



A N G E L L

June 26, 2015

PERSONAL & CONFIDENTIAL

Mr. Warren West
Coventry Public Schools
Attn: Employee Pension Trustees
1675 Flat River Road
Coventry, RI 02816

The ANGELL Pension Group, Inc.
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East Providence, Rhode Island 02914
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Re: Coventry School Employees' Pension Plan and Trust

Dear Warren:

Enclosed is the Actuarial Valuation report for the Coventry School Employees' Pension Plan and Trust for the plan year ending August 31, 2015.

The additional contribution of \$1,474,748 is expected to be required in addition to the estimated 8% Employee Contribution and 12.75% School Contribution in order to fund the ARC for Plan Year ending August 31, 2015. Here is a summary of the development of the Town's contribution share:

Total Normal Cost:	\$ 629,865
Amortization of Unfunded Liability (30 year closed):	1,802,695
Estimated Employee Contributions at 8% of expected compensation:	(380,152)
Interest adjustment at 7% to estimate mid year payment:	70,619
Estimated School Department Contribution (12.75% of expected compensation Adjusted with interest at 7% to estimate mid year payment):	<u>(648,279)</u>
Town Contribution assuming mid-year payment:	\$1,474,748

The GASB 25 and GASB 27 reporting is included in this report.

Please call me at extension 103 if you have any questions or need additional information.

Sincerely,

Jeffrey C. Liter, PhD, EA, MAAA
jliter@angellpensiongroup.com
admlet14.doc/A0117A/jcl

Enclosures

Coventry School Employees' Pension Plan and Trust
Actuarial Valuation as of September 1, 2014
For the Plan Year Beginning September 1, 2014
and Ending August 31, 2015

Prepared By:

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

June 2015

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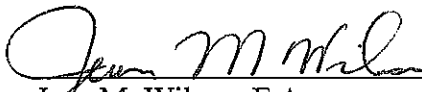
I. INTRODUCTION

This report presents the results of the actuarial valuation as of September 1, 2014 of the Coventry School Employees' Pension Plan and Trust. The purpose of the report is to illustrate the current position of the plan and present information which will assist the plan sponsor in determining the appropriate contribution for the plan year beginning September 1, 2014 and ending August 31, 2015.

Section VIII of this report illustrates development of the Town's alternative pension costs for this Plan Year assuming a mid-year payment.

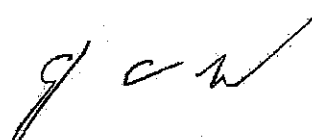
The major provisions of the plan upon which this valuation is based are illustrated in Section II, and reflects the plan provisions in effect on September 1, 2014.

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

6/25/2015
Date



Jeffrey C. Liter, Ph.D., E.A., M.A.A.A.
Enrolled Actuary

II. SUMMARY OF PLAN PROVISIONS

- Plan Effective Date:* April 1, 1977
- Eligibility Requirements:* Each employee who is a member of the Union or who is paying an agency fee shall be a participant.
- Year of Service:* The time period(s) commencing with an employee's first day of employment and ending on the date a Break in Service begins. An employee's total service shall include all fractional periods to the nearest tenth of a year.
- Benefit Accrual:* Computation period commences on employee's date of hire.
- Vesting:* Computation period commences on employee's date of hire.
- Plan Entry Date:* An eligible employee will enter the plan on the day the eligibility requirements are met.
- Normal Retirement Date:* The earlier of (a) the first day of the month coincident with or next following a participant's 58th Birthday and the completion of 10 Years of Service, or (b) the first day of the month coincident with or next following the completion of 30 Years of Service.
- Effective September 1, 2012, a Participant's 65th birthday or, if earlier, his completion of thirty (30) Years of Service.
- Compensation:* The monthly equivalent of a Participant's annual compensation which is reportable on Form W-2 paid by the Employer for the Plan Year (or, for purposes of accruals prior to September 1, 2012, for the calendar year ending within the Plan Year), but exclusive of severance payments, any program of deferred compensation, employee benefits, or additional remuneration payable other than in cash..
- Average Compensation:* Compensation averaged over the 3 consecutive plan years producing the highest average. Effective September 1, 2012, the Compensation earned after September 1 2012 is averaged over career.

Normal Retirement

Benefit:

Effective September 1, 2000:

2.00% of Average Compensation multiplied by the first ten years of service, plus 2.50% of Average Compensation multiplied by years of service in excess of ten.

Effective with respect to Years of Service credited to a Participant after August 31, 2012, the amount of the Participant's monthly benefit shall be equal to the sum of his annual accruals. For each of the Participant's first ten (10) Years of Service as a Plan Participant his annual accrual shall be equal to two percent (2%) of his Compensation for such plan year. For each Year of Service as a Participant after the first ten (10) Years of Service as a Participant his annual accrual shall be equal to one and twenty-five hundredths percent (1.25%) of his Compensation for such plan year. In no event shall a Participant's total monthly benefit exceed fifty percent (50%) of the Participant's Compensation. A Participant who completes more than thirty-four (34) Years of Service as a Participant, without regard to the Participant's date of entry into the Plan, will accrue no additional benefits under the Plan.

A participant who retires after April 1, 1999 shall be entitled to an annual 3% simple cost-of-living increase. A Participant who retires after August 31, 2012 shall not be entitled to a cost-of-living increase in his monthly retirement benefit.

Normal Form of Benefit:

Life Annuity with a 120 Monthly Payment Guarantee. Effective September 1, 2012, the normal form of benefit is Life Annuity.

Accrued Benefit:

The amount to which a Participant would be entitled under the benefit formula commencing at his Normal Retirement Date, based upon the Participant's Average Compensation, Years of Service and the Plan provisions in effect as of the date of determination.

Early Retirement:

A participant who has attained age 60 with 15 Years of Service may retire and receive an Early Retirement Benefit. The amount of the Early Retirement Benefit equals the Accrued Benefit, reduced actuarially for payment prior to Normal Retirement Date.

Late Retirement:

Participants who continue employment after their Normal Retirement Date are eligible for a late retirement benefit equal to the greater of (a) the Actuarial Equivalent of the benefit payable at Normal Retirement Age and (b) the Accrued Benefit determined at actual retirement.

Death Benefit: Actuarial Equivalent of the Accrued Benefit.

Disability Benefit: Actuarial Equivalent of the Accrued Benefit.

Vesting: Based on Years of Service, subject to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 10 years	0%
10 years or more	100%

Notwithstanding the above vesting schedule, a participant will become 100% vested upon reaching the Normal Retirement Date.

*Town and School
Contributions:*

For the period commencing September 1, 2002, the Employer shall contribute to the Plan an amount equal to 12.75% of the regular payroll of all Plan Participants.

Employee Contributions:

Commencing April 1, 1996, each Participant shall contribute to the Plan an amount equal to 8.00% of his or her Compensation.

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.

The 30 year closed amortization period for the unfunded actuarial liability is used beginning with 9/1/2012.

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

The actuarial methods have changed since the prior actuarial valuation.

The 30 year closed amortization period for the unfunded actuarial liability is used effective 9/1/2012. Such change is referred in the 11/8/2012 Funding Improvement Plan provided in accordance with Rhode Island General Laws Section 45-65-6.

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.

Pre-Retirement Investment Return: 7.00% per annum

Post-Retirement Investment Return: 7.00% per annum

Pre-Retirement Mortality: IRS 2014 P.V. Optional Combined Table (Male/Female). This optional table is a combination of annuitant and non-annuitant mortality tables. Mortality improvements for the annuitant table are projected 7 years beyond the valuation date. Mortality improvements for the non-annuitant table are projected 15 years beyond the valuation date.

Post-Retirement Mortality: IRS 2014 P.V. Optional Combined Table (Male/Female). This optional table is a combination of annuitant and non-annuitant mortality tables. Mortality improvements for the annuitant table are projected 7 years beyond the valuation date. Mortality improvements for the non-annuitant table are projected 15 years beyond the valuation date.

Withdrawal Rate: Sarason Table W-75.

Illustrative annual rates of withdrawal are as follows:

<u>Age</u>	<u>Rate</u>
25	7.84%
40	3.60%
55	0.00%

Salary Scale: 4.00% per annum

Assumed Retirement Age: The greater of age 65, Normal Retirement Age or attained age (for Active Lives)

Age 58, or attained age if greater
(for Terminated/Inactive Lives)

Expenses: Assumed to be paid by the Town.

B. Changes In Actuarial Assumptions

The table below indicates which assumptions have changed from the prior plan year. In the opinion of the enrolled actuary, these changes were made to better reflect anticipated experience under the plan.

	Prior Plan Year	Current Plan Year
<i>Pre & Post retirement Mortality :</i>	IRS 2013 P.V. Optional Combined Table (Male/Female)	IRS 2014 P.V. Optional Combined Table (Male/Female)

Coventry School Employees' Pension Plan and Trust

Summary of Actuarial Assumptions as of September 1, 2014

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Funding Interest Rate	7.00%	The Angell Pension Group, Inc.	Equal to the long-term rate of return on assets.	None
Long-Term Rate of Return on Assets	7.00%	The Angell Pension Group, Inc.	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.	None
Salary Scale	4.00%	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan.	None
Pre-Retirement Mortality	2014 IRS Optional Combined (M/F)	The Angell Pension Group, Inc.	The IRS mortality tables are based on the actual experience of pension plans and projected trends in that experience. The 2014 tables are based on the RP-2000 Mortality Tables Report, adjusted for mortality improvement using Projection Scale AA.	The mortality tables changed from the 2013 IRS Optional Combined (M/F) tables as of the prior measurement date, September 1, 2013, to reflect the best estimate of mortality experience under the plan. This change, together with the change in post-retirement mortality, increased the Accrued Liability as of the current measurement date, September 1, 2014, by 0.16%.
Post-Retirement Mortality	2014 IRS Optional Combined (M/F)	The Angell Pension Group, Inc.	The IRS mortality tables are based on the actual experience of pension plans and projected trends in that experience. The 2014 tables are based on the RP-2000 Mortality Tables Report, adjusted for mortality improvement using Projection Scale AA.	The mortality tables changed from the 2013 IRS Optional Combined (M/F) tables as of the prior measurement date, September 1, 2013, to reflect the best estimate of mortality experience under the plan. This change, together with the change in pre-retirement mortality, increased the Accrued Liability as of the current measurement date, September 1, 2014, by 0.16%.
Disability Mortality	None	The Angell Pension Group, Inc.	The incidence of disability under the Plan is negligible.	None
Disability Rates	None	The Angell Pension Group, Inc.	The incidence of disability under the Plan is negligible.	None
Withdrawal Rates	Sarason Table W-75.	The Angell Pension Group, Inc.	Because of the relatively small number of Plan participants, the withdrawal experience under the Plan is not credible for establishing Plan-specific withdrawal rates. The Crocker-Sarason-Straight table was developed for such plans, and a review of experience under the Plan indicated that this table is a good estimate of future experience under the Plan.	None
Retirement Rates	Active participants are assumed to retire at age 65, and inactive participants are assumed to retire at age 58.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan.	None
Administrative Expenses	None	The Angell Pension Group, Inc.	Administrative expenses are paid by the Town and are not paid from Plan assets.	None

Coventry School Employees' Pension Plan and Trust

Summary of Actuarial Assumptions as of September 1, 2014

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Percent Married	100% of males and 100% 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 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

V. PLAN ASSETS AS OF SEPTEMBER 1, 2014

Value of Plan Assets

Provident Mutual Accounts

Cash	(\$3,964)
Equities	7,229,571
Mutual Funds	2,517,280
Corporate/Govt Securities	1,718,591
Money Funds	545,939
Other Asset	453,345
Accrued Income	19,738
Total Actuarial Value of Plan Assets:	\$12,480,500

Estimated Rate of Return on Plan Assets for the Period Ending 8/31/2014

	BOA ACCT	TOTAL
Assets at Beginning of Period	\$11,196,438	\$11,196,438
Contributions	1,133,420	1,133,420
Benefit Payments	(1,639,503)	(1,639,503)
Administrative Expenses	(5,833)	(5,833)
Income		1,795,978
Assets at End of Period		\$ 12,480,500
Estimated Rate of Return		16.42%

VI. DEVELOPMENT OF TOWN'S NORMAL COST

1.	Entry Age Normal Cost	\$629,865
2.	Estimated Employee Contributions as of September 1, 2014*	380,152
3.	Town's Normal Cost as of September 1, 2014 [(1) - (2)]	\$249,713

* This equals 8% of compensation, discounted at the valuation rate of 7% for six months to reflect an assumption of mid-year payment.

VII. DEVELOPMENT OF UNFUNDED ACCRUED LIABILITY

Accrued Liability as of September 1, 2014

	Number of <u>Lives</u>	Total Accrued <u>Liability</u>	
Active Lives:	205	\$16,566,105	
Inactive Lives:	0	0	
Vested Terminations:	24	2,002,843	
Retired Lives:	<u>141</u>	<u>17,322,631</u>	
Totals:	370	\$35,891,579	
1.	Accrued Liability	\$35,891,579	
2.	Plan Assets	12,480,500	
3.	Unfunded Accrued Liability as of September 1, 2014 [(1) - (2)]	\$23,411,079	

VIII. DEVELOPMENT OF TOWN'S ALTERNATIVE PENSION COSTS

A. PENSION COST WITH 30-YEAR CLOSED AMORTIZATION

1.	Town's Normal Cost	\$ 249,713
2.	Amortization Payment with 30-Year Closed Amortization of the Unfunded Accrued Liability (28 Years Remaining)	1,802,695
3.	Time-weighted interest on (1) and (2) to the end of the Plan Year, assuming mid-year payment	70,619
4.	School's Contribution (12.75% of pay), assuming mid-year payment	648,279
5.	Additional Town's Pension Cost [(1) + (2) + (3) - (4)]	1,474,748
6.	Total Compensation for Participants under Assumed Retirement Age	4,915,409
7.	Town and School Pension Cost as a Percent of Pay [(((4)+(5))) (6)]	30.00%

B. PENSION COST WITH 25-YEAR OPEN AMORTIZATION

1.	Town's Normal Cost	\$ 249,713
2.	Amortization Payment with 25-Year Amortization of the Unfunded Accrued Liability	1,877,492
3.	Time-weighted interest on (1) and (2) to the end of the Plan Year, assuming mid-year payment	73,193
4.	School's Contribution (12.75% of pay), assuming mid-year payment	648,279
5.	Additional Town's Pension Cost [(1) + (2) + (3) - (4)]	1,552,119
6.	Total Compensation for Participants under Assumed Retirement Age	4,915,409
7.	Town and School Pension Cost as a Percent of Pay [(((4)+(5))) (6)]	31.58%

C. PENSION COST WITH 10-YEAR OPEN AMORTIZATION

1.	Town's Normal Cost	\$ 249,713
2.	Amortization Payment with 10-Year Amortization of the Unfunded Accrued Liability	3,115,150
3.	Time-weighted interest on (1) and (2) to the end of the Plan Year, assuming mid-year payment	115,778
4.	School's Contribution (12.75% of pay), assuming mid-year payment	648,279
5.	Additional Town's Pension Cost [(1) + (2) + (3) - (4)]	2,832,362
6.	Total Compensation for Participants under Assumed Retirement Age	4,915,409
7.	Town and School Pension Cost as a Percent of Pay [(((4)+(5))) (6)]	57.62%

IX. PARTICIPANT DATA

A. Reconciliation of Participant Data

	Active	Term Vested	Beneficiaries	Retiree	Total
Total as of September 1, 2013	197	21	15	133	366
New Entrants	16				16
Rehires					
Terminations	-5	5			0
Active deaths					
New retirees	-1	-1		2	0
New beneficiaries					0
Retiree/beneficiary deaths		-1	3	-12	-10
Termination without vested	-2				-2
Data adjustments			1	-1	0
Total as of September 1, 2014	205	24	19	122	370

B. Age and Service Distribution of Participants

Eligible Active Participants:

Complete Years of Service as of September 1, 2014

<i>Attained</i> <i>Age</i>	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35-39</i>	<i>40+</i>	<i>Total</i>
Under 25	1	-	-	-	-	-	-	-	-	1
25-29	6	1	-	-	-	-	-	-	-	7
30-34	4	1	1	-	-	-	-	-	-	6
35-39	3	1	0	1	0	-	-	-	-	5
40-44	10	3	6	2	1	1	-	-	-	23
45-49	10	4	12	3	0	-	-	-	-	29
50-54	8	7	19	9	3	1	-	-	-	47
55-59	1	1	18	17	7	3	1	-	-	48
60-64	2	0	3	6	7	6	1	-	-	25
65+	0	2	5	1	4	2	-	-	-	14
Total	45	20	64	39	22	13	2	-	0	205

IX. PARTICIPANT DATA (cont'd)

C. Participant Statistics

9/1/2014

Eligible Active Members:

Average age:	52.28
Average past service:	12.87
Average retirement age:	65.35
Average future service until retirem	13.07

Eligible Active Members:

Active Participants without Frozen Benefits	36
Active Participants with Frozen Benefit & new accruals	150
Active Participants with Frozen Benefit & no new accruals	19

Retired Members*:

Average age of Pre-65 retirees:	59.91
Average age of Post-65 retirees:	67.59
Average age of all retirees:	62.98
Average monthly benefit of all retirees:	\$1,075.16

COLA :	Number	Entry Age Accrued Liability
Retirees, Beneficiaries and Disabled participants eligible for COLA	79	\$14,674,496
Retirees, Beneficiaries and Disabled participants not eligible for COL	<u>62</u>	<u>\$2,648,135</u>
	141	\$17,322,631

*Excludes disabled participants and beneficiaries

X. EXPECTED BENEFIT PAYMENTS IN FUTURE

<u>For plan year beginning in:</u>	<u>Payments</u>
2014	\$1,816,042
2015	\$1,932,578
2016	\$2,028,329
2017	\$2,158,938
2018	\$2,209,452
2019	\$2,336,756
2020	\$2,394,842
2021	\$2,598,395
2022	\$2,771,273
2023	\$2,949,013
2024	\$3,248,100
2025	\$3,341,293
2026	\$3,432,951
2027	\$3,590,008
2028	\$3,678,014
2029	\$3,735,814
2029	\$3,770,126

Note: The amounts shown above are the present values at the valuation date, and its anniversaries, of the benefits expected to be paid during the plan year.

Coventry School Employees' Pension Plan and Trust
 Exhibit 1 - Schedule of Funding Progress - GASB 25
 9/1/2010 - 9/1/2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
09/01/2010	9,773,757	32,040,218	22,266,461	30.5%	4,944,552	450.3%
09/01/2011	10,618,492	34,827,771	24,209,279	30.5%	4,626,364	523.3%
09/01/2012	11,018,544	33,761,802	22,743,258	32.6%	4,459,176	510.0%
09/01/2013	11,196,438	35,297,208	24,100,770	31.7%	4,865,267	495.4%
09/01/2014	12,480,500	35,891,579	23,411,079	34.8%	4,915,409	476.3%

Notes: AAL is based on the Entry Age Normal Actuarial Cost Method
 Allocation is based on earnings
 No aggregation is used
 Entry age based on date of hire
 The most recent valuation was completed as of September 1, 2014.

Coventry School Employees' Pension Plan and Trust
Exhibit 2 - Development of NPO - GASB 27
July 1, 2010 - June 30, 2015

	FYE 06/30/2011	FYE 06/30/2012	FYE 06/30/2013	FYE 06/30/2014	FYE 06/30/2015
Annual Required Contribution (ARC) \$	2,200,642	2,350,392	2,116,574	2,180,859	2,235,321
Interest on NPO	0	106,055	223,466	325,251	425,466
Adjustment to ARC	0	(122,094)	(257,262)	(378,436)	(500,790)
Annual Pension Cost	2,200,642	2,334,353	2,082,778	2,127,674	2,159,997
Contributions made	(685,572)	(657,056)	(628,708)	(696,025)	N/A
Increase in NPO	1,515,070	1,677,297	1,454,070	1,431,649	N/A
NPO beginning year	0	1,515,070	3,192,367	4,646,437	6,078,086
NPO end of year \$	1,515,070	3,192,367	4,646,437	6,078,086	N/A
Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Amortization Years	30	30	30	29	28
Amortization Factor at End of Year	12.409	12.409	12.409	12.278	12.137

The Annual Required Contribution is the sum of the Normal Cost and 30 year amortization of the unfunded liability. Effective 9/1/2012, the amortization of the unfunded liability is calculated using a 30 year closed amortization basis. The liability is determined using the Entry Age Normal Actuarial Cost Method. The ARC is 10/12th's of the recommended contribution for the current plan year plus 2/12th's of the recommended contribution for the preceding plan year, adjusted for interest.

Coventry School Employees' Pension Plan and Trust
 Exhibit 3 - Schedule of Employer Contribution - GASB 25
 July 1, 2010 - June 30, 2015

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
06/30/2015	\$ 2,235,321	N/A	N/A
06/30/2014	2,180,859	696,025	31.92%
06/30/2013	2,116,574	628,708	29.70%
06/30/2012	2,350,392	657,056	27.96%
06/30/2011	2,200,642	685,572	31.15%

The Annual Required Contribution is the sum of the Normal Cost and 30 year amortization of the unfunded liability. Effective 9/1/2012, the amortization of the unfunded liability is calculated using a 30 year closed amortization basis. The liability is determined using the Entry Age Normal Actuarial Cost Method. The ARC is 10/12th's of the recommended contribution for the current plan year plus 2/12th's of the recommended contribution for the preceding plan year, adjusted for interest.