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May 3, 2011

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

Re: Fairview Township Police Pension Plan
Fairview Township Non-Uniformed Employees' Pension Plan

Dear Steve:

I am pleased to enclose copies of our actuarial valuation reports prepared as of January 1, 2011, for the Fairview Township Police Pension Plan and the Fairview Township Non-Uniformed Employees' Pension Plan. The reports contain important comments on the valuation results and these comments should be reviewed carefully. The results of the valuation reports will be used for purposes of State aid allocations during 2012 and 2013.

The actuarial valuation reports have been prepared based upon changes in the salary, mortality, and disability assumptions. Under the Police Pension Plan, these changes resulted in an increase in the unfunded actuarial accrued liability under the plan of \$95,899. Under the Non-Uniformed Employees' Pension Plan, these changes resulted in an increase in the unfunded actuarial accrued liability under the plan of \$155,558.

Under the Police Pension Plan, there was an actuarial loss during 2009 and 2010 of \$417,153. This resulted primarily from an investment loss of \$472,883 due to partial recognition of the investment gains that occurred during 2009 and 2010 being offset by additional recognition of the 2008 investment loss. As of January 1, 2011, there is an unfunded actuarial accrued liability under the plan of \$216,888. This is based upon an actuarial value of assets of \$6,817,610.

Under the Non-Uniformed Employees' Pension Plan, there was also an actuarial loss during 2009 and 2010 of \$264,603. Similar to the Police Pension Plan, this actuarial loss resulted primarily from an investment loss of \$279,075 based upon the use of the asset smoothing method. As of January 1, 2011, there is an unfunded actuarial accrued liability under the plan of \$1,274,685. This is based upon an actuarial value of assets of \$4,649,686.

I am also enclosing a sample resolution for each plan for you to forward to the Township's solicitor to use as a guide for drafting resolutions for the Board of Supervisors to adopt the asset smoothing method being utilized in the preparation



Mr. Stephen F. Smith
May 3, 2011
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of the January 1, 2011, actuarial valuation reports for the plans. After the resolutions have been passed by the Board, please send me a signed copy of each for my files.

The forms required under Act 205 for your plans have not yet been distributed by the Public Employee Retirement Commission. When they are available, probably in the fall, we will complete them and send them to you with instructions for filing.

If you have any questions concerning the information contained within the actuarial valuation reports or any other matter pertaining to your plans, please call.

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.