

**YORK TOWNSHIP WATER
AND SEWER AUTHORITY**

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

YORK TOWNSHIP WATER AND SEWER AUTHORITY

YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	Page
Independent auditor's report	1-3
Management's discussion and analysis (unaudited)	4-5
Financial statements:	
Statements of net position	6
Statements of revenues, expenses and changes in net position	7
Statements of cash flows	8
Notes to financial statements	9-11

Independent Auditor's Report

Members of the Board
York Township Water and Sewer Authority
Dallastown, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of York Township Water and Sewer Authority (the Authority), a component unit of York Township, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of York Township Water and Sewer Authority, a component unit of York Township, as of December 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantive doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 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 inquiries 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 to other knowledge we obtained during our audits 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.

Brown Schultz Steidman & Fritz

Camp Hill, Pennsylvania
May 20, 2022

YORK TOWNSHIP WATER AND SEWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2021

Overview of the Financial Statements

The York Township Water and Sewer Authority (the Authority) is a Municipal Authority Charter under the Municipal Authorities Act of 1945. The purpose of the Authority is to acquire, hold, construct and provide for the operations of the municipal water and sewer systems for York Township (the Township). The Authority is a component unit of York Township and, as such, is included in the Township's financial statements. Management's Discussion and Analysis of the York Township Water and Sewer Authority's financial performance provides a brief overview of the Authority's financial activities for the fiscal years ended December 31, 2021, 2020 and 2019. 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 the York Township Water and Sewer Authority for the years ended December 31, 2021 and 2020 have been prepared in accordance with GASB Statement No. 34 using the accrual basis of accounting. The Authority, in its separately issued financial statements, is reported as an enterprise or proprietary fund. In the combined financial statements of York Township, this fund is blended into the Township's enterprise funds.

The financial statements show financial information on the activities of the Authority and provide a longer-term view of the Authority's finances.

Financial Highlights

The net position of York Township Water and Sewer Authority increased by \$2,246 for 2021 to \$4,429, compared to a decrease of \$5,220 for 2020 to \$2,183. In 2019, there was an increase of \$2,976 to \$7,403.

Summary of Net Position as of December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total assets, all current, cash	<u>\$ 4,429</u>	<u>\$ 2,183</u>	<u>\$ 7,403</u>
Unrestricted net position	<u>\$ 4,429</u>	<u>\$ 2,183</u>	<u>\$ 7,403</u>

The \$4,429 of unrestricted net position represents the accumulated results of all past and current years' operations. Basically, the amount of unrestricted net position represents the amount of funds the Authority has remaining when all of the outstanding obligations were paid as of December 31, 2021. The results of the current year's operations are reported in the statement of revenues, expenses and changes in net position for the year ended December 31, 2021.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2021

Financial Highlights (continued)

Statements of Revenues, Expenses and Changes in Net Position for the year

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues, administrative revenue	\$ 7,500	\$ 2	\$ 7,503
Expenses, administrative	<u>5,254</u>	<u>5,222</u>	<u>4,527</u>
Change in net position	2,246	(5,220)	2,976
Net position:			
Beginning	<u>2,183</u>	<u>7,403</u>	<u>4,427</u>
Ending	<u><u>\$ 4,429</u></u>	<u><u>\$ 2,183</u></u>	<u><u>\$ 7,403</u></u>

The comparison above is shown on the accrual basis of accounting. This statement provides a summary of the total cost of the services provided by the Authority and the offsetting revenues used to support those services. The most notable difference between 2021 and 2020 is the increase in administrative revenue. The 2021 administrative expenses were similar to 2020. In 2021, however, the Authority did not have sufficient funds to cover operations during the year. As a result, it was necessary to transfer funds from the York Township Sewer Fund, shown as administrative revenue, to fund operations in 2021. This transfer was not necessary during 2020, as the Authority had sufficient funds to cover operations during the year.

Capital Assets and Debt Administration

As of December 31, 2021, the Authority had no capital assets or outstanding debt.

Contacting the Authority's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Manager at 717-741-3861.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	<u>\$ 4,429</u>	<u>\$ 2,183</u>
NET POSITION		
Unrestricted net position	<u>\$ 4,429</u>	<u>\$ 2,183</u>

See notes to financial statements.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues, administrative revenue	<u>\$ 7,500</u>	<u>\$ 2</u>
Operating expenses:		
Legal and professional fees	1,994	2,762
Engineering fees	2,010	1,160
Administrative fees	<u>1,250</u>	<u>1,300</u>
Total operating expenses	<u>5,254</u>	<u>5,222</u>
Net operating income (loss) and change in net position	2,246	(5,220)
Net position:		
Beginning of year	<u>2,183</u>	<u>7,403</u>
End of year	<u>\$ 4,429</u>	<u>\$ 2,183</u>

See notes to financial statements.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from the Township	\$ 7,500	\$ 2
Cash payments to suppliers for goods and services	<u>(5,254)</u>	<u>(5,222)</u>
Net cash provided by (used in) operating activities and increase (decrease) in cash	2,246	(5,220)
Cash:		
Beginning of year	<u>2,183</u>	<u>7,403</u>
End of year	<u>\$ 4,429</u>	<u>\$ 2,183</u>

See notes to financial statements.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization and summary of significant accounting policies:

Reporting entity:

The York Township Water and Sewer Authority (the Authority) is a Municipal Authority Charter 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 for the operations of the municipal water and sewer systems for York Township. The governing body of York Township Water and Sewer Authority is appointed by the Commissioners of York Township (the Township).

The Township includes the Authority as a component unit of its reporting entity determined by the criteria established by the Governmental Accounting Standards Board (GASB). The Township is financially accountable for the fiscal matters of the Authority. The Authority is not fiscally independent and, as such, the Authority is a component unit of the Township.

Basis of accounting:

The Authority uses the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. The financial statements of the Authority have been prepared in accordance with U.S. generally accepted accounting principles as applied to governmental units. The GASB is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Pending GASB statements:

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of GASB Statement No. 87 are effective for the Authority's December 31, 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of GASB Statement No. 91 are effective for the Authority's December 31, 2022 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of GASB Statement No. 92 are effective for the Authority's December 31, 2022 financial statements.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization and summary of significant accounting policies (continued):

Pending GASB statements:

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for the Authority's December 31, 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). The provisions of GASB Statement No. 94 are effective for the Authority's December 31, 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of GASB Statement No. 96 are effective for the Authority's December 31, 2023 financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of GASB Statement No. 99 are effective for the Authority's December 31, 2022 financial statements.

The effect of implementation of these statements has not yet been determined.

2. Lease rentals:

The Authority had entered into lease arrangements with York Township. The Board approved a lease with the Township, which provides for the operation of the sewer system by the Township and payment of the Authority's expenses from Township sewer revenue. A 20-year lease was approved by the respective Boards of the Authority and Township on February 20, 2013 and March 12, 2013, respectively. The lease agreement calls for the Township to pay such amounts as the Authority may reasonably request in writing for its administrative expenses. For the year ended December 31, 2020, no payment was made to the Authority for administrative expenses. The Authority received \$7,500 for administrative expenses for the year ended December 31, 2021.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

3. Impact of COVID-19:

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. While the Authority anticipates that this matter may negatively impact its results, the extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Authority's services, all of which are highly uncertain and cannot be predicted.

4. Subsequent events:

Management has evaluated subsequent events through May 20, 2022, the date the financial statements were available to be issued.