YORK TOWNSHIP WATER AND SEWER AUTHORITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

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ACCOUNTANTS + ADVISORS

YORK TOWNSHIP WATER AND SEWER AUTHORITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of York Township Water and Sewer Authority (the Authority), a component unit of York Township, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of York Township Water and Sewer Authority, a component unit of York Township, as of December 31, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and to other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Brown Plus

Camp Hill, Pennsylvania
October 30, 2026

Overview of the Financial Statements

The York Township Water and Sewer Authority (the Authority) is a Municipal Authority Charter under the Municipal Authorities Act of 1945. The purpose of the Authority is to acquire, hold, construct and provide for the operations of the municipal water and sewer systems for York Township (the Township). The Authority is a component unit of York Township and, as such, is included in the Township's financial statements. Management's Discussion and Analysis of the York Township Water and Sewer Authority's financial performance provides a brief overview of the Authority's financial activities for the fiscal years ended December 31, 2025, 2024 and 2023. Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements*.

The accompanying financial statements for the York Township Water and Sewer Authority for the years ended December 31, 2025 and 2024 have been prepared in accordance with GASB Statement No. 34 using the accrual basis of accounting. The Authority, in its separately issued financial statements, is reported as an enterprise or proprietary fund. In the combined financial statements of York Township, this fund is blended into the Township's enterprise funds.

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

Financial Highlights

The net position of York Township Water and Sewer Authority decreased by $2,354 for 2025 to $4,225, compared to an increase of $2,960 for 2024 to $6,579. In 2023, there was a decrease of $5,162 to $3,619.

Summary of Net Position as of December 31,

	2025	2024	2023
Total assets, all current, cash	$ 4,225	$ 6,579	$ 3,619
Unrestricted net position	$ 4,225	$ 6,579	$ 3,619

The $4,225 of unrestricted net position represents the accumulated results of all past and current years' operations. Basically, the amount of unrestricted net position represents the amount of funds the Authority has remaining when all of the outstanding obligations were paid as of December 31, 2025. The results of the current year's operations are reported in the statements of revenues, expenses and changes in net position for the year ended December 31, 2025.

Financial Highlights (continued)

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

	2025	2024	2023
Revenues, administrative revenue	$ -	$ 7,500	$ -
Expenses, administrative	2,354	4,540	5,162
Change in net position	(2,354)	2,960	(5,162)
Net position:			
Beginning	6,579	3,619	8,781
Ending	$ 4,225	$ 6,579	$ 3,619

The comparison above is shown on the accrual basis of accounting. This statement provides a summary of the total cost of the services provided by the Authority and the offsetting revenues used to support those services. The most notable difference between 2025 and 2024 is a decrease in engineering fees and administrative expenses and a decrease in administrative revenue. In 2024, the Authority did not have sufficient funds to cover operations during the year. As a result, it was necessary to transfer funds from the York Township Sewer Fund, shown as administrative revenue, to fund operations in 2024. This transfer was not necessary during 2025, as the Authority had sufficient funds to cover operations during the year.

Capital Assets and Debt Administration

As of December 31, 2025, the Authority had no capital assets or outstanding debt.

Contacting the Authority's Management

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

YORK TOWNSHIP WATER AND SEWER AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash	**$ 4,225**	**$ 6,579**
NET POSITION		
Unrestricted net position	**$ 4,225**	**$ 6,579**

See notes to financial statements.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating revenues, administrative revenue	$ -	$ 7,500
Operating expenses:		
Legal and professional fees	1,129	1,503
Engineering fees	580	1,740
Administrative fees	645	1,297
Total operating expenses	**2,354**	**4,540**
Net operating income and change in net position	(2,354)	2,960
Net position:		
Beginning of year	6,579	3,619
End of year	**$ 4,225**	**$ 6,579**

See notes to financial statements.

YORK TOWNSHIP WATER AND SEWER AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Cash received from the Township	$ -	$ 7,500
Cash payments to suppliers for goods and services	(2,354)	(4,540)
Net cash provided by (used in) operating activities and increase (decrease) in cash	**(2,354)**	**2,960**
Cash:		
Beginning of year	6,579	3,619
End of year	**$ 4,225**	**$ 6,579**

See notes to financial statements.

1. Organization and summary of significant accounting policies:

Reporting entity:

The York Township Water and Sewer Authority (the Authority) is a Municipal Authority Charter under The Municipal Authorities Act of 1945, approved May 2, 1945 P.L. 382, as amended. The purpose of the Authority is to acquire, hold, construct and operate or provide for the operations of the municipal water and sewer systems for York Township. The governing body of York Township Water and Sewer Authority is appointed by the Commissioners of York Township (the Township).

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

Basis of accounting:

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

Change in accounting principles:

The following summarizes the GASB Statement implemented by the Authority during the year ended December 31, 2025, and the relating effects on the financial statements presentation and disclosure, as applicable:

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The Statement's objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Authority adopted Statement No. 102 for its December 31, 2025 financial statements. The implementation of this Statement enhanced the Authority's financial statement disclosures, with no effect on the Authority's beginning balances and current year results.

Pending changes in accounting principles:

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model used in decision making and assessing a government's accountability. The provisions of this Statement are effective for the Authority's 2026 financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for the Authority's 2026 financial statements.

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

Pending changes in accounting principles:

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the informational needs of financial statement users. The provisions of this Statement are effective for the Authority's 2027 financial statements.

The effects of the implementation of these standards have not yet been determined.

2. Management agreement:

The Authority had entered into a management agreement with York Township. The Board approved an agreement with the Township, which provides for the operation of the sewer system by the Township and payment of the Authority's expenses from Township sewer revenue. A 20-year agreement was approved by the respective Boards of the Authority and Township on February 20, 2013 and March 12, 2013, respectively. The agreement calls for the Township to pay such amounts as the Authority may reasonably request in writing for its administrative expenses. The Authority received $7,500 in administrative revenue for the year ended December 31, 2024. The Authority did not request a reimbursement for the year ended December 31, 2025.

3. Subsequent events:

Management has evaluated subsequent events through October 30, 2026, the date the financial statements were available to be issued.