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Fairview Township Non-Uniformed Employees' Pension Plan Actuarial Valuation as of January 1, 2001

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
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Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
Comments and Certification

The purpose of the valuation report is to determine the actuarial status of the Plan and to serve as the basis for satisfying the 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, 2001. Effective with this actuarial valuation of the Plan, a member is eligible for normal retirement after attainment of age 65 or after attainment of age 60 and completion of 25 years of service, if earlier. Upon meeting the eligibility requirements for normal retirement, a member is entitled to a monthly pension equal to 2.0% of average monthly pay based upon the final plan year preceding retirement, multiplied by the number of years of service completed by the member at retirement, up to a maximum of 25 years. However, for members hired prior to January 1, 2001, the amount of monthly pension is equal to 1.5% of average monthly pay based upon the final plan year preceding retirement, multiplied by the number of years of service completed by the member at retirement, if this results in a greater pension.

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, 2000, is \$2,114,837. This includes Voluntary Employee Contribution Accounts totaling \$6,478.07. The net dollar-weighted rates of investment return during 1999 and 2000 were 10.83% and 0.58%, respectively.

As of January 1, 2001, there are 26 active members with total annual payroll for pension purposes of \$923,403. There are also 7 retired members currently receiving benefits under the Plan totaling \$50,710 annually, 1 spouse beneficiary of a deceased member currently receiving benefits under the Plan totaling \$5,460 annually and 5 vested former members entitled to deferred benefits under the Plan totaling \$7,071 annually.

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

As of January 1, 2001, there is an unfunded actuarial accrued liability under the Plan of \$220,276. The normal cost of the Plan, which is the cost of benefits being accrued during the current year, is \$122,967, which is 13.3% of covered payroll.

Page 3 of Section 2 shows the analysis of the change in the unfunded actuarial accrued liability from January 1, 1999, to January 1, 2001. There was an actuarial gain during the period of \$2,660. The unfunded actuarial accrued liability also increased by \$336,030 due to the changes in the plan benefit provisions.

Page 4 of Section 2 illustrates the minimum municipal obligation for the Plan. The financial requirement of the Plan is \$157,254. This includes the normal cost, \$122,967, assumed annual administrative expenses, \$13,201, and amortization of the unfunded actuarial accrued liability, \$21,086. The financial requirement is reduced by expected member contributions to the Plan during 2001, \$18,467. This results in a minimum municipal obligation of \$138,787. If the Township allocates \$68,241 of general municipal pension system State aid received during 2001 to the Plan, there is a net minimum municipal obligation of \$70,546. This calculation of the minimum municipal obligation is for illustrative purposes only since the calculation of the minimum municipal obligation

**Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
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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 5 of Section 2 indicates the actuarial present value of accumulated plan benefits. As of January 1, 2001, the total actuarial present value of accumulated plan benefits is \$1,783,439. This compares to net assets available for benefits of \$2,114,837.

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

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

Fairview Township Non-Uniformed Employees' Pension Plan
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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.

4/24/2001

Date

David H. Killick

David H. Killick, F.S.A.

Consulting Actuary

Enrolled Actuary No. 99-3880

DHK/GGC

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
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 60 and completion of 25 years of service, if earlier. A Class 1 employee is eligible for normal retirement after attainment of age 60 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 2.0% of average monthly pay multiplied by the number of years of service completed by the member at retirement, up to a maximum of 25 years. For members hired prior to January 1, 2001, the amount of monthly pension is equal to 1.5% of average monthly pay multiplied by the number of years of service completed by the member at retirement, if greater.

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 equal to 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.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
Summary of Principal Plan Benefit Provisions

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.

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, 2001
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 postretirement age setback for females

Disability

Loading of 5.00% added to basic pension costs.

Retirement

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

Preretirement 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, 2001
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, 2001

Section 1

Summary of Plan Assets and Summary of Plan Membership

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
Receipts and Disbursements - January 1, 1999 to December 31, 1999

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, 2001
Receipts and Disbursements - January 1, 2000 to December 31, 2000

Market Value at 1/1/2000		\$ 2,093,768.93
Receipts		
Employer Contributions Received	\$ 6,797.00	
Employee Contributions Received		18,023.26
State Contributions Received		68,241.00
Investment Income		
Interest Received	\$ 4,011.23	
Dividends Received	2,894.45	
Accrued Income at 1/1/2000	(225.94)	
Accrued Income at 12/31/2000	94.70	
Total Investment Income	6,774.44	
Change in Market Value		
Realized Gain/Loss	\$ 11,469.48	
Unrealized Gain/Loss	(6,050.48)	
Net Change in Market Value	5,419.00	
Total Receipts		105,254.70
Disbursements		
Monthly Benefit Payments	\$ (59,601.47)	
Lump Sum Benefit Payments		(8,995.65)
Administrative Expenses		(15,589.48)
Total Disbursements		(84,186.60)
Market Value at 12/31/2000		\$ 2,114,837.03
Approximate Net Dollar-Weighted Rate of Investment Return		0.58%

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
Assets, Liabilities and Reserves

Assets

Cash	\$	41.20
Money Markets		8,051.90
Provident Mutual Insurance Contract		1,420,544.99
Mutual Funds		
EB Intermediate Bond Fund	\$	140,313.91
EB Active Core Bond Fund		210,715.75
EB International Equity Fund		65,964.40
EB Stock Fund		96,236.60
EB FPA Mid Cap Stock Fund		71,616.39
EB FPA Core Large Cap Stock Fund		100,802.26
Total		<u>685,649.31</u>
Total Assets in Fund	\$	2,114,287.40
Advance Benefit Payment		454.93
Accrued Income		<u>94.70</u>
Total Assets	\$	<u>2,114,837.03</u>

Liabilities

Total Liabilities		<u>0.00</u>
Net Assets	\$	<u><u>2,114,837.03</u></u>

Reserves

Market Value of Assets	\$	2,114,837.03
Voluntary Employee Contribution Accounts		(6,478.07)
Lump Sum Benefits Payable		<u>(602.93)</u>
Reserves for Benefits	\$	<u><u>2,107,756.03</u></u>

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
Summary of Plan Membership

Active Members	Number of Members	Annual Payroll
Active Members as of 1/1/1999	25	
New Members During the Period	9	
Returned to Active	0	
Members No Longer Active:		
Retired with Disability Benefit	0	
Retired with Service Retirement Benefit	(1)	
Separated with Deferred Benefit	(6)	
Separated with Refund of Contributions	(1)	
Separated with Neither Deferred Benefit nor Refund of Contributions	0	
Deceased	0	
Total	<u>(8)</u>	
Active Members as of 1/1/2001	<u>26</u>	<u>\$ 923,403</u>
Vested Former Members	Number of Members	Annual Benefit
Vested Former Members as of 1/1/1999	4	
Separated with Deferred Benefit	6	
Beneficiary of Deceased Participant	0	
Returned to Active	0	
Retired with Service Retirement Benefit	0	
Deceased or Paid in Full	<u>(5)</u>	
Vested Former Members as of 1/1/2001	<u>5</u>	<u>\$ 7,071</u>
Retired Members		
Retired Members as of 1/1/1999	7	
Retired with Service Retirement Benefit	1	
Deceased or Paid in Full	<u>(1)</u>	
Retired Members as of 1/1/2001	<u>7</u>	<u>\$ 50,710</u>
Spouse Beneficiaries of Deceased Members		
Spouse Beneficiaries of Deceased Members as of 1/1/1999	0	
Additional Spouse Beneficiaries of Deceased Members Deceased	1 <u>0</u>	
Spouse Beneficiaries of Deceased Members as of 1/1/2001	<u>1</u>	<u>\$ 5,460</u>

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2001

Section 2

Act 205 Funding Calculations

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
Unfunded Actuarial Accrued Liability and Normal Cost

Unfunded Actuarial Accrued Liability

Actuarial Present Value of Future Benefits

Active Members Retirement Pension Benefits	\$	3,235,480
Active Members Vested Withdrawal Benefits		17,447
Active Members Disability Benefits		161,777
Active Members Refund of Member Contributions		29,119 ¹
Vested Former Members Benefits		9,882
Retired Members Benefits		453,750
Surviving Spouses Benefits		<u>42,764</u>
Total	\$	3,950,219
Actuarial Present Value of Future Normal Costs		<u>(1,622,187)</u>
Actuarial Accrued Liability	\$	2,328,032
Reserve for Benefits		<u>(2,107,756)</u>
Unfunded Actuarial Accrued Liability	\$	<u>220,276</u>
 Normal Cost		
Normal Cost	\$	<u>122,967</u>
Normal Cost as a Percentage of Annual Payroll		<u>13.3%</u>

¹ Accumulated Member Contributions Without Interest as of 1/1/2001 = \$130,373
 Accumulated Member Contributions With Interest as of 1/1/2001 = \$189,596

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
Amortization of Unfunded Actuarial Accrued Liability

Initial Date	Initial Amount	Outstanding Balance	Amortization Amount	Remaining Amortization	Nature
January 1, 2001	220,276	220,276	21,086	17 Years	Active Amendment

Projected plan year in which the unfunded accrued liability is fully amortized is 2017.

Aggregation of Changes in Unfunded Actuarial Accrued Liability

Date of Aggregation	Aggregated Target Date	Outstanding Balance	Amortization Amount	Remaining Amortization
January 1, 2001	2017	<u>\$ 220,276</u>	<u>\$ 21,086</u>	17 Years

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
Analysis of the Change in the Unfunded Actuarial Accrued Liability

Unfunded Actuarial Accrued Liability at 1/1/1999	\$	(109,576)
Additions		
Normal Costs	\$	168,448
Administrative Expenses		26,402
Interest on Unfunded Actuarial Accrued Liability, Normal Costs, and Administrative Expenses		<u>3,746</u>
Total		198,596
Contributions		
Employer Contributions	\$	(20,483)
Mandatory Employee Contributions		(35,027)
State Contributions		(136,275)
Interest on Contributions		<u>(10,329)</u>
Total		(202,114)
Modification in the Benefit Plan		336,030
Change in Actuarial Assumptions		0
Actuarial Gain		
Investment Loss	\$	53,816
Experience Gain		<u>(56,476)</u>
Total		<u>(2,660)</u>
Unfunded Actuarial Accrued Liability at 1/1/2001	\$	<u><u>220,276</u></u>

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
 Illustration of Minimum Municipal Obligation

Financial Requirements		
Normal Cost	\$	122,967
Administrative Expenses		13,201 ¹
Amortization of Unfunded Actuarial Accrued Liability		<u>21,086</u>
Total	\$	157,254
Expected Member Contributions		<u>(18,467)</u>
Minimum Municipal Obligation	\$	138,787
Estimated Allocation of General Municipal Pension System State Aid		<u>(68,241)</u>
Net Minimum Municipal Obligation	\$	<u><u>70,546</u></u>

¹ Total Administrative Expenses for Plan Year 1/1/1999 to 12/31/1999 - \$ 10,813
 Total Administrative Expenses for Plan Year 1/1/2000 to 12/31/2000 - \$ 15,589

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2001
Actuarial Present Value of Accumulated Plan Benefits

Vested Benefits		
Retired Members	\$ 496,514	
Other Members	1,286,925	
Total Vested Benefits	<u>1,783,439</u>	\$ 1,783,439
Nonvested Benefits		<u>0</u>
Total Actuarial Present Value of Accumulated Plan Benefits		<u>\$ 1,783,439</u>
Net Assets Available for Benefits as of 1/1/2001		<u>\$ 2,114,837</u>

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2001

Section 3

Supplemental Information for GASB Reporting

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2001
 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)
1/1/1991	\$ 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%)
1/1/2001	2,107,756	2,328,032	220,276	90.5%	923,403	23.9%

Schedule of Contributions from the Employer and Other Contributing Entities

Year	Annual Required Contribution	Contributions From Employer	Percentage Contributed
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%
2000	75,038	75,038	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: Level Dollar Closed
 Remaining Amortization Period: 17 Years

Other Actuarial Assumptions and Methods stated previously in report.

¹ Includes general municipal pension system State aid