

Conrad M. Siegel, F.S.A.

Harry M. Leister, Jr., F.S.A.

Clyde E. Gingrich, F.S.A.

Earl L. Mummert, M.A.A.A.

Robert J. Dolan, A.S.A.

David F. Stirling, A.S.A.

Robert J. Mrazik, F.S.A.

David H. Killick, F.S.A.

Jeffrey S. Myers, F.S.A.

Thomas L. Zimmerman, F.S.A.

Glenn A. Hafer, F.S.A.

Kevin A. Erb, F.S.A.

Frank S. Rhodes, F.S.A., A.C.A.S.

Holly A. Ross, F.S.A.

Charles B. Friedlander, F.S.A.

John W. Jeffrey, F.S.A.

Denise M. Polin, F.S.A.

Thomas W. Reese, A.S.A.

Janel M. Leymeister, CEBS

Mark A. Bonsall, F.S.A.

Jonathan D. Cramer, A.S.A.

John D. Vargo, A.S.A.

David H. Stimpson, E.A.

Robert M. Glus, A.S.A.

Bruce A. Senft, CEBS

Fairview Township  
Non-Uniformed Employees' Pension Plan  
Actuarial Valuation  
as of January 1, 2004

Fairview Township Non-Uniformed Employees' Pension Plan  
Actuarial Valuation as of January 1, 2004

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Fairview Township Non-Uniformed Employees' Pension Plan  
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**Comments and Certification**

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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, 2004.

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, 2003, is \$2,672,438. This includes Voluntary Employee Contribution Accounts totaling \$7,499. The net dollar-weighted rate of investment return during 2003 was 17.96%.

As of January 1, 2004, there are 27 active members with total annual payroll for pension purposes of \$1,152,851. There are also 5 retired members currently receiving benefits under the Plan totaling \$45,556 annually, 1 spouse beneficiary of a deceased member currently receiving benefits under the Plan totaling \$5,459 annually and 6 vested former members entitled to deferred benefits under the Plan totaling \$8,820 annually.

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

As of January 1, 2004, there is an unfunded actuarial accrued liability under the Plan of \$1,073,447. The normal cost of the Plan, which is the cost of benefits being accrued during the current year, is \$162,338, which is 14.1% of covered payroll.

Page 3 of Section 2 shows the analysis of the change in the unfunded actuarial accrued liability from January 1, 2003, to January 1, 2004. There was an actuarial loss during the period of \$58,483.

Page 4 of Section 2 illustrates the minimum municipal obligation for the Plan. The financial requirement of the Plan is \$296,076. This includes the normal cost, \$162,338, assumed annual administrative expenses, \$16,781, and amortization of the unfunded actuarial accrued liability, \$116,957. The financial requirement is reduced by expected member contributions to the Plan during 2004, \$23,057. This results in a minimum municipal obligation of \$273,019. If the Township allocates \$146,611 of general municipal pension system State aid received during 2004 to the Plan, there is a net minimum municipal obligation of \$126,408. 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 5 of Section 2 indicates the actuarial present value of accumulated plan benefits. As of January 1, 2004, the total actuarial present value of accumulated plan benefits is \$2,789,293. This compares to net assets available for benefits of \$2,672,438.

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

Fairview Township Non-Uniformed Employees' Pension Plan  
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**Comments and Certification**

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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 Nationwide Life Insurance Company and Mellon Bank, N.A. The data with respect to participants and beneficiaries was furnished by Fairview Township.

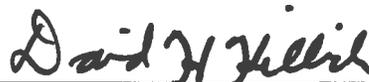
The information as contained in this report is a projection of liabilities based upon stated assumptions and is not an exact statement of the Plan's ultimate benefits and liabilities.

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.

4/21/2004

Date



David H. Killick, F.S.A.

Consulting Actuary

Enrolled Actuary No. 02-03880

DHK/GGC

Fairview Township Non-Uniformed Employees' Pension Plan  
Actuarial Valuation as of January 1, 2004  
**Summary of Principal Plan Benefit Provisions**

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**Eligibility**

A full-time non-uniformed employee of the Township 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 vesting service, if earlier. A Class 1 employee is eligible for normal retirement after attainment of age 60 or completion of 25 years of vesting 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 compensation multiplied by the number of years of benefit 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 compensation multiplied by the number of years of benefit service completed by the member at retirement, if greater.

Average monthly compensation 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 monthly late retirement pension 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 monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced 1/2 of 1% for each month early.

**Disability Retirement**

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

**Postretirement Cost-of-Living Increase**

An annual cost-of-living increase equal to the percentage increase in the "Wage Earner Index" in the Consumer Price Index during the preceding calendar year, up to a maximum of 3.0%, is made to retirees, with a maximum total cost-of-living increase of 30%.

Fairview Township Non-Uniformed Employees' Pension Plan  
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**Summary of Principal Plan Benefit Provisions**

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**Death Benefits**

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

**Vesting**

A member's benefits are always 100% vested. The vested benefit is a deferred monthly 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 determined by the normal retirement benefit formula, but based upon compensation and years of benefit service to the date of determination.

**Contributions**

Members contribute 2.0% of pay.

Member contributions are credited with 5.0% interest.

Fairview Township Non-Uniformed Employees' Pension Plan  
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**Actuarial Assumptions and Methods**

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**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, 2004  
**Actuarial Assumptions and Methods**

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**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.

**Cost-of-Living Increase**

3.00% per year

**Actuarial Value of Assets**

Market Value as determined by the trustee.

**Actuarial Cost Method**

Entry Age Normal

Fairview Township Non-Uniformed Employees'  
Pension Plan  
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Section 1

Summary of Plan Assets and Summary of Plan Membership

Fairview Township Non-Uniformed Employees' Pension Plan  
 Actuarial Valuation as of January 1, 2004  
**Receipts and Disbursements**

Market Value at 1/1/2003		\$ 2,170,648.13
<b>Receipts</b>		
Employer Contributions Received	\$	482.91
Employee Contributions		
Received	\$	21,855.70
Receivable at 1/1/2003		0.00
Receivable at 12/31/2003		913.69
Total Employee Contributions		22,769.39
State Contributions Received		146,611.09
Investment Income		
Interest Received	\$	445.30
Dividends Received		1,892.91
Accrued Income at 1/1/2003		(342.62)
Accrued Income at 12/31/2003		0.00
Total Investment Income		1,995.59
Change in Market Value		
Realized Gain/Loss	\$	(590.59)
Unrealized Gain/Loss		397,582.93
Net Change in Market Value		396,992.34
Total Receipts		568,851.32
<b>Disbursements</b>		
Monthly Benefit Payments	\$	(50,280.11)
Administrative Expenses		(16,781.04)
Total Disbursements		(67,061.15)
Market Value at 12/31/2003		\$ 2,672,438.30
Approximate Net Dollar-Weighted Rate of Investment Return		17.96%

Fairview Township Non-Uniformed Employees' Pension Plan  
 Actuarial Valuation as of January 1, 2004  
**Assets, Liabilities and Reserves**

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**Assets**

Cash	\$	820.58
Money Markets		4,634.70
Nationwide Life Insurance Contract		1,716,039.16
<b>Mutual Funds</b>		
EB Intermediate Bond Fund	\$	183,594.36
EB Active Core Bond Fund		203,810.88
EB International Equity Fund		99,172.73
EB Stock Fund		169,052.72
EB FPA Core Mid Cap Stock Fund		124,882.78
EB FPA Core Large Cap Stock Fund		169,516.70
Total		950,030.17
Total Assets in Fund	\$	2,671,524.61
Employee Contributions Receivable		913.69
Accrued Income		0.00
Total Assets	\$	2,672,438.30
<b>Liabilities</b>		
Total Liabilities		0.00
Net Assets	\$	2,672,438.30
<b>Reserves</b>		
Market Value of Assets	\$	2,672,438.30
Voluntary Employee Contribution Accounts		(7,499.18)
Reserves for Benefits	\$	2,664,939.12

Fairview Township Non-Uniformed Employees' Pension Plan  
 Actuarial Valuation as of January 1, 2004  
**Summary of Plan Membership**

<b>Active Members</b>	Number of Members	Annual Payroll
Active Members as of 1/1/2003	26	
New Members During the Period	2	
Returned to Active	0	
Members No Longer Active:		
Retired with Disability Benefit	0	
Retired with Service Retirement Benefit	0	
Separated with Deferred Benefit	(1)	
Separated with Refund of Contributions	0	
Separated with Neither Deferred Benefit nor Refund of Contributions	0	
Deceased	0	
Total	(1)	
Active Members as of 1/1/2004	27	\$ 1,152,851
 <b>Vested Former Members</b>	 Number of Members	 Annual Benefit
Vested Former Members as of 1/1/2003	5	
Separated with Deferred Benefit	1	
Beneficiary of Deceased Participant	0	
Returned to Active	0	
Retired with Service Retirement Benefit	0	
Deceased or Paid in Full	0	
Vested Former Members as of 1/1/2004	6	\$ 8,820
 <b>Retired Members</b>		
Retired Members as of 1/1/2003	5	
Retired with Service Retirement Benefit	0	
Deceased or Paid in Full	0	
Retired Members as of 1/1/2004	5	\$ 45,556
 <b>Spouse Beneficiaries of Deceased Members</b>		
Spouse Beneficiaries of Deceased Members as of 1/1/2003	1	
Additional Spouse Beneficiaries of Deceased Members	0	
Deceased	0	
Spouse Beneficiaries of Deceased Members as of 1/1/2004	1	\$ 5,459

Fairview Township Non-Uniformed Employees'  
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Section 2

Act 205 Funding Calculations

Fairview Township Non-Uniformed Employees' Pension Plan  
 Actuarial Valuation as of January 1, 2004  
**Unfunded Actuarial Accrued Liability and Normal Cost**

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**Unfunded Actuarial Accrued Liability**

Actuarial Present Value of Future Benefits

Active Members Retirement Pension Benefits	\$	4,966,513
Active Members Vested Withdrawal Benefits		21,607
Active Members Disability Benefits		248,327
Active Members Refund of Member Contributions		32,655 <sup>1</sup>
Vested Former Members Benefits		20,857
Retired Members Benefits		434,073
Surviving Spouses Benefits		<u>38,936</u>
<b>Total</b>	<b>\$</b>	<b>5,762,968</b>
Actuarial Present Value of Future Normal Costs		<u>(2,024,582)</u>
Actuarial Accrued Liability	<b>\$</b>	<b>3,738,386</b>
Actuarial Value of Assets		<u>(2,664,939)</u>
Unfunded Actuarial Accrued Liability	<b>\$</b>	<b><u>1,073,447</u></b>
 <b>Normal Cost</b>		
Normal Cost	<b>\$</b>	<b><u>162,338</u></b>
Normal Cost as a Percentage of Annual Payroll		<u>14.1%</u>

<sup>1</sup> Accumulated Member Contributions Without Interest as of 1/1/2004 = \$187,513  
 Accumulated Member Contributions With Interest as of 1/1/2004 = \$279,020

Fairview Township Non-Uniformed Employees' Pension Plan  
Actuarial Valuation as of January 1, 2004

**Amortization of Unfunded Actuarial Accrued Liability**

Initial Date	Initial Amount	Outstanding Balance	Amortization Amount	Remaining Amortization	Nature
January 1, 2001	\$ 220,276	\$ 197,313	\$ 21,086	14 Years	Active Amendment
January 1, 2003	427,757	410,734	43,893	14 Years	Active Amendment
January 1, 2003	66,086	61,302	8,794	9 Years	Retired Amendment
January 1, 2003	359,939	345,615	36,934	14 Years	Actuarial Loss
January 1, 2004	58,483	58,483	6,250	14 Years	Actuarial Loss
<b>Total</b>	<b>\$ 1,132,541</b>	<b>\$ 1,073,447</b>	<b>\$ 116,957</b>		

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, 2004	2017	<u>\$ 1,073,447</u>	<u>\$ 116,957</u>	14 Years

Fairview Township Non-Uniformed Employees' Pension Plan  
 Actuarial Valuation as of January 1, 2004  
**Analysis of the Change in the Unfunded Actuarial Accrued Liability**

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Unfunded Actuarial Accrued Liability at 1/1/2003	\$	1,059,273
<b>Additions</b>		
Normal Cost	\$	138,108
Administrative Expenses		16,781
Interest on Unfunded Actuarial Accrued Liability, Normal Cost, and Administrative Expenses		<u>84,404</u>
Total		239,293
<b>Contributions</b>		
Employer Contributions	\$	(483)
Employee Contributions		(22,769)
State Contributions		(146,611)
Interest on Contributions		<u>(2,910)</u>
Total		(172,773)
Adjustment for Funding Deviation		(110,829)
Modification in the Benefit Plan		0
Change in Actuarial Assumptions		0
<b>Actuarial Loss</b>		
Investment Gain	\$	(246,480)
Experience Loss		194,134
Funding Deviation		<u>110,829</u>
Total		<u>58,483</u>
Unfunded Actuarial Accrued Liability at 1/1/2004	\$	<u><u>1,073,447</u></u>

Fairview Township Non-Uniformed Employees' Pension Plan  
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**Illustration of Minimum Municipal Obligation**

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Financial Requirements

Normal Cost	\$ 162,338	
Administrative Expenses	16,781 <sup>1</sup>	
Amortization of Unfunded Actuarial Accrued Liability	<u>116,957</u>	
Total		\$ 296,076
Expected Member Contributions		<u>(23,057)</u>
Minimum Municipal Obligation		\$ 273,019
Estimated Allocation of General Municipal Pension System State Aid		<u>(146,611)</u>
Net Minimum Municipal Obligation		<u><u>\$ 126,408</u></u>

<sup>1</sup> Total Administrative Expenses for Plan Year 1/1/2003 to 12/31/2003 - \$ 16,781

Fairview Township Non-Uniformed Employees' Pension Plan  
Actuarial Valuation as of January 1, 2004

**Actuarial Present Value of Accumulated Plan Benefits**

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Vested Benefits		
Retired Members	\$ 473,009	
Other Members	<u>2,316,284</u>	
Total Vested Benefits		\$ 2,789,293
Nonvested Benefits		<u>0</u>
Total Actuarial Present Value of Accumulated Plan Benefits		<u>\$ 2,789,293</u>
Net Assets Available for Benefits as of 1/1/2004		<u>\$ 2,672,438</u>

Fairview Township Non-Uniformed Employees'  
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Section 3

Supplemental Information for GASB Reporting

Fairview Township Non-Uniformed Employees' Pension Plan  
Actuarial Valuation as of January 1, 2004  
**Supplemental Information for GASB Statement Nos. 25 & 27 Reporting**

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**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)
1/1/1994	\$ 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%
1/1/2002	2,097,122	2,561,823	464,701	81.9%	940,489	49.4%
1/1/2003	2,163,506	3,222,779	1,059,273	67.1%	984,785	107.6%
1/1/2004	2,664,939	3,738,386	1,073,447	71.3%	1,152,851	93.1%

**Schedule of Contributions from the Employer and Other Contributing Entities**

Year	Annual Required Contribution	Contributions From Employer	Percentage Contributed
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%
2001	87,723	87,723	100.0%
2002	91,406	136,114	100.0%+
2003	147,094	147,094	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: 14 Years

Other Actuarial Assumptions and Methods stated previously in report.

<sup>1</sup> Includes general municipal pension system State aid