

FINANCIAL STATEMENTS

FAIRVIEW TOWNSHIP

NEW CUMBERLAND, PENNSYLVANIA

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Fairview Township
New Cumberland, Pennsylvania

We have audited the accompanying financial statements of Fairview Township of New Cumberland, Pennsylvania as of and for the years ended December 31, 2000 and 1999, as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include the General Fixed Assets Account Group and Sewer Fund fixed assets and related depreciation, which should be included in order to conform with generally accepted accounting principles. The amounts that should be reflected in the General Fixed Assets Account Group and Sewer Fund fixed assets and related depreciation are not known.

In our opinion, except for the effect on the financial statements of the omission of the information described in paragraph three of this report, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview Township as of December 31, 2000 and 1999 and the results of its operations, changes in fund equity and the cash flows of its proprietary fund types for the years ended December 31, 2000 and 1999, in conformity with generally accepted accounting principles.

During 2000, the Township changed from the cash basis to the modified-accrual basis of accounting. The effect of this change is disclosed in Note 14.

INDEPENDENT AUDITOR'S REPORT

The schedules of historical pension information on pages 27 and 28 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary financial information is presented for purposes of additional analysis and is not a required part of the financial statements of Fairview Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effect on the financial statements of the omission of the General Fixed Assets Account Group and Sewer Fund fixed assets and related depreciation, such information is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Chubb and Associates
CHUBB AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 2001

FAIRVIEW TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUP AND COMPONENT UNIT
DECEMBER 31, 2000 AND 1999

	GOVERNMENTAL FUND TYPES		CAPITAL PROJECTS	PROPRIETARY FUND TYPES		TRUST	ACCOUNT GROUP		TOTALS PRIMARY GOVERNMENT (MEMORANDUM ONLY)	COMPONENT UNIT		TOTALS (MEMORANDUM ONLY) 2000	TOTALS (MEMORANDUM ONLY) 1999
	GENERAL	SPECIAL REVENUE		ENTERPRISE	LONG-TERM DEBT		GENERAL	MUNICIPAL AUTHORITY					
ASSETS													
Cash and Cash Equivalents	726,228	266,216	415,275	534,826	16,387	7,874,520	884,493	1,958,932	444,947	2,403,879	2,149,311		
Investments	43,156					43,156		7,874,520	1,530,860	9,405,360	9,381,281		
Taxes Receivable	31,142					209,226		43,156	43,156	43,156	38,514		
Accounts Receivable	9,605					9,605		209,226	209,226	209,226	145,934		
Due from Other Funds								9,605	9,605	9,605	15,290		
Future Lease Rentals Receivable									15,490,000	15,490,000	15,970,000		
Amount to be provided for Retirement of General Obligation Debt							884,493			884,493	961,832		
Amount to be provided for Payment of Compensated Absences							202,870			202,870	121,657		
TOTAL ASSETS	<u>810,131</u>	<u>266,216</u>	<u>415,275</u>	<u>712,910</u>	<u>7,890,907</u>	<u>1,087,363</u>	<u>202,870</u>	<u>11,182,802</u>	<u>17,465,807</u>	<u>28,648,609</u>	<u>28,783,823</u>		
LIABILITIES													
Accounts Payable	75,092	24,372		70,503				169,967		169,967	122,703		
Deferred Revenues	43,156	9,605		4,819				43,156		43,156	38,514		
Due to Other Funds								9,605		9,605	15,290		
Escrow Deposits/Other	111,101			4,819				115,920		115,920	100,794		
Sewer Revenue Bonds Payable											15,970,000		
General Obligation Debt				141,653			884,493	1,026,146		1,026,146	1,120,018		
Estimated Liabilities for Compensated Absences							202,870			202,870	121,657		
TOTAL LIABILITIES	<u>229,349</u>	<u>33,977</u>		<u>216,975</u>			<u>1,087,363</u>	<u>202,870</u>	<u>15,490,000</u>	<u>17,057,664</u>	<u>17,488,976</u>		
FUND EQUITY													
Retained Earnings								106,774		106,774	164,574		
Appropriated	407,463	555		389,161				389,161		389,161	288,779		
Unappropriated	173,319	231,684						8,298,925		8,298,925	8,505,967		
Fund Balances								820,278		820,278	2,335,527		
Reserved													
Unreserved	580,782	232,239	415,275	495,935	7,890,907			9,615,138	1,975,807	11,590,945	11,294,847		
TOTAL FUND EQUITY	<u>810,131</u>	<u>266,216</u>	<u>415,275</u>	<u>712,910</u>	<u>7,890,907</u>	<u>1,087,363</u>	<u>11,182,802</u>	<u>17,465,807</u>	<u>28,648,609</u>	<u>28,783,823</u>			

See Notes to Financial Statements.

PARISH TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
ALL GOVERNMENTAL FUND TYPES AND COMPONENT UNIT
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	GOVERNMENTAL FUND TYPES			TOTAL PRIMARY GOVERNMENT (MEMORANDUM) (ONLY)	MUNICIPAL AUTHORITY	TOTALS (MEMORANDUM ONLY) 2000	TOTALS (MEMORANDUM ONLY) 1999
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS				
REVENUES	2,355,862	302,009	45,413	2,657,871		2,657,871	2,597,007
Taxes	5,050		50,463	50,463		50,463	3,565
Licenses, Permits and Fees	79,365		79,365	79,365		79,365	61,230
Fines and Penalties	85,801	25,458	127,127	127,127	129,733	256,860	229,045
Interest and Rents	175,496	285,344	15,868	460,840	1,288,310	1,789,150	1,905,871
Intergovernmental Revenue	319,710	44,751		319,710		319,710	299,820
Service Fees	97,648			142,399	23,697	166,096	240,491
Miscellaneous Revenue					81,885	81,885	(163,696)
Unrealized Gain on Investments							
TOTAL REVENUES	3,118,932	657,562	61,281	3,837,775	1,523,625	5,361,400	5,173,333
EXPENDITURES	458,150	435,089		458,150	71,998	530,148	453,905
General Government	1,395,332			1,830,421		1,830,421	1,583,390
Public Safety	26,086			26,086		26,086	26,512
Health and Welfare					18,026	18,026	456,167
Public Works		331,954		945,529		945,529	1,285,381
Sanitation				132,414		132,414	94,122
Highways, Roads and Streets		119,535		390,256		1,759,209	1,682,191
Culture, Recreation				158,810		158,810	200,440
Debt Service							
Other							
TOTAL EXPENDITURES	3,055,088	886,578	-0-	3,941,666	1,458,977	5,400,643	5,782,108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	63,844	(229,016)	61,281	(103,891)	64,648	(39,243)	(608,775)
OTHER FINANCING SOURCES (USBS) Proceeds from Issuance of Bonds Transfers from Township Interfund Transfers Received Expended		250,702		250,702		250,702	473,000
TOTAL OTHER FINANCING SOURCES (USBS)	(110,000)	250,702	165,000	(165,000)	41,450	261,450	83,815
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(46,156)	21,686	226,281	201,811	106,098	307,902	(54,175)
FUND EQUITY, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	626,938	210,553	188,994	1,026,485	1,869,709	2,896,194	3,042,279
CUMULATIVE EFFECT ON PRIOR YEARS OF RETROACTIVE RESTATEMENT FOR ACCOUNTING CHANGE							(91,910)
FUND EQUITY, BEGINNING OF YEAR AS RESTATED	626,938	210,553	188,994	1,026,485	1,869,709	2,896,194	2,950,369
FUND EQUITY, END OF YEAR	580,782	232,239	415,275	1,228,296	1,975,807	3,204,103	2,896,194

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND EQUITY - ACTUAL TO BUDGET -
 BUDGETED GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	GENERAL			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES						
Taxes	2,132,000	2,355,862	223,862	284,534	302,009	17,475
Licenses, Permits and Fees	1,150	5,050	3,900			
Fines and Penalties	56,500	79,365	22,865			
Interest and Rents	43,000	85,801	42,801	8,100	25,458	17,358
Intergovernmental	242,583	175,496	(67,087)	281,914	285,344	3,430
Service Fees	293,644	319,710	26,066			
Miscellaneous	69,000	97,648	28,648	27,075	44,751	17,676
TOTAL REVENUES	2,837,872	3,118,932	281,065	601,623	657,562	55,939
EXPENDITURES						
General Government	382,782	458,150	(75,368)	209,951	435,089	(225,138)
Public Safety	1,270,618	1,395,332	(124,714)	305,300	331,954	(26,654)
Health and Welfare	10,000	26,086	(16,086)			
Highway and Street	670,451	613,575	56,876			
Culture and Recreation	150,240	132,414	17,826			
Debt Service	271,218	270,721	497			
Other	186,500	158,810	27,690			
TOTAL EXPENDITURES	2,941,809	3,055,088	(113,279)	515,251	886,578	(371,327)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(103,932)	63,844	167,776	86,372	(229,016)	(315,388)
OTHER FINANCING SOURCES (USES)						
Proceeds from Issuance of Bonds					250,702	250,702
Interfund Transfers						
Received	55,000	55,000				
Expended	(40,000)	(165,000)	(125,000)			
TOTAL OTHER FINANCING SOURCES (USES)	15,000	(110,000)	(125,000)	-0-	250,702	250,702
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(88,932)	(46,156)	42,776	86,372	21,686	(64,686)
FUND BALANCE, BEGINNING OF YEAR		626,938			210,553	
FUND BALANCE, END OF YEAR		580,782			232,239	

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
OPERATING REVENUES		
Collection Fees	2,763,123	2,524,666
Sewer Permits	290,482	322,080
Intergovernmental Revenue	186,786	168,504
Miscellaneous	<u>22,426</u>	<u>28,033</u>
TOTAL OPERATING REVENUES	<u>3,262,817</u>	<u>3,043,283</u>
OPERATING EXPENSES		
Personnel	410,067	372,727
Collection, Disposal and Treatment	1,471,514	1,379,793
Lease Rentals	<u>1,288,310</u>	<u>1,287,890</u>
TOTAL OPERATING EXPENSES	<u>3,169,891</u>	<u>3,040,410</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER EXPENSES	<u>92,926</u>	<u>2,873</u>
NON-OPERATING REVENUES (EXPENSES)		
Earnings on Temporary Deposits and Investments	53,781	38,557
Interest Paid	<u>(7,675)</u>	<u>(8,471)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>46,106</u>	<u>30,086</u>
OTHER FINANCING SOURCES (USES)		
Transfers to Authority	(41,450)	(26,600)
Interfund Transfers	<u>(55,000)</u>	<u>(55,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(96,450)</u>	<u>(81,600)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENSES AND OTHER USES	<u>42,582</u>	<u>(48,641)</u>
FUND EQUITY, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	453,353	386,853
CUMULATIVE EFFECT ON PRIOR YEAR OF RETROACTIVE RESTATEMENT FOR ACCOUNTING CHANGE	<u> </u>	<u>115,141</u>
FUND EQUITY, BEGINNING OF YEAR AS RESTATED	<u>453,353</u>	<u>501,994</u>
FUND EQUITY, ENDING OF YEAR	<u>495,935</u>	<u>453,353</u>

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP
STATEMENTS OF CHANGES IN PLAN NET ASSETS
ALL FIDUCIARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	NON-UNIFORMED PENSION FUND	POLICE PENSION FUND	TOTALS
	2000	1999	2000 1999
ADDITIONS			
Contributions			
State Aid	68,241		108,330
Employer	6,797		14,045
Employee	<u>18,023</u>		<u>28,616</u>
Total Contributions	<u>93,061</u>		<u>150,991</u>
Investment Income			
Net Appreciation (Depreciation) in Fair			
Value of Investments	5,419	45,587	348,987
Interest and Dividends	<u>6,774</u>	<u>25,335</u>	<u>229,349</u>
Less: Investment Expense			
Net Investment Income	12,193	70,922	578,336
	<u>11,585</u>	<u>43,540</u>	<u>29,859</u>
Net Investment Income	<u>608</u>	<u>27,382</u>	<u>548,477</u>
TOTAL ADDITIONS	<u>93,669</u>	<u>27,382</u>	<u>699,468</u>
DEDUCTIONS			
Benefit Payments	73,056	97,804	160,623
Administrative Expenses		<u>4,584</u>	<u>3,000</u>
TOTAL DEDUCTIONS	<u>73,056</u>	<u>102,388</u>	<u>163,623</u>
NET INCREASE	20,613	(75,006)	535,845
FUND BALANCE RESERVED FOR EMPLOYEES'			
PENSION BENEFITS, BEGINNING OF YEAR	2,093,769	5,851,531	7,409,455
FUND BALANCE RESERVED FOR EMPLOYEES'			
PENSION BENEFITS, END OF YEAR	<u>2,114,382</u>	<u>5,776,525</u>	<u>7,945,300</u>

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of Operating Revenues Over Expenses	<u>92,926</u>	<u>2,873</u>
Adjustments to Reconcile Excess (Deficiency) of Operating Revenues Over Expenses to Net Cash Provided by Operating Activities		
Payments to Authority and Other Funds	1,288,310	1,287,890
(Increase) Decrease in Assets		
Accounts Receivable	(32,150)	
Due from Other Funds	805	(120)
Increase (Decrease) in Liabilities		
Accounts Payable	39,710	
Other Liabilities	<u>(12,681)</u>	
Total Adjustments	<u>1,283,994</u>	<u>1,287,770</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,376,920</u>	<u>1,290,643</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Payments to Authority and Other Funds	<u>(1,384,760)</u>	<u>(1,369,490)</u>
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(1,384,760)</u>	<u>(1,369,490)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Bonds	(16,533)	(15,737)
Interest Paid on Bonds	<u>(7,675)</u>	<u>(8,471)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(24,208)</u>	<u>(24,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>53,781</u>	<u>38,557</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>53,781</u>	<u>38,557</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,733	(64,498)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>513,093</u>	<u>577,591</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>534,826</u></u>	<u><u>513,093</u></u>

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fairview Township is located in York County, Pennsylvania. It is a Township of the second class established in 1803 and operates under an elected three member Board of Supervisors. The Township provides services in many areas to its residents, including building and sewerage regulation, maintenance of streets and highways, community enrichment programs and various general government services.

REPORTING ENTITY - The Township defines its reporting entity based upon the criteria established by Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity". The Township includes in its reporting entity organizations for which it is financially accountable and other organizations for which the nature and significance of the relationship with the Township is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of reporting entity is based primarily on the notion of financial accountability. The Township is financially accountable to an organization if they appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the Township. The Township would include any organization fiscally dependent upon it.

The Township Authority, included in these financial statements, has been determined by the above criteria as being a part of the reporting entity. The significant factors for including the Authority in the reporting entity of the Township are: the appointment of Authority board members by Township supervisors and the Township's guaranty of outstanding Authority revenue bonds.

The Fairview Township Authority was created in 1963 and was organized under the laws governing authorities within the Commonwealth of Pennsylvania (Municipality Authorities Act of 1945). The Authority has the power to construct, finance, operate, maintain and lease sewer systems. The Authority owns the sewer system and leases it to Fairview Township. Separate financial statements regarding the operations of the Authority may be obtained by contacting the Township office.

JOINTLY GOVERNED ORGANIZATION - The Township is a participant with other municipalities and school districts in the West Shore Tax Bureau. It is jointly governed by its participating members and is considered to be an internal service entity established to serve its member governmental units. The Bureau is a regional collector of local earned income tax and Occupational Privilege Tax. The Bureau's operations are separated into three funds, two for tax receipts and distribution of such receipts and one for administration of the tax collection operation.

BASIS OF ACCOUNTING - The Township uses the modified accrual basis as required by generally accepted accounting principles for governmental units. The material modifications of the modified accrual method from the accrual method are as follows:

- a. Revenues are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the current period. Licenses,

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

permits and fines, rental income and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Intergovernmental revenues and investment income are recorded when earned since they are measurable and available. Real estate, per capita, occupation and earned income taxes which are uncollected or delinquent are accounted for as receivables. Current levies of taxes which are not available to finance current expenditures are recorded as deferred revenues. Taxpayer-assessed revenues are recognized in the period in which they became susceptible to accrual, when they became both measurable and available to finance expenditures of the fiscal period.

- b. Prepaid expenses are not recognized as such.
- c. Principal and interest on long-term debt are recognized when due.
- d. Accumulated unpaid vacation pay, sick pay and other employee compensated absences amounts are recognized as they are earned. Salary related payments associated with the payment of compensated absences are also accrued.

The Township follows Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" (Statement No. 20) of the Governmental Accounting Standards Board (GASB) for reporting and disclosure purposes. As permitted by Statement No. 20, the Township has elected to not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 unless the GASB specifically adopts the FASB Statement or interpretation.

BASIS OF PRESENTATION - The Township accounts for all funds and account groups existing under its jurisdiction, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. Township resources are allocated to and accounted for in the individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into a fund type and account group as follows:

GOVERNMENTAL FUND TYPES - Governmental Funds are those through which most governmental functions of the Township are financed. The measurement focus is upon determination of changes in financial resources, rather than upon net income determination. The funds included in this category are:

GENERAL FUND - The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property, per capita, and other taxes, user fees and other intergovernmental distributions.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenues that are restricted to expenditures for specified purposes.

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

HIGHWAY AID FUND - The Highway Aid Fund is used to account for specific revenues that are restricted to the expenditures for the improvement and maintenance of the Township's roads, bridges, curbs, and gutters.

STREET LIGHT FUND - This fund is used to account for the assessment of fees, based on square footage of served lots, and their expenditure to provide street lighting.

FIRE HYDRANT FUND - This fund is used to account for the collections of a tax imposed on residents served by fire hydrants and the expenditure for fire hydrant water service.

DARE FUND - This fund is used to account for the monies the Township received from local resident contributions for the Drug Awareness program implemented in the Township's schools.

FIRE SERVICE FUND - The Fire Service Fund is used to account for the collections of real estate taxes designated for assisting the volunteer fire company with its capital and operating expenditures. All expenditures from this fund require Township approval.

EMERGENCY MEDICAL SERVICES (EMS) FUND - The EMS Fund is used to account for the collections of real estate taxes designated for assisting the Township's EMS Service with its capital and operating expenditures. All expenditures from this fund require Township approval.

CAPITAL PROJECTS FUND - Capital Project Funds account for the acquisition, improvement, or construction of fixed assets not being financed by proprietary funds.

CAPITAL PROJECTS FUND - The Capital Projects Fund is used to account for Cable TV franchise fees the Township started to collect during the year 2000. These fees will be used to fund future capital acquisition and improvement projects.

CAPITAL RESERVE FUND - The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

PROPRIETARY FUND TYPES - Proprietary Fund Types account for operations that are financed and operated in a manner similar to private business enterprises.

ENTERPRISE FUNDS - Enterprise Funds are used to account for operations where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

SEWER FUND - The Sewer Fund is used to account for the financial transactions associated with the operations and administration of the Township's sewer system.

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPES (CONTINUED)

REFUSE FUND - The Refuse Fund is used to account for the financial transactions associated with the collection of refuse in the Township.

FIDUCIARY FUND TYPES - Fiduciary Funds are used to account for assets held by the Township as a trustee or agent for other funds or governmental entities.

TRUST FUNDS - Trust Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

POLICE AND NON-UNIFORMED PENSION FUNDS - These trust funds are used to account for the retirement contributions of the Township and its employees. Pension Trust Funds are accounted for in a manner similar to Proprietary Funds since capital maintenance is critical.

COMPONENT UNIT - AUTHORITY - BASIS OF PRESENTATION - The Authority's policy is to prepare its component unit financial statements on the modified accrual basis, as required by generally accepted accounting principles.

In accordance with the financial provisions of the trust indentures securing the sewer revenue bonds, the trust assets of the Authority are accounted for in various funds established by the indentures. The purpose of the funds is to segregate the trust assets into restricted-use accounts for the security of the bondholders. The funds are maintained by an independent trustee on the cash basis, as required by the indenture. The accounting records maintained by the trustee do not differ significantly from the accounting records which would be maintained if the modified accrual basis of accounting had been utilized, as required by generally accepted accounting principles for Debt Service Funds of a Local Governmental Unit. Because the Authority merely acts as a conduit for the receipt of rent and the payment of the interest and principal of the bonds and the related executory expenses and may, upon provision for the retirement of its debt, convey title to the facilities to the Township the "direct financing method" of accounting for long-term capital leases is utilized on the Authority's balance sheet. Under this method, the present value of the net minimum lease payments applicable to the debt service requirements of the sewer revenue bonds is shown as a receivable and the cost of the facilities financed by the Authority is considered to be an asset of the Township.

Lease rentals are recorded as income when received and distributed by the trustee to separate funds for present and future redemption of bonds and for payment of interest as directed by the terms of the trust indentures.

BUDGETS - Prior to the beginning of each fiscal year, an annual budget is adopted for the General Fund, Highway Aid Fund, Fire Hydrant Fund, Fire Service Fund, EMS Service Fund and Street Light Fund. Encumbrances and appropriations outstanding at December 31 are reported as reservations of fund balances and do not constitute expenditures, expenses or liabilities of the present year because the commitments will be honored in the subsequent year.

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAX REVENUE - Real estate, per capita, earned income and occupational privilege taxes are recorded at gross amounts collected with expenses and commissions paid recorded as an expenditure under tax collection. Real estate transfer and delinquent real estate taxes are recorded at the net amount received from the collecting agency after deduction for fees and expenses.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with an original maturity of three months or less maintained at a local financial institution.

RECEIVABLES - Accounts receivable and taxes receivable determined as being uncollectible are accounted for via the direct write-off method. As of December 31, 2000, the Township believes all accounts receivable are 100% collectible.

INTERFUND RECEIVABLES AND PAYABLES - Due from other funds and due to other funds have not been eliminated.

USE OF ESTIMATES - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

COMPENSATED ABSENCES - Township employees are entitled to certain compensated absences, sick leave, and vacation time as more fully described in Note 11.

LONG-TERM DEBT - Long-term liabilities that will be financed from general revenues of governmental funds are accounted for in the General Long-term Debt Account Group. Long-term liabilities of all proprietary funds and fiduciary funds are accounted for in the respective funds.

INVENTORY - A recorded inventory of parts and supplies held by the various funds is not maintained by the Township.

MEMORANDUM ONLY - TOTALS - Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, other than \$400 cash on hand, consists of cash deposited in financial institutions. The following is a summary of cash and cash equivalents which are insured (FDIC), not insured but collateralized in the Township's name, and not insured or collateralized in the Township's name. Deposits not invested in pooled federal securities are collateralized in accordance with Act 72, which requires an institution to pool collateral for all governmental deposits and have it held by a custodian in the institution's name. As of December 31, 2000 the institution's pooled assets cover all governmental deposits.

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

2. CASH AND CASH EQUIVALENTS (CONTINUED)

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured (FDIC)	116,387	116,387
Collateral not held in Township's name	<u>1,842,545</u>	<u>1,992,136</u>
	<u>1,958,932</u>	<u>2,108,523</u>

3. INVESTMENTS - PENSION

Investments are purchased by the Trustee as part of the Pension Trust Funds. The investments are stated at fair value as of December 31, 2000 and consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Non-Uniformed Pension		
Fixed Income Fund	1,420,545	1,420,545
Bond Funds	316,428	351,030
Stock Funds	333,999	334,620
Income Receivable	<u>135</u>	<u>135</u>
	<u>2,071,107</u>	<u>2,106,330</u>
Police Pension		
Income Receivable	843	843
Bond Funds	2,604,633	2,928,338
Stock Funds	<u>2,541,666</u>	<u>2,839,009</u>
	<u>5,147,142</u>	<u>5,768,190</u>
Total Investments - Pension	<u>7,218,249</u>	<u>7,874,520</u>

The Pension Trust investments are uninsured, unregistered and uncollateralized. The investments are only as secure as the underlying securities themselves.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS - AUTHORITY

Cash, cash equivalents and investments held by the trustee are restricted in accordance with the provisions of the Trust Indentures. The cash in the Authority Administrative Fund, which is controlled by the Authority Treasurer and Administrative Secretary, is unrestricted and totals \$1,485 at December 31, 2000. It is insured up to \$100,000 by FDIC.

Cash equivalents and investments are purchased by the Trustee as part of the Trust Indentures' Funds. The investments are classified as to credit risk by the following three categories.

- Category 1 - Insured or registered securities held by the Authority in the Authority's name.
- Category 2 - Uninsured and unregistered securities held by the trust department in the Authority's name.
- Category 3 - Uninsured and unregistered securities held by the trust department, but not in the Authority's name.

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

4. CASH, CASH EQUIVALENTS AND INVESTMENTS - AUTHORITY (CONTINUED)

	<u>Category</u>			<u>Cost</u>	<u>Fair Value</u>	<u>Series</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Restricted Cash Equivalents:						
Pool for U. S. Treasury Obligations			40,036	40,036	40,036	1988
			124,023	124,023	124,023	1990
			7,325	7,325	7,325	1991
			<u>272,078</u>	<u>272,078</u>	<u>272,078</u>	1994
			<u>443,462</u>	<u>443,462</u>	<u>443,462</u>	
Restricted Investments:						
U. S. Treasury Bond; 9.375%, Due 2/15/06			1,266,475	1,266,475	1,330,000	1994
U. S. Treasury Security; Stripped Interest Payment Due 2/15/06			<u>113,482</u>	<u>113,482</u>	<u>200,860</u>	1994
			<u>1,379,957</u>	<u>1,379,957</u>	<u>1,530,860</u>	

Investment policies followed during the year did not significantly alter the categorization of investments.

Unrealized Gain (Loss) on Investments

	<u>Restricted Investments</u>
<u>1999</u>	
Cost	1,379,957
Fair Value	<u>1,448,975</u>
Unrealized Gain (Loss) on Investments	<u>69,018</u>
<u>2000</u>	
Cost	1,379,957
Fair Value	<u>1,530,860</u>
Unrealized Gain (Loss) on Investments	<u>150,903</u>
Total Unrealized Gain (Loss) on Investments	<u>81,885</u>

The Municipality Authorities Act authorizes the Authority to invest in the following:

1. U. S. Treasury Bills
2. Short-term obligations of the U. S. Government and federal agencies;
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision, and
5. Shares of Mutual Funds whose investments are restricted to the above categories

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

5. FUTURE LEASE RENTAL RECEIVABLE

The Authority and the Township entered into a lease agreement of the Sewer System, under which the Township has agreed to make lease rental payments thereunder to the Trustee as security for the Series of 1991 and 1994 Bonds. The Township operates the Sewer System and has covenanted to impose and collect sewer rentals and other charges to provide for the payment of such lease rentals and to pay the operating costs of the Sewer System. The Township has pledged the revenues and receipts of the Sewer System to secure its obligations to make such lease rental payments. As of December 31, 2000 the present value of the future minimum lease rentals is \$15,490,000.

Minimum rentals under the 1991 and 1994 Bond Issues, including interest of \$11,142,558, are as follows:

<u>LEASE YEARS</u> <u>ENDING</u>	<u>RENTAL</u> <u>PAYMENT</u>
2001	1,372,153
2002	1,373,448
2003	1,372,278
2004	1,374,218
2005	1,372,093
Thereafter	<u>19,768,368</u>
	<u>26,632,558</u>

The above stated minimum lease rentals are reduced annually by trustee funds invested in the 1994 Debt Service Reserve Fund. The Debt Service Reserve Fund must maintain a reserve of \$1,380,230 with any excess being applied to the debt service requirements of the 1994 Bond Issue. During 2000, the Debt Service Reserve had excess funds of \$80,116 which were paid towards the 1994 debt service requirements and consequently reduced the Township's lease rental by the same amount. The Township has guaranteed the 1991 and 1994 Bond Issues with its full faith, credit and taxing power.

6. SEWER REVENUE BONDS PAYABLE - AUTHORITY

The Bonds are secured under the related Trust Indentures by the assignment and pledge of lease rentals.

The Bonds bear interest as follows:

<u>Series</u>	
1991	6.10% - 6.70%
1994	4.25% - 5.40%

Scheduled maturities are:

<u>YEAR</u>	<u>SERIES</u>		<u>TOTAL</u>
	<u>1991</u>	<u>1994</u>	
2001 - 2005	1,585,000	1,275,000	2,860,000
2006 - 2010	-0-	2,630,000	2,630,000
2011 - 2015	985,000	2,380,000	3,365,000
2016 - 2020	-0-	4,735,000	4,735,000
2021	<u>1,305,000</u>	<u>595,000</u>	<u>1,900,000</u>
	<u>3,875,000</u>	<u>11,615,000</u>	<u>15,490,000</u>

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

7. GENERAL OBLIGATION DEBT

General obligation notes payable/capital lease obligations consist of the following as of December 31, 2000:

Capital Lease Obligation

In April 1995, the Township executed a lease purchase agreement for a copier. The agreement requires monthly payments of \$382, including a 9% implicit rate of interest. This lease was paid in full in 2000. During 2000, the Township entered into a new copier lease with a five year term which expires on May 22, 2005. The lease requires monthly payments of \$335, including a 5.10% implicit rate of interest. The copier is collateral for this obligation. The copier has an original cost of \$17,683.

General Obligation Note, Series of 1997

On October 15, 1997 the Township issued its General Obligation Note, Series of 1997 in the principal sum of \$982,000 to: (1) refund the General Obligation Note, Series of 1989; (2) fund the purchase of sanitary sewage treatment capacity; (3) purchase an ambulance and other municipal equipment; (4) pay for remediation and restoration of storage tank removals on the Township's property; and (5) pay costs, fees and expenses related to this issue. Of the \$982,000 issue, \$792,000, was deposited in the General Fund and recorded as General Long-term Debt as of December 31, 1997. This portion of the note bears interest at 4.90% per annum and requires 72 monthly payments of principal and interest of \$12,575. This portion of the note matures December 1, 2003. The remaining portion of the note, \$190,000, was deposited and recorded in the Sewer Fund (a proprietary fund) as a liability. This portion of the note bears interest at 5.01% per annum and requires 120 monthly payments of principal and interest of \$2,017. This portion of the note matures November 1, 2007. As of December 31, 2000 the balance outstanding is \$421,625 and \$141,653, respectively.

General Obligation Note, Series of 1998

On February 27, 1998, the Township issued its General Obligation Note, Series of 1998 in the principal sum of \$100,000 to advance to the Fairview Township Volunteer Firefighter's Relief Association to acquire fire and rescue apparatus. The Note bears interest at a rate of 5.25% per annum at thirty-six monthly payments of principal and interest of \$3,008. The Note matures on March 9, 2001. As of December 31, 2000 the outstanding principal balance is \$9,073. All debt payments are reimbursed to the Township by the Relief Association.

General Obligation Note, Series of 1999

On February 19, 1999, the Township issued its General Obligation Note, Series of 1999 in the principal sum of \$473,000 to provide funds to construct a salt storage shed; purchase a street sweeper, front-end loader and various other municipal vehicles; and to purchase a fire truck for the benefit of the Township's volunteer fire company. The Note is comprised of two payment schedules. The first has a principal sum of \$340,000 and an interest rate of 4.27% per annum. The monthly payments of interest and principal are \$10,944 and commence on April 1, 1999, with final payment on December 1, 2001. The second note has a principal balance of \$133,000 and bears an interest rate of 4.32% per annum. The monthly payments of interest and principal are \$2,587 and commence on April 1, 1999, with a final payment on December 1, 2003. As of December 31, 2000, the combined balance outstanding is \$216,029.

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

7. GENERAL OBLIGATION DEBT (CONTINUED)

General Obligation Note, Series of 2000

On August 4, 2000, the Township issued its General Obligation Note, Series of 2000 in the principal sum of \$250,702 to provide funds to purchase a tanker truck for the Fairview Township Volunteer Fire Department. The Note bears interest at a rate of 5.79% per annum with thirty payments of principal and interest of \$8,996. The Note matures on February 4, 2003. As of December 31, 2000, the outstanding principal balance is \$219,329.

A summary of changes in general obligation debt is as follows:

	BALANCE, JANUARY 1, 2000	ADDITIONS	PAYMENTS	BALANCE, DECEMBER 31, 2000
Capital Lease Obligation	4,633	17,683	3,879	18,437
G. O. Note, 1997 (General Fund)	548,086		126,461	421,625
G. O. Note, 1997 (Sewer Fund)	158,186		16,533	141,653
G. O. Note, 1999 (General Fund)	365,434		149,405	216,029
G. O. Note, 1998 (General Fund)	43,679		34,606	9,073
G. O. Note, 2000 (General Fund)	<u>0</u>	<u>250,702</u>	<u>31,373</u>	<u>219,329</u>
	<u>1,120,018</u>	<u>268,385</u>	<u>362,257</u>	<u>1,026,146</u>

Scheduled principal maturities are:

YEAR	TOTAL	CAPITAL LEASE OBLIGATION	G. O. NOTE 1997	G. O. NOTE 1998	G. O. NOTE 1999	G. O. NOTE 2000
2001	417,177	3,400	150,710	9,073	156,169	97,825
2002	294,513	3,543	158,283		29,046	103,641
2003	220,400	3,634	168,089		30,814	17,863
2004	90,020	3,824	86,196			
2005	<u>4,036</u>	<u>4,036</u>				
	<u>1,026,146</u>	<u>18,437</u>	<u>563,278</u>	<u>9,073</u>	<u>216,029</u>	<u>219,329</u>

Minimum debt service requirements are:

YEAR	TOTAL	CAPITAL LEASE OBLIGATION	G. O. NOTE 1997	G. O. NOTE 1998	G. O. NOTE 1999	G. O. NOTE 2000
2001	458,527	4,014	175,112	9,073	162,374	107,954
2002	318,121	4,014	175,112		31,040	107,955
2003	230,011	4,014	176,965		31,040	17,992
2004	99,384	4,014	95,370			
2005	<u>4,036</u>	<u>4,036</u>				
	<u>1,110,079</u>	<u>20,092</u>	<u>622,559</u>	<u>9,073</u>	<u>224,454</u>	<u>233,901</u>

8. PROPERTY TAXES AND ASSESSMENTS

REAL ESTATE AND FIRE HYDRANT TAXES - The Township's property and fire hydrant taxes are levied each February 15 on the assessed value as of January 1 as maintained by the County. Real property taxes are assessed on all non-exempt real property located in the Township. The fire hydrant tax is assessed on those residents owning real property in the Township within 780 feet of a fire hydrant. The millage rates for 2000 were .70 mills - real estate and .336 mills - fire hydrant, fire services and EMS services.

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

8. PROPERTY TAXES AND ASSESSMENTS (CONTINUED)

STREET LIGHT ASSESSMENTS - The Township's street light assessment is levied each February 15 and is based on the road frontage footage of non-exempt property served by street lights. The assessment rates for the year ended December 31, 2000 were \$0.125/foot for unimproved and \$0.50/foot for improved road frontage.

Real estate and fire hydrant taxes and street light assessments attach as an enforceable lien on property on January 1 and are collected by an elected tax collector. Taxes paid through April 15 are given a 2% discount. Taxes paid after June 15 are charged a 10% penalty. Delinquent real estate taxes are collected by the County. Delinquent fire hydrant taxes and street light assessments are collected by the Township or elected tax collector.

9. SEWAGE TREATMENT AGREEMENT

The Township and the Authority have entered into an agreement with the Lower Allen Township Municipal Authority for treatment of the Township sewage originating near the common municipal boundary and transported by the Authority's collection system into the Lower Allen Township Municipal Authority treatment plant.

The original agreement was reached on December 28, 1976. Under the agreement the municipalities will pay their pro rata shares of operating and administrative costs of the treatment plant. During 2000 the Township paid treatment costs to Lower Allen Township of \$191,801. The Township also paid \$41,450 to the Township Authority for operating costs. All payments were made from the Sewer Fund.

10. DEFINED BENEFIT PENSION PLANS

PLAN DESCRIPTIONS - Fairview Township employees are covered under one of two defined benefit pension plans administered by the Township as a single-employer public employee retirement system (PERS). The employees are covered according to their occupation in either the Non-Uniformed or Police Pension plans. The Plans are controlled by the provisions of the Township ordinances and Collective Bargaining Agreement adopted pursuant to Act 600 as enacted by the Pennsylvania legislature in 1988. The Township has delegated the authority to manage Plan assets to Mellon Bank and Provident Mutual as trustees of the respective plan assets. The respective plan assets may be used only for the payment of benefits to members and plan expenses, in accordance with the terms of the plan. The plans provide retirement, disability and death benefits to plan members and their beneficiaries.

PLAN MEMBERSHIP - As of January 1, 2001 participation in the respective plans is as follows:

Non-Uniformed Pension Plan

Membership as of 1/1/2001

Retirees and Beneficiaries Currently Receiving Benefits	8
Terminated Employees Entitled to Deferred Benefits	5
Active Members	<u>26</u>
Total	<u>39</u>

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Pension Plan

Membership as of 1/1/2001

Retirees and Beneficiaries Currently Receiving Benefits	5
Terminated Employees Entitled to Deferred Benefits	2
Active Members	<u>13</u>
Total	<u>20</u>

A summary of employee eligibility requirements and benefits as of January 1, 2001 is as follows:

	<u>NON-UNIFORMED</u>	<u>POLICE</u>
a. Covered Employees	All full-time non-uniformed employees	All full-time police
b. Eligibility for	After age 65, or, age 60 and completion of 25 years of service	After age 50 and completion of 25 of service
c. Monthly Pension Benefit	Equal to 1.50% of average monthly pay times the number of years of service completed, if hired prior to January 1, 2001 and 2% of average monthly pay times the number of years of service up to a maximum of 25 years, if greater.	Equal to 50% of average monthly pay, plus a service increment of \$100 per month for members who complete 26 or more years of service.
	Average monthly pay is based upon the final year of employment.	Average monthly pay is based upon the last 36 months of employment.
d. Vesting	Immediate 100%	Upon completion of 12 years of service.

FUNDING POLICY - Plan members are required to contribute 2% and 0% of gross wages to the Non-Uniformed and Police Pension plans, respectively. These member requirements are reviewed and approved annually by the Township. The Township is required to fund the plans based upon actuarially determined minimum funding standards. The minimum funding standards were mandated by Act 205, enacted by the Pennsylvania legislature on December 18, 1984. The minimum funding requirement includes normal cost and administrative expenses and amortization costs of the unfunded actuarial accrued liability. The Act also provides state aid to assist municipalities in meeting their minimum funding requirements. Any remaining minimum funding obligations are paid from the General Fund of the Township.

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding of the respective plans were provided as follows for 2000:

<u>DESCRIPTION</u>	<u>NON-UNIFORMED PENSION PLAN</u>	<u>POLICE PENSION PLAN</u>
Annual Covered Payroll	\$923,403	\$629,647
Employee Contribution Rate	2.0% of gross wages	Suspended 01/01/00
Employee Contributions Paid in 2000	\$ 18,023	\$ 0
Employer Contributions Paid in 2000	\$ 6,797	\$ 0
State Aid Contributions Paid in 2000	\$ 68,241	\$ 0
Total Contributions made as a Percentage of Payroll	10.1%	0.0%

ANNUAL PENSION COST AND NET PENSION OBLIGATION - The Township's annual pension cost (APC) net pension obligation, and related information for the respective plans for the current year were as follows:

	<u>NON-UNIFORMED PENSION PLAN</u>	<u>POLICE PENSION PLAN</u>
Annual Required Contribution	75,038	0
Contributions Made	<u>75,038</u>	<u>0</u>
	<u>0</u>	<u>0</u>

The Township's Police Pension Plan's records indicate that all actuarially determined required contributions from 1987 to present, have been paid, and the net pension obligation at transition is zero. The Townships Non-Uniformed Pension Plan's records indicate a net pension obligation of approximately \$31,500. The Township has not recorded this liability in the General Long-term Debt account, nor its impact on the annual pension cost.

	<u>NON-UNIFORMED PENSION PLAN</u>	<u>POLICE PENSION PLAN</u>
Actuarial Valuation Date	1/1/01	1/1/01
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Annual Funding Adjustment equal to 10% of Negative Unfunded Actuarial Accrued Liability
Remaining Amortization Period	17 Years	10 Years

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

	<u>NON-UNIFORMED PENSION PLAN</u>	<u>POLICE PENSION PLAN</u>
Asset Valuation Method	Market Value as Determined by Trustee	Market Value as Determined by Trustee
Actuarial Assumptions:		
Investment Rate of Return	7.0%	7.0%
Projected Salary Increases	6.0%	6.0%
Cost of Living	N/A	3.0%
Mortality	Up 1984 Table	Up 1984 Table

THREE-YEAR TREND INFORMATION

Non-Uniformed
Pension Plan

<u>YEAR</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
2000	75,038	100%	0
1999	81,720	100%	0
1998	74,711	100%	0

Police Pension Plan

<u>YEAR</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
2000	0	100%	0
1999	40,296	100%	0
1998	38,420	100%	0

Realized gains and losses and unrealized gains and losses are included together in net appreciation (depreciation) in fair value of investments as follows:

	<u>NON-UNIFORMED PENSION PLAN</u>		<u>POLICE PENSION PLAN</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Realized Gains or Losses	11,469	5,154	483,003	368,726
Unrealized Gains or Losses	<u>(6,050)</u>	<u>24,472</u>	<u>(437,416)</u>	<u>(49,365)</u>
Net Appreciation (Depreciation) in Fair Value of Investment	<u>5,419</u>	<u>29,626</u>	<u>45,587</u>	<u>319,361</u>

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

11. COMPENSATED ABSENCES

The Township allows non-uniformed employees to accumulate unused sick leave to a maximum of 120 days. Township police may accumulate unused sick leave to a maximum of 180 days under their collective bargaining agreement. The Township allows non-uniformed and police employees to accumulate vested unused vacation time to a maximum of 45 days. Upon termination the vested unused vacation time is paid to the stated maximums. Sick leave is vested and paid upon termination for non-uniformed employees at 25% of all accumulated sick leave. Sick leave is vested and paid to police officers at 25% of all accumulated sick leave upon termination.

As of December 31, 2000, the liability for vested unused vacation and sick leave is approximately \$202,870. This amount has been recorded in the General Long-term Debt Account Group. The amount expected to be paid from current resources is not significant. This amount includes payroll related tax liabilities.

12. COMMITMENTS AND CONTINGENCIES

As described in Note 5, the Township is contingently liable for repayment of the \$15,490,000 of Sewer Revenue Bonds issued by the Fairview Township Municipal Authority should the Authority default on the required repayment terms.

The Authority Bonds outstanding at December 31, 2000 are:

<u>SEWER REVENUE BOND SERIES</u>	<u>TOTAL</u>	<u>NOT DEFEASED</u>	<u>DEFEASED</u>
1965	140,000		140,000
1991	9,205,000	3,875,000	5,330,000
1994	<u>11,615,000</u>	<u>11,615,000</u>	<u> </u>
	<u>20,960,000</u>	<u>15,490,000</u>	<u>5,470,000</u>

The Township requires developers to obtain letters of credit and escrow agreements to provide assurance that projects will be completed according to approved specifications and on a timely basis. Should one or more of these instruments expire and a default occur, it may be necessary for the Township to take over the defaulted project.

Outstanding escrow deposits at December 31, 2000 are approximately \$111,101.

During the normal course of performing its duties to the general public which it serves, the Township is subject to numerous threatened lawsuits and complaints. The Township has notified its insurance carrier and turned these matters over to the insurance carrier. It is the belief of legal counsel that any loss will be covered by insurance.

The Township continues to incur expenses related to the process of cleaning up ground water contamination as a result of an underground storage tank leak at the Township's property. The additional estimated cost of ground water remediation has not been determined at this time. The Township has incurred costs to date of \$338,157. The State Indemnification Fund has reimbursed the Township for \$291,208 of these costs to date, including \$60,394 during 1999.

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Township entered into a lease agreement for the use of a computer file server for a term of 3 years. The payments were \$564 per month for 36 months commencing March 30, 1996. The lease expired in 1999. During 1999, the Township entered into another 3 year lease for a server with payments of \$644 per month. The lease expense for 2000 was \$7,728.

The Township entered into a lease agreement for the use of a new telephone system for a term of 5 years. The payments are \$330 per month for 60 months commencing July 16, 1997. The lease expense for 2000 was \$3,960. The lease is recorded as an operating lease. The minimum lease requirements for the next three years are as follows:

2001	3,960
2002	<u>1,980</u>
	<u>5,940</u>

13. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

14. CHANGE IN ACCOUNTING PRINCIPLES

During 2000, the Township changed from the cash basis to the modified - accrual basis of accounting. The Township believes that the accrual basis more accurately reflects the financial position and results of operations. The financial statements for 1999 have been retroactively restated for the change, which resulted in an increase of income for 1999 of \$115,141 in the proprietary funds and a decrease of \$91,910 in the governmental funds. Fund equity has been restated for the effect of the retroactive application of the new method.

15. CONTINGENCIES AND COMMITMENTS - AUTHORITY

The Authority has assessed a \$30,000 fee for additional tapping fees from a commercial sewer system customer. The fee was to be paid in twelve monthly payments plus interest to the Sewer Fund. The Township received two payments in 1997 and seven payments in 1998. Thereafter, the Township was notified that the customer filed for bankruptcy protection, leaving three unpaid payments. Also, due to the bankruptcy proceedings, the Township's Sewer Fund is holding \$17,500 of equivalent dwelling unit fees, the Authority agreed to refund to the customer. During 2000, \$8,500 was refunded to the customer, \$4,819 was being held in the Township's Sewer Fund, and the balance was applied against outstanding sewer fees.

FAIRVIEW TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

16. ESCROWS PAYABLE - AUTHORITY

The Authority requires developers to obtain letters of credit or deposit funds pursuant to an escrow agreement to provide assurance that projects will be completed according to approved specifications and on a timely basis. Should one or more of these instruments expire and a default occur, it may be necessary for the Authority to take over the defaulted project. Escrow balances as of December 31, 2000 were zero.

17. RESERVATIONS OF FUND EQUITY

Reservations of fund balances as of December 31, 2000 are not appropriable for expenditure, or are legally segregated for specific purposes as follows:

GENERAL FUND	
Medical Benefits - Police	33,196
Compensated Absences - Township Employees	250,604
Encumbrances for 2000 Expenditures	<u>123,663</u>
	<u>407,463</u>
SPECIAL REVENUES FUNDS	
Encumbrances for 2000 Expenditures	<u>555</u>
PENSION TRUST FUNDS	
Employee Benefits	<u>7,890,907</u>
Total Reserved Fund Balances	<u>8,298,925</u>

Appropriated retained earnings of the Sewer Fund as of December 31, 2000 consists of the following:

SEWER FUND	
Compensated Absences - Township Employees	17,246
Encumbrances for 2000 Expenditures	<u>79,719</u>
	<u>96,965</u>
REFUSE FUND	
Compensated Absences - Township Employees	6,401
Encumbrances for 2000 Expenditures	<u>3,408</u>
	<u>9,809</u>
Total Appropriated Retained Earnings	<u>106,774</u>

As of December 31, 2000, the Township has set aside approximately \$313,206 of general fund assets to fund the future payment of the medical benefits and compensated absences noted above. Currently, the Township is appealing the police contract arbitration award which provided the post-retirement medical benefits.

FAIRVIEW TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

18. GOVERNMENT GRANTS - AUTHORITY

During 1999, the Authority received a total of \$104,000 of grants to be used for the New Market Area/Meadowbrook Road Sanitary Sewer Repair Project. The funding was a 1998 Community Development Block Grant received from the United States Department of Housing and Urban Development (HUD) and passed through York County to the Authority. The Authority utilized these funds in full during 1999 in accordance with the grant contract agreement.

19. SUBSEQUENT EVENTS - AUTHORITY

On February 20, 2001, the Authority authorized the issuance of Sewer Revenue Bonds - Series of 2001 to advance refund the Sewer Revenue Bonds - Series of 1991 and 1994. The Authority is refinancing in an effort to reduce the total debt service requirements on the 1991 and 1994 Bonds.

FAIRVIEW TOWNSHIP
(REQUIRED SUPPLEMENTARY INFORMATION)
SCHEDULES OF FUNDING PROGRESS

POLICE PENSION PLAN

<u>JANUARY 1</u> <u>YEAR</u>	<u>NET ASSETS</u> <u>AVAILABLE</u> <u>FOR BENEFITS</u>	<u>ACTUARIAL</u> <u>ACCRUED</u> <u>LIABILITY</u>	<u>UNFUNDED</u> <u>ACTUARIAL</u> <u>ACCRUED</u> <u>LIABILITY</u>	<u>PERCENTAGE</u> <u>FUNDED</u>	<u>ANNUAL</u> <u>COVERED</u> <u>PAYROLL</u>	<u>UNFUNDED</u> <u>ACTUARIAL ACCRUED</u> <u>LIABILITY AS</u> <u>A PERCENTAGE OF</u> <u>COVERED PAYROLL</u>
1992	2,023,623	1,764,199	(259,424)	114.7%	461,208	(56.2%)
1993	2,189,420	2,059,932	(129,488)	106.3%	513,081	(25.2%)
1994	2,581,890	2,264,320	(317,570)	114.0%	532,338	(59.7%)
1995	2,600,002	2,470,087	(129,915)	105.3%	524,863	(24.8%)
1996	3,329,748	2,731,279	(598,469)	121.9%	555,177	(107.8%)
1997	3,921,336	3,019,539	(901,797)	129.9%	585,120	(154.1%)
1998	4,715,048	3,083,281	(1,631,767)	152.9%	567,532	(287.5%)
1999	5,522,967	3,253,070	(2,269,897)	169.8%	614,514	(369.4%)
2000	5,852,232	3,387,165	(2,465,067)	172.8%	585,740	(420.8%)
2001	5,777,226	3,647,034	(2,130,192)	158.4%	629,647	(338.3%)

NON-UNIFORMED PENSION PLAN

<u>JANUARY 1</u> <u>YEAR</u>	<u>NET ASSETS</u> <u>AVAILABLE</u> <u>FOR BENEFITS</u>	<u>ACTUARIAL</u> <u>ACCRUED</u> <u>LIABILITY</u>	<u>UNFUNDED</u> <u>ACTUARIAL</u> <u>ACCRUED</u> <u>LIABILITY</u>	<u>PERCENTAGE</u> <u>FUNDED</u>	<u>ANNUAL</u> <u>COVERED</u> <u>PAYROLL</u>	<u>UNFUNDED</u> <u>ACTUARIAL ACCRUED</u> <u>LIABILITY AS</u> <u>A PERCENTAGE OF</u> <u>COVERED PAYROLL</u>
1992	850,704	1,053,804	203,100	80.7%	598,875	33.9%
1993	988,350	1,214,377	226,027	81.4%	643,725	35.1%
1994	1,127,139	1,346,286	219,147	83.7%	696,036	31.5%
1995	1,279,573	1,431,398	151,825	89.4%	712,846	21.3%
1996	1,414,930	1,513,503	98,573	93.5%	700,407	14.1%
1997	1,525,611	1,491,619	(33,992)	102.3%	660,697	(5.1%)
1998	1,623,618	1,715,649	92,031	94.6%	776,281	11.9%
1999	1,854,980	1,745,404	(109,576)	106.3%	772,909	(14.2%)
2000	2,087,599	1,890,218	(197,381)	110.4%	818,915	(24.1%)
2001	2,107,756	2,328,032	220,276	90.5%	923,403	23.9%

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
(REQUIRED SUPPLEMENTARY INFORMATION)
SCHEDULES OF EMPLOYER CONTRIBUTIONS

YEAR	NON-UNIFORMED PLAN		POLICE PENSION PLAN	
	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2000	75,038	100%	0	100%
1999	81,720	100%	40,296	100%
1998	74,711	100%	38,420	100%
1997	69,166	100%	106,028	100%
1996	69,087	100%	100,463	100%
1995	88,617	100%	71,104	100%
1994	88,957	100%	81,122	100%
1993	74,600	100%	99,829	100%
1992	76,324	98.7%	93,096	100%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

	NON-UNIFORMED PLAN	POLICE PENSION PLAN
Actuarial Valuation Date	1/1/01	1/1/01
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Annual Funding Adjustment equal to 10% of Negative Unfunded Actuarial Accrued Liability
Remaining Amortization Period	17 Years	10 Years
Asset Valuation Method	Market Value as Determined by Trustee	Market Value as Determined by Trustee
Actuarial Assumptions:		
Investment Rate of Return	7.0%	7.0%
Projected Salary Increases	6.0%	6.0%
Cost of Living	N/A	3.0%
Mortality	UP 1984 Table	UP 1984 Table

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

FAIRVIEW TOWNSHIP
 COMBINING BALANCE SHEETS
 ALL SPECIAL REVENUE FUND TYPES
 DECEMBER 31, 2000 AND 1999

	<u>DARE FUND</u>	<u>HIGHWAY AID FUND</u>	<u>STREET LIGHT FUND</u>	<u>FIRE SERVICE FUND</u>	<u>FIRE HYDRANT FUND</u>	<u>EMS SERVICE FUND</u>	<u>TOTALS</u>
							2000 1999
ASSETS							
Cash and Cash Equivalents		47,632	2,078	169,066	13,180	34,260	266,216 226,174
Due from Other Funds							620
TOTAL ASSETS	<u>-0-</u>	<u>47,632</u>	<u>2,078</u>	<u>169,066</u>	<u>13,180</u>	<u>34,260</u>	<u>266,216</u> <u>226,794</u>
LIABILITIES AND FUND EQUITY							
Liabilities							
Due to Other Funds			485	173	9,605	23,714	9,605 14,605
Accounts Payable							<u>24,372</u> <u>1,636</u>
TOTAL LIABILITIES			<u>485</u>	<u>173</u>	<u>9,605</u>	<u>23,714</u>	<u>33,977</u> <u>16,241</u>
Fund Equity							
Fund Balances (Deficit)		47,632	1,593	168,893	3,575	10,546	232,239 210,553
TOTAL FUND EQUITY		<u>47,632</u>	<u>1,593</u>	<u>168,893</u>	<u>3,575</u>	<u>10,546</u>	<u>232,239</u> <u>212,189</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>-0-</u>	<u>47,632</u>	<u>2,078</u>	<u>169,066</u>	<u>13,180</u>	<u>34,260</u>	<u>266,216</u> <u>226,794</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 COMBINING BALANCE SHEETS
 ALL CAPITAL PROJECTS FUND TYPES
 DECEMBER 31, 2000 AND 1999

	CAPITAL RESERVE	CAPITAL PROJECTS	TOTAL 2000	TOTAL 1999
ASSETS				
Cash and Cash Equivalents	368,551	46,724	415,275	188,994
TOTAL ASSETS	<u>368,551</u>	<u>46,724</u>	<u>415,275</u>	<u>188,994</u>
FUND EQUITY				
Unappropriated	368,551	46,724	415,275	188,994
TOTAL FUND EQUITY	<u>368,551</u>	<u>46,724</u>	<u>415,275</u>	<u>188,994</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 COMBINING BALANCE SHEETS
 ALL PROPRIETARY FUND TYPES
 DECEMBER 31, 2000 AND 1999

	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>TOTALS</u>	<u>2000</u>	<u>1999</u>
ASSETS					
Cash and Cash Equivalents	353,842	180,984		534,826	513,093
Due from Other Funds					805
Accounts Receivables	<u>155,136</u>	<u>22,948</u>		<u>178,084</u>	<u>145,934</u>
TOTAL ASSETS	<u>508,978</u>	<u>203,932</u>		<u>712,910</u>	<u>659,832</u>
 LIABILITIES AND FUND EQUITY					
Liabilities					
General Obligation Debt	141,653			141,653	158,186
Due to Others	4,819			4,819	17,500
Accounts Payable	<u>46,346</u>	<u>24,157</u>		<u>70,503</u>	<u>30,793</u>
TOTAL LIABILITIES	<u>192,818</u>	<u>24,157</u>		<u>216,975</u>	<u>206,479</u>
Fund Equity					
Appropriated	96,965	9,809		106,774	164,574
Unappropriated	<u>219,195</u>	<u>169,966</u>		<u>389,161</u>	<u>288,779</u>
TOTAL FUND EQUITY	<u>316,160</u>	<u>179,775</u>		<u>495,935</u>	<u>453,353</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>508,978</u>	<u>203,932</u>		<u>712,910</u>	<u>659,832</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 COMBINING STATEMENTS OF PLAN NET ASSETS
 ALL FIDUCIARY FUND TYPES
 DECEMBER 31, 2000 AND 1999

	NON-UNIFORMED PENSION FUND	POLICE PENSION FUND	TOTALS
	2000	2000	1999
ASSETS			
Cash and Cash Equivalents	8,052	8,335	12,994
Investments	<u>2,106,330</u>	<u>5,768,190</u>	<u>7,932,306</u>
TOTAL ASSETS	<u>2,114,382</u>	<u>5,776,525</u>	<u>7,945,300</u>
NET ASSETS			
Fund Balances Reserved for Employees' Pension Benefits (A Schedule of Funding Progress for Each Plan is Presented on Page 27)	<u>2,114,382</u>	<u>5,776,525</u>	<u>7,945,300</u>
TOTAL NET ASSETS	<u>2,114,382</u>	<u>5,776,525</u>	<u>7,945,300</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
 ALL SPECIAL REVENUE FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	DARE FUND	HIGHWAY AID FUND	STREET LIGHT FUND	FIRE SERVICE FUND	FIRE HYDRANT FUND	EMS SERVICE FUND	TOTALS
							2000 1999
REVENUES							
Taxes			18,493	120,670	41,726	121,120	302,009 300,683
Interest and Rents	105	9,116	540	11,076	1,361	3,260	25,458 16,547
Intergovernmental Revenue		284,294		1,050			285,344 288,204
Miscellaneous Revenue	<u>1,445</u>			<u>41,354</u>		<u>1,952</u>	<u>44,751</u> <u>40,072</u>
TOTAL REVENUES	<u>1,550</u>	<u>293,410</u>	<u>19,033</u>	<u>174,150</u>	<u>43,087</u>	<u>126,332</u>	<u>657,562</u> <u>645,506</u>
EXPENDITURES							
Public Safety	4,098		25,292	289,993	34,782	106,216	435,089 301,405
Highways, Roads and Streets		306,662		<u>103,425</u>		<u>16,110</u>	331,954 313,148
Debt Service							<u>75,490</u>
TOTAL EXPENDITURES	<u>4,098</u>	<u>306,662</u>	<u>25,292</u>	<u>393,418</u>	<u>34,782</u>	<u>122,326</u>	<u>886,578</u> <u>690,043</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,548)</u>	<u>(13,252)</u>	<u>(6,259)</u>	<u>(219,268)</u>	<u>8,305</u>	<u>4,006</u>	<u>(229,016)</u> <u>(44,537)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from Issuance of Bonds				250,702			250,702 132,520
TOTAL OTHER FINANCING SOURCES (USES)				<u>250,702</u>			<u>250,702</u> <u>132,520</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(2,548)</u>	<u>(13,252)</u>	<u>(6,259)</u>	<u>31,434</u>	<u>8,305</u>	<u>4,006</u>	<u>21,686</u> <u>87,983</u>
FUND EQUITY, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	2,548	60,884	7,852	137,459	(4,730)	6,540	210,553 124,206
CUMULATIVE EFFECT ON PRIOR YEAR OF RETROACTIVE RESTATEMENT FOR ACCOUNTING CHANGE							<u>(1,636)</u>
FUND EQUITY, BEGINNING OF YEAR AS RESTATE	<u>2,548</u>	<u>60,884</u>	<u>7,852</u>	<u>137,459</u>	<u>(4,730)</u>	<u>6,540</u>	<u>210,553</u> <u>122,570</u>
FUND EQUITY, END OF YEAR	<u>-0-</u>	<u>47,632</u>	<u>1,593</u>	<u>168,893</u>	<u>3,575</u>	<u>10,546</u>	<u>232,239</u> <u>210,553</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND EQUITY
 ALL CAPITAL PROJECTS FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	CAPITAL RESERVE	CAPITAL PROJECTS	TOTAL 2000	TOTAL 1999
REVENUES				
Licenses, Permits and Fees	45,413	45,413	45,413	8,563
Interest	<u>1,311</u>	<u>1,311</u>	<u>15,868</u>	<u>8,563</u>
TOTAL REVENUES	<u>14,557</u>	<u>46,724</u>	<u>61,281</u>	<u>8,563</u>
EXPENDITURES				
General Government				2,649
Highways, Roads and Streets				<u>245</u>
TOTAL EXPENDITURES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,557	46,724	61,281	5,669
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>165,000</u>		<u>165,000</u>	<u>28,815</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	179,557	46,724	226,281	34,484
FUND EQUITY, BEGINNING OF YEAR	<u>188,994</u>	<u>-0-</u>	<u>188,994</u>	<u>154,510</u>
FUND EQUITY, END OF YEAR	<u>368,551</u>	<u>46,724</u>	<u>415,275</u>	<u>188,994</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 STATEMENT OF REVENUE AND EXPENSES
 AND CHANGES IN FUND EQUITY
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>TOTALS</u>
			<u>2000</u> <u>1999</u>
OPERATING REVENUES			
Collection Fees	2,140,869	622,254	2,763,123
Sewer Permits	290,482		290,482
Intergovernmental Revenue	110,199	76,587	186,786
Miscellaneous	<u>17,584</u>	<u>4,842</u>	<u>22,426</u>
TOTAL OPERATING REVENUES	2,559,134	703,683	3,262,817
OPERATING EXPENSES			
Personnel	341,855	68,212	410,067
Collection, Disposal and Treatment	963,547	507,967	1,471,514
Lease Rentals	<u>1,288,310</u>		<u>1,288,310</u>
TOTAL OPERATING EXPENSES	2,593,712	576,179	3,169,891
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENSES	<u>(34,578)</u>	<u>127,504</u>	<u>92,926</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on Temporary Deposits and Investments	39,645	14,136	53,781
Interest Paid	<u>(7,675)</u>		<u>(7,675)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	31,970	14,136	46,106
OTHER FINANCING SOURCES (USES)			
Transfers to Authority	(41,450)		(41,450)
Interfund Transfers		<u>(55,000)</u>	<u>(55,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(41,450)</u>	<u>(55,000)</u>	<u>(96,450)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENSES AND OTHER USES	<u>(44,058)</u>	<u>86,640</u>	<u>42,582</u>
FUND EQUITY, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	360,218	93,135	453,353
CUMULATIVE EFFECT ON PRIOR YEAR OF RETROACTIVE RESTATEMENT FOR ACCOUNTING CHANGE			<u>115,141</u>
FUND EQUITY, BEGINNING OF YEAR AS RESTATED	<u>360,218</u>	<u>179,775</u>	<u>501,994</u>
FUND EQUITY, END OF YEAR	<u>316,160</u>	<u>179,775</u>	<u>453,353</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP
 COMBINING STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>TOTALS</u>
	<u>2000</u>	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficiency) of Operating Revenues	(34,578)	127,504	92,926
Over Expenses			2,873
Adjustments to Reconcile Excess (Deficiency)			
of Operating Revenues Over Expenses to Net	1,288,310	1,288,310	1,287,890
Cash Provided by Operating Activities	(28,173)	(3,977)	(32,150)
Payments to Authority and Other Funds	805	805	(120)
(increase) Decrease in Assets	19,442	20,268	39,710
Accounts Receivable	(12,681)	(12,681)	(12,681)
Due from Other Funds			
Increase (Decrease) in Liabilities	1,267,703	16,291	1,283,994
Accounts Payable			
Other Liabilities	1,233,125	143,795	1,376,920
Total Adjustments			1,287,770
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,329,760)	(55,000)	(1,384,760)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments to Authority and Other Funds	(1,329,760)	(55,000)	(1,384,760)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	(1,329,760)	(55,000)	(1,384,760)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Bonds	(16,533)		(16,533)
Interest Paid on Bonds	(7,765)		(7,765)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(24,208)		(24,208)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	39,645	14,136	53,781
NET CASH PROVIDED BY INVESTING ACTIVITIES	39,645	14,136	53,781
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(81,198)	102,931	21,733
CASH AND CASH EQUIVALENTS, BEGINNING	435,040	78,053	513,093
CASH AND CASH EQUIVALENTS, ENDING	353,842	180,984	534,826

See Independent Auditor's Report.