

YORK TOWNSHIP

YEAR ENDED DECEMBER 31, 2017

YORK TOWNSHIP

YEAR ENDED DECEMBER 31, 2017

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Independent Auditors' Report

Board of Commissioners
York Township
Dallastown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of York Township as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise York Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to York Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of York Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of York Township as of December 31, 2017, and, where applicable, the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of historical pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise York Township's basic financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of York Township. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brown Schultz Steindler & Fritz

Camp Hill, Pennsylvania
April 27, 2018

YORK TOWNSHIP



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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis of York Township's (the Township) financial performance provides a brief overview of the Township's financial activities for the year ended December 31, 2017. The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements.

The accompanying financial statements for York Township for the year ended December 31, 2017 have been prepared in accordance with GASB Statement No. 34 and present both Government-Wide and Fund Level Financial Statements using both the accrual and modified accrual basis of accounting, as appropriate. The Government-Wide Financial Statements show financial information about the activities of the Township as a whole and provide a longer-term view of the Township's finances. The Statement of Net Position and the Statement of Activities provide this information. These statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities. These statements are prepared using the accrual basis of accounting. All assets and liabilities of the Township are included in these statements, and all of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. This method of financial presentation is similar to the accounting used by most private-sector companies. Fund Financial Statements show how the Township finances its services in the short-term, as well as what remains for future spending. Fund Financial Statements provide separate information for the Township's most significant funds, and non-major funds are aggregated and presented together. The modified accrual method of accounting is used in the Governmental Fund Financial Statements. This method measures cash and all other financial assets that can be readily converted to cash.

In the financial statements, there are reconciliations which show the differences between the Government-Wide Financial Statements and the Governmental Fund Financial Statements. Lastly, a Statement of Fiduciary Net Position is provided which provides financial information about activities that the Township acts solely as an agent for the benefit of others. These activities are excluded from the other financial statements of the Township because these assets cannot be used to finance the Township's operations.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

FINANCIAL HIGHLIGHTS

- The Township's net pension liability at December 31, 2017 is \$322,338. The Township has sufficient funds to meet this obligation at December 31, 2017. The Township also reports a \$275,283 deferred outflow of resources and a \$431,373 deferred inflow of resources related to the pension plan which represents the difference between the projected and actual earnings on pension plan investments as of December 31, 2017.
- The Township's net position is stated at \$97,316,239 as of December 31, 2017. Net position increased by \$2,113,710 in 2017.
- The total cost of all the Township's programs was \$19,221,835.
- During the year, the Township's expenses from governmental activities totaled \$11,855,110 and were offset by program and general revenue of \$12,913,427, generating a change in net position of \$1,058,317. Expenses from business-type activities totaled \$7,366,725 and were offset by program and general revenue of \$8,422,118, generating a change in net position of \$1,055,393. This combined to a total government wide change in net position of \$2,113,710 for 2017.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Government-wide financial statements

A condensed summary of the Township's assets and deferred outflows and liabilities and net position at December 31, 2017 and 2016 is shown below.

Summary Statements of Net Position as of December 31, 2017 and 2016

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 16,527,424	\$ 14,955,690	\$ 18,698,487	\$ 16,988,331	\$ 35,225,911	\$ 31,944,021
Noncurrent assets	29,217,232	29,710,981	34,172,164	34,851,358	63,389,396	64,562,339
Deferred outflows	203,736	395,846	71,547	138,118	275,283	533,964
Total assets and deferred outflows	45,948,392	45,062,517	52,942,198	51,977,807	98,890,590	97,040,324
Current liabilities	179,203	179,729	368,693	400,033	547,896	579,762
Noncurrent liabilities, other than pension	208,888	190,685	63,856	57,645	272,744	248,330
Net pension liability	239,816	748,531	82,522	261,172	322,338	1,009,703
Deferred inflows	318,596		112,777		431,373	
Total liabilities and deferred inflows	946,503	1,118,945	627,848	718,850	1,574,351	1,837,795
Investment in capital assets	29,217,232	29,710,981	34,172,164	34,851,358	63,389,396	64,562,339
Restricted	4,129,329	3,755,458			4,129,329	3,755,458
Unrestricted	11,655,328	10,477,133	18,142,186	16,407,599	29,797,514	26,884,732
Total net position	\$ 45,001,889	\$ 43,943,572	\$ 52,314,350	\$ 51,258,957	\$ 97,316,239	\$ 95,202,529

The \$29,797,514 of unrestricted net position represents the cumulative results of all current year and all past years' operations. The results of the current year's operations are presented in the Statement of Activities for the year ended December 31, 2017.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Government-wide financial statements (continued)

This statement provides a condensed summary of the Township's results of operations:

Summary Statements of Activities for the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 10,093,350	\$ 9,438,647
Operating grants and contributions	<u>1,416,049</u>	<u>1,685,215</u>
Total program revenue	<u>11,509,399</u>	<u>11,123,862</u>
General revenues:		
Taxes	9,465,578	9,155,801
Interest	112,824	248,467
Gain on disposal of assets	22,671	14,834
Miscellaneous	<u>225,073</u>	<u>306,228</u>
Total general revenues	<u>9,826,146</u>	<u>9,725,330</u>
Total revenues	<u>21,335,545</u>	<u>20,849,192</u>
Expenses:		
General government	1,396,920	1,442,021
Public safety	6,738,312	6,858,733
Public works	2,837,390	2,806,191
Capital purchases	49,547	69,498
Culture and recreation	832,941	875,730
Sewer funds	<u>7,366,725</u>	<u>7,252,127</u>
Total expenses	<u>19,221,835</u>	<u>19,304,300</u>
Increase in net position	<u>\$ 2,113,710</u>	<u>\$ 1,544,892</u>

Programs generated \$11,509,399 in program revenue, which offset the total cost of services of \$19,221,835 for a net cost of services of \$(7,712,436). The additional revenue used to provide the Township services was generated from taxes, investment earnings and other revenue sources, which were not restricted for specific programs. Overall, the Township taxpayers, through general revenues, taxes, provided 44% of the Township's support for the year ended December 31, 2017, the same as in 2016.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Fund financial statements

The fund financial statements provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, the information for the non-major funds is summarized in the financial statements. The Township's funds are divided into three categories - governmental, proprietary and fiduciary - and use different accounting approaches.

- **Governmental Funds** - Most of the Township's basic services are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund which is the principal operating fund of the Township; the Capital Projects Funds which are used for major capital purchases, renovations and construction projects of the Township General Fund and Special Revenue funds.
- **Proprietary Funds** - When the Township charges customers for the services it provides, whether to outside customers or to other municipalities, these services are generally reported in proprietary funds. Proprietary funds utilize accrual accounting, the same method used by private sector businesses. Proprietary funds report activities that provide supplies and services to the general public. An example is the Sewer Fund which provides sewer services to the residents for a fee.
- **Fiduciary Funds** - The Township acts as a trustee or fiduciary for its employees' pension plan. It is also responsible for other assets that can only be used for specific purposes. The Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension and escrow funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the Township to finance its operations.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Fund financial statements (continued)

Governmental Funds

As stated earlier, fund financial statements provide the reader with an understanding of how the Township finances its services in the short-term and what funds are available for future spending. The Township continues to maintain a healthy fund balance in the General Fund. As of December 31, 2017, the General Fund fund balance was \$9,179,697, an increase of \$306,483 over last year. The \$9,179,697 General Fund fund balance as of December 31, 2017 is comprised of \$23,918 in nonspendable funds, \$2,739,816 in committed funds, \$937,814 in assigned funds and \$5,478,149 in unassigned funds.

The Capital Projects Funds' committed and restricted fund balances remain healthy, ending 2017 at \$2,975,358 for Capital Reserve, \$437,460 for Recreation Capital and \$968,953 for Storm Water Management for a total Capital Projects Funds balance of \$4,381,771. The Township has earmarked these funds for ongoing major purchases and renovations, as well as infrastructure improvements, and they are replenished each year with budgeted operating transfers from the General Fund to the Capital Reserve Funds and fee assessments for both the Storm Water Management and Recreation Capital Reserve Funds.

Proprietary funds budget highlights

The Sewer Fund, the Township's primary proprietary operating fund, showed a \$240,934 change in net position for 2017 and ended the year with a very healthy net position balance of \$42,098,715, with cash and investments at \$5,090,777. The Sewer Capital Reserve Fund ended the year with a net position of \$9,795,583 with cash and investments at \$9,797,510.

Fiduciary funds

The Fiduciary Funds of the Township are presented separately in the Statement of Fiduciary Net Position because these funds are not used in the operation of the Township. However, the Township acts as the agent of these funds. Included in the Statement of Fiduciary Net Position are the assets of the employee pension fund and funds deposited with the Township by developers for infrastructure improvements.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Capital assets

At December 31, 2017, the Township had \$63,389,396 invested in a broad range of capital assets including infrastructure, land, buildings, furniture and equipment (a decrease of \$1,172,943 as compared to 2016). Below is a comparison of Township capital assets for the past two years.

	Capital Assets at Year-End			
	Governmental activities		Business-type activities	
	2017	2016	2017	2016
Land	\$ 4,227,228	\$ 4,227,228	\$ 578,399	\$ 407,251
Buildings	9,399,812	9,343,420	2,164,976	2,164,976
Storm water system	308,331	289,498		
Collection lines			5,074,729	5,062,905
Treatment plant/pump stations			2,826,314	2,826,314
Traffic lights	1,021,136	1,021,136		
Roads	12,237,469	10,951,200		
Signs	2,265	2,265		
Curbs/sidewalks	338,967	338,967		
Vehicles	2,209,428	2,035,193	1,308,221	1,308,221
Office furniture/equipment	747,774	715,352	177,226	166,419
Machinery and equipment	2,504,571	2,411,048	371,253	401,253
Infrastructure	35,403,471	35,403,471	39,393,992	39,393,992
Construction in process	94,140	137,875	190,157	139,475
	<u>68,494,592</u>	<u>66,876,653</u>	<u>52,085,267</u>	<u>51,870,806</u>
Totals				
Accumulated depreciation	<u>(39,277,360)</u>	<u>(37,165,672)</u>	<u>(17,913,103)</u>	<u>(17,019,448)</u>
Net capital assets	<u>\$ 29,217,232</u>	<u>\$ 29,710,981</u>	<u>\$ 34,172,164</u>	<u>\$ 34,851,358</u>

Debt administration

As of December 31, 2017 and 2016, there were no bond issues outstanding for York Township. York Township guarantees payment of any notes or bonds issued by the York Township Water and Sewer Authority, a component unit of York Township. As of December 31, 2017 and 2016, there were no issues outstanding for the York Township Water and Sewer Authority.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

General fund budget highlights

The Township adopts an annual budget for the General Fund. The budget includes all revenues and expenditures of this fund. The budget acts as the financial operating plan for the fiscal year and is revised as necessary. The Board of Commissioners may amend the budget at any time during the fiscal year by making additional appropriations or increasing existing appropriations, but the funds must be provided from unexpended balances in existing appropriations, from unappropriated revenues or from unassigned fund balances.

The Township has adopted a conservative approach to budgeting. Revenues are projected conservatively based upon historical trends, and expenses are generally budgeted on a "worst case" scenario. In 2017, the General Fund showed a net change in fund balance of \$306,483, which is a combination of a \$1,000,000 transfer of unassigned fund balance to capital projects from excess 2016 funds, the budgeted \$336,107 operational transfer to capital projects and a \$1,642,590 excess of revenues over expenditures in 2017. The \$1,642,590 excess in 2017 was higher than the original budgeted excess of \$450,472 by \$1,192,118. This positive budget variance was due mainly to the combination of the increase in revenues by \$354,584 and a reduction of expenditures below budget by \$837,534.

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

General fund budget highlights (continued)

General Fund Budget to Actual for 2017

	<u>Budgeted amounts - original/final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 9,053,606	\$ 9,439,954	\$ 386,348
Licenses and permits	488,294	518,988	30,694
Fines and forfeitures	171,500	176,838	5,338
Interest	78,900	37,495	(41,405)
Intergovernmental revenues	744,683	507,344	(237,339)
Refund of prior year expenditures		27,823	27,823
Charges for services	562,648	745,781	183,133
Other	<u>3,158</u>	<u>3,150</u>	<u>(8)</u>
Total revenues	<u>11,102,789</u>	<u>11,457,373</u>	<u>354,584</u>
Expenditures:			
General government	1,405,301	1,175,812	229,489
Public safety	6,246,286	5,902,796	343,490
Public works, sanitation	20,000	35,096	(15,096)
Public works, highways	2,142,060	1,979,314	162,746
Culture and recreation	<u>838,670</u>	<u>721,765</u>	<u>116,905</u>
Total expenditures	<u>10,652,317</u>	<u>9,814,783</u>	<u>837,534</u>
Excess of revenues over expenditures	450,472	1,642,590	1,192,118
Other financing uses, operating transfers out	<u>(336,107)</u>	<u>(1,336,107)</u>	<u>(1,000,000)</u>
Net change in fund balances	<u>\$ 114,365</u>	<u>\$ 306,483</u>	<u>\$ 192,118</u>

YORK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Requests for information

This financial report is designed to provide a general overview of the York Township finances for all those with an interest in the government's finances. If you have any questions about this report or need additional information, contact York Township, 190 Oak Avenue, Dallastown, PA 17313 or (717) 741-3861.

Separately issued financial statements for York Township Water and Sewer Authority, a component unit of York Township, can be obtained by contacting the Township Office.

YORK TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 10,650,055	\$ 8,538,228	\$ 19,188,283
Investments	5,305,289	6,395,039	11,700,328
Taxes receivable	368,102		368,102
Accounts receivable	180,060	870,679	1,050,739
Prepaid expenses	23,918	3,666	27,584
Intermunicipal deposits		2,890,875	2,890,875
	<u>16,527,424</u>	<u>18,698,487</u>	<u>35,225,911</u>
Land	4,227,228	578,399	4,805,627
Buildings	9,399,812	2,164,976	11,564,788
Construction in progress	94,140	190,157	284,297
Storm water system	308,331		308,331
Collection lines		5,074,729	5,074,729
Treatment plant/pump stations		2,826,314	2,826,314
Infrastructure	35,403,471	39,393,992	74,797,463
Traffic lights	1,021,136		1,021,136
Roads	12,237,469		12,237,469
Signs	2,265		2,265
Curbs and sidewalks	338,967		338,967
Vehicles	2,209,428	1,308,221	3,517,649
Office furniture and equipment	747,774	177,226	925,000
Machinery and equipment	2,504,571	371,253	2,875,824
	68,494,592	52,085,267	120,579,859
Accumulated depreciation	<u>(39,277,360)</u>	<u>(17,913,103)</u>	<u>(57,190,463)</u>
Capital assets, net of depreciation	<u>29,217,232</u>	<u>34,172,164</u>	<u>63,389,396</u>
Deferred outflows of resources, pensions	<u>203,736</u>	<u>71,547</u>	<u>275,283</u>
Total assets and deferred outflows of resources	<u><u>\$ 45,948,392</u></u>	<u><u>\$ 52,942,198</u></u>	<u><u>\$ 98,890,590</u></u>

See notes to financial statements.

LIABILITIES AND NET POSITION

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 120,861	\$ 36,673	\$ 157,534
Payroll deductions and withholdings	52,595	17,642	70,237
Revenue received in advance	5,747		5,747
Other current liabilities		314,378	314,378
	<hr/>	<hr/>	<hr/>
Total current liabilities	<u>179,203</u>	<u>368,693</u>	<u>547,896</u>
Noncurrent liabilities:			
Compensated absences	208,888	63,856	272,744
Net pension liability	<u>239,816</u>	<u>82,522</u>	<u>322,338</u>
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	<u>448,704</u>	<u>146,378</u>	<u>595,082</u>
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>627,907</u>	<u>515,071</u>	<u>1,142,978</u>
Deferred inflows of resources, pensions	<u>318,596</u>	<u>112,777</u>	<u>431,373</u>
Net position:			
Investment in capital assets	29,217,232	34,172,164	63,389,396
Restricted	4,129,329		4,129,329
Unrestricted	<u>11,655,328</u>	<u>18,142,186</u>	<u>29,797,514</u>
	<hr/>	<hr/>	<hr/>
Total net position	<u>45,001,889</u>	<u>52,314,350</u>	<u>97,316,239</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 45,948,392</u>	<u>\$ 52,942,198</u>	<u>\$ 98,890,590</u>

YORK TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Primary government		Total
				Governmental activities	Business-type activities	
Governmental activities:						
General government	\$ 1,396,920	\$ 636,074	\$ 380,904	\$ (379,942)		\$ (379,942)
Public safety	6,738,312	687,527		(6,050,785)		(6,050,785)
Public works, sanitation	35,096		105,121	70,025		70,025
Public works, highway	2,434,568		920,024	(1,514,544)		(1,514,544)
Public works, storm water and flood control	52,803	43,929	10,000	1,126		1,126
Public works, other	314,923			(314,923)		(314,923)
Capital purchases	49,547			(49,547)		(49,547)
Culture and recreation	832,941	362,012		(470,929)		(470,929)
Total governmental activities	11,855,110	1,729,542	1,416,049	(8,709,519)		(8,709,519)
Business-type activities, sewer funds	7,366,725	8,363,808			\$ 997,083	997,083
Total government activities	\$ 19,221,835	\$ 10,093,350	\$ 1,416,049	(8,709,519)	997,083	(7,712,436)

(continued)

YORK TOWNSHIP

STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Primary government		
				Governmental activities	Business-type activities	Total
General revenues:						
Taxes, all levies				\$ 9,465,578		\$ 9,465,578
Investment earnings				54,514	\$ 58,310	112,824
Gain on disposal of assets				22,671		22,671
Other				225,073		225,073
Total general revenues				9,767,836	58,310	9,826,146
Change in net position				1,058,317	1,055,393	2,113,710
Net position:						
Beginning				43,943,572	51,258,957	95,202,529
Ending				\$ 45,001,889	\$ 52,314,350	\$ 97,316,239

See notes to financial statements.

YORK TOWNSHIP

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	Major funds			
	General fund	Capital projects funds	Nonmajor funds	Total governmental funds
Assets:				
Cash and cash equivalents	\$ 5,176,196	\$ 2,750,680	\$ 2,723,179	\$ 10,650,055
Investments	3,627,588	1,677,701		5,305,289
Taxes receivable	368,102			368,102
Accounts receivable	180,060			180,060
Prepaid expenditures	23,918			23,918
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 9,375,864</u>	<u>\$ 4,428,381</u>	<u>\$ 2,723,179</u>	<u>\$ 16,527,424</u>
Liabilities:				
Accounts payable	\$ 73,988	\$ 46,610	\$ 263	\$ 120,861
Revenue received in advance	5,747			5,747
Payroll deductions and withholdings	52,595			52,595
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>132,330</u>	<u>46,610</u>	<u>263</u>	<u>179,203</u>
Deferred inflows of resources, unavailable revenue	<hr/>			<hr/>
	63,837			63,837
Fund balances:				
Nonspendable, prepaid expenses	23,918			23,918
Restricted:				
Liquid fuels			452,386	452,386
Street light			43,516	43,516
Impact fees			2,227,014	2,227,014
Recreation site fee		437,460		437,460
Storm water		968,953		968,953
Committed:				
Capital reserve		2,975,358		2,975,358
Future pension costs	239,816			239,816
Minimum reserve requirement	2,500,000			2,500,000
Assigned:				
Emergency management	5,163			5,163
Employee benefit	932,651			932,651
Unassigned	5,478,149			5,478,149
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>9,179,697</u>	<u>4,381,771</u>	<u>2,722,916</u>	<u>16,284,384</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,375,864</u>	<u>\$ 4,428,381</u>	<u>\$ 2,723,179</u>	<u>\$ 16,527,424</u>

See notes to financial statements.

YORK TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

YEAR ENDED DECEMBER 31, 2017

Total governmental fund balances		\$ 16,284,384
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$68,494,592, and the accumulated depreciation is \$39,277,360.		29,217,232
Property taxes receivable will be collected subsequent to year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		63,837
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Net pension liability	\$ (239,816)	
Compensated absences	<u>(208,888)</u>	(448,704)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources, pension		203,736
Deferred inflows of resources, pension		<u>(318,596)</u>
Net position of governmental activities		<u><u>\$ 45,001,889</u></u>

See notes to financial statements.

YORK TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2017

	Major funds			Total governmental funds
	General fund	Capital projects funds	Nonmajor funds	
Revenues:				
Taxes	\$ 9,439,954		\$ 5,035	\$ 9,444,989
Licenses and permits	518,988			518,988
Fines and forfeitures	176,838			176,838
Charges for services	745,781	\$ 283,735		1,029,516
Interest	37,495	12,393	4,626	54,514
Refund of prior year expenditures	27,823			27,823
Intergovernmental revenues	507,344	10,000	902,905	1,420,249
Other	3,150		194,104	197,254
Total revenues	11,457,373	306,128	1,106,670	12,870,171
Expenditures:				
General government	1,175,812	82,751		1,258,563
Public safety	5,902,796			5,902,796
Capital projects			17,132	17,132
Public works, sanitation	35,096			35,096
Public works, highway	1,979,314	116,746	900,000	2,996,060
Public works, storm water and flood control		75,022		75,022
Public works, other		291,713	3,073	294,786
Culture and recreation	721,765	24,951		746,716
Total expenditures	9,814,783	591,183	920,205	11,326,171
Excess (deficiency) of revenues over expenditures	1,642,590	(285,055)	186,465	1,544,000
Other financing sources (uses):				
Proceeds from sale of fixed assets		7,671		7,671
Operating transfers in		1,361,107		1,361,107
Operating transfers out	(1,336,107)	(25,000)		(1,361,107)
Total other financing sources (uses)	(1,336,107)	1,343,778		7,671
Net change in fund balances	306,483	1,058,723	186,465	1,551,671
Fund balances:				
Beginning	8,873,214	3,323,048	2,536,451	14,732,713
Ending	\$ 9,179,697	\$ 4,381,771	\$ 2,722,916	\$ 16,284,384

See notes to financial statements.

YORK TOWNSHIP

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2017

Total net change in fund balances, governmental funds		\$ 1,551,671
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the period.		
Depreciation expense	\$ (2,166,186)	
Capital outlays, net	<u>1,672,436</u>	(493,750)
Because some property taxes will not be collected for several months after the Township's year end, they are not considered as available revenues in the governmental funds. Unavailable tax revenue increased by this amount this year.		
		20,589
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense:		
Township pension contributions		236,964
Costs of benefits earned		(238,954)
Changes in compensated absences are not recorded as expenditures in the governmental funds but are in the statement of activities. Compensated absences increased by this amount this year.		
		<u>(18,203)</u>
Change in net position of governmental activities		<u>\$ 1,058,317</u>

See notes to financial statements.

YORK TOWNSHIP

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

DECEMBER 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Current assets:				
Cash and cash equivalents	\$ 3,555,247	\$ 44,980	\$ 4,938,001	\$ 8,538,228
Investments	1,535,530		4,859,509	6,395,039
Accounts receivable	601,696	268,983		870,679
Due from other funds		126,728		126,728
Prepaid expenses	3,400	266		3,666
Intermunicipal deposits	2,890,875			2,890,875
Total current assets	8,586,748	440,957	9,797,510	18,825,215
Capital assets:				
Land	578,399			578,399
Buildings	2,164,976			2,164,976
Construction in progress	190,157			190,157
Collection lines	5,074,729			5,074,729
Treatment plant/pump stations	2,826,314			2,826,314
Infrastructure	39,393,992			39,393,992
Vehicles	1,308,221			1,308,221
Office furniture and equipment	177,226			177,226
Machinery and equipment	371,253			371,253
	52,085,267			52,085,267
Accumulated depreciation	(17,913,103)			(17,913,103)
Capital assets, net of depreciation	34,172,164			34,172,164
Deferred outflows of resources, pensions	71,547			71,547
Total assets and deferred outflows of resources	\$ 42,830,459	\$ 440,957	\$ 9,797,510	\$ 53,068,926

See notes to financial statements.

LIABILITIES AND NET POSITION

	Major funds			
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	Total
Current liabilities:				
Accounts payable	\$ 22,573	\$ 12,173	\$ 1,927	\$ 36,673
Payroll deductions and withholdings	16,052	1,590		17,642
Due to other funds	126,728			126,728
Other current liabilities	314,378			314,378
Total current liabilities	<u>479,731</u>	<u>13,763</u>	<u>1,927</u>	<u>495,421</u>
Noncurrent liabilities:				
Compensated absences	56,714	7,142		63,856
Net pension liability	<u>82,522</u>			<u>82,522</u>
Total noncurrent liabilities	<u>139,236</u>	<u>7,142</u>		<u>146,378</u>
Total liabilities	<u>618,967</u>	<u>20,905</u>	<u>1,927</u>	<u>641,799</u>
Deferred inflows of resources, pensions	<u>112,777</u>			<u>112,777</u>
Net position:				
Investment in capital assets	34,172,164			34,172,164
Unrestricted	<u>7,926,551</u>	<u>420,052</u>	<u>9,795,583</u>	<u>18,142,186</u>
Total net position	<u>42,098,715</u>	<u>420,052</u>	<u>9,795,583</u>	<u>52,314,350</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 42,830,459</u>	<u>\$ 440,957</u>	<u>\$ 9,797,510</u>	<u>\$ 53,068,926</u>

YORK TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2017

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Operating revenues:				
Rental and service charges	\$ 6,345,545	\$ 1,896,604		\$ 8,242,149
Connection and tapping fees	121,095			121,095
Other	564			564
Total operating revenues	6,467,204	1,896,604		8,363,808
Operating expenses, operations of facilities	4,519,962	1,912,671	\$ 10,435	6,443,068
Net operating income (loss) before depreciation	1,947,242	(16,067)	(10,435)	1,920,740
Depreciation	923,657			923,657
Net operating income (loss)	1,023,585	(16,067)	(10,435)	997,083
Nonoperating revenue, earnings on investments, net	16,025	480	41,805	58,310
Net income (loss) before operating transfers	1,039,610	(15,587)	31,370	1,055,393
Operating transfers:				
Transfers in	244,461		1,043,137	1,287,598
Transfers out	(1,043,137)		(244,461)	(1,287,598)
Total operating transfers	(798,676)		798,676	-
Change in net position	240,934	(15,587)	830,046	1,055,393
Net position:				
Beginning	41,857,781	435,639	8,965,537	51,258,957
Ending	\$ 42,098,715	\$ 420,052	\$ 9,795,583	\$ 52,314,350

See notes to financial statements.

YORK TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2017

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Cash flows from operating activities:				
Cash received from users	\$ 6,355,936	\$ 1,869,166		\$ 8,225,102
Cash payments to employees for service	(840,940)	(88,926)		(929,866)
Cash payments to suppliers for goods and services	(3,697,396)	(1,786,392)	\$ (55,209)	(5,538,997)
Other cash receipts	564		30,650	31,214
Net cash provided by (used in) operating activities	<u>1,818,164</u>	<u>(6,152)</u>	<u>(24,559)</u>	<u>1,787,453</u>
Cash flows from noncapital financing activities:				
Operating transfers in (out)	<u>(798,676)</u>		<u>798,676</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(798,676)</u>		<u>798,676</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	<u>(242,601)</u>			<u>(242,601)</u>
Net cash used in capital and related financing activities	<u>(242,601)</u>			<u>(242,601)</u>
Cash flows from investing activities:				
Earnings on investments	16,025	480	41,805	58,310
Sale of investments, net	333,000		1,740,000	2,073,000
Purchases of investments, net	<u>(365,036)</u>		<u>(1,636,677)</u>	<u>(2,001,713)</u>
Net cash provided by (used in) investing activities	<u>(16,011)</u>	<u>480</u>	<u>145,128</u>	<u>129,597</u>
Increase (decrease) in cash and cash equivalents	760,876	(5,672)	919,245	1,674,449
Cash and cash equivalents:				
Beginning of year	<u>2,794,371</u>	<u>50,652</u>	<u>4,018,756</u>	<u>6,863,779</u>
End of year	<u>\$ 3,555,247</u>	<u>\$ 44,980</u>	<u>\$ 4,938,001</u>	<u>\$ 8,538,228</u>

(continued)

YORK TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

	Major funds			
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	Total
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:				
Net operating income (loss)	<u>\$ 1,023,585</u>	<u>\$ (16,067)</u>	<u>\$ (10,435)</u>	<u>\$ 997,083</u>
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	923,657			923,657
(Increase) decrease in:				
Accounts receivable	21,768	(27,464)		(5,696)
Due from other funds	449	24,676	30,650	55,775
Prepaid expenses	241	27		268
Intermunicipal deposits	(132,713)			(132,713)
Deferred outflows of resources, pension	66,571			66,571
Increase (decrease) in:				
Accounts payable	(23,036)	9,497	(44,774)	(58,313)
Due to other funds	(24,630)			(24,630)
Compensated absences	3,360	2,851		6,211
Net pension liability	(178,650)			(178,650)
Payroll deductions and withholdings	1,871	328		2,199
Other liabilities	22,914			22,914
Deferred inflows of resources	<u>112,777</u>			<u>112,777</u>
Total adjustments	<u>794,579</u>	<u>9,915</u>	<u>(14,124)</u>	<u>790,370</u>
Net cash provided by (used in) operating activities	<u>\$ 1,818,164</u>	<u>\$ (6,152)</u>	<u>\$ (24,559)</u>	<u>\$ 1,787,453</u>
Non cash activities:				
Capital assets included in accounts payable at year end			\$ 1,860	

See notes to financial statements.

YORK TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2017

	<u>Escrow fund</u>	<u>Nonuniform pension fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 237,757		\$ 237,757
Investments	<u> </u>	<u>\$ 10,049,883</u>	<u>10,049,883</u>
	<u>\$ 237,757</u>	<u>\$ 10,049,883</u>	<u>\$ 10,287,640</u>
LIABILITIES AND NET POSITION			
Liability to developers	\$ 237,757		\$ 237,757
Net position restricted for pension	<u> </u>	<u>\$ 10,049,883</u>	<u>10,049,883</u>
	<u>\$ 237,757</u>	<u>\$ 10,049,883</u>	<u>\$ 10,287,640</u>

See notes to financial statements.

YORK TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2017

	<u>Nonuniform pension fund</u>
Additions:	
Investment gain	\$ 1,357,009
Contributions	<u>320,180</u>
Total additions	<u>1,677,189</u>
Deductions:	
Administrative expenses	18,974
Benefit payments	<u>306,236</u>
Total deductions	<u>325,210</u>
Change in net position	1,351,979
Net position restricted for pension:	
Beginning	<u>8,697,904</u>
Ending	<u><u>\$ 10,049,883</u></u>

See notes to financial statements.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies:

The financial statements of York Township (the Township) have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Principles determining scope of reporting entity:

York Township operates as a first class township under the laws governing municipalities in the Commonwealth of Pennsylvania. The Township operates under a Board of Commissioners form of government and provides services as authorized by statute: General Government, Public Safety (Police and Fire), Public Works (Highway and Sanitation), Culture and Recreation, Planning and Zoning and other services as required. The Township has elected to include the component unit discussed below in the Township's reporting entity.

Reporting entity:

The Township defines its reporting entity based upon the criteria established by the Governmental Accounting Standards Board. The Township includes in its reporting entity organizations for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Township are such that exclusions 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 it appoints 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 financial burdens on, the Township. The Township would also include any organization fiscally dependent on it. Although not required, the Township has included the component unit, York Township Water and Sewer Authority (the Authority).

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Blended component unit:

The York Township Water and Sewer Authority is a municipal authority chartered under the Municipal Authorities Act of 1945, approved May 2, 1945, P.L. 382 as amended. The purpose of the Authority is to acquire, hold, construct and operate, or provide operations, of the municipal water and sewer systems for York Township. The Water and Sewer Authority has financed the sewer improvement projects of the Township through leasing arrangements. The Township guarantees the debt of York Township Water and Sewer Authority. The governing body of York Township Water and Sewer Authority is appointed by the Township Board of Commissioners.

The separate audited financial statements of the York Township Water and Sewer Authority can be obtained from the Authority Board.

Government-wide financial statements:

The statement of net position and statement of activities display information about the reporting government as a whole. The statements include the primary government and its component units, except for the fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position and statement of activities are prepared using the economic measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

Program revenues – government-wide financial statements:

The statement of activities reports two categories of program revenues: (a) charges for services and (b) program specific operating grants and contributions. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Policy for eliminating internal activity – government-wide financial statements:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. In the process of aggregating data for the statement of net position, amounts reported as interfund balances in the individual funds are eliminated or reclassified. Eliminations are made in the statement of net position to minimize the “grossing-up” effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Policy for capitalizing assets and estimating useful lives – government-wide financial statements:

The Township reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The Township’s policy is to capitalize assets or groups of assets with costs in excess of \$10,000. Depreciation expense is calculated using the straight-line method over the estimated useful lives of capital assets ranging from 5 to 40 years.

Policy regarding applying restricted or unrestricted resources:

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Fund financial statements:

The accounts of the Township are organized on the basis of funds or account groups each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, deferred inflows of resources, fund balance or net position, revenues and expenses or expenditures. The following funds are used by the Township:

Governmental funds:

General Fund – The General Fund is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. The Emergency Management Fund (EMA) is included in the General Fund; however, it was assigned a separate fund number for internal tracking purposes only.

Special Revenue Funds – The Special Revenue Funds account for revenues that are legally restricted to expenditures for specific purposes. The Special Revenue Funds are the Liquid Fuels Fund, Street Lighting Tax Fund and Impact Fees.

Capital Projects Funds – The Capital Projects Funds account for financial resources to be used for the acquisition of major facilities which are not financed by Proprietary and Trust and Agency Funds. The Capital Projects Funds are the Recreation Capital Reserve Fund, Storm Water Management Fund and Capital Reserve Fund.

Proprietary Funds:

Enterprise Funds – The Enterprise Funds are to account for operations that are financed and operated in a manner similar to private business enterprises where the cost (expenses, including depreciation) is financed through user charges. The Enterprise Funds include the York Township Water and Sewer Authority and the Sewer Fund, Intermunicipal Sewer Fund and Sewer Capital Reserve Fund.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Fund financial statements (continued):

Fiduciary Funds:

The Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent. Pension trust funds use the economic resources measurement focus in essentially the same manner as proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The Nonuniform Pension Fund is a pension trust fund. The Escrow Fund is an agency fund.

Measurement focus/basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds of the Township are accounted for using a current financial resources measurement focus. Accordingly, only current assets, current liabilities and deferred inflows of resources are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current or noncurrent) associated with the operation of the funds are included on the statement of net position. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The Township defines proprietary funds operating revenues based on how the individual transaction would be categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital finance activities or investing activities would normally not be reported as operating revenues.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Modified accrual basis:

The modified accrual basis of accounting is followed for all governmental funds of the Township. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the Township's operations. Available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

Property taxes:

Current revenue – These are taxes levied as of a specific date with a legal, enforceable claim against the taxpayer and/or property. These taxes are recognizable as current revenue when received by the Township during the fiscal year and also estimated to be received by the Township within 60 days after the close of the fiscal year.

Revenue received in advance – taxes – Currently levied property taxes which are not estimated to be received by the Township within 60 days after the close of the current fiscal year are recorded as deferred inflows of resources -unavailable revenue.

Doubtful – An allowance for doubtful accounts is not required for property taxes due to a lien placed on delinquent properties. Upon sale, the lien would be satisfied and the Township would receive levied taxes.

Revenue from state sources:

State subsidies due the Township as current fiscal year entitlements are recognized as revenue in the current fiscal year even though such funds may be received in a subsequent fiscal year.

Revenue from federal sources:

Federal program funds applicable to expenditures for the same program in the current fiscal year, but expected to be received in the next fiscal year, are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year-end over the program expenditures are recorded as unearned revenue.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Accrual basis:

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measureable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the Proprietary Funds and Pension Trust Fund.

Interfund transactions:

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services.

Cash and cash equivalents:

For the purpose of the statement of cash flows, the Proprietary Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are stated at fair value. Fair values for the mutual funds are measured by quoted prices in an active market. Fair values for the money market funds are principal values, and fair value for the government pool is based upon quoted market prices for investments held by the pool. The change in fair value of the investments is reflected as unrealized gains (losses) and is included as a component of investment income.

Budgets:

Prior to December 31, 2016, in accordance with the laws of the Commonwealth, the 2017 annual budget was presented to the York Township Commissioners. The budget was enacted on December 13, 2016, by Ordinance No. 2016-6. All unused budget appropriations lapse at year end.

Deferred outflows of resources:

The statement of net position reports a separate section for deferred outflows of resources, which represents a consumption of net position or fund balance that applies to future periods, and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources related to the pension plan represent a change of assumptions which is amortized over a closed period using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through the plan, including the current year.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Deferred inflows of resources:

The statement of net position reports a separate section for deferred inflows of resources, which represents the acquisition of net position or fund balance that applies to future periods, and thus, will not be recognized as an inflow of resources (revenue) until then. The Township has two items that qualify for this reporting:

Deferred inflows of resources related to the pension resulting from the difference in projected and actual experience, amortized over a closed period using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through the plan, including the current year.

Deferred inflows of resources related to the pension plan resulting from the net difference between the projected and actual earnings on pension plan investments amortized over a five-year period, including the current year.

Fund balance classification:

The Township follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable:** This classification includes amounts that are not in spendable form (such as inventory), prepaid expenses or amounts that are required to be maintained intact.
- **Restricted:** This classification includes amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed:** This classification includes amounts constrained to specific purposes by the Township itself, using its highest level of decision making authority (Board of Commissioners). When reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Fund balance classification (continued):

- Assigned: This classification includes amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Township Board of Commissioners delegates the authority.
- Unassigned: This classification includes amounts that are available for any purpose.

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board or the assignment has been changed by the Board. Decreases to fund balance first reduce Committed Fund Balance. In the event that Committed Fund Balance becomes zero, then Assigned and Unassigned Fund balances are used in that order.

Capital assets – fund financial statements:

Under the Township's method of accounting, capital assets are recorded as expenditures at the time of purchase in the governmental funds. Accordingly, no depreciation has been provided on fixed assets in those funds. Proprietary Fund capital assets are recorded at cost. Depreciation is provided for on a straight-line basis over periods ranging from 5 to 40 years.

Total columns:

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Long-term liabilities:

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of accrued compensated absences and net pension liability.

Net position classifications:

Government-wide statements - Equity is classified as net position and displayed in three components:

- Investment in capital assets - Consists of capital assets net of accumulated depreciation.
- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "investment in capital assets."

Subsequent events:

Management has evaluated subsequent events through April 27, 2018, the date the financial statements were available to be issued.

Upcoming accounting pronouncements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, improves accounting and financial reporting by state and local governments for OPEB as well as improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is effective for reporting periods beginning after December 15, 2018.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

1. Summary of significant accounting policies (continued):

Upcoming accounting pronouncements (continued):

GASB Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, and fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits). This statement is effective for reporting periods beginning after June 15, 2017.

2. Deposits and investments:

Cash includes amounts in demand deposits and certificates of deposit that mature within three months of the purchase date. The Township is authorized under the First Class Township Code to invest in the following:

1. United States treasury bills and short-term obligations of the U.S. Government or its agencies or instrumentalities,
2. Obligations of the United States of America and the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities, which are backed by the full faith and credit of said government,
3. Savings accounts, time deposits and certificates of deposit, pursuant to certain insurance and collateral requirements, and
4. Shares of qualifying registered investment companies.
5. Any investment authorized by PA C.S. Ch. 73, (relating to fiduciaries investments) shall be an authorized investment for any pension or retirement fund.

Custodial credit risk – deposits and investments:

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township has a policy for managing custodial credit risk.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

2. Deposits and investments (continued):

Reconciliation to financial statements:

Covered by Federal Depository Insurance Corporation (FDIC)	\$ 259,216
Collateral held by the pledging bank under Act 72	18,694,827
Outstanding checks	(39,326)
Outstanding bank items	<u>58</u>
Carrying amount - bank balances	18,914,775
Money market funds held in investment accounts covered by Securities Investor Protection Corporation (SIPC)	510,165
Petty cash	<u>1,100</u>
Total cash and cash equivalents per financial statements	<u>\$ 19,426,040</u>

Reconciliation to financial statements:

Governmental Funds	\$ 10,650,055
Proprietary Funds	8,538,228
Fiduciary Funds	<u>237,757</u>
Total cash and cash equivalents per financial statements	<u>\$ 19,426,040</u>

Investments:

Investments, other than certificates of deposits, are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

2. Deposits and investments (continued):

Investments (continued):

<u>Investment</u>	<u>Maturities</u>	<u>Fair value</u>
Investments, certificates of deposits, at cost:	Less than 1 year	\$ 4,629,000
	1 - 5 years	<u>7,071,328</u>
		<u>11,700,328</u> **

As of December 31, 2017, the Township had the following Level 1 investments:

Fiduciary Nonuniform Pension Investments:

Principal Financial Group:

Large U.S. Equity	3,174,359
Small/Mid U.S. Equity	565,993
International Equity	1,578,995
Balanced	194,519
Fixed income	3,669,291
Other	<u>866,726</u>

Total fiduciary funds, pension plan	<u>10,049,883</u>
	<u><u>\$ 21,750,211</u></u>

Reconciliation to financial statements:

Governmental Funds	\$ 5,305,289
Proprietary Funds	6,395,039
Fiduciary Funds, nonuniform pension plan	<u>10,049,883</u>

Total investments per financial statements	<u><u>\$ 21,750,211</u></u>
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** \$11,700,328 is insured by FDIC and the balance is collateralized by the pledging bank under Act 72.

See Note 1 for a further description of how the fair value measurements were derived.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

2. Deposits and investments (continued):

Investments (continued):

At December 31, 2017, the nonuniform pension plan investments that exceeded 5% of total net assets include the following:

Large U.S. equity:	
Principal Global Investors, Equity Income Separate Account	\$ 1,311,373
Principal Global Investors, Large Cap S&P 500 Index	550,621
T. Rowe Price/Brown Advisory, Large Cap Growth Separate Account	1,312,365
International equity, Causeway/Barrow Hanley Overseas Separate Account	1,166,687
Fixed income:	
Mellon Capital Management, Bond Index Separate Account	674,863
Principal Global Investors, Core Plus Bond Separate Account	2,036,037
Principal Real Estate Inv., US Properties Separate Account	580,850
Other, Multiple Sub Advisors Global, Multi Str Separate Account	574,505

Interest rate risk:

The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk:

The Township has an investment policy that limits its investment choices to certain credit ratings.

Concentrations:

The Township's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

3. Property taxes:

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Discount dates	February 16 - April 15
Face amount dates	April 16 - June 15
Delinquent dates	June 16 - December 31

Real estate taxes were .90 mills for general purposes and .30 mills for fire tax in 2017. Property taxes attach as an enforceable lien on property, as of the date of the tax notice. Delinquent taxes for balance sheet purposes are considered fully collectible, and therefore, no allowance of uncollectible taxes is provided.

4. Capital assets, governmental activities:

A summary of governmental activities' capital assets transactions for the year ended December 31, 2017, is as follows:

	Beginning balance	Transfers/ additions	Transfers/ deletions	Ending balance
Land	\$ 4,227,228			\$ 4,227,228
Buildings	9,343,420	\$ 56,392		9,399,812
Construction in progress	137,875	22,084	\$ (65,819)	94,140
Storm water system	289,498	18,833		308,331
Infrastructure	35,403,471			35,403,471
Traffic lights	1,021,136			1,021,136
Roads	10,951,200	1,286,269		12,237,469
Signs	2,265			2,265
Curbs and sidewalks	338,967			338,967
Vehicles	2,035,193	174,235		2,209,428
Office furniture and equipment	715,352	32,422		747,774
Machinery and equipment	2,411,048	148,020	(54,497)	2,504,571
Totals	<u>\$ 66,876,653</u>	<u>\$ 1,738,255</u>	<u>\$ (120,316)</u>	<u>\$ 68,494,592</u>

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

4. Capital assets, governmental activities (continued):

Accumulated depreciation:

	Beginning balance	Current year depreciation	Transfers/ deletions	Ending balance
Buildings	\$ 2,838,903	\$ 302,239		\$ 3,141,142
Storm water system	78,006	11,643		89,649
Infrastructure	25,181,941	705,934		25,887,875
Traffic lights	942,734	32,195		974,929
Roads	4,762,901	777,253		5,540,154
Signs	688	113		801
Curbs and sidewalks	151,814	13,998		165,812
Vehicles	1,189,331	134,259		1,323,590
Office furniture and equipment	618,017	45,411		663,428
Machinery and equipment	1,401,337	143,141	\$ (54,498)	1,489,980
Totals	\$ 37,165,672	\$ 2,166,186	\$ (54,498)	\$ 39,277,360

	Cost	Accumulated depreciation	Net value
Land	\$ 4,227,228		\$ 4,227,228
Buildings	9,399,812	\$ 3,141,142	6,258,670
Construction in progress	94,140		94,140
Storm water system	308,331	89,649	218,682
Infrastructure	35,403,471	25,887,875	9,515,596
Traffic lights	1,021,136	974,929	46,207
Roads	12,237,469	5,540,154	6,697,315
Signs	2,265	801	1,464
Curbs and sidewalks	338,967	165,812	173,155
Vehicles	2,209,428	1,323,590	885,838
Office furniture and equipment	747,774	663,428	84,346
Machinery and equipment	2,504,571	1,489,980	1,014,591
Totals	\$ 68,494,592	\$ 39,277,360	\$ 29,217,232

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

4. Capital assets, governmental activities (continued):

Current depreciation expense is charged to each of the functions in the statement of activities as follows:

General government	\$ 202,352
Public works:	
Highway	835,202
Highway (infrastructure)	705,934
Other	311,848
Culture and recreation	<u>110,850</u>
 Total	 <u>\$ 2,166,186</u>

5. Capital assets, proprietary funds:

A summary of capital assets of the Sewer fund as of December 31, 2017 is as follows:

	<u>Beginning balance</u>	<u>Transfers/ additions</u>	<u>Transfers/ deletions</u>	<u>Ending balance</u>
Land	\$ 407,251	\$ 171,148		\$ 578,399
Buildings	2,164,976			2,164,976
Construction in process	139,475	50,682		190,157
Collection lines	5,062,905	11,824		5,074,729
Treatment plant/pump stations	2,826,314			2,826,314
Infrastructure	39,393,992			39,393,992
Vehicles	1,308,221			1,308,221
Office furniture and equipment	166,419	10,807		177,226
Machinery and equipment	<u>401,253</u>		<u>\$ (30,000)</u>	<u>371,253</u>
 Totals	 <u>\$ 51,870,806</u>	 <u>\$ 244,461</u>	 <u>\$ (30,000)</u>	 <u>\$ 52,085,267</u>

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

5. Capital assets, proprietary funds (continued):

Accumulated depreciation:

	Beginning balance	Current year depreciation	Deletions	Ending balance
Buildings	\$ 740,904	\$ 51,663		\$ 792,567
Collection lines	1,703,055	202,556		1,905,611
Treatment plant/pump stations	1,279,174	78,961		1,358,135
Infrastructure	12,503,389	465,905		12,969,294
Vehicles	398,777	97,837		496,614
Office furniture and equipment	156,999	3,293		160,292
Machinery and equipment	237,150	23,440	\$ (30,000)	230,590
Totals	<u>\$ 17,019,448</u>	<u>\$ 923,655</u>	<u>\$ (30,000)</u>	<u>\$ 17,913,103</u>

	Cost	Accumulated depreciation	Net value
Land	\$ 578,399		\$ 578,399
Buildings	2,164,976	\$ 792,567	1,372,409
Collection lines	5,074,729	1,905,611	3,169,118
Treatment plant/pump stations	2,826,314	1,358,135	1,468,179
Infrastructure	39,393,992	12,969,294	26,424,698
Vehicles	1,308,221	496,614	811,607
Office furniture and equipment	177,226	160,292	16,934
Machinery and equipment	371,253	230,590	140,663
Construction in process	190,157		190,157
Totals	<u>\$ 52,085,267</u>	<u>\$ 17,913,103</u>	<u>\$ 34,172,164</u>

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

6. Compensated absences:

Employees are allowed to carry over a maximum of 80 hours of unused vacation time, unless the Board of Commissioners approves the carryover of additional time due to circumstances. Upon separation from service, employees are eligible to receive any unpaid vacation pay earned through the last day of work. As of December 31, 2017, the vacation leave liability totaled \$52,182.

Employees are allowed to accumulate a maximum of 1,120 hours of sick leave. Upon retirement, if the employee has accumulated the maximum number of sick days, one-third of those days will be paid to the employee as a retirement benefit. As of December 31, 2017, the total sick time liability was \$220,562.

As of December 31, 2017, the liability for the accrued vacation and sick leave is \$272,744. The amount expected to be paid from current resources is not significant.

A summary of changes in compensated absences is as follows:

	<u>Beginning January 1</u>	<u>Net increases</u>	<u>Balance December 31</u>
Government-wide activities	\$ 190,685	\$ 18,203	\$ 208,888
Business-type activities	57,645	6,211	63,856
	<u>\$ 248,330</u>	<u>\$ 24,414</u>	<u>\$ 272,744</u>

7. Nonuniform pension plan:

Description of plan:

The York Township Nonuniform Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 97-11. The Plan is governed by the Board of Township Commissioners which is responsible for the management of plan assets. The Board of Township Commissioners has delegated the authority to manage certain plan assets to Principal Financial Group. Payroll for nonuniform employees covered by the plan was \$2,219,494 of the Township's total 2017 payroll of \$2,399,044. There is no stand-alone financial report issued for this plan.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Description of plan (continued):

Plan membership:

As of December 31, 2017, the pension plan's membership consisted of:

Active employees	44
Retirees and beneficiaries currently receiving benefits	20
Terminated employees entitled to benefits but not yet receiving them	<u>17</u>
Total	<u>81</u>

A summary of employee eligibility requirements and benefits as of December 31, 2017 is as follows:

Covered employees:

All full-time nonuniformed employees

Eligibility requirements:

Normal retirement – Attainment of age 60
Early retirement – Attained age 50 and 10 years of vesting service
Vesting – 100% vested after 7 years of vesting service

Retirement benefit:

2% of average monthly pay multiplied by years of service. Average monthly pay is based upon the final 36 months of employment.

Survivor benefit:

50% of the participant's accrued benefit on date of death if 7 years of vesting service.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Description of plan (continued):

Plan membership (continued):

Disability benefit:

50% of average monthly pay (minimum of \$20/month).

Member's contributions:

Amount or rate – currently suspended
Interest rate credited to members' contributions – 6.5%.

Funding policy:

Act 205:

On December 18, 1984, Act 205 was passed into law and is known as the "Municipal Pension Plan Funding Standard and Recovery Act". The act mandates actuarial funding standards, establishes a recovery program for financially distressed pension plans and provides for the distribution of the tax on the premiums of foreign fire insurance companies.

The act requires minimum funding standards based on the most recent actuarial valuation report, including normal cost and administrative expense requirements and amortization of the unfunded actuarial accrued liability. For financially distressed pension plans, the act provides for delayed implementation of these funding standards over either 10 or 15 years. In addition, supplemental state aid is available to all eligible municipalities and will be paid from the supplemental state assistance account.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Funding policy (continued):

Funding requirements:

Active members are not currently required to contribute to the plan.

The pension plan may receive an annual allocation from the General Municipal Pension System State Aid Program. The entire proceeds of the insurance premium tax on foreign casualty insurance companies and any investment income earned on those proceeds of the insurance premium tax on foreign fire insurance companies which represent the amount of the distributions applicable to paid firefighters, and any investment income earned on the amount of those distributions are specifically designated for municipal pension plans. Any remaining obligation with respect to the pension plan shall be paid by the municipality.

Investment policy:

The investment policy statement sets forth the investment objectives and guidelines that will be applied within the investment program to help ensure that the plan is managed in a manner consistent with the plan document and applicable statutory requirements.

The overall objective of this statement is to provide guidance for the investment of contributions and other plan assets, to help maintain adequate funding for plan liabilities. The primary investment objectives of the plan are as follows:

Return – Obtain a reasonable long-term return on assets consistent with the level of risk assumed. Specific return objectives include asset returns that track the growth of liabilities within a reasonable range and/or exceed the return of a plan specified benchmark index over a market cycle.

Cost – Seek to control the cost of funding the plan within prudent levels of risk through the investment of plan assets.

Diversifications – Provide diversification of assets in an effort to minimize the risk of large losses and maximize the investment return consistent with market and economic risk.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Funding policy (continued):

Investment policy (continued):

The Investment Adviser shall adopt and implement an asset allocation strategy that is based on several factors including:

- The projected liability stream of benefits and the costs of funding to both covered employees and employers;
- The plan's funding level;
- The sensitivity of plan liabilities to interest rate changes;
- The relationship between the current and projected assets of the plan and the projected future liability stream;
- Capital market assumptions;
- The perception of future economic conditions, including inflation and interest rate assumptions;
- The ability of the plan to withstand funding fluctuations.

The asset allocation strategy shall identify target allocations to eligible asset classes and suitable ranges within each asset class:

	<u>Lower limit</u>	<u>Upper limit</u>	<u>Normal target range</u>
Fixed income	0%	100%	20% to 80%
Domestic equities	0%	100%	20% to 80%
International equities	0%	50%	0% to 25%
Real assets strategies	0%	15%	0% to 10%

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Funding policy (continued):

Investment policy (continued):

The following asset classes are permitted for plan asset allocation strategies:

1. Stable value
2. Fixed income
3. Real assets
4. U.S. stock
5. Non-U.S. stock

Net pension liability:

The Township's net pension liability was measured as of December 31, 2017, and the total net pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial assumptions:

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

- Inflation – 0.00%
- Salary increases – 4.75% (average, including inflation)
- Investment rate of return – 7.75% (including inflation)
- Postretirement cost of living increase – 0.00%

Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

The following is a summary of the nonuniformed Pension Plan's net dollar-weighted rates of investment return on a market value basis for the two most recent available calendar years:

	<u>2017</u>	<u>2016</u>
Market value of assets	15.79 %	6.46 %

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	44%	5.50% - 7.50%
International equity	18%	4.50% - 6.50%
Fixed income	33%	1.00% - 3.00%
Real estate	5%	4.50% - 6.50%

Discount rate:

The discount rate used to measure the total pension liability was 7.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law, Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Changes in the nonuniformed net pension liability:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at January 1, 2017	<u>\$ 9,707,607</u>	<u>\$ 8,697,904</u>	<u>\$ 1,009,703</u>
Service cost	195,317		195,317
Interest cost	757,043		757,043
Changes for experience	(302,674)		(302,674)
Changes of assumptions	321,163		321,163
Contributions - employer		320,180	(320,180)
Net investment income		1,344,534	(1,344,534)
Benefit payments, including refund of member contributions	(306,236)	(306,236)	
Administrative expense	<u> </u>	<u>(6,500)</u>	<u>6,500</u>
Net changes	<u>664,613</u>	<u>1,351,978</u>	<u>(687,365)</u>
Balance at December 31, 2017	<u><u>\$ 10,372,220</u></u>	<u><u>\$ 10,049,882</u></u>	<u><u>\$ 322,338</u></u>

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Sensitivity of the nonuniformed net pension liability to changes in the discount rate:

The following presents the net pension liability of the plan, calculated using the discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1.00% point lower or 1.00% point higher than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Plan's net pension liability (asset)	\$ 1,487,889	\$ 322,338	\$ (662,432)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended December 31, 2017, the Township recognized pension expense of \$322,869. At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience		\$ 259,435
Change of assumptions	\$ 275,283	
Net difference between projected and actual earnings on pension plan investments		<u>171,938</u>
Total	<u>\$ 275,283</u>	<u>\$ 431,373</u>

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

7. Nonuniform pension plan (continued):

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
2018	\$ 45,880	\$ 7,495
2019	45,880	7,495
2020	45,880	152,634
2021	45,881	177,270
2022	45,881	43,239
thereafter	45,881	43,240
	\$ 275,283	\$ 431,373

8. Defined contribution plan:

On March 10, 1998, York Township adopted Resolution 98-5: *Postemployment Health Plan for Public Employees*.

This defined contribution plan (Internal Revenue Code Section 501(c)(9)) is intended to pay 50% of medical premiums, until Medicare eligibility, for the medical benefits of an employee and his or her spouse in situations where the employee retires prior to age 65. Also, the plan pays for prescribed medication, dental and vision coverage, until Medicare eligibility for the employee and the spouse.

Eligibility:

All nonuniform employees that are full-time employees of York Township are eligible. Participation begins on the first day of a calendar month following the later of (a) the date on which the employee becomes eligible or (b) the effective date of York Township's participation agreement.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

8. Defined contribution plan (continued):

Contributions:

Employer contributions:

York Township shall contribute to the plan on a periodic basis on behalf of each participant an amount equal to the amount specified in the employee handbook to fund a postemployment health plan reimbursement account(s) for unreimbursed qualifying medical care expenses and/or health care insurance premium reimbursements. Employees are not required to contribute. York Township contributed \$61,934 in 2017.

Individual accounts for contributions:

The amount York Township contributes on the employees' behalf is placed in a trust maintained by the plan's trustee, LaSalle National Bank. The administrator maintains a separate subaccount for contributions made on the employees' behalf to reimburse qualified postemployment health care expenses. The account consists of employer contributions, investment returns and any forfeitures allocated. Accounts are charged for amounts reimbursed and plan administrative fees. Employees and their dependents may not receive reimbursements from the employee's account for any reason prior to the employee's separation of service from York Township.

Benefits:

Postemployment health benefits:

Upon separation of service from York Township, employees have the right to seek reimbursement of out-of-pocket qualifying medical or health care expenses incurred by employees and their dependents after such termination. Benefit payments are limited to the amounts in a participant's account.

Postemployment health plan value:

The fair value of participating employee accounts at December 31, 2017 is \$1,034,674.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

9. 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.

In May 2005, the Township began participating in the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). PMHIC is a public entity risk pool established by certain units of local government in Pennsylvania to provide health and welfare plan benefits directly to eligible employees, their families and dependents. The PMHIC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. The Township does not exercise any control over the activities of the PMHIC beyond its representation on the Board of Directors.

Under the trust plan, the Township pays reasonable and customary healthcare expenses. For the year ended December 31, 2017, the Township paid premiums of \$812,334. Actual claims paid for the year ended December 31, 2017 were \$617,559.

10. Interfund activity:

Individual fund receivable and payable balances consist of the following:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
Intermunicipal Sewer Fund	\$ 126,728	
Sewer Fund		\$ 126,728
Total	<u>\$ 126,728</u>	<u>\$ 126,728</u>

The amounts between the sewer fund and the intermunicipal sewer fund represent the fourth quarter billing of the Mill Creek interceptor.

YORK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

11. Interfund transfers:

Operating transfers in to/out of other funds consist of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund		\$ 1,336,107
Capital Projects Funds	\$ 1,361,107	25,000
Sewer Fund	244,461	1,043,137
Sewer Capital Reserve Fund	<u>1,043,137</u>	<u>244,461</u>
Total	<u>\$ 2,648,705</u>	<u>\$ 2,648,705</u>

The general fund transfer of \$1,336,107 to the capital projects fund and the sewer fund net transfer to the sewer capital reserve fund pertain to the funding of current and future capital projects identified and planned for in the five-year capital projects schedule.

12. Sewer Fund - intermunicipal deposits:

The Township has an agreement with Springettsbury Township for the processing of sewage waste which flows to their facility from the Township. Deposits are required by the Township and eight other municipalities that participate in the agreement to defer the cost of future capital improvements to the sewer system. As of December 31, 2017, the Township's portion of the deposits totaled approximately \$1,511,100.

The Township also participates in a similar arrangement for the transportation of sewage waste with the City of York. This arrangement includes reserve accounts. As of December 31, 2017, the Township's portion of the deposits totaled approximately \$1,379,700.

YORK TOWNSHIP
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET TO ACTUAL – GENERAL FUND

YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted amounts original and final</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Taxes	\$ 9,053,606	\$ 9,439,954	\$ 386,348
Licenses and permits	488,294	518,988	30,694
Fines and forfeitures	171,500	176,838	5,338
Charges for services	562,648	745,781	183,133
Interest	78,900	37,495	(41,405)
Refund of prior year expenditures		27,823	27,823
Intergovernmental revenues	744,683	507,344	(237,339)
Other revenue	3,158	3,150	(8)
	<u>11,102,789</u>	<u>11,457,373</u>	<u>354,584</u>
Total revenues			
Expenditures:			
General government	1,405,301	1,175,812	229,489
Public safety	6,246,286	5,902,796	343,490
Public works, sanitation	20,000	35,096	(15,096)
Public works, highways	2,142,060	1,979,314	162,746
Culture and recreation	838,670	721,765	116,905
	<u>10,652,317</u>	<u>9,814,783</u>	<u>837,534</u>
Total expenditures			
Excess of revenues over expenditures	450,472	1,642,590	1,192,118
Other financing uses, operating transfers out	<u>(336,107)</u>	<u>(1,336,107)</u>	<u>(1,000,000)</u>
Net change in fund balances	<u>\$ 114,365</u>	306,483	<u>\$ 192,118</u>
Fund balances:			
Beginning		<u>8,873,214</u>	
Ending		<u>\$ 9,179,697</u>	

**YORK TOWNSHIP
NONUNIFORM PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:			
Service cost	\$ 195,317	\$ 202,783	\$ 193,588
Interest	757,043	709,414	662,249
Changes for experience	(302,674)		
Changes of assumptions	321,163		
of member contributions	<u>(306,236)</u>	<u>(311,078)</u>	<u>(201,815)</u>
Net change in total pension liability	664,613	601,119	654,022
Total pension liability:			
Beginning of year	<u>9,707,607</u>	<u>9,106,488</u>	<u>8,452,466</u>
End of year (a)	<u>\$ 10,372,220</u>	<u>\$ 9,707,607</u>	<u>\$ 9,106,488</u>
Plan fiduciary net position:			
Contributions, employer	\$ 320,180	\$ 314,736	\$ 460,930
Net investment income	1,344,534	511,294	(93,962)
Benefit payments, including refunds			
of member contributions	(306,236)	(311,078)	(201,815)
Administrative expense	<u>(6,500)</u>	<u>(4,050)</u>	
Net change in plan fiduciary net position	1,351,978	510,902	165,153
Total fiduciary net position:			
Beginning of year	<u>8,697,904</u>	<u>8,187,002</u>	<u>8,021,849</u>
End of year (b)	<u>\$ 10,049,882</u>	<u>\$ 8,697,904</u>	<u>\$ 8,187,002</u>
Net pension liability, end of year (a) - (b)	\$ 322,338	\$ 1,009,703	\$ 919,486
Plan fiduciary net position as a percentage			
of the total pension liability	96.89%	89.60%	89.90%
Covered employee payroll	\$ 2,219,494	\$ 2,049,342	\$ 2,189,258
Net pension liability as a percentage of			
covered employee payroll	14.52%	49.27%	42.00%

**YORK TOWNSHIP
NONUNIFORM PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF TOWNSHIP CONTRIBUTIONS AND MONEY WEIGHTED RATE OF RETURN

YEAR ENDED DECEMBER 31, 2017

Description	2017	2016	2015
Actuarially determined contribution	\$ 320,180	\$ 314,736	\$ 460,930
Contributions in relation to the actuarially determined contribution	<u>320,180</u>	<u>314,736</u>	<u>460,930</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,219,494	\$ 2,049,342	\$ 2,189,258
Total contributions made as a percentage of payroll	14.43%	15.36%	21.05%
Money weighted rate of return	15.79%	6.46%	-0.80%

Effective January 1, 1994, members are not required to contribute to the plan.

Past member contributions are credited with 6.5% interest.

**YORK TOWNSHIP
NONUNIFORM PENSION PLAN**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2017

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the financial year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	Six years
Asset valuation method:	Market value of assets as determined by the trustee
Inflation:	0.00%
Salary increases:	4.75%
Investment rate of return:	7.75%
Retirement age:	Normal retirement age
Mortality:	RP2000 Table. This table does not include projected mortality improvements.
Changes in benefit terms:	None since 1/1/2017

YORK TOWNSHIP

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	ASSETS			
	Liquid fuels	Street lighting tax	Impact fees	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets, cash and cash equivalents	<u>\$ 452,386</u>	<u>\$ 43,779</u>	<u>\$ 2,227,014</u>	<u>\$ 2,723,179</u>
	LIABILITIES AND FUND BALANCE			
Liabilities, accounts payable		\$ 263		\$ 263
Fund balance	<u>\$ 452,386</u>	<u>43,516</u>	<u>\$ 2,227,014</u>	<u>2,722,916</u>
Total liabilities and fund balance	<u>\$ 452,386</u>	<u>\$ 43,779</u>	<u>\$ 2,227,014</u>	<u>\$ 2,723,179</u>

YORK TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2017

	<u>Liquid fuels</u>	<u>Street lighting tax</u>	<u>Impact fees</u>	<u>Total</u>
Revenues:				
Taxes		\$ 5,035		\$ 5,035
Interest	\$ 1,432	65	\$ 3,129	4,626
Intergovernmental revenues	902,905			902,905
Impact fees			194,104	194,104
	<u>904,337</u>	<u>5,100</u>	<u>197,233</u>	<u>1,106,670</u>
Total revenues				
Expenditures:				
Capital projects	17,132			17,132
Public works, highways	900,000			900,000
Utilities, electricity		3,073		3,073
	<u>917,132</u>	<u>3,073</u>		<u>920,205</u>
Total expenditures				
Net change in fund balances	(12,795)	2,027	197,233	186,465
Fund balances:				
Beginning	<u>465,181</u>	<u>41,489</u>	<u>2,029,781</u>	<u>2,536,451</u>
Ending	<u>\$ 452,386</u>	<u>\$ 43,516</u>	<u>\$ 2,227,014</u>	<u>\$ 2,722,916</u>

YORK TOWNSHIP

COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS

DECEMBER 31, 2017

ASSETS

	<u>Recreation capital reserve</u>	<u>Storm water management</u>	<u>Capital reserve funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 437,460	\$ 977,609	\$ 1,335,611	\$ 2,750,680
Investments			1,677,701	1,677,701
Total assets	<u>\$ 437,460</u>	<u>\$ 977,609</u>	<u>\$ 3,013,312</u>	<u>\$ 4,428,381</u>

LIABILITIES AND FUND BALANCE

Accounts payable		<u>\$ 8,656</u>	<u>\$ 37,954</u>	<u>\$ 46,610</u>
Total liabilities		8,656	37,954	46,610
Fund balance	<u>\$ 437,460</u>	<u>968,953</u>	<u>2,975,358</u>	<u>4,381,771</u>
Total liabilities and fund balance	<u>\$ 437,460</u>	<u>\$ 977,609</u>	<u>\$ 3,013,312</u>	<u>\$ 4,428,381</u>

YORK TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
CAPITAL PROJECTS FUNDS

YEAR ENDED DECEMBER 31, 2017

	<u>Recreation capital reserve</u>	<u>Storm water management</u>	<u>Capital reserve funds</u>	<u>Total</u>
Revenues:				
Charges for services	\$ 170,900	\$ 112,835		\$ 283,735
Interest	529	1,418	\$ 10,446	12,393
Intergovernmental revenues			10,000	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>171,429</u>	<u>114,253</u>	<u>20,446</u>	<u>306,128</u>
Expenditures:				
General government			82,751	82,751
Public works, highways			116,746	116,746
Public works, storm water and flood control		52,805	22,217	75,022
Other public works			291,713	291,713
Culture recreation	20,471		4,480	24,951
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>20,471</u>	<u>52,805</u>	<u>517,907</u>	<u>591,183</u>
Excess (deficiency) of revenues over expenditures	<hr/> <u>150,958</u>	<hr/> <u>61,448</u>	<hr/> <u>(497,461)</u>	<hr/> <u>(285,055)</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets			7,671	7,671
Operating transfers out		(25,000)		(25,000)
Operating transfers in			1,361,107	1,361,107
		<hr/>	<hr/>	<hr/>
Total other financing sources (uses)		<u>(25,000)</u>	<u>1,368,778</u>	<u>1,343,778</u>
Net change in fund balances	150,958	36,448	871,317	1,058,723
Fund balances:				
Beginning	<u>286,502</u>	<u>932,505</u>	<u>2,104,041</u>	<u>3,323,048</u>
Ending	<u><u>\$ 437,460</u></u>	<u><u>\$ 968,953</u></u>	<u><u>\$ 2,975,358</u></u>	<u><u>\$ 4,381,771</u></u>

YORK TOWNSHIP

COMBINING BALANCE SHEET – SEWER FUND AND WATER AND SEWER AUTHORITY

YEAR ENDED DECEMBER 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Sewer fund	Water and Sewer Authority	Total
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Cash and cash equivalents	\$ 3,546,440	\$ 8,807	\$ 3,555,247
Investments	1,535,530		1,535,530
Accounts receivable	601,696		601,696
Prepaid expenses	3,400		3,400
Intermunicipal deposits	2,890,875		2,890,875
	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>8,577,941</u>	<u>8,807</u>	<u>8,586,748</u>
Capital assets:			
Land	578,399		578,399
Buildings	2,164,976		2,164,976
Construction in progress	190,157		190,157
Collection lines	5,074,729		5,074,729
Treatment plant/pump stations	2,826,314		2,826,314
Infrastructure	39,393,992		39,393,992
Vehicles	1,308,221		1,308,221
Office furniture and equipment	177,226		177,226
Machinery and equipment	371,253		371,253
Accumulated depreciation	(17,913,103)		(17,913,103)
	<u> </u>		<u> </u>
Capital assets, net of depreciation	<u>34,172,164</u>		<u>34,172,164</u>
Deferred outflows of resources, pensions	<u>71,547</u>		<u>71,547</u>
	<u> </u>		<u> </u>
Total assets and deferred outflows of resources	<u>\$ 42,821,652</u>	<u>\$ 8,807</u>	<u>\$ 42,830,459</u>

LIABILITIES AND NET POSITION

	Sewer fund	Water and Sewer Authority	Total
Current liabilities:			
Accounts payable	\$ 22,573		\$ 22,573
Payroll deductions and withholdings	16,052		16,052
Due to other funds	126,728		126,728
Other current liabilities	314,378		314,378
	479,731		479,731
Total current liabilities			
Noncurrent liabilities:			
Compensated absences	56,714		56,714
Net pension liability	82,522		82,522
	139,236		139,236
Total noncurrent liabilities			
Total liabilities	618,967		618,967
Deferred inflows of resources, pensions	112,777		112,777
Net position:			
Investment in capital assets	34,172,164		34,172,164
Unrestricted	7,917,744	\$ 8,807	7,926,551
	42,089,908	8,807	42,098,715
Total net position			
Total liabilities, deferred inflows of resources and net position	\$ 42,821,652	\$ 8,807	\$ 42,830,459

YORK TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SEWER FUND AND WATER AND SEWER AUTHORITY

YEAR ENDED DECEMBER 31, 2017

	Sewer fund	Water and Sewer Authority	Eliminations	Total
Operating revenues:				
Rental and service charges	\$ 6,345,545			\$ 6,345,545
Connection and tapping fees	121,095			121,095
Other	564	\$ 15,001	\$ (15,001)	564
Total operating revenues	6,467,204	15,001	(15,001)	6,467,204
Operating expenses, operations of facilities	4,527,043	7,920	(15,001)	4,519,962
Net operating income before depreciation	1,940,161	7,081	-	1,947,242
Depreciation	923,657			923,657
Net operating income	1,016,504	7,081	-	1,023,585
Nonoperating revenue, earnings on investments	16,025			16,025
Net income before operating transfers	1,032,529	7,081	-	1,039,610
Operating transfers:				
Transfers in	244,461			244,461
Transfers out	(1,043,137)			(1,043,137)
Change in net position	233,853	7,081	-	240,934
Net position:				
Beginning	41,856,055	1,726		41,857,781
Ending	\$ 42,089,908	\$ 8,807	\$ -	\$ 42,098,715