

**The York Water Company**  
**Responses to Bureau of Technical Utility Services, Water/Wastewater Division**  
**Data Request 1**  
**Application of The York Water Company – West York Borough**  
**West York Borough, York County**  
**Docket No. A-2016-2552403**  
**August 31, 2016**

**DISCOVERY A-22**

Please state the number of connections between the collection system of West York and the City of York's system.

**RESPONDENT:**

Joseph T. Hand  
Chief Operating Officer

**RESPONSE:**

There is one connection between the collection system of West York and the City of York's system. It is a metered connection referred to as WY01 (West York 01). See Discovery A-17 for the location of WY01, which is on the far right of the map and labeled, "York City Sewage Flow Meter WY01."

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**DISCOVERY A-32**

Please provide evidence that West Manchester Township agrees or acknowledges that York Water will succeed the Borough in the agreement included as the Application's Exhibit M.

**RESPONDENT:**

Joseph T. Hand  
Chief Operating Officer

**RESPONSE:**

York Water has requested written acknowledgment from West Manchester Township and will file the acknowledgement with the Commission once it is received from West Manchester Township.

**The York Water Company**  
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**DISCOVERY A-33**

Please provide a calculation that shows how the value for "Treatment Charges" was determined, as stated in the Application's Exhibit N.

**RESPONDENT:**

Joseph T. Hand  
Chief Operating Officer

**RESPONSE:**

As noted in Exhibit N, the projected expenses are calculated based on West York Borough's financial statement for the year ended December 31, 2014. A copy of the referenced financial statement is attached. See note 6, page 14 in the attached.

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**BOROUGH OF WEST YORK**

**INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2014**

**BOROUGH OF WEST YORK**  
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**DECEMBER 31, 2014**

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**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Phillip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

**INDEPENDENT AUDITORS' REPORT**

To the Members of the Borough Council  
West York Borough  
West York, Pennsylvania

We have audited the accompanying financial statements of the governmental activities of West York Borough, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough'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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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 the entity'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.

**Basis of Accounting**

As described in Note 1, the Borough's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when obligations are incurred. Accordingly, the accompanying financial statements are not intended to present fairly, the financial position and results of operations in conformity with generally accepted accounting principles.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of West York Borough as of and for the year ending December 31, 2014, and the respective changes in financial position in accordance with the cash basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of West York Borough. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kochenour, Earnest, Smyser & Burg*  
Certified Public Accountants

York, Pennsylvania  
April 3, 2015

**BOROUGH OF WEST YORK**  
**GOVERNMENT - ENTITY WIDE PRESENTATION**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES (CASH BASIS)**  
**DECEMBER 31, 2014**

	<u>Governmental Funds</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 999,272	\$ 219,389	\$ 1,218,661
Temporary Investments	0	2,950,645	2,950,645
Due From Other Funds	38,638	109,959	148,597
All Other Current Assets	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,037,910</u></b>	<b><u>\$ 3,279,993</u></b>	<b><u>\$ 4,317,903</u></b>
<b><u>LIABILITIES</u></b>			
Payroll Taxes Withheld And Accrued	\$ 3,749	\$ 0	\$ 3,749
Due To Other Funds	148,597	0	148,597
All Other Current Liabilities	<u>16,183</u>	<u>0</u>	<u>16,183</u>
	168,529	0	168,529
<b><u>FUND BALANCES</u></b>			
Unreserved Fund Balances	869,381	0	869,381
Unrestricted Retained Earnings	<u>0</u>	<u>3,279,993</u>	<u>3,279,993</u>
	<u>869,381</u>	<u>3,279,993</u>	<u>4,149,374</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,037,910</u></b>	<b><u>\$ 3,279,993</u></b>	<b><u>\$ 4,317,903</u></b>

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**GOVERNMENT - ENTITY WIDE PRESENTATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CASH BASIS)**  
**DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Fund Balance		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$ 195,548	\$ 196,146	\$ 123,701	\$ 124,299	\$ 0	\$ 124,299
Public Safety	1,469,456	34,970	0	(1,434,486)	0	(1,434,486)
Health and Human Services	0	0	0	0	0	0
Employee Benefits and Insurance	378,401	0	0	(378,401)	0	(378,401)
Public Works - Sanitation	415,618	442,771	0	27,153	0	27,153
Highways	251,192	0	86,229	(164,963)	0	(164,963)
Culture - Recreation	5,368	8,198	0	2,830	0	2,830
Community Development	2,500	0	0	(2,500)	0	(2,500)
Debt Service	0	0	0	0	0	0
Miscellaneous	2,925	16,929	0	14,004	0	14,004
<b>Total Governmental Activities</b>	<b>2,721,008</b>	<b>699,014</b>	<b>209,930</b>	<b>(1,812,064)</b>	<b>0</b>	<b>(1,812,064)</b>
<b>Business-Type Activities:</b>						
Sewer and Refuse	1,277,587	565,330	0	0	(712,257)	0
<b>Total Primary Government</b>	<b>3,998,595</b>	<b>1,264,344</b>	<b>209,930</b>	<b>(1,812,064)</b>	<b>(712,257)</b>	<b>(1,812,064)</b>
<b>General Revenues:</b>						
Property Taxes Levied for General Purposes				954,908	0	954,908
Income Taxes Levied for General Purposes				348,044	0	348,044
Other Taxes Levied for General Purposes				195,964	0	195,964
Investment Earnings				327	1,254	1,581
Miscellaneous				405,090	0	405,090
<b>Total General Revenues</b>				<b>1,904,333</b>	<b>1,254</b>	<b>1,905,587</b>
<b>Change in Fund Balance</b>				<b>92,269</b>	<b>(711,003)</b>	<b>(618,734)</b>
<b>Fund Balances - Beginning</b>				<b>777,111</b>	<b>3,990,997</b>	<b>4,768,108</b>
<b>Fund Balances - Ending</b>				<b>\$ 869,380</b>	<b>\$ 3,279,994</b>	<b>\$ 4,149,374</b>

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**COMBINED STATEMENTS OF ASSETS, LIABILITIES, AND FUND EQUITY -**  
**ALL FUND TYPES (CASH BASIS)**  
**DECEMBER 31, 2014**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	
<b>ASSETS</b>						
<b>ASSETS</b>						
Cash	\$ 439,021	\$ 511,117	\$ 49,134	\$ 219,389	\$ 0	\$ 1,218,661
Temporary investments	0	0	0	2,950,645	0	2,950,645
Taxes receivable, Net	0	0	0	0	0	0
Investments - pension trust funds	0	0	0	0	2,801,677	2,801,677
Due from other funds	30,886	6,551	1,201	109,959	0	148,597
Other current assets	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 469,907</b>	<b>\$ 517,668</b>	<b>\$ 50,335</b>	<b>\$ 3,279,993</b>	<b>\$ 2,801,677</b>	<b>\$ 7,119,580</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Payroll taxes withheld and accrued	\$ 3,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,749
All other current liabilities	16,183	0	0	0	0	16,183
Due to other funds	105,701	42,896	0	0	0	148,597
<b>Total Liabilities</b>	<b>125,633</b>	<b>42,896</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,529</b>
<b>FUND EQUITY</b>						
Fund balance reserved for employees' pension benefits	0	0	0	0	2,801,677	2,801,677
Unreserved fund balances	344,274	474,772	50,335	0	0	869,381
Unrestricted retained earnings	0	0	0	3,279,993	0	3,279,993
<b>Total Fund Equity</b>	<b>344,274</b>	<b>474,772</b>	<b>50,335</b>	<b>3,279,993</b>	<b>2,801,677</b>	<b>6,951,051</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 469,907</b>	<b>\$ 517,668</b>	<b>\$ 50,335</b>	<b>\$ 3,279,993</b>	<b>\$ 2,801,677</b>	<b>\$ 7,119,580</b>

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**COMBINED STATEMENTS OF REVENUE AND EXPENDITURES**  
**ALL FUND TYPES (CASH BASIS)**  
**YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	
<b>REVENUE</b>						
Taxes	\$ 1,403,864	\$ 80,328	\$ 14,724	\$ 0	\$ 0	\$ 1,498,916
Charges for services	500,985	8,198	0	565,330	0	1,074,513
Investment income, net and rents	228	87	12	1,254	186,364	187,945
Intergovernmental revenue	126,501	83,429	0	0	0	209,930
Miscellaneous	90	0	0	0	256,975	257,065
Other financing sources	405,000	0	0	0	0	405,000
Fines	136,179	0	0	0	0	136,179
Licenses and permits	53,652	0	0	0	0	53,652
<b>Total Revenue</b>	<b>2,626,499</b>	<b>172,042</b>	<b>14,736</b>	<b>566,584</b>	<b>443,339</b>	<b>3,823,200</b>
<b>EXPENDITURES</b>						
Public Works - sanitation	\$ 415,618	\$ 0	\$ 0	\$ 515,459	\$ 0	\$ 931,077
Public Safety	1,435,480	0	33,976	0	0	1,469,456
Health & Human Services	0	0	0	0	0	0
Employee benefits and insurance	378,401	0	0	0	46,975	425,376
Debt Service	0	0	0	352,503	0	352,503
Public Works - highways and streets	179,068	72,124	0	0	0	251,192
General government	195,548	0	0	4,625	0	200,173
Miscellaneous	2,925	0	0	405,000	267,953	675,878
Culture and recreation	4,603	765	0	0	0	5,368
Community development	2,500	0	0	0	0	2,500
<b>Total Expenditures</b>	<b>2,614,143</b>	<b>72,889</b>	<b>33,976</b>	<b>1,277,587</b>	<b>314,928</b>	<b>4,313,523</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>\$ 12,356</b>	<b>\$ 99,153</b>	<b>\$(19,240)</b>	<b>\$ (711,003)</b>	<b>\$ 128,411</b>	<b>\$ (490,323)</b>

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**COMBINED STATEMENTS OF CHANGES IN FUND EQUITY**  
**ALL FUND TYPES (CASH BASIS)**  
**DECEMBER 31, 2014**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	
FUND EQUITY - DECEMBER 31, 2012	387,928	264,163	73,248	4,535,653	2,399,804	7,660,796
Excess (deficiency) of revenue over expenditures	(56,010)	111,456	(3,673)	(544,657)	273,462	(219,422)
FUND EQUITY - DECEMBER 31, 2013	331,918	375,619	69,575	3,990,996	2,673,266	7,441,374
Excess (deficiency) of revenue over expenditures	12,356	99,153	(19,240)	(711,003)	128,411	(490,323)
FUND EQUITY - DECEMBER 31, 2014	<u>\$ 344,274</u>	<u>\$ 474,772</u>	<u>\$ 50,335</u>	<u>\$ 3,279,993</u>	<u>\$ 2,801,677</u>	<u>\$ 6,951,051</u>

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**COMBINED STATEMENTS OF REVENUE AND EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL -**  
**GENERAL FUND AND SPECIAL REVENUE FUNDS (CASH BASIS)**  
**YEAR ENDED DECEMBER 31, 2014**

	General Fund			Highway Aid Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUE</b>						
Taxes	\$ 1,476,000	\$ 1,403,864	\$ (72,136)	\$ 0	\$ 0	\$ 0
Charges for services	495,800	500,985	5,185	0	0	0
Investment income, net and rents	600	228	(372)	74	74	0
Intergovernmental revenue	104,000	126,501	22,501	74,517	83,429	8,912
Miscellaneous	10,000	90	(9,910)	0	0	0
Other financing sources	416,200	405,000	(11,200)	0	0	0
Fines	118,000	136,179	18,179	0	0	0
Licenses and permits	68,300	53,652	(14,648)	0	0	0
<b>Total Revenue</b>	<b>2,688,900</b>	<b>2,626,499</b>	<b>(62,401)</b>	<b>74,591</b>	<b>83,503</b>	<b>8,912</b>
<b>EXPENDITURES</b>						
Public Works - sanitation	416,200	415,618	582	0	0	0
Public Safety	1,520,300	1,435,480	84,820	0	0	0
Health & Human Services	0	0	0	0	0	0
Employee benefits and insurance	397,085	378,401	18,684	0	0	0
Public Works - highways and streets	160,350	179,068	(18,718)	439,262	13,571	425,691
General government	188,570	195,548	(6,978)	0	0	0
Miscellaneous	1,000	2,925	(1,925)	0	0	0
Culture and recreation	2,300	4,603	(2,303)	0	0	0
Community development	2,500	2,500	0	0	0	0
<b>Total Expenditures</b>	<b>2,688,305</b>	<b>2,614,143</b>	<b>74,162</b>	<b>439,262</b>	<b>13,571</b>	<b>425,691</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>\$ 595</b>	<b>12,356</b>	<b>\$ 11,761</b>	<b>\$ (364,671)</b>	<b>69,932</b>	<b>\$ 434,603</b>
<b>FUND EQUITY - BEGINNING</b>		<b>331,918</b>			<b>364,733</b>	
<b>FUND EQUITY - ENDING</b>		<b>\$ 344,274</b>			<b>\$ 434,665</b>	

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**COMBINING STATEMENTS OF PLAN NET ASSETS -**  
**ALL PENSION TRUST FUNDS (CASH BASIS)**  
**DECEMBER 31, 2014**

<b>ASSETS</b>	<u>Police</u>	<u>Fire</u>	<u>General</u>	<u>Total</u>
PSAB Municipal Retirement Trust - General Balanced Fund	\$ 2,144,695	\$ 205,893	\$ 451,089	\$ 2,801,677
<b>LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Assets Held in Trust for Pension Benefits</b>	<u>\$ 2,144,695</u>	<u>\$ 205,893</u>	<u>\$ 451,089</u>	<u>\$ 2,801,677</u>

Note: A Schedule of Funding Progress is presented in the  
Required Supplementary Information

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**COMBINING STATEMENTS OF CHANGES IN PLAN NET ASSETS -**  
**ALL PENSION TRUST FUNDS (CASH BASIS)**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Police</u>	<u>Fire</u>	<u>General</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
State aid	\$ 87,155	\$ 10,686	\$ 14,466	\$ 112,307
Employer contributions	72,000	8,826	11,952	92,778
Employee contributions	51,890	0	0	51,890
	<u>211,045</u>	<u>19,512</u>	<u>26,418</u>	<u>256,975</u>
Investment income:				
Interest income	158,802	14,371	33,409	206,582
Net appreciation in fair value of investments	<u>(36,467)</u>	<u>(3,114)</u>	<u>(7,394)</u>	<u>(46,975)</u>
	122,335	11,257	26,015	159,607
Investment expense	<u>(13,349)</u>	<u>(2,268)</u>	<u>(4,602)</u>	<u>(20,219)</u>
<b>Net Investment Income</b>	<u>108,986</u>	<u>8,989</u>	<u>21,413</u>	<u>139,388</u>
<b>Total Additions</b>	<u>320,031</u>	<u>28,501</u>	<u>47,831</u>	<u>396,363</u>
<b>DEDUCTIONS</b>				
Pension payments	(225,084)	(1,215)	(23,037)	(249,346)
Administrative expense	(5,995)	(5,699)	(5,549)	(17,243)
Return of Employee Contribution	(1,363)	0	0	(1,363)
Transfers	0	0	0	0
<b>Total Deductions</b>	<u>(232,452)</u>	<u>(6,914)</u>	<u>(28,586)</u>	<u>(267,952)</u>
<b>Net Increase in Plan Net Assets</b>	87,579	21,587	19,245	128,411
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING</b>	<u>2,057,116</u>	<u>184,306</u>	<u>431,844</u>	<u>2,673,266</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - ENDING</b>	<u>\$ 2,144,695</u>	<u>\$ 205,893</u>	<u>\$ 451,089</u>	<u>\$ 2,801,677</u>

Note: A Schedule of Funding Progress is presented in the  
Required Supplementary Information

See accompanying notes and auditors' report.

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

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**NOTE 1 - NATURE OF OPERATIONS**

The Borough of West York (Borough) provides sewer, refuse, police, and fire protection and other municipal services to the residents of the Borough.

**NOTE 2 - ESTIMATES AND SUMMARY OF ACCOUNTING POLICIES**

The preparation of general-purpose financial statements in conformity with the cash basis of accounting may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**The Reporting Entity**

The Borough includes all of the funds and account groups relating to the operations of the Borough. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Borough.

**Government-Entity Wide Financial Statements**

The Statement of Assets, Liabilities, and Fund Balances and the Statement of Revenues, Expenditures, and Changes in Fund Equity display financial information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for services and other revenues. The various governmental funds listed below are all combined together for the Government-Entity Wide financial statement presentation. We have added these two financial statements due to recent accounting changes.

**Fund Accounting**

The Borough uses fund accounting principles to report on its assets, liabilities, fund equity, revenue, and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts for recording assets, liabilities, and fund equity, and changes in fund equity. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The Borough presently has no account groups.

Fund types are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "funds".

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

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**NOTE 2 - ESTIMATES AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

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**Fund Accounting (Continued)**

The financial activities of the Borough are recorded in separate funds as follows:

**Governmental Fund Types**

**General Fund** is used to account for all financial transactions applicable to the general operation of the Borough. Revenue is derived principally from property taxes, earned income taxes, fines, licenses and permits, and grants. Expenditures of the General Fund include police and fire protection, street repairs and maintenance, health and sanitation, parks and recreation, and planning and development.

**Special Revenue Fund** is used to account for particular governmental activities that are legally restricted for specified purposes.

**Capital Projects Fund** is used to account for the acquisition or construction of general fixed assets.

**Proprietary Fund Type**

**Enterprise Fund** is used to account for the financing of government services and facilities which are primarily self-supporting by user charges.

**Fiduciary Fund Type**

**Trust and Agency Funds** are established to administer resources received and held by the Borough as the trustee or agent for others.

**Basis of Accounting**

The Borough's policy is to prepare its financial statements on the basis of cash receipts and cash disbursements, consequently, certain revenue and related assets are recognized when received rather than when susceptible to accrual, and certain expenditures are recognized when paid rather than when the obligations are incurred. The cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

**Budgets**

Budgets are adopted on the cash basis, which is consistent with the basis used to prepare historical financial statements. Annual appropriated budgets are adopted for the general and special revenue funds. Unused appropriations lapse at fiscal year end.

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

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**NOTE 2 - ESTIMATES AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

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**Cash and Temporary Investments**

Cash includes amounts in demand deposits as well as certificates of deposits with maturity dates within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, Pennsylvania government obligations, and Insured certificates of deposits.

Investments are stated at market value.

**Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statements of assets, liabilities, and fund equity.

**Property and Equipment**

The Borough does not maintain property records. All capital expenditures are expensed in the year of purchase.

**Memorandum Only - Total Columns**

The total column on the cash basis financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data.

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

**NOTE 3 - CASH AND TEMPORARY INVESTMENTS**

Cash and temporary investments consist of the following as of December 31, 2014:

	<u>Book</u>	<u>Bank</u>
<b>General Fund</b>		
Cash - Checking - Sovereign Bank	\$ 0	\$ 224,524
Cash - Checking - M&T Bank	280,152	27,446
PLGIT - General Fund	132,283	132,283
PLGIT - Fire Escrow Fund	17,841	17,841
Payroll Account - Sovereign Bank	8,745	15,213
	<u>439,021</u>	<u>417,307</u>
<b>Special Revenue Fund</b>		
PLGIT - Street Light Fund	54,015	54,015
PLGIT - Highway Aid Fund	434,665	434,665
Recreation Account - M&T Bank	18,809	18,809
Recreation Account - CD's - M&T Bank	3,628	3,628
	<u>511,117</u>	<u>511,117</u>
<b>Capital Projects Fund</b>		
PLGIT - Capital Reserve Fund	21,450	21,450
PLGIT - Firemen's Equipment Fund	27,684	27,684
PLGIT - Generator Fund	0	0
	<u>49,134</u>	<u>49,134</u>
<b>Enterprise Fund</b>		
Cash - Checking - Sovereign Bank	219,389	247,245
PLGIT - Sewer Fund	349,367	349,367
PLGIT Plus - Sewer Fund	2,601,278	2,601,278
	<u>3,170,034</u>	<u>3,197,890</u>
<b>TOTAL CASH AND TEMPORARY INVESTMENTS</b>	<b>\$ 4,169,306</b>	<b>\$ 4,175,448</b>

As of December 31, 2014 the carrying amount of deposits is \$4,169,306 and the bank balance is \$4,175,448. All deposits are fully insured by FDIC, FSLIC or collateralized in accordance with Act 72.

**Custodial Credit Risk - Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2014, \$3,875,565 of the Borough's bank balance of \$4,175,448 was exposed to custodial risk as:

Uninsured and Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution	3,875,565
Uninsured and collateral held by the pledging bank's trust department not in the Borough's name	0
	<u>\$ 3,875,565</u>

**Reconciliation to Financial Statements**

Collateralized with securities held by the pledging financial institution	\$ 3,875,565
Plus: Insured Amount	299,883
Less: Outstanding Checks	(39,312)
Plus: Deposits In Transit	33,170
Carrying Amount - Bank Balances	<u>4,169,306</u>
Plus: Petty Cash	0
<b>Total Cash per Financial Statements</b>	<b>\$ 4,169,306</b>

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

**NOTE 3 - CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

**Cash Summary per Respective Funds**

Statement of Net Assets - Cash - Governmental Funds	\$ 999,272
Statement of Net Assets - Cash - Business-Type Activities	<u>3,170,034</u>
<b>Total Cash per Financial Statements</b>	<b><u>\$ 4,169,306</u></b>

**NOTE 4 - COMMITMENTS**

The Borough entered into an agreement with the City of York, Pennsylvania for treatment of the Borough's sewage (refer to Note 6). The cost is determined on a year-to-year basis.

**NOTE 5 - RISK MANAGEMENT**

The Borough 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 Borough is insured against these risks by the purchase of commercial insurance to cover any reasonable loss.

**NOTE 6 - AGREEMENT WITH THE CITY OF YORK**

The City of York (City), under separate agreements with six surrounding municipalities including the Borough of West York, has agreed to grant connection to the City's sewage system, whereby the City would receive, treat, and dispose of the Borough's sewage. The Borough is required to participate in funding of the construction, maintenance, and operations of the plant, pay the City for the cost of waste water treatment based on usage, and pay a service charge based on usage, for the express purpose of maintenance, repair, and replacement of the existing interceptor system.

The participation by the Borough in the funding of the plant expansion is based on an allocation of the minimum lease payment made by the City to the York City Sewer Authority. This allocation is based on that percentage of the additional capacity of the facility allotted to each municipality.

The allocation of costs to the Borough of West York consists of the following for the year ended December 31:

	2014
Treatment charges	\$ 463,137
Allocation of minimum lease payments	<u>352,503</u>
	<b><u>\$ 815,640</u></b>

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

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**NOTE 7 - PENSION PLAN**

**Plan Description**

The Borough sponsors three single-employer defined benefit retirement plans which cover the police force, paid firemen, and nonuniform employees. Each of these funds are maintained by the Pennsylvania State Association of Boroughs Municipal Retirement Trust, as trustee. Separately issued financial statements are issued and available at the Borough office.

All regular full-time employees shall become an eligible pension plan participant on the date they first render service to the borough for both the nonuniform employees and paid firemen. The plans provide retirement benefits to plan members. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth of Pennsylvania.

Under the General Employees' Pension Fund and Paid Firemen's Pension Plans, benefits vest after ten years of service. Normal retirement occurs after reaching age sixty-five and the completion of ten years of service. Normal retirement pension is paid monthly and is equal to 1% of compensation averaged over the last 60 months of employment, multiplied by years of credited service.

The maximum monthly pension shall be an amount which when added to the participant's primary social security amount, does not exceed 80% of the participant's compensation for the last plan year used to determine average monthly compensation.

Under the Police Pension Death and Disability Benefit Fund, benefits vest after twelve years of service. Normal retirement occurs after age fifty-five and the completion of twenty-five years of service. Normal retirement pension is paid monthly and is equal to 50% of gross pay averaged over the last 36 months of employment.

**Contributions and Funding Policy**

The Borough participates in Act 205 Recovery Program. The actuarial cost method used is the entry age normal cost method. The significant actuarial assumptions used to compute the actuarially determined contribution are the same as those used to compute the accrued actuarial liability as described above. The act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. The Commonwealth allocates certain funds to assist in pension funding. Any financial requirements established by the MMO which exceeds the Commonwealth allocation must be funded by the Municipality (and could include employee contributions).

Administrative costs are charged to the plans and funded through the MMO and/or plan income.

During the year ended December 31, 2014, the Police Department employees made a 6% of compensation contribution to the Pension Plan.

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

**NOTE 7 - PENSION PLAN (CONTINUED)**

**Contributions and Funding Policy (Continued)**

The Borough contributed 100% of the funds necessary to meet the MMO obligations as follows for the years ended December 31:

	<b>Police Pension Death and Disability Benefit Fund</b>	<b>Firemen's Pension Plan</b>	<b>General Employees' Pension Plan</b>
2014	<u>\$ 159,155</u>	<u>\$ 19,512</u>	<u>\$ 26,418</u>
2013	<u>\$ 173,110</u>	<u>\$ 17,339</u>	<u>\$ 26,400</u>
2012	<u>\$ 173,110</u>	<u>\$ 17,781</u>	<u>\$ 27,932</u>

As of January 1, 2013, the most recent actuarial date, employee membership data related to the retirement plans are as follows:

	<b>Police Pension Death and Disability Benefit Fund</b>	<b>Firemen's Pension Plan</b>	<b>General Employees' Pension Plan</b>
Retirees and beneficiaries currently receiving benefits	7	1	2
Terminated employees entitled to benefits but not yet receiving them	0	0	0
Active plan participants	10	3	5

**Significant Accounting Policies and Plan Asset Matters**

The financial statements of the plans have been prepared on the modified cash basis of accounting. Investments are stated at market value as reported by Pennsylvania State Association of Boroughs Municipal Retirement Trust.

All of the plans' investments were held by the Pennsylvania State Association of Boroughs Municipal Retirement Trust's General Fixed Fund. In addition, the plans did not have any investment transactions with related parties.

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**Funding Status and Progress**

Significant actuarial assumptions and related information used to compute the pension benefit obligations as of January 1, 2013 are as follows:

	<b><u>Police Pension Death and Disability Benefit Fund</u></b>	<b><u>Firemen's Pension Plan</u></b>	<b><u>General Employees' Pension Plan</u></b>
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Salary increase projection (includes inflation of 4%)	5.5	5.5	5.0
Actuarial valuation data	January 1, 2013	January 1, 2013	January 1, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	4 Year Smoothing	4 Year Smoothing	4 Year Smoothing
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Amortization period	13 Years	15 Years	22 Years

**BOROUGH OF WEST YORK**  
**NOTES TO FINANCIAL STATEMENTS (CASH BASIS)**  
**DECEMBER 31, 2014**

**NOTE 7 - PENSION PLAN (CONTINUED)**

**Trend Information**

Three-year trend information is presented as follows for the years ended December 31:

	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
Police Pension Plan			
2014	\$ 159,155	100%	\$ 0
2013	173,110	100	0
2012	173,110	100	0
Firemen's Pension Plan			
2014	19,512	100	0
2013	17,339	100	0
2012	17,781	100	0
General Employees' Pension Plan			
2014	26,418	100	0
2013	26,400	100	0
2012	27,932	100	0

**NOTE 8 - PROPERTY AND PER CAPITA TAXES**

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. The schedule of property taxes levied for 2014 is as follows:

February 15	Levy Date
February 15 - April 14	2% Discount Period
April 15 - June 13	Face Payment Period
June 14 - December 31	10% Penalty Period
January 1	Lien Date

The property tax rate for all purposes in 2014 was 6.50 mills (\$6.50 per \$1,000 assessed valuation).

**NOTE 9 - CONTINGENCIES**

The Borough is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its municipal activities. Each of these matters is subject to uncertainties, and some of these matters may be resolved unfavorably to the Borough. Management believes that any liability that may ultimately result from the resolution of these matters would not have a material adverse effect on the financial position of the Borough.

**NOTE 10 - SUBSEQUENT EVENTS**

Management of the Borough has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

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**BOROUGH OF WEST YORK  
SUPPLEMENTARY  
INFORMATION**

**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Philip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

To the Members of the Borough Council  
Borough of West York  
West York, Pennsylvania

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information accompanying the financial statements is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

York, Pennsylvania  
April 3, 2015

**BOROUGH OF WEST YORK**  
**DEFINED BENEFIT PENSION PLAN ANALYSIS OF FUNDING PROGRESS**  
**DECEMBER 31, 2014**

	<b>A</b> <b>Actuarial</b> <b>Value of</b> <b>Assets</b> <b>(at Market)</b>	<b>B</b> <b>Actuarial</b> <b>Accrued</b> <b>Liability</b>	<b>C</b> <b>(A-B)</b> <b>Unfunded</b> <b>Actuarial</b> <b>(Liability)</b> <b>Excess</b>	<b>D</b> <b>Annual</b> <b>Covered</b> <b>Payroll</b>	<b>E</b> <b>(A/B)</b> <b>Actuarial</b> <b>Value of</b> <b>Assets as a</b> <b>Percentage</b> <b>of the</b> <b>Actuarial</b> <b>Accrued</b> <b>Liability</b>	<b>F</b> <b>(C/D)</b> <b>Unfunded</b> <b>Actuarial</b> <b>Liability</b> <b>(Excess) to</b> <b>Covered</b> <b>Payroll</b>
<b>Police Pension Plan</b>						
January 1, 2013	1,874,415	2,764,112	(889,697)	855,314	67.81%	-104.02%
January 1, 2011	1,773,539	2,531,033	(757,494)	713,494	70.07%	-106.17%
January 1, 2009	1,550,314	2,289,865	(739,551)	655,785	67.70%	-112.77%
<b>Paid Firemen Pension Plan</b>						
January 1, 2013	151,343	92,371	58,972	180,551	163.84%	32.66%
January 1, 2011	127,139	165,295	(38,156)	165,430	76.92%	-23.06%
January 1, 2009	94,308	103,868	(9,560)	96,047	90.80%	-9.95%
<b>General Employees' Pension Plan</b>						
January 1, 2013	377,978	404,646	(26,668)	212,661	87.29%	-12.54%
January 1, 2011	359,932	456,596	(96,664)	210,585	87.29%	-45.90%
January 1, 2009	327,188	348,457	(21,269)	156,804	93.90%	-13.56%

**The York Water Company**  
**Responses to Bureau of Technical Utility Services, Water/Wastewater Division**  
**Data Request 1**  
**Application of The York Water Company – West York Borough**  
**West York Borough, York County**  
**Docket No. A-2016-2552403**  
**August 31, 2016**

**DISCOVERY A-34**

Please provide a calculation that shows how the value for "Debt Service" was determined, as stated in the Application's Exhibit N.

**RESPONDENT:**

Joseph T. Hand  
Chief Operating Officer

**RESPONSE:**

As noted in Exhibit N, the projected expenses are calculated based on West York Borough's financial statement for the year ended December 31, 2014. A copy of the referenced financial statement is attached to Discovery A-33. See note 6, page 14 in the Attachment to Discovery A-33.

**The York Water Company**  
**Responses to Bureau of Technical Utility Services, Water/Wastewater Division**  
**Data Request 1**  
**Application of The York Water Company – West York Borough**  
**West York Borough, York County**  
**Docket No. A-2016-2552403**  
**August 31, 2016**

**DISCOVERY A-35**

Please state why Exhibit N of the Application does not include revenue from commercial and industrial customers, costs associated with the "service charge" described in Section 8-A of Exhibit L, or revenues generated from the agreement included in the Application as Exhibit M.

**RESPONDENT:**

Joseph T. Hand  
Chief Operating Officer

**RESPONSE:**

West York Borough was unable to provide a recent billing register. Therefore, York Water projected revenue from the 96 commercial customers to be equal to those of the average residential customer. Costs (expenses) associated with the "service charge" described in Section 8-A of Exhibit L are assumed to be included in the Treatment Charges Expenses in Exhibit N as they were not separately accounted for in West York Borough's financial statement for the year ended December 31, 2014. Treatment expenses detailed in Exhibit N are net of reimbursement from West Manchester Township as described in Exhibit M and therefore not detailed as revenue.

**The York Water Company**

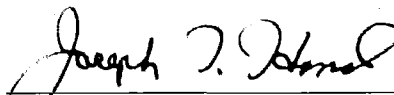
**IN THE MATTER OF THE APPLICATION OF THE YORK WATER COMPANY (WASTEWATER), Under Sections 1102(a)(1) and 1102(a)(3) of the Public Utility Code, for approval of the right of The York Water Company - Wastewater to (1) acquire certain public wastewater facilities from the West York Borough, and (2) begin to offer or furnish wastewater service to the public in West York Borough, York County, Pennsylvania. Docket Number: A-2016-2552403.**

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**VERIFICATION**

I, Joseph T. Hand, hereby state that the facts set forth in responses A-5, A-22 and A-32 through A-35 are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: August 30, 2016

  
\_\_\_\_\_  
Joseph T. Hand  
Chief Operating Officer  
The York Water Company