

FINANCIAL STATEMENTS
FAIRVIEW TOWNSHIP AUTHORITY
A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
NEW CUMBERLAND, PENNSYLVANIA
FOR THE YEAR ENDED DECEMBER 31, 2000

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INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Fairview Township Authority
New Cumberland, Pennsylvania

We have audited the component unit statement of assets, liabilities and fund balances arising from cash transactions of the Fairview Township Authority as of December 31, 2000 and the related statement of cash receipts and disbursements for the year then ended. These financial statements are the responsibility of the Authority'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.

As described in Note 1, these financial statements were prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the above mentioned component unit financial statements present fairly, in all material respects, the assets, liabilities and fund balances arising from cash transactions of the Fairview Township Authority at December 31, 2000, and the results of its cash transactions for the year then ended, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Fairview Township Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, 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 AUTHORITY
A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
DECEMBER 31, 2000

	ADMINISTRATIVE FUND	SERIES OF 1988 CONSTRUCTION FUND	SERIES OF 1990 CONSTRUCTION FUND	SERIES OF 1991 ALL FUNDS	SERIES OF 1994 ALL FUNDS	TOTALS (MEMORANDUM) (ONLY)
ASSETS						
Cash	1,485					1,485
Restricted Cash and Cash Equivalents		40,036	124,023	7,325	272,078	443,462
Restricted Investments				3,875,000	1,530,860	1,530,860
Future Lease Rental Receivable					11,615,000	15,490,000
TOTAL ASSETS	<u>1,485</u>	<u>40,036</u>	<u>124,023</u>	<u>3,882,325</u>	<u>13,417,938</u>	<u>17,465,807</u>
LIABILITIES						
Bonds Payable				3,875,000	11,615,000	15,490,000
TOTAL LIABILITIES				<u>3,875,000</u>	<u>11,615,000</u>	<u>15,490,000</u>
CONTINGENCIES AND COMMITMENTS						
FUND BALANCES	1,485	40,036	124,023	7,325	1,802,938	3,975,807
TOTAL LIABILITIES AND FUND BALANCES	<u>1,485</u>	<u>40,036</u>	<u>124,023</u>	<u>3,882,325</u>	<u>13,417,938</u>	<u>17,465,807</u>

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP AUTHORITY
A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2000

	SERIES OF 1988		SERIES OF 1990		SERIES OF 1991		SERIES OF 1994		TOTALS (MEMORANDUM) (ONLY)
	ADMINISTRATIVE FUND	CONSTRUCTION FUND	ADMINISTRATIVE FUND	CONSTRUCTION FUND	ADMINISTRATIVE FUND	CONSTRUCTION FUND	ADMINISTRATIVE FUND	CONSTRUCTION FUND	
CASH RECEIPTS									
Investment Income				6,509	385		120,738		129,733
Lease Rentals		2,101					1,288,310		1,288,310
Transfers From Other Funds				4,000	655,800				655,800
Developer Contributions	16,691				3,006				23,697
Transfer From Township	41,450								41,450
Unrealized Gain on Investments							81,885		81,885
TOTAL CASH RECEIPTS	<u>58,141</u>	<u>2,101</u>		<u>10,509</u>	<u>659,191</u>		<u>1,490,933</u>		<u>2,220,875</u>
CASH DISBURSEMENTS									
Bond Principal					380,000		100,000		480,000
Bond Interest					275,800		613,153		888,953
Transfers to Other Funds							655,800		655,800
Construction and Equipment Costs	18,026								18,026
Administrative Fees									
Engineering	25,574								25,574
Legal and Accounting	9,922								9,922
Advertising	125								125
Financial Services Fees	<u>5,771</u>						<u>30,600</u>		<u>36,377</u>
TOTAL CASH DISBURSEMENTS	<u>59,418</u>	<u>-0-</u>		<u>-0-</u>	<u>655,806</u>		<u>1,399,553</u>		<u>2,114,777</u>
EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS	(1,277)	2,101		10,509	3,385		91,380		106,098
FUND BALANCE, JANUARY 1, 2000	<u>2,762</u>	<u>37,935</u>		<u>113,514</u>	<u>3,940</u>		<u>1,711,558</u>		<u>1,869,702</u>
FUND BALANCE, DECEMBER 31, 2000	<u>1,485</u>	<u>40,036</u>		<u>124,023</u>	<u>7,325</u>		<u>1,802,938</u>		<u>1,975,807</u>

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY - 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.

The governing body of the Authority is a Board consisting of five members appointed by the Fairview Township Board of Supervisors. The terms of the members of the Board are five years each. The terms are staggered so that the term of one member expires each year. Members of the Boards may be reappointed. The Board is authorized to exercise any and all powers conferred by the Act necessary for the acquisition, construction, improvement, extension, maintenance and operation of sewer systems.

The Authority is a component unit of Fairview Township. The Township includes the Authority as a component unit of its reporting entity determined by the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". The Township is financially accountable, as defined by GASB No. 14, for the fiscal matters of the Authority. The Authority is not fiscally independent, and, as such, the Authority is a component unit of Fairview Township.

BASIS OF PRESENTATION - The Authority's policy is to prepare its component unit financial statements on the cash basis; consequently, certain revenue is recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. Interfund receivables and payables are recorded when incurred. The Authority does not accumulate the cost of fixed assets for any fund. The Authority does recognize the changes in fair value of investments in accordance with GASB No. 31, which is a modification of the cash basis.

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 Local Governmental Units.

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.

FAIRVIEW TOWNSHIP AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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.

INVESTMENTS - Investments are stated at fair value measured by quoted prices in an active market. The change in fair value of the investments is reflected as unrealized gains and losses on the statement of cash receipts and disbursements.

TOTALS - MEMORANDUM ONLY - 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, CASH EQUIVALENTS AND INVESTMENTS

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.

	<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>	

FAIRVIEW TOWNSHIP AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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>
UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>81,885</u>

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

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
5. Share of mutual funds whose investments are restricted to the above categories

3. 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.

FAIRVIEW TOWNSHIP AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000

3. FUTURE LEASE RENTAL RECEIVABLE (CONTINUED)

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.

4. ADVANCE REFUNDING OF BONDS

On January 18, 1994, the Authority issued Guaranteed Sewer Revenue Bonds, Series of 1994 for \$12,265,000. The bond proceeds, together with other Authority funds, were used to advance refund the 1990 bonds, principal of \$4,950,000, and a portion of the 1991 bonds, principal of \$6,430,000. The Authority recognized an economic gain of approximately \$598,103 (differences between the present values of the debt service payments on the defeased and new debt).

The Sewer Revenue Bonds, Series of 1965, 1988, 1990 and a portion of 1991, were advance refunded in November 1987, December 1991 and January 1994 respectively. Funds were deposited in irrevocable trust escrow accounts and invested in U. S. Treasury obligations which, together with future interest thereon, will be sufficient to redeem the bonds and pay all the related interest.

Pursuant to the defeasance provisions of the Trust Indentures, Series of 1965, 1988, 1990 and a portion of 1991, the Trustee has released, canceled and discharged the liens of the Indentures. Accordingly, the assets and liabilities of the trust escrow accounts are not included in the financial statements of the Authority.

As of December 31, 2000, the following defeased sewer revenue obligations were outstanding:

1965	140,000
1988 (Paid in Full)	-0-
1990 (Paid in Full)	-0-
1991	<u>5,330,000</u>
	<u>5,470,000</u>

FAIRVIEW TOWNSHIP AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000

5. SEWER REVENUE BONDS PAYABLE

The Bonds are secured under the related Trust Indentures by the assignment and pledge of lease rentals as stated previously in Note 3.

The Bonds bear interest as follows:

Series

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	1,305,000	595,000	1,900,000
	<u>3,875,000</u>	<u>11,615,000</u>	<u>15,490,000</u>

Total Debt Service Requirements are:

<u>YEAR</u>	<u>SERIES</u>		<u>TOTAL</u>
	<u>1991</u>	<u>1994</u>	
2001	633,000	739,153	1,372,153
2002	619,820	753,628	1,373,448
2003	595,250	777,028	1,372,278
2004	385,290	988,928	1,374,218
2005	386,965	985,128	1,372,093
Thereafter	4,079,019	15,689,349	19,768,368
	<u>6,699,344</u>	<u>19,933,214</u>	<u>26,632,558</u>

6. INTER-MUNICIPAL AGREEMENT

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

The original agreement was executed on December 28, 1976. Under the agreement, the municipalities pay their pro rata shares of operating and administrative costs of the treatment plant. All expenses related to this agreement are paid from the Township's Sewer Fund.

FAIRVIEW TOWNSHIP AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

7. CONTINGENCIES AND COMMITMENTS

The Authority assessed a \$30,000 fee for additional tapping fees from a commercial sewer system customer. The fee was to be paid in twelve monthly installments plus interest to the Township's 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.

8. ESCROWS PAYABLE

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.

9. SUBSEQUENT EVENTS

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.

SUPPLEMENTAL INFORMATION

FAIRVIEW TOWNSHIP AUTHORITY
 A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
 SERIES OF 1991
 DECEMBER 31, 2000

	DEBT SERVICE FUND	CONSTRUCTION FUND	SERIES OF 1991 TOTAL
ASSETS			
Restricted Cash and Cash Equivalents		7,325	7,325
Future Lease Rental Receivable	<u>3,875,000</u>	—	<u>3,875,000</u>
TOTAL ASSETS	<u>3,875,000</u>	<u>7,325</u>	<u>3,882,325</u>
LIABILITIES			
Bonds Payable	<u>3,875,000</u>	—	<u>3,875,000</u>
TOTAL LIABILITIES	<u>3,875,000</u>	—	<u>3,875,000</u>
CONTINGENCIES AND COMMITMENTS			
FUND BALANCES	—	<u>7,325</u>	<u>7,325</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>3,875,000</u>	<u>7,325</u>	<u>3,882,325</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP AUTHORITY
 A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
 SERIES OF 1994
 DECEMBER 31, 2000

	<u>CLEARING FUND</u>	<u>DEBT SERVICE FUND</u>	<u>DEBT SERVICE RESERVE FUND</u>	<u>CONSTRUCTION FUND</u>	<u>SERIES OF 1994 TOTAL</u>
ASSETS					
Restricted Cash and					
Cash Equivalents	465		20	271,593	272,078
Restricted Investments		11,615,000	1,530,860		1,530,860
Future Lease Rental Receivable					<u>11,615,000</u>
TOTAL ASSETS	<u>465</u>	<u>11,615,000</u>	<u>1,530,880</u>	<u>271,593</u>	<u>13,417,938</u>
LIABILITIES					
Bonds Payable		11,615,000			11,615,000
CONTINGENCIES AND COMMITMENTS					
FUND BALANCES	465		1,530,880	271,593	<u>1,802,938</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>465</u>	<u>11,615,000</u>	<u>1,530,880</u>	<u>271,593</u>	<u>13,417,938</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP AUTHORITY
 A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
 COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - SERIES OF 1991
 FOR THE YEAR ENDED DECEMBER 31, 2000

	CLEARING FUND	DEBT SERVICE FUND	CONSTRUCTION FUND	SERIES OF 1991 TOTAL
CASH RECEIPTS				
Investment Income			385	385
Transfers from Other Funds		655,800		655,800
Developer Contributions	-		3,006	3,006
TOTAL CASH RECEIPTS	-	<u>655,800</u>	<u>3,391</u>	<u>659,191</u>
CASH DISBURSEMENTS				
Bond Principal		380,000		380,000
Bond Interest		275,800		275,800
Administrative Fees				
Financial Services Fees	<u>6</u>			<u>6</u>
TOTAL CASH DISBURSEMENTS	<u>6</u>	<u>655,800</u>		<u>655,806</u>
EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS	(6)	-0-	3,391	3,385
FUND BALANCE, JANUARY 1, 2000	<u>6</u>	-0-	<u>3,934</u>	<u>3,940</u>
FUND BALANCE, DECEMBER 31, 2000	<u>0</u>	<u>-0-</u>	<u>7,325</u>	<u>7,325</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP AUTHORITY
A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - SERIES OF 1994
FOR THE YEAR ENDED DECEMBER 31, 2000

	CLEARING FUND	DEBT SERVICE FUND	DEBT SERVICE RESERVE FUND	CONSTRUCTION FUND	SERIES OF 1994 TOTAL
CASH RECEIPTS					
Investment Income	846		105,599	14,293	120,738
Lease Rentals	1,288,310		81,885		1,288,310
Unrealized Gain on Investments					<u>81,885</u>
TOTAL CASH RECEIPTS	<u>1,289,156</u>	<u>-0-</u>	<u>187,484</u>	<u>14,293</u>	<u>1,490,933</u>
CASH DISBURSEMENTS					
Bond Principal		100,000			100,000
Bond Interest		613,153			613,153
Transfers to (from) Other Funds	1,288,837	(713,153)	80,116		655,800
Administrative Fees					
Financial Services Fees	70		25,530	5,000	30,600
TOTAL CASH DISBURSEMENTS	<u>1,288,907</u>	<u>-0-</u>	<u>105,646</u>	<u>5,000</u>	<u>1,399,553</u>
EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS	249	-0-	81,838	9,293	91,380
FUND BALANCE, JANUARY 1, 2000	<u>216</u>	<u>-0-</u>	<u>1,449,042</u>	<u>262,300</u>	<u>1,711,558</u>
FUND BALANCE, DECEMBER 31, 2000	<u>465</u>	<u>-0-</u>	<u>1,530,880</u>	<u>271,593</u>	<u>1,802,938</u>

See Independent Auditor's Report.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH BOND TRUST INDENTURES

Members of the Authority Board
Fairview Township Authority
New Cumberland, Pennsylvania

We have audited, in accordance with generally accepted auditing standards, the statements of assets, liabilities and fund balances - cash basis of the Fairview Township Authority, a component unit of Fairview Township, as of December 31, 2000 and the related statement of cash receipts and disbursements for the year then ended, and have issued our report thereon dated January 24, 2001.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the terms, covenants, provisions, or conditions of the Bond Trust Indentures for the Series of 1991 and 1994 Bond Issues with PNC Bank, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended for the information and use of the Members of the Board, the management of Fairview Township Authority, a component unit of Fairview Township, and PNC Bank. However, this report is a matter of public record and its distribution is not limited.

Chubb and Associates

CHUBB AND ASSOCIATES
Certified Public Accountants

January 24, 2001