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Fairview Township
Non-Uniformed Employees' Pension Plan
Actuarial Valuation
as of January 1, 2006

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006

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Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006
Comments and Certification

The purpose of the valuation report is to determine the actuarial status of the Plan. This report will 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, 2006.

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, 2005, is \$3,346,038. This includes Voluntary Employee Contribution Accounts totaling \$8,267.85. The net dollar-weighted rate of investment return during 2005 was 4.75%.

As of January 1, 2006, there are 27 active members with total annual payroll for pension purposes of \$1,122,344. There are also 7 retired members currently receiving benefits under the Plan totaling \$98,036 annually, 1 disabled member currently receiving benefits under the Plan totaling \$20,104 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, 2006, there is an unfunded actuarial accrued liability under the Plan of \$767,060. The normal cost of the Plan, which is the cost of benefits being accrued during the current year, is \$175,683, which is 15.7% of covered payroll.

Page 3 of Section 2 shows the analysis of the change in the unfunded actuarial accrued liability from January 1, 2005, to January 1, 2006. There was an actuarial gain during the period of \$86,565.

Page 4 of Section 2 illustrates the minimum municipal obligation for the Plan. The financial requirement of the Plan is \$284,701. This includes the normal cost, \$175,683, assumed annual administrative expenses, \$13,948, and amortization of the unfunded actuarial accrued liability, \$95,070. The financial requirement is reduced by expected member contributions to the Plan during 2006, \$22,447. This results in a minimum municipal obligation of \$262,254. If the Township allocates \$26,745 of general municipal pension system State aid received during 2006 to the Plan, there is a net minimum municipal obligation of \$235,509. 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, 2006, the total actuarial present value of accumulated plan benefits is \$3,157,781. This compares to net assets available for benefits of \$3,346,038.

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
Actuarial Valuation as of January 1, 2006
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 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.

4/12/2006
Date

David H. Killick
David H. Killick, F.S.A.
Consulting Actuary
Enrolled Actuary No. 05-03880

DHK/GGC

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006
Summary of Principal Plan Benefit Provisions

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
Actuarial Valuation as of January 1, 2006
Summary of Principal Plan Benefit Provisions

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 compensation.

Member contributions are credited with 5.0% interest.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006
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, 2006
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.

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
Actuarial Valuation
as of January 1, 2006

Section 1

Summary of Plan Assets and Summary of Plan Membership

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2006
Receipts and Disbursements

Market Value at 1/1/2005 \$ 3,082,356.70

Receipts

Employer Contributions Received	\$ 231,382.97	
Employee Contributions		
Received	\$ 24,915.06	
Receivable at 1/1/2005	(968.06)	
Receivable at 12/31/2005	932.44	
Total Employee Contributions	24,879.44	
State Contributions Received		26,745.03
Investment Income		
Interest Received	\$ 290.37	
Dividends Received	0.00	
Accrued Income at 1/1/2005	0.00	
Accrued Income at 12/31/2005	0.00	
Total Investment Income	290.37	
Change in Market Value		
Realized Gain/Loss	\$ 27,164.30	
Unrealized Gain/Loss	121,679.55	
Net Change in Market Value	148,843.85	
Total Receipts		432,141.66

Disbursements

Monthly Benefit Payments	\$ (84,152.17)	
Lump Sum Benefit Payments	(70,360.48)	
Administrative Expenses	(13,947.91)	
Total Disbursements		(168,460.56)
Market Value at 12/31/2005		<u><u>\$ 3,346,037.80</u></u>

Approximate Net Dollar-Weighted Rate of Investment Return 4.75%

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006

Assets and Liabilities

Assets

Cash	\$	10.56
Money Markets		3,761.99
Nationwide Life Insurance Contract		1,783,224.65
Mutual Funds		
EB Intermediate Bond Fund	\$	306,110.98
EB Active Core Bond Fund		317,402.92
EB International Equity Fund		169,552.41
EB FPA Core Mid Cap Stock Fund		242,980.18
EB FPA Core Large Cap Stock Fund		563,070.25
Total		1,599,116.74
Total Assets in Fund		\$ 3,386,113.94
Employee Contributions Receivable		932.44
Receivable from Police Pension Plan		100.00
Accrued Income		0.00
Total Assets		\$ 3,387,146.38

Liabilities

Monthly Benefits Payable	\$	(2,218.93)
Lump Sum Benefits Payable		(38,889.65)
Total Liabilities		(41,108.58)
Net Assets		3,346,037.80

Reserves

Market Value of Assets	\$	3,346,037.80
Voluntary Employee Contribution Accounts		(8,267.85)
Reserves for Benefits		\$ 3,337,769.95

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006
Summary of Plan Membership

Active Members	Number of Members	Annual Payroll
Active Members as of 1/1/2005	28	
New Members During the Period	2	
Returned to Active	0	
Members No Longer Active:		
Retired with Disability Benefit	0	
Retired with Service Retirement Benefit	(3)	
Separated with Deferred Benefit	0	
Separated with Refund of Contributions	0	
Separated with Neither Deferred Benefit nor Refund of Contributions	0	
Deceased	0	
Total	<u>(3)</u>	
Active Members as of 1/1/2006	<u>27</u>	<u>\$ 1,122,344</u>
Vested Former Members	Number of Members	Annual Benefit
Vested Former Members as of 1/1/2005	6	
Separated with Deferred Benefit	0	
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 1/1/2006	<u>6</u>	<u>\$ 8,820</u>
Retired Members		
Retired Members as of 1/1/2005	4	
Retired with Service Retirement Benefit	3	
Deceased or Paid in Full	<u>0</u>	
Retired Members as of 1/1/2006	<u>7</u>	<u>\$ 98,036</u>
Disabled Members		
Disabled Members as of 1/1/2005	1	
Retired with Disability Benefit	0	
Deceased	<u>0</u>	
Disabled Members as of 1/1/2006	<u>1</u>	<u>\$ 20,104</u>
Spouse Beneficiaries of Deceased Members		
Spouse Beneficiaries of Deceased Members as of 1/1/2005	1	
Additional Spouse Beneficiaries of Deceased Members	0	
Deceased	<u>0</u>	
Spouse Beneficiaries of Deceased Members as of 1/1/2006	<u>1</u>	<u>\$ 5,459</u>

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2006
Unfunded Actuarial Accrued Liability and Normal Cost

Unfunded Actuarial Accrued Liability

Actuarial Present Value of Future Benefits

Active Members Retirement Pension Benefits	\$	4,656,189
Active Members Vested Withdrawal Benefits		28,377
Active Members Disability Benefits		232,809
Active Members Refund of Member Contributions		35,950 ¹
Vested Former Members Benefits		24,061
Retired Members Benefits		1,042,534
Disabled Members Benefits		300,129
Surviving Spouses Benefits		<u>36,332</u>
Total	\$	6,356,381
Actuarial Present Value of Future Normal Costs		<u>(2,251,551)</u>
Actuarial Accrued Liability	\$	4,104,830
Actuarial Value of Assets		<u>(3,337,770)</u>
Unfunded Actuarial Accrued Liability	\$	<u><u>767,060</u></u>
 Normal Cost		
Normal Cost	\$	<u><u>175,683</u></u>
Normal Cost as a Percentage of Annual Payroll		<u><u>15.7%</u></u>

¹ Accumulated Member Contributions Without Interest as of 1/1/2006 = \$176,670
 Accumulated Member Contributions With Interest as of 1/1/2006 = \$253,460

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006

Amortization of Unfunded Actuarial Accrued Liability

Initial Date	Initial Amount	Outstanding Balance	Amortization Amount	Remaining Amortization	Nature
January 1, 2001	\$ 220,276	\$ 179,200	\$ 21,086	12 Years	Active Amendment
January 1, 2003	427,757	373,031	43,893	12 Years	Active Amendment
January 1, 2003	66,086	50,707	8,794	7 Years	Retired Amendment
January 1, 2003	359,939	313,890	36,934	12 Years	Actuarial Loss
January 1, 2005	(65,822)	(63,203)	(6,754)	14 Years	Actuarial Gain
January 1, 2006	(86,565)	(86,565)	(8,883)	15 Years	Actuarial Gain
Total	\$ 921,671	\$ 767,060	\$ 95,070		

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, 2006	2017	\$ 767,060	\$ 95,070	12 Years

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2006
 Analysis of the Change in the Unfunded Actuarial Accrued Liability

Unfunded Actuarial Accrued Liability at 1/1/2005	\$	901,734
Additions		
Normal Cost	\$ 164,566	
Administrative Expenses	13,948	
Interest on Unfunded Actuarial Accrued Liability, Normal Cost, and Administrative Expenses	75,129	
Total		253,643
Contributions		
Employer Contributions	\$ (231,383)	
Employee Contributions	(24,879)	
State Contributions	(26,745)	
Interest on Contributions	(17,401)	
Total		(300,408)
Adjustment for Funding Deviation		(1,344)
Modification in the Benefit Plan		0
Change in Actuarial Assumptions		0
Actuarial Gain		
Investment Loss	\$ 78,135	
Experience Gain	(166,044)	
Funding Deviation	1,344	
Total		(86,565)
Unfunded Actuarial Accrued Liability at 1/1/2006	\$	767,060

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006
Actuarial Present Value of Accumulated Plan Benefits

Vested Benefits		
Retired Members	\$ 1,378,995	
Other Members	<u>1,778,786</u>	
Total Vested Benefits		\$ 3,157,781
Nonvested Benefits		<u>0</u>
Total Actuarial Present Value of Accumulated Plan Benefits		<u>\$ 3,157,781</u>
Net Assets Available for Benefits as of 1/1/2006		<u>\$ 3,346,038</u>

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2006

Section 3

Supplemental Information for GASB Reporting

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2006
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)
1/1/1996	\$ 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%
1/1/2005	3,074,483	3,976,217	901,734	77.3%	1,159,617	77.8%
1/1/2006	3,337,770	4,104,830	767,060	81.3%	1,122,344	68.3%

Schedule of Contributions from the Employer and Other Contributing Entities

Year	Annual Required Contribution	Contributions ¹ From Employer	Percentage Contributed
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%
2004	156,018	160,125	100.0%+
2005	258,128	258,128	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: 12 Years

Other Actuarial Assumptions and Methods stated previously in report.

¹ Includes general municipal pension system State aid