

Conrad M. Siegel, F.S.A.

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

Clyde E. Gingrich, F.S.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.

Janel M. Leymeister, CEBS

Mark A. Bonsall, F.S.A.

John W. Jeffrey, F.S.A.

Denise M. Polin, F.S.A.

Thomas W. Reese, A.S.A.

Jonathan D. Cramer, F.S.A.

John D. Vargo, F.S.A.

Robert M. Glus, F.S.A.

Bruce A. Senft, CEBS, CFP

Laura V. Hess, F.S.A.

Vicki L. Delligatti

J. Scott Gehman, CEBS

William J. Shipley, F.S.A.

Joshua R. Mayhue, A.S.A.

Charles A. Eberlin, E.A.

Abigail S. Fortino, A.S.A.

Jonathan A. Sapochak, A.S.A.

Andrew S. Greenawalt, A.S.A.

Trevor S. Bare, A.S.A.

Ashley A. Wise, A.S.A.

April 29, 2011

Mr. Stephen F. Smith
Fairview Township
599 Lewisberry Rd.
New Cumberland, PA 17070

Re: Fairview Township Postemployment Benefits Plan

Dear Steve:

I am pleased to enclose copies of our actuarial valuation report prepared as of January 1, 2011, for the Fairview Township Postemployment Benefits Plan. The actuarial valuation report has been prepared in accordance with Governmental Accounting Standards Board Statement No. 45 (GASB 45). The Township may use the information contained within the actuarial valuation report for purposes of preparing financial statements for the Township for calendar years 2011–2013.

The Summary of Plan Provisions page lists the eligibility requirements for receiving benefits as well as the benefits payable under the plan.

The Actuarial Assumptions and Methods pages indicate the actuarial assumptions and methods used in preparing the actuarial valuation of the plan. You will note that there have been changes made to the salary, mortality, per capita claims cost, and health care cost trend rate assumptions from our previous actuarial valuation report prepared for the plan. All other assumptions are unchanged.

As of January 1, 2011, there are 45 active participants covered by the plan with total annual payroll of \$2,745,076. There are also 3 retired participants currently receiving benefits under the plan.

Under the entry age normal cost method, the normal cost of the plan, which is the present value of benefits allocated to the current year, is \$122,507. The accrued liability, which is the present value of all benefits attributed to past service of the plan participants, is \$1,386,701. The Township has begun funding the benefits to be provided under this plan, and as of January 1, 2011, the actuarial value of assets is \$1,706,611. Therefore, plan assets exceed the accrued liability under the plan by \$319,910. Amortization of this excess on the basis of level dollar amortization for a 30-year open period results in an annual amortization reduction of \$19,640. The annual required contribution (ARC) is the sum of the normal cost and amortization of the negative unfunded accrued liability. Thus, the ARC is \$102,867 (\$122,507 – \$19,640). This amounts to 3.75% of the annual payroll of active participants.



Mr. Stephen F. Smith
April 29, 2011
Page 2

The actuarial valuation report also indicates the annual OPEB cost and the estimated net OPEB obligation for calendar years 2011–2013. For purposes of our calculations, we have utilized the net OPEB obligation as of December 31, 2010, $-\$1,474,929$, which appears on the Township's financial statements.

The annual OPEB cost and net OPEB obligation figures that are provided in the valuation are based on estimated contributions as shown on Section 1, page 5. Because your plan is funded, the estimated contributions are equal to the annual required contribution each year.

If you have any questions concerning the information contained within the actuarial valuation report, please do not hesitate to contact me.

With best regards,

Yours sincerely,

A handwritten signature in cursive script that reads "Dave".

David H. Killick, F.S.A.
Consulting Actuary

DHK:smf
Encl.

cc: James A. Koontz, C.P.A.