9,466.52	3,596.31
TOWN:	Stephanie Manchester-Wilkie	01/06/2014	100%	$937.57	$46.88	$2,440.76	$3,425.21	3,378.33
	Sara Braswell-Cronin	12/08/2014	0%	$0.00	$0.00	$1,135.17	$1,135.17	1,135.17
POLICE:	Ryan Leclaire	07/23/2012	0%	$6,285.02	$314.25	$3,876.29	$10,475.56	10,030.53
	Totals:			$38,662.19	$1,933.12	$14,235.90	$54,831.22	$35,478.11

HISTORICAL RATES OF RETURN

Year Ending	Market Value of Assets as of Beginning of Year	Contributions	Distributions	Net Earnings	Market Value of Assets as of End of Year	Approximate Rate of Return
06/30/1999	$ 2,981,066	$ 132,098	$ (39,978)	$ 527,132	$ 3,600,318	17.3%
06/30/2000	3,600,318	126,952	(43,212)	518,474	4,202,532	14.2%
06/30/2001	4,202,532	168,230	(67,503)	(450,413)	3,852,846	-10.5%
06/30/2002	3,852,846	170,431	(108,393)	(471,417)	3,443,467	-12.1%
06/30/2003	3,443,467	201,480	(112,665)	112,473	3,644,755	3.2%
06/30/2004	3,644,755	213,750	(141,488)	313,922	4,030,939	8.5%
06/30/2005	4,030,939	325,765	(210,905)	305,868	4,451,667	7.5%
06/30/2006	4,451,667	281,263	(235,325)	385,141	4,882,746	8.6%
06/30/2007	4,882,746	303,154	(239,296)	816,573	5,763,177	16.6%
06/30/2008	5,763,177	358,331	(252,348)	(357,684)	5,511,476	-6.2%
06/30/2009	5,511,476	338,040	(292,131)	(991,488)	4,565,897	-18.0%
06/30/2010	4,565,897	424,375	(289,714)	639,021	5,339,579	13.8%
06/30/2011	5,339,579	507,896	(295,930)	1,192,988	6,744,533	22.0%
06/30/2012	6,744,533	414,405	(303,946)	89,318	6,944,310	1.3%
06/30/2013	6,944,310	341,771	(381,129)	778,892	7,683,844	11.3%
06/30/2014	7,683,844	428,479	(399,323)	1,153,203	8,866,203	15.0%
06/30/2015	8,866,203	412,141	(472,018)	310,446	9,116,772	3.5%