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Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2000

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000

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Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Comments and Certification

The purpose of the valuation report is to determine the actuarial status of the Plan. The report does not serve as the basis for satisfying any reporting requirements under Act 205.

The Summary of Principal Plan Benefit Provisions page provides a summary of the basic plan benefit provisions in effect as of January 1, 2000. The Actuarial Assumptions and Methods page is a summary of actuarial assumptions and methods used in determining the actuarial status of the Plan.

Section 1 of the report provides a summary of plan assets and summary of plan membership.

The market value of the fund as of December 31, 1999, is \$2,093,769. This includes Voluntary Employee Contribution Accounts totaling \$6,169.59. The net dollar-weighted rate of investment return during 1999 was 10.83%.

As of January 1, 2000, there are 25 active members with total annual payroll for pension purposes of \$818,915. There are also eight vested former members entitled to deferred benefits under the Plan totaling \$8,192 annually and seven retired members currently receiving benefits under the Plan totaling \$58,484 annually.

Section 2 of the report provides the Act 205 funding calculations.

As of January 1, 2000, plan assets exceed the actuarial accrued liability under the Plan by \$197,381. The normal cost of the Plan, which is the cost of benefits being accrued during the current year, is \$86,166, which is 10.5% of covered payroll.

Page 2 of Section 2 shows the analysis of the change in the unfunded actuarial accrued liability from January 1, 1999, to January 1, 2000. There was an actuarial gain during the period of \$78,310.

Page 3 of Section 2 illustrates the minimum municipal obligation for the Plan. The financial requirement of the Plan is \$96,979. This includes the normal cost, \$86,166, plus assumed annual administrative expenses, \$10,813. The financial requirement is reduced by expected member contributions to the Plan during 2000, \$16,379, and 10% of the excess of plan assets over the actuarial accrued liability, \$19,738. This results in a minimum municipal obligation of \$60,862. If the Township allocates \$60,862 of general municipal pension system State aid received during 2000 to the Plan, there is no required contribution to the Plan by the Township from the Township's general fund. This calculation of the minimum municipal obligation is for illustrative purposes only since the calculation of the minimum municipal obligation for purposes of determining the Township's required contribution to the Plan is prepared through the budgeting process by September 30 each year for the upcoming calendar year.

Page 4 of Section 2 indicates the actuarial present value of accumulated plan benefits. As of January 1, 2000, the total actuarial present value of accumulated plan benefits is \$1,344,489. This compares to net assets available for benefits of \$2,093,769.

Section 3 of the report provides supplemental information for reporting under Government Accounting Standards Board Statements No. 25 and 27.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Comments and Certification

Section 4 of the report provides information on the plan participants.

Actuarial Certification

To the best of my knowledge this report is complete and accurate, based upon the data furnished to us. The data with respect to receipts and disbursements and assets of the Plan was furnished by Provident Mutual Life Insurance Company and Mellon Bank, N.A. The data with respect to participants and beneficiaries was furnished by Fairview Township.

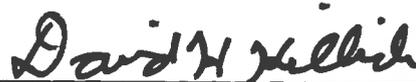
The information as contained in this report is a projection of liabilities based upon stated assumptions and is not an exact statement of the Plan's ultimate benefits and liabilities.

I certify that all costs, liabilities, rates of interest, and other factors under the Plan have been determined on the basis of actuarial assumptions and methods, each of which is reasonable (taking into account the experience of the Plan and reasonable expectations) or which, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption and method were reasonable, and which, in combination, offer my best estimate of anticipated experience under the Plan.

An approximation technique for the valuation of the disability benefit has been utilized due to the unavailability of any generally accepted disability table based upon municipal pension experience. The approximation technique for the valuation of the disability benefit is a loading factor of 5.00% added to basic pension costs. This same approximation technique has been used in prior actuarial valuations of the Plan. It is my best estimate that the use of the approximation technique will cause little or no distortion in the valuation results.

4/14/2000

Date



David H. Killick, F.S.A.
Consulting Actuary
Enrolled Actuary No. 99-3880

DHK/JDV

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Summary of Principal Plan Benefit Provisions

Eligibility

A full-time non-uniformed employee joins the Plan on his date of employment.

Normal Retirement

A Class 2 employee is eligible for normal retirement after attainment of age 65, or after attainment of age 62 and completion of 25 years of service, if earlier. A Class 1 employee is eligible for normal retirement after attainment of age 65 or completion of 25 years of service, if earlier.

The normal retirement pension is payable monthly during the member's lifetime, with payments guaranteed for the first 120 months.

The amount of monthly pension is equal to 1.5% of average monthly pay multiplied by years of service at retirement.

Average monthly pay is based upon the final plan year preceding retirement.

Late Retirement

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

Early Retirement

A member is eligible for early retirement after attainment of age 55. The early retirement benefit is the benefit accrued to the date of early retirement, reduced 1/2 of 1% for each month early.

Disability Retirement

If a member becomes totally and permanently disabled and qualifies for Social Security disability payments, he is eligible for a disability pension. The disability pension is equal to the benefit accrued to the date of disability.

Death Benefits

The death benefit for a member is a refund of his contribution with interest.

Vesting

A member's benefits are always 100% vested. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination. The member may elect a lump sum cash settlement in lieu of a deferred pension.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Summary of Principal Plan Benefit Provisions

Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years of service to date to the total number of years of service projected at normal retirement.

Contributions

Members contribute 2.0% of pay.

Member contributions are credited with 5.0% interest.

Members are allowed to make additional voluntary contributions.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Actuarial Assumptions and Methods

Interest

7.00%

Salary

6.00% Annual Increase

Withdrawal

Table D-1: Rates of withdrawal at selected ages:

| <u>Age</u> | <u>Rate</u> | <u>Age</u> | <u>Rate</u> | <u>Age</u> | <u>Rate</u> |
|------------|-------------|------------|-------------|------------|-------------|
| 20 | 5.5000% | 35 | 2.5000% | 50 | 0.0000% |
| 25 | 5.0000% | 40 | 1.0000% | 55 | 0.0000% |
| 30 | 4.0000% | 45 | 0.5000% | 60 | 0.0000% |

Mortality

UP1984 Table with 5 year post-retirement age setback for females

Disability

Loading of 5.0% added to basic pension costs.

Retirement

Normal Retirement Age, or age on valuation date, if greater.

Pre-Retirement Death Benefit

Liabilities computed on the assumption that all participants will have spouses of the same age at the date of eligibility for the benefit.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Actuarial Assumptions and Methods

Expenses

Provision for administrative expenses added to normal cost.

Inflation

Moderate inflation based on long term historical average rates is a component of the actuarial assumptions used herein. Provision is not made for advance funding of sharply higher rates of inflation experienced in some years. The effects of such higher rates are reflected in the funding after their occurrence.

Actuarial Value of Assets

Market Value as determined by the trustee.

Actuarial Cost Method

Entry Age Normal

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2000

Section 1

Summary of Plan Assets and Summary of Plan Membership

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2000
Receipts and Disbursements

| | | |
|---|----|-----------------|
| Market Value at 1/1/1999 | | \$ 1,887,189.51 |
| Receipts | | |
| Employer Contributions Received | \$ | 13,686.17 |
| Employee Contributions Received | | 17,003.71 |
| State Contributions Received | | 68,033.83 |
| Investment Income | | |
| Interest Received | \$ | 172,563.23 |
| Dividends Received | | 2,454.01 |
| Accrued Income at 1/1/1999 | | (420.83) |
| Accrued Income at 12/31/1999 | | 225.94 |
| Total Investment Income | | 174,822.35 |
| Change in Market Value | | |
| Realized Gain/Loss | \$ | 5,153.97 |
| Unrealized Gain/Loss | | 24,471.92 |
| Net Change in Market Value | | 29,625.89 |
| Total Receipts | | 303,171.95 |
| Disbursements | | |
| Monthly Benefit Payments | \$ | (58,484.04) |
| Refund of Employee Contributions | | (27,295.14) |
| Administrative Expenses | | (10,813.35) |
| Total Disbursements | | (96,592.53) |
| Market Value at 12/31/1999 | | \$ 2,093,768.93 |
| Approximate Net Dollar-Weighted Rate of Investment Return | | 10.83% |

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2000
Assets, Liabilities and Reserves

Assets

| | | |
|--|----|-------------------------------|
| Cash | \$ | 1.65 |
| Money Markets | | 3,262.18 |
| Provident Mutual Insurance Contract | | 1,421,490.76 |
| Mutual Funds | | |
| EB Intermediate Bond Fund | \$ | 130,883.66 |
| EB Active Core Bond Fund | | 262,040.35 |
| EB International Equity Fund | | 68,365.02 |
| EB Stock Fund | | 172,415.53 |
| EB Mid Cap Stock Fund | | 35,083.84 |
| Total | | <u>668,788.40</u> |
| Total Assets in Fund | | \$ 2,093,542.99 |
| Accrued Income | | <u>225.94</u> |
| Total Assets | | \$ 2,093,768.93 |
| Liabilities | | |
| Total Liabilities | | <u>0.00</u> |
| Net Assets | | <u><u>\$ 2,093,768.93</u></u> |
| Reserves | | |
| Market Value of Assets | \$ | 2,093,768.93 |
| Voluntary Employee Contribution Accounts | | <u>(6,169.59)</u> |
| Reserves for Benefits | | <u><u>\$ 2,087,599.34</u></u> |

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2000
Summary of Plan Membership

| Active Members | Number of Members | Annual Payroll |
|---|------------------------------|---------------------------|
| Active Members as of 1/1/1999 | 25 | |
| New Members During the Period | 5 | |
| Returned to Active | 0 | |
| Members No Longer Active: | | |
| Retired with Disability Benefit | 0 | |
| Retired with Service Retirement Benefit | 0 | |
| Separated with Deferred Benefit | (4) | |
| Separated with Refund of Contributions | (1) | |
| Separated with Neither Deferred Benefit nor Refund of Contributions | 0 | |
| Deceased | 0 | |
| Total | <u>(5)</u> | |
| Active Members as of 1/1/2000 | <u>25</u> | <u>\$ 818,915</u> |
| Vested Former Members | Number of Members | Annual Benefit |
| Vested Former Members as of 1/1/1999 | 4 | |
| Separated with Deferred Benefit | 4 | |
| Beneficiary of Deceased Participant | 0 | |
| Returned to Active | 0 | |
| Retired with Service Retirement Benefit | 0 | |
| Deceased or Paid in Full | <u>0</u> | |
| Vested Former Members as of 1/1/2000 | <u>8</u> | <u>\$ 8,192</u> |
| Retired Members | | |
| Retired Members as of 1/1/1999 | 7 | |
| Retired with Service Retirement Benefit | 0 | |
| Deceased or Paid in Full | <u>0</u> | |
| Retired Members as of 1/1/2000 | <u>7</u> | <u>\$ 58,484</u> |

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2000

Section 2

Act 205 Funding Calculations

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2000
Unfunded Actuarial Accrued Liability and Normal Cost

Unfunded Actuarial Accrued Liability

Actuarial Present Value of Future Benefits

| | | |
|--|-----------|-------------------------|
| Active Members Retirement Pension Benefits | \$ | 2,312,428 |
| Active Members Vested Withdrawal Benefits | | 8,982 |
| Active Members Disability Benefits | | 115,621 |
| Active Members Refund of Member Contributions | | 30,843 ¹ |
| Vested Former Members Benefits | | 11,120 |
| Retired Members Benefits | | <u>528,002</u> |
| Total | \$ | 3,006,996 |
| Actuarial Present Value of Future Normal Costs | | <u>(1,116,778)</u> |
| Actuarial Accrued Liability | \$ | 1,890,218 |
| Reserve for Benefits | | <u>(2,087,599)</u> |
| Unfunded Actuarial Accrued Liability | \$ | <u>(197,381)</u> |

Normal Cost

| | | |
|---|-----------|----------------------|
| Normal Cost | \$ | <u>86,166</u> |
| Normal Cost as a Percentage of Annual Payroll | | <u>10.5%</u> |

¹ Accumulated Member Contributions Without Interest as of 1/1/2000 = \$122,690
 Accumulated Member Contributions With Interest as of 1/1/2000 = \$174,473

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2000
Analysis of the Change in the Unfunded Actuarial Accrued Liability

| | | |
|---|----|-------------------------|
| Unfunded Actuarial Accrued Liability at 1/1/1999 | \$ | (109,576) |
| Additions | | |
| Normal Cost | \$ | 81,771 |
| Administrative Expenses | | 10,813 |
| Interest on Unfunded Actuarial Accrued Liability, Normal Cost, and Administrative Expenses | | <u>(1,568)</u> |
| Total | | 91,016 |
| Contributions | | |
| Employer Contributions | \$ | (13,686) |
| Mandatory Employee Contributions | | (17,004) |
| State Contributions | | (68,034) |
| Interest on Contributions | | <u>(1,787)</u> |
| Total | | (100,511) |
| Modification in the Benefit Plan | | 0 |
| Change in Actuarial Assumptions | | 0 |
| Actuarial Gain | | |
| Investment Gain | \$ | (73,938) |
| Experience Gain | | <u>(4,372)</u> |
| Total | | <u>(78,310)</u> |
| Unfunded Actuarial Accrued Liability at 1/1/2000 | \$ | <u><u>(197,381)</u></u> |

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2000
Illustration of Minimum Municipal Obligation

| | |
|--|----------------------------|
| Financial Requirements | |
| Normal Cost | \$ 86,166 |
| Administrative Expenses | <u>10,813</u> ¹ |
| Total | \$ 96,979 |
| Expected Member Contributions | (16,379) |
| 10% of Negative Unfunded Actuarial Accrued Liability | <u>(19,738)</u> |
| Minimum Municipal Obligation | \$ 60,862 |
| Estimated Allocation of General Municipal Pension System State Aid | <u>(60,862)</u> |
| Net Minimum Municipal Obligation | <u><u>\$ 0</u></u> |

¹ Total Administrative Expenses for Plan Year 1/1/1999 to 12/31/1999 - \$ 10,813

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Actuarial Present Value of Accumulated Plan Benefits

| | | |
|--|-----------------------------|--|
| Vested Benefits | | |
| Retired Members | \$ 528,002 | |
| Other Members | 816,487 | |
| Total Vested Benefits | <u> </u> | \$ 1,344,489 |
| Non-Vested Benefits | | <u> 0</u> |
| Total Actuarial Present Value of Accumulated Plan Benefits | | <u><u> \$ 1,344,489</u></u> |
| Net Assets Available for Benefits as of 1/1/2000 | | <u><u> \$ 2,093,769</u></u> |

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2000

Section 3

Supplemental Information for GASB Reporting

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2000
Supplemental Information for GASB Statement Nos. 25 & 27 Reporting

Schedule of Funding Progress

| Valuation Date | Actuarial Value of Assets (a) | Entry Age Actuarial Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|----------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 1/1/1990 | \$ 684,258 | \$ | | | \$ | |
| 1/1/1991 | 748,402 | 949,653 | 201,251 | 78.8% | 584,567 | 34.4% |
| 1/1/1992 | 850,704 | 1,053,804 | 203,100 | 80.7% | 598,875 | 33.9% |
| 1/1/1993 | 988,350 | 1,214,377 | 226,027 | 81.4% | 643,725 | 35.1% |
| 1/1/1994 | 1,127,139 | 1,346,286 | 219,147 | 83.7% | 696,036 | 31.5% |
| 1/1/1995 | 1,279,573 | 1,431,398 | 151,825 | 89.4% | 712,846 | 21.3% |
| 1/1/1996 | 1,414,930 | 1,513,503 | 98,573 | 93.5% | 700,407 | 14.1% |
| 1/1/1997 | 1,525,611 | 1,491,619 | (33,992) | 102.3% | 660,697 | (5.1%) |
| 1/1/1998 | 1,623,618 | 1,715,649 | 92,031 | 94.6% | 776,281 | 11.9% |
| 1/1/1999 | 1,854,980 | 1,745,404 | (109,576) | 106.3% | 772,909 | (14.2%) |
| 1/1/2000 | 2,087,599 | 1,890,218 | (197,381) | 110.4% | 818,915 | (24.1%) |

Schedule of Contributions from the Employer and Other Contributing Entities

| Year | Annual Required Contribution | Contributions From Employer | Percentage Contributed |
|------|------------------------------|-----------------------------|------------------------|
| 1990 | \$ 62,348 | \$ 24,404 | 39.1% |
| 1991 | 65,390 | 56,362 | 86.2% |
| 1992 | 76,324 | 75,360 | 98.7% |
| 1993 | 74,600 | 76,953 | 100.0%+ |
| 1994 | 88,957 | 88,957 | 100.0% |
| 1995 | 88,617 | 88,617 | 100.0% |
| 1996 | 69,087 | 69,870 | 100.0%+ |
| 1997 | 69,166 | 69,166 | 100.0% |
| 1998 | 74,711 | 74,711 | 100.0% |
| 1999 | 81,720 | 81,720 | 100.0% |

The above information was determined as part of the actuarial valuations at the dates listed. Additional information as of the current actuarial valuation:

Amortization Method: Annual Funding Adjustment equal to 10% of Negative Unfunded AAL

Other Actuarial Assumptions and Methods stated previously in report.

¹ Includes general municipal pension system State aid