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Fairview Township
Non-Uniformed Employees' Pension Plan
Actuarial Valuation
as of January 1, 2007

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2007

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Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2007
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, 2007.

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, 2006, is \$3,825,170. This includes Voluntary Employee Contribution Accounts totaling \$8,681.24. The net dollar-weighted rates of investment return during 2005 and 2006 were 4.75% and 9.91%, respectively.

As of January 1, 2007, there are 28 active members with total annual payroll for pension purposes of \$1,221,124. There are also 6 retired members currently receiving benefits under the Plan totaling \$78,612 annually, 1 disabled member currently receiving benefits under the Plan totaling \$20,595 annually, 2 spouse beneficiaries of deceased members currently receiving benefits under the Plan totaling \$27,992 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, 2007, there is an unfunded actuarial accrued liability under the Plan of \$580,621. The normal cost of the Plan, which is the cost of benefits being accrued during the current year, is \$192,319, 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, 2007. There was an actuarial gain during the period of \$221,529.

Page 4 of Section 2 illustrates the minimum municipal obligation for the Plan. The financial requirement of the Plan is \$291,006. This includes the normal cost, \$192,319, assumed annual administrative expenses, \$17,465, and amortization of the unfunded actuarial accrued liability, \$81,222. The financial requirement is reduced by expected member contributions to the Plan during 2007, \$24,422. This results in a minimum municipal obligation of \$266,584. If the Township allocates \$81,209 of general municipal pension system State aid received during 2007 to the Plan, there is a net minimum municipal obligation of \$185,375. 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, 2007, the total actuarial present value of accumulated plan benefits is \$3,366,228. This compares to net assets available for benefits of \$3,825,170.

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, 2007
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 data has been reviewed and has been determined to be reasonable.

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 in Section 2 of the report 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.

4/27/2007
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, 2007
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 and beneficiaries, with a maximum total cost-of-living increase of 30%.

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2007
Summary of Principal Plan Benefit Provisions

Death Benefits

The death benefit for an active member is a refund of his contributions 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, 2007
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, 2007
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, 2007

Section 1

Summary of Plan Assets and Summary of Plan Membership

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
Receipts and Disbursements - January 1, 2005 to December 31, 2005

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			\$ 3,346,037.80

Approximate Net Dollar-Weighted Rate of Investment Return		4.75%
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Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
Receipts and Disbursements - January 1, 2006 to December 31, 2006

Market Value at 1/1/2006 \$ 3,346,037.80

Receipts

Employer Contributions Received \$ 188,103.70

Employee Contributions

Received	\$ 24,330.46	
Receivable at 1/1/2006	(932.44)	
Receivable at 12/31/2006	1,078.89	
Total Employee Contributions	24,476.91	

State Contributions Received 81,209.30

Investment Income

Interest Received	\$ 824.83	
Dividends Received	0.00	
Accrued Income at 1/1/2006	0.00	
Accrued Income at 12/31/2006	0.00	
Total Investment Income	824.83	

Change in Market Value

Realized Gain/Loss	\$ 223,498.82	
Unrealized Gain/Loss	114,153.63	
Net Change in Market Value	337,652.45	

Total Receipts **632,267.19**

Disbursements

Monthly Benefit Payments \$ (124,909.20)

Lump Sum Benefit Payments (7,244.00)

Administrative Expenses (20,981.71)

Total Disbursements **(153,134.91)**

Market Value at 12/31/2006 \$ 3,825,170.08

Approximate Net Dollar-Weighted Rate of Investment Return 9.91%

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
Assets, Liabilities and Reserves

Assets

Cash	\$	392.99
Money Markets		106.62
Mutual Funds		
EB Intermediate Bond Fund	\$	762,154.08
EB Active Core Bond Fund		761,157.91
EB NCML EAFE Plus Fund		391,057.80
EB FPA Core Mid Cap Stock Fund		564,768.74
EB FPA Core Large Cap Stock Fund		1,345,907.79
Total		<u>3,825,046.32</u>
Total Assets in Fund	\$	3,825,545.93
Employee Contributions Receivable		1,078.89
Receivable from Police Pension Plan		99.50
Accrued Income		<u>0.00</u>
Total Assets	\$	<u>3,826,724.32</u>

Liabilities

Benefits Payable	\$	<u>(1,554.24)</u>
Total Liabilities		<u>(1,554.24)</u>
Net Assets	\$	<u><u>3,825,170.08</u></u>

Reserves

Market Value of Assets	\$	3,825,170.08
Voluntary Employee Contribution Accountys		<u>(8,681.24)</u>
Reserves for Benefits	\$	<u><u>3,816,488.84</u></u>

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
 Summary of Plan Membership

Active Members	<u>Number of Members</u>	<u>Annual Payroll</u>
Active Members as of 1/1/2005	28	
New Members During the Period	4	
Returned to Active	0	
Members No Longer Active:		
Retired with Disability Benefit	0	
Retired with Service Retirement Benefit	(3)	
Separated with Deferred Benefit	(1)	
Separated with Refund of Contributions	0	
Separated with Neither Deferred Benefit nor Refund of Contributions	0	
Deceased	0	
Total	<u>(4)</u>	
Active Members as of 1/1/2007	<u>28</u>	<u>\$ 1,221,124</u>
Vested Former Members	<u>Number of Members</u>	<u>Annual Benefit</u>
Vested Former Members as of 1/1/2005	6	
Separated with Deferred Benefit	1	
Returned to Active	0	
Retired with Service Retirement Benefit	0	
Deceased or Paid in Full	<u>(1)</u>	
Vested Former Members as of 1/1/2007	<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>(1)</u>	
Retired Members as of 1/1/2007	<u>6</u>	<u>\$ 78,612</u>
Disabled Members		
Disabled Members as of 1/1/2005	1	
Retired with Disability Benefit	0	
Deceased	<u>0</u>	
Disabled Members as of 1/1/2007	<u>1</u>	<u>\$ 20,595</u>
Spouse Beneficiaries of Deceased Members		
Spouse Beneficiaries of Deceased Members as of 1/1/2005	1	
Additional Spouse Beneficiaries of Deceased Members	1	
Deceased	<u>0</u>	
Spouse Beneficiaries of Deceased Members as of 1/1/2007	<u>2</u>	<u>\$ 27,992</u>

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2007

Section 2

Act 205 Funding Calculations

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
Unfunded Actuarial Accrued Liability and Normal Cost

Unfunded Actuarial Accrued Liability

Actuarial Present Value of Future Benefits

Active Members Retirement Pension Benefits	\$	5,011,768
Active Members Vested Withdrawal Benefits		30,217
Active Members Disability Benefits		250,588
Active Members Refund of Member Contributions		37,335 ¹
Vested Former Members Benefits		25,855
Retired Members Benefits		806,369
Disabled Members Benefits		302,145
Surviving Spouses Benefits		<u>238,834</u>
Total	\$	6,703,111
Actuarial Present Value of Future Normal Costs		<u>(2,306,001)</u>
Actuarial Accrued Liability	\$	4,397,110
Actuarial Value of Assets		<u>(3,816,489)</u>
Unfunded Actuarial Accrued Liability	\$	<u><u>580,621</u></u>
 Normal Cost		
Normal Cost	\$	<u><u>192,319</u></u>
Normal Cost as a Percentage of Annual Payroll		<u>15.7%</u>

¹ Accumulated Member Contributions Without Interest as of 1/1/2007 = \$197,231
 Accumulated Member Contributions With Interest as of 1/1/2007 = \$285,952

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2007

Amortization of Unfunded Actuarial Accrued Liability

Initial Date	Initial Amount	Outstanding Balance	Amortization Amount	Remaining Amortization	Nature
January 1, 2001	\$ 220,276	\$ 169,182	\$ 21,086	11 Years	Active Amendment
January 1, 2003	427,757	352,178	43,893	11 Years	Active Amendment
January 1, 2003	66,086	44,847	8,794	6 Years	Retired Amendment
January 1, 2003	359,939	296,343	36,934	11 Years	Actuarial Loss
January 1, 2005	(65,822)	(60,400)	(6,754)	13 Years	Actuarial Gain
January 1, 2007	(221,529)	(221,529)	(22,731)	15 Years	Actuarial Gain
Total	\$ 786,707	\$ 580,621	\$ 81,222		

Projected plan year in which the unfunded accrued liability is fully amortized is 2016.

Aggregation of Changes in Unfunded Actuarial Accrued Liability

Date of Aggregation	Aggregated Target Date	Outstanding Balance	Amortization Amount	Remaining Amortization
January 1, 2007	2016	\$ 580,621	\$ 81,222	10 Years

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
 Analysis of the Change in the Unfunded Actuarial Accrued Liability

Unfunded Actuarial Accrued Liability at 1/1/2005	\$	901,734
Additions		
Normal Costs	\$ 339,006	
Administrative Expenses	34,930	
Interest on Unfunded Actuarial Accrued Liability, Normal Costs, and Administrative Expenses	<u>168,951</u>	
Total		542,887
Contributions		
Employer Contributions	\$ (419,487)	
Employee Contributions	(49,356)	
State Contributions	(107,954)	
Interest on Contributions	<u>(57,303)</u>	
Total		(634,100)
Adjustment for Funding Deviation		(8,371)
Modification in the Benefit Plan		0
Change in Actuarial Assumptions		0
Actuarial Gain		
Investment Gain	\$ (7,136)	
Experience Gain	(222,764)	
Funding Deviation	<u>8,371</u>	
Total		<u>(221,529)</u>
Unfunded Actuarial Accrued Liability at 1/1/2007	\$	<u><u>580,621</u></u>

Fairview Township Non-Uniformed Employees' Pension Plan
 Actuarial Valuation as of January 1, 2007
 Illustration of Minimum Municipal Obligation

Financial Requirements

Normal Cost	\$	192,319
Administrative Expenses		17,465 ¹
Amortization of Unfunded Actuarial Accrued Liability		<u>81,222</u>
Total	\$	291,006
Expected Member Contributions		<u>(24,422)</u>
Minimum Municipal Obligation	\$	266,584
Estimated Allocation of General Municipal Pension System State Aid		<u>(81,209)</u>
Net Minimum Municipal Obligation	\$	<u><u>185,375</u></u>

¹ Total Administrative Expenses for Plan Year 1/1/2005 to 12/31/2005 - \$ 13,948
 Total Administrative Expenses for Plan Year 1/1/2006 to 12/31/2006 - \$ 20,982

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2007
Actuarial Present Value of Accumulated Plan Benefits

Vested Benefits		
Retired Members	\$ 1,347,348	
Other Members	2,018,880	
Total Vested Benefits	<u>3,366,228</u>	\$ 3,366,228
Nonvested Benefits		<u>0</u>
Total Actuarial Present Value of Accumulated Plan Benefits		<u>\$ 3,366,228</u>
Net Assets Available for Benefits as of 1/1/2007		<u>\$ 3,825,170</u>

Fairview Township Non-Uniformed Employees'
Pension Plan
Actuarial Valuation
as of January 1, 2007

Section 3

Supplemental Information for GASB Reporting

Fairview Township Non-Uniformed Employees' Pension Plan
Actuarial Valuation as of January 1, 2007
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)
1/1/1997	\$ 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%
1/1/2007	3,816,489	4,397,110	580,621	86.8%	1,221,124	47.5%

Schedule of Contributions from the Employer and Other Contributing Entities

Year	Annual Required Contribution	Contributions ¹ From Employer	Percentage Contributed
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%
2006	269,313	269,313	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: 10 Years

Other Actuarial Assumptions and Methods stated previously in report.

¹ Includes general municipal pension system State aid