

FINANCIAL STATEMENTS

FAIRVIEW TOWNSHIP AUTHORITY

A COMPONENT UNIT OF FAIRVIEW TOWNSHIP

NEW CUMBERLAND, PENNSYLVANIA

FOR THE YEAR ENDED DECEMBER 31, 2001

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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, 2001 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 U.S. 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 U.S. 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, 2001, 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, 2002

FAIRVIEW TOWNSHIP AUTHORITY
A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
DECEMBER 31, 2001

	ADMINISTRATIVE FUND	SERIES OF 2001 ALL FUNDS	TOTALS (MEMORANDUM) (ONLY)
ASSETS			
Cash	108		108
Restricted Cash and Cash Equivalents		20,426	20,426
Restricted Investments		1,396,684	1,396,684
Future Lease Rental Receivable	---	<u>14,930,000</u>	<u>14,930,000</u>
TOTAL ASSETS	<u>108</u>	<u>16,347,110</u>	<u>16,347,218</u>
 LIABILITIES			
Bonds Payable	---	<u>14,930,000</u>	<u>14,930,000</u>
TOTAL LIABILITIES	---	<u>14,930,000</u>	<u>14,930,000</u>
 CONTINGENCIES AND COMMITMENTS			
 FUND BALANCES	<u>108</u>	<u>1,417,110</u>	<u>1,417,218</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>108</u>	<u>16,347,110</u>	<u>16,347,218</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, 2001

	SERIES OF 1988		SERIES OF 1990		SERIES OF 1991		SERIES OF 1994		SERIES OF 2001		TOTALS (MEMORANDUM) (ONLY)
	ADMINISTRATIVE FUND	CONSTRUCTION FUND	CONSTRUCTION FUND	CONSTRUCTION FUND	ALL FUNDS	ALL FUNDS	ALL FUNDS	ALL FUNDS	ALL FUNDS		
CASH RECEIPTS											
Investment Income		1,305	4,003	239	131,402	1,360	138,309				
Lease Rentals					390,783	735,276	1,126,059				
Transfers From Other Funds					216	1,279,258	1,405,974				
Developer Contributions	14,688			126,500			14,688				
Transfer From Township	46,000						46,000				
Unrealized Gain (Loss) on Investments					(150,903)	156,684	5,781				
Bond Issue Proceeds						15,387,098	15,387,098				
TOTAL CASH RECEIPTS	<u>60,688</u>	<u>1,305</u>	<u>4,003</u>	<u>126,739</u>	<u>371,498</u>	<u>17,559,676</u>	<u>18,123,909</u>				
CASH DISBURSEMENTS											
Bond Principal						630,000	630,000				
Bond Interest						171,514	602,590				
Transfers to Other Funds		52	154	10	304,576	1,405,974	1,405,974				
Construction and Equipment Costs	28,022				1,405,758		28,022				
Administrative Fees											
Engineering	21,674		3,875				25,549				
Legal and Accounting	9,438						9,438				
Advertising	224						224				
Financial Services Fees	2,707	101	310	19	36,686	245	40,068				
Payment to Escrow Agent		41,188	123,687	7,535	427,416	15,203,242	15,803,068				
Bond Issuance Costs						137,565	137,565				
TOTAL CASH DISBURSEMENTS	<u>62,065</u>	<u>41,341</u>	<u>128,026</u>	<u>134,064</u>	<u>2,174,436</u>	<u>16,142,566</u>	<u>18,682,498</u>				
EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS	<u>(1,377)</u>	<u>(40,036)</u>	<u>(124,023)</u>	<u>(7,325)</u>	<u>(1,802,938)</u>	<u>1,417,110</u>	<u>(558,589)</u>				
FUND BALANCE, JANUARY 1, 2001	<u>1,485</u>	<u>40,036</u>	<u>124,023</u>	<u>7,325</u>	<u>1,802,938</u>	<u>-0-</u>	<u>1,975,807</u>				
FUND BALANCE, DECEMBER 31, 2001	<u>108</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,417,110</u>	<u>1,417,218</u>				

See Notes to Financial Statements.

FAIRVIEW TOWNSHIP AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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 U.S. 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, 2001

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 \$108 at December 31, 2001. 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:						
ARK Funds U.S. Government						
Cash Management						
Corporate Cash II	<u> </u>	<u> </u>	20,426	<u>20,426</u>	<u>20,426</u>	2001
	<u> </u>	<u> </u>	<u>20,426</u>	<u>20,426</u>	<u>20,426</u>	
Restricted Investments:						
U. S. Treasury Bond;						
9.375%, Due 2/15/06			1,006,000	1,006,000	1,199,967	2001
U. S. Treasury Security;						
Stripped Interest,						
Payment Due 2/15/06	<u> </u>	<u> </u>	<u>234,000</u>	<u>234,000</u>	<u>196,717</u>	2001
	<u> </u>	<u> </u>	<u>1,240,000</u>	<u>1,240,000</u>	<u>1,396,684</u>	

FAIRVIEW TOWNSHIP AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

UNREALIZED GAIN (LOSS) ON INVESTMENTS

	<u>RESTRICTED INVESTMENTS</u>
<u>2000</u>	
Cost	1,379,957
Fair Value	<u>1,530,860</u>
Unrealized Gain (Loss) on Investments	<u>150,903</u>
<u>2001</u>	
Cost	1,240,000
Fair Value	<u>1,396,684</u>
Unrealized Gain (Loss) on Investments	<u>156,684</u>
UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u><u>5,781</u></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

On August 1, 2001, 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 2001 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, 2001 the present value of the future minimum lease rentals is \$14,930,000.

FAIRVIEW TOWNSHIP AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

3. FUTURE LEASE RENTAL RECEIVABLE (CONTINUED)

Minimum rentals under the 2001 Bond Issues, including interest of \$8,145,503, are as follows:

<u>LEASE YEARS</u> <u>ENDING</u>	<u>RENTAL</u> <u>PAYMENT</u>
2002	1,199,993
2003	1,205,947
2004	1,203,348
2005	1,233,572
2006	1,235,818
Thereafter	<u>16,996,825</u>
	<u>23,075,503</u>

The 2001 minimum lease rental of \$801,514 was reduced by accrued interest of \$26,680 from the 2001 bond issue and \$39,558 from 1994 Debt Service Fund. Under the new indenture, minimum lease rentals will be reduced by excess trustee funds invested in the 2001 Debt Service Reserve Fund as determined by the terms of the indenture. The Township has guaranteed the 2001 Bond Issue with its full faith, credit and taxing power.

4. CURRENT REFUNDING OF BONDS

On August 15, 2001, the Authority issued Guaranteed Sewer Revenue Bonds, Series of 2001 for \$15,560,000. The bond proceeds, together with other Authority funds, were used to current refund the 1991 bonds, principal of \$9,205,000, which includes bonds outstanding of \$3,875,000 and previously advanced refunded of \$5,330,000, and the 1994 bonds, principal of \$11,615,000. The Authority recognized an economic gain of approximately \$576,329 (differences between the present values of the debt service payments on the current refunded and new debt). The Guaranteed Sewer Revenue Bonds, Series of 2001, were issued for the purpose of: (1) payment of all costs and expenses of retirement of the outstanding 1991 and 1994 Bonds; (2) the payment of all costs and expenses of issuance of the Bonds; and, (3) the establishment of necessary reserves and other funds as provided for in the Indenture.

The Sewer Revenue Bonds, Series of 1965, were advance refunded in November 1987. 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, 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, 2001, the following defeased sewer revenue obligations were outstanding:

1965	<u>115,000</u>
	<u>115,000</u>

FAIRVIEW TOWNSHIP AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

5. SEWER REVENUE BONDS PAYABLE

The 2001 Bonds are secured under the related Trust Indenture by the assignment and pledge of lease rentals as stated previously in Note 3.

Scheduled maturities and interest rates of the 2001 Bonds are as follows:

2002	2.65%	530,000	2012	4.60%	715,000
2003	3.20%	550,000	2013	4.70%	745,000
2004	3.50%	565,000	2014	4.80%	785,000
2005	3.70%	615,000	2015	4.90%	820,000
2006	3.85%	640,000	2016	5.00%	860,000
2007	4.05%	665,000	2017	5.00%	905,000
2008	4.15%	690,000	2018	5.05%	945,000
2009	4.25%	720,000	2019	5.10%	995,000
2010	4.35%	755,000	2020	5.15%	1,055,000
2011	4.45%	780,000	2021	5.15%	595,000

Total Debt Service Requirements are:

<u>YEAR</u>	<u>AMOUNT</u>
2002	1,199,993
2003	1,205,947
2004	1,203,348
2005	1,233,572
2006	1,235,818
Thereafter	<u>16,996,825</u>
	<u>23,075,503</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.

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 held \$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 held in the Township's Sewer Fund, and the balance was applied against outstanding sewer fees. During 2001, the \$4,819 was also applied against outstanding sewer fees.

FAIRVIEW TOWNSHIP AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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, 2001 were zero.

SUPPLEMENTAL INFORMATION

FAIRVIEW TOWNSHIP AUTHORITY
 A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
 SERIES OF 2001
 DECEMBER 31, 2001

	CLEARING FUND	DEBT SERVICE FUND	DEBT SERVICE RESERVE FUND	SETTLEMENT FUND	SERIES OF 2001 TOTAL
ASSETS					
Restricted Cash and Cash Equivalents	686	129	10	19,601	20,426
Restricted Investments	—	14,930,000	1,396,684	—	1,396,684
Future Lease Rental Receivable	—	—	—	—	14,930,000
TOTAL ASSETS	<u>686</u>	<u>14,930,129</u>	<u>1,396,694</u>	<u>19,601</u>	<u>16,347,110</u>
LIABILITIES					
Bonds Payable		14,930,000			14,930,000
CONTINGENCIES AND COMMITMENTS					
FUND BALANCES	686	129	1,396,694	19,601	1,417,110
TOTAL LIABILITIES AND FUND BALANCES	<u>686</u>	<u>14,930,129</u>	<u>1,396,694</u>	<u>19,601</u>	<u>16,347,110</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, 2001

	<u>DEBT SERVICE FUND</u>	<u>CONSTRUCTION FUND</u>	<u>SERIES OF 1991 TOTAL</u>
CASH RECEIPTS			
Investment Income		239	239
Transfers from Other Funds	<u>126,500</u>	<u> </u>	<u>126,500</u>
TOTAL CASH RECEIPTS	<u>126,500</u>	<u>239</u>	<u>126,739</u>
 CASH DISBURSEMENTS			
Bond Interest	126,500		126,500
Administrative Fees		19	19
Financial Services Fees		7,535	7,535
Payment to Escrow Agent		<u>10</u>	<u>10</u>
Transfers to Other Funds			
TOTAL CASH DISBURSEMENTS	<u>126,500</u>	<u>7,564</u>	<u>134,064</u>
 EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS		(7,325)	(7,325)
 FUND BALANCE, JANUARY 1, 2001	<u>-0-</u>	<u>7,325</u>	<u>7,325</u>
 FUND BALANCE, DECEMBER 31, 2001	<u>-0-</u>	<u>-0-</u>	<u>-0-</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, 2001

	<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>
CASH RECEIPTS					
Investment Income	415		122,132	8,855	131,402
Lease Rentals	390,783				390,783
Unrealized Gain on Investments			(150,903)		(150,903)
Transfer from Other Funds	<u>216</u>				<u>216</u>
TOTAL CASH RECEIPTS	<u>391,414</u>		<u>(28,771)</u>	<u>8,855</u>	<u>371,498</u>
CASH DISBURSEMENTS					
Bond Principal		304,576			304,576
Bond Interest		(304,576)			1,405,758
Transfers to (from) Other Funds	390,697		1,319,290	347	
Administrative Fees			35,965		36,686
Financial Services Fees	33		<u>146,854</u>	688	427,416
Payment to Escrow Agent	<u>1,149</u>			<u>279,413</u>	
TOTAL CASH DISBURSEMENTS	<u>391,879</u>	<u>-0-</u>	<u>1,502,109</u>	<u>280,448</u>	<u>2,174,436</u>
EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS	(465)		(1,530,880)	(271,593)	(1,802,938)
FUND BALANCE, JANUARY 1, 2001	<u>465</u>	<u>-0-</u>	<u>1,530,880</u>	<u>271,593</u>	<u>1,802,938</u>
FUND BALANCE, DECEMBER 31, 2001	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditor's Report.

FAIRVIEW TOWNSHIP AUTHORITY
A COMPONENT UNIT OF FAIRVIEW TOWNSHIP
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - SERIES OF 2001
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>CLEARING FUND</u>	<u>DEBT SERVICE FUND</u>	<u>DEBT SERVICE RESERVE FUND</u>	<u>SETTLEMENT FUND</u>	<u>SERIES OF 2001 TOTAL</u>
CASH RECEIPTS					
Investment Income	807	253		300	1,360
Lease Rentals	735,276		156,684		735,276
Unrealized Gain on Investments					156,684
Bond Issue Proceeds (Net of Discount \$172,902)				<u>15,387,098</u>	<u>15,387,098</u>
TOTAL CASH RECEIPTS	<u>736,083</u>	<u>253</u>	<u>156,684</u>	<u>15,387,398</u>	<u>16,280,418</u>
CASH DISBURSEMENTS					
Bond Principal		630,000			630,000
Bond Interest		171,514			171,514
Transfers to (from) Other Funds	735,276	(801,514)	(1,240,010)	26,990	(1,279,258)
Administrative Fees					
Financial Services Fees	121	124			245
Payment to Escrow Agent					
Bond Issuance Costs				<u>15,203,242</u>	<u>15,203,242</u>
TOTAL CASH DISBURSEMENTS	<u>735,397</u>	<u>124</u>	<u>(1,240,010)</u>	<u>15,367,797</u>	<u>14,863,308</u>
EXCESS (DEFICIT) CASH RECEIPTS OVER DISBURSEMENTS	686	129	1,396,694	19,601	1,417,110
FUND BALANCE, JANUARY 1, 2001	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, DECEMBER 31, 2001	<u>686</u>	<u>129</u>	<u>1,396,694</u>	<u>19,601</u>	<u>1,417,110</u>

See Independent Auditor's Report.

Chubb and Associates

Certified Public Accountants

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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 U.S. 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, 2001 and the related statement of cash receipts and disbursements for the year then ended, and have issued our report thereon dated January 24, 2002.

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 Indenture for the Series of 2001 Bond Issue with Allfirst 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 Allfirst 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, 2002