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File #: 175354

April 12, 2019

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: In the Matter of the Application of The York Water Company, Under Sections 507, 1102(a)(1) and 1102(a)(3) of the Public Utility Code, for approval of the right of The York Water Company to (1) enter into a municipal contract to acquire certain public wastewater facilities from Jacobus Borough Sewer Authority; (2) assume a municipal contract currently in effect between Jacobus Borough Sewer Authority and Springfield Township, York County, Sewer Authority; and (3) begin to offer or furnish wastewater service to the public in the Borough of Jacobus, York County, Pennsylvania - Docket No. A-2019-3007355

Dear Secretary Chiavetta:

On March 4, 2019, The York Water Company ("York Water") served its Responses to the Bureau of Technical Utility Services Water/Wastewater Division Data Request Set I in the above-referenced proceeding. Subsequently, the Response to Data Request A-5 was supplemented on March 18, 2019, and filed with the Pennsylvania Public Utility Commission ("Commission"). However, copies of the original Responses served on March 4, 2019, inadvertently were not filed with the Commission.

Accordingly, enclosed for filing is a copy of the original Responses served on March 4, 2019.

Copies of the filing are being provided to the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate, as indicated on the Certificate of Service.

Rosemary Chiavetta, Secretary
April 12, 2019
Page 2

Respectfully submitted,



Devin Ryan

DTR/ks
Enclosures

cc: Clinton McKinley (*via E-mail*)
Certificate of Service

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-1

The map provided in the Application's Exhibit "D" identifies several assets that extend beyond the requested territory to interconnections with Springfield Township, York County, Sewer Authority (Springfield). Please identify any service connections between the boundaries of the requested territory and the interconnections with Springfield and state if Jacobus Borough Sewer Authority (Jacobus) currently bills those customers for wastewater service.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

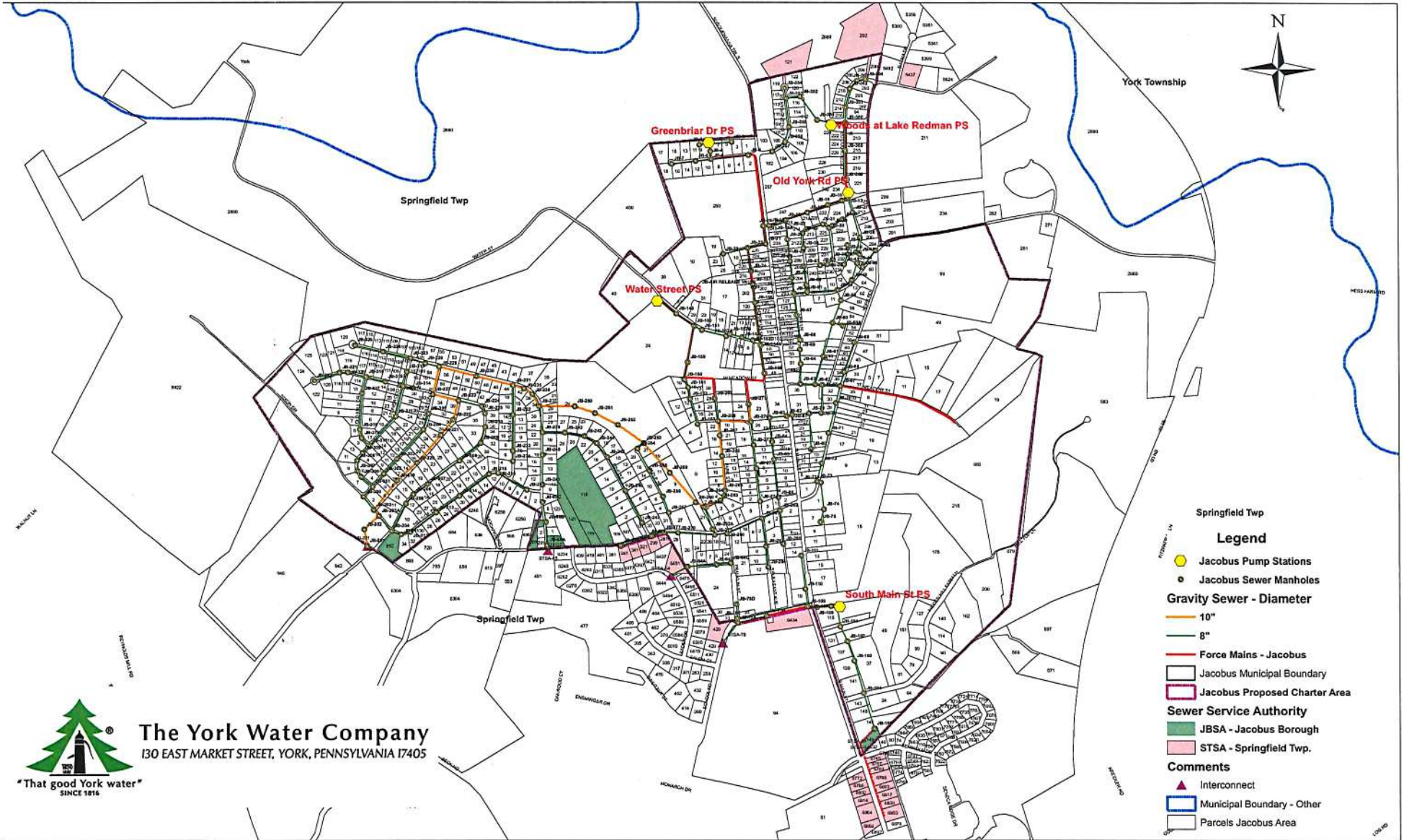
Jacobus does not bill customers for wastewater service for any connections outside Jacobus Borough nor does Springfield bill customers for wastewater service for any connections outside Springfield Township. Exhibit D correctly identified several assets that extend beyond the requested territory to interconnections with Springfield Township, York County, Sewer Authority (Springfield). York Water has confirmed through a review of Jacobus's billing records and through communication with Springfield that all wastewater customers are appropriately billed by their respective municipal authority.

To further define the properties and service connections for those wastewater connections that extend beyond the Jacobus Borough municipal boundary, attached are enhanced maps that focus on the areas with assets that extend beyond municipal boundaries. The following maps are attached:

TUS Discovery Set 1, A-1, Overview of System
TUS Discovery Set 1, A-1, Detail 1
TUS Discovery Set 1, A-1, Detail 2
TUS Discovery Set 1, A-1, Detail 3

TUS Discovery Set 1, A-1, Overview of System is a map of the entire Jacobus Borough Sanitary Sewer Collection system with a legend describing the color-coded property and connection status. TUS Discovery Set 1, A-1, Details 1, 2 and 3 are enhanced views of the three areas of the system that show interconnected assets across municipal boundaries. Also attached is TUS Discovery Set 1, A-1, Property Summary Listing, which summarizes the connection for each property (by mailing address) and the billing party for each property.

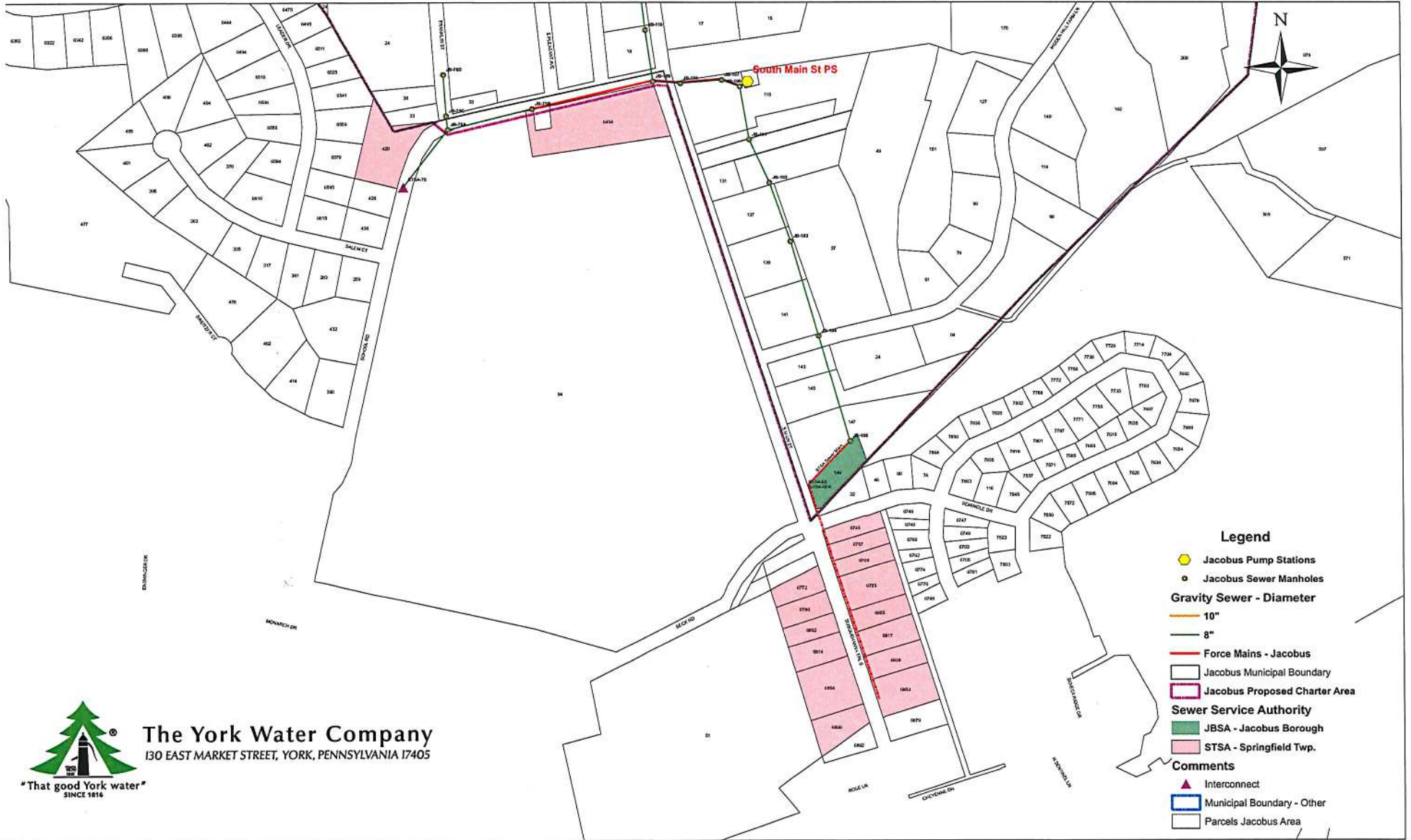
Jacobus Borough Sanitary Sewer Collection System



The York Water Company
 130 EAST MARKET STREET, YORK, PENNSYLVANIA 17405

"That good York water"
 SINCE 1816

Jacobus Borough Sanitary Sewer Collection System

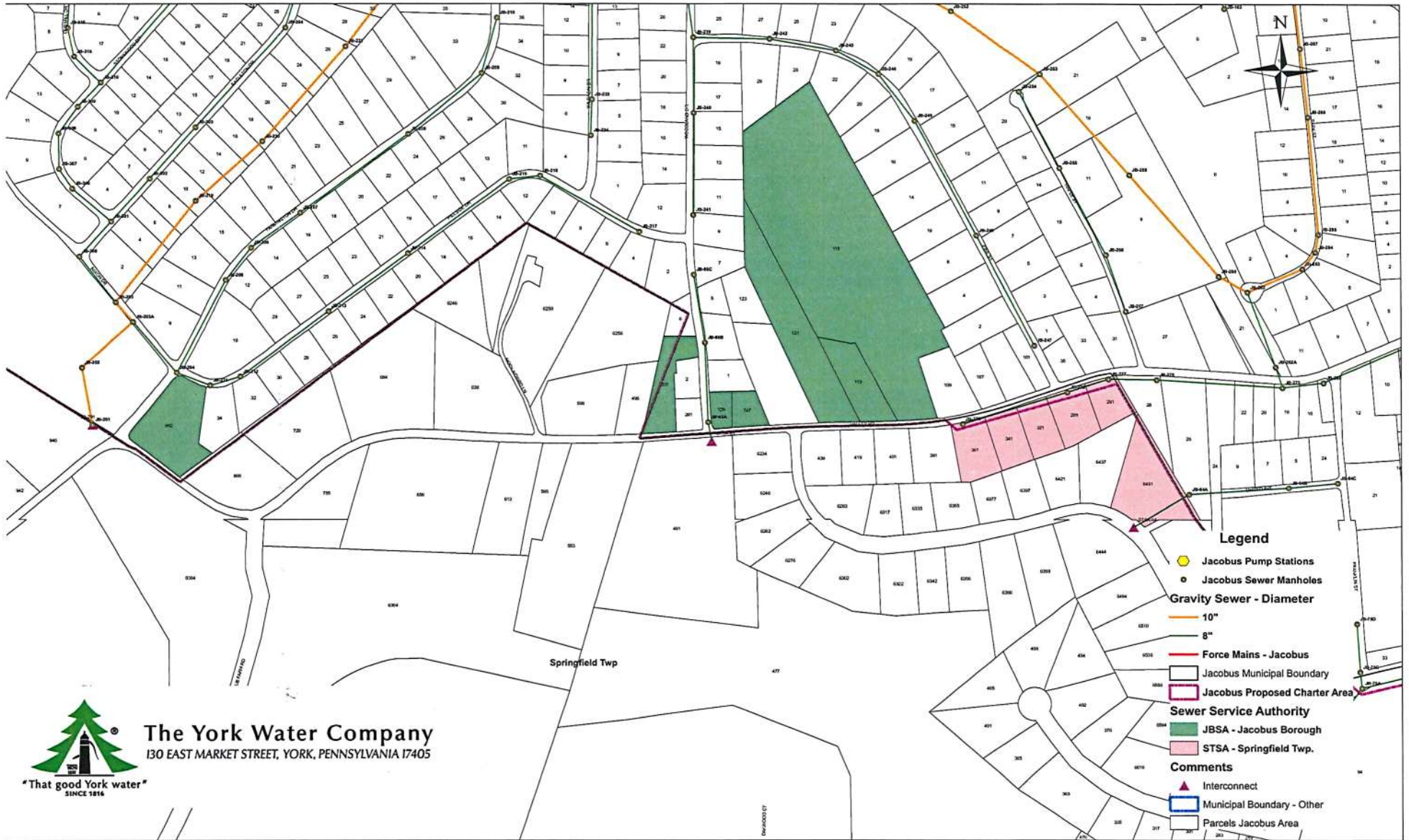


The York Water Company
 130 EAST MARKET STREET, YORK, PENNSYLVANIA 17405

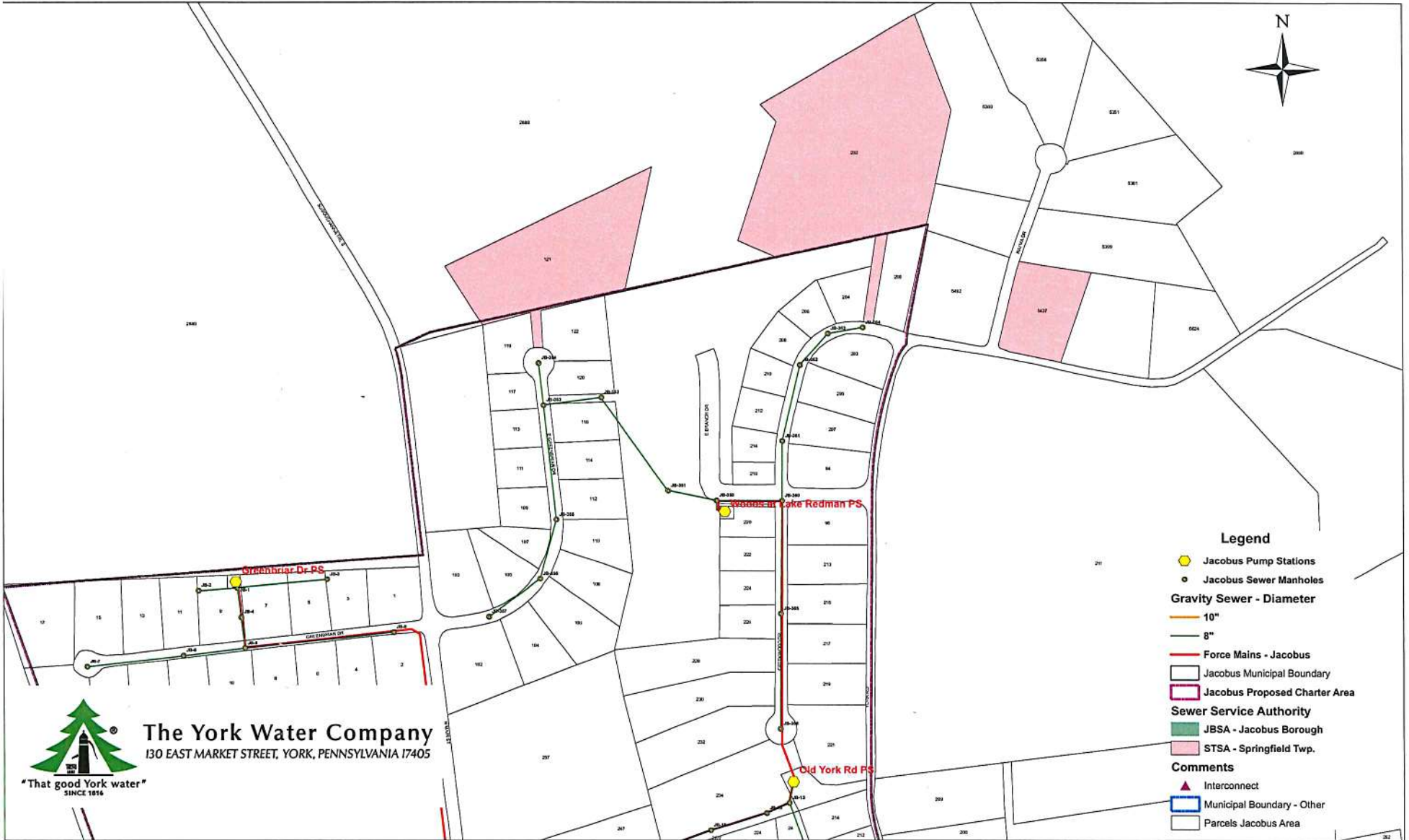
"That good York water"
 SINCE 1816

- Legend**
- Jacobus Pump Stations
 - Jacobus Sewer Manholes
 - Gravity Sewer - Diameter**
 - 10"
 - 8"
 - Force Mains - Jacobus
 - Jacobus Municipal Boundary
 - Jacobus Proposed Charter Area
 - Sewer Service Authority**
 - JBSA - Jacobus Borough
 - STSA - Springfield Twp.
 - Comments**
 - ▲ Interconnect
 - Municipal Boundary - Other
 - Parcels Jacobus Area

Jacobus Borough Sanitary Sewer Collection System



Jacobus Borough Sanitary Sewer Collection System



The York Water Company
 130 EAST MARKET STREET, YORK, PENNSYLVANIA 17405
 "That good York water" SINCE 1816

- Legend**
- Jacobus Pump Stations
 - Jacobus Sewer Manholes
 - Gravity Sewer - Diameter**
 - 10"
 - 8"
 - Force Mains - Jacobus
 - Jacobus Municipal Boundary
 - Jacobus Proposed Charter Area
 - Sewer Service Authority**
 - JBSA - Jacobus Borough
 - STSA - Springfield Twp.
 - Comments**
 - ▲ Interconnect
 - Municipal Boundary - Other
 - Parcels Jacobus Area

TUS Discovery Set 1, A-1, Property Summary Listing

Summary of Springfield Twp. properties connected to the Jacobus collection system. (billed by STSA)

1. 281 Valley Rd.
2. 299 Valley Rd.
3. 321 Valley Rd.
4. 341 Valley Rd.
5. 361 Valley Rd.
6. 121 E. Greenbriar Rd. (connected to Woods at Lake Redman PS)
7. 202 Creekwood Rd. (connected to Woods at Lake Redman PS)
8. 5437 Rayma Rd. (connected to Woods at Lake Redman PS)
9. 6434 South Susquehanna Trail (South Main St.) (connected to S. Main St. PS)

STSA Properties connected to STSA Sewer that flows north to JBSA MH-105 (Tributary to S Main PS) (billed by STSA)

1. 6745 S Susquehanna Trail (connected to S. Main St. PS)
2. 6757 S Susquehanna Trail (connected to S. Main St. PS)
3. 6769 S Susquehanna Trail (connected to S. Main St. PS)
4. 6785 S Susquehanna Trail (connected to S. Main St. PS)
5. 6803 S Susquehanna Trail (connected to S. Main St. PS)
6. 6817 S Susquehanna Trail (connected to S. Main St. PS)
7. 6839 S Susquehanna Trail (connected to S. Main St. PS)
8. 6853 S Susquehanna Trail (connected to S. Main St. PS)
9. 6772 S Susquehanna Trail (connected to S. Main St. PS)
10. 6786 S Susquehanna Trail (connected to S. Main St. PS)
11. 6802 S Susquehanna Trail (connected to S. Main St. PS)
12. 6814 S Susquehanna Trail (connected to S. Main St. PS)
13. 6864 S Susquehanna Trail (connected to S. Main St. PS)
14. 6866 S Susquehanna Trail (connected to S. Main St. PS)

STSA Connection to JBSA Interconnect Sewer (billed by STSA)

1. 6451 Leader Rd. (Interconnect segment JB-64A:STSA-64)
2. 420 School Rd. (Interconnect segment JB-75A:STSA-75)

Jacobus Borough properties connected to a Springfield Twp. sewer line that connects to the Jacobus collection system. (billed by Jacobus Borough)

1. 149 S. Main St.

Properties directly connected to STSA (billed by Jacobus Borough)

2. 115 Valley Rd.
3. 119 Valley Rd.
4. 121 Valley Rd.
5. 127 Valley Rd.
6. 129 Valley Rd.
7. 203 Valley Rd.
8. 852 Valley Rd.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-2

York Water Company – Wastewater (York) avers in the Application that Jacobus does not serve customers outside its municipal limits; however, page 3 of the Report of the Valuation of Jacobus Borough Sewer Authority Sanitary Sewer System dated August 16, 2018, included in the Application as Exhibit “G”, identifies the wastewater service territory includes four homes in Springfield Township. Please explain this discrepancy.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

Please see Discovery Set 1, Response A-1.

York Water, through mapping and investigation, has concluded that the statement provided on page 3 of the Report of the Valuation of Jacobus Borough Sewer Authority Sanitary Sewer System dated August 16, 2018 is in error. TUS Discovery Set 1, A-1, Property Summary Listing, summarizes the connection for each property (by mailing address) and the billing party for each property.

The discrepancy was due to the absence of information readily available and provided by Jacobus Borough Sewer Authority to HRG during HRG’s preparation of the valuation report. York Water has conducted extensive record and field investigations and created more detailed mapping than previously existed. The enhanced mapping and inventory provided in Discovery Set 1, A-1 provides the details of York Water’s investigations and accurately reflect the connection status for the Jacobus system. York Water is not seeking to include any properties in Springfield Township within its proposed wastewater territory.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-3

Section 10 of the Application indicates that Jacobus bills its customers on a quarterly basis for 687 Equivalent Dwelling Units (EDUs); additionally, Page 5 of the Application's Exhibit "G" shows that Jacobus collects quarterly sewer rental charges based on a flat fee of \$190 per EDU. However, Section 11 of the Application indicates that York will adopt the existing rates of \$55/month/EDU for the first 4,000 gallons of water usage and \$5 per every 1,000 gallons of water usage over 4,000 gallons. Please explain this discrepancy.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

Please see Discovery Set 1, Response A-4.

Jacobus Borough Sewer Authority Resolution 2018-1 established the rate for sanitary sewer service for the customers of the Jacobus Borough Sewer Authority as \$55/month/EDU for the first 4,000 gallons of water usage and \$5 per every 1,000 gallons of water usage over 4,000 gallons effective October 10, 2018. Exhibit "G" was prepared by HRG as of December 31, 2017 and predates Resolution 2018-1.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-4

Please provide evidence of Jacobus' existing rates, (i.e. a signed and dated copy of the resolution or ordinance enacting the rates shown on Appendix B of the Application's Exhibit I).

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

A signed and dated copy of Jacobus Borough Sewer Authority Resolution No. 2018-1 is attached.

JACOBUS BOROUGH SEWER AUTHORITY
YORK COUNTY, PENNSYLVANIA

RESOLUTION NO. 2018-1

**A RESOLUTION AMENDING THE RATES FOR SANITARY SEWER
SERVICE RATES FROM A FLAT FEE PER EQUIVALENT DWELLING
UNIT (EDU) TO A RATE BASED UPON WATER CONSUMPTION**

WHEREAS, since the initial construction and operation of the public sanitary sewer system within Jacobus Borough, the Jacobus Borough Sewer Authority has imposed a rate for such service on a flat fee basis for each EDU of sanitary sewer capacity, regardless of the amount of water being discharged by a user; and

WHEREAS, the Jacobus Borough Sewer Authority has often received complaints regarding the equity of a flat fee rate structure from elderly residents and customers who use a relatively small amount of water; and

WHEREAS, the Jacobus Borough Sewer Authority has investigated the historical use of water by its customers; and

WHEREAS, based upon the historical use of water by its customers, a change to a rate based upon water consumption would result in a majority of its customers paying a lower annual amount for sanitary sewer service; and

WHEREAS, although a small minority of customers would pay higher annual fee for sanitary sewer service, a water consumption-based rate would reflect the actual use of the sanitary sewer by customers, would encourage water conservation and would ultimately be a more fair and equitable method for imposing fees for sanitary sewer service.

NOW, THEREFORE, BE IT SO RESOLVED by the Jacobus Borough Sewer Authority, York County, Pennsylvania and by and through the authority of the same, as follows:

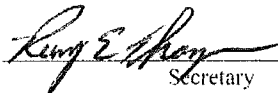
SECTION 1. The rate for sanitary sewer service for the customers of the Jacobus Borough Sewer Authority shall be as \$55.00 per month per EDU for the first 4,000 gallons of water usage (the "base rate") and \$5.00 per every 1,000 gallons of water usage over 4,000 gallons of water usage (the "overage rate"). The base rate and overage rate shall be billed in arrears. Water usage shall be as measured by the water meter reading as provided to the Jacobus Borough Sewer Authority by the York Water Company.

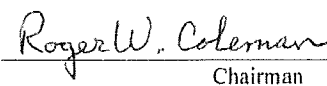
SECTION 2. This Resolution shall become effective immediately upon adoption.

RESOLVED this 10th day of October, 2018.

Attest:

JACOBUS BOROUGH SEWER AUTHORITY


Secretary

By: 
Chairman

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-5

A three-year rate freeze is identified in Section 9.1 of the Agreement of Wastewater Collection System Sale (Agreement) included in the Application as Exhibit I. Please explain how this provision of the Agreement conforms to the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1304.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

Under Section 9.1 of the proposed Agreement of Wastewater Collection System Sale (Agreement), York Water will maintain Jacobus's currently-effective rates for three years from the effective date of the Agreement, *i.e.*, October 25, 2018 through October 24, 2021. York Water believes that this difference in rates is reasonable, as it gives Jacobus a level of assurance that its residents' wastewater rates will not change for a relatively short, defined time after the acquisition, especially given that Jacobus recently revised its wastewater rates a few months ago in October 2018. *See Application of PAWC to Acquire the City of Coatesville Authority Water System*, 2001 Pa. PUC LEXIS 298, at *37-38 (Order entered Feb. 13, 2001) (finding that the utility's proposed three-year rate freeze as part of its Section 1102 acquisition of a municipal water system was a "benefit" and that the transaction was "in the public interest").

In addition, York Water notes that, pursuant to its Commission-approved Settlement in its 2018 Base Rate Case at Docket Nos. R-2018-30000019, *et al.*, the Company cannot file another general rate increase until May 1, 2020, which means the earliest new rates would become effective is March 1, 2021. Although the Company maintains that Section 9.1 of the Agreement is reasonable and should be viewed within the context of the entire Agreement's benefits, York Water recognizes that the Commission has the ultimate jurisdiction regarding rates charged to customers for utility service. Moreover, the Agreement of Sale reflects this principle, as Section 15 of the Agreement states: "York Water is regulated by the PUC as well as other governmental agencies. Nothing in this Agreement is intended to supersede, expand, or limit any powers of these regulatory agencies. In all conflicts between this Agreement and another regulatory agency, the regulatory agency requirements shall supersede this Agreement."

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-6

It is stated in Section 15 of the Application that the facilities have sufficient capacity to provide service to all existing customers; however, Appendix A.1 of the Agreement is a list of capacity reservation agreements that depicts reserved EDUs. Please state if the system contains adequate capacity to serve all reserved EDUs identified in the Agreement's Appendix A.1.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The system contains adequate capacity to serve all reserved EDUs identified in the Agreement's Appendix A.1.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-7

The Agreement's Appendix A.1 identifies 29 reserved EDUs that have not yet been paid.
Please state how this outstanding obligation of Jacobus will be addressed.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

According to Jacobus Borough Sewer Authority (Jacobus), Jacobus has no obligation to the property owners identified in Appendix A.1 who have not paid a tap fee. According to Jacobus, there is no ordinance in existence that addresses the procedure through which unpaid EDU/connection fees are addressed.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-8

Please state if York intends to amend the Sewage Capital Contribution and Treatment Agreement (Treatment Agreement), provided in the Application as Exhibit L, to identify York as a party to the agreement in lieu of Jacobus

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

York Water does not intend to amend the Sewage Capital Contribution and Treatment Agreement provided in the Application as Exhibit I. However, as suggested by Springfield Township, York County, Sewer Authority (Springfield) in Exhibit "O" of the Application, York Water intends to sign a mutually acceptable Assignment to the Sewage Capital Contribution and Treatment Agreement with Springfield prior to closing.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-9

Identify any remaining capital cost payable to Springfield per the Treatment Agreement and the First Supplement to the Treatment Agreement, provided as the Application's Exhibit L.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

According to Jacobus Borough Sewer Authority, there is no remaining capital cost payable to Springfield per the Treatment Agreement and the First Supplement to the Treatment Agreement, provided as the Application's Exhibit L.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-10

Please list all "Shared Facilities" as defined in the Treatment Agreement and define the allocation of ownership, maintenance and cost of those assets between the applicable parties.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The only Shared Facilities identified in the Treatment Agreement are the Springfield Township, York County, Sewer Authority (STYCSA) Wastewater Treatment Plant (Hollow Creek Treatment Plant) and the Valley Road Pump Station (VRPS). STYCSA owns 100% of both of these two facilities. The allocation of costs for these two facilities is attached as provided to York Water by STYCSA. The allocation percentages are based on the Current and Reserved number of EDUs contributed from Jacobus to the totals served by the River View Pump Station and the Treatment Plant.

<u>Shared Facility Name</u>	<u>Jacobus Cost Allocation %</u>
WWTP Capital Expense	29.39
WWTP Operating Expense	27.96
VRPS Capital Expense	64.61
VRPS Operating Expense	64.61

While not defined in the Treatment Agreement, there are shared costs associated with operation and maintenance of three pump stations located in and owned 100% by Jacobus (South Main PS, York Road PS, Woods at Lake Redman PS) that share customers from STYCSA and Jacobus. From York Water's review of Jacobus's files, these costs are reconciled on an annual basis. Attached is a sample of the reconciliation process in Discovery Set 1, Exhibit A-10 Overage & South Main PS O&M Invoice and Discovery Set 1, A-10 2017 Jacobus Pump Station Cost Share Breakdown. The shared costs for O&M for these three pump stations are based on the EDU counts from the respective parties.

TUS Discovery Set 1, A-10, Cost Allocations as Provided to York Water by STSA

Springfield Township, York County, Sewer Authority: Monthly Tabulation

1/29/2019

Code		Springfield	Loganville	Seven Valleys	Jacobus	East Springfield Rd	Jacobus Payment in Arrears	
	VRPS Connected EDUs	172	0	207	692	0		1071
	VRPS Reserved EDUs	172	0	215	767	0		1154
	WTP Connected EDUs	933	568	207	692	75		2475
	WTP Reserved EDUs	960	593	215	767	75		2610
a	WWTP Capital Expense	36.78%	22.72%	8.24%	29.39%	2.87%	0.00%	100.00%
b	Hillside Heights	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
c	Loganville System	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
d	Seven Valleys System	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%
e	Legal/Financial	25.00%	25.00%	25.00%	25.00%	0.00%	0.00%	100.00%
f	Original Financing	32.28%	43.21%	24.51%	0.00%	0.00%	0.00%	100.00%
g	Jacobus Borough	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%
h	WWTP Operating Expense	37.70%	22.95%	8.36%	27.96%	3.03%	0.00%	100.00%
i	VRPS Capital Expense	16.06%	0.00%	19.33%	64.61%	0.00%	0.00%	100.00%
j	East Springfield Road	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
k	General Authority Expense	52.33%	31.86%	11.61%	0.00%	4.21%	0.00%	100.00%
l	VRPS Operating Expense	16.06%	0.00%	19.33%	64.61%	0.00%	0.00%	100.00%
m	Jacobus Prior Years's Payment	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%

3/1/2019
 6/1/2019
 9/1/2019
 12/1/2018

SPRINGFIELD TOWNSHIP, YORK COUNTY, SEWER AUTHORITY
PO BOX 75
SEVEN VALLEYS, PA 17360
717-428-2151 FAX 717-428-0319

May 9, 2018

Jacobus Borough Sewer Authority
Chairman
126 North Cherry Lane
Jacobus, PA 17407

Dear Authority Chairman:

Based upon C. S. Davidson's final tabulation of revenues and expenses for 2017 (copy attached), Jacobus Borough's expenses exceeded the revenues by \$24,499.90. In accordance with the Borough's Sewage Capital Contribution and Treatment Agreement dated August 16, 1995, the balance due must be paid in three installments as follows:

\$8,166.64 Due on or Before 7/1/18
\$8,166.63 Due on or Before 8/1/18
\$8,166.63 Due on or Before 9/1/18

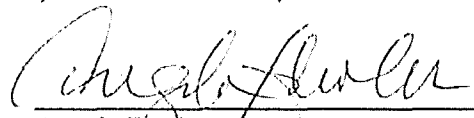
*S. MAIN - OPERATING COSTS - \$4,981.45 =
\$31,851.19*

If you have any questions or comments, please contact me at the telephone number shown above.

SPRINGFIELD TOWNSHIP, YORK COUNTY, SEWER AUTHORITY

\$24,499.90
- 4,981.45 - S. MAIN Credit

\$19,518.45


Angela Fowler
Office Manager

Enc

CC: James R. Holley & Assoc. Inc.
David M. Davidson, Jr., C.S. Davidson, Inc.

RECEIVED MAR - 5 2018

38 North Duke Street
York, PA 17401
(717) 846-4805
FAX (717) 846-5811

RECEIVED

018

RECEIVED MAR - 5 2018



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March 1, 2018

*P.D.
Monsta*

Angela Fowler, Office Manager
Springfield Township, York County, Sewer Authority
P.O. Box 75
Seven Valleys, PA 17360

Re: Springfield Township, York County, Sewer Authority
Jacobus Borough Accounting - 2017
Engineer's File No. 3252.6.00.16

Dear Angie,

Based on the final tabulation of 2017 revenues and expenses (attached), Jacobus Borough shows operating expenses in the amount of \$146,187.55 and revenues in the amount of \$121,687.65, leaving a shortfall of \$24,499.90. This is the amount currently due from Jacobus Borough to Springfield Township, York County, Sewer Authority.

I trust that this information is sufficient for you to reconcile the Jacobus account for the year 2017. If you have any questions, please call.

Very truly yours,

C.S. Davidson, Inc.

David M. Davidson, Jr., P.E.

DMD/cmd
Enclosures
Copy: Stan Escher (w/encl.)
File



James R. Holley
& Associates, Inc.

February 28, 2018

Springfield Township
York County Sewer Authority
PO Box 75
Seven Valleys, Pa. 17360

Attention: Angela Fowler, Office Manager

Reference: Jacobus Borough Sewer Authority
Pumping Station Operating Costs

Dear Angela:

Attached please find a copy of the operating costs breakdown for the South Main Street Pumping Station, the Woods at Lake Redman Pumping Station, and the York Road Pumping Station for 2017.

The Jacobus Borough Sewer Authority would like to use the appropriate credit from this invoice against fees due to the Township this year.

Should you have any questions or concerns please feel free to contact me at your convenience.

Very Truly Yours
JAMES R HOLLEY & ASSOCIATES, INC

David Lipinski, P.E.
Project Engineer

Cc: Jacobus Borough Sewer Authority
C.S. Davidson Inc., David Davidson, P.E.

Enclosures

**JACOBUS BOROUGH SEWER AUTHORITY
PUMPING STATION OPERATING COST 2017**

COST BREAKDOWN	SOUTH MAIN STREET	WOODS AT LAKE REDMAN	YORK ROAD
1. Annual Operating Cost			
a. Power	\$684.61	\$2,018.03	\$3,351.88
b. Telephone	\$424.36	\$425.12	\$424.59
c. Labor	\$7,034.73	\$7,034.73	\$7,034.73
d. Insurance	\$145.60	\$145.60	\$145.60
e. Repair/Maintenance	\$800.00	\$600.00	\$9,056.24
TOTAL	\$9,089.30	\$10,223.48	\$20,013.04
2. Usage			
a. Township Customers	15	3	3
b. Borough Customers	18	46	261
c. Percentage Use by Township	$15 \div 33 = 45.5\%$	$3 + 49 = 6.12\%$	$3 + 264 = 1.1\%$
3. Township Share of Costs			
	$\$9,089.30 \times 0.455$	$\$10,223.48 \times 0.0612$	$\$20,013.04 \times 0.011$
TOTAL	\$4,135.63	\$625.68	\$220.14
4. Total Township Share = \$4,981.45			

2017 Jacobus Borough Sewer Authority

Pumping Station Operating Cost

	<u>South Main St.</u>	<u>York Road</u>	<u>Woods at Redman</u>
Electricity	\$ 684.61	\$ 3,351.88	\$ 2,018.03
Telephone	424.36	424.59	425.12
Labor	7,034.73	7,034.73	7,034.73
Insurance	145.60	145.60	145.60
Repairs/Maintenance	800.00	9,056.24	600.00
Totals	\$ 9,089.30	\$ 20,013.04	\$ 10,223.48

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-11

Please provide copies of the 2017 and 2018 report completed by the independent certified public accountant identified in Section 7 B.(1) of the Treatment Agreement.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

Neither Springfield Township, York County, Sewer Authority (Springfield) or Jacobus Borough Sewer Authority (Jacobus) was able to provide a copy of either the 2017 or 2018 report as identified in Section 7B(1) of the Treatment Agreement. York Water does not believe the report was completed in 2017 or 2018.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-12

Please state the current service charge per EDU, payable to Springfield for wastewater discharged into the Springfield collection system and provide an estimate, based on the terms of the Treatment Agreement, of the service charge per EDU for the next five years.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The current quarterly treatment rate is \$44.01/EDU. York Water has had no discussions with Springfield Township regarding their five year projections for treatment expenses.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-13

The Application's Exhibit "H-3" identifies six pumping stations within Jacobus Borough; however, it is stated in the Application that only five pumping stations are to be acquired from Jacobus. Please identify the entity that owns the pumping station not being acquired and why this asset is excluded from this transaction.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

York Water believes the data request refers to the Application's Exhibit H-3, page 44, "Attachment 7", a table submitted as part of the Springfield Township, York County, Sewer Authority's (Springfield) Annual Chapter 94 Report.

York Water is acquiring five pumping stations. The information in the table is incorrect. The table erroneously lists and names six (6) pump stations located in Jacobus Borough. The table should only list the following five (5) pump stations: Greenbriar Drive, York Road, Water Street, Main Street (typically referred to as South Main Street), and Woods at Lake Redman. The sixth pump station on the list, Creekwood Drive, which has "No data" for 2017, was the original name for the Woods at Lake Redman. Creekwood Drive was the original name designated for a pump station and referenced in the Water Quality Management (WQM) permit application. However, upon completion of the development, the pump station assumed the name of the development, *i.e.*, Woods at Lake Redman. Therefore, Creekwood Drive and Woods at Lake Redman are the same pump station. The inclusion of the pump station named Creekwood Road is in error and should not have been listed in Attachment 7 of the Springfield 2017 Chapter 94 Report.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-14

Please provide a breakdown of the calculation, based on the terms of the Treatment Agreement, used to determine the \$121,700 expense for Treatment Charges shown on the Application's Exhibit "N"

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The calculations used to estimate the current annual costs for Treatment Charges are based on the number of Jacobus EDUs (692 EDUs) treated at the STYCSA Hollow Creek Treatment Plant. The current quarterly rate is \$44.01/EDU. Refer to TUS Discovery Set 1, Exhibit A-10 for shared facilities cost percentages.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-15

Please provide a breakdown of the calculation of the Projected Overage Charge shown on the Application's Exhibit "N" and state if York anticipates this charge to continue in future years.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The annual Overage Charge is computed by STYCSA after the close of each fiscal (calendar) year. The Overage Charge (Credit) is based on the difference between STYCSA's actual operating expenses for the Shared Facilities (Hollow Creek Treatment Plant and Valley Road Pump Station) and Jacobus Payments (EDU Treatment payments from Jacobus) for the previous year. The amount of Overage varies from year to year and York Water anticipates this charge will continue in future years. The attached STYCSA Year 2019 Operating Budget as provided to York Water by STYCSA indicates no additional payment for 2019 as well as shows the Jacobus Borough Additional Payment (JB Additional Payment) for the years 2010-2017 Actual, 2018 Budget and YTD. From the attached, the budgeted Overage for 2019 is \$0.00.

**SPRINGFIELD TOWNSHIP, YORK COUNTY, SEWER AUTHORITY
YEAR 2019 OPERATING BUDGET**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	7/31/2018	2018	2019	Comments
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	YTD	(Projected)	Budget	
Appropriated Revenue Fund Balance for Bar Screen												\$500,000	
REVENUES:													
Interest													
341.000 Interest	\$40,802.34	\$41,116.02	\$4,101.00	\$5,357.42	\$6,402.52	\$7,051.08	\$9,375.30	\$22,585.76	\$7,000	\$16,832.66	\$28,900	\$24,000	
Plumbing Permits (\$140 each)													
362.442 Springfield	\$4,010.00	\$4,054.00	\$4,856.00	\$6,442.00	\$6,292.00	\$9,992.00	\$10,968.00	\$4,268.00	\$1,000	\$0.00	\$0	\$0	Logan's Reserve almost complete
362.443 Loganville	\$50.00	\$420.00	\$302.00	\$400.00	\$340.00	\$440.00	\$3,530.00	\$3,206.00	\$2,000	\$1,970.00	\$3,400	\$2,000	Samelson - per Angle 8/7/18
362.444 Seven Valleys	\$0.00	\$300.00	\$0.00	\$250.00	\$140.00	\$292.00	\$100.00	\$150.00	\$100	\$50.00	\$100	\$100	
362.445 East Springfield Road	\$0.00	\$50.00	\$172.00	\$0.00	\$50.00	\$90.00	\$50.00	\$0.00	\$50	\$0.00	\$0	\$0	
User Fees													
364.110 LB Sewage Connection/Tapping Fee	\$0.00	\$0.00	\$7,200.00	\$0.00	\$0.00	\$0.00	\$2,250.00	\$5,550.00	\$2,250	\$1,650.00	\$2,800	\$1,500	Samelson - per Angle 8/7/18
364.112 LB Transportation Fee - Seneca Ridge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0	\$0	
364.113 LB Transportation Fee - East Springfield Rd	\$4,085.28	\$4,190.40	\$4,332.23	\$4,296.61	\$4,405.46	\$4,456.95	\$5,011.57	\$4,436.49	\$4,500	\$4,492.30	\$4,492	\$4,500	Offsets 429,500 (manual entry)
364.120 Springfield	\$564,795.43	\$629,502.13	\$657,736.06	\$705,569.73	\$696,994.23	\$747,336.04	\$786,712.48	\$839,870.85	\$800,000	\$524,576.74	\$786,865	\$821,000	No rate change
364.121 Loganville	\$315,960.40	\$342,982.45	\$344,896.96	\$346,280.91	\$347,712.27	\$342,169.66	\$343,180.45	\$362,206.50	\$350,000	\$235,205.64	\$352,808	\$360,000	No rate change
364.122 Seven Valleys	\$224,675.86	\$217,808.48	\$239,211.40	\$223,995.40	\$239,011.23	\$229,793.08	\$242,113.71	\$237,342.29	\$230,000	\$157,886.02	\$236,829	\$230,000	No rate change
364.123 Jacobus	\$121,071.51	\$121,291.56	\$120,895.47	\$121,027.50	\$121,467.60	\$121,643.64	\$121,643.64	\$121,687.65	\$121,000	\$91,364.76	\$137,047	\$121,000	No rate change
364.124 Springfield - ESR	\$93,383.79	\$91,594.92	\$94,517.41	\$91,514.59	\$91,870.17	\$102,022.01	\$66,622.72	\$66,810.25	\$60,000	\$43,629.27	\$65,444	\$65,000	No rate change
Reservation Fees													
364.130 Springfield	\$131,046.00	\$123,164.80	\$109,155.20	\$101,376.00	\$80,784.00	\$68,816.00	\$33,968.00	\$15,840.00	\$16,000	\$15,312.00	\$15,312	\$16,700	per Angle 8/7/18
364.131 Loganville	\$22,095.00	\$23,127.60	\$22,962.60	\$23,735.40	\$23,570.40	\$23,570.40	\$21,638.40	\$17,495.20	\$7,000	\$7,341.60	\$7,342	\$6,900	per Angle 8/7/18
364.132 Seven Valleys	\$954.00	\$997.20	\$997.20	\$832.20	\$2,001.60	\$1,334.40	\$1,334.40	\$1,334.40	\$1,300	\$0.00	\$0	\$1,300	Landis, Matthews
364.133 East Springfield Road	\$165.00	\$165.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0	\$0	
364.150 JB Additional Payment	\$27,156.16	\$0.00	\$2,166.62	\$10,111.05	\$0.00	\$10,770.22	\$21,131.13	\$0.00	\$0	\$19,518.45	\$19,518	\$0	
Other Income													
380.000 Miscellaneous	\$23,869.88	\$104,819.98	\$15,028.54	\$2,080.00	\$3,383.08	\$22,022.17	\$11,722.00	\$6,594.56	\$3,000	\$5,162.42	\$8,800	\$1,200	per Angle 8/7/18
380.100 Sewer Certification Fees	\$1,160.00	\$1,190.00	\$1,420.00	\$1,500.00	\$1,630.00	\$1,500.00	\$1,810.00	\$2,000.00	\$1,500	\$920.00	\$1,600	\$1,300	
392.000 Inter Fund Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0	\$0	
392.070 Transfer from Sterling Financial	\$0.00	\$0.00	\$290,420.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0	\$0	
392.080 Transfer from PB Revenue Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0	\$0	
393.000 ACH Proceeds from PennVEST Loan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0	\$0	
395.000 Refunds	\$1,219.72	\$188.56	\$812.70	\$2,600.08	\$516.98	\$1,003.23	\$1,760.65	\$1,614.70	\$0	\$3,170.29	\$5,400	\$0	
395.100 Refunds - Legal fees	\$19,414.97	\$32,565.66	\$33,195.93	\$21,471.32	\$12,871.44	\$23,569.25	\$34,026.57	\$43,358.95	\$30,000	\$11,941.05	\$20,500	\$20,000	
Total Revenues:	\$ 1,595,915	\$ 1,739,529	\$ 1,954,380	\$ 1,668,840	\$ 1,639,443	\$ 1,717,872	\$ 1,718,949	\$ 1,756,352	\$ 1,636,700	\$ 1,141,023	\$ 1,697,158	\$ 2,176,500	

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-16

The *pro forma* tariff supplement provided in the Application as Exhibit "P" does not include pages depicting the required updates to the cover page or Page No. 2 of York's existing tariff. Please provide a *pro forma* tariff supplement that depicts any required updates to these pages.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

A revised *pro forma* tariff supplement is attached. York Water notes that the wastewater rates for Asbury Pointe, East Prospect, Lower Windsor, and West York differ from those originally presented in Exhibit "P" of the Application. These rates have been updated to reflect the wastewater rate increases approved by the Commission as part of York Water's 2018 Base Rate Case at Docket Nos. R-2018-30000019, *et al.*

THE YORK WATER COMPANY

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WASTEWATER COLLECTION, TREATMENT

AND/OR DISPOSAL SERVICE TO THE PUBLIC IN

THE BOROUGHES OF EAST PROSPECT, WEST YORK and JACOBUS

AND THE

TOWNSHIPS OF EAST MANCHESTER (ASBURY POINTE RESIDENTIAL SUBDIVISION)

AND LOWER WINDSOR IN YORK COUNTY, PENNSYLVANIA

ISSUED:

EFFECTIVE:

By: Jeffrey R. Hines
President and CEO
130 East Market Street
York, Pennsylvania

 **NOTICE**

THIS TARIFF MAKES INCREASES IN EXISTING RATES
(SEE SEVENTH REVISED PAGE NO. 2)

Issued:

Effective:

The York Water Company
York, Pennsylvania

Supplement No.
To
Wastewater – PA P.U.C. No. 1
Revised Page No. 2
Canceling
Revised Page No. 2

LIST OF CHANGES

ADDS

Jacobus Borough Area

A metered rate (based on water consumption) per equivalent dwelling unit as follows:

	<u>Per Month</u>	<u>Rate</u>
Jacobus Borough Area	1 st 4,000 Gals.	\$55.00
Over	4,000 Gals.	\$5.00 per 1,000 Gals.

Issued:

Effective:

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Schedule of Rates and Charges	4 Revised	(C)
Schedule of Miscellaneous Fees and Charges	5 Second Revised	
State Tax Adjustment Surcharge	6 First Revised	
Part II		
Definitions	7 First Revised	
Part III		
Rules and Regulations	11 First Revised	
Section A — Applications for Service	11 First Revised	
Section B — Construction and Maintenance of Facilities	11 First Revised	
Section C — Discontinuance, Termination and Restoration of Service	13 First Revised	
Section D — Billing and Collection	14 First Revised	
Section E — Deposits	15 First Revised	
Section F — Wastewater Control Regulations	16 First Revised	
Section G — Line Extensions	20 First Revised	
Section H — Service Continuity	24 First Revised	
Section I — Waivers	25 First Revised	
Section J — Amendment of Commission Regulations	25 First Revised	
Section K — Industrial & Commercial Service Limitations	25 First Revised	
Section L — Privilege to Investigate/Rights of Access	26 First Revised	

(C) Indicates Change

PART I: SCHEDULE OF RATES AND CHARGES

Asbury Pointe Area (I)

A flat rate of \$62.50 per month per equivalent dwelling unit.

East Prospect and Lower Windsor Area (I)

A metered rate (based on water consumption) as follows:

	<u>Per Month</u>	<u>Rate</u>	(I)
East Prospect and Lower Windsor area	1 st 4,000 Gals.	\$62.50	
Over	4,000 Gals.	\$2.50 per 1,000 Gals.	

West York Borough Area Rate per Month (I)

A flat rate per equivalent dwelling unit.

Residential	\$32.71
Commercial/Industrial	\$40.42

Jacobus Borough Area

A metered rate (based on water consumption) per equivalent dwelling unit as follows:

	<u>Per Month</u>	<u>Rate</u>
Jacobus Borough area	1 st 4,000 Gals.	\$55.00
Over	4,000 Gals.	\$5.00 per 1,000 Gals.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-17

Please provide a copy of Jacobus' Department of Environmental Protection approved Act
537 Official Sewage Facilities Plan as identified in the Application's Exhibit "Q".

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

Please see the attached.

**JACOBUS BOROUGH
YORK COUNTY, PENNSYLVANIA**

**OFFICIAL SEWAGE
FACILITIES PLAN**

(ACT 537)

APRIL, 1994

PREPARED BY:

**JAMES R. HOLLEY & ASSOCIATES, INC.
ENGINEERS - PLANNERS
LANDSCAPE ARCHITECTS - SURVEYORS
18 SOUTH GEORGE STREET
YORK, PENNSYLVANIA 17401
(717) 846-4373**

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LIST OF EXHIBITS

<u>EXHIBIT NO.</u>	<u>TITLE</u>
II-1	Zoning Map
II-2	Wetlands & Floodplain Map
II-3	Subdivisions Since 1972
II-4	Drainage Area Map
II-5	Existing Water Service Area
II-6	Soils Map & Prime Agricultural Soils
II-7	On-Lot Sewage Disposal
III-1	Proposed Sewage Collection System - Regional Concept
III-2	Proposed Sewage Collection System - Local Concept

I. PLAN SUMMARY

A. Final Plan Recommendation

The Borough of Jacobus and the surrounding municipalities of Springfield Township and Loganville Borough have strived for many years to develop a regional public sewer system. The need for such a system was well documented during the preparation of the 201 Facilities Planning Report by the Southcentral York County Sewer Authority in 1978 and in the amendment to the plan completed in 1985. On-lot sewage malfunction rates were particularly severe in the densely populated portions of Jacobus and Loganville Borough.

In late 1986 Jacobus adopted "The Jacobus Borough Sewage Management District Ordinance" as an interim measure in accordance with the recommendation of the amended plan. The implementation of the on-lot management concept has been relatively successful, however, there are currently over forty (40) known malfunctioning systems in the Borough and at least six (6) homes rely on holding tanks.

The long term solution to on-lot sewage problems in Jacobus Borough, according to the final recommendations in the 201 Facilities Plan, is the construction of a public sewer system. The Borough has experienced essentially zero growth since 1970, due in part, to the lack of adequate sewerage facilities. It is expected that the number of on-lot malfunctions will increase as the existing systems continue to age. It is the conclusion of this plan that the future sewage needs of Jacobus Borough will require the construction of a public sewer system. It is the final recommendation of this report that the Borough seek the necessary funding to implement the chosen alternative to provide public sewers. If adequate project financing cannot be secured, the no-action alternative described in Section III of this Plan should be adopted.

1. Alternative of Choice

The future sewerage needs of Jacobus Borough will require the abandonment of the use of individual on-lot disposal systems in favor of a public sewer system. The two (2) technically feasible alternatives include a local concept where all required facilities would be built by the Borough and serve only the Borough and a regional concept under which the Borough would provide its own collection system and would purchase transportation and treatment services from Springfield Township.

The economic evaluation of these alternatives shows the regional concept to be the least costly, and thus, the recommended alternative.

2. Institutional Arrangements

Jacobus Borough does not currently own or operate a public sewer system. The Borough operates a sewage management district which is implemented by the Borough Council and administered by the Borough Sewage Enforcement Officer.

The Borough Council intends to create a new municipal authority to finance, construct and administer the public sewer project. The Borough Council and Sewer Authority will adopt the necessary ordinances, rules and regulations relative to the sewer system and enter into an Intermunicipal service agreement with Springfield Township for transportation of sewage and treatment at the Township wastewater treatment facility.

The existing on-lot sewage management program, administered by the sewage enforcement officer will continue to regulate all unserved areas of the Borough.

B. Implementation

1. Project Cost

The implementation of the project to provide public sewers to the Borough will involve expenditure of large sums of money which must be repaid through initial connection fees and annual sewage service fees. Table I-1 presents a summary of the estimated construction and project costs associated with the Borough's collection system based on the regional alternative.

**TABLE I-1.
ESTIMATED COST
FOR
BOROUGH COLLECTION SYSTEM**

Construction Cost	\$2,740,000.00
Associated Project Cost (30%)	822,000.00
Engineering, Legal, Financial Land, Administration, etc.	
Project Contingency (10%)	<u>275,000.00</u>
Total Collection System Costs	\$3,835,000.00

2. Funding Method to be Used

An adequate source of funds will be required to allow the Borough to proceed with this project. Federal and state funding programs that provided grants for sewage projects for many years are no longer available. Sewage projects must now be financed primarily with local funds.

Funding may be available through the PENNVEST low interest loan program. To apply for PENNVEST funds, the municipality must proceed with design and secure all required permits with no assurance that funding for construction will be available. Due to this requirement and the high level of competition for these funds, PENNVEST is not considered the primary funding source.

Jacobus Borough expects to finance the project through connection fees imposed on each property and a long-term loan to be secured through the U. S. Department of Agriculture - Rural Development Administration currently administered by the Farmers Home Administration. This financing is typically available with a repayment period of up to forty (40) years.

The construction of the wastewater treatment plant and jointly used transportation facilities would be financed by Springfield Township. The costs associated with these facilities would be pro-rated and billed to Jacobus in accordance with the provisions of the required Intermunicipal Sewage Service Agreement.

3. User Fees

The annual costs for debt repayment, operation of the Borough collection system and cost of transportation and treatment imposed by Springfield Township will be covered by imposing an annual sewer rental fee for the use of the system.

Typically, each single-family residential unit would be assigned the value of one (1) equivalent dwelling unit (EDU). Each unit in a multi-family structure would also be considered as one (1) EDU and all non-residential uses would be evaluated based on the type of use and expected sewage flow.

Table I-2 has been prepared to show the estimated annual user fees for this project using typical FHA financing.

**TABLE I-2
USER COSTS**

Project Cost	\$3,835,000.00
Less: Connection fees (525 @ \$1,800)	(-) <u>945,000.00</u>
Total Long-Term Debt	\$2,890,000.00
Annual Debt Service (6¼% - 40 year term)	\$ 198,160.00
10% Coverage	19,800.00
Annual Operating Cost (collection system)	<u>30,000.00</u>
Total Annual Cost (collection system)	\$ 247,960.00
Total Available EDU	540
Annual Cost/EDU (collection system)	\$ 459.00
Annual Cost/EDU (transportation/treatment)	\$ <u>239.00</u>
Total Annual Cost/EDU	\$ 698.00

4. Plan Implementation

Table I-3 presents a schedule for the implementation of this official sewage plan. The proposed timetable outlines the major steps necessary to complete the project. The actual time necessary to complete many of the tasks is beyond the control of Jacobus Borough and may result in revisions to the schedule.

It is anticipated that Springfield Township will proceed with the planning and construction of the jointly used facilities on a parallel schedule.

**TABLE I-3
IMPLEMENTATION SCHEDULE**

30-Day Comment Period Begins	April 8, 1994
Public Meeting to Present Plan	May 21, 1994
Borough Adopts 537 Plan & Creates Sewer Authority	June 1, 1994
Borough Submits Plan to DER	June 6, 1994
Borough Submits Pre-Application to FHA	June 13, 1994
DER Approval of Act 537 Plan	October 14, 1994
Borough Submits Application to FHA	October 21, 1994
FHA Provides Funding Commitment	January , 1995
Borough Authorizes Design of Project	February 1, 1995
Borough Submits Plans for DER Permit	February 1, 1996
DER Issues Sewage Permit	July 1, 1996
Bidding	Nov.-Dec., 1996
Construction	Jan.-Oct. 1997
Place System in Service	November , 1997

5. Commitment to Implement

The Borough of Jacobus has indicated their intent to implement the provisions of this plan through their adoption of a resolution approving this plan revision. A copy of that resolution is attached as an appendix to this plan.

II. BACKGROUND INFORMATION

A. Planning Objectives and Needs

1. Previous Wastewater Planning

York County Comprehensive Sewage Plan

The York County Comprehensive Sewage Plan, completed in 1972, recognized the importance of providing public sewerage facilities in the Jacobus-Loganville area and recommended the construction of a regional treatment facility located below Lake Redman. The facility was to provide service to both Boroughs and the surrounding areas of Springfield Township.

Comprehensive Water Quality Management Plan

The Comprehensive Water Quality Management Plan (COWAMP) was completed by the Commonwealth of Pennsylvania in 1978. The Jacobus - Loganville area was involved in an extensive 201 Facilities Planning Study through the Southcentral York County Sewer Authority at this same time and had released the preliminary draft of the study in June, 1977. To avoid duplication of effort, the COWAMP Plan agreed to incorporate the final results of the 201 Study.

201 Facilities Planning

A 201 Facilities Planning Report was prepared by the Southcentral York County Sewer Authority for a planning area including the Boroughs of Jacobus and Loganville and a large area of Springfield Township. The preliminary draft was completed in June, 1977 and the final report published in July, 1978. Many collection and treatment alternatives were evaluated and a recommendation made to construct an extensive collection system serving the Boroughs of Jacobus and Loganville and the adjacent built-up area of Springfield Township. Wastewater treatment was to be provided by a lagoon treatment system followed by spray irrigation.

This system was to be located on a site in Springfield Township between the Boroughs of Loganville and Jacobus.

The project proceeded through the design phase with final plans and specifications being completed and approved by the Southcentral York County Sewer Authority in August, 1980. The proposed project met with significant public resistance and was never implemented.

In May, 1985 an "Amendment to Selected Plan" was completed which reevaluated the entire study area of the original report, re-examined the sewage needs, and developed updated alternatives. Four basic alternatives were presented which would provide public sewers to all or portions of the Boroughs with wastewater treatment being provided by 1 or 2 surface discharge facilities located within the service areas. The report concluded that Alternative No. 1, which addressed only the most severe needs area of the Boroughs, represented the least costly long term solution. The report also acknowledged that, without significant federal funding, none of these alternatives could be implemented.

A fifth alternative, involving the creation of on-lot management districts, was developed as a temporary measure to alleviate the serious on-lot problems in the area. This became the selected plan and was implemented by Jacobus Borough as well as the other participating municipalities.

The original COWAMP Plan and 1985 amendment provided a significant amount of information and in-depth analysis relative to the Jacobus area and its attempts to provide adequate sewage facilities. Most of the information presented in these documents remains valid and is incorporated herein by reference.

2. Local and State Planning - Act 247

Jacobus Borough Comprehensive Plan

The Comprehensive Plan for the Borough of Jacobus was prepared for the Jacobus Borough Planning Commission in 1968. The land use plan emphasizes the development of central points of common interest and use. Consolidation of future land development is suggested by allocating central space to community shopping needs, industrial use development and community activity. Residential development, with space allocation for recreation use, is suggested to surround the core uses, making them conveniently accessible to the future population. Over 400 acres of land are set aside in the plan for future residential use. Most of this residential land is proposed for relatively low density development, however, an area of higher density is provided as a buffer adjacent to the commercial areas along Main Street.

The Comprehensive Plan indicates that the continued development of the Borough, as described in the land use plan, is dependent to a large degree, upon the installation of a public sewage disposal and treatment system. The plan recommends the installation of such a system.

York County Comprehensive Plan

The York County Comprehensive Plan which was prepared in 1991-92 represents a county-wide planning document and is intended to provide general recommendations and guidance. The Jacobus area is classified as a "Village" and is not included in one of the five (5) urban growth areas of the county. The Village areas, although separated from the urban growth areas, will experience varying degrees of growth, depending on their ability to provide public facilities and services. The plan proposes that new development be assimilated into these villages in a way that supports the traditional functioning of the community, encouraging a greater mix of uses. The plan also proposes that Rural Townships direct their population growth to areas adjacent to and surrounding existing villages.

Jacobus Borough Zoning Ordinance

The Jacobus Borough Zoning Ordinance was enacted July 15, 1968 and has been amended on several occasions. The Borough is divided into four (4) districts including 1) Single-Family Residential (R-1), 2) Two-Family Residential (R-2), 3) General Commercial (C-1), and 4) Industrial (I-1). These are shown on Exhibit II-1.

The general provisions of the Zoning Ordinance regarding uses and minimum lot size, as related to public water and sewage facilities, is as follows:

Minimum Lot Size (S.F.)

Zone/ Use	Public Water & Sewer	Public Water or Sewer	No Public Water or Sewer
R-1	7,800	9,000	18,000
R-2	9,000 total 2,000/unit	12,000 total 6,000/unit	18,000 total 9,000/unit
C-1	None*	None*	None*
I-1	20,000	20,000	20,000

*Ordinance provides for more than one commercial building per parcel with minimum parcel size of 40,000 S.F.

The provisions of the Zoning Ordinance and map are consistent with the proposed land use in the Comprehensive Plan.

Floodplain and Stormwater Management

The Flood Insurance Rate Maps of the Federal Emergency Management Agency (FEMA) dated April 1, 1981 shows only one small area at the extreme western edge of the Borough, on an unnamed tributary to the east branch of Codorus Creek, as being in the 100-year flood zone.

The flood hazard boundary maps issued by the Department of Housing and Urban Development, Federal Insurance Administration, dated July 19, 1974 and revised July 16, 1976, identify three (3) additional flood hazard areas within the Borough limits. These areas are shown on Exhibit No. II-2.

The Borough Subdivision and Land Development Ordinance contains general requirements relative to stormwater runoff. The general requirements for storm sewers, culverts, and related facilities include permitting unimpeded flow of natural water courses, ensuring the drainage of all low points along the line of streets, intercepting stormwater runoff along streets at intervals reasonably related to the extent and grade of the area drained, and providing positive drainage away from on-site sewage disposal facilities. Special considerations must also be given to the prevention of excess runoff onto adjacent properties.

The Borough has no separate Stormwater Management Ordinance and no county Stormwater Management Plan has been prepared for the watersheds in the Jacobus area.

3. Land Use and Environmentally Sensitive Areas

The land use planning for Jacobus Borough, implemented through the provisions of its Zoning Ordinance, should have no adverse effects on environmentally sensitive areas.

The entire land area of Jacobus Borough drains naturally to either Lake Williams, Lake Redman or to the East Branch of Codorus Creek. The Codorus Creek is the surface water source for The York Water Company which provides public water to most of the Greater York Area including Jacobus Borough. The Zoning and Subdivision Regulations

exercise control over the type, density and location of future land use and require the provision of public facilities, when available or contemplated, to insure protection of this public water supply. No significant industrial water uses exist in the Borough.

The National Wetland Inventory Maps identify several wetland areas in the Borough as shown on Exhibit No. II-2. These wetlands are associated with surface drainageways and are located in undeveloped areas of the Borough. No future development will be allowed in these areas unless all required Local, State and Federal permits are obtained.

4. Growth Areas

The Borough of Jacobus has experienced very little growth since 1970 due primarily to the lack of adequate sewage facilities. Since 1972, a total of 25 subdivision plans have been approved by the Borough creating 45 new residential building lots. These subdivisions are shown on Exhibit II-3. Essentially all of these lots have been developed.

Prior to 1970, the western portion of the Borough experienced significant growth with the development of the Southern Pines subdivision. The approved portions of this development included about 165 single-family residential lots and all but seven (7) lots have been improved with homes. The original subdivision plans anticipated future expansion of this development and about 31 acres of Borough land is still owned by the original developer. The further development of this tract has been delayed, in part, by inadequate sewage facilities. This area does, however, represent one of the prime growth areas if a public sewer system can be provided.

Numerous undeveloped parcels of land are scattered throughout the Borough. Much of this land is located in areas adjacent to surface drainage courses where steep slopes predominate and development would be impossible without public sewage facilities.

B. Physical Description of the Planning Area

1. Physical Characteristics

The planning area of this Act 537 Plan Update is the area within the corporate limits of the Borough of Jacobus. The Borough is located in the southcentral portion of York County about five (5) miles south of the City of York. The Borough is surrounded on all sides by Springfield Township. The total land area of the Borough is 608.47 acres or 0.95 square miles.

The topography of the Borough is characterized by broad ridge-tops and rather steep hillsides. Elevations range from a high of 720 feet along South Main Street to a low of 480 feet near the Borough's western boundary.

2. Drainage

The Borough is divided into five (5) major drainage basins, all of which eventually empty into the East Branch of Codorus Creek. The major ridge lines separating these basins are shown on Exhibit No. II-4.

The drainage area serving the extreme western end of the Borough drains directly to an unnamed tributary of the East Branch of Codorus Creek below the Lake Williams impoundment. The other four (4) basins are divided essentially along Main Street so two (2) flow north and west directly into Lake Williams and the other two (2) flow north and east directly into Lake Redman.

3. Geology

The Jacobus area is underlain by rock formations from the Cambrian and early paleozoic geologic periods. Rock types in this area include Marburg schist and Harpers phyllite.

From the standpoint of available water supply, these formations are generally considered sufficient for domestic use and small public supplies. Individual well yields can range from 1 to over 70 gallons per minute with average yields of 6 to 8 gallons per minute.

4. Water Supply

The entire built-up area of the Borough, except the extreme southeastern corner is served by The York Water Company. A 12" water main connects the Borough to The York Water Company's treatment and storage facilities located in York City and surrounding municipalities. Lake Williams and Lake Redman, which surround the north end of the Borough, are the two main storage reservoirs for The York Water Company, containing a combined capacity of 2.9 billion gallons. The existing public water service area is shown on Exhibit II-5.

It is anticipated that all future development in the Borough can be served with public water by The York Water Company.

5. Soils

In 1959, the U.S. Department of Agriculture, Soil Conservation Service, in cooperation with The Pennsylvania State University, College of Agriculture and Experiment Station, and the Pennsylvania Department of Agriculture, State Soil Conservation Commission, published the York County, Pennsylvania Soil Survey. Additional interpretations for the soils of York County were published in 1977. Together, the Soil Survey and Interpretations provide information on soil series, soil types and soil phases, along with estimated physical and chemical properties as they relate to engineering uses and community

development, agriculture, and woodland and wildlife management. In regards to sewage facilities planning, the most important characteristic is the general suitability of the soil for the operation of subsurface sewage disposal systems.

A brief description of soil series located in the study area is as follows:

Chester Soils

This series consists of deep, nearly level to moderately sloping, well-drained soils on uplands. The parent material was weathered from schist or phyllite. These soils are rapidly permeable, and depth to bedrock ranges from four to six feet. These soils can be susceptible to erosion.

Glenelg Soils

This series consists of moderately deep, well-drained, gently sloping to moderately steep soils on uplands. The parent material was weathered from schist to phyllite. The depth to the bedrock ranges from two to four feet. These soils can be susceptible to erosion.

Manor Soils

This series consists of shallow, well-drained to excessively drained, gently sloping to steep soils on uplands. The parent material was weathered from schist and phyllite. The depth to bedrock ranges from two to four feet. These soils can be susceptible to erosion.

Chewacla Soils

This series consists of deep, moderately well-drained nearly level soils on floodplains. The soil material washed mostly from uplands underlain by schist, phyllite, diabase and metabasact. The depth to bedrock ranges from four to six feet and the soils are very susceptible to erosion.

The suitability of a soil for use of on-lot disposal systems depends on such characteristics as depth to bedrock, depth to seasonal water table, permeability, slope, stoniness and flooding hazard. Table No. II-1 lists the soil series located in the study area along with the specific characteristics of each relating to on-lot sewage disposal systems. A soils map of the Borough is included in the Appendix as Exhibit No. II-6.

Table No. II-2 provides a summary of each soil series and lists the allowable types of on-lot sewage systems in accordance with current D.E.R. regulations.

Attached to this report as Exhibit No. II-6 is a map of the study and showing undeveloped areas within the Borough limits that are mapped as prime farmland and additional farmland of statewide importance. One small area of prime farmland, less than three (3) acres in size is located at the western end of Woodland Drive and a somewhat larger area of prime farmland and farmland of statewide importance as shown at the extreme southeastern corner of the Borough. This second area in the southern part of the Borough is currently developed for residential purposes and has no agricultural significance. The other area along Woodland Drive is immediately adjacent to the Southern Pines development and is included in a future growth area. Due to its extremely small size, it has questionable agricultural value.

TABLE NO. II-1

Soil Series Characteristics Relative to On-Lot Sewage Disposal

Soil	Symbol	Slope %	Depth to Seasonal Water Table (ft)	Depth to Bedrock (ft)	Permeability of Subsoil (in./hr.)
Chester silt loam	ChB	3-8	5+	4-6	2.0 - 6.2
	ChC	8-15*			
Glenelg channery silt loam	GcB	3-8	5+	2-4	2.0 - 6.2
	GcC	8-15*			
Chewacla silt loam	Ck	0-3	1.5 to 2.5	4-6	0.6 - 2.0
Manor channery loam	MfB	3-8	4+	2-4	2.0 - 6.2
	MfC	8-15*			
	MfD	15-15*			
	MfE	25-45**			

* - Use of certain types of on-lot systems may be restricted due to slope

** - On-lot systems may not be used due to slope

TABLE NO. II-2

Soil Series - Allowable Sewage Systems

Soil Series	DER Soil Group	Description & Limitations	Allowable On-Lot Sewage Systems*
Chester	4	Deep, well-drained soil with probable percolation rates of 15-30 min./inch	Standard systems elevated sand mounds
Glenelg	7	Moderately deep, well-drained soil with probable percolation rates of 30-45 min./inch	Elevated Sand Mounds
Chewacla	13	Located on floodplains and have high flooding hazard	None
Manor	3	Moderately deep well-drained soils with probable percolation rates of 6-15 min./inch	Elevated Sand Mounds

*Subject to slope limitations and site specific soils testing.

6. Population

Jacobus Borough was incorporated on November 29, 1929 and the 1930 census indicated that there were 445 persons living in the Borough.

Following 1930, the Borough experienced steady population growth, most notably during the decades of the 50's and 60's. Between 1950 and 1970 the Borough population increased by 654 persons or about 93%.

Since 1970 the number of persons living in the Borough has remained nearly constant. The results of the 1990 census show only 10 more residents in 1990 than in 1970. The lack of growth during the past 20 years has resulted from the more stringent regulations regarding the use of on-lot sewage disposal systems and the inability of the Borough to implement plans for public sewers.

Various population projections have been published for Jacobus, however, many of these anticipated continuous growth supported by a public sewer system. These projections have not been attained. The projections presented in this study also anticipate the construction of a public sewer system for Jacobus. However, it is recognized that if such a system is not implemented in the near future, this population growth may not materialize.

The past and projected future population of Jacobus Borough is presented in Table No. II-3.

TABLE NO. II-3

**Population Trends
Jacobus Borough, York County**

								Est.	Est.
Year	1930	1940	1950	1960	1970	1980	1990	2000	2005
Population	445	552	706	968	1360	1396	1370	1500	1650

C. Evaluation of Existing Wastewater Treatment and Conveyance Systems

1. Existing Collection and Treatment Facilities

At the present time there are no publicly or privately owned sewage collection or treatment facilities in the Borough of Jacobus. All properties are served by individual on-lot sewage facilities.

2. On-Lot Sewage Disposal Facilities

As previously mentioned, the Borough is served by individual on-lot sewage systems. The systems are privately owned and represent the only method available to dispose of wastewater generated by the residential, commercial and industrial land uses throughout the Borough.

During the preparation of the original 201 Facilities Planning Report dated July, 1978, a survey was conducted of 442 residential on-lot systems to determine the extent of malfunctions. It was reported that 135 of these systems were found to be malfunctioning or inadequate. It was further reported that most of the commercial and industrial systems surveyed were found to be working properly, however, many of those require frequent repair.

In a supplement to the above report, a detailed study was conducted to justify the need for improved wastewater service in areas of low and moderate population densities, including Jacobus Borough. A review of existing records was conducted to further identify the location of sewage related problems from the use of on-lot systems. Records were obtained from the Sewage Enforcement Officer, the County Sanitarian, and the DER Harrisburg Regional Office and included identification of recorded or suspected malfunctions, degraded surface water or ground water supplies, and suspected or confirmed vectorborne disease outbreaks. A total of 165 malfunctions were located, 89 of which were located in Jacobus Borough.

Again in 1985 when the "Amendment to Selected Plan" was prepared, the entire study area was re-blocked in order to facilitate a re-examination of study area needs. As in the previous analysis, 89 malfunctions were documented in the Borough. There were 492 units in the Borough at that time, so the malfunction rate was slightly over 18%.

The 1985 amended plan concluded that the creation of an on-lot management district represented a satisfactory alternative for the study area as an interim solution to the serious on-lot problems in the study area.

On December 10, 1986 the Jacobus Borough Council adopted "The Jacobus Borough Sewage Management Ordinance". Among other things the Ordinance requires municipal inspection of all on-lot disposal systems at least once every four (4) years and provides for pumping of all septic tanks each four (4) years, or less. The municipality may require additional maintenance, as required, such as clearing and unclogging pipelines, distribution boxes or mechanical equipment. The ordinance also requires the repair or replacement of

any waste disposal system found to be malfunctioning, provides general standards for the operation of all on-lot systems and regulates the disposal of septage. A copy of the entire Ordinance is included in the Appendix.

The on-lot management district is currently in the second four-year inspection/pumping cycle. About 130 systems in the Borough are inspected and pumped each year. During the first four years, many metal septic tanks were replaced, large inspection ports provided and several unlawful systems replaced. A total of six (6) properties have been placed on holding tanks since the repair or replacement of their systems was not possible.

The Borough's current sewage enforcement officer is responsible for administering the on-lot management program, including the inspections and scheduling the system pumping. Based upon his records, forty-five (45) systems are still classified as malfunctions. A total of sixty-eight (68) systems were installed with valid sewage permits and six (6) properties use holding tanks. The location of these systems are shown on Exhibit No. II-7. Overall the Borough contains approximately 520 individual sewage disposal systems, therefore, about 401 unpermitted on-lot systems remain that must be classified as potential future malfunctions according to DER policy.

It appears that the implementation of the on-lot management program has improved the overall sewage problem since the number of reported malfunctions is now about half the number found nine (9) years ago. The Sewage Enforcement Officer has, however, experienced an increase in the number of malfunctioning system during the 1993 inspections and is becoming increasingly concerned over the long-term success of the current program.

There are no known areas in the Borough where unpermitted collection and disposal systems such as "Wildcat" sewers or borehole disposal are in use.

3. Septage Management

Each individual on-lot disposal system in the Borough contains a septic tank and each septic tank is pumped at least once each four (4) years. The actual amount of septage varies depending on tank size and pumping frequency. Septage is also generated by the several holding tanks currently in use.

All septic tank pumping is provided by the Borough within the on-lot management district. The Borough contracts with a local hauler who is selected by competitive bid each four (4) years. The current contracted hauler is Robert T. Miller of Delta, PA and is responsible for all pumping and hauling operations in the Borough.

All septage generated in Jacobus is transported by the contract hauler to the Springettsbury Township Wastewater Treatment Facility for final processing and disposal. The Borough contracts directly with Springettsbury Township for this service. The costs incurred for pumping, transportation and disposal are recovered through fees levied on each property through the Sewage Management District Ordinance.

D. Evaluation of Wastewater Treatment Needs

The Borough of Jacobus has been the subject of extensive study relative to the need for a public sewer system. These studies have provided much documentation regarding malfunctioning on-lot disposal facilities and the need for a public sewer system. The conclusion of each of these documents is unanimous. A public sewer system must be provided to adequately serve the long-term sewage needs of the Borough.

The development of the on-lot management district program has been successful in dealing with existing sewage system malfunctions on an interim basis until the construction of a public facility can be implemented. The on-lot management program must be considered as a temporary solution only.

III. DEVELOPMENT OF ALTERNATIVES

A. Planning and Facilities Alternatives

1. Sewage Flow Projections:

The population projections contained in this report have been prepared on the assumption that a public sewer system will be constructed in the Borough, thus allowing some future development to occur.

There are currently about 1370 residents in the Borough and approximately 500 housing units or about 2.75 persons per unit. Providing for a minimum reserve capacity of 100 homes plus existing commercial and industrial uses, a total system capacity of at least 640 equivalent dwelling units (EDU) should be provided. Applying a normal sewage flow of 100 gallons per person per day, the required system capacity would be 180,000 gallons per day. This value is used for each alternative in this report.

2. Wastewater Collection Facilities

The Borough of Jacobus is divided into five major drainage basins. As a result, four (4) sewage pumping stations are required to provide a common collection point for all areas of the Borough.

Generally, the proposed sewage collection system consists of 8" and 10" diameter gravity collector sewers installed in streets and/or sanitary sewer rights-of-way across private lands. Each house would be served by a 4" diameter lateral sewer terminating at the curb line or street right-of-way line. An attempt has been made to avoid installation of sewers in Main Street due to high restoration costs and the construction difficulties associated with high traffic roadways. It is proposed to connect collection facilities from Franklin Street, United Avenue and Seven Valley Road to facilities constructed concurrently by Springfield Township.

The general layout of the proposed sewage collection system and sewage pumping stations is shown on Exhibit No.III-1.

3. Regional Wastewater Treatment Concepts

Beginning in 1977, a substantial effort was made to develop a regional wastewater treatment and collection system for Jacobus Borough, Springfield Township and Loganville Borough through the Southcentral York County Sewer Authority. Designs were completed for a collection system and treatment system consisting of lagoons and spray irrigation. The proposed system experienced strong public resistance and was never implemented. Eventually the Southcentral York County Sewer Authority was dissolved.

In early 1992 the Borough of Jacobus decided to proceed with the preparation of this Act 537 Sewage Facilities Plan Update in an attempt to implement the long-range recommendations of the amended 201 Study completed in 1985. Since it was known that Springfield Township was also updating its Sewage Facilities Plan regarding needs of areas adjacent to the Borough, the Township was contacted to coordinate these activities.

This concept of regional cooperation was enhanced when Springfield Township agreed to become the lead agency to propose a regional treatment facility to provide service to the Township needs areas, the Borough of Jacobus and possibly Loganville Borough. This alternative has considered several possible treatment facility locations and was expanded to evaluate possible cooperation with Seven Valleys, Glen Rock Borough and York Township. A complete description of the alternatives and their evaluation can be found in the Springfield Township Plan Update.

The first regional concept consists of treatment facility located on an unnamed tributary to the East Branch of Codorus Creek, approximately one-half (1/2) mile south of the Borough along Beck Road. All sewage from Jacobus Borough would be collected at a location west of the Borough along Nixon Drive and pumped southward to the treatment facility. The Nixon Drive pumping facilities would be owned and operated as part of the Springfield Township system.

Two additional regional alternatives, taken from previous planning, were given preliminary consideration but quickly eliminated as infeasible without a detailed cost analysis. The first such alternative included construction of a new wastewater treatment facility near the Spring Garden/York Township border to provide service to portions of those two townships plus Jacobus Borough. Current sewerage planning directs these York and Spring Garden service areas to the York City wastewater treatment plant, thus eliminating the need for this new treatment facility. The second alternative involved the pumping of sewage from Jacobus eastward approximately four (4) miles across the Lake Redman Reservoir and Interstate Route 83, connecting to existing York Township facilities currently serving the Arlington Park area. This plan was eliminated primarily due to the lack of capacity in the Springettsbury Township wastewater treatment facility that serves this area.

4. Local Wastewater Treatment Concept

The local wastewater treatment concept is very similar to the regional concept discussed previously except that the treatment facility would be built by Jacobus Borough and would be designed to serve only the Borough. As a result of the public input received by Springfield Township regarding plant location, the site of the treatment facility would be identical to the site proposed under the regional concept.

The Borough collection facilities would be similar to the regional system layout except the areas of Franklin Street, United Avenue, Woodland Drive and Seven Valleys Road. Additional collection lines would be required to serve these areas since Springfield Township sewers would not be constructed under this alternative. This revised layout is shown on Exhibit II-2.

5. The No-Action Alternative

This alternative would essentially provide for the continued use of on-lot disposal facilities, including holding tanks, in accordance with the provisions of the existing on-lot management district ordinance.

This alternative would continue the current inspection/pumping program including the requirement to repair and/or replace malfunctioning systems where possible. As the existing systems continue to age, the overall malfunction rates are expected to increase. These future malfunctions would be addressed by possibly increasing pumping rates, developing community on-lot systems, or the increased use of holding tanks.

6. Non-Structural Comprehensive Planning Alternatives

The existing land use designations, zoning requirements, and density levels in effect in the Borough of Jacobus are consistent with the recommendation of the Comprehensive Plan that a public sanitary sewer system be provided. The minimum lot sizes and resulting density levels will not provide adequate safeguards if public sewers are not installed.

Any alternative providing for the continued long-term use of on-lot sewage disposal facilities should contain a recommendation to revise the Borough Zoning Ordinance to provide adequate lot size for the use of on-lot disposal systems including future system repairs or replacement.

The Subdivision and Land Development Ordinance requires all subdivisions to provide public sewers whenever a public system is reasonably accessible and available for connection thereto. Provisions are also included to require the installation of "capped sewers" for any subdivision where comprehensive plans indicate that sanitary sewers may be available within a reasonable time.

The existing local agency program, which utilizes the local S.E.O. to administer the Sewage Management District Ordinance is currently successful and should require no changes.

7. Evaluation of Alternatives

The two technically feasible alternatives that address the long-term sewage needs of Jacobus Borough involve the construction of a complete sewage collection system and wastewater treatment facility, either by itself or as part of a somewhat larger regional approach described previously. These two alternatives will be evaluated on the basis of construction costs, overall project cost, operating costs, consistency with various environmental laws and regulations and ability to be financed.

Construction Cost

The construction cost of each alternative includes the cost of collector sewers, laterals, sewage pumping stations and force mains, paved and unpaved surface restoration, and wastewater treatment facilities. These costs include buildings, equipment, installation, interior piping, site work, and all electrical construction.

Associated Project Costs

Associated project costs include such items as engineering, legal services, administrative and financing costs, interest during construction and the cost of land and right-of-way acquisition. These costs are estimated at 30% of the total construction cost.

Project Contingency

A contingency factor of 10% of the construction cost has been included to cover unforeseen expenses.

Operation and Maintenance Costs

The on-going costs to operate and maintain the sewage collection and treatment systems included expenses for electric power, chemicals, materials and supplies, insurance, operating and administrative labor and costs for professional assistance.

Present Worth Analysis

The present worth analysis shows the annual operating costs as a single lump sum amount invested today, that will provide the required funds each year to operate and maintain the facilities. Using this method, both capital costs and operating costs are shown in today's dollars, thus allowing a direct comparison of the alternatives. This analysis assumes a 20-year period with an interest rate of 7 percent.

A summary of these estimated costs, including the present worth analysis, for the two alternatives is presented in Table No. III-1.

TABLE NO. III-1

Cost Analysis

<u>Item</u>	<u>Local Concept</u>	<u>Regional Concept¹</u>
1. Construction Cost		
A. Collection System	\$2,450,000	\$2,400,000
B. Pumping Station & Force Mains	780,000	780,000
C. Wastewater Treatment Facility	<u>950,000</u>	<u>790,000</u>
TOTAL	\$4,180,000	\$3,970,000
2. Associated Project Costs (30%)	\$1,255,000	\$1,190,000
3. Project Contingency (10%)	420,000	400,000
4. Present Worth of O & M Costs ²	585,000	470,000
5. Total Present Worth	\$6,440,000	\$6,030,000

Notes:

¹Includes Jacobus Borough share of facilities to be constructed by Springfield Township

²Present worth evaluated over 20-year period with 7% interest rate. P.W. factor is 10.64.

Evaluation and Recommendation

It is obvious from the cost figures shown in Table III-1 that the regional alternative will be the least costly. Other non-monetary factors such as treatment plant location, treatment process, ease of operation, reliability, etc. do not become an issue since the same site and process are used in each scheme. The consistency of this proposal with existing environmental plans, regulations and policy is as follows:

- The COWAMP Study developed under Section 4 and 5 of the Clean Streams Law acknowledged the 201 Study that was being prepared at the same time and essentially adopted the findings of that study. The current proposal is consistent with this study since it recommends the implementation of the long-term solution contained in the 1985 amendment to the selected plan. The service area in the Borough has been expanded due to increased population densities since the preparation of the original report.
- The Chapter 94 Wasteload Management Plans will not apply to Jacobus Borough until a public sewerage system is placed into operation.
- The Jacobus Borough Comprehensive Plan, prepared in 1968, proposed a land use plan based on the availability of public water and sewer service. It is stressed in the plan that Jacobus must develop a public sanitary disposal and treatment system and that future growth will be seriously curtailed without such a system.
- The proposed alternatives are consistent with the anti-degradation requirements of Chapters 93,95 and 102. The wastewater treatment facilities proposed in this study would be designed to meet effluent limits established through the National Pollutant Discharge Elimination System (NPDES) permitting system. On September 14, 1992 effluent limits were established by D.E.R. for a stream discharge very near the proposed site. All wastewater treatment facilities and collection systems will be designed and constructed to meet the requirements of Chapter 102 regarding preparation, approval and implementation of soil erosion and sedimentation control measures.
- The Borough of Jacobus is served with municipal water by The York Water Company which draws its water from the South Branch of Codorus Creek with augmentation from Lake Williams and Lake Redman. The proposed stream discharge of treated effluent will enter an unnamed tributary of the South Branch of Codorus Creek about two (2) miles upstream of its confluence with the East Branch and about five (5) miles upstream of The York Water Company's intake. This

segment of the South Branch and its tributaries have not been identified as a potential water quality problem area in the State Water Plan.

- The Soil Conservation Service has identified one small area of prime farmland, less than three (3) acres in size at the western end of Woodland Drive and a somewhat larger area of prime farmland and farmland of statewide importance at the extreme southeastern corner of the Borough. This second area in the southern part of the Borough is currently developed for residential purposes and has no agricultural significance. The other area along Woodland Drive is immediately adjacent to the Southern Pines development and is included in a future growth area. Due to its extremely small size, it has questionable agricultural value.
- York County has not completed a stormwater management plan for any watershed in the study area of this plan.
- The National Wetlands Inventory Maps identify several wetland areas in Jacobus, primarily associated with surface drainageways. No wastewater treatment facilities are proposed for construction in any of these wetlands areas. Portions of the sewage collection system will be constructed adjacent to wetland areas in several locations but should have little or no negative impact on the actual wetland area.

B. Institutional Evaluation and Recommended Alternative

There are no public sewers in the Borough of Jacobus at this time. The Borough was a member of the South Central York County Sewer Authority during the preparation of the 201 Facilities Plan, however, the regional sewage project recommended in the plan was never implemented and the Authority was eventually disbanded.

In 1985 the 201 Facilities Plan was amended to include the formation of on-lot sewage management districts by the individual municipalities. On December 10, 1986 the Borough of Jacobus adopted their Sewage Management District Ordinance which is implemented by the Borough Council and administered by the Borough Sewage Enforcement Officer.

Other than the Sewage Enforcement Officer, the Borough has no employees and has incurred no sewage related debt.

Jacobus Borough is a political subdivision of the Commonwealth of Pennsylvania and is required to provide an adequate means of sewage disposal for the Borough residents. This requirement would provide the legal basis for constructing and operating a public sewage system and charge sewer use fees to cover the costs of financing and operating the facilities. The Borough also has the authority to enact and enforce any ordinances necessary in connection with the construction and operation of the system through the applicable provisions of the Borough Code.

The Borough Code also establishes the right to enter into agreements and/or contracts with individuals, corporations or other municipalities to carry out necessary Borough functions. The Borough is authorized to incur debt for construction of needed facilities by the Borough Code and the Pennsylvania Local Government Unit Debt Act.

The Pennsylvania Municipality Authorities Act allows the Borough to create Authorities to carry out functions of the Borough such as the construction, financing and operation of public sewerage facilities.

The recommended sewage facilities alternative presented in this Plan will involve the construction and operation of a wastewater treatment facility and certain jointly used interceptor sewers and sewage pumping stations by Springfield Township, probably through a municipal authority created by the Township.

Jacobus Borough will be responsible for construction and operation of a complete sewage collection system consisting of collector sewers and sewage pumping stations throughout the Borough. It is anticipated that the Borough Council will form a municipal authority to construct, finance and operate the Borough collection system. Jacobus Borough may contract with Springfield Township and its Authority for transportation and treatment services at

the Township treatment facility. It is also possible that Jacobus Borough may contract with Springfield Township to provide the daily operation and maintenance services for the Borough collection system, thus eliminating the need to provide duplicate personnel and equipment.

IV. IMPLEMENTATION EVALUATION

A. Description of Selected Plan

The recommended alternative consists of the following:

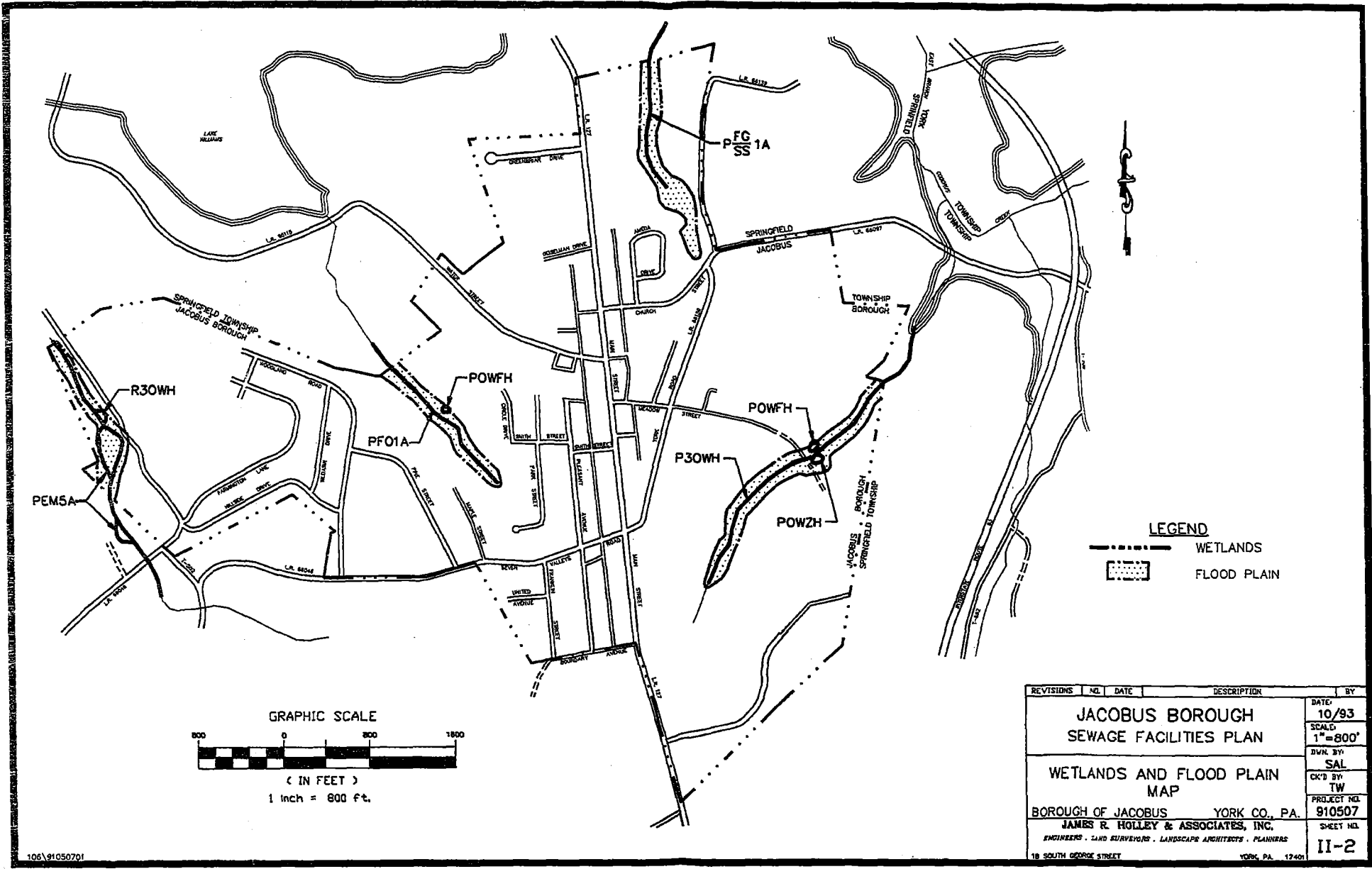
1. Construction of a complete sewage collection system for the Borough in accordance with the general layout shown on Exhibit III-1.
2. Contract with Springfield Township and/or the Township Authority to provide for transportation and treatment services of all sewage originating in the Borough.

B. Implementation Steps

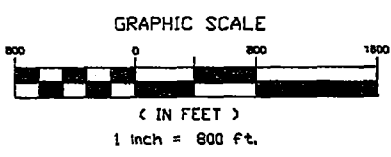
The following steps should be taken as a result of this study:

1. The Jacobus Borough Council should approve this report and its recommendations, adopt the plan by formal resolution and forward the plan to DER as an update to the Official Sewage Plan of Jacobus Borough.
2. DER should approve the updated Act 537 Sewage Plan.
3. An application should be submitted to the U.S. Department of Agriculture - Rural Development Administration for Project Funding under its Water and Waste Disposal Program currently administered by the Farmers Home Administration.
4. Negotiate an Intermunicipal Sewage Service Agreement with Springfield Township for the use of transportation and treatment facilities.

5. Complete the design of the required collection system, including pumping stations and force mains, to serve the Borough.
6. Apply for a Part II Sewage Permit from DER to construct the collection system.
7. Construct the Borough collection and connect to transportation and treatment facilities provided by Springfield Township.

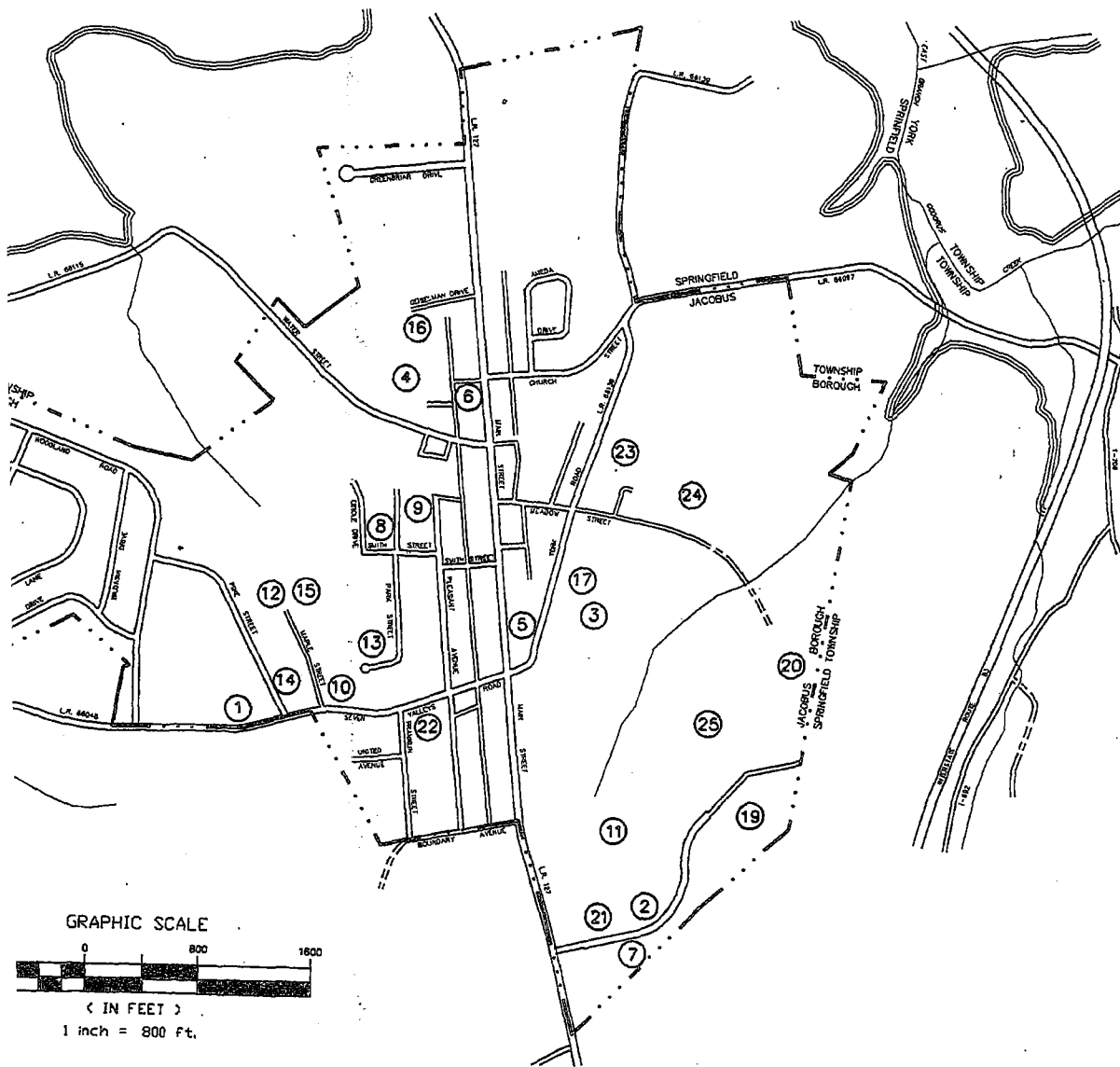


LEGEND
 - - - - - WETLANDS
 [Stippled Box] FLOOD PLAIN



REVISIONS	NO.	DATE	DESCRIPTION	BY
JACOBUS BOROUGH SEWAGE FACILITIES PLAN				DATE: 10/93
WETLANDS AND FLOOD PLAIN MAP				SCALE: 1"=800'
BOROUGH OF JACOBUS YORK CO., PA.				DRAWN BY: SAL
JAMES R. HOLLEY & ASSOCIATES, INC.				CHECKED BY: TW
<small>ENGINEERS - LAND SURVEYORS - LANDSCAPE ARCHITECTS - PLANNERS</small>				PROJECT NO.: 910507
<small>18 SOUTH GEORGE STREET YORK, PA. 17401</small>				SHEET NO.: II-2

106\91050701



SUBDIVISIONS SINCE 1972

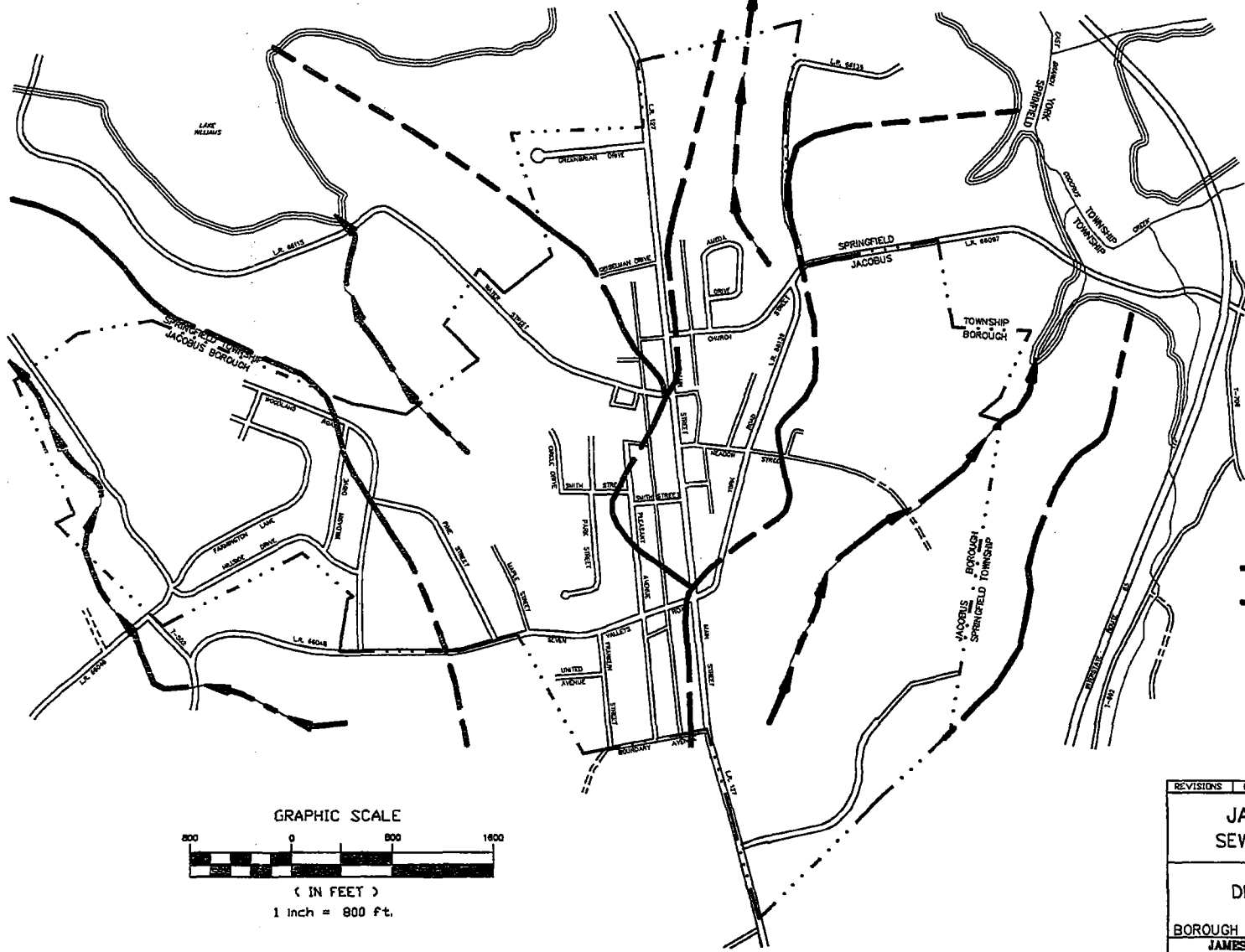
NAME	DATE	NEW LOTS	REMARKS
1. JACOB TROUT	4-74	1	---
2. WILLIAM & HILDA GOODLING	9-74	1	---
3. JESSICA SNIDER	6-75	2	EXISTING RESIDENCES
4. RICHARD & CAROLINE FRANTZ	11-75	3	---
5. RICHARD BUPP & JOHN MOORE	8-76	1	---
6. MYRTUS & ROBERT OLP	11-76	0	LAND TRANSFER
7. WILLIAM & HILDA GOODLING	5-77	1	---
8. MONT SMITH	9-77	2	---
9. BRUCE & ETHEL SMITH	9-77	1	PARKING LOT
10. JOHN ANSTINE	2-78	1	---
11. WILLIAM & HILDA GOODLING	3-79	1	---
12. CLYDE & GERALDINE JACKSON	11-80	2	---
13. PAUL L. SMITH INC.	8-83	19	EXTENSION OF PARK ST.
14. ROGER & ELAINE DARR	9-84	1	---
15. CLYDE & GERALDINE JACKSON	10-84	0	EXPAND EXISTING LOT
16. JOHN R. GEISELMAN	9-85	0	LAND TRANSFER
17. RICHARD & JESSICA SNIDER	12-87	1	---
18. SOUTHERN PINES ADDITION	6-88	2	---
19. WILLIAM & HILDA GOODLING	6-88	2	---
20. JEANNETTE GAILEY	7-88	1	EXISTING RESIDENCE
21. WILLIAM & HILDA GOODLING	9-88	1	---
22. LOWELL & NADA SCHRODER	4-89	2	EXISTING STRUCTURES
23. RICHARD & LUCILLE BUPP	6-89	1	---
24. JOHN & ELSIE LOCONDRO & BLAINE & ROSE BRANDT	2-91	5	2 EXISTING RESIDENCES
25. STANTON & JANE LEBONITZ	7-92	2	---

GRAPHIC SCALE



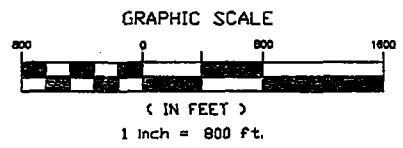
(IN FEET)
1 inch = 800 ft.

REVISIONS	NO.	DATE	DESCRIPTION	BY
JACOBUS BOROUGH SEWAGE FACILITIES PLAN				DATE: 10/93
SUBDIVISIONS SINCE 1972.				SCALE: 1"=800'
BOROUGH OF JACOBUS YORK CO., PA.				DWN. BY: SAL
JAMES R. HOLLEY & ASSOCIATES, INC.				CK'D BY: TW
ENGINEERS - LAND SURVEYORS - LANDSCAPE ARCHITECTS - PLANNERS				PROJECT NO. 910507
19 SOUTH GEORGE STREET YORK, PA. 17401				SHEET NO. II-3

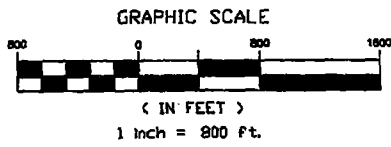
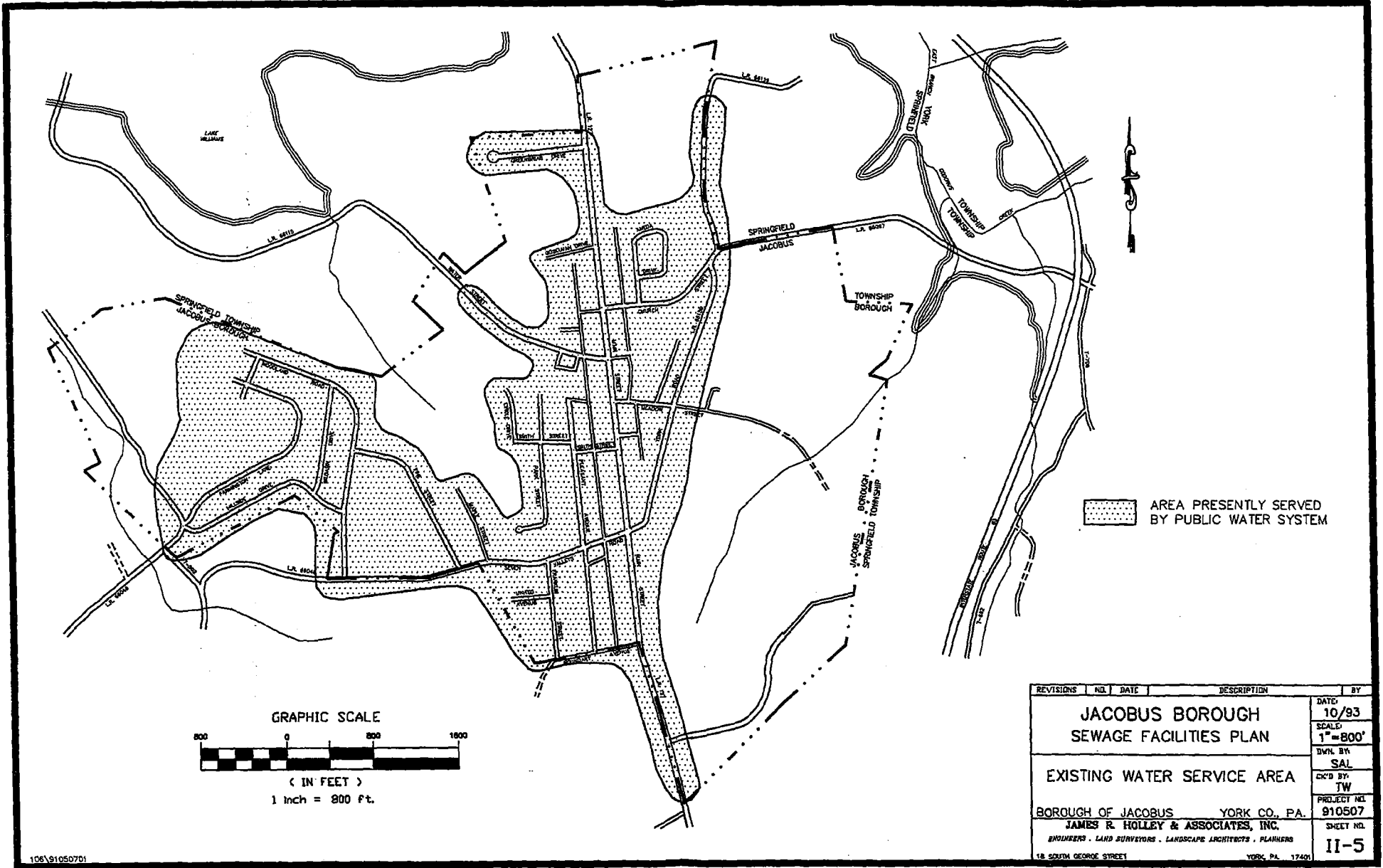


LEGEND

- MAJOR RIDGE LINE
- ▶ STREAM FLOW

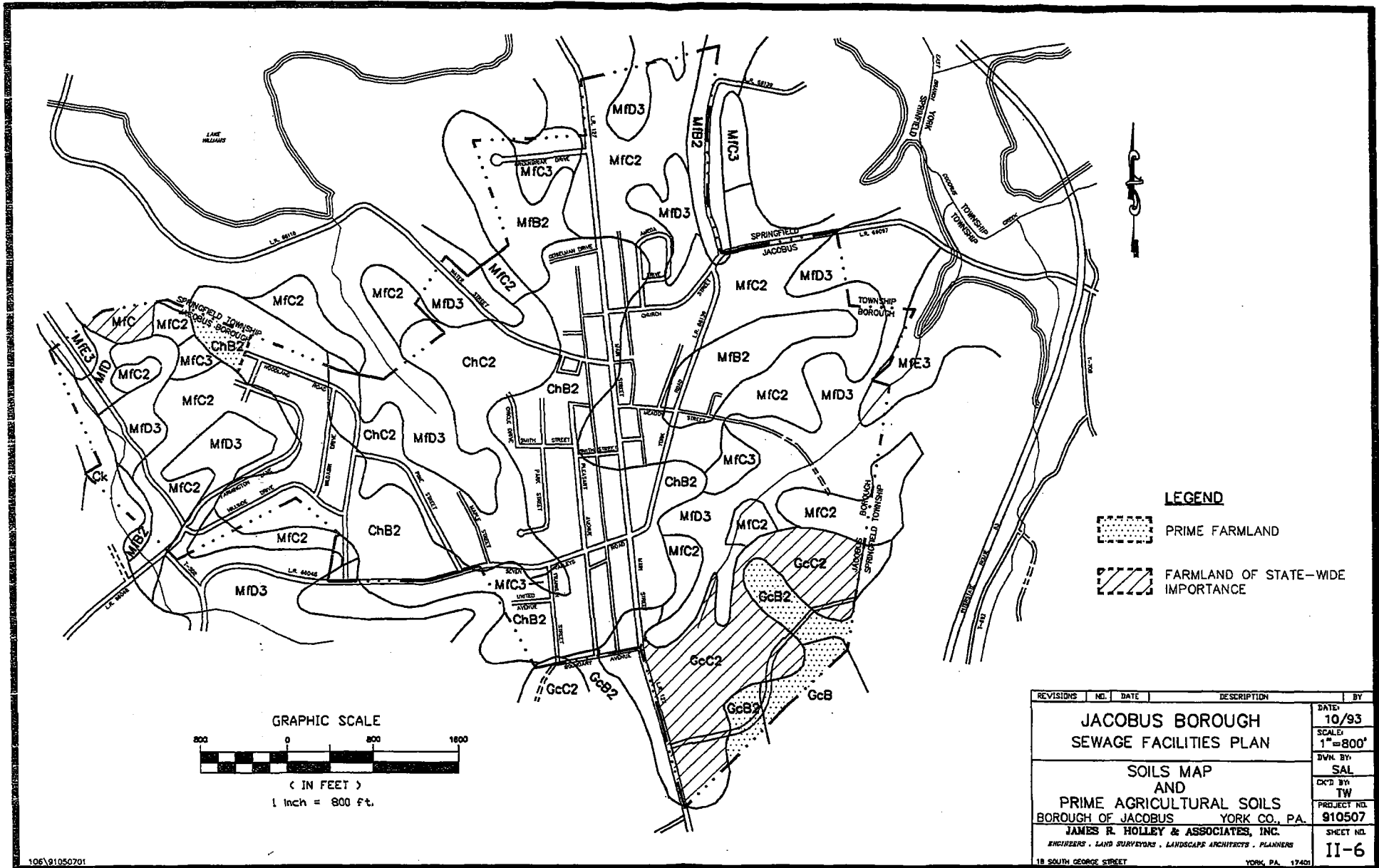


REVISIONS	NO.	DATE	DESCRIPTION	BY
<p>JACOBUS BOROUGH SEWAGE FACILITIES PLAN</p>				<p>DATE: 10/93 SCALE: 1"=800'</p>
<p>DRAINAGE AREA MAP</p>				<p>DWN BY: SAL CHKD BY: TW</p>
<p>BOROUGH OF JACOBUS YORK CO., PA.</p>				<p>PROJECT NO: 910507</p>
<p>JAMES R. HOLLEY & ASSOCIATES, INC. ENGINEERS • LAND SURVEYORS • LANDSCAPE ARCHITECTS • PLANNERS</p>				<p>SHEET NO: II-4</p>
<p>18 SOUTH GEORGE STREET YORK, PA. 17401</p>				



REVISIONS	NO.	DATE	DESCRIPTION	BY
<p>JACOBUS BOROUGH SEWAGE FACILITIES PLAN</p>				<p>DATE: 10/93</p>
<p>EXISTING WATER SERVICE AREA</p>				<p>SCALE: 1"=800'</p>
<p>BOROUGH OF JACOBUS YORK CO., PA.</p>				<p>DWN. BY: SAL</p>
<p>JAMES R. HOLLEY & ASSOCIATES, INC.</p>				<p>CHK'D BY: TW</p>
<p>ENGINEERS - LAND SURVEYORS - LANDSCAPE ARCHITECTS - PLANNERS</p>				<p>PROJECT NO. 910507</p>
<p>18 SOUTH GEORGE STREET YORK, PA. 17401</p>				<p>SHEET NO. 11-5</p>

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REVISIONS	NO.	DATE	DESCRIPTION	BY
JACOBUS BOROUGH SEWAGE FACILITIES PLAN				DATE: 10/93 SCALE: 1"=800' DWN BY: SAL CKD BY: TW
SOILS MAP AND PRIME AGRICULTURAL SOILS				PROJECT NO: 910507 SHEET NO: II-6
BOROUGH OF JACOBUS YORK CO., PA. JAMES R. HOLLEY & ASSOCIATES, INC. <small>ENGINEERS • LAND SURVEYORS • LANDSCAPE ARCHITECTS • PLANNERS</small>				18 SOUTH GEORGE STREET YORK, PA. 17403

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The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-18

Please state Jacobus' definition of an EDU.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

As defined on page 4 of Exhibit "L" to the Application, Jacobus's definition of an EDU is "a dwelling consisting of a room, group of rooms, manufactured housing or other enclosure occupied or intended for occupancy as separate living quarters for a family, persons living together or persons living alone. In non-dwelling settings, an EDU shall be considered an average of 280 gallons per day of water usage."

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-19

If York's definition of an EDU differs from Jacobus' definition of an EDU, please revise York's *pro forma* tariff supplement to reflect the definition of an EDU that will be applicable to the customers within the requested territory.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

While the two definitions of EDU are not identical, there is sufficient similarity that York Water believes it would be reasonable to apply its definition of EDU. Wastewater charges will not change for any customer or class of customer with the transition to York Water's tariff.

York Water defines a Dwelling Unit as "[a] structure or dwelling intended to be occupied as a whole by one family," which corresponds quite closely to Jacobus's definition of an EDU. From Exhibit "L" to the Application, Jacobus defines an EDU as "a dwelling consisting of a room, group of rooms, manufactured housing or other enclosure occupied or intended for occupancy as separate living quarters for a family, persons living together or persons living alone."

There is a difference between the volumetric EDU design standard for non-dwellings, *i.e.*, commercial and industrial customers. Referring to non-dwelling settings, Jacobus's definition of EDU states that "[i]n non-dwelling settings, an EDU shall be considered an average of 280 gallons per day of water usage." York Water defines an EDU for commercial and/or industrial customers as "a measure based upon the estimated maximum daily wastewater flow for that type of business as calculated by the Department of Environmental Protection Regulation at 25 Pa. Code §73.17 divided by 350 gallons per day."

According to Jacobus, there is a single Industrial customer whose wastewater service is based upon two EDUs. Upon transition to York Water, the industrial customer will still be charged for two EDUs.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-20

Please provide a copy of Jacobus' two most recent annual financial statements filed with
the Department of Community and Economic Development.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

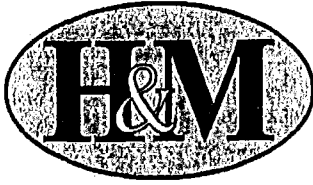
See Discovery A-21.

**JACOBUS BOROUGH SEWER AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015
AND
INDEPENDENT AUDITOR'S REPORT**

HAMILTON & MUSSER, P.C.
Certified Public Accountants

JACOBUS BOROUGH SEWER AUTHORITY
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For the Years Ended December 31, 2016 and 2015

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HAMILTON & MUSSER, P.C.

Certified Public Accountants • Consultants to Management

DAVID A. HAMILTON, CPA • BARRY E. MUSSER, CPA, CFP®
JAMES A. KRIMMEL, MBA, CPA, CFE, CFF • ROBERT D. MAST, CPA • WILLIAM P. ASHMAN, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board Members
Jacobus Borough Sewer Authority
Jacobus, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Jacobus Borough Sewer Authority (the Authority), a component unit of Jacobus Borough, York County, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 opinion.

Members of the American and Pennsylvania Institutes of CPAs

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jacobus Borough Sewer Authority, York County, Pennsylvania as of December 31, 2016, and the respective 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.

Prior Period Financial Statements

The financial statements of Jacobus Borough Sewer Authority as of December 31, 2015, were audited by other auditors whose report dated May 9, 2017, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

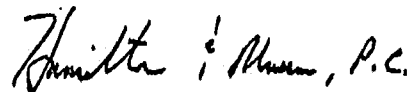
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 12-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 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.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Jacobus Borough Sewer Authority and do not purport to, and do not, present fairly the financial position of Jacobus Borough, as of December 31, 2016 and 2015, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

September 13, 2017

Mechanicsburg, Pennsylvania



Certified Public Accountants

JACOBUS BOROUGH SEWER AUTHORITY
Statements of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 326,689	\$ 289,011
Certificates of Deposit	682,967	674,571
Security Deposit	-	800
Sewer Billing Receivable	50,480	46,427
Accrued Interest Receivable	<u>347</u>	<u>2,534</u>
Total Current Assets	<u>1,060,483</u>	<u>1,013,343</u>
Non-Current Assets		
Capital Assets, Being Depreciated, Net (Note 4)	<u>1,783,623</u>	<u>1,865,763</u>
Total Non-Current Assets	<u>1,783,623</u>	<u>1,865,763</u>
Total Assets	<u>2,844,106</u>	<u>2,879,106</u>
Liabilities		
Current Liabilities		
Accounts Payable	39,094	75,850
Current Portion of Long-Term Debt (Note 5)	<u>188,000</u>	<u>178,000</u>
Total Current Liabilities	<u>227,094</u>	<u>253,850</u>
Non-Current Liabilities		
Non-Current Portion of Long-Term Debt (Note 5)	<u>2,688,000</u>	<u>2,890,000</u>
Total Non-Current Liabilities	<u>2,688,000</u>	<u>2,890,000</u>
Total Liabilities	<u>2,915,094</u>	<u>3,143,850</u>
Deferred Inflows of Resources		
Prepaid Tapping Fees (Note 3)	77,100	77,100
Deferred Revenue	<u>3,237</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>80,337</u>	<u>77,100</u>
Net Position		
Net Investment in Capital Assets	(1,092,377)	(1,202,237)
Unrestricted	<u>941,052</u>	<u>860,393</u>
Total Net Position	<u>\$ (151,325)</u>	<u>\$ (341,844)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

JACOBUS BOROUGH SEWER AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenue		
Sewer Charges	\$ 540,733	\$ 541,846
Tappage/Connection Fees	<u>-</u>	<u>1,800</u>
Total Operating Revenue	<u>540,733</u>	<u>543,646</u>
Operating Expenses		
Administrative Expenses	18,288	35,924
Plant Operating and Maintenance	178,235	250,658
Depreciation (Note 4)	<u>82,140</u>	<u>82,045</u>
Total Operating Expenses	<u>278,663</u>	<u>368,627</u>
Income from Operations	<u>262,070</u>	<u>175,019</u>
Non-Operating Revenue (Expense)		
Interest Income	5,262	5,416
Interest Expense	<u>(76,813)</u>	<u>(95,567)</u>
Total Non-Operating Revenue (Expense)	<u>(71,551)</u>	<u>(90,151)</u>
Change in Net Position	190,519	84,868
Net Position, January 1	<u>(341,844)</u>	<u>(426,712)</u>
Net Position, December 31	<u>\$ (151,325)</u>	<u>\$ (341,844)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

JACOBUS BOROUGH SEWER AUTHORITY
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Cash Receipts from Customers	\$ 539,917	\$ 541,497
Cash Payments for Administrative Expenses	(18,288)	(27,873)
Cash Payments for Operating Expenses	<u>(214,191)</u>	<u>(211,090)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>307,438</u>	<u>302,534</u>
Cash Flows From Capital and Related Financing Activities:		
Principal Payments on Long-Term Debt	(192,000)	(173,000)
Interest Paid on Long-Term Debt	<u>(76,813)</u>	<u>(95,567)</u>
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>(268,813)</u>	<u>(268,567)</u>
Cash Flows From Investing Activities:		
Purchase of Certificates of Deposit	(8,396)	-
Interest Received	<u>7,449</u>	<u>255</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>(947)</u>	<u>255</u>
Net Increase in Cash and Cash Equivalents	37,678	34,222
Cash and Cash Equivalents, January 1	<u>289,011</u>	<u>254,789</u>
Cash and Cash Equivalents, December 31	<u>\$ 326,689</u>	<u>\$ 289,011</u>
Reconciliation of Income from Operations to		
Net Cash and Cash Equivalents Provided by Operating Activities		
Income from Operations	\$ 262,070	\$ 175,019
Adjustments to Reconcile Income from Operations to		
Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	82,140	82,045
(Increase) Decrease in:		
Sewer Billings Receivable	(4,053)	102
Security Deposits	800	-
Increase (Decrease) in:		
Accounts Payable	(36,756)	41,768
Prepaid Tapping Fees	-	3,600
Deferred Revenue	<u>3,237</u>	<u>-</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 307,438</u>	<u>\$ 302,534</u>

The Accompanying Notes are an Integral Part of the Financial Statements

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Jacobus Borough Sewer Authority (the Authority) was formed in 1994 by the actions of the Borough of Jacobus, York County, Pennsylvania (the Borough), under the Municipalities Authorities Act of 1945, for the purpose of administering and implementing wastewater conveyance and treatment facilities to serve the Borough's residents. The Authority is governed by a five-member board appointed by the Borough Council.

Reporting Entity:

Consistent with the guidance contained in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, an amendment to GASB 14 and GASB 38, the criteria used by the Authority to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Authority reviews the applicability of the following criteria.

The Authority is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if the Authority members appoint a voting majority of the organization's governing body and the Authority is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Authority, as defined below.
 - a. Impose its Will – If the Authority can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the Authority (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the Authority. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the Authority.

There are no component units that meet all of the above criteria for inclusion in this reporting entity.

Basic Financial Statements:

Basic financial statements are presented at the fund financial level as business-type. The statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The Authority reports a proprietary type fund.

Basis of Accounting:

The Authority presents its financial statements using the accrual basis of accounting to account for operations that are financed and operated in a manner similar to private business enterprises. These enterprises are characterized by the intent that the costs of providing services to the general public on a continuing basis be financed or recovered substantially through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues and Expenses:

The Authority considers operating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary financing functions. Certain other transactions are reported as non-operating revenues and expenses which include interest income on cash and cash equivalent balances and interest expense.

Deferred Outflows and Inflows of Resources:

Deferred Outflows of Resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Cash Equivalents:

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments, including restricted assets, to be cash equivalents.

Bad Debts

The authority places liens on the property of customers who are significantly in arrears on sewer payments. When circumstances warrant the write-off of an account, the expense is recognized at the time the account is written off. Potential uncollectible accounts receivable at year-end are considered immaterial to total accounts receivable; therefore, an allowance for such losses has not been established.

Capital Assets:

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the asset's estimated useful life. Estimated useful lives, in years, are as follows:

Wastewater Plant	40 Years
Equipment	5-10 Years

Use of Estimates:

The preparation of financial statements, in conformity with accounting principles generally accepted in the United State of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Revenue – User Charges

Charges for sewer usage are billed Quarterly by the Authority to its commercial customers and residential customers based primarily upon flat fee or usage for sewer billings.

Adoption of Governmental Accounting Standards Board (GASB) Pronouncements

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. The Statement provides guidance for determining a fair value measurement for financial reporting purposes. The Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. As a result, the Authority was required to adopt Statement No. 72 for 2016.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Governmental Accounting Standards Board (GASB) Pronouncements

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. The Statement's objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. The Authority will be required to adopt Statement No. 85 for its calendar year 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The Statement's objective is improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Authority will be required to adopt Statement No. 84 for its calendar year 2018 financial statements.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The Statement's objective is improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how these activities should be report. The Authority will be required to adopt Statement No. 84 for its calendar year 2019 financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Statutes authorize the Authority to invest in the following:

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government and Federal agencies
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
- General obligation bonds of the Federal Government, the Commonwealth of Pennsylvania of any state agency or of any Pennsylvania political subdivision
- Shares of investment companies whose investments are restricted to the above categories

The deposit and investment policies of the Authority adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Authority policies.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy for interest rate risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority does not have a formal policy for credit risk.

All Authority deposits are either insured or collateralized. All deposits that exceed the Federal depository insurance coverage level are collateralized under the Pooling Method but not under the Authority's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities maintained in conformity with Act 72 of 1971. Act 72 of 1971 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgers of the assets.

At December 31, 2016 and 2015, the Authority had deposits with financial institutions with a total carrying amount of \$328,130 and \$289,011, respectively. Bank balances with financial institutions totaled \$326,689 and \$289,011, respectively.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

The Authority records investments at their fair market value. Investments are composed of the following at December 31, 2016:

	12/31/16	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Certificates of Deposit	\$ 682,967	\$ -	\$ 682,967	\$ -
Total Investments by Fair Value Level	\$ 682,967	\$ -	\$ 682,967	\$ -

The Authority records investments at their fair market value. Investments are composed of the following at December 31, 2015:

	12/31/15	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Certificates of Deposit	\$ 674,571	\$ -	\$ 674,571	\$ -
Total Investments by Fair Value Level	\$ 674,571	\$ -	\$ 674,571	\$ -

NOTE 3 PREPAID TAPPING FEES

Prepaid Tapping Fees reflect the amount of remaining tap-in fees, which have been paid, but for which the customers have not yet established service. The balance of prepaid tap-in fees was \$77,100 at December 31, 2016 and 2015.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Collection System	\$ 3,180,187	\$ -	\$ -	\$ 3,180,187
Equipment	7,744	-	-	7,744
Total Capital Assets Being Depreciated	3,187,931	-	-	3,187,931
Less Accumulated Depreciation for:				
Collection System	(1,316,185)	(81,846)	-	(1,398,031)
Equipment	(5,983)	(294)	-	(6,277)
Total Accumulated Depreciation	(1,322,168)	(82,140)	-	(1,404,308)
Total Capital Assets Being Depreciated, Net	\$ 1,865,763	\$ (82,140)	\$ -	\$ 1,783,623

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Collection System	\$ 3,180,187	\$ -	\$ -	\$ 3,180,187
Equipment	<u>7,744</u>	<u>-</u>	<u>-</u>	<u>7,744</u>
Total Capital Assets Being Depreciated	<u>3,187,931</u>	<u>-</u>	<u>-</u>	<u>3,187,931</u>
Less Accumulated Depreciation for:				
Collection System	(1,234,434)	(81,751)	-	(1,316,185)
Equipment	<u>(5,689)</u>	<u>(294)</u>	<u>-</u>	<u>(5,983)</u>
Total Accumulated Depreciation	<u>(1,240,123)</u>	<u>(82,045)</u>	<u>-</u>	<u>(1,322,168)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 1,947,808</u>	<u>\$ (82,045)</u>	<u>\$ -</u>	<u>\$ 1,865,763</u>

NOTE 5 LONG-TERM DEBT

The Authority's sewer plant and collection system were financed by a combination of local sources, tap-in fees, and Guaranteed Sewer Revenue Bonds issued during 1999, in the original amount of \$4,425,000. During December 2004, the Authority refinanced the bonds with a commercial loan. The original bonds were fully redeemed prior to the year ended December 31, 2005. The 2004 commercial loan was refinanced on September 15, 2015 to reduce the interest rate.

The 2015 refinancing reduced the interest rate on the loan to 2.6 percent through September 15, 2022. Beginning September 16, 2022, the interest rate becomes variable and equal to 65.0 percent of the Fulton Bank's Prime Rate, with a floor of 2.5 percent, and a cap of 5.00 percent.

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>	<u>Amount Due Within One Year</u>
Commercial Loan	<u>\$ 3,068,000</u>	<u>\$ -</u>	<u>\$ 192,000</u>	<u>\$ 2,876,000</u>	<u>\$ 188,000</u>

The future annual debt service requirements to maturity including total interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 188,000	\$ 75,673	\$ 263,673
2018	197,000	70,727	267,727
2019	207,000	65,543	272,543
2020	212,000	60,097	272,097
2021-2025	1,220,000	205,188	1,425,188
2026-2028	<u>852,000</u>	<u>43,420</u>	<u>895,420</u>
Total	<u>\$ 2,876,000</u>	<u>\$ 520,648</u>	<u>\$ 3,396,648</u>

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 6 RISK MANAGEMENT

The Authority 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 Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. No settlement exceeded insurance coverage since the Authority's creation.

NOTE 7 SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 13, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JACOBUS BOROUGH SEWER AUTHORITY
Schedule of Revenues, Expenses, and Change in Net Position – Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Sewer Charges	\$ 539,780	\$ 539,780	\$ 540,733	\$ 953
Tapping/Connection Fees	-	-	-	-
Total Revenues	<u>539,780</u>	<u>539,780</u>	<u>540,733</u>	<u>953</u>
Operating Expenses				
Administrative	26,467	26,467	18,288	8,179
Plant Operating and Maintenance	243,718	243,718	178,235	65,483
Depreciation	<u>82,140</u>	<u>82,140</u>	<u>82,140</u>	<u>-</u>
Total Expenses	<u>352,325</u>	<u>352,325</u>	<u>278,663</u>	<u>73,662</u>
Non-Operating Revenue (Expense)				
Interest Income	4,250	4,250	5,262	1,012
Interest Expense	<u>(79,768)</u>	<u>(79,768)</u>	<u>(76,813)</u>	<u>2,955</u>
Total Non-Operating Revenue (Expense)	<u>(75,518)</u>	<u>(75,518)</u>	<u>(71,551)</u>	<u>3,967</u>
Change in Net Position	<u>\$ 111,937</u>	<u>\$ 111,937</u>	<u>\$ 190,519</u>	<u>\$ 78,582</u>

See Independent Auditor's Report

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Required Supplementary Information – Budgetary Comparison Schedules
For the Year Ended December 31, 2016

NOTE 1 BUDGETARY BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The following is a schedule reconciling the budgetary basis presentation to the GAAP presentation.

	<u>Budgetary Basis</u>	<u>Adjustments</u>	<u>GAAP</u>
Operating Revenues			
Sewer Charges	\$ 542,280	\$ (2,500)	\$ 539,780
Tapping/Connection Fees	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>542,280</u>	<u>(2,500)</u>	<u>539,780</u>
Operating Expenses			
Administrative	26,467	-	26,467
Plant Operating and Maintenance	248,018	(4,300)	243,718
Depreciation	<u>-</u>	<u>82,140</u>	<u>82,140</u>
Total Expenses	<u>274,485</u>	<u>77,840</u>	<u>352,325</u>
Non-Operating Revenue (Expense)			
Interest Income	4,250	-	4,250
Interest Expense	(79,768)	-	(79,768)
Principal Payments	<u>192,000</u>	<u>(192,000)</u>	<u>-</u>
Total Non-Operating Revenue (Expense)	<u>116,482</u>	<u>(192,000)</u>	<u>(75,518)</u>
Change in Net Position	<u>\$ 384,277</u>	<u>\$ (272,340)</u>	<u>\$ 111,937</u>

See Independent Auditor's Report

**JACOBUS BOROUGH SEWER AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
AND
INDEPENDENT AUDITOR'S REPORT**

HAMILTON & MUSSER, P.C.
Certified Public Accountants

JACOBUS BOROUGH SEWER AUTHORITY
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For the Years Ended December 31, 2017 and 2016

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HAMILTON & MUSSER, PC

Certified Public Accountants • Consultants to Management

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INDEPENDENT AUDITOR'S REPORT

To the Board Members
Jacobus Borough Sewer Authority
Jacobus, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Jacobus Borough Sewer Authority (the Authority), a component unit of Jacobus Borough, York County, Pennsylvania, as of and for the years ended December 31, 2017 and 2016, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 opinion.

Members of the American and Pennsylvania Institutes of CPAs

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jacobus Borough Sewer Authority, York County, Pennsylvania as of December 31, 2017 and 2016, 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.

Other Matters

Required Supplementary Information

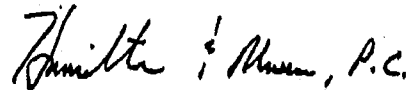
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 12-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 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.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Jacobus Borough Sewer Authority and do not purport to, and do not, present fairly the financial position of Jacobus Borough, York County, Pennsylvania as of December 31, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

March 13, 2018

Mechanicsburg, Pennsylvania



Certified Public Accountants

JACOBUS BOROUGH SEWER AUTHORITY
Statements of Net Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 615,590	\$ 326,689
Certificates of Deposit (Note 2)	432,784	682,967
Sewer Billing Receivable	42,135	50,480
Accrued Interest Receivable	<u>385</u>	<u>347</u>
Total Current Assets	<u>1,090,894</u>	<u>1,060,483</u>
Non-Current Assets		
Capital Assets, Being Depreciated, Net (Note 4)	<u>1,701,483</u>	<u>1,783,623</u>
Total Non-Current Assets	<u>1,701,483</u>	<u>1,783,623</u>
Total Assets	<u>2,792,377</u>	<u>2,844,106</u>
Liabilities		
Current Liabilities		
Accounts Payable	32,403	39,094
Current Portion of Long-Term Debt (Note 5)	<u>197,000</u>	<u>188,000</u>
Total Current Liabilities	<u>229,403</u>	<u>227,094</u>
Non-Current Liabilities		
Non-Current Portion of Long-Term Debt (Note 5)	<u>2,491,000</u>	<u>2,688,000</u>
Total Non-Current Liabilities	<u>2,491,000</u>	<u>2,688,000</u>
Total Liabilities	<u>2,720,403</u>	<u>2,915,094</u>
Deferred Inflows of Resources		
Prepaid Tapping Fees (Note 3)	73,517	77,100
Deferred Revenue	<u>2,351</u>	<u>3,237</u>
Total Deferred Inflows of Resources	<u>75,868</u>	<u>80,337</u>
Net Position		
Net Investment in Capital Assets	(986,517)	(1,092,377)
Unrestricted	<u>982,623</u>	<u>941,052</u>
Total Net Position	<u>\$ (3,894)</u>	<u>\$ (151,325)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

JACOBUS BOROUGH SEWER AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Sewer Charges	\$ 532,910	\$ 538,933
Tappage/Connection Fees	<u>3,583</u>	<u>1,800</u>
Total Operating Revenue	<u>536,493</u>	<u>540,733</u>
Operating Expenses		
Administrative Expenses	20,545	18,288
Plant Operating and Maintenance	225,513	178,235
Depreciation (Note 4)	<u>82,140</u>	<u>82,140</u>
Total Operating Expenses	<u>328,198</u>	<u>278,663</u>
Income from Operations	<u>208,295</u>	<u>262,070</u>
Non-Operating Revenue (Expense)		
Interest Income	10,755	5,262
Interest Expense	<u>(71,619)</u>	<u>(76,813)</u>
Total Non-Operating Revenue (Expense)	<u>(60,864)</u>	<u>(71,551)</u>
Change in Net Position	147,431	190,519
Net Position, January 1	<u>(151,325)</u>	<u>(341,844)</u>
Net Position, December 31	<u>\$ (3,894)</u>	<u>\$ (151,325)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

JACOBUS BOROUGH SEWER AUTHORITY
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Cash Receipts from Customers	\$ 540,369	\$ 539,917
Cash Payments for Administrative Expenses	(20,545)	(18,288)
Cash Payments for Operating Expenses	<u>(232,204)</u>	<u>(214,191)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>287,620</u>	<u>307,438</u>
Cash Flows From Capital and Related Financing Activities:		
Principal Payments on Long-Term Debt	(188,000)	(192,000)
Interest Paid on Long-Term Debt	<u>(71,619)</u>	<u>(76,813)</u>
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>(259,619)</u>	<u>(268,813)</u>
Cash Flows From Investing Activities:		
Net (Purchase) Sales of Certificates of Deposit	250,183	(8,396)
Interest Received	<u>10,717</u>	<u>7,449</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>260,900</u>	<u>(947)</u>
Net Increase in Cash and Cash Equivalents	288,901	37,678
Cash and Cash Equivalents, January 1	<u>326,689</u>	<u>289,011</u>
Cash and Cash Equivalents, December 31	<u>\$ 615,590</u>	<u>\$ 326,689</u>
Reconciliation of Income from Operations to		
Net Cash and Cash Equivalents Provided by Operating Activities		
Income from Operations	\$ 208,295	\$ 262,070
Adjustments to Reconcile Income from Operations to		
Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	82,140	82,140
(Increase) Decrease in:		
Sewer Billings Receivable	8,345	(4,053)
Security Deposits	-	800
Increase (Decrease) in:		
Accounts Payable	(6,691)	(36,756)
Prepaid Tapping Fees	(3,583)	-
Deferred Revenue	<u>(886)</u>	<u>3,237</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 287,620</u>	<u>\$ 307,438</u>

The Accompanying Notes are an Integral Part of the Financial Statements

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Jacobus Borough Sewer Authority (the Authority) was formed in 1994 by the actions of the Borough of Jacobus, York County, Pennsylvania (the Borough), under the Municipalities Authorities Act of 1945, for the purpose of administering and implementing wastewater conveyance and treatment facilities to serve the Borough's residents. The Authority is governed by a five-member board appointed by the Borough Council.

Reporting Entity:

Consistent with the guidance contained in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, an amendment to GASB 14 and GASB 38, the criteria used by the Authority to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Authority reviews the applicability of the following criteria.

The Authority is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if the Authority members appoint a voting majority of the organization's governing body and the Authority is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Authority, as defined below.
 - a. Impose its Will – If the Authority can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the Authority (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the Authority. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the Authority.

There are no component units that meet all of the above criteria for inclusion in this reporting entity.

Basic Financial Statements:

Basic financial statements are presented at the fund financial level as business-type. The statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The Authority reports a proprietary type fund.

Basis of Accounting:

The Authority presents its financial statements using the accrual basis of accounting to account for operations that are financed and operated in a manner similar to private business enterprises. These enterprises are characterized by the intent that the costs of providing services to the general public on a continuing basis be financed or recovered substantially through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues and Expenses:

The Authority considers operating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary financing functions. Certain other transactions are reported as non-operating revenues and expenses which include interest income on cash and cash equivalent balances and interest expense.

Deferred Outflows and Inflows of Resources:

Deferred Outflows of Resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Cash Equivalents:

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments, including restricted assets, to be cash equivalents.

Bad Debts

The Authority places liens on the property of customers who are significantly in arrears on sewer payments. When circumstances warrant the write-off of an account, the expense is recognized at the time the account is written off. Potential uncollectible accounts receivable at year-end are considered immaterial to total accounts receivable; therefore, an allowance for such losses has not been established.

Capital Assets:

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the asset's estimated useful life. Estimated useful lives, in years, are as follows:

Wastewater Plant	40 Years
Equipment	5-10 Years

Investments:

Investments are composed of certificates of deposit and are carried at cost.

GASB 72 requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For investments with quoted market prices in active markets, the Trust uses the quoted market prices as fair values and includes those investments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of investments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include the Trust's own determinations of the assumptions that a market participant would use in pricing the asset.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued):

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the Statement of Net Position Available for Plan Benefits and Statement of Changes in Net Position Available for Plan Benefits.

Use of Estimates:

The preparation of financial statements, in conformity with accounting principles generally accepted in the United State of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Revenue – User Charges

Charges for sewer usage are billed Quarterly by the Authority to its commercial customers and residential customers based primarily upon flat fee or usage for sewer billings.

Pending Governmental Accounting Standards Board (GASB) Pronouncements

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. The Statement's objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. The Authority will be required to adopt Statement No. 85 for its calendar year 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The Statement's objective is improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Authority will be required to adopt Statement No. 84 for its calendar year 2018 financial statements.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The Statement's objective is improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how these activities should be report. The Authority will be required to adopt Statement No. 84 for its calendar year 2019 financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Statutes authorize the Authority to invest in the following:

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government and Federal agencies
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
- General obligation bonds of the Federal Government, the Commonwealth of Pennsylvania of any state agency or of any Pennsylvania political subdivision
- Shares of investment companies whose investments are restricted to the above categories

The deposit and investment policies of the Authority adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Authority policies.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy for interest rate risk.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority does not have a formal policy for credit risk.

All Authority deposits are either insured or collateralized. All deposits that exceed the Federal depository insurance coverage level are collateralized under the Pooling Method but not under the Authority's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities maintained in conformity with Act 72 of 1971. Act 72 of 1971 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgers of the assets.

At December 31, 2017 and 2016, the Authority had deposits with financial institutions with a total carrying amount of \$615,590 and \$328,130, respectively. Bank balances with financial institutions totaled \$615,590 and \$326,689, respectively.

The Authority records investments at their fair market value. Investments are composed of the following at December 31, 2017:

	Fair Value Measurements Using			
	<u>12/31/17</u>	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Certificates of Deposit	\$ 432,784	\$ -	\$ 432,784	\$ -
Total Investments by Fair Value Level	<u>\$ 432,784</u>	<u>\$ -</u>	<u>\$ 432,784</u>	<u>\$ -</u>

The Authority records investments at their fair market value. Investments are composed of the following at December 31, 2016:

	Fair Value Measurements Using			
	<u>12/31/16</u>	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Certificates of Deposit	\$ 682,967	\$ -	\$ 682,967	\$ -
Total Investments by Fair Value Level	<u>\$ 682,967</u>	<u>\$ -</u>	<u>\$ 682,967</u>	<u>\$ -</u>

NOTE 3 PREPAID TAPPING FEES

Prepaid Tapping Fees reflect the amount of remaining tap-in fees, which have been paid, but for which the customers have not yet established service. The balance of prepaid tap-in fees was \$73,517 and \$77,100 at December 31, 2017 and 2016, respectively.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Collection System	\$ 3,180,187	\$ -	\$ -	\$ 3,180,187
Equipment	<u>7,744</u>	<u>-</u>	<u>-</u>	<u>7,744</u>
Total Capital Assets Being Depreciated	<u>3,187,931</u>	<u>-</u>	<u>-</u>	<u>3,187,931</u>
Less Accumulated Depreciation for:				
Collection System	(1,398,031)	(81,846)	-	(1,479,877)
Equipment	<u>(6,277)</u>	<u>(294)</u>	<u>-</u>	<u>(6,571)</u>
Total Accumulated Depreciation	<u>(1,404,308)</u>	<u>(82,140)</u>	<u>-</u>	<u>(1,486,448)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 1,783,623</u>	<u>\$ (82,140)</u>	<u>\$ -</u>	<u>\$ 1,701,483</u>

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Collection System	\$ 3,180,187	\$ -	\$ -	\$ 3,180,187
Equipment	<u>7,744</u>	<u>-</u>	<u>-</u>	<u>7,744</u>
Total Capital Assets Being Depreciated	<u>3,187,931</u>	<u>-</u>	<u>-</u>	<u>3,187,931</u>
Less Accumulated Depreciation for:				
Collection System	(1,316,185)	(81,846)	-	(1,398,031)
Equipment	<u>(5,983)</u>	<u>(294)</u>	<u>-</u>	<u>(6,277)</u>
Total Accumulated Depreciation	<u>(1,322,168)</u>	<u>(82,140)</u>	<u>-</u>	<u>(1,404,308)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 1,865,763</u>	<u>\$ (82,140)</u>	<u>\$ -</u>	<u>\$ 1,783,623</u>

Depreciation expense totaled \$82,140 at December 31, 2017 and 2016.

NOTE 5 LONG-TERM DEBT

The Authority's sewer plant and collection system were financed by a combination of local sources, tap-in fees, and Guaranteed Sewer Revenue Bonds issued during 1999, in the original amount of \$4,425,000. During December 2004, the Authority refinanced the bonds with a commercial loan. The original bonds were fully redeemed prior to the year ended December 31, 2005. The 2004 commercial loan was refinanced on September 15, 2015 to reduce the interest rate.

The 2015 refinancing reduced the interest rate on the loan to 2.60 percent through September 15, 2022. Beginning September 16, 2022, the interest rate becomes variable and equal to 65.00 percent of the Fulton Bank's Prime Rate, with a floor of 2.50 percent, and a cap of 5.00 percent.

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 5 LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Commercial Loan	<u>\$ 2,876,000</u>	<u>\$ -</u>	<u>\$ (188,000)</u>	<u>\$ 2,688,000</u>	<u>\$ 197,000</u>

The future annual debt service requirements to maturity including total interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 197,000	\$ 70,727	\$ 267,727
2019	207,000	65,543	272,543
2020	212,000	60,097	272,097
2021	221,000	54,519	275,519
2022-2026	1,274,000	172,214	1,446,214
2027-2028	<u>577,000</u>	<u>21,875</u>	<u>598,875</u>
Total	<u>\$ 2,688,000</u>	<u>\$ 444,975</u>	<u>\$ 3,132,975</u>

NOTE 6 RISK MANAGEMENT

The Authority 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 Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. No settlement exceeded insurance coverage since the Authority's creation.

NOTE 7 SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 13, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JACOBUS BOROUGH SEWER AUTHORITY
Schedule of Revenues, Expenses, and Change in Net Position – Budget and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating Revenues				
Sewer Charges	\$ 540,580	\$ 540,580	\$ 532,910	\$ (7,670)
Tapping/Connection Fees	<u>-</u>	<u>-</u>	<u>3,583</u>	<u>3,583</u>
Total Revenues	<u>540,580</u>	<u>540,580</u>	<u>536,493</u>	<u>(4,087)</u>
Operating Expenses				
Administrative	26,467	26,467	20,545	5,922
Plant Operating and Maintenance	231,210	231,210	225,513	5,697
Depreciation	<u>82,140</u>	<u>82,140</u>	<u>82,140</u>	<u>-</u>
Total Expenses	<u>339,817</u>	<u>339,817</u>	<u>328,198</u>	<u>11,619</u>
Non-Operating Revenue (Expense)				
Interest Income	5,250	5,250	10,755	5,505
Interest Expense	<u>(75,140)</u>	<u>(75,140)</u>	<u>(71,619)</u>	<u>3,521</u>
Total Non-Operating Revenue (Expense)	<u>(69,890)</u>	<u>(69,890)</u>	<u>(60,864)</u>	<u>9,026</u>
Change in Net Position	<u>\$ 130,873</u>	<u>\$ 130,873</u>	<u>\$ 147,431</u>	<u>\$ 16,558</u>

See Independent Auditor's Report

JACOBUS BOROUGH SEWER AUTHORITY
Notes to Required Supplementary Information – Budgetary Comparison Schedules
For the Year Ended December 31, 2017

NOTE 1 BUDGETARY BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The following is a schedule reconciling the budgetary basis presentation to the GAAP presentation.

	<u>Budgetary Basis</u>	<u>Adjustments</u>	<u>GAAP</u>
Operating Revenues			
Sewer Charges	\$ 540,880	\$ (300)	\$ 540,580
Tapping/Connection Fees	<u> -</u>	<u> -</u>	<u> -</u>
Total Revenues	<u>540,880</u>	<u>(300)</u>	<u>540,580</u>
Operating Expenses			
Administrative	26,467	-	26,467
Plant Operating and Maintenance	256,518	(25,308)	231,210
Depreciation	<u> -</u>	<u>82,140</u>	<u>82,140</u>
Total Expenses	<u>282,985</u>	<u>56,832</u>	<u>339,817</u>
Non-Operating Revenue (Expense)			
Interest Income	5,250	-	5,250
Interest Expense	(75,140)	-	(75,140)
Principal Payments	<u>188,000</u>	<u>(188,000)</u>	<u> -</u>
Total Non-Operating Revenue (Expense)	<u>118,110</u>	<u>(188,000)</u>	<u>(69,890)</u>
Change in Net Position	<u>\$ 376,005</u>	<u>\$ (245,132)</u>	<u>\$ 130,873</u>

See Independent Auditor's Report

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-22

Please explain why the tentative journal entries, shown in the Application, for booking the purchase of Jacobus' wastewater collection system utilize Account No. 105 - Construction Work in Progress instead of Account No. 104 - Utility Plant Purchases or Sold.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The Company has historically recorded acquisition costs in Account No. 105 - Construction Work in Progress until the process is complete.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-23

The tentative journal entries provided in the Application indicate that York is anticipating a Utility Plant Acquisition Adjustment. Please provide additional details justifying the acquisition's eligibility for an acquisition adjustment under Section 1327 of the Public Utility Code, 66 Pa. C.S. §§ 1327(a)(1) through (9).

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

York Water does not seek a Commission determination of rate base treatment of any acquisition adjustment as part of this Application. Consistent with Section 1327, and prior practice, York Water will seek a determination of treatment of any acquisition adjustment, positive or negative, in its next base rate case proceeding. Moreover, the Company currently expects to pay less than depreciated original cost for the Jacobus Borough Sewer Authority system. As such, the eligibility under Section 1327(a)(1)-(9) of the Public Utility Code would not be applicable to this acquisition. Rather, Section 1327(e) is the applicable provision.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-24

Please identify any operation and/or managerial changes York intends to make after acquiring Jacobus' wastewater collection system.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

York Water has no immediate plans to make any operation and/or managerial changes after acquiring Jacobus's wastewater collection system.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1
Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-25

Please explain how approval of the Application would benefit York's existing customers.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

The Application will benefit York Water's existing customers because it will expand the Company's customer base and, therefore, spread fixed costs across a larger customer base. In addition, as explained in the Application, the acquisition will provide substantial public benefits to the existing Jacobus customers.

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-26

Please state if the Jacobus Borough Sewer Authority will dissolve after closing of this
transaction.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

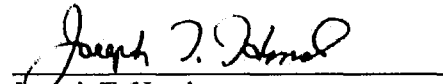
According to Jacobus Borough Sewer Authority (Jacobus), Jacobus will dissolve after closing of
this transaction.

VERIFICATION

I, Joseph T. Hand, being the Chief Operating Officer at The York Water Company, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth therein.

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: March 1, 2019



Joseph T. Hand

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

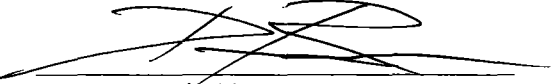
VIA E-MAIL & FIRST CLASS MAIL

Richard A. Kanaskie, Esquire
Bureau of Investigation and Enforcement
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Steven C. Gray, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Erin Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th floor
Harrisburg, PA 17101

Date: April 12, 2019



Devin T. Ryan