

**CITY OF YORK, PENNSYLVANIA**  
**ANNUAL FINANCIAL REPORT**  
*Year Ended December 31, 2017*



*Certified Public Accountants and Business Consultants*

# CITY OF YORK, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2017

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## ***Independent Auditors' Report***

To the Members of City Council  
City of York, Pennsylvania

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

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

To the Members of City Council  
City of York, Pennsylvania

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through xxvi, budgetary comparison information on pages 87 and 88, pension plan information on pages 89 through 96 and Schedule of Funding Progress and Contributions from the Employer - Other Post-Employment Benefits (OPEB) on page 97 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of York, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Maillie LLP*

Oaks, Pennsylvania  
June 25, 2019

# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2017

Our discussion and analysis of the City of York's (City) financial performance provides an overview, perspective and analysis of the City's financial activities for the year ended December 31, 2017. Please read it in conjunction with the City's financial statements, which begin with the Statement of Net Position on page 1. The discussion also focuses on the primary government and unless otherwise noted, component units are not included.

### **FINANCIAL HIGHLIGHTS:**

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources by \$6,516,922 (Net Position).
  - Net investment in capital assets, in the amount of \$87,866,139, includes all capital assets including infrastructure.
  - Restricted net position with external restrictions imposed by creditors or laws or regulations of other governments amounted to \$12,691,636.
  - Unrestricted net position, which is net position not restricted for any particular purpose, was (\$107,074,697).
- Over 2017, the City's net position decreased by \$9,758,995. The business-type activities net position decreased by \$2,429,246, primarily due to increases in the following expenses: professional services of \$562,200, depreciation expense of \$220,400, personnel costs of \$163,160, and interest costs of \$195,172. Governmental activities net position decreased by \$7,329,749, primarily from the change in the net pension liability and corresponding deferred inflows and outflows of resources for the pension plans totaling \$5,731,966, a decrease in public works capital grants in the amount of \$974,219 due timing of grants and projects, as well as increases in professional services and personnel costs.
- At December 31, 2017, the fund balances of the City's governmental funds were \$6,762,734. This was an increase of \$1,408,103 from December 31, 2016.

### **OVERVIEW OF THE FINANCIAL STATEMENTS:**

The City's financial report consists of several sections. Taken together, they provide a comprehensive financial look at the City. The components of the report include the independent auditors' report, management's discussion and analysis, and the basic financial statements (government-wide financial statements, fund financial statements, and notes to the basic financial statements). This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2017

The independent auditors' report briefly describes the audit engagement and renders an opinion regarding the material components of the City's financial position.

Management's discussion and analysis (MD&A), prepared by City management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A provides analysis of some key data that is presented in the basic financial statements and addresses any other currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the government-wide statements, fund financial statements, and the notes to the basic financial statements.

- The government-wide financial statements focus on the entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like, in that all activities are consolidated into a total for the City.
  - The government-wide Statement of Net Position focuses on resources available for future operations. This statement presents a snapshot of the assets the City owns, the liabilities it owes, and the net difference.
  - The government-wide Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.
- Fund financial statements focus separately on major Governmental Funds, Proprietary Funds, and Fiduciary Funds.
  - Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.



# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented by the two in order to better understand the long-term impact of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City reports three major governmental funds: (1) the General Fund, which accounts for all financial resources of the general government except those accounted for in another fund; (2) the Debt Service Fund, which accounts for the accumulation of resources, which are principally transfers from other funds and a portion of the City's real estate tax millage, for the payment of general long-term obligation principal, interest, and related costs; and (3) the Capital Projects Fund, which accounts for the proceeds of debt issuances restricted for the acquisition and construction of capital facilities and other capital assets (excluding capital related costs financed by proprietary and fiduciary funds). Data from all the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in supplementary information.

- The City's proprietary fund financial statements follow the governmental fund financial statements and include the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. The City maintains two different types of proprietary funds.
  - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Intermunicipal Sewer Fund, Sewer Fund, Ice Rink Fund, Sewer Transportation Fund, and White Rose Community Television Fund.
  - Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the financing of insurance services, human resource services, information services, central services, and business administration services provided to the other funds of the City, both governmental and enterprise, on a cost reimbursement basis.

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

The City's major proprietary funds include the Intermunicipal Sewer Fund and Sewer Fund. The Ice Rink Fund, Sewer Transportation Fund, and White Rose Community Television Fund are the City's non-major enterprise funds.

- Fiduciary Funds are used to account for resources held for the benefit of parties outside the government and are not reflected in the government-wide statements, because the City cannot use these assets to finance operations. The City's fiduciary funds are all classified as trust and agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City has three pension trust funds and two agency funds. Individual fund data for each of these fund types is provided in the form of combining statements in supplementary information.

- The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition. The notes to the financial statements begin immediately following the financial statements.

Other Required Supplementary Information is additional information consisting of a budgetary comparison schedule for the General Fund to demonstrate compliance with budget and certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Other supplementary information, consisting of combining statements referred to earlier in connection with non-major governmental funds, trust funds, and agency funds, is presented immediately following the required supplementary information.

### REPORTING THE CITY AS A WHOLE:

#### **Government-Wide Financial Analysis**

Our analysis of the City as a whole begins with the Statement of Net Position. One of the most important questions asked about the City's finances is: is the City as a whole better off or worse off as a result of the year's activities? The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. In these statements, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including general government, sanitation, public safety, highways and streets, public works, parks and recreation, community development and planning, and

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

other departments and programs. Property taxes, occupational privilege taxes, earned income taxes, business privilege taxes, charges for services, and grants finance most of these activities.

- **Business-Type Activities** – The City charges fees to customers to cover the cost of certain services that it provides. The City Sewer System is reported here, as is the City Ice Arena.
- **Component Units** – The City includes *two separate legal* entities in this report: the Redevelopment Authority of the City of York (Redevelopment Authority) and City of York General Authority. Although legally separate, these component units are important because the City is *legally accountable* for them. Additional financial information regarding the City's component units can be found in the Statement of Net Position and Statement of Activities of this report. The separately audited annual financial report of these entities may be obtained from the City Finance Office or at the City website at [www.yorkcity.org](http://www.yorkcity.org) under budget and finance.

The analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**TABLE 1**  
CONDENSED STATEMENT OF NET POSITION  
DECEMBER 31, 2017 AND 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Cash and investments	\$ 9,992,319	\$ 8,926,540	\$ 16,617,327	\$ 18,678,640	\$ 26,609,646	\$ 27,605,180
Other assets	12,389,909	11,060,302	28,210,520	30,734,749	40,600,429	41,795,051
Capital assets	51,496,448	53,127,035	75,705,153	78,267,388	127,201,601	131,394,423
<b>Total Assets</b>	<b>73,878,676</b>	<b>73,113,877</b>	<b>120,533,000</b>	<b>127,680,777</b>	<b>194,411,676</b>	<b>200,794,654</b>
<b>Deferred outflows of resources</b>	<b>7,732,425</b>	<b>11,697,955</b>	<b>3,618,910</b>	<b>644,141</b>	<b>11,351,335</b>	<b>12,342,096</b>
<b>Liabilities:</b>						
Other liabilities	8,386,211	6,840,452	1,782,493	1,606,525	10,168,704	8,446,977
Long-term liabilities	150,298,865	148,873,583	47,401,845	49,331,710	197,700,710	198,205,293
<b>Total Liabilities</b>	<b>158,685,076</b>	<b>155,714,035</b>	<b>49,184,338</b>	<b>50,938,235</b>	<b>207,869,414</b>	<b>206,652,270</b>
<b>Deferred inflows of resources</b>	<b>4,282,051</b>	<b>3,124,074</b>	<b>128,468</b>	<b>118,333</b>	<b>4,410,519</b>	<b>3,242,407</b>
<b>Net Position:</b>						
Net investment in capital assets	28,437,947	29,971,287	59,428,192	60,472,229	87,866,139	90,443,516
Restricted	3,178,150	2,528,084	9,513,486	9,911,207	12,691,636	12,439,291
Unrestricted	(112,972,123)	(106,525,648)	5,897,426	6,884,914	(107,074,697)	(99,640,734)
<b>Total Net Position</b>	<b>\$ (81,356,026)</b>	<b>\$ (74,026,277)</b>	<b>\$ 74,839,104</b>	<b>\$ 77,268,350</b>	<b>\$ (6,516,922)</b>	<b>\$ 3,242,073</b>

Overall, total City assets decreased by \$6,382,978, total City deferred outflows of resources decreased by \$990,761, total City liabilities increased by \$1,217,144, and total City deferred inflows of resources increased by \$1,168,112 for the year ended December 31, 2017. The decrease in the City's total assets is the result of the following: total decrease in cash and investments totaling \$995,534, total decrease in capital assets in the amount of \$4,192,822 due to total capital outlays of \$3,413,499 (as explained in "Capital Assets" section) and depreciation expense of \$7,602,793, and other assets decreased by \$1,194,622 mainly due to the following: increase in due from other governments in the amount of \$345,424 due to increase in grant-related projects during the year ended December 31, 2017, increase in due from component units in the amount of \$212,406 due to timing of payments received from the General Authority, increase in sewer and refuse accounts receivable totaling \$1,757,714, decrease of \$240,182 in mercantile tax receivables, decrease in prepaid debt insurance in the amount of \$381,861 mainly associated with the debt refunding (as explained in the "Long-Term Debt" section), and the decrease in lease rental receivables in the amount of \$2,852,786 due to

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

receipt of payments from municipalities and debt refunding. The decrease in the City's deferred outflows of resources is the result of the following: decrease of deferred outflows of resources for pensions in the amount of \$6,695,648 is a result of the December 31, 2017 actuarial valuations and increase of deferred charges on refunding in the amount of \$5,704,887 is the result of debt issuances (as described in the "Long-Term Debt" section). The increase in the City's total liabilities is the result of the following: total debt decrease in the amount of \$8,081,281 (as described in "Long-Term Debt" section), total increase in unamortized bond premiums in the amount of \$5,622,126 as a result of debt issuances (as described in the "Long-Term Debt" section), decrease in net pension liability of \$1,926,998, increase in other post-employment liability of \$3,703,164, increase in accounts payable in the amount of \$1,568,065 due to timing of payments, and increase in vested compensated absences in the amount of \$178,406. The increase in the deferred inflows of resources in the amount of \$1,168,112 is a result of the December 31, 2017 pension actuarial valuations.

Cash and investments represent 13.53% and 12.21% of the City's total governmental activities assets at December 31, 2017 and 2016, respectively. Of this amount, 19.65% or \$1,963,442, at December 31, 2017, and 17.00% or \$1,517,768, at December 31, 2016, is restricted, primarily for financing the workers' compensation and debt service payments. Additionally, the City operates and maintains the York City WWTP, 102 miles of sewer lines, and one pumping station which is reported in business-type activities. The City's waste-water treatment plant serves six municipalities in addition to the City. The \$12,018,255 and \$12,760,142 at December 31, 2017 and 2016, respectively, in restricted cash and investments allows for future maintenance, repair and replacement, as well as improvement to the City's sewer facilities.

The governmental activities capital assets value is net of \$89,794,961, or 63.55% and \$86,147,238, or 61.85% of accumulated depreciation at December 31, 2017 and 2016, respectively. For the business-type activities, the capital asset value is net of \$82,958,402, or 52.29% and \$79,012,256, or 50.24% of accumulated depreciation at December 31, 2017 and 2016. These percentage rates for depreciation reflect that the capital assets of the City, as a whole, have 36% to 48% of their useful life remaining and also reflect the City's commitment to effective and efficient use of resources to provide services.

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$6,516,922 at December 31, 2017. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,242,073 at December 31, 2016.

By far the largest portion of the City's net position, 1,348.28% at December 31, 2017 and 2,789.68% at December 31, 2016, is the City's investment in capital assets (e.g., streets, street-lights, buildings, land, playgrounds, and equipment); less any related outstanding debt used to

# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2017

acquire those assets. These capital assets are used by the City to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position (194.75% and 383.68% at December 31, 2017 and 2016, respectively) represents resources that are subject to external restrictions on how they may be used. Of the \$12,691,636 that is restricted at December 31, 2017: \$6,656,550 is the value of bond related accounts held for debt service payments, while the remaining amount is restricted to use for parks and recreation, highways and streets, public works, community development and planning, workers' compensation, and construction. Of the \$12,439,291 that is restricted at December 31, 2016: \$6,777,024 is the value of bond related accounts held for debt service payments, while the remaining amount is restricted to use for parks and recreation, highways and streets, public works, community development and planning, workers' compensation, and construction.

The City's unrestricted net position balance of (\$107,074,697) and (\$99,640,734) at December 31, 2017 and 2016, results from the recording of General Obligation Bonds, Series B of 1998 and General Obligation Bonds, Series A of 1995 for unfunded pension bonds in the amount of \$21,393,011 and \$24,107,664, respectively. Additionally, the unrestricted net position for the years ended December 31, 2017 and 2016 includes unfunded net pension liabilities in the amount of \$76,346,148 and \$78,273,146, respectively, and other post-employment liabilities in the amount of \$31,347,805 and \$27,644,641, respectively.

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**TABLE 2**

CONDENSED STATEMENT CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenue:						
Charges for services	\$ 13,364,969	\$ 13,408,132	\$ 20,459,943	\$ 20,374,870	\$ 33,824,912	\$ 33,783,002
Operating grants and contributions	6,338,369	6,469,351	74,970	83,545	6,413,339	6,552,896
Capital grants and contributions	261,559	1,235,778	-	-	261,559	1,235,778
Property taxes	19,822,332	19,865,718	-	-	19,822,332	19,865,718
Payment in lieu of taxes	764,766	733,307	-	-	764,766	733,307
Business taxes	3,466,181	3,300,532	-	-	3,466,181	3,300,532
Personal taxes	7,821,510	7,550,990	-	-	7,821,510	7,550,990
Unrestricted grants	2,161,067	1,955,467	-	-	2,161,067	1,955,467
Unrestricted investment earnings	76,252	72,086	1,198,399	1,069,400	1,274,651	1,141,486
Total revenues	54,077,005	54,591,361	21,733,312	21,527,815	75,810,317	76,119,176
Expenses:						
General government	2,543,872	2,410,354	-	-	2,543,872	2,410,354
Sanitation	3,434,464	3,212,035	-	-	3,434,464	3,212,035
Public safety	40,200,624	39,909,058	-	-	40,200,624	39,909,058
Highways and streets	1,485,517	1,799,276	-	-	1,485,517	1,799,276
Public works	5,035,599	4,664,538	-	-	5,035,599	4,664,538
Parks and recreation	2,082,321	1,897,024	-	-	2,082,321	1,897,024
Community development and planning	4,511,338	4,068,957	-	-	4,511,338	4,068,957
Other departments and programs	1,770,331	1,657,094	-	-	1,770,331	1,657,094
Interest on long-term debt	2,627,393	2,948,611	-	-	2,627,393	2,948,611
Intermunicipal sewer	-	-	8,446,669	7,666,908	8,446,669	7,666,908
Sewer	-	-	11,888,736	11,042,835	11,888,736	11,042,835
Other enterprise funds	-	-	1,542,448	1,431,436	1,542,448	1,431,436
Total expenses	63,691,459	62,566,947	21,877,853	20,141,179	85,569,312	82,708,126
Change in net position before transfers	(9,614,454)	(7,975,586)	(144,541)	1,386,636	(9,758,995)	(6,588,950)
Transfers	2,284,705	2,555,674	(2,284,705)	(2,555,674)	-	-
Change in net position	(7,329,749)	(5,419,912)	(2,429,246)	(1,169,038)	(9,758,995)	(6,588,950)
Net position, beginning of year	(74,026,277)	(68,606,365)	77,268,350	78,437,388	3,242,073	9,831,023
Net position, end of year	\$ (81,356,026)	\$ (74,026,277)	\$ 74,839,104	\$ 77,268,350	\$ (6,516,922)	\$ 3,242,073

# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2017

During 1995 and again during 1998, the City issued capital appreciation bonds and notes (bonds). Capital appreciation bonds are sold at a deep discount and amortized up to the face value of the bonds. Annual amortization results in interest expense for governmental activities in the government-wide financial statements, but not in the governmental fund financial statements. Additionally, repayment of debt, while consuming current financial resources in the governmental funds, has no effect on the net position of the governmental activities. In the same manner, issuance of debt, while providing current financial resources in governmental funds, has no effect on the net position of the governmental activities. Governmental funds report capital outlays as expenditures. However, in the governmental activities, the cost of capital assets is allocated over their estimated useful life and reported as depreciation expense.

For the year ended December 31, 2017, the decrease in net position of governmental activities resulted primarily from the change in the net pension liability and corresponding deferred inflows and outflows of resources for the pension plans totaling \$5,731,966, a decrease in public works capital grants in the amount of \$974,219 due timing of grants and projects, as well as increases in professional services and personnel costs.

For the year ended December 31, 2016, the decrease in net position of governmental activities resulted from the increase in charges for services of \$769,072, mainly due to the following: an increase of \$387,585 of sanitation refuse revenue and an increase of police charges for services in the amount of \$340,968 (including reimbursement for services, parking violations, and other fines). This was offset by an increase in public safety expense of \$5,756,021, mainly due to the following: change in the net pension liability and corresponding deferred inflows and outflows of resources for the Police Pension Plan and Paid Firefighters Pension Plan was \$3,013,117 higher than the prior year, the other post-employment liability for Police and Paid Firefighters was \$1,019,793 higher than the prior year, an increase in the City's contribution to the Police Pension Plan in the amount of \$1,027,253 from the prior year, and an increase of \$486,952 of insurance allocation expenses.

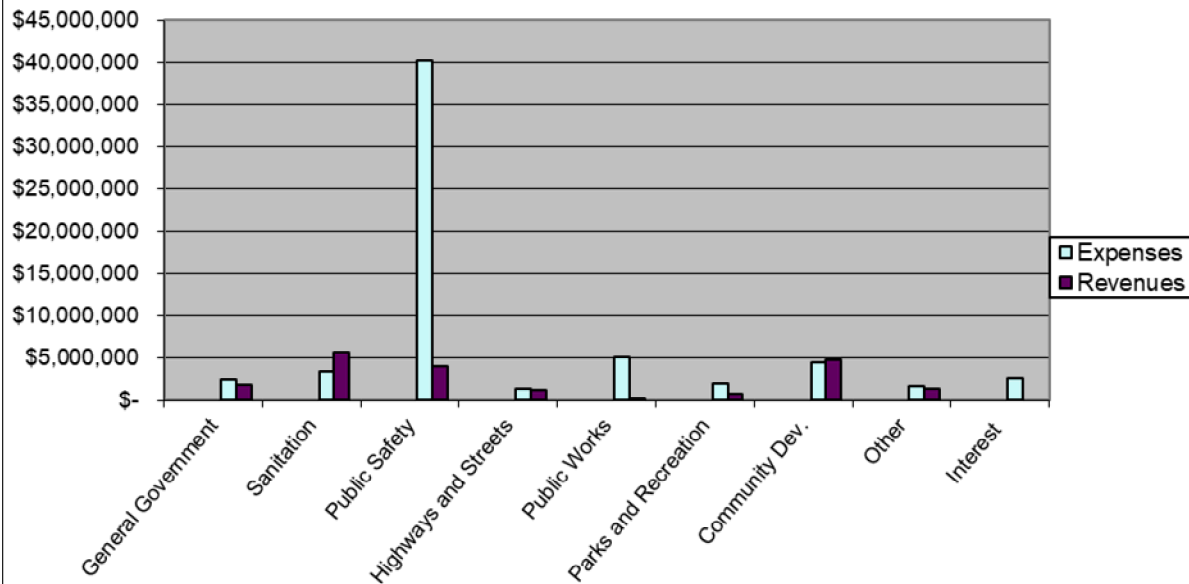


# CITY OF YORK, PENNSYLVANIA

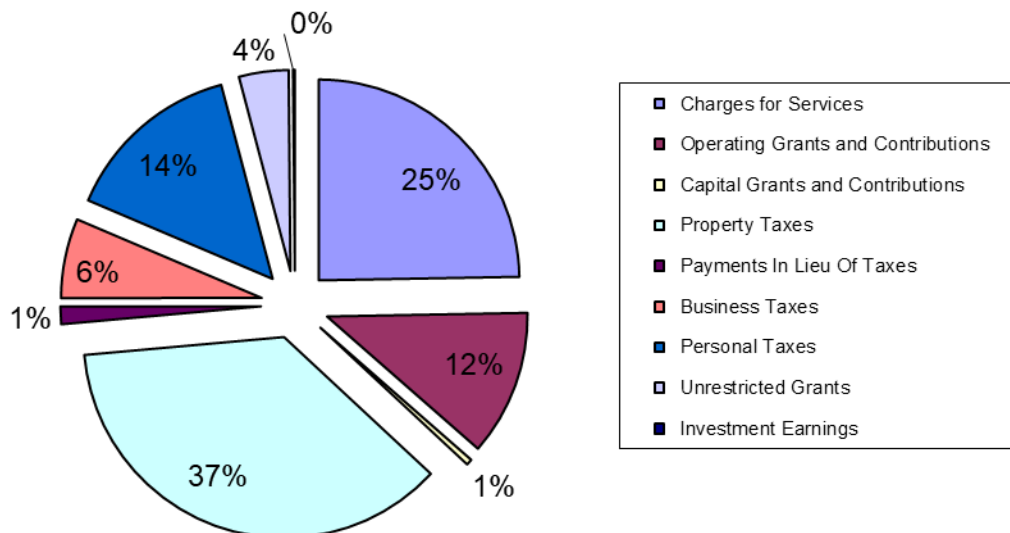
## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Expenses and Program Revenues - Governmental Activities**  
Year Ended December 31, 2017



**Revenue by Source - Governmental Activities**  
Year Ended December 31, 2017



# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City's business-type activities include the Intermunicipal Sewer Fund, Sewer Fund, Ice Rink Fund, Sewer Transportation Fund, and White Rose Community Television Fund.

94.14% of the revenue for business-type activities is derived from charges for services. The City's sewer system is comprised of the sewage collection infrastructure, one pumping station and the staff and equipment for the maintenance thereof. Expenses include the City's share of the annual debt payment on the Wastewater Treatment Plant (WWTP) and the costs of treatment of the wastewater. The costs of treatment are paid to the Intermunicipal Sewer Fund toward the cost of the operation of the WWTP and the debt service is paid to the City of York Sewer Authority.

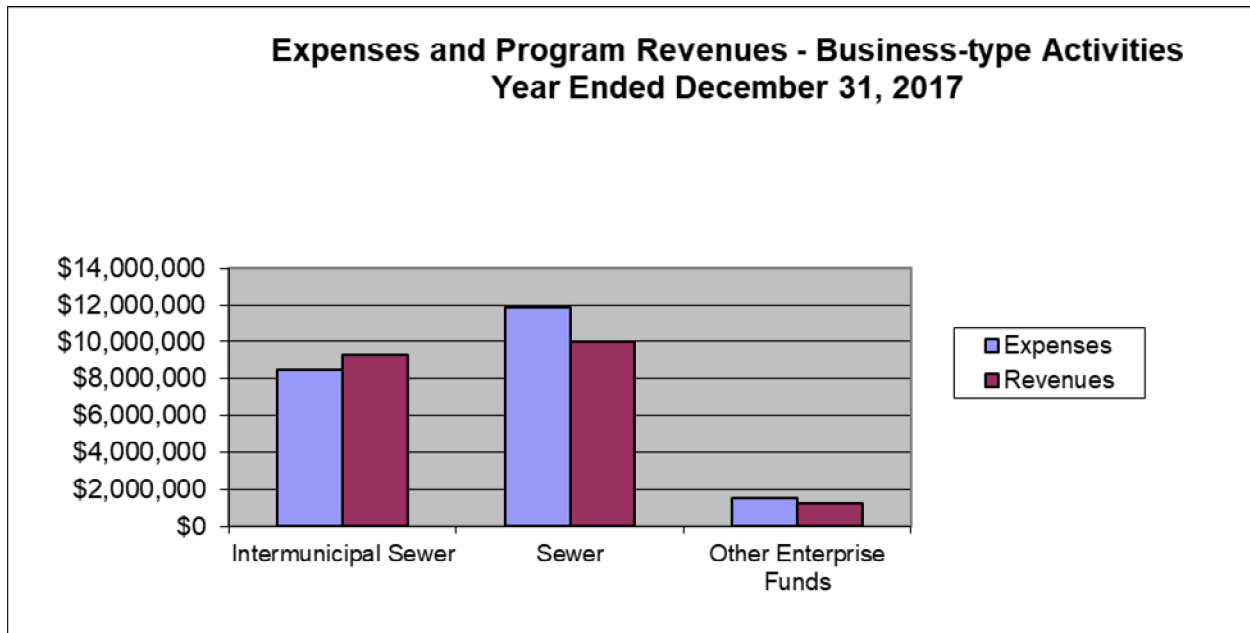
The City operates a state of the art regional WWTP that provides service to six municipalities in addition to the City. Each municipality, including the City, pays a share of the bond debt on the facility and pays the actual cost of treatment for the wastewater that the municipality sends to the facility for treatment. In addition, the facility provides industrial pretreatment testing and levies a charge by volume for certain material contained in the wastewater sent by industrial facilities. Each year in October, the City estimates the wastewater treatment charge per thousand gallons and the quantity of wastewater that will be sent to the plant by each municipality and then communicates the estimated costs for treatment in the subsequent year to each municipality. At the end of each year, the actual cost of treatment is determined. Municipalities that have paid more than necessary receive a credit on their fourth payment and municipalities that have paid too little must make up the difference in the first quarter of the subsequent year. Wastewater treatment charges are calculated by deducting from the actual expenditures of the plant all non-operating revenue, then all operating revenue that comes from customers other than the municipalities is deducted from the expenditures. The remainder is divided to determine the cost per thousand gallons that is charged to the participating municipalities.

A portion of the wastewater that flows to the WWTP from other municipalities is transported through the City sewer interceptor system. Each township pays the City \$.04 per thousand gallons for the wastewater that flows through the City system from the municipality. These payments are held by the City in the Sewer Transportation Fund for the maintenance, repair, and replacement of the sewer lines through which the Intermunicipal wastewater flows.

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2017 and 2016, the City's governmental funds reported combined ending fund balances of \$6,762,734 and \$5,354,631, respectively. The City's unassigned fund balance, which is available for spending at the government's discretion, was \$4,047,947 and \$3,350,141 at December 31, 2017 and 2016, respectively. The remainder of the fund balance at December 31, 2017 and 2016 is restricted for 1) parks and recreation in the amount of \$78,827 and \$14,260, respectively, 2) highways and streets in the amount of \$654,996 and \$503,231, respectively, 3) public works in the amount of \$317,757 and \$379,678, respectively, 4) community development in the amount of \$137,239 and \$96,420, respectively, and 5) debt service in the amount of \$1,525,968 and \$1,010,901, respectively.

The General Fund is the chief operating fund of the City. At December 31, 2017 and 2016, unassigned fund balance of the General Fund was \$4,569,594 and \$3,804,097, respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The fund balance of the City's General Fund increased by \$765,497 during the year ended December 31, 2017. Key factors in this increase are as follows:

- Increase in taxes in the amount of \$1,248,867, mainly attributable to York Adams Tax Bureau's earned income tax collection efforts, as well as to hiring MuniServices to perform "field service" auditing work for local services and business privilege taxes.
- Decrease in grants and contributions in the amount of \$369,295, due to \$175,000 decrease in private contributions and \$205,329 decrease in the federal SAFER grant for fire.

The fund balance of the City's General Fund increased by \$4,633,541 during the year ended December 31, 2016. Key factors in this increase are as follows:

- Increase in taxes in the amount of \$834,716, mainly attributable to York Adams Tax Bureau's earned income tax collection efforts, as well as to hiring MuniServices to perform "field service" auditing work for local services and business privilege taxes.
- Increase in grants and contributions in the amount of \$871,115, due to increases in the federal SAFER grant for fire, state COPS grant for police, and contributions in lieu of taxes from local businesses.
- Increase in charges for services in the amount of \$700,003 due to: increase of \$387,585 of sanitation refuse revenue due to improved collection efforts and increase of police charges for services in the amount of \$340,968 (including reimbursement for services, parking violations, and other fines) due to moving parking enforcement back to the police department in March 2015.
- Decrease in public works expense in the amount of \$142,217 due to an approximate \$145,200 decrease in electricity costs as a result of a decrease in third party electric rates.

The Debt Service Fund has a total fund balance of \$1,525,968 and \$1,010,901 as of December 31, 2017 and 2016, respectively. The net increase in fund balance for the years ended December 31, 2017 and 2016 in the Debt Service Fund was \$515,067 and \$221,034, respectively.

### *Proprietary Funds*

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Intermunicipal Sewer Fund and Sewer Fund at December 31, 2017 amounted to zero and \$2,131,267, respectively. Unrestricted net position of the Intermunicipal Sewer Fund and Sewer Fund at December 31, 2016 amounted to zero and

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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\$3,438,443, respectively. The total increase (decrease) in net position for these funds for the year ended December 31, 2017 was \$141,750 and (\$3,371,042), respectively. The total increase (decrease) in net position for these funds for the year ended December 31, 2016 was \$127,246 and (\$2,198,612), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

#### *General Fund*

Revenue and expenditures for most of the City's general operations are accounted in the City's General Fund. These operations include general government, sanitation, public safety, highways and streets, public works, community development and planning, and other departments and programs. For the year ended December 31, 2017, the final revenue budget, including transfers-in, was \$43,151,924 and the final expenditure budget, including transfers-out, was \$44,301,714.

The City adopts a budget pursuant to the City Charter and ordinances by December 31 of the preceding year. Over the course of the budget year, budget transfers and budget amendments occur. Budget transfers are approved by the business administrator within the limits of discretion granted to that officer by the City Ordinances. Budget amendments are submitted for approval to City Council in the nature of a bill, which, after adoption by Council, becomes an ordinance. Budget transfers and amendments are adopted to make resources available to pay for expenditures that may have exceeded the amounts anticipated and to account for revenue and expenditures associated with grants that become available during the budget year. Transfers and amendments are also used to move resources from contingency accounts within funds to accounts where the resources are required.

In 2017, the single largest revenue item in General Fund was taxes at \$27,576,010. Actual taxes included \$15,560,014 in real estate taxes, \$3,429,129 in business taxes, \$8,111,508 in income and local service taxes. The second largest item includes charges for services, which at \$9,606,770 includes sanitation fees of \$5,489,669.

The City had negative variances between final budget and actual in the grants and contributions line item in the amount of \$316,357 due to the City not receiving a federal grant in the amount of \$200,000 and private contributions in the amount of \$150,000 that were budgeted for and in the charges for services line item in the amount of \$452,103 due to shortfalls in refuse fees totaling \$226,331 and public safety reimbursements totaling \$137,182.

Total General Fund expenditures were \$42,487,262 for the year ended December 31, 2017. The single most expensive activity in the General Fund is public safety, which is comprised of police

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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and fire-rescue services, which amount to \$30,536,551 or 71.87% of the General Fund actual expenditures for the year ended December 31, 2017. The City had a negative variance between final budget and actual in the public safety line item in the amount of \$350,071 due to the City contributing \$363,883 more to the Police Pension than anticipated.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION:**

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 and 2016 amounts to \$127,201,601 and \$131,394,423, respectively. This investment in capital assets includes land, buildings, land improvements, equipment and furniture, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was 3.19% (a 3.07% decrease for governmental activities and a 3.27% decrease for business-type activities).

Major capital asset events during the year ended December 31, 2017 included the following:

- Street improvements totaling \$377,335
- Rail trail construction totaling \$47,305
- Financial management system totaling \$192,438
- Phase II PPS Migration Project totaling \$111,835
- Roof project totaling \$288,380
- Bike lanes project totaling \$238,243
- Police cars totaling \$118,843
- Street sweeper totaling \$194,091
- Various sewer system infrastructure improvements totaling \$912,503
- Ice rink equipment totaling \$356,439
- Highways and streets vehicle totaling \$116,863

# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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- Memorial Park structures totaling \$99,878
- Parks and recreation vehicles totaling \$74,391
- Mower totaling \$67,940

Major capital asset events during the year ended December 31, 2016 included the following:

- Street improvements totaling \$1,325,233
- Rail trail construction totaling \$984,786
- Financial management system totaling \$333,516
- Market Street paving totaling \$177,535
- Street sweeper totaling \$145,532
- Police cars totaling \$112,124
- Workstation upgrades totaling \$118,612
- Engineering fees for North Bend Opportunity Area and Green Action Planning Study totaling \$83,762
- Memorial Park structures totaling \$69,150

Additional information on the City's capital assets can be found in note 10 on page 44 of this report.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Long-Term Debt**

At December 31, 2017 and 2016, the City had total general obligation bonds and notes outstanding of \$40,647,976 and \$40,223,016, respectively. Revenue bonds in the amount of \$38,362,814 and \$46,414,127, respectively, represent bonds secured solely by specified revenue sources.

The City's total debt decreased by \$8,081,281 during the year ended December 31, 2017. The City issued the following debt during the year ended December 31, 2017: General Obligation Bonds, Series A of 2017 in the amount of \$11,550,000 to advance refund the remaining \$10,620,000 of General Obligation Bonds, Series of 2011; the Guaranteed Sewer Revenue Bonds, Series of 2017 in the amount of \$21,025,000 to advance refund the remaining \$22,745,000 of Guaranteed Sewer Revenue Bonds, Series of 2010; and the General Obligation Bonds, Series B of 2017 in the amount of \$2,335,000 to currently refund the remaining \$1,710,000 of York City Recreation Corporation Guaranteed Revenue Bonds, Series of 2001. The City also entered into new capital leases during 2017 for a highway street sweeper, air cooled condensers, litter vacuum, two vehicles, SandPro equipment, and a mower in the amount of \$502,833. These increases, in addition to the increase of \$1,629,960 in accretion of capital appreciation bonds, were offset by \$45,124,074 in debt repayments (including the refundings, as explained previously).

The City's total debt decreased by \$7,821,064 during the year ended December 31, 2016. The City entered into new capital leases during 2016 for a highway street sweeper, four vehicles, and a mower in the amount of \$313,953. An increase of \$2,059,081 of accretion of capital appreciation bonds was offset by \$10,229,851 in debt repayments.

Additional information on the City's long-term debt can be found in note 12 on page 48 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:**

The City finished 2013 with a (\$5,715,996) accumulated deficit in the General Fund. As of December 31, 2017, the fund balance had increased to a positive \$4,569,594. Several factors, previously identified, contributed to this \$10 million improvement. However, the following section identifies the most significant economic conditions negatively impacting the financial health of the City along with the proactive measures being taken to overcome these challenges.

As is the case in most 3<sup>rd</sup> class cities in Pennsylvania, the structure for providing and paying for municipal services makes it difficult to maintain the historical level of service the City's citizens deserve. The challenges faced by the City are common plagues to most inner-cities. City government inherits conditions that are beyond the direct control of our elected officials. For



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example, school districts are autonomous, yet high school tax rates impact all city residents even if the home does not have school age children. Furthermore, per the Pennsylvania Municipal League ([fixthenumbers.com](http://fixthenumbers.com)) 473 out of 500 Pennsylvania school districts are operating with insufficient resources. This does not exempt the City from being a part of the problem. However, even if the City cut the property tax rate by fifty percent (50%), this would only equate to approximately a twenty percent (20%) overall reduction in the effective tax rate. Both entities must work in concert and seek reform at the state level to effect meaningful change at the local level. Furthermore, as the School District of the City of York (YCSD) continues to struggle academically, the overall student population continues to decline. This is a clear indication that more and more parents are pulling their children out of YCSD and relocating their families to municipalities offering better alternatives.

The vicious cycle of high levels of migration to the suburban communities and stagnant assessed values of taxable properties strapped with disproportionate real estate tax burdens perpetuates more migration. This further erodes the income tax base, creating an over-reliance on real estate taxes to cover operating expenses. To make matters worse, this migration leaves behind high concentrations of poverty further exasperating crime and property maintenance issues. To help offset this trend, in 2015, the City raised the earned income tax rate for residents and non-residents alike from 1% to 1.25%. This measure generates \$3 million of additional revenue annually. It is important to note that unlike most taxes, most of this revenue will be paid by commuters who previously gave only \$52 (one dollar per week) in the form of a Local Service Tax (LST). The LST generates approximately \$38 thousand dollars per week; however, the cost of providing services such as public safety, traffic signals, street lights, storm water management, etc. is approximately \$750 thousand dollars per week. Less affluent City residents are forced to subsidize the service levels that the more affluent non-city residents rely upon for their livelihood. On average, 88% of the gross wages earned in the City go to commuters who do not pay any earned income taxes on the income they take back to their "home" communities.

Because the City is the county seat and the urban hub of the metropolitan area, over thirty seven percent of the real estate value in the City is tax exempt. The tax exempt real estate consists of post-secondary schools, county, state and federal government buildings, a hospital, churches, social service agencies, non-school educational venues and charities, etc. Moreover, the agencies that occupy the tax exempt real estate serve large populations who do not live in the City. Every non-city resident who attends college, receives health care, uses state and county government services, attends religious services, receives social services, enjoys entertainment at certain venues, or receives charitable assistance has that service subsidized by the tax paying residents of the City. The City has made a concerted effort to collect payments in lieu of taxes from tax exempt properties, but these efforts have netted only about \$400,000 or just 4% of the revenue lost by tax exemptions.

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With over a third of the real estate tax base being exempt from tax collections, city residents and businesses alike carry the burden of a disproportionate share of taxation comparable to most local municipalities. Compared to Fairview Township and Springettsbury Township (with the second and third highest proportion of tax exempt properties, respectively), the City at thirty seven percent (37%) has twice as many tax-exempt properties as Fairview Township has and four times more than Springettsbury Township. Similar to the vicious school cycle described above, the negative impacts of being the county seat also creates higher concentrations of poverty as many social service agencies, low income housing, homeless shelters, and rehabilitation facilities maintain their presence and even expand in neighborhoods that are already impoverished.

The 2015 real estate tax rate was 20.37 mills. This rate was set in 2012 and remained the same for 2013, 2014, and 2015. Between 2005 to 2012, the real estate tax rate increased by almost 51%. To provide relief for current property owners and simultaneously spur real estate activity, former Mayor Bracey committed to a 15% property tax reduction over the next 5 years. In 2016, real estate tax rates were reduced by 1% to 20.16 mills. In 2017, the rate decreased by another 2% to 19.75 mills and, in 2018, the rate decreased by another 4% to 18.97 mills. The 2019 rate stayed the same at 18.97 mills. In 2014, the overall effective property tax rate (including school and county assessments) was 72% higher than the next highest (York Haven) of the municipalities surrounding the City. However, in 2017, that margin was reduced to 58% higher than the next highest, which is now West York. While the City is making a commitment to lower real estate taxes, many municipalities and school districts are raising their rates – narrowing the spread from one region to the next.

The prior tax increases were driven by many different pressures, but the fundamental issue is that there is no natural growth in the City tax base and, thus, no natural growth in tax revenue. On the other hand, costs increase in response to local, state, national, and international trends. While the City has been able to hold the real estate rate steady for three years, the need for capital improvement projects forced the City to raise sewer rates by 6% and 4.1% in 2015 and 2017, respectively.

The minimum municipal annual pension obligation payments (MMO) are supported by the City's General Fund. In 2005, the City contribution to the employee pension funds was \$2 million. Largely due to factors outside of the control of the administration such as market performance and the negative long term financial impacts of arbitrated labor negotiations, the annual obligation increased over 140% to \$4.9 million in 2006. The next few years continued to see steady increases in the annual obligation. However, in 2011 the MMO rose by 44% to \$7.8 million annually in response to the effect the housing market crash had on the pension fund investments.

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Due to its relatively high level of unfunded pension liabilities, Pennsylvania categorizes the City's pension plans as "moderately distressed." Subsequently, the City was permitted through Act 44 to make use of several capabilities to relieve the financial stress of high MMO payments. For a four-year period, the City was allowed to reduce its normal MMO payments by 25% beginning in 2011, followed by the increase to the resident and non-resident earned income tax from 1% to 1.25%, as explained previously.

The main driver of these unfunded liabilities is the inability of the City tax base to keep up with rising public safety costs. Police and firefighter labor costs continue to rise faster than the rate of inflation consuming more than 70% of the General Fund operating budget.

In December 2014, the City successfully negotiated pension reform into the 2015 – 2018 Fraternal Order of Police (FOP) contract. The projected savings in annual MMO payments stems from converting retirees to a fixed cost of living adjustment (COLA) versus a variable calculation. The uncertainty behind what the potential annual increases would be artificially inflates the actuarial calculation of the unfunded liability. Now the actual exposure can be calculated with more certainty. Netting the scheduled pay increases and other contractual commitments against this reform, this deal provides approximately \$1 million annually in expense relief for the life of the contract.

This deal also accomplished a few milestones:

- The 4% early retirement incentive was eliminated. Future considerations for layoffs will not be impacted by this policy.
- Police now contribute to healthcare premiums for the first time ever with gradual increases scheduled each year.
- The retirement age for new hires was raised by 5 years.

In addition, the City was able to reach a similar deal with the International Association of Firefighters (IAFF), active and retired, in 2016. The IAFF agreed to receive the same fixed 2.5% pension COLA.

For 2015 and 2016, the City budgeted for the savings from the above deals to be applied to prior year MMO's that were past due. The difference between the credits and the annual liability were applied directly to the unfunded liability as an actuarial gain. As of September 1, 2016, all past due MMO payments citywide were paid in full.

It is important to note that the net effect of all of the above actions are not yet fully represented in the actuarial valuation reports. As of 2013, the pension fund was at a 58% funding status. Coupled with continued market gains and additional reform, the goal is to reach a 70% funding status by 2019; removing the distressed pension status.

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The City has made significant strides over the past year in pursuit of the goals set by the Administration for the Department of Economic and Community Development (DECD). Through partnerships, creativity, and community involvement DECD has been able to make strides in its efforts to continuously build a sustainable, diverse local economy that has a positive impact on the City's residents in the form of jobs, improved housing stock, and an ever-increasing standard of living for City residents. The department has also excelled in identifying and engaging in projects with objectives to stabilize neighborhoods that have suffered from disinvestment. Furthermore, through its ability to leverage City funds, the department has been able to make indelible impacts across the community. Some of these projects include:

- **Citizen's Bank** – The Citizen's Bank building located at 1 North George Street on the City's Continental Square will be converted into a mixed-use development project consisting of high end market rate rental units, and an open atrium restaurant and gallery space. With all of the activities and special events that take place on this corner of the square – ranging from Light Up Night all the way to First Night, the Citizen's project will no doubt compliment the activities on the Square upon completion and be a great place to live.
- **Royal Square Neighborhood Partnership Program (NPP) Project** – The City has continued to support the efforts spearheaded by Royal Square Development Corporation (RSDC) in conjunction with the YWCA. Years one and two focused on beautification projects for the area that include more improvements to the public realm and streetscaping, creating a sense of place for the neighborhood. In year three, the funds are pledged to make exterior improvements to the community cornerstone Voni Grimes Gym. The former Allison's Bar located at 105-107 South Duke Street was a fixture in the community during its hay day but lost some of its luster before the City's Bureau of Economic Development partnered with RSDC to acquire the property. The structured private public partnership (P3) consists of the YWCA as project lead and several tax credit partners -- Glatfelter Insurance Group, M&T Bank, Northwest Savings Bank, PeoplesBank, York Water Company – who are investing in the core block of Royal Square under the Commonwealth of Pennsylvania's NPP. Allison's, upon full fit out and completion, will develop into a restaurant/bar, with a shared kitchen with the neighboring donut shop. This public private partnership from five tax credit investors demonstrates the City's local business community's faith in the efforts of the group and in the future impact this project will have on this neighborhood in the City.
- **Salem Square** – The City, in partnership with Salem Square Community Association and members of the faith based community, continue to work to revitalize the neighborhood. The former Gus' bar project has been completed and all four spaces are or are being positioned for occupancy. There are two beautifully renovated apartments which are currently leased. Martin Library has expanded its campus on the first floor of

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the property, creating a satellite location focusing on computer literacy and after school activities. The department secured grant funding from the Commonwealth Department of Economic and Community Development and the U.S. Department of Housing and Urban Development to underwrite the costs to fully renovate the property in order to alleviate any financial burden to the City. The area around this project has also been designated as an Elm Street Neighborhood and has better opportunities to apply for and receive funding from the Commonwealth of Pennsylvania.

- **Market Square Project** – RSDC group received a New Market Tax Credit (NMTC) allocation from local Community Development Financial Institution's (CDFI) Community First Fund to redevelop several vacant buildings in the unit block of West Market. These properties have sat fallow and underutilized for several years prior to this investment by RSDC. The City anticipates, with their redevelopment, that they will be a great contribution to downtown York and serve as a generator in the community.
  - **The Woolworth Building** located 44 - 50 West Market Street will be converted into a mixed used development project consisting of three retail bays on the first floor and 21 market rate apartments with an open-air common area for outdoor entertaining and leisure feature on the upper floors. A portion of the rear of the building will be demolished to create a 30-car parking lot for future patrons of the retail establishments and residents of the property alike.
  - **The former Weinbrom Jewelers Building** located at 56 West Market Street will be redeveloped into six smaller retail spaces along South Beaver Street, and first floor anchor, Isaac's Famous Grilled Sandwiches. The second story will be transformed into eight loft style market rate apartments.
- **Northeast Neighborhood Association** – Think Loud Development has begun the second phase of its project in the Northeast section of the City. Further acquisition and site preparation on the part of the organization has enabled them to clear the path for future development of a gigabit community in the City. The City anticipates that this project will continue to add stability to the community and serve to anchor the neighborhood in such a way that it will increase the surrounding values of the remaining property owners.
- **Yorktown Hotel Project** – The City is fully supportive of the purchase and repositioning of the existing Yorktown Hotel to its full glory. As it was originally developed as a community supported project by founding fathers and key community stakeholders, the hotel has come full circle once again under the stewardship of the York County Industrial Development Authority (IDA) who will oversee the full renovation of the facility into a world class hotel.

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- **120 North Richland Avenue** – The City, through its Redevelopment Authority, seeks to cause development at the 120 N Richland Avenue site, to compliment the year-round family activity center at the York Fairgrounds. As “America’s First and Oldest Fair”, the York Fair and Expo Center attracts millions to the City on an annualized basis. While the former activity once supplemented fair activities, the highest and best use for this site, given its proximity to the fair amenities and highways would be a hotel, lodging component to the current year-round activities of the Expo Center and the Fair. The intention of the partnership is to enact a cohesive effort to capitalize on a cornerstone of York’s economy. As the facilitators of this development, the City envisions a one-of-a-kind lodging, hospitality, and complementary activity center. The Bureau of Economic Development and the Redevelopment Authority seek to leverage private resources, with public subsidies in the form of grants and contributions to remediate any environmental contaminants in order to market a shovel ready site to developers.
- **300 North State Street** – The former Danskin property has been in state of neglect and disrepair for some time. The parcels were formally owned by a developer who had exhausted all avenues to get the site completed in the form of demolition and environmental remediation. With no feasible way to continue, the owner agreed to sell the property to the Redevelopment Authority. Since the acquisition, City staff has worked diligently to secure funding, and partner with the right developer, for the development of the site. Pennrose signed a contract to develop this four-acre site as a mixed-use project, including residential, commercial, and office uses. The project calls for a 56-unit multi-family housing with a community room and small offices.
- **Penn and Market Farmer’s Market** – Penn and Market Farmer’s Market has been in existence dating back to 1860. It is the oldest Market in the City. While its prominent architecture and anchor designation poises the structure and location for historical significance, it is the community benefit that puts the Farmer’s Market as a priority project for the City. There has been a continuous effort to improve not only the physical aspects of the market, but to improve and update the infrastructure, processes, and procedures surrounding the operation of the market. There has already been positive progress towards the goal. Through grant funding, specifically an Economic Development Initiative (EDI) and Redevelopment Assistance Capital Grant (RACP), the Bureau of Economic Development has been able to tackle some of the glaring issues pertaining to roof leakages, outdated and dysfunctional bathroom layouts, lighting, and improvements to maintain the exterior walls. Over the next five years, the goal of the City is to continue to be a partner in the growth of the market. The City, through its Bureau of Economic Development, aims to acquire funding to complete the list of repairs presented by the Friends of the Market. In conjunction with City partners, the City stands committed to fostering a booming environment, whereby the Farmer’s Market can continue to provide City residents access to fresh produce, meats, and

# CITY OF YORK, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

baked items. The Bureau seeks to market the entrepreneurial and economic benefits that the Farmer's Market provides including incubation of new businesses to attract vendors. In order to achieve the aforementioned goals. The Bureau continues to work with the West of Codorus (WECO) Neighborhood Association, Downtown Inc., and York County Economic Alliance (YCEA).

- **Artist Housing** – As the influx of creative people continues in the City, there has been varied interest over the years to develop housing specifically for artists. In June of 2016, a partnership of Homes for America, Royal Square, and the City is looking to bring an artist housing product and project to the City. The building will be a one of a kind product, including gallery and maker spaces, residential units, and community areas. Royal Square currently has an option agreement for an area within their current footprint of King-Duke-Queen and Princess Streets. The project calls for up to 56 units of new construction, residential housing with supportive services within the footprint of the building, including gallery spaces, work rooms, and small retail spaces.
- **York Academy Regional Charter Upper School** – York Academy Regional Charter School (YARCS) has expanded its campus to offer high school classes grades 9-12. This project is the repurposing of a former, decommissioned, manufacturing site at the northern gateway in the City. The expansion of YARCS not only addressed a blighted property within the City, but has the potential to attract additional families into the community.
- **450 Madison Avenue** – The Redevelopment Authority recently sold the property at 450 Madison to a local developer who is renovating the 44-unit apartment building. The developer plans renovate the structure, increasing the unit count to 46, and adding parking. The first phase of the project has already been completed, delivering 20 newly renovated apartments. The second phase of the project will deliver the additional 26 units.
- **Emanuel Community Development Corporation (CDC)** – Emanuel CDC is working to establish a neighborhood association in the City's east end. To date, the CDC has operated a health clinic and after school program which caters to the neighborhood, but have seen the need and potential of serving additional residents by providing additional services. To that end, the organization is looking to add a community center, do renovations to their campus, and work with the City in creating and implementing a neighborhood revitalization strategy.

The City has taken many proactive steps to improve its financial health and put in place the structure necessary for future economic and human capital growth. While the challenges are great, the City is fortunate to have a community of business leaders, a strong community foundation, and City leaders who see the incredible potential of the City if its financial

# **CITY OF YORK, PENNSYLVANIA**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2017

challenges can be conquered. These disparate groups agree on the need to dramatically reduce, not just stabilize, city real estate tax rates – both school district and municipal. Until this is done, the success of the core urban center will continue to be limited. The City’s efforts must remain focused on regionalizing as many services as possible, while lobbying Harrisburg legislators for pension reform and relief from Act 111 arbitration proceedings.

Notwithstanding the financial challenges that the City faces, citizens can be assured that the City will continually look for ways to improvise, improve, and innovate. It is the City’s vision that the City shall be a thriving urban community in which every person is welcome to be safe, successful, and happy. The City will not be ashamed to copy good practices from others, nor will the City fear trying new things of the City’s own devising. The protection and improvement of the health, safety, and welfare of the community is the City’s reason for being. Citizens can be assured that the Helfrich Administration holds the long-term welfare of the community as the guiding principle of the City’s actions.



**CITY OF YORK, PENNSYLVANIA**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2017**

	Primary Government			Component Units	Total
	Governmental Activities	Business-type Activities	Total		
<b>Assets</b>					
Cash and cash equivalents	\$ 8,028,877	\$ 4,599,072	\$ 12,627,949	\$ 2,011,160	\$ 14,639,109
Receivables, net of allowance for uncollectible accounts:					
Taxes	6,600,254	-	6,600,254	-	6,600,254
Accounts	3,013,711	3,547,414	6,561,125	115,090	6,676,215
Loans	3,562,207	-	3,562,207	1,000,000	4,562,207
Interest	-	-	-	5,776	5,776
Internal balances	(4,099,431)	4,099,431	-	-	-
Due from component units	1,292,277	-	1,292,277	-	1,292,277
Due from other governments, net of allowance	1,995,628	-	1,995,628	-	1,995,628
Prepaid expenses	25,263	-	25,263	-	25,263
Restricted assets:					
Cash and cash equivalents	1,963,442	12,018,255	13,981,697	1,922,535	15,904,232
Lease rentals receivable	-	20,528,007	20,528,007	-	20,528,007
Capital assets, less accumulated depreciation and amortization	51,496,448	75,705,153	127,201,601	6,402,314	133,603,915
Prepaid debt insurance	-	35,668	35,668	-	35,668
Total assets	73,878,676	120,533,000	194,411,676	11,456,875	205,868,551
<b>Deferred Outflows of Resources</b>					
Deferred outflows of resources for pensions	5,250,205	396,243	5,646,448	-	5,646,448
Deferred charges on refunding	2,482,220	3,222,667	5,704,887	-	5,704,887
Total deferred outflows of resources	7,732,425	3,618,910	11,351,335	-	11,351,335
<b>Liabilities</b>					
Accounts payable and other current liabilities	3,396,013	703,381	4,099,394	95,276	4,194,670
Accrued liabilities	892,010	132,254	1,024,264	-	1,024,264
Litigation payable	-	-	-	1,500,000	1,500,000
Environmental remediation liability	-	-	-	1,744,000	1,744,000
Due to primary government	-	-	-	1,292,277	1,292,277
Due to other governments	29,672	546,234	575,906	106,973	682,879
Unearned revenue	4,068,516	400,624	4,469,140	369,338	4,838,478
Other post-employment liability	30,935,434	412,371	31,347,805	-	31,347,805
Net pension liability	74,054,941	2,291,207	76,346,148	-	76,346,148
Noncurrent liabilities:					
Due within one year	5,333,597	3,785,414	9,119,011	766,826	9,885,837
Due in more than one year	39,974,893	40,912,853	80,887,746	6,285,000	87,172,746
Total liabilities	158,685,076	49,184,338	207,869,414	12,159,690	220,029,104

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Units	Total
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources for pensions	4,282,051	128,468	4,410,519	-	4,410,519
<b>Net Position</b>					
Net investment in capital assets	28,437,947	59,428,192	87,866,139	649,714	88,515,853
Restricted for:					
Parks and recreation	78,827	-	78,827	-	78,827
Highways and streets	654,996	-	654,996	-	654,996
Public works	317,757	-	317,757	-	317,757
Community development and planning	137,239	-	137,239	-	137,239
Workers' compensation	463,363	-	463,363	-	463,363
Debt service	1,525,968	5,130,582	6,656,550	72,304	6,728,854
Revolving loans	-	-	-	1,000,000	1,000,000
Construction	-	4,382,904	4,382,904	-	4,382,904
Unrestricted	(112,972,123)	5,897,426	(107,074,697)	(2,424,833)	(109,499,530)
Total net position	\$ (81,356,026)	\$ 74,839,104	\$ (6,516,922)	\$ (702,815)	\$ (7,219,737)

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,543,872	\$ 1,761,615	\$ 129,740	\$ -
Sanitation	3,434,464	5,559,825	117,475	-
Public safety	40,200,624	3,049,424	966,997	-
Highways and streets	1,485,517	52,298	1,182,686	-
Public works	5,035,599	50,852	21,176	190,263
Parks and recreation	2,082,321	442,153	301,442	71,296
Community development and planning	4,511,338	2,437,097	2,255,566	-
Other departments and programs	1,770,331	11,705	1,363,287	-
Interest on long-term debt	2,627,393	-	-	-
Total governmental activities	63,691,459	13,364,969	6,338,369	261,559
Business-type activities:				
Intermunicipal sewer	8,446,669	9,318,123	-	-
Sewer	11,888,736	9,973,801	-	-
Other enterprise funds	1,542,448	1,168,019	74,970	-
Total business-type activities	21,877,853	20,459,943	74,970	-
Total primary government	\$ 85,569,312	\$ 33,824,912	\$ 6,413,339	\$ 261,559
Component units:				
Redevelopment Authority	\$ 2,643,822	\$ 509,227	\$ 295,218	\$ -
General Authority	1,792,255	1,814,052	-	-
Total component units	\$ 4,436,077	\$ 2,323,279	\$ 295,218	\$ -
General revenues:				
Property taxes				
Local services taxes				
Earned income taxes				
Business privilege taxes				
Franchise taxes				
Public utility realty taxes				
Payments in lieu of taxes				
Grants and contributions not restricted to specific functions				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	Total
Governmental Activities	Business-type Activities	Total		
\$ (652,517)	\$ -	\$ (652,517)	\$ -	\$ (652,517)
2,242,836	-	2,242,836	-	2,242,836
(36,184,203)	-	(36,184,203)	-	(36,184,203)
(250,533)	-	(250,533)	-	(250,533)
(4,773,308)	-	(4,773,308)	-	(4,773,308)
(1,267,430)	-	(1,267,430)	-	(1,267,430)
181,325	-	181,325	-	181,325
(395,339)	-	(395,339)	-	(395,339)
(2,627,393)	-	(2,627,393)	-	(2,627,393)
(43,726,562)	-	(43,726,562)	-	(43,726,562)
-	871,454	871,454	-	871,454
-	(1,914,935)	(1,914,935)	-	(1,914,935)
-	(299,459)	(299,459)	-	(299,459)
-	(1,342,940)	(1,342,940)	-	(1,342,940)
(43,726,562)	(1,342,940)	(45,069,502)	-	(45,069,502)
-	-	-	(1,839,377)	(1,839,377)
-	-	-	21,797	21,797
-	-	-	(1,817,580)	(1,817,580)
19,822,332	-	19,822,332	-	19,822,332
1,232,010	-	1,232,010	-	1,232,010
6,589,500	-	6,589,500	-	6,589,500
3,057,343	-	3,057,343	-	3,057,343
375,364	-	375,364	-	375,364
33,474	-	33,474	-	33,474
764,766	-	764,766	-	764,766
2,161,067	-	2,161,067	-	2,161,067
76,252	1,198,399	1,274,651	43,143	1,317,794
2,284,705	(2,284,705)	-	-	-
36,396,813	(1,086,306)	35,310,507	43,143	35,353,650
(7,329,749)	(2,429,246)	(9,758,995)	(1,774,437)	(11,533,432)
(74,026,277)	77,268,350	3,242,073	1,071,622	4,313,695
\$ (81,356,026)	\$ 74,839,104	\$ (6,516,922)	\$ (702,815)	\$ (7,219,737)

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 50	\$ -	\$ -	\$ 1,430,788	\$ 1,430,838
Cash and cash equivalents - restricted	-	1,500,079	-	-	1,500,079
Receivables:					
Loans (less allowance for doubtful accounts of \$33,000 in the General Fund and \$532,618 in the Other Governmental Funds)	370,847	-	-	3,191,360	3,562,207
Taxes (less allowance for doubtful accounts of \$1,580,726 in the General Fund, \$327,543 in the Debt Service Fund, and \$116,712 in the Other Governmental Funds)	6,117,681	355,433	-	127,140	6,600,254
Accounts (less allowance for doubtful accounts of \$2,696,461 in the General Fund)	2,506,151	-	2,500	348,864	2,857,515
Due from other funds	1,209,823	-	38,204	157,000	1,405,027
Due from component units	1,292,277	-	-	-	1,292,277
Due from other governments	472,555	-	381,689	1,141,384	1,995,628
Total assets	<u>\$ 11,969,384</u>	<u>\$ 1,855,512</u>	<u>\$ 422,393</u>	<u>\$ 6,396,536</u>	<u>\$ 20,643,825</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 848,799	\$ 2,000	\$ 300,214	\$ 1,129,224	\$ 2,280,237
Accrued wages payable	720,076	-	-	55,535	775,611
Due to other funds	541,033	-	249,913	919,790	1,710,736
Due to other governments	-	-	-	29,672	29,672
Unearned revenue	717,819	-	68,704	3,281,993	4,068,516
Total liabilities	<u>2,827,727</u>	<u>2,000</u>	<u>618,831</u>	<u>5,416,214</u>	<u>8,864,772</u>
Deferred inflows of resources:					
Unavailable revenue - taxes	<u>4,572,063</u>	<u>327,544</u>	<u>-</u>	<u>116,712</u>	<u>5,016,319</u>
Fund balances (deficits):					
Restricted for:					
Parks and recreation	-	-	-	78,827	78,827
Highways and streets	-	-	-	654,996	654,996
Public works	-	-	-	317,757	317,757
Community development and planning	-	-	-	137,239	137,239
Debt service	-	1,525,968	-	-	1,525,968
Unassigned	<u>4,569,594</u>	<u>-</u>	<u>(196,438)</u>	<u>(325,209)</u>	<u>4,047,947</u>
Total fund balances (deficits)	<u>4,569,594</u>	<u>1,525,968</u>	<u>(196,438)</u>	<u>863,610</u>	<u>6,762,734</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 11,969,384</u>	<u>\$ 1,855,512</u>	<u>\$ 422,393</u>	<u>\$ 6,396,536</u>	<u>\$ 20,643,825</u>

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA****RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION****DECEMBER 31, 2017**

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Fund balances - total governmental funds	\$	6,762,734
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 141,142,344	
Less accumulated depreciation	<u>(89,660,802)</u>	51,481,542

Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.	5,016,319
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Deferred charges on refunding resulting from the issuance of debt are not financial resources and, therefore, are not reported in the funds.	2,482,220
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(34,598,011)	
Net premium on bonds	(1,777,320)	
Notes payable	(3,714,965)	
Other post-employment liability	(30,746,003)	
Loans from other governmental entities	(1,950,000)	
Capitalized lease obligation	(1,891,552)	
Compensated absences	(1,278,532)	
Accrued interest payable	(90,663)	
Net pension liability, net of related deferred outflows and inflows of resources	<u>(72,472,702)</u>	(148,519,748)

Internal service funds are used by management to charge the costs of insurance services, human resource services, information services, central services, and business administration services to individual funds. The assets, deferred inflows of resources, liabilities, and deferred outflows of resources of the internal service fund are included in governmental activities in the statement of net position.

Internal service fund net position	6,701,332	
Adjustment related to enterprise funds	<u>(5,280,425)</u>	<u>1,420,907</u>

Net position of governmental activities	\$	<u><u>(81,356,026)</u></u>
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See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -****GOVERNMENTAL FUNDS****YEAR ENDED DECEMBER 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 27,576,010	\$ 3,265,445	\$ -	\$ 1,016,474	\$ 31,857,929
Licenses and permits	1,110,745	-	-	-	1,110,745
Fines and forfeits	1,692,494	-	-	-	1,692,494
Grants and contributions	2,013,187	2,161,067	261,559	4,850,650	9,286,463
Charges for services	9,606,770	177,576	-	593,663	10,378,009
Loan repayments	-	-	-	152,206	152,206
Interest	12,429	5,400	523	22,697	41,049
Miscellaneous	113,035	-	-	118,064	231,099
Total revenues	42,124,670	5,609,488	262,082	6,753,754	54,749,994
Expenditures:					
Current:					
General government	1,535,120	6,036	14,689	243,558	1,799,403
Sanitation	3,341,651	-	-	-	3,341,651
Public safety	30,536,551	-	-	333,720	30,870,271
Highways and streets	689,523	-	-	506,155	1,195,678
Public works	3,027,163	-	-	31,336	3,058,499
Parks and recreation	-	-	-	1,732,132	1,732,132
Community development and planning	3,204,078	-	-	1,155,334	4,359,412
Other departments and programs	134,355	-	-	1,544,457	1,678,812
Debt service:					
Principal retirements	18,581	4,470,000	506,164	381,991	5,376,736
Interest	240	853,247	77,096	80,395	1,010,978
Capital outlay	-	-	704,123	1,112,088	1,816,211
Total expenditures	42,487,262	5,329,283	1,302,072	7,121,166	56,239,783
Excess (deficiency) of revenues over (under) expenditures	(362,592)	280,205	(1,039,990)	(367,412)	(1,489,789)
Other financing sources (uses):					
Capital lease	-	-	168,806	231,287	400,093
Transfers in	2,632,574	583,576	792,958	519,460	4,528,568
Transfers out	(1,504,485)	(561,808)	-	(177,570)	(2,243,863)
Refunding bonds issued	-	11,550,000	-	-	11,550,000
Premium on refunding bonds issued	-	1,807,590	-	-	1,807,590
Payment to refunded bond escrow agent	-	(13,144,496)	-	-	(13,144,496)
Total other financing sources (uses)	1,128,089	234,862	961,764	573,177	2,897,892
Net change in fund balances (deficits)	765,497	515,067	(78,226)	205,765	1,408,103
Fund balances (deficits) - beginning of year	3,804,097	1,010,901	(118,212)	657,845	5,354,631
Fund balances (deficits) - end of year	\$ 4,569,594	\$ 1,525,968	\$ (196,438)	\$ 863,610	\$ 6,762,734

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**


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Amounts reported for governmental activities in the statement  
of activities are different because:

Net change in fund balances (deficits) - total governmental funds	\$	1,408,103
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$	2,017,136	
Depreciation expense		<u>(3,617,910)</u>	(1,600,774)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(708,192)
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The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of capital lease	(400,093)	
Refunding bonds issued	(11,550,000)	
Premium on refunding bonds issued	(1,807,590)	
Payment to refunded bond escrow agent	13,144,496	
Principal repayments	<u>5,376,736</u>	4,763,549

Some expenses reported in the statement of activities when incurred do not require the use of current financial resources when paid in governmental funds and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(168,235)	
Change in accrued interest	25,551	
Change in other post-employment liability	(3,694,207)	
Amortization of bond discounts	(1,629,960)	
Amortization of bond premium	30,270	
Amortization of deferred charges on refunding	(42,276)	
Change in net pension liability, net of related deferred outflows and inflows of resources	<u>(5,731,966)</u>	(11,210,823)

Internal service funds are used by management to charge the costs of insurances services, human resource services, information services, central services, and business administration services to individual funds. The net revenue of certain activities of the internal service fund is reported within governmental activities.

Internal service fund change in net position	534,356	
Adjustment related to enterprise funds	<u>(515,968)</u>	<u>18,388</u>

Change in net position of governmental activities	\$	<u><u>(7,329,749)</u></u>
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See accompanying notes to basic financial statements.



**CITY OF YORK, PENNSYLVANIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	Business-type Activities - Enterprise Funds				
	Intermunicipal Sewer Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 4,317,069	\$ 282,003	\$ -	\$ 4,599,072	\$ 6,598,039
Receivables:					
Lease rentals, current	-	1,986,737	-	1,986,737	-
Accounts receivable (less allowance for doubtful accounts of \$4,519,637)	24,489	3,352,098	170,827	3,547,414	156,196
Prepaid expenses	-	-	-	-	25,263
Due from other funds	1,487,827	853,972	-	2,341,799	1,486,703
Total current assets	5,829,385	6,474,810	170,827	12,475,022	8,266,201
Restricted assets:					
Cash and cash equivalents	-	9,778,251	2,240,004	12,018,255	463,363
Total restricted assets	-	9,778,251	2,240,004	12,018,255	463,363
Noncurrent assets:					
Lease rentals receivable, long-term	-	18,541,270	-	18,541,270	-
Capital assets, net of accumulated depreciation	-	72,707,948	2,997,205	75,705,153	14,906
Prepaid debt insurance	-	35,668	-	35,668	-
Total noncurrent assets	-	91,284,886	2,997,205	94,282,091	14,906
Total assets	5,829,385	107,537,947	5,408,036	118,775,368	8,744,470
<b>Deferred Outflows of Resources</b>					
Deferred outflows of resources for pension	303,126	83,338	9,779	396,243	113,153
Deferred charges on refunding	-	3,222,667	-	3,222,667	-
Total deferred outflows of resources	303,126	3,306,005	9,779	3,618,910	113,153
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued expenses	344,782	275,802	82,797	703,381	1,115,776
Accrued wages payable	94,320	20,279	1,641	116,240	25,736
Accrued interest	-	-	16,014	16,014	-
Due to other funds	746,325	1,487,827	1,288,641	3,522,793	-
Due to other governments	546,234	-	-	546,234	-
Unearned revenue	-	180,444	220,180	400,624	-
Total current liabilities	1,731,661	1,964,352	1,609,273	5,305,286	1,141,512
Current liabilities payable from restricted assets:					
Current portion of capitalized lease obligations	-	32,569	40,012	72,581	-
Current portion of bonds and notes payable	-	3,712,833	-	3,712,833	-
Total current liabilities payable from restricted assets	-	3,745,402	40,012	3,785,414	-
Noncurrent liabilities:					
Accrued compensated absences	68,006	5,238	1,247	74,491	98,110
Other post-employment liability	312,818	75,754	23,799	412,371	189,431
Capitalized lease obligations	-	-	199,426	199,426	-
Bonds and notes outstanding	-	38,303,936	2,335,000	40,638,936	-
Net pension liability	1,777,756	456,104	57,347	2,291,207	688,431
Total noncurrent liabilities	2,158,580	38,841,032	2,616,819	43,616,431	975,972
Total liabilities	3,890,241	44,550,786	4,266,104	52,707,131	2,117,484
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources for pension	99,370	25,892	3,206	128,468	38,807
<b>Net Position</b>					
Net investment in capital assets	-	59,005,425	422,767	59,428,192	14,906
Restricted:					
Debt service	-	5,130,582	-	5,130,582	-
Construction	2,142,900	-	2,240,004	4,382,904	-
Workers' compensation	-	-	-	-	463,363
Unrestricted	-	2,131,267	(1,514,266)	617,001	6,223,063
Total net position	\$ 2,142,900	\$ 66,267,274	\$ 1,148,505	69,558,679	\$ 6,701,332
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				5,280,425	
Net position of business-type activities				\$ 74,839,104	

See accompanying notes to basic financial statements.

# CITY OF YORK, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				
	Intermunicipal Sewer Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
Operating revenues:					
Charges for services	\$ 9,281,126	\$ 9,142,361	\$ 545,328	\$ 18,968,815	\$ 16,194,898
Rental income	-	-	534,264	534,264	-
Revenue from other local governments	-	-	79,759	79,759	-
Miscellaneous income	36,997	440	8,668	46,105	-
Total operating revenues	9,318,123	9,142,801	1,168,019	19,628,943	16,194,898
Operating expenses:					
Personnel services	2,549,005	524,446	389,029	3,462,480	2,215,088
Utilities	691,322	-	210,473	901,795	-
Treatment costs	-	3,421,833	-	3,421,833	-
Contractual services	947,445	220,283	26,452	1,194,180	-
Professional services	537,980	527,731	76,188	1,141,899	877,168
Materials and supplies	908,899	28,055	104,902	1,041,856	354,030
Sludge	461,745	-	-	461,745	-
Administrative	746,325	873,321	190,708	1,810,354	366,830
Health insurance claims	-	-	-	-	9,355,078
Insurance premiums	-	-	78,020	78,020	1,039,416
Workers' compensation insurance	-	-	-	-	608,930
Depreciation	-	3,684,717	270,353	3,955,070	29,813
Miscellaneous	1,992,708	537,153	20,687	2,550,548	849,392
Total operating expenses	8,835,429	9,817,539	1,366,812	20,019,780	15,695,745
Operating income (loss)	482,694	(674,738)	(198,793)	(390,837)	499,153
Nonoperating revenue (expenses):					
Grants	-	-	60,000	60,000	-
Investment income	16,840	1,160,219	21,340	1,198,399	35,203
Contributions	-	-	14,970	14,970	-
Springettsbury capacity sale	-	831,000	-	831,000	-
Interest expense	-	(2,198,405)	(175,636)	(2,374,041)	-
Total nonoperating revenue (expenses)	16,840	(207,186)	(79,326)	(269,672)	35,203
Change in net position before transfers	499,534	(881,924)	(278,119)	(660,509)	534,356
Transfers in	-	357,784	562,197	919,981	-
Transfers out	(357,784)	(2,846,902)	-	(3,204,686)	-
Change in net position	141,750	(3,371,042)	284,078	(2,945,214)	534,356
Net position - beginning of year	2,001,150	69,638,316	864,427		6,166,976
Net position - end of year	\$ 2,142,900	\$ 66,267,274	\$ 1,148,505		\$ 6,701,332
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				515,968	
Change in net position of business-type activities				\$ (2,429,246)	

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Business-type Activities - Enterprise Funds				
	Intermunicipal Sewer Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,991,457	\$ 8,334,419	\$ 1,087,931	\$ 18,413,807	\$ 16,144,277
Payments to suppliers	(5,775,445)	(5,206,481)	(618,145)	(11,600,071)	(13,017,153)
Payments to employees	(2,422,278)	(495,802)	(384,195)	(3,302,275)	(2,146,386)
Net cash provided by operating activities	793,734	2,632,136	85,591	3,511,461	980,738
Cash flows from noncapital financing activities:					
Transfers in	-	357,784	562,197	919,981	-
Transfers out	(357,784)	(2,846,902)	-	(3,204,686)	-
Springettsbury capacity sale	-	831,000	-	831,000	-
Net cash provided by (used in) noncapital financing activities	(357,784)	(1,658,118)	562,197	(1,453,705)	-
Cash flows from capital and related financing activities:					
Capital outlays	-	(1,039,924)	-	(1,039,924)	-
Grants and contributions	-	-	14,970	14,970	-
Proceeds from the issuance of debt	-	21,025,000	2,335,000	23,360,000	-
Bond premium on debt issuance	-	3,671,430	-	3,671,430	-
Principal receipts on lease rentals receivable	-	2,792,075	-	2,792,075	-
Payment to escrow agent for advance refunding of debt	-	(24,347,243)	-	(24,347,243)	-
Principal payments on bonds and notes	-	(3,611,313)	(2,720,000)	(6,331,313)	-
Principal payments on capital lease	-	(31,554)	(19,469)	(51,023)	-
Interest paid	-	(2,111,932)	(183,559)	(2,295,491)	-
Net cash used in capital and related financing activities	-	(3,653,461)	(573,058)	(4,226,519)	-
Cash flows from investing activities:					
Investment income	16,840	69,270	21,340	107,450	35,203
Net cash provided by investing activities	16,840	69,270	21,340	107,450	35,203
Net increase (decrease) in cash and cash equivalents	452,790	(2,610,173)	96,070	(2,061,313)	1,015,941
Cash and cash equivalents - beginning of year	3,864,279	12,670,427	2,143,934	18,678,640	6,045,461
Cash and cash equivalents - end of year	\$ 4,317,069	\$ 10,060,254	\$ 2,240,004	\$ 16,617,327	\$ 7,061,402
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 482,694	\$ (674,738)	\$ (198,793)	\$ (390,837)	\$ 499,153
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	3,684,717	270,353	3,955,070	29,813
Loss on disposal of capital assets	-	-	3,528	3,528	-
Grants	-	-	60,000	60,000	-
(Increase) decrease in:					
Accounts receivable	118,675	(988,826)	(34,367)	(904,518)	(50,621)
Prepaid expenses	-	-	34,305	34,305	1,345
Due from other funds	(445,341)	(179,130)	-	(624,471)	(200,528)
Deferred outflows of resources for pension	196,083	45,490	6,325	247,898	82,993
Increase (decrease) in:					
Accounts payable and accrued expenses	(6,274)	135,684	(57,116)	72,294	632,874
Accrued wages payable	10,899	1,347	-	12,246	(7,263)
Other post-employment liability	(1,794)	(937)	871	(1,860)	10,817
Accrued compensated absences	(3,288)	4,568	63	1,343	8,828
Unearned revenue	-	180,444	(105,721)	74,723	-
Due to other funds	746,325	445,341	108,568	1,300,234	-
Due to other governments	(229,072)	-	-	(229,072)	-
Net pension liability	(82,836)	(24,049)	(2,672)	(109,557)	(29,393)
Deferred inflows of resources for pension	7,663	2,225	247	10,135	2,720
Net cash provided by operating activities	\$ 793,734	\$ 2,632,136	\$ 85,591	\$ 3,511,461	\$ 980,738
Noncash Capital Financing and Related Financing Activities:					
Proceeds from capital lease	\$ -	\$ -	\$ 102,740	\$ 102,740	\$ -

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

DECEMBER 31, 2017

	Pension Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 737,877
Investments, at fair value	112,100,069	-
Accounts receivable	-	1,227
Total assets	112,100,069	739,104
<b>Liabilities</b>		
Accounts payable and accrued expenses	-	739,104
Total liabilities	-	\$ 739,104
<b>Net Position</b>		
Restricted for pension benefits	\$ 112,100,069	

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2017

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## Additions:

## Contributions

Employee contributions \$ 653,978

Employer contributions 7,173,178Total contributions 7,827,156

## Investment income:

Interest and dividend income 2,823,282

Net appreciation of investments 12,910,943

15,734,225

Less investment expense (487,869)Net investment income 15,246,356Total additions 23,073,512

## Deductions:

Benefit payments 9,341,670Total deductions 9,341,670

Change in net position 13,731,842

Net position restricted for pension benefits,  
beginning of year98,368,227Net position restricted for pension benefits,  
end of year\$ 112,100,069

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA****STATEMENT OF NET POSITION - COMPONENT UNITS****DECEMBER 31, 2017**

	Redevelopment Authority	General Authority	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 862,697	\$ 1,148,463	\$ 2,011,160
Restricted cash and cash equivalents	72,304	1,850,231	1,922,535
Accounts receivable	-	115,090	115,090
Accrued interest	-	5,776	5,776
Total current assets	935,001	3,119,560	4,054,561
Noncurrent assets:			
Loans receivable, net of allowance	1,000,000	-	1,000,000
Capital assets (net of accumulated depreciation of \$2,115,791 and \$10,277,416)	1,441,235	4,961,079	6,402,314
Total noncurrent assets	2,441,235	4,961,079	7,402,314
Total assets	3,376,236	8,080,639	11,456,875
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued expenses	4,214	91,062	95,276
Litigation payable	1,500,000	-	1,500,000
Environmental remediation liability	1,744,000	-	1,744,000
Due to primary government	2,000	1,290,277	1,292,277
Due to other governments	106,973	-	106,973
Unearned revenue	58,478	310,860	369,338
Current portion of bonds payable	165,000	-	165,000
Current portion of loan payable	299,226	-	299,226
Current portion of notes payable	-	302,600	302,600
Total current liabilities	3,879,891	1,994,799	5,874,690
Noncurrent liabilities:			
Bonds payable	1,995,000	-	1,995,000
Notes payable	1,000,000	3,290,000	4,290,000
Total noncurrent liabilities	2,995,000	3,290,000	6,285,000
Total liabilities	6,874,891	5,284,799	12,159,690
<b>Net Position</b>			
Net investment in capital assets	(718,765)	1,368,479	649,714
Restricted:			
Debt service	72,304	-	72,304
Revolving loan	1,000,000	-	1,000,000
Unrestricted	(3,852,194)	1,427,361	(2,424,833)
Total net position	\$ (3,498,655)	\$ 2,795,840	\$ (702,815)

See accompanying notes to basic financial statements.

**CITY OF YORK, PENNSYLVANIA**  
**STATEMENT OF ACTIVITIES - COMPONENT UNITS**  
**YEAR ENDED DECEMBER 31, 2017**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Redevelopment Authority	General Authority	Total
Redevelopment Authority	\$ 2,643,822	\$ 509,227	\$ 295,218	\$ (1,839,377)	\$ -	\$ (1,839,377)
General Authority	1,792,255	1,814,052	-	-	21,797	21,797
Total component units	<u>\$ 4,436,077</u>	<u>\$ 2,323,279</u>	<u>\$ 295,218</u>	<u>(1,839,377)</u>	<u>21,797</u>	<u>(1,817,580)</u>
General revenues:						
Unrestricted investment earnings				42,886	257	43,143
Total general revenues				42,886	257	43,143
Change in net position				(1,796,491)	22,054	(1,774,437)
Net position - beginning of year				(1,702,164)	2,773,786	1,071,622
Net position - end of year				<u>\$ (3,498,655)</u>	<u>\$ 2,795,840</u>	<u>\$ (702,815)</u>

See accompanying notes to basic financial statements.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 1. Summary of Significant Accounting Policies

The City of York, Pennsylvania (City), was founded in 1741 and chartered as a city in 1787. The City is a third class city operating under the Third Class City/Optional Charter Law of Pennsylvania. The City's core services are public works, housing programs, recreation, economic development, public safety, health and environmental services, sewer maintenance, and wastewater treatment.

The accounting policies of the City conform with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, except as noted below. The following is a summary of the more significant policies:

#### ***Reporting Entity***

The criteria used by the City to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the City reviews the applicability of the following criteria.

The City is financially accountable for:

- Organizations that make up the legal City entity.
- Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City 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 financial burdens, on the City as defined below.
  - *Impose its Will* – If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - *Financial Benefit or Burden* – Exists if the City (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.



# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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- Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the City.

Based on the foregoing criteria, the reporting entity has been defined to include all the fund types for which the City is financially accountable and entities with which there is a significant relationship. Specific information on the nature of the various component units and a description of how the aforementioned criteria have been considered in determining whether to include such units in the City's financial statements are provided in the following paragraphs.

### *Blended Component Unit*

Blended component units, although legally separate entities, are, in substance, part of the primary government's (the City's) operations and so data from these units are combined with data of the City. The component unit which meets these criteria is the City of York Sewer Authority (Sewer Authority).

The Sewer Authority was formed in 1950 under the Municipality Authorities Act of 1945 (Act) for all the purposes authorized by the Act and shall have and exercise all powers granted to such Authorities under the Act. Through December 31, 2017, the Sewer Authority's operations have been primarily to acquire, construct, improve, and lease the sewer systems and sewer treatment works. The five-member board is nominated by the Mayor and appointed by City Council (Council). The Sewer Authority's only financial transactions are the financing and maintaining of the City's sewer system. The Sewer Authority's financial statements are blended with the City's sewer activity and are accounted for as the Sewer Fund, an Enterprise Fund, in the City's basic financial statements. Separately published financial statements of the Sewer Authority are available for public inspection in the City's Accounting Office.

### *Discretely Presented Component Units*

Component units which are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component units which meet these criteria are the City of York General Authority (General Authority) and the Redevelopment Authority of the City of York (Redevelopment Authority).

The General Authority was formed in 1995 under the Act for all of the purposes authorized under the Act, without limitation, except for approval by the City of certain

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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projects to be undertaken by the General Authority as specified in its Articles of Incorporation. The General Authority is governed by a seven-member board, all of whom are appointed by Council. The General Authority's primary operations to date have been to operate and maintain a municipal parking system and issue conduit debt. The City expressly reserves the right which exists under the Act to approve any plan of the General Authority as to making business improvements or providing administrative services, as those are defined in the Act. The General Authority issued debt on January 1, 1996 for the purpose of purchasing the City's parking system. The debt was subsequently refunded and replaced by a note payable to the City. The General Authority publishes separate financial statements, which are available in the City's Accounting Office.

The Redevelopment Authority was formed in 1950 under the Pennsylvania Urban Redevelopment Law, Act of 1945 (Public Law – 991, as amended). A five-member board administers the Redevelopment Authority, all of whom are appointed by the City Mayor. The Redevelopment Authority strategically acquires underutilized, blighted, and vacant parcels throughout the City for the purpose of promoting residential, commercial, and industrial redevelopment projects in the municipality. The Redevelopment Authority, in January of 2002, issued debt for the purpose of constructing the Susquehanna Commerce Center Parking Garage. In 2017, the Redevelopment Authority purchased and, subsequently, began operating York's Market and Penn Farmer's Market. The Redevelopment Authority publishes separate financial statements, which are available in the City's Accounting Office.

### *Related Organization*

Council is also responsible for appointing the members of the Housing Authority of the City of York, but the City's accountability for this organization does not extend beyond making such appointments.

### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges to external parties for support. Likewise, the primary government is reported separately from

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers real estate taxes, earned income taxes, mercantile taxes, franchise taxes, intergovernmental revenue, departmental earnings, and investment income as meeting the available criteria. All other governmental fund revenues are recorded as cash is received because they are generally not measurable until actually received. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance.

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term obligations are recognized when due. Prepaid items and inventory purchases are reported as expenditures in the year when the items are purchased. Expenditures for claims, judgments, compensated absences, employer pension contributions, and other post-employment benefits are reported to the extent that they mature each period.

Unavailable revenue is recorded for governmental fund receivables that are not both measurable and available. Unavailable revenue consists of real estate taxes, earned income taxes, and mercantile taxes. Collections of these taxes are recognized as revenue in the year in which they are measurable and available.

Inflows that do not yet meet the criteria for revenue recognition, such as grant monies received prior to the incurrence of qualifying expenditures, are recorded as unearned revenue for both the government-wide and the governmental fund financial statements. For the General Authority, parking fees are recognized in the period when such revenues pertain. Any amounts collected in advance of such periods are reflected in the statement of net position as unearned revenue.

The City reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the City. It is used for all financial resources except those accounted for in another fund.

*Debt Service Fund* – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Capital Projects Fund* – The Capital Projects Fund is used to account for the proceeds of debt issuances restricted for the acquisition and construction of capital facilities and other capital assets (excluding capital related costs financed by proprietary and fiduciary funds).

The City reports the following major proprietary funds:

*Intermunicipal Sewer Fund* – The Intermunicipal Sewer Fund accounts for revenues and expenses associated with the Greater York Area Wastewater Treatment Plant.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*Sewer Fund* – The Sewer Fund is used to account for revenues and expenses associated with providing sanitary sewer services to City residents. The principal revenue source for this fund is user fees collected from City property owners.

In addition, the City reports the following fund types:

*Internal Service Fund* – The Internal Service Fund is used to account for the financing of insurance services, human resource services, information services, central services, and business administration services provided to the other funds of the City on a cost reimbursement basis.

*Pension Trust Funds* – Account for the accumulation of resources for pension benefit payments and the withdrawals of qualified distributions for members of the City police force, City firefighters, and City officers and employees. The City sponsors and administers these plans, which are defined benefit plans covering substantially all employees.

*Agency Funds* – Account for situations where the City's role is purely custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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### ***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

### ***Restricted Cash, Cash Equivalents, and Investments***

Cash and investments in the Debt Service Fund and the Sewer Fund that are in bond trust funds are restricted to the purposes set forth by the bonds.

Cash and investments in the Sewer Transportation Fund, which is included in other enterprise funds, that are surcharges imposed on municipalities connected to the City's system are restricted for future upgrades to the system.

Cash and investments in the Internal Service Fund that are reserved for workers' compensation claims are restricted to the purposes set forth in the City's workers' compensation insurance binder.

Cash in the General Authority and Redevelopment Authority that is in bond trust funds and other accounts is restricted to the purposes set forth by the bonds and other agreements. In addition, amounts required as collateral in bank accounts are also included in the Redevelopment Authority's restricted assets.

### ***Investments***

Investments are stated at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The City's investment in the external investment pool is valued at amortized cost, which approximates fair value.

### ***Allowance for Doubtful Accounts***

The City's policy is to provide an allowance for loans, taxes, and accounts receivable based on past collection experience.

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### ***Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/from other funds” on the balance sheet or statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

### ***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, dams, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000, individually or in the aggregate, and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the City would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	5 to 75 years
Equipment and furniture	5 to 20 years
Infrastructure	10 to 75 years

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# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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Because the mission of the Redevelopment Authority is to acquire blighted residential, commercial, and former industrial properties for the City to land bank, rehabilitate, or strategically purchase for future redevelopment projects ranging from for sale low- to moderate- income home buyers or market rate mixed use development projects, which it does at little or no profit, such purchases are expensed at the time of acquisition.

### ***Vested Compensated Absences***

Vested compensated absences represent vested portions of accumulated unpaid vacation, sick pay, and other employee benefit amounts. It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick pay, and other employee benefit amounts, which will be paid to employees upon separation from City service. All compensated absences are accrued when incurred in the government-wide, proprietary, and pension trust fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### ***Deferred Inflows and Outflows of Resources for Pensions***

In conjunction with pension accounting requirements, the differences in the City's expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments are recorded as deferred inflows or outflows of resources related to pensions on the government-wide and proprietary fund statement of net position. These amounts are determined based on actuarial valuations performed for the pension plans.

### ***Long-term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as prepaid debt insurance costs, are amortized over the life of the related obligation using the effective interest method. Debt is reported net of the applicable bond premium or discount. Prepaid debt insurance costs are reported as assets and amortized over the term of the related obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as prepaid debt insurance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Prepaid debt insurance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***Accretion of Interest***

Discounts on the Federally Taxable General Obligation Bonds – Series A of 1995, General Obligation Bonds – Series B of 1998, and General Obligation Refunding Notes – Series D of 1998 are accreted over the life of the respective bonds using the effective interest method.

### ***Fund Equity and Net Position***

In the government-wide financial statements, net position is classified in the following categories:

***Net Investment in Capital Assets*** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

***Restricted Net Position*** – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Position*** – This category represents the net position of the City, which is not restricted for any project or other purpose.

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

***Restricted Fund Balance*** – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.

***Unassigned Fund Balance*** – This category represents all other funds not otherwise defined.

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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The City's policy is to use funds in the order of the most restrictive to the least restrictive.

### ***Self-insurance***

The City is primarily self-insured for health insurance. Various governmental funds and the proprietary funds are assessed charges based on historical loss experience with premiums being treated as quasi-external transactions. The City funds loss claims when incurred based upon the evaluation of an independent third-party administrator, together with claims incurred but not reported. The Internal Service Fund accounts for the self-insurance program. The City accrues claims incurred but not paid at year-end, taking into consideration claims incurred but not reported.

### ***Nonrecourse Debt Issues***

The City (through the General Authority and the Redevelopment Authority) participates in various bond issues for which it has limited liability. Acting solely in an agency capacity, the City serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together to do business. Although the City is a party to the trust indenture with the trustee, the agreements are structured such that there is no recourse against the City in the case of default. As such, the corresponding debt is not reflected on the City's statement of net position. The amount of nonrecourse debt issues for the Redevelopment Authority is unavailable at December 31, 2017. The amount of nonrecourse debt issues for the General Authority is \$24,693,950 at December 31, 2017.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain amounts and disclosures. Actual results could differ from those estimates.

### ***Pending Changes of Governmental Accounting Standards Board (GASB) Statements***

In June of 2015, GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions of GASB Statement No. 75 are effective for the City's December 31, 2018 financial statements.

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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In January of 2017, GASB issued Statement No. 84, *"Fiduciary Activities."* This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of GASB Statement No. 84 are effective for the City's December 31, 2019 financial statements.

In March of 2017, GASB issued Statement No. 85, *"Omnibus 2017."* This Statement addresses practice issues identified during implementation and application of certain GASB Statements related to a variety of topics, including blending component units, goodwill, fair value measurement and application, and post-employment benefits. The provisions of GASB Statement No. 85 are effective for the City's December 31, 2018 financial statements.

In May of 2017, GASB issued Statement No. 86, *"Certain Debt Extinguishment Issues."* This Statement improves consistency in accounting and financial reporting for certain debt extinguishments. The provisions of GASB Statement No. 86 are effective for the City's December 31, 2018 financial statements.

In June of 2017, GASB issued Statement No. 87, *"Leases."* This Statement improves the accounting and financial reporting for leases. The provisions of GASB Statement No. 87 are effective for City's December 31, 2020 financial statements.

In May of 2017, the GASB issued Statement No. 88, *"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements."* This Statement improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of GASB Statement No. 88 are effective for the City's December 31, 2019 financial statements.

In June of 2018, the GASB issued Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period."* This Statement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The provisions of GASB Statement No. 89 are effective for the City's December 31, 2020 financial statements.

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

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# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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### **2. Budgetary Procedures and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During August, the various departments and agencies of the City prepare their individual budgets for the ensuing calendar year. These individual budgets are submitted to the Business Administration Office (Administration) and include information on the year-to-date expenditures, projected expenditures for the remainder of the current year, and the next year's budget.
2. Administration consolidates all departmental and agency budgets into a comprehensive preliminary budget for the entire City. The preliminary budget details both proposed expenditures and the means of financing them.
3. Each director meets with Administration as considered necessary to review his/her individual budgets as set forth in the preliminary City budget in the beginning of October.
4. The Mayor holds hearings pursuant to the Third Class City Code and the Consolidated Ordinances of the City. Each department head is required to appear before the Mayor in a public hearing for the budget request.
5. The Administration finalizes the budget and presents it to Council by the second meeting in November.
6. In considering the budget, Council has the authority to reduce any line item by a vote of at least three members. In addition, Council may increase or add a line item to a budget by a vote of four members.
7. The proposed budget ordinance must be available for public inspection in the Office of the City Clerk between the first and second readings.
8. Prior to December 31, Council adopts the final budget by enacting an appropriate ordinance.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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The Business Administrator has the authority to approve the transfer of unexpended funds between accounts except in the following instances:

1. Transfers of more than 5% of an appropriation item within that fund.
2. Transfers of more than 5% of a department's appropriated budget in that fund.

In those instances and when additional unappropriated funds are needed, Council's approval is required. Council has approved all significant expenditures in excess of the original budget as a result of the adoption of the subsequent year's budget document.

The following fund types and funds have legally adopted annual budgets:

1. General Fund.
2. Special Revenue Funds as follows: Recreation Fund, State Liquid Fuels Tax Fund, Community Development Block Grant Fund, and the State Health Grant Fund.
3. 1995, 1998, 2001, 2011, and 2017 Debt Service Funds.
4. Capital Projects Fund.
5. All proprietary funds.

### 3. Fund Deficits/Deficit Net Position

As of December 31, 2017, four funds each had a deficit fund balance or net position. The City's management has addressed this situation and has prepared the following action plan to eliminate these deficits in a timely manner:

***Capital Projects Fund*** - The fund deficit, at December 31, 2017, of \$196,438, is financed by loans from the General Fund as a result of several capital projects that the anticipated public/private contributions were not realized. The deficit is projected to be eliminated by end of 2020.

***State Health Grant Fund*** - The fund deficit, which is included in other governmental funds at December 31, 2017, of \$325,209, is financed by loans from the General Fund as a result of revenue falling short of the budget. 2015,

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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2016, and 2017 progress was a \$285,028 reduction from the December 31, 2014 balance of \$610,237. The City remains committed to a six-year plan to eliminate the deficit by the end of 2020.

***Ice Rink Fund*** - The fund deficit, which is included in other enterprise funds at December 31, 2017, of \$952,886, is a result of assuming the capital assets and debt of the York Recreation Corporation and continuing losses. This balance is down from the December 31, 2014 balance of \$1,432,719. To assist in reducing the deficit in 2014, the City replaced the private firm managing the daily operations of the rink. The new firm has secured several high-profile tenants that should increase patronage at the facility during off peak hours. The final debt service payment occurs in 2025. The City will be exploring the issuance of a Request for Proposal to qualified vendors for the operation of the Ice Rink to begin on or about July 1, 2020 or to operate the Ice Rink in a similar fashion as the Roller Rink. Any net revenue will be used to help offset the Ice Rink debt.

***White Rose Cable TV Fund*** - The fund deficit, which is included in other enterprise funds at December 31, 2017, of \$142,885, is financed by loans from the General Fund as a result of revenue falling short of budget. This balance represents a \$127,081 decrease from December 31, 2015. The Administration remains committed to continue the plan to eliminate the deficit by the end of 2020.

During 2017, the City overspent available cash in several of its funds, resulting in large cash deficits. Some of these overdrafts have been carried from prior years. The City's Internal Service Fund and Sewer Fund had sufficient funds to cover the cash overdrafts.

### ***Early Intervention Program***

The City's participation in the Commonwealth of Pennsylvania's (Commonwealth) Early Intervention Program (EIP) continues. In 2005, the EIP was established by the Commonwealth, and administered by the Department of Community and Economic Development (DCED), to help the City meet financial obligations, to conduct an in-depth historical financial analysis, and to prepare a five-year financial forecast.

Updated again in 2011 and 2015, the City has implemented many of the options described in the report but suffered through rising labor costs, inflation, the Great Recession of 2008, and many other natural pressures felt by all municipalities. Although the changes did not eliminate the projected deficits, the downturn was significantly reduced.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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From the latest report prepared in 2015, several projects are currently underway. The City completed a regional parking demand study and is taking incremental steps in implementing the study's recommendations, the City awarded a contract in 2019 for the capital needs assessment which has been 90% funded by a 2017 EIP grant, and the City continues to renegotiate the intermunicipal sewer agreement with the six connected municipalities. This work will continue until completion.

### Component Unit

#### *Redevelopment Authority*

The Redevelopment Authority had a negative net position as of December 31, 2017 in the amount of \$3,498,655. This net deficit in net position is primarily caused by a litigation payable, as indicated in Note 18 in amount of \$1,500,000, and an environmental liability as indicated in Note 19 in the amount of \$1,744,000. The Redevelopment Authority has sold the property with respect to the litigation payable during the year ended December 31, 2018 and \$1,300,000 of this liability will be paid through the proceeds of this sale. In addition, the Redevelopment Authority has secured grant funds with respect to the environmental liability in the amount of \$1,744,000, which will be recognized as revenue and relieve that liability as the expenses are incurred. The remaining negative position is attributable to the holding and subsequent transfer of properties to developers in the City as a means to help subsidize projects. There are certain properties in the Redevelopment Authority's possession that have high carrying cost, including but not limited to insurance, utilities, and maintenance. The Redevelopment Authority plans to address the liquidity issues with the disposition of held projects once construction plans have been finalized, thereby reducing, if not eliminating, all carrying costs and resolving its liquidity issue.

#### **4. Property Taxes**

The City is permitted by the Third Class City Code of the Commonwealth to levy property taxes up to 25 mills on every dollar of adjusted assessed valuation for general purposes, exclusive of the requirements for the payment of interest and principal on funded debt. The current tax levy of the City is 19.7547 mills including amounts for debt service and recreation.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Based upon assessed valuations provided by the County of York, the City bills and collects its own real estate taxes. The schedule for real estate taxes levied for 2017 was as follows:

February 15, 2017	–	levy date
February 15 – April 15, 2017	–	2% discount period
April 16 – June 15, 2017	–	face payment period
June 16 – December 31, 2017	–	10% penalty period
January 1, 2018	–	lien date

By the first Monday in January of the year subsequent to levy, the City turns over all delinquent taxes to the County of York Tax Claim Bureau, which collects these taxes on behalf of the City.

### ***Tax Abatements***

The City's tax abatements are authorized by City Council ordinance. The Local Economic Revitalization Tax Abatement (LERTA) program provides ten-year phased out exemptions: 100% in year one, 90% in year two, 80% in year three and so forth until a 10% abatement is granted in year ten of the increased assessed value of improvements to existing properties and for new construction of commercial properties. This incentive runs with the land for ten years; therefore, if the property owner should change, the incentive continues through the ten-year cycle.

The City Residential Tax Abatement Program (ReTAP) provides for a 100%, ten-year tax exemption on the increased assessed value of new residential construction or residential rehabilitation. This incentive runs with the land for ten years; therefore, if the property owner should change, the incentive continues through the ten-year cycle. An abatement may also be granted by the City School District and County, but there is no obligation to do so. These abatements usually follow similar guidelines as the City, but may differ substantially.

The City's tax abatement agreements do not contain recapture provisions for non-compliance; however, properties can be dropped from the program at any time should guidelines be violated. There were no amounts received or receivable from other governments in association with the forgone taxes. The City did not make other commitments other than to reduce taxes as part of the tax abatement agreements.

During 2017, the City's LERTA property tax abatements totaled \$242,299 and the City's ReTAP property tax abatements totaled \$227,605.



# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 5. Deposits and Investments

The deposit and investment policy of the City adheres to the Pennsylvania Third Class City Code and prudent business practices. City deposits must be held in insured, federally regulated banks or financial institutions and must be fully collateralized in accordance with state statutes. Except for investments in the pension trust funds, permissible investments include U.S. Treasury bills, other short-term U.S. government obligations, short term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The types of investments in the pension trust fund are not restricted. The policy also allows investment of funds received as a result of debt issuance in any security in which the Commonwealth may invest. Any investment authorized by 20 Pa. C.S. Ch. 73 (relating to fiduciaries' investments) shall be an authorized investment for any pension fund.

The City follows the practice of pooling funds (excluding the pension trust funds and any other fund which is legally or contractually required to be segregated) for short-term investment purposes. Interest earnings are allocated to funds based upon the average balance of funds invested in the pool over the previous six-month period. The allocation of the pooled investment is included in the respective fund's cash and cash equivalents.

The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of public funds.

#### A. Deposits

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a custodial credit risk policy for deposits. As of December 31, 2017, the City's book balance was \$16,545,909 and the bank balance was \$18,808,717. Of the bank balance, \$386,572 was covered by federal depository insurance, \$18,280,698 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly (Act 72), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in Act 72, to cover all public funds deposited in excess of federal depository insurance limits.

Of the bank balance, \$141,447 was invested in the Pennsylvania Local Government Investment Trust (PLGIT). The City uses PLGIT, an external investment pool, to ensure safety and maximize efficiency, liquidity, and yield for City funds. PLGIT was created to meet the investment needs of local governments, school districts, municipal authorities,

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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and other types of governments in the Commonwealth. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at [www.plgit.com](http://www.plgit.com). The fair value of the City's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth provides oversight for the external investment pool.

The City is invested in PLGIT-Class shares, which require no minimum balance, no minimum initial investment, and have a one day minimum investment period. At December 31, 2017, PLGIT carried a AAA rating and had an average maturity of less than one year.

### Cash and cash equivalents per financial statements:

Governmental activities:	
Unrestricted	\$ 8,028,877
Restricted	1,963,442
Business-type activities:	
Unrestricted	4,599,072
Restricted	12,018,255
Fiduciary funds:	
Agency funds	<u>737,877</u>
	27,347,523
Less money market funds	<u>(10,801,614)</u>
Total deposits	<u>\$ 16,545,909</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### **B. Investments**

Investments, by fair value level, consist of the following as of December 31, 2017:

	Level 1	Level 2	Total
Money market funds	\$ 10,801,614	\$ -	\$ 10,801,614
Mutual funds:			
Equity	-	19,740,768	19,740,768
Fixed income	7,326,462	78,543,757	85,870,219
Collective investment trust	-	6,489,082	6,489,082
	<u>\$ 18,128,076</u>	<u>\$ 104,773,607</u>	<u>122,901,683</u>

Investments	
Governmental activities:	
Restricted	\$ 1,023,363
Business-type activities:	
Restricted	9,778,251
Fiduciary funds	<u>112,100,069</u>
Total investments	<u>\$ 122,901,683</u>

Level 2 investments are valued based upon the security's last trade price or a broker's quote in a nonactive market.

**Custodial credit risk.** Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The City does not have an investment policy for custodial credit risk. The City's investments are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

**Concentration of credit risk.** The City places no limit on the amount the City may invest in any one issuer. At December 31, 2017, there were no investments held by the City that exceeded five percent of the City's total portfolio.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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**Credit risk.** The City does not have a formal policy that would limit its investment choices with regard to credit risk. The City's investments had the following level of exposure to credit risk as of December 31, 2017:

	<u>Fair Value</u>	<u>Rating</u>
Money market funds	\$ 10,241,614	AAAm
Money market funds	560,000	Unrated
Fixed income mutual funds	7,326,462	A3
Fixed income mutual funds	78,543,757	A1
Collective investment trust	6,489,082	Unrated

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

**Interest rate risk.** The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the City's money market and fixed income investments and their related average maturities:

	Fair Value	Investment Maturity	
		2018	2029 and Thereafter
Money market funds	\$ 10,801,614	\$ 10,801,614	\$ -
Fixed income mutual funds	85,870,219	78,543,757	7,326,462
	<u>\$ 96,671,833</u>	<u>\$ 89,345,371</u>	<u>\$ 7,326,462</u>

### Component Units

#### *General Authority*

The deposit and investment policy of the General Authority adheres to state statutes, prudent business practices, and the applicable trust indentures. The General Authority deposits cash in local financial institutions.

### Deposits

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The General Authority does not have a deposit policy for custodial credit risk. As of December 31, 2017, the General Authority's book balance was \$2,998,694 and the bank balance was \$2,116,103. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$1,866,103 was collateralized under Act 72.

#### *Redevelopment Authority*

The deposit and investment policy of the Redevelopment Authority adheres to state statutes, prudent business practices, and the applicable trust indentures. The Redevelopment Authority deposits cash in local financial institutions.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Deposits

**Custodial Credit Risk.** The Redevelopment Authority does not have a deposit policy for custodial credit risk. As of December 31, 2017, the Redevelopment Authority's deposit balance was as follows:

Cash and cash equivalents per financial statements:	
Unrestricted	\$ 862,697
Restricted	72,304
	<hr/>
	935,001
Less money market funds	(72,304)
	<hr/>
Total deposits	<u>\$ 862,697</u>

As of December 31, 2017, the Redevelopment Authority's book balance was \$862,697 and bank balance was \$903,302. Of the bank balance, \$497,251 was covered by federal depository insurance and the remaining \$406,051 was collateralized under Act 72.

### Investments

The Redevelopment Authority's investment in money market funds, totaling \$72,304, is considered Level 1 based on quoted market prices at December 31, 2017.

**Custodial Credit Risk.** Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Redevelopment Authority does not have an investment policy for custodial credit risk. The Redevelopment Authority's investments are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

**Concentration of Credit Risk.** The Redevelopment Authority places no limit on the amount the Redevelopment Authority may invest in any one issuer.

**Credit Risk.** The Redevelopment Authority does not have a formal policy that would limit its investment choices with regard to credit risk. At December 31, 2017, the money market funds were rated AAAM by Standard & Poor's.

**Interest Rate Risk.** The Redevelopment Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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arising from increasing interest rates. At December 31, 2017, the Redevelopment Authority's money market funds had a weighted average maturity of less than one year.

### 6. Loans Receivable

#### *York Scattered Sites Loans*

During 2001, the City entered into three separate loan agreements under a project known as the York Scattered Sites Project for the purpose of rehabilitating seven historic buildings containing 31 residential rental units and six commercial spaces located within the City's historic west end. The loans for the projects are as follows:

In September of 2001, the City entered into a promissory note agreement to lend \$1,000,000 to a local non-profit corporation for the purpose of rehabilitating, preserving and/or enhancing seven properties containing 31 dwelling units for rent. The full face of the note plus payment of 1% simple interest per year was due on October 1, 2017. During the year ended December 31, 2017, the City extended the loan for an additional 15 years, through September 2031, with the original terms to remain in place. The loan receivable is recorded within the particular fund from which the funds were disbursed. Accordingly, \$522,750 is recorded within the Community Development Block Grant Fund and \$327,250 is recorded in the Home Fund, net of an allowance of \$150,000. The entire loan balance has been recorded as unearned revenue in the fund financial statements as of December 31, 2017.

In September of 2001, the City entered into a promissory note agreement to lend \$335,000 to a Pennsylvania limited partnership for the purpose of rehabilitating six commercial properties within the City. The loan is secured by a mortgage with interest charged at 3% per annum. The full amount of the note plus accrued interest is due September 7, 2031. The loan receivable, in the amount of \$284,750, net of an allowance of \$50,250, is recorded within the Section 108 Loan Fund and the entire loan balance has been recorded as unearned revenue in the fund financial statements as of December 31, 2017.

In September of 2001, the City entered into a promissory note agreement to lend \$220,000 to a local non-profit corporation for the purpose of rehabilitating six commercial properties within the City. The loan is secured by a mortgage with interest charged at 1% per annum. The full amount of the note plus accrued interest was due September 7, 2017. During the year ended December 31, 2018, the loan was extended

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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for an additional fifteen years through September 2031, with the original loan terms to remain in place. The loan receivable, in the amount of \$187,000, net of an allowance of \$33,000, is recorded within the General Fund and the entire loan balance has been recorded as unearned revenue in the fund financial statements as of December 31, 2017.

### ***Historic Fairmount Project Loan***

In November of 2002, the City entered into a loan agreement with a Pennsylvania limited partnership in which the City has agreed to loan a maximum of \$1,050,000 of funds from the Section 108 Loan Fund, the CDBG Program, and the Home Program for the purpose of the acquisition, rehabilitation, and construction of 14 parcels of real estate, to provide 38 units of affordable housing for general occupancy in the City. The loan bears no interest and the principal shall be due and payable December 31, 2035. As of December 31, 2017, a total amount of \$715,791 has been advanced on this loan. The loan receivable is recorded within the particular fund in which the funds were disbursed. Accordingly, \$26,442 is recorded within the Home Fund, \$264,854 is recorded within the Community Development Block Grant Fund, and \$317,127 is recorded within the Section 108 Fund, net of an allowance of \$107,368. The entire loan balance has been recorded as unearned revenue in the fund financial statement as of December 31, 2017.

### ***George Street Commons Loan***

In April of 2012, the City entered into a loan agreement with a Pennsylvania limited partnership in which the City has agreed to lend \$750,000 of funds from the Home Program for the purpose of the construction of 28 town homes. The loan is secured by a mortgage, with interest charged at 2% per annum. The full amount of the loan plus accrued interest is due April 2, 2042. The loan receivable, in the amount of \$637,500, net of an allowance of \$112,500, is recorded within the Home Fund and the entire loan balance has been recorded as unearned revenue in the fund financial statements as of December 31, 2017.

### ***Homes at Thackston Park Loan***

In September of 2012, the City entered into a loan agreement with a Pennsylvania limited partnership in which the City has agreed to loan a maximum of \$750,000 of funds from the Home Fund for the purpose of the construction of 39 town homes. The loan is secured by a mortgage, with interest charged at 1% per annum. The full amount of the loan plus accrued interest is due September 24, 2042. As of December 31, 2017, the total amount of \$750,000 has been advanced on this loan. The loan receivable, in

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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the amount of \$637,500 net of an allowance of \$112,500, is recorded within the Home Fund and the entire loan balance has been recorded as unearned revenue in the fund financial statements as of December 31, 2017.

### Component Units

#### *Redevelopment Authority*

Loans receivable in the amount of \$1,000,000 at December 31, 2017 are composed of:

The following loans were made utilizing funds received from the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) for Housing and Redevelopment and Assistance program (HRA):

HRA 2009 loan bearing interest at 5% per annum with interest only paid annually until maturity date in 2018, at which time the entire \$500,000 is due	\$ 500,000
HRA 2010 loan bearing interest at rates varying from 1% to 3% per annum with interest only paid annually until maturity date in 2020, at which time the entire \$500,000 is due	500,000
Total loans receivable	<u>\$ 1,000,000</u>

## **7. Note Receivable**

The General Authority entered into a Note Receivable Agreement (Note) with a long-term tenant of the King Street Garage, whereby, the tenant would reimburse the General Authority for the cost associated with a renovation project. Under the Note, the tenant would pay the General Authority \$2,741 per month including interest at 3.75% and principal, commencing on July 1, 2012 and monthly thereafter until June 1, 2017. A corresponding unearned revenue has been recorded for the amount of the Note, which has been amortized over the life of the renovations as payments are received. For the year ended December 31, 2017, a total of \$15,715 was recognized as revenue under terms of this agreement.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 8. Due to/From and Interfund Transfers

Individual due to/from other fund balances at December 31, 2017 were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,209,823	\$ 541,033
Capital Projects Fund	38,204	249,913
Other governmental funds	157,000	919,790
Intermunicipal Sewer Fund	1,487,827	746,325
Sewer Fund	853,972	1,487,827
Other enterprise funds	-	1,288,641
Internal Service Fund	1,486,703	-
Total primary government	<u>\$ 5,233,529</u>	<u>\$ 5,233,529</u>

Primarily, interfund balances represent short term borrowings between funds for the purpose of eliminating negative cash.

A reconciliation of the interfund transfers for the year ended December 31, 2017 is as follows:

	Transfers In	Transfers Out
General Fund	\$ 2,632,574	\$ 1,504,485
Debt Service Fund	583,576	561,808
Capital Projects Fund	792,958	-
Other governmental funds	519,460	177,570
Intermunicipal Sewer Fund	-	357,784
Sewer Fund	357,784	2,846,902
Other enterprise funds	562,197	-
Total primary government	<u>\$ 5,448,549</u>	<u>\$ 5,448,549</u>

Transfers are used to (1) reimburse funds for expenses incurred on behalf of other funds, (2) move receipts for payment of debt service, and (3) fulfill budgetary transfer requirements.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 9. Lease Rental Receivables

The City has subleased the right to connect to the City's sewage system to six surrounding municipalities, whereby the City would receive, treat, and dispose of the municipalities' sewage. The municipalities are required to participate in payment of operating expenses, debt service on the Guaranteed Sewer Revenue Bonds, Series of 1990, Series of 2008, Series A of 2010, Series of 2011, and Series of 2017, and pay a service charge based on usage for the express purpose of maintenance, repair, and replacement of the existing interceptor system. This service charge is accounted for in the Sewer Fund.

Minimum lease rentals receivable as of December 31, 2017 are:

<u>Years Ending December 31,</u>	<u>Amount</u>
2018	\$ 2,767,101
2019	2,806,120
2020	2,808,997
2021	2,801,672
2022	2,627,388
2023	2,636,304
2024	2,636,973
2025	2,634,966
2026	2,638,177
2027	<u>1,067,523</u>
Total minimum lease rentals receivable	25,425,221
Less amount representing interest (at an average rate of 2.61%)	<u>(4,897,214)</u>
Present value of minimum lease rentals receivable	20,528,007
Less current installments of lease rentals	<u>(1,986,737)</u>
Lease rentals, excluding current installments	<u><u>\$ 18,541,270</u></u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 10. Capital Assets

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

#### *Primary Government*

	Beginning of Year	Additions/ Transfers In	Retirements and Dispositions/ Transfers Out	End of Year
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 5,927,157	\$ -	\$ -	\$ 5,927,157
Construction in progress	1,009,573	259,539	(1,009,573)	259,539
Total capital assets, not being depreciated	6,936,730	259,539	(1,009,573)	6,186,696
Capital assets, being depreciated:				
Buildings	22,195,900	342,086	-	22,537,986
Land improvements	7,277,622	119,120	-	7,396,742
Equipment and furniture	21,734,903	1,802,742	-	23,537,645
Infrastructure	81,129,118	503,222	-	81,632,340
Total capital assets, being depreciated	132,337,543	2,767,170	-	135,104,713
Less accumulated depreciation for:				
Buildings	(6,556,770)	(738,186)	-	(7,294,956)
Land improvements	(3,503,982)	(281,587)	-	(3,785,569)
Equipment and furniture	(18,108,002)	(1,053,908)	-	(19,161,910)
Infrastructure	(57,978,484)	(1,574,042)	-	(59,552,526)
Total accumulated depreciation	(86,147,238)	(3,647,723)	-	(89,794,961)
Total capital assets, being depreciated, net	46,190,305	(880,553)	-	45,309,752
Governmental activities capital assets, net	\$ 53,127,035	\$ (621,014)	\$ (1,009,573)	\$ 51,496,448

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

	Beginning of Year	Additions/ Transfers In	Retirements and Dispositions/ Transfers Out	End of Year
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 17,445	\$ -	\$ -	\$ 17,445
Construction in progress	118,611	749,964	(118,612)	749,963
Total capital assets, not being depreciated	136,056	749,964	(118,612)	767,408
Capital assets, being depreciated:				
Buildings	132,985,173	16,442	-	133,001,615
Land improvements	22,145	-	-	22,145
Equipment and furniture	5,802,954	586,886	(12,452)	6,377,388
Infrastructure	18,333,316	161,683	-	18,494,999
Total capital assets being depreciated	157,143,588	765,011	(12,452)	157,896,147
Less accumulated depreciation for:				
Buildings	(64,607,527)	(3,329,977)	-	(67,937,504)
Land improvements	(14,741)	(1,107)	-	(15,848)
Equipment and furniture	(4,122,334)	(341,398)	8,924	(4,454,808)
Infrastructure	(10,267,654)	(282,588)	-	(10,550,242)
Total accumulated depreciation	(79,012,256)	(3,955,070)	8,924	(82,958,402)
Total capital assets, being depreciated, net	78,131,332	(3,190,059)	(3,528)	74,937,745
Business-type activities capital assets, net	<u>\$ 78,267,388</u>	<u>\$ (2,440,095)</u>	<u>\$ (122,140)</u>	<u>\$ 75,705,153</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 63,839
Sanitation	18,988
Public safety	1,025,209
Highways and streets	206,993
Public works	1,825,984
Parks and recreation	274,372
Community development and planning	117,567
Other departments and programs	<u>25,792</u>

Total depreciation expense – governmental activities	3,558,744
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Internal service fund depreciation expense allocated to governmental activities	<u>88,979</u>
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Total depreciation expense for governmental activities	<u><u>\$ 3,647,723</u></u>
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Business-type activities:

Sewer	\$ 3,684,717
Other enterprise fund	<u>270,353</u>

Total depreciation and amortization expenses for business-type activities	<u><u>\$ 3,955,070</u></u>
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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Component Units

	Beginning of Year	Additions	Retirements and Distributions	End of Year
Redevelopment Authority:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,525,065	\$ 31,961	\$ -	\$ 3,557,026
Less accumulated depreciation	(1,974,042)	(141,749)	-	(2,115,791)
Redevelopment Authority:				
Capital assets, net	<u>\$ 1,551,023</u>	<u>\$ (109,788)</u>	<u>\$ -</u>	<u>\$ 1,441,235</u>
General Authority:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 15,223,549	\$ 14,946	\$ -	\$ 15,238,495
Less accumulated depreciation	(9,761,522)	(515,894)	-	(10,277,416)
General Authority:				
Capital assets, net	<u>\$ 5,462,027</u>	<u>\$ (500,948)</u>	<u>\$ -</u>	<u>\$ 4,961,079</u>

### 11. Tax Anticipation Note of 2017

In January of 2017, the City entered into an agreement to borrow \$3,000,000 in the form of a Tax and Revenue Anticipation Note, Series of 2017 (2017 TRAN), bearing interest at an annual rate of 2.00% per annum until its maturity on May 1, 2017, to cover the shortfall of revenues in excess of expenditures from January 1 through mid-April, when real estate tax revenues become available. Total interest paid during the year was \$73. Actual draws on the 2017 TRAN were \$14,000 and the entire balance of the note was paid in full by the City during the year ended December 31, 2017.

Tax anticipation note transactions for the year ended December 31, 2017 were as follows:

Outstanding at December 31, 2016	\$ -
New borrowings	14,000
Repayments	<u>(14,000)</u>
Outstanding at December 31, 2017	<u>\$ -</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 12. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

#### *Primary Government*

Governmental Activities:	Beginning of Year	Additions	Accretion	Retirements	End of Year	Current Portion
Loans from other governmental entities	\$ 2,190,000	\$ -	\$ -	\$ (240,000)	\$ 1,950,000	\$ 240,000
General Obligation Notes	3,720,352	-	194,613	(200,000)	3,714,965	160,000
General Obligation Bonds	36,502,664	11,550,000	1,435,347	(14,890,000)	34,598,011	4,320,000
Unamortized bond premium	-	1,807,590	-	(30,270)	1,777,320	-
Capitalized lease obligation	2,158,196	400,093	-	(666,737)	1,891,552	613,597
Vested compensated absences	1,199,579	177,063	-	-	1,376,642	-
	<u>\$ 45,770,791</u>	<u>\$ 13,934,746</u>	<u>\$ 1,629,960</u>	<u>\$ (16,027,007)</u>	<u>\$ 45,308,490</u>	<u>\$ 5,333,597</u>
Business-type Activities:	Beginning of Year	Additions	Accretion	Retirements	End of Year	Current Portion
Sewer Revenue Bonds	\$ 43,694,127	\$ 21,025,000	\$ -	\$ (26,356,313)	\$ 38,362,814	\$ 3,712,833
Unamortized (discount) premium	(190,851)	3,671,430	-	173,376	3,653,955	-
Recreation Revenue Bonds	2,720,000	-	-	(2,720,000)	-	-
General Obligation Bonds	-	2,335,000	-	-	2,335,000	-
Capitalized lease obligations	220,291	102,740	-	(51,024)	272,007	72,581
Vested compensated absences	73,148	1,343	-	-	74,491	-
	<u>\$ 46,516,715</u>	<u>\$ 27,135,513</u>	<u>\$ -</u>	<u>\$ (28,953,961)</u>	<u>\$ 44,698,267</u>	<u>\$ 3,785,414</u>



# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### *Component Units*

	Beginning of Year	Additions	Retirements	End of Year	Current Portion
Redevelopment					
Authority:					
Revenue bonds	\$ 2,315,000	\$ -	\$ (155,000)	\$ 2,160,000	\$ 165,000
Promissory notes	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
Short-term					
loan payable	\$ 444,710	\$ -	\$ (145,484)	\$ 299,226	\$ 299,226
General Authority:					
Notes payable	\$ 3,887,300	\$ -	\$ (294,700)	\$ 3,592,600	\$ 302,600

### *Loans from Other Governmental Entities*

In 2001, the City entered into a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974. The funds under the contract were utilized for the purpose of rental housing rehabilitation and other various projects, as defined in the contract. In August of 2002, trust certificates guaranteed by the Secretary of Housing and Urban Development were sold in an underwritten public offering. These trust certificates are backed by a pool comprised of the original note, as defined by the loan contract. In January 2014, the City refinanced the remaining balance of this fixed interest rate loan to a variable interest rate based on the London Inter-bank Offered Rate (LIBOR) rate plus 0.20%. The variable rate as of December 31, 2017 was 1.41%. The loan matures on August 1, 2020. The balance due, as of December 31, 2017, was \$400,000.

In 2009, the City entered into a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974. The funds under the contract were to be used for the paving of City streets and various improvements to City-owned buildings. The City has pledged its full faith and credit towards the repayment of the Section 108 loan obligation, should the City's Community Development Block Grant funds be insufficient to meet the debt service requirements of the Section 108 loan. Interest is fixed at 3.2% for the term of the loan and the loan matures August 1, 2028. The balance due, as of December 31, 2017, was \$1,550,000.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The annual principal and interest requirements for amounts due from the City under loans from other governmental entities as of December 31, 2017 are as follows:

Years Ending December 31,	Principal	Interest
2018	\$ 240,000	\$ 65,324
2019	241,000	59,542
2020	341,000	53,476
2021	141,000	45,810
2022	141,000	40,552
2023-2027	705,000	118,962
2028	141,000	6,134
	<u>\$ 1,950,000</u>	<u>\$ 389,800</u>

### ***General Obligation Notes***

The general obligation notes are backed by the full faith and credit of the City.

General obligation notes payable at December 31, 2017 are comprised of:

Series	Issue Amount	Maturity	Interest Rates	Amount Outstanding
General Obligation Refunding Notes, Series D of 1998	\$ 7,634,459	Through 2023	0.00%	\$ 4,905,000
Less unamortized discount on zero coupon notes				(1,190,035)
General Obligation Notes, net of discount, at December 31, 2017				<u>\$ 3,714,965</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The annual principal requirements for amounts due from the City under general obligation notes at December 31, 2017 are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>
2018	\$ 160,000
2019	160,000
2020	160,000
2021	160,000
2022	5,000
2023	4,260,000
	<u>4,905,000</u>
Unamortized discount	(1,190,035)
	<u><u>\$ 3,714,965</u></u>

### ***General Obligation Bonds – Governmental Activities***

The general obligation bonds outstanding are backed by the full faith and credit of the City.

The following is a summary of general obligation bond issues related to governmental activities as of December 31, 2017:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
1995A	\$ 76,030,000	Through 2022	0.00% - 6.50%	\$ 21,110,000
1998B	4,440,000	Through 2024	0.00%	4,440,000
2011B	2,200,000	Through 2027	9.00%	1,655,000
2017A	11,550,000	Through 2027	4.00% - 5.00%	11,550,000
General Obligation Bonds at December 31, 2017				38,755,000
Less unamortized discount on zero coupon notes				
(Series A of 1995)				(2,831,772)
(Series B of 1998)				<u>(1,325,217)</u>
General Obligation Bonds, net of discount, at December 31, 2017				<u><u>\$ 34,598,011</u></u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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The General Obligation Bonds, Series A of 2017 were issued to advance refund the General Obligation Bonds, Series of 2011. The City completed the advance refunding to reduce its total debt service payments by \$5,582,058 through the year 2041, which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2,585,123.

The annual principal and interest requirements for amounts due from the City under general obligation bonds related to governmental activities at December 31, 2017 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 4,320,000	\$ 725,300
2019	4,330,000	713,850
2020	4,340,000	701,500
2021	4,345,000	688,250
2022	4,605,000	674,550
2023-2027	<u>16,815,000</u>	<u>2,646,600</u>
	38,755,000	6,150,050
Unamortized discount	<u>(4,156,989)</u>	<u>-</u>
	<u>\$ 34,598,011</u>	<u>\$ 6,150,050</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### ***Prior Year Defeasance of Debt***

The City has, from time to time, defeased certain debt by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. The trust account assets and the liability of the defeased debt are not included in the City's financial statements. At December 31, 2017, the following defeased debt was outstanding:

	Funds Escrowed as of December 31, 2017	Defeased Debt Outstanding as of December 31, 2017
General Obligation Bonds, Series A of 1995	<u>\$ 11,499,189</u>	<u>\$ 9,081,768</u>
General Obligation Bonds, Series of 2011	<u>\$ 12,440,116</u>	<u>\$ 10,430,000</u>

### ***Guaranteed Sewer Revenue Bonds***

The guaranteed sewer revenue bonds outstanding are backed by the full faith and credit of the City.

Guaranteed sewer revenue bonds payable at December 31, 2017 are comprised of the following individual bond issues:

Series	Issue Amount	Maturity	Interest Rates	Amount Outstanding
Guaranteed Sewer Revenue Bonds - Series of 2008	\$ 10,000,000	Through 2022	2.94%	\$ 10,000,000
Guaranteed Sewer Revenue Bonds - Series A of 2010	10,540,000	Through 2019	2.50-4.00%	6,770,000
Guaranteed Sewer Revenue Bonds - Series of 2011	1,500,000	Through 2021	1.00%	567,814
Guaranteed Sewer Revenue Bonds - Series of 2017	21,025,000	Through 2027	1.50-5.00%	21,025,000
Guaranteed Sewer Revenue Bonds at December 31, 2017				<u>\$ 38,362,814</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The annual principal and interest requirements for amounts due from the City under the guaranteed sewer revenue bonds at December 31, 2017 are as follows:

Years Ending December 31,	Principal	Interest
2018	\$ 3,712,833	\$ 1,458,351
2019	3,819,368	1,424,735
2020	3,935,919	1,313,561
2021	4,034,694	1,201,098
2022	3,825,000	1,085,087
2023-2027	19,035,000	2,669,250
	<u>\$ 38,362,814</u>	<u>\$ 9,152,082</u>

The Guaranteed Sewer Revenue Bonds, Series of 2017 were issued to advance refund the Guaranteed Sewer Revenue Bonds, Series of 2010. The Sewer Authority completed the advance refunding to reduce its total debt service payments by \$1,971,657 through the year 2027, which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$1,670,827.

### ***Prior Year Defeasance of Debt***

The Sewer Authority has, from time to time, defeased certain debt by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. The trust account assets and the liability of the defeased debt are not included in the City's financial statements. At December 31, 2017, the following defeased debt was outstanding:

	Funds Escrowed as of December 31, 2017	Defeased Debt Outstanding as of December 31, 2017
Guaranteed Sewer Revenue Bonds - Series of 2010	<u>\$ 24,347,243</u>	<u>\$ 22,745,000</u>

### ***General Obligation Bonds – Business-type Activities***

The general obligation bonds outstanding are backed by the full faith and credit of the City.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The following is a summary of general obligation bond issues related to business-type activities as of December 31, 2017:

Series	Issue Amount	Maturity	Interest Rates	Amount Outstanding
2017B	\$ 2,335,000	Through 2025	4.15%	<u>\$ 2,335,000</u>

The annual principal and interest requirements for amounts due from the City under general obligation bonds related to business-type activities at December 31, 2017 are as follows:

December 31,	Principal	Interest
2018	\$ -	\$ 96,086
2019	-	96,086
2020	-	96,086
2021	-	96,086
2022	-	96,086
2023-2025	<u>2,335,000</u>	<u>282,084</u>
	<u>\$ 2,335,000</u>	<u>\$ 762,514</u>

The General Obligation Bonds, Series B of 2017 were issued to currently refund the York City Recreation Corporation Guaranteed Revenue Bonds, Series of 2001. The current refunding increased the City's total debt service payments by \$587,859 through the year 2025, which resulted in an economic loss (difference between the present values of the old and new debt service payments) of \$121,583.

### ***Capitalized Lease Obligations***

The City leases certain equipment under long-term lease agreements which are classified as capital leases. As of December 31, 2017, the governmental activities and the business-type activities include equipment and furniture under capital leases with a net book value of \$1,582,339 and \$390,784, respectively.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The future minimum payments under capital leases and the present value of the future minimum lease payments at December 31, 2017 are as follows:

	Year ending December 31,	Governmental Activities	Business-type Activities	Total
	2018	\$ 685,953	\$ 82,179	\$ 768,132
	2019	633,691	48,568	682,259
	2020	279,236	48,568	327,804
	2021	215,092	48,568	263,660
	2022	128,010	48,569	176,579
	2023	128,009	26,219	154,228
Total minimum lease payments		2,069,991	302,671	2,372,662
Less amount representing interest		(178,439)	(30,664)	(209,103)
Present value of future minimum lease payments		\$ 1,891,552	\$ 272,007	\$ 2,163,559

### ***Redevelopment Authority Series of 2002 Revenue Bonds***

In January of 2002, the Redevelopment Authority issued the Series of 2002 Variable Rate Demand/Fixed Rate Revenue Bonds (2002 Revenue Bonds) in the amount of \$3,725,000. The 2002 Revenue Bonds were issued for the purpose of financing the Susquehanna Commerce Center Garage Project.

The 2002 Revenue Bonds are not general obligations of the Redevelopment Authority and do not pledge the taxing power of the City. The principal and interest on these 2002 Revenue Bonds is payable only from certain receipts including net parking rentals, rates and other charges collected by the Redevelopment Authority for the use of the parking facility.

The Redevelopment Authority entered into a management agreement with Creekside Investors L.P. (Manager), whereby Creekside Investors, L.P. managed and operated the parking facilities on behalf of the Redevelopment Authority. Under the agreement, the Manager, on behalf of the Redevelopment Authority, collected all parking fees, rents, charges, and other income attributable to the parking facilities. The Manager deposited receipts in a segregated account to be used to pay costs, fees, and expenses incurred by the Manager in the performance of its duties under the management agreement. In addition, the Manager, on behalf of the Redevelopment Authority, paid amounts due to the trustee. Effective February 2009, Creekside Investors, L.P. submitted a Parking



# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Assignment Agreement to the Redevelopment Authority since Creekside Investors, L.P. dissolved. The assignment is to Susquehanna Commerce Center Condominium Association, Inc. The management agreement term was to end January 1, 2016. In November 2015, the Redevelopment Authority's Board approved to an extension of the agreement through October 1, 2027.

The Bonds initially bear interest at a variable rate, determined by the Remarketing Agent (Agent). The rate is based on a minimum rate that, in the judgment of the Agent, taking into account prevailing market conditions, would enable the Agent to sell all of the Bonds on the adjustment date at a price equal to the principal plus accrued interest. The Issuer may from time to time, with written consent of the Credit Facility Provider, change the interest rate on the Bonds from a variable to a fixed rate over one or more consecutive fixed rate periods.

The Redevelopment Authority bonds payable at December 31, 2017 are comprised of the following individual bond issue:

Series	Issue Amount	Maturity	Interest Rates	Amount Outstanding
2002 Revenue Bonds	\$ 3,725,000	Through 2027	Variable (1.86% at December 31, 2017)	<u>\$ 2,160,000</u>

The annual principal and interest requirements for amounts due from the Redevelopment Authority under the 2002 Revenue Bonds using the 1.86% interest rate in effect at December 31, 2017 are as follows:

Year Ending December 31,	Principal	Interest
2018	\$ 165,000	\$ 39,537
2019	175,000	36,429
2020	185,000	33,135
2021	195,000	29,655
2022	205,000	25,990
2023 - 2027	1,235,000	66,917
	<u>\$ 2,160,000</u>	<u>\$ 231,663</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### ***Redevelopment Authority 2012 Promissory Note Payable***

In May 2012, the Redevelopment Authority entered into a promissory note agreement whereby the Redevelopment Authority borrowed \$500,000 with interest at 5% per annum, with interest only paid annually until the maturity date in 2018. Under the 2015 loan modification, principal will be due in 30 equal installments commencing on July 1, 2018 and on each July 1<sup>st</sup> thereafter until paid in full. During the year ended December 31, 2018, there were no principal payments made on the promissory note. During the year ended December 31, 2019, the Redevelopment Authority is working on another loan modification agreement with the applicable parties. The note payable is secured by a pledge of installment payments of principal and interest for which the Redevelopment Authority is owed under the 2009 HRA loan, as referenced in Note 6. \$500,000 remains outstanding as of December 31, 2017.

### ***Redevelopment Authority 2014 Promissory Note Payable***

In July 2014, the Redevelopment Authority entered into a promissory note agreement in the amount of \$500,000. Interest is due annually at the rate of 2% from 2014 through 2017, with interest increasing to 3% per annum until the note is paid in full on the maturity date of December 31, 2020, at which time the entire \$500,000 is due. The note payable is secured by a pledge of installment payments of principal and interest for which the Redevelopment Authority is owed under the 2010 HRA loan, as referenced in Note 6. The amount outstanding on this promissory note payable totaled \$500,000 as of December 31, 2017.

### ***Redevelopment Authority 2015 Short-Term Loan Payable***

In September 2015, the Redevelopment Authority's Board approved a short-term loan in the amount of \$970,000 to fund a settlement, in which the owner of a condemned property, that was obtained by the Redevelopment Authority through eminent domain, challenged the valuation of the property. Loan payments are to be paid quarterly, interest only, beginning on March 16, 2016, with all unpaid principal and accrued interest to be paid in full on or before November 30, 2016. In December 2016, the loan was extended through May 30, 2017. As part of this modification agreement, the Redevelopment Authority agreed that 100% of net proceeds from the sale of the property located at 1 North George Street will be applied to the outstanding principal balance. In June 2017, the loan was extended through December 31, 2017. In December 2017, the loan was extended through February 28, 2018. In September 2018, the loan was extended through September 28, 2019 and the interest rate floor was increased to 4.00%. At December 31, 2017, the variable interest is based on the prime

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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rate with a floor of 3.25%. \$299,226 was outstanding on the loan as of December 31, 2017.

### ***General Authority Series of 2013 Revenue Note***

In 2013, the General Authority issued the Series of 2013 Revenue Note, in the amount of \$4,510,000, for the current refunding of the Series of 2008 Promissory Note, which was originally issued to finance the renovation of the Market Street Garage, and to pay costs of issuance. Interest is payable semi-annually at an initial rate of 2.71% per annum until November 15, 2018. Thereafter, the rate changes to 60% of the bank's prime rate or a fixed rate for a period of time mutually agreed upon by the bank and the General Authority, but in no event less than 2.20% or above 6.00% per annum. The loan matures on November 15, 2028.

The annual principal and interest requirements for amounts due from the General Authority under the Revenue Note using the fixed rate in effect at December 31, 2017 of 2.71% are as follows:

Years Ending December 31,	Principal	Interest
2018	\$ 302,600	\$ 97,360
2019	277,600	89,160
2020	287,900	81,636
2021	298,600	73,834
2022	309,800	65,742
2023-2027	1,730,400	196,366
2028	385,700	10,452
	<u>\$ 3,592,600</u>	<u>\$ 614,550</u>

### **13. Employee Retirement Plans (Pension Trust Funds)**

The City maintains three single-employer defined benefit plans (Plans) for Officers and Employees, Police, and Paid Firefighters, which are accounted for as pension trust funds. Participation in the plans is a required condition of employment for all regular, full-time employees, except laborers paid on a per diem basis. The plans do not issue separate financial statements.

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## NOTES TO BASIC FINANCIAL STATEMENTS

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Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments of the Plans are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

At December 31, 2017, none of the investments were more than five percent of the total asset value for each plan.

### Plan Participants

At December 31, 2017, employees covered under the City's pension plans consisted of:

	Officers and Employees Pension Plan	Police Pension Plan	Paid Firefighters Pension Plan
Inactive plan members or beneficiaries currently receiving benefits	135	125	90
Inactive plan members entitled to but not yet receiving benefits	26	6	-
Active plan members	171	95	50
Total	332	226	140

### Plan Administration

The plans are governed by the Third Class City Code of the Commonwealth, as amended. The Officers and Employees Plan is governed by the City of York Officer and Employees Retirement Board, which consists of the Mayor, City Controller, Business Administrator, two participants of the Officers and Employees Plan to be chosen by active participants, and one member of City Council. The Police Plan is governed by the City of York Police Pension Fund Association, which consists of the Mayor, City Treasurer, Business Administrator, two City residents (one chosen by the Mayor and one chosen by City police officers), one active Police Plan participant, and one retired participant of the Police Plan. The Paid Firefighters Plan is governed by the City of York

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Paid Firefighters Pension Fund Board, which consists of the Mayor, City Treasurer, Business Administrator, two City residents (one chosen by the Mayor and one chosen by City paid firefighters), and two active Paid Firefighter Plan participants.

### Benefits Provided - Officers and Employees Plan

*Normal Retirement* - Officers and Employees are vested upon completion of 12 years of service. Officers and Employees are eligible for normal retirement at age 60, after completion of 20 years of service if hired before January 1, 1978, or completion of five years of service if hired on or after January 1, 1978, or after completion of 40 years of service, regardless of age.

*Retirement Benefit* - For Officers and Employees hired before January 1, 1978, the normal retirement pension is payable semi-monthly for life with payments ceasing upon death. The amount of annual pension is equal to 50% of the higher of the final rate of compensation or compensation averaged over the highest consecutive five years of employment. Service increments of 1/40th of the annual pension per year of service in excess of 20, but not beyond age 65, are provided if the member makes extra contributions. The calculation of compensation includes base salary only. For Officers and Employees hired on or after January 1, 1978, the normal retirement pension is payable semi-monthly for life with payments continuing after the member's death to the surviving spouse or, if no surviving spouse, payable to dependent children under the age of 18 equal to 50% of the pension the member was receiving at the time of death. The amount of annual pension is equal to 2% of average annual compensation, multiplied by the number of complete years of service at retirement, up to a maximum of 40 years. Average annual compensation is based upon compensation for the highest five consecutive years out of the last ten years of employment. The calculation of compensation includes base salary plus longevity payments.

*Early Retirement* - Members are eligible for early retirement upon attainment of age 55 and completion of five years of service. The early retirement benefit is the benefit accrued to the date of early retirement, reduced 1/3 of 1% for each month early.

*Disability Benefit* – For Officers and Employees hired before January 1, 1978, a disability benefit is provided upon permanent disability before age 55 after completion of 15 years of service. The disability retirement pension is 50% of compensation at the time of disability. Such disability pension is reduced by Workers' Compensation benefits received. For Officers and Employees hired on or after January 1, 1978, members are eligible for disability retirement after completion of ten or more years of service. The disability retirement benefit is the benefit accrued to the date of disability, but not less

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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than 50% of average monthly compensation. However, the amount of benefit shall not exceed such amount as necessary to make all benefits fully or partially financed by the City equal to 80% of compensation at the time of disability.

*Death Benefit* - The death benefit for a member who has been married at least one year and is eligible for normal retirement is a survivor pension for his/her surviving spouse equal to 50% of the pension the member would have been receiving had he/she retired on the day prior to the date of death and had elected to receive his/her pension in a joint and 50% survivor benefit option form.

### Benefits Provided - Police Plan

*Normal Retirement* - A Police member is vested upon completion of 12 years of service. For Police hired prior to January 1, 2015, the normal retirement requirement is attainment of age 50 and completion of 20 years and six months of service. For Police hired on or after January 1, 2015, the normal retirement is attainment of age 55 and completion of 20 years and six months of service.

*Retirement Benefit* - The normal retirement pension is payable in semi-monthly installments for life with payments continuing after the member's death to the surviving spouse or, if no surviving spouse, to dependent children under the age of 18. The amount of annual pension is equal to 50% of the yearly salary paid to officers or employees of the same rank the member holds at the time of retirement. An additional incremental pension is provided equal to 1/40 of the annual pension for each complete year of service in excess of 20 (but not beyond age 65) up to a maximum of \$1,200 additional per year. The calculation of salary includes base salary plus longevity increments.

*Postretirement Cost-of-Living Increase* - Effective January 1, 2013, the Police members receive a pension increase of 2.5% per year. For certain Police members retired between January 1, 2003 and January 15, 2003, the annual pension increase is equal to 4%. For certain Police members who retired before January 1, 2013, the pension is increased by 50% of the dollar increase granted to active patrolmen of the highest pay grade.

*Deferred Retirement Option Plan (DROP)* - Effective January 1, 2007, an active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of not less than one year, nor more than three years. His/her monthly pension shall be calculated as of his/her date of participation in the DROP and shall be deposited into a self-directed account, or be credited with a fixed rate of return

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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designated by the City at no less than 3.0% per annum, with the monies in such account distributed to the member in a lump sum at retirement.

As of December 31, 2017, the balance held by the Police Plan pursuant to the DROP totaled \$940,530.

*Disability Benefit* - A disability benefit is provided due to a service related total and permanent disability. The disability retirement pension is equal to the pension based upon the normal retirement formula. A disability benefit is provided due to a nonservice related total and permanent disability after completion of ten years of service. The disability retirement pension is equal to 30% of salary at the time of disability plus 2% of salary for each year of service in excess of ten, up to a maximum pension of 50% of salary. Such disability pension is reduced by Workers' Compensation benefits received.

*Death Benefit* - If a member dies after being eligible to retire, a death benefit is payable to his/her surviving spouse, or if no surviving spouse, to dependent children under the age of 18 in an amount equal to the benefit the member would have been receiving had he/she been retired on the day of his/her death.

### Benefits Provided - Paid Firefighters Plan

*Normal Retirement* - Paid Firefighters are vested upon completion of 10 years of service. Paid Firefighters are eligible for normal retirement at age 50, after completion of 20 years of service if hired before January 1, 1988, or after completion of 20 years and six months of service if hired on or after January 1, 1988.

*Retirement Benefit* - For Paid Firefighters hired before January 1, 1988, the normal retirement pension is payable monthly for life with payments continuing after the member's death to the surviving spouse or, if no surviving spouse, to dependent children under the age of 18. The amount of annual pension is equal to 50% of the yearly salary of the member at the time of retirement or the highest average annual salary which the member received during any five years preceding retirement, if higher. An additional incremental pension is provided equal to 1/40 of the annual pension for each complete year of service in excess of 20 (but not beyond age 65) up to a maximum of \$1,200 additional per year. The calculation of salary includes base salary plus longevity increments.

For Paid Firefighters hired on or after January 1, 1988, the normal retirement pension is payable monthly for life with payments continuing after the member's death to the surviving spouse or, if no surviving spouse, to dependent children under the age of 18.

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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The amount of annual pension is equal to 52% of the yearly salary of the member at the time of retirement or the highest average annual salary, which the member received during any five years preceding retirement, if higher. The calculation of salary includes base salary plus longevity increments.

*Postretirement Cost-of-Living Increase* - Paid Firefighters hired prior to January 1, 1988 receive a pension increase equal to 50% of the dollar increase granted to active firemen of the highest pay grade or the member may elect an annual increase of 2.5%. For certain Paid Firefighters Pension Plan members retired between January 1, 2003 and January 15, 2003, the annual pension increase is equal to 4%. For Paid Firefighters hired on or after January 1, 1988, the members receive a pension increase of 2.5% per year.

*DROP* - Effective January 1, 2016, an active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of not less than one year, nor more than three years. His/her monthly pension shall be calculated as of his/her date of participation in the DROP and shall be deposited into a self-directed account, or be credited with a fixed rate of return designated by the City at no less than 3.0% per annum, with the monies in such account distributed to the member in a lump sum at retirement.

As of December 31, 2017, the balance held by the Paid Firefighters Plan pursuant to the DROP totaled \$523,285.

*Disability Benefit* - A disability benefit is provided under permanent disability after completion of ten years of service. The disability retirement pension is 30% of salary at the time of disability plus 2% of salary for each year of service in excess of ten, up to a maximum pension of 50% of salary. Such disability pension is reduced by Workers' Compensation benefits received if the disability was not incurred in the line of duty.

*Death Benefit* - If a member dies prior to being eligible to retire, a death benefit is payable to his/her surviving spouse or, if no surviving spouse, to dependent children under the age of 18 equal to 30% of salary plus 2% of salary for each year of service in excess of ten, up to a maximum pension of 50% of salary. If a member dies after being eligible to retire, a death benefit is payable to his/her surviving spouse or, if no surviving spouse, to dependent children under the age of 18 equal to the benefit the member would have been receiving had he/she been retired on the day of his/her death.



# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Contributions

Required employee contributions for Police are 5% of salary plus \$1 per month. Paid Firefighters contributions are 5% of salary plus \$1 per month if hired prior to January 1, 1988, 5% of salary if hired on or after January 1, 1988, and 6% of salary if hired on or after January 1, 2007. Officers and Employees contributions are 2% plus 1/2% of salary for service increment (if opted) if hired before January 1, 1978, or 2% of salary if hired on or after January 1, 1978.

The City is required to make actuarially determined periodic contributions at rates that, for individual employees, increase over time so that sufficient assets will be available to pay benefits when due.

Effective with the 1985 plan year, the City has participated in Level III of the Act 205 Recovery Program, a Commonwealth program that reduces contribution requirements and subsidizes underfunded pension plans. Eligibility to participate in Level III is based on the distress determination of the City as provided by the Public Employee Retirement Study Commission based on the procedures specified in Chapter 5 of Act 205. The Commission has determined the City to be a severely distressed municipality.

During the year ended December 31, 2017, state aid of \$2,161,067 was deposited into the Debt Service Fund to pay the debt service payments for the 1995 general obligation bonds issued to help fund the pension plan. The City made the following contributions to the pension plans for the year ended December 31, 2017:

	Officers and Employees Pension Plan	Paid Firefighters Pension Plan	Police Pension Plan
Actuarially determined contribution under Act 205	\$ 1,291,264	\$ 2,883,556	\$ 2,633,544
Contributions made by December 31, 2017	1,292,195	2,883,556	2,997,427
Excess contribution made	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 363,883</u>

The City establishes and amends the contribution requirements of both the plan members and the City. Costs of administering the plans are funded by the plans.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Changes in the Net Pension Liability

The changes in the net pension liability of the City for the year ended December 31, 2017 were as follows:

### Officers and Employees Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 33,627,409	\$ 23,601,811	\$ 10,025,598
Changes for the year:			
Service cost	644,047	-	644,047
Interest	2,762,999	-	2,762,999
Changes for experience	113,140	-	113,140
Changes of assumptions	1,128,959	-	1,128,959
Contributions - employer	-	1,292,195	(1,292,195)
Contributions - member	-	158,046	(158,046)
Net investment income	-	3,658,509	(3,658,509)
Benefit payments, including refunds	(1,952,145)	(1,952,145)	-
Net changes	2,697,000	3,156,605	(459,605)
Balances at December 31, 2017	\$ 36,324,409	\$ 26,758,416	\$ 9,565,993
Plan fiduciary net position as a percentage of the total pension liability			73.67%

The net pension liability of the Officers and Employees Pension Plan is allocated between the governmental activities and the business-type activities in the amounts of \$7,274,786 and \$2,291,207, respectively, at December 31, 2017.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Police Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 85,411,940	\$ 47,605,589	\$ 37,806,351
Changes for the year:			
Service cost	1,263,760	-	1,263,760
Interest	6,852,950	-	6,852,950
Changes for experience	(853,856)	-	(853,856)
Changes of assumptions	2,424,071	-	2,424,071
Contributions - employer	-	2,997,427	(2,997,427)
Contributions - member	-	313,008	(313,008)
Net investment income	-	7,379,410	(7,379,410)
Benefit payments, including refunds	(4,351,489)	(4,351,489)	-
Net changes	5,335,436	6,338,356	(1,002,920)
Balances at December 31, 2017	<u>\$ 90,747,376</u>	<u>\$ 53,943,945</u>	<u>\$ 36,803,431</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>59.44%</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Paid Firefighters Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 57,602,024	\$ 27,160,827	\$ 30,441,197
Changes for the year:			
Service cost	764,369	-	764,369
Interest	4,641,495	-	4,641,495
Changes of benefit terms	989,888	-	989,888
Changes for experience	(1,334,555)	-	(1,334,555)
Changes of assumptions	1,749,247	-	1,749,247
Contributions - employer	-	2,883,556	(2,883,556)
Contributions - member	-	182,924	(182,924)
Net investment income	-	4,208,437	(4,208,437)
Benefit payments, including refunds	(3,038,036)	(3,038,036)	-
Net changes	3,772,408	4,236,881	(464,473)
Balances at December 31, 2017	\$ 61,374,432	\$ 31,397,708	\$ 29,976,724
Plan fiduciary net position as a percentage of the total pension liability			51.16%

For certain members who were hired before January 1, 1988, the pension is increased for a Paid Firefighter member's option to elect an annual cost-of-living increase of 2.5%. Additionally, a cost-of-living increase has been added for any Paid Firefighter hired on or after January 1, 1988. These changes in benefit terms were reflected in the measurement date of December 31, 2017 and is shown in the table above.

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

*Actuarial Assumptions* - The January 1, 2017 actuarial valuation used the entry age normal actuarial cost method and IRS 2017 Static Combined Table for Small Plans mortality table. The actuarial assumptions for the Plans include the following: a) 8.00% investment rate of return, b) a projected salary increase of 5.00%, c) 3.00% inflation

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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rate, d) level dollar closed amortization method, and e) 20-year remaining amortization period for Paid Firefighters Plan, 15-year remaining amortization period for Officers and Employees Plan, and 12-year remaining amortization period for Police Plan. These assumptions were applied to all periods included in the measurement of total pension liability.

*Changes in Actuarial Assumptions* – The mortality table in the January 1, 2017 valuation updated to the IRS 2017 Static Combined Table for Small Plans from the RP2000 mortality table used in the January 1, 2015 valuation.

*Investment Policy* - The Plans' policies in regard to the allocation of invested assets are established and may be amended by the respective Boards. The Boards seek to maximize return commensurate with the level of risk undertaken. The specific investment return objective is to meet or exceed the rate of return assumed in the actuarial assumptions.

*Long-Term Expected Rate of Return* - The long-term expected rates of return on the Plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the Plans' as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60 - 70%	5.50 - 7.50%
Fixed income	30 - 40%	1.00 - 3.00%

*Rate of Return* - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2017, the annual money-weighted rate of return on Plan investments, net of investment expense, was 14.00%.

*Discount Rate* - The discount rate used to measure the total pension liability as of December 31, 2017 was 8.00% for all the Plans. The Plans' fiduciary net position is

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of each Plan calculated using the discount rate described above, as well as what the Plan's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or higher than the current rates:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Officers and Employees Pension Plan	\$ 13,423,116	\$ 9,565,993	\$ 6,302,391
Police Pension Plan	\$ 48,349,198	\$ 36,803,431	\$ 27,280,495
Paid Firefighters Pension Plan	\$ 37,027,731	\$ 29,976,724	\$ 24,094,317

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the City recognized pension expense of \$12,961,464 in the governmental activities and \$148,476 in the business-type activities. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 71,809	\$ 22,474
Changes of assumptions	<u>5,178,396</u>	<u>373,769</u>
Total deferred outflows of resources	<u>\$ 5,250,205</u>	<u>\$ 396,243</u>
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 3,705,377	\$ 94,808
Net difference between projected and actual earnings on pension plan investments	<u>576,674</u>	<u>33,660</u>
Total deferred inflows of resources	<u>\$ 4,282,051</u>	<u>\$ 128,468</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The differences in the governmental activities and business-type activities expected and actual experience and the changes of assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the pension plan investments is recognized over five years. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2018	\$ 1,177,091	\$ 125,113
2019	1,177,093	125,113
2020	(656,866)	(9,137)
2021	(886,692)	(22,797)
2022	157,528	49,483
	<u>\$ 968,154</u>	<u>\$ 267,775</u>

The City was utilizing the Level III provision allowing for delayed implementation of the actuarial funding standards specified in Act 205 over a period not to exceed 15 years. In 1995, it was anticipated that the proceeds from the City's issuance of \$32 million in pension bonds would fully fund each of the plans. The State requires the City to continue calculating its minimum municipal obligation for Act 205 purposes exclusive of the bond proceeds. This minimum municipal obligation will be used as a factor in determining the amount of State pension aid the City is entitled to under Act 205. Act 205 provides that the funding of unfunded pension liabilities with bond proceeds will not reduce the State pension aid that would be due the City, absent such funding. State aid has been pledged as security for the debt service on the pension bonds.

### ***Police and Paid Firefighters Pensions Litigation***

In May 2004, the City received notification that they were required to fully reflect all of the pension benefits provided under the 1994 arbitration awards in the Act 205 Actuarial Valuation Reports prepared as of January 1, 2005, in order to comply with the actuarial reporting and funding standards mandated under Act 205. The City has been advised by their actuary that the unfunded accrued liability related to the arbitration award is \$26.5 million as of the valuation date of January 1, 2005. As of January 1, 2013, the outstanding unfunded liability reached a cumulative total of \$64,675,648.



# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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Between 2008 – 2014, the City maintained cash flow by delaying the payment of its pension MMO to the subsequent year. FOP and IAFF pension reform in 2015 and 2016, respectively, enabled the City to become current on the annual obligation. However, the City must continue to aggressively manage and control post-retirement employee pensions and health insurance costs for the City to reach adequate funding level for post-employment benefits. The City and IAFF negotiated significant changes to the firefighters' pension plan benefits and retiree health care that became effective on January 1, 2018. These provisions help reduce the City's pension liability for 2018, 2019 and 2020. The City and FOP has failed to reach a successive agreement and are scheduled for arbitration on August 8, 2019.

**CITY OF YORK, PENNSYLVANIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
YEAR ENDED DECEMBER 31, 2017

*Pension Financial Statements*

Financial statements for the individual pension plans are presented below:

**Statement of Net Position  
December 31, 2017**

	Officers and Employees Pension Fund	Police Pension Fund	Paid Firefighters Pension Fund	Total Pension Trust Fund
Assets:				
Investments, at fair value	\$ 26,758,416	\$ 53,943,945	\$ 31,397,708	\$112,100,069
Total assets	<u>26,758,416</u>	<u>53,943,945</u>	<u>31,397,708</u>	<u>112,100,069</u>
Net Position:				
Restricted for pension benefits	<u>\$ 26,758,416</u>	<u>\$ 53,943,945</u>	<u>\$ 31,397,708</u>	<u>\$ 112,100,069</u>

**Statement of Changes in Net Position  
Year Ended December 31, 2017**

	Officers and Employees Pension Fund	Police Pension Fund	Paid Firefighters Pension Fund	Total Pension Trust Fund
Additions:				
Contributions:				
Employee	\$ 158,046	\$ 313,008	\$ 182,924	\$ 653,978
Employer	1,292,195	2,997,427	2,883,556	7,173,178
Total contributions	<u>1,450,241</u>	<u>3,310,435</u>	<u>3,066,480</u>	<u>7,827,156</u>
Investment income:				
Interest and dividend income	677,399	1,366,336	779,547	2,823,282
Net appreciation of investments	3,098,166	6,249,180	3,563,597	12,910,943
Less investment expenses	(117,056)	(236,106)	(134,707)	(487,869)
Net investment income	<u>3,658,509</u>	<u>7,379,410</u>	<u>4,208,437</u>	<u>15,246,356</u>
Total additions	<u>5,108,750</u>	<u>10,689,845</u>	<u>7,274,917</u>	<u>23,073,512</u>
Deductions:				
Benefits paid to recipients	<u>1,952,145</u>	<u>4,351,489</u>	<u>3,038,036</u>	<u>9,341,670</u>
Total deductions	<u>1,952,145</u>	<u>4,351,489</u>	<u>3,038,036</u>	<u>9,341,670</u>
Change in net position	3,156,605	6,338,356	4,236,881	13,731,842
Net position restricted for pension benefits:				
Beginning of year	<u>23,601,811</u>	<u>47,605,589</u>	<u>27,160,827</u>	<u>98,368,227</u>
End of year	<u>\$ 26,758,416</u>	<u>\$ 53,943,945</u>	<u>\$ 31,397,708</u>	<u>\$ 112,100,069</u>

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 14. Other Post-Employment Benefits (OPEB)

#### Plan Descriptions

In addition to the retirement benefits described in Note 13, the City provides single-employer health care benefits for all retired employees and their spouses under the various union contracts and City policy for non-organized employees. These benefit provisions and all other requirements are established under the various union contracts and City policy for non-organized employees. The retired employees are required to pay monthly to the City, one-half of the actual cost subject to annual co-payment limitation established in each of the union contracts and by Council for non-organized employees. The plan does not issue separate financial statements.

*Non-Organized Employees and Supervisory Personnel Plan, York Public Employee Association Plan, and Electrical Workers Plan:*

Benefits are payable for members who retire from the City after attainment of age 55 or upon completion of 40 years of service, regardless of age.

Eligible retirees may participate in the City's group medical plan. The group medical plan includes medical, prescription drug, dental, and vision benefits. At age 65 and greater, the plan becomes secondary to Medicare and has a \$5,000 lifetime maximum. There are no prescription drug, dental, and vision benefits after age 65. Spouses are covered under the plan indefinitely.

*Police Plan:*

Benefits are payable for members who retire from the City after completion of 20 (or 20.5 if hired after January 1, 1978) years of service.

Eligible retirees may participate in the City's group medical plan. The group medical plan includes medical, prescription drug, dental, and vision benefits. At age 65 and greater, the plan becomes secondary to Medicare. Spouses are covered under the plan indefinitely.

*Teamsters Plan:*

Benefits are payable for members who retire from the City after attainment of combined age and service totaling 80 years.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Eligible retirees may participate in the City's group medical plan. The group medical plan includes medical, prescription drug, dental, and vision benefits. At age 65 and greater, the plan becomes secondary to Medicare and has a \$5,000 lifetime maximum. There are no prescription drug, dental and vision benefits after age 65. Spouses are covered under the plan indefinitely.

### *Firefighters Plan:*

Benefits are payable for members who retire from the City after attainment of age 50 and completion of 20 (or 20.5 if hired after January 1, 1988) years of service.

Eligible retirees may participate in the City's group medical plan. The group medical plan includes medical, prescription drug, dental, and vision benefits. At age 65 and greater, the plan becomes secondary to Medicare. Prescription drug, dental, and vision coverage are available for the lifetime of the member or spouse. Spouses are covered under the plan indefinitely.

The York Public Employee Association, Police, Teamsters, Electrical Workers, and Firefighter union labor contracts for the uniformed and nonuniformed employees establish the post-employment health care plan provisions. Such union contracts may be amended through future negotiations. The post-employment health care plan provisions for non-union employees are established by Council.

### Funding Policy and Annual OPEB Costs

The City's contribution is based on projected pay-as-you-go financing requirements through the Internal Service Fund. For the year ended December 31, 2017, the City's net cost of providing full health care benefits for retired employees was \$3,456,105. Plan members receiving benefits contributed \$238,842, through their contributions as required by the cost sharing provisions of the plans.

Union labor contracts and City Council establish and amend the obligations of the plan members and the City to contribute to the plans.

Eligible retirees may participate in the City's group medical plan. In order to maintain coverage, retirees must make the following annual contributions in accordance with the plans:

*Non-Organized Employees and Supervisory Personnel Plan* – For retirees under the age of 65, the annual contributions were \$700 for the retiree and \$700 for

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# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

spouses/dependents. For retirees over the age of 65, the annual contributions are \$103.32 for retirees and \$103.32 for spouses/dependents.

*York Public Employee Association Plan* – Before January 1, 2013, the annual contributions for retirees under the age of 65 were \$900 for the retiree and \$700 for spouses/dependents. After January 1, 2013, the retiree must contribute 50% of the cost up to the following annual maximums:

<u>Date of Retirement</u>	<u>Retirees</u>	<u>Dependents</u>
1/1/90-12/31/03	\$ 700	\$ 700
1/1/04 and later	900	700

For retirees over the age of 65, the annual contributions are \$103.32 for retirees and \$103.32 for spouses/dependents.

*Electrical Workers Plan* – For retirees under the age of 65, the annual contributions are as follows:

<u>Date of Hire</u>	<u>Date of Retirement</u>	<u>Retirees</u>	<u>Spouses/ Dependents</u>
Prior to 9/1/08	Prior to 9/1/08	\$ 750	\$ 750
Prior to 9/1/08	9/1/08 - 12/31/08	900	700
Prior to 9/1/08	1/1/09 - 12/31/09	1,000	800
Prior to 9/1/08	1/1/10 - 12/31/10	1,100	900
Prior to 9/1/08	1/1/11 - 12/31/11	1,200	1,000
Prior to 9/1/08	1/1/12 - 12/31/12	1,300	1,100
Prior to 9/1/08	1/1/13 - 12/31/13	1,500	1,300
Prior to 9/1/08	1/1/14 - 12/31/14	1,600	1,400
Prior to 9/1/08	1/1/15 or later	1,700	1,500
9/1/08 and later		COBRA rate	COBRA rate

For retirees over the age of 65, the annual contributions are \$103.32 for retirees and \$103.32 for spouses/dependents.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

*Police Plan* – For all retirees, the annual contributions are as follows:

<u>Date of Retirement</u>	<u>Retirees</u>	<u>Spouses/ Dependents</u>
Prior to 1/1/07	\$ 700	\$ 700
7/1/07 and later	1,100	1,100

*Teamsters Plan* – For retirees under the age of 65, the annual contributions are as follows:

<u>Date of Hire</u>	<u>Date of Retirement</u>	<u>Retirees</u>	<u>Spouses/ Dependents</u>
Prior to 7/25/08	Prior to 12/31/08	\$ 900	\$ 700
Prior to 7/25/08	1/1/09 - 12/31/09	1,000	800
Prior to 7/25/08	1/1/10 - 12/31/10	1,100	900
Prior to 7/25/08	1/1/11 - 12/31/11	1,200	1,000
Prior to 7/25/08	1/1/12 - 12/31/12	1,300	1,100
Prior to 7/25/08	1/1/13 - 12/31/13	1,500	1,300
Prior to 7/25/08	1/1/14 - 12/31/14	1,600	1,400
Prior to 7/25/08	1/1/15 - 12/31/15	1,700	1,500
7/25/08 and later		COBRA rate	COBRA rate

For retirees over the age of 65, the annual contributions are \$103.32 for retirees and \$103.32 for spouses/dependents.

*Firefighters Plan* – For retirees under the age of 65 who retired prior to January 1, 2007, the annual contributions are \$700 for the retiree and \$700 for spouses/dependents. After October 2, 2009, the annual contributions were to be \$1,100 for the retiree and \$1,100 for spouses/dependents; however, the City did not begin enacting these contributions until November 1, 2013. For retirees under the age of 65 who retired on or after January 1, 2007, the annual contributions for the retiree and spouse are determined at the time of retirement. An independent audit will be performed each year to determine the average cost per participant incurred in the plan and the third previous year. The retiree and spouse will be responsible to contribute 25% of the cost determined in the audit. The contribution for the retiree and spouse determined at the time of retirement can be no more than 10% higher than the contribution determined for a participant that retired in the previous year.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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For all retirees over the age of 65, the annual contributions are \$405.36 for retirees and \$469.44 for spouses/dependents.

The City's annual OPEB costs (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry age normal, level dollar
Amortization period	30 years, open period
Actuarial assumptions:	
Interest rate	4.5%
Salary increases	5% per year
	6% in 2015 and 5.5% in 2016 through 2020; rates gradually decrease from 5.4% in 2021 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Medical inflation	
Mortality table	RP2000 Table



# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB costs and net OPEB obligations to the plan for the year ended December 31, 2017 were as follows:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 7,409,570	\$ 206,766	\$ 7,616,336
Interest on net OPEB obligation	1,238,484	16,314	1,254,798
Adjustment to annual required contribution	(1,689,609)	(22,256)	(1,711,865)
Annual OPEB Cost	6,958,445	200,824	7,159,269
Contribution made	(3,253,421)	(202,684)	(3,456,105)
Change in Net OPEB obligation	3,705,024	(1,860)	3,703,164
Net OPEB obligation, beginning	27,230,410	414,231	27,644,641
Net OPEB obligation, ending	\$ 30,935,434	\$ 412,371	\$ 31,347,805

### Three-Year Trend Information

Year	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2017	\$ 7,159,269	48.27%	\$ 31,347,805
2016	7,224,752	44.71%	27,644,641
2015	6,159,712	51.64%	23,649,723

### Funded Status and Schedule of Funding Progress

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Overfunded (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
1/1/2015	\$ -	\$ 84,920,112	\$ (84,920,112)	0.00%	\$ 18,650,172	-455.33%

# CITY OF YORK, PENNSYLVANIA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 15. Risk Management

The City is exposed to various risks of loss related to major medical self-insurance. The City has a stop/loss agreement with an insurance company which covers all individual claim amounts exceeding \$175,000. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of recent claim settlement trends as determined by the City's independent third-party administrator.

Changes in the balances of claims liability (net of excess insurance) during the past three years ended December 31, 2017 were as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2015	\$ 531,807	\$ 6,680,500	\$ 6,872,789	\$ 339,518
2016	339,518	7,966,448	7,915,956	390,010
2017	390,010	9,355,078	8,961,510	783,578

In addition, the City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error, and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended December 31, 2017, 2016, and 2015.

### 16. Commitments and Contingencies

#### *Leases*

The City also has several leases for vehicles used in City operations. The future minimum commitments for these leases are not material to the City's operations.

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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The City has also entered into several noncancelable operating leases for office equipment. The future minimum commitments for these leases are not material to the City's operations.

### ***Grants***

Grants received are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. However, the Redevelopment Authority has used its best estimate to report an allowance based on currently known facts and circumstances.

### ***Contract Commitment***

During 2016, the City entered into a contract with a provider for curbside refuse and recycling collection services for 2017 through 2021 at a cost of \$1,765,650, annually.

During 2017, the City entered into a contract for a transformer replacement in the amount of \$140,200. The commitment remaining on the contracts at December 31, 2017 was \$140,200.

In September 2017, the City entered into an Intergovernmental Cooperation Agreement with the York County Planning Commission for the implementation of the York County Regional Chesapeake Bay Pollutant Reduction Plan. As part of this agreement, the City's cost sharing contributions for the years 2018 through 2023 will be \$211,716, annually. The City made a pro-rated payment totaling \$14,662 for the year ended December 31, 2017, as required by the agreement.

In April 2017, the Sewer Authority approved a contract for the wastewater treatment plant electrical substation #3 replacement project totaling \$1,227,203. The balance of the contract remaining at December 31, 2017 was \$936,503.

During the year ended December 31, 2016, the Redevelopment Authority entered into a contract for property demolition in the amount of \$148,142. The commitment remaining on the contract at December 31, 2017 was \$49,379.

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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### **17. Management's Agreement with the General Authority**

The City has entered into a management and an administration agreement with the General Authority to operate, manage, and administer the General Authority's parking system. The management agreement requires that the General Authority pay the City a management fee to the General Fund in twelve equal installments. The City incurred \$855,754 in operating expenses and received \$697,077 in fees under the management agreement in 2017. The City earned \$141,000 in administrative fees under an administration agreement in 2017. A receivable of \$1,290,277 is recorded in the General Fund for fees that were earned under these agreements, but unpaid at December 31, 2017.

Under the management agreement between the General Authority and the City, the General Authority is entitled to receive an adjustment to the management fee billed from the City if actual expenses were less than budgeted expenses. As of December 31, 2017, the General Authority owed the City \$1,290,277, which included six monthly billed amounts totaling \$637,301 from the City for the year ended December 31, 2012 that were not paid as of December 31, 2017. Discussions between the City Administration and the General Authority members continue. Potential revisions to the management agreement and management structure were put on hold as a parking study was completed by Desman Design Management. In June of 2017, the parking study was completed. Members of the General Authority and City Administration are working together to review the recommendations and to resolve all open matters. The General Authority anticipates paying \$637,301 to the City during the year ended December 31, 2019 and will continue to work on repayment to the City for the remaining amount due.

### **18. Litigation**

The City is a party to numerous lawsuits that have arisen in the ordinary course of business. It is the opinion of management, as advised by legal counsel, that these suits will not have a material effect on the financial statements of the City, with the exception of the pension litigation discussed in Note 13.

During the year ended December 31, 2016, the Redevelopment Authority, as condemnor, was involved in an eminent domain case, where the condemnee challenged the valuation of the property. A jury awarded \$1,250,000 in just compensation to the condemnee and this amount was accrued as of December 31, 2016. In October of 2018, a final settlement agreement was reach with the condemnee for \$1,500,000 and as

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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such, an additional \$250,000 was accrued during the year ended December 31, 2017, with an aggregate amount outstanding as of December 31, 2017 of \$1,500,000. The settlement agreement calls for an initial deposit of \$550,000 in October of 2018 and the balance of \$950,000 plus interest to be paid in installments over a two year period.

Upon settlement in 2018, the Redevelopment Authority concurrently entered into an agreement of sale with a third party. As such, the third party paid \$350,000 of the \$550,000 due at settlement and entered into an agreement with the Redevelopment Authority to pay the debt service, including interest and principal, on the remaining \$950,000. As the sale to the third party did not occur until 2018, the related sale was not recorded in the financial statements as of December 31, 2017.

### **19. Environmental Remediation Liability**

During the year ended December 31, 2017, the Redevelopment Authority was notified that one of its properties required environmental remediation with an estimated cost of \$2,329,450. As of the report date, the Redevelopment Authority has secured grant awards to cover \$1,744,000 of the total liability. The residual portion of the liability in the amount of \$585,450 will be paid by the developer of the property and, as such, no liability is reported for this amount in the financial statements at December 31, 2017. Grant revenue will be recognized as eligible cost are incurred. As of December 31, 2017, no costs were incurred and as such, a receivable has not been recorded for the grant funding.

### **20. Subsequent Events**

In January of 2018, the City entered into an agreement with White Rose Ambulance to provide emergency medical response from 2018 to 2022 in annual amounts ranging from \$175,000 to \$225,000.

In January of 2018, the City entered into an agreement for the 2018 Memorial Park Improvement Project in the amount of \$121,135.

In May of 2018, the City entered into an agreement for wastewater treatment plant improvements in the amount of \$421,500.

# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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In August of 2018, the City entered into an agreement for school crossing guard services in an amount not to exceed \$410,962 for the period July 1, 2018 through June 30, 2019.

In January of 2019, the City borrowed \$6,000,000 in the form of a Tax and Revenue Anticipation Note, Series of 2019, bearing interest at an annual rate of 2.90% until the maturity date of December 31, 2019.

In March of 2019, the City entered into agreements for sidewalk improvements and electrical equipment maintenance totaling \$94,370 and \$243,351, respectively, for the year ended December 31, 2019.

Subsequent to December 31, 2017, the Sewer Authority approved multiple construction and professional service contracts for sewer projects totaling approximately \$3.1 million.

In June 2019, the General Authority issued the Series of 2019 Revenue Note in the aggregate principal amount of \$4,850,000 for the purpose of providing funds for (1) the current refunding of the General Authority's Series of 2013 Revenue Note; (2) a capital project of the General Authority; and (3) the costs of issuing such note. The note shall bear interest at an initial rate equal to 3.25% per annum for a period of seven years and, thereafter, at a variable rate equal to 80% of 30-day LIBOR to float plus 150 basis points, with an interest cap at 7.00% per annum.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF YORK, PENNSYLVANIA**STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL - GENERAL FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Taxes	\$ 25,343,565	\$ 25,343,565	\$ -	\$ 27,576,010	\$ 2,232,445
Licenses and permits	1,054,068	1,054,068	-	1,110,745	56,677
Fines and forfeits	1,638,000	1,654,000	16,000	1,692,494	38,494
Grants and contributions	2,264,692	2,329,544	64,852	2,013,187	(316,357)
Charges for services	10,058,603	10,058,873	270	9,606,770	(452,103)
Interest	-	-	-	12,429	12,429
Miscellaneous	79,300	79,300	-	113,035	33,735
Total revenues	40,438,228	40,519,350	81,122	42,124,670	1,605,320
Expenditures:					
Current:					
General government	1,534,802	1,560,576	(25,774)	1,535,120	25,456
Sanitation	3,393,465	3,351,273	42,192	3,341,651	9,622
Public safety	30,015,492	30,186,480	(170,988)	30,536,551	(350,071)
Highways and streets	812,408	688,772	123,636	689,523	(751)
Public works	2,969,106	3,116,371	(147,265)	3,027,163	89,208
Community development and planning	3,386,608	3,386,608	-	3,204,078	182,530
Other departments and programs	336,836	336,836	-	134,355	202,481
Debt service	-	-	-	18,821	(18,821)
Total expenditures	42,448,717	42,626,916	(178,199)	42,487,262	139,654
Excess (deficiency) of revenues over (under) expenditures	(2,010,489)	(2,107,566)	(97,077)	(362,592)	1,744,974
Other financing sources (uses):					
Transfers in	2,632,574	2,632,574	-	2,632,574	-
Transfers out	(1,706,044)	(1,674,798)	31,246	(1,504,485)	170,313
Total other financing sources (uses)	926,530	957,776	31,246	1,128,089	170,313
Net change in fund balance	\$ (1,083,959)	\$ (1,149,790)	\$ (65,831)	\$ 765,497	\$ 1,915,287

See notes to required supplementary information - budget and actual.



# CITY OF YORK, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2017

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### 1. Budgetary Data

The City's budget is prepared on the modified accrual basis.

### 2. Budget to Actual Comparisons

The General Fund's budget comparison is presented in the Required Supplementary Information section. The budgeted nonmajor funds and major debt service fund and capital projects fund budget comparisons are presented in the combining section.

### 3. Stewardship, Compliance, and Accountability

#### *Excess of Expenditures over Appropriations*

	<u>Appropriation</u>	<u>Expenditure</u>
Public safety	\$ 30,186,480	\$ 30,536,551
Highways and streets	688,772	689,523
Debt service	-	18,821

Funds sufficient to provide for the excess expenditures were made available from other functions.

**CITY OF YORK, PENNSYLVANIA**

## REQUIRED SUPPLEMENTARY DATA

## SCHEDULE OF CHANGES IN THE OFFICERS AND EMPLOYEES PENSION PLAN'S

## NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, \*

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

	2017	2016	2015	2014
<b>Total Pension Liability:</b>				
Service cost	\$ 644,047	\$ 628,291	\$ 598,372	\$ 616,541
Interest	2,762,999	2,556,901	2,449,055	2,308,475
Differences between expected and actual experience	113,140	-	(690,824)	-
Changes of assumptions	1,128,959	-	1,089,428	-
Benefit payments, including refunds of member contributions	(1,952,145)	(1,781,508)	(1,677,033)	(1,419,365)
<b>Net Changes in Total Pension Liability</b>	<b>2,697,000</b>	<b>1,403,684</b>	<b>1,768,998</b>	<b>1,505,651</b>
<b>Total Pension Liability - Beginning</b>	<b>33,627,409</b>	<b>32,223,725</b>	<b>30,454,727</b>	<b>28,949,076</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 36,324,409</b>	<b>\$33,627,409</b>	<b>\$32,223,725</b>	<b>\$30,454,727</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 1,292,195	\$ 1,129,001	\$ 1,448,271	\$ 724,531
Contributions - employees	158,046	148,872	141,597	159,718
Net investment income (loss)	3,658,509	1,503,099	(915,530)	477,956
Benefit payments, including refunds of member contributions	(1,952,145)	(1,781,508)	(1,677,033)	(1,419,365)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,156,605</b>	<b>999,464</b>	<b>(1,002,695)</b>	<b>(57,160)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>23,601,811</b>	<b>22,602,347</b>	<b>23,605,042</b>	<b>23,662,202</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 26,758,416</b>	<b>\$23,601,811</b>	<b>\$22,602,347</b>	<b>\$23,605,042</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 9,565,993</b>	<b>\$10,025,598</b>	<b>\$ 9,621,378</b>	<b>\$ 6,849,685</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>73.67%</b>	<b>70.19%</b>	<b>70.14%</b>	<b>77.51%</b>
<b>Covered Employee Payroll</b>	<b>\$ 7,878,825</b>	<b>\$ 7,513,114</b>	<b>\$ 7,405,770</b>	<b>\$ 7,283,412</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>121.41%</b>	<b>133.44%</b>	<b>129.92%</b>	<b>94.05%</b>

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

See note to required supplementary information - pension plans.

**CITY OF YORK, PENNSYLVANIA**

## REQUIRED SUPPLEMENTARY DATA

## SCHEDULE OF CHANGES IN THE POLICE PENSION PLAN'S

## NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, \*

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

	2017	2016	2015	2014
<b>Total Pension Liability:</b>				
Service cost	\$ 1,263,760	\$ 1,266,216	\$ 1,205,920	\$ 1,322,853
Interest	6,852,950	6,320,281	6,047,318	6,178,659
Differences between expected and actual experience	(853,856)	-	(4,581,597)	-
Changes of assumptions	2,424,071	-	2,208,539	-
Changes in benefit terms	-	1,908,531	-	-
Benefit payments, including refunds of member contributions	(4,351,489)	(4,089,708)	(3,652,628)	(3,525,466)
<b>Net Changes in Total Pension Liability</b>	<b>5,335,436</b>	<b>5,405,320</b>	<b>1,227,552</b>	<b>3,976,046</b>
<b>Total Pension Liability - Beginning</b>	<b>85,411,940</b>	<b>80,006,620</b>	<b>78,779,068</b>	<b>74,803,022</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$90,747,376</b>	<b>\$85,411,940</b>	<b>\$80,006,620</b>	<b>\$78,779,068</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 2,997,427	\$ 1,074,024	\$ -	\$ 3,491,221
Contributions - employees	313,008	322,726	328,860	350,605
Net investment income (loss)	7,379,410	3,068,741	(1,474,372)	1,375,276
Benefit payments, including refunds of member contributions	(4,351,489)	(4,089,708)	(3,652,628)	(3,525,466)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>6,338,356</b>	<b>375,783</b>	<b>(4,798,140)</b>	<b>1,691,636</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>47,605,589</b>	<b>47,229,806</b>	<b>52,027,946</b>	<b>50,336,310</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$53,943,945</b>	<b>\$47,605,589</b>	<b>\$47,229,806</b>	<b>\$52,027,946</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$36,803,431</b>	<b>\$37,806,351</b>	<b>\$32,776,814</b>	<b>\$26,751,122</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>59.44%</b>	<b>55.74%</b>	<b>59.03%</b>	<b>66.04%</b>
<b>Covered Employee Payroll</b>	<b>\$ 6,789,842</b>	<b>\$ 6,665,819</b>	<b>\$ 6,306,343</b>	<b>\$ 7,164,627</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>542.04%</b>	<b>567.17%</b>	<b>519.74%</b>	<b>373.38%</b>

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

See note to required supplementary information - pension plans.

**CITY OF YORK, PENNSYLVANIA**

## REQUIRED SUPPLEMENTARY DATA

## SCHEDULE OF CHANGES IN THE PAID FIREFIGHTERS PENSION PLAN'S

## NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, \*

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

	2017	2016	2015	2014
<b>Total Pension Liability:</b>				
Service cost	\$ 764,369	\$ 519,523	\$ 494,784	\$ 511,278
Interest	4,641,495	4,374,388	4,238,174	3,604,349
Changes of benefit terms	989,888	-	28,139	-
Differences between expected and actual experience	(1,334,555)	-	5,091,199	-
Changes of assumptions	1,749,247	-	1,962,059	-
Benefit payments, including refunds of member contributions	(3,038,036)	(3,044,634)	(2,925,202)	(3,590,234)
<b>Net Changes in Total Pension Liability</b>	<b>3,772,408</b>	<b>1,849,277</b>	<b>8,889,153</b>	<b>525,393</b>
<b>Total Pension Liability - Beginning</b>	<b>57,602,024</b>	<b>55,752,747</b>	<b>46,863,594</b>	<b>46,338,201</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$61,374,432</b>	<b>\$57,602,024</b>	<b>\$55,752,747</b>	<b>\$46,863,594</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 2,883,556	\$ 2,226,597	\$ 2,273,368	\$ 1,537,319
Contributions - employees	182,924	178,383	218,812	226,812
Net investment income (loss)	4,208,437	1,729,517	(1,020,636)	514,571
Benefit payments, including refunds of member contributions	(3,038,036)	(3,044,634)	(2,925,202)	(3,590,234)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>4,236,881</b>	<b>1,089,863</b>	<b>(1,453,658)</b>	<b>(1,311,532)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>27,160,827</b>	<b>26,070,964</b>	<b>27,524,622</b>	<b>28,836,154</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$31,397,708</b>	<b>\$27,160,827</b>	<b>\$26,070,964</b>	<b>\$27,524,622</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$29,976,724</b>	<b>\$30,441,197</b>	<b>\$29,681,783</b>	<b>\$19,338,972</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>51.16%</b>	<b>47.15%</b>	<b>46.76%</b>	<b>58.73%</b>
<b>Covered Employee Payroll</b>	<b>\$ 3,672,313</b>	<b>\$ 3,624,686</b>	<b>\$ 3,869,835</b>	<b>\$ 3,705,295</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>816.29%</b>	<b>839.83%</b>	<b>767.00%</b>	<b>521.93%</b>

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See note to required supplementary information - pension plans.

**CITY OF YORK, PENNSYLVANIA**

## REQUIRED SUPPLEMENTARY DATA

## SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS - OFFICERS AND EMPLOYEES PENSION PLAN

YEAR ENDED DECEMBER 31, \*

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Schedule of City Contributions</b>										
Actuarially determined contribution under Act 205	\$ 1,291,264	\$ 1,129,001	\$ 1,204,572	\$ 724,531	\$ 757,667	\$ 762,020	\$ 759,447	\$ 376,684	\$ 344,088	\$ 335,270
Contributions in relation to the actuarially determined contribution	<u>1,292,195</u>	<u>1,129,001</u>	<u>1,448,271</u>	<u>724,531</u>	<u>757,667</u>	<u>762,020</u>	<u>759,447</u>	<u>376,684</u>	<u>344,088</u>	<u>335,270</u>
Contribution deficiency (excess)	<u>\$ (931)</u>	<u>\$ -</u>	<u>\$ (243,699)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 7,878,825</u>	<u>\$ 7,513,114</u>	<u>\$ 7,405,770</u>	<u>\$ 7,283,412</u>						
Contributions as a percentage of covered employee payroll	16.40%	15.03%	19.56%	9.95%						
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	14.00%	0.72%	-2.47%	1.73%						

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

See note to required supplementary information - pension plans.

# CITY OF YORK, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY DATA

### SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS - POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, \*

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Schedule of City Contributions</b>										
Actuarially determined contribution under Act 205	\$ 2,633,544	\$ -	\$ -	\$ 3,491,221	\$ 3,428,955	\$ 3,509,807	\$ 3,384,038	\$ 3,244,829	\$ 3,120,388	\$ 3,052,400
Contributions in relation to the actuarially determined contribution	<u>2,997,427</u>	<u>1,074,024</u>	<u>-</u>	<u>3,491,221</u>	<u>3,428,955</u>	<u>3,509,807</u>	<u>3,384,038</u>	<u>3,244,829</u>	<u>3,120,388</u>	<u>3,052,400</u>
Contribution deficiency (excess)	<u>\$ (363,883)</u>	<u>\$ (1,074,024)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 6,789,842</u>	<u>\$ 6,665,819</u>	<u>\$ 6,306,343</u>	<u>\$ 7,164,627</u>						
Contributions as a percentage of covered employee payroll	44.15%	16.11%	0.00%	48.73%						
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	14.00%	0.72%	-2.47%	1.73%						

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

See note to required supplementary information - pension plans.

# CITY OF YORK, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY DATA

### SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS - PAID FIREFIGHTERS PENSION PLAN

YEAR ENDED DECEMBER 31, \*

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Schedule of City Contributions</b>										
Actuarially determined contribution under Act 205	\$ 2,883,556	\$ 2,226,597	\$ 2,217,425	\$ 1,537,319	\$ 1,521,930	\$ 1,756,473	\$ 1,715,778	\$ 1,805,385	\$ 1,785,031	\$ 1,681,386
Contributions in relation to the actuarially determined contribution	<u>2,883,556</u>	<u>2,226,597</u>	<u>2,273,368</u>	<u>1,537,319</u>	<u>1,521,930</u>	<u>1,756,473</u>	<u>1,715,778</u>	<u>1,805,385</u>	<u>1,785,031</u>	<u>1,681,386</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,943)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 3,672,313</u>	<u>\$ 3,624,686</u>	<u>\$ 3,869,835</u>	<u>\$ 3,705,295</u>						
Contributions as a percentage of covered employee payroll	78.52%	61.43%	58.75%	41.49%						
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	14.00%	0.72%	-2.47%	1.73%						

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

See note to required supplementary information - pension plans.

# CITY OF YORK, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2017

### 1. Actuarial Methods and Assumptions

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates for the Officers and Employees Pension Plan, Police Pension Plan, and Paid Firefighters Pension Plan required under Act 205 are as follows:

	Officers and Employees Pension Plan	Police Pension Plan	Paid Firefighters Pension Plan
Actuarial valuation date	1/1/2015	1/1/2015	1/1/2015
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Mortality	RP2000 Table	RP2000 Table	RP2000 Table
Amortization method	Level dollar closed	Level dollar closed	Level dollar closed
Remaining amortization period	16 years	20 years	21 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Salary increases	5%	5%	5%
Inflation	3%	3%	3%
Cost-of-living adjustment	-	2.5% per year. For certain members who retired between January 1, 2003 and January 15, 2003 - 4.00% per year	5%



# **CITY OF YORK, PENNSYLVANIA**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS**

YEAR ENDED DECEMBER 31, 2017

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### **2. Significant Factors Affecting Schedules**

The mortality table for all three Plans was updated from the UP 1984 Table used in the January 1, 2013 actuarial valuation to the RP2000 Table used in the January 1, 2015 actuarial valuation. The mortality table for all three Plans was updated from the RP2000 Table used in the January 1, 2015 actuarial valuation to the IRS 2017 Static Combined Table for Small Plans used in the January 1, 2017 actuarial valuation.

The Paid Firefighters Pension Plan added a deferred retirement option plan effective January 1, 2016. Additionally, the Paid Firefighters Pension Plan increased the postretirement cost-of-living benefit effective January 1, 2017.

**CITY OF YORK, PENNSYLVANIA**

## REQUIRED SUPPLEMENTARY DATA

## SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS FROM THE EMPLOYER

## OTHER POST-EMPLOYMENT BENEFITS (OPEB)

(UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

**Schedule of Funding Progress**

Valuation Date	Actuarial		Overfunded (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Overfunded (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
	Value of Assets (a)	Accrued Liability (AAL) - Entry Age (b)				
1/1/07	\$ -	\$ 48,995,002	\$ (48,995,002)	0.00%	\$ 15,047,604	(325.60%)
1/1/09	-	52,664,914	(52,664,914)	0.00%	17,256,761	(305.18%)
1/1/11	-	56,035,227	(56,035,227)	0.00%	17,946,883	(312.23%)
1/1/13	-	69,053,778	(69,053,778)	0.00%	18,030,874	(382.98%)
1/1/15	-	84,920,112	(84,920,112)	0.00%	18,650,172	(455.33%)

**Schedule of Contributions from the Employer**

Calendar Year	Annual Required Contribution	Percentage Contributed
2012	\$ 5,352,252	50.86%
2013	5,352,252	46.01%
2014	6,499,994	45.07%
2015	6,499,994	48.93%
2016	7,616,336	42.41%
2017	7,616,336	45.38%

## **SUPPLEMENTARY INFORMATION**

**CITY OF YORK, PENNSYLVANIA**
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**
**DECEMBER 31, 2017**

	Recreation Fund	Community Development Loan Fund	Community Development Block Grant	Conduit Fund	Section 108 Fund
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 98,759	\$ 24,680	\$ 34,198	\$ -
Receivables:					
Loans (less allowance for doubtful accounts of \$138,989 in Community Development Block Grant Fund, \$106,213 in Section 108 Fund, and \$287,416 in HOME Fund)	-	173,187	787,604	-	601,877
Taxes (less allowance for doubtful accounts of \$116,712 in Recreation Fund)	127,140	-	-	-	-
Accounts, notes, and grants	6,914	857	-	-	-
Due from other funds	157,000	-	-	-	-
Due from other governments	-	-	769,877	-	-
Total assets	<u>\$ 291,054</u>	<u>\$ 272,803</u>	<u>\$ 1,582,161</u>	<u>\$ 34,198</u>	<u>\$ 601,877</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 39,412	\$ 1	\$ 572,552	\$ -	\$ -
Accrued wages payable	23,180	-	-	-	-
Due to other funds	32,923	-	222,005	-	-
Due to other governments	-	3,154	-	-	-
Unearned revenue	-	173,187	787,604	18,640	601,877
Total liabilities	<u>95,515</u>	<u>176,342</u>	<u>1,582,161</u>	<u>18,640</u>	<u>601,877</u>
Deferred inflows of resources:					
Unavailable revenue - taxes	<u>116,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):					
Restricted for:					
Parks and recreation	78,827	-	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	-	-	-	-
Community development and planning	-	96,461	-	15,558	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>78,827</u>	<u>96,461</u>	<u>-</u>	<u>15,558</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 291,054</u>	<u>\$ 272,803</u>	<u>\$ 1,582,161</u>	<u>\$ 34,198</u>	<u>\$ 601,877</u>

Special Revenue Funds					Total Nonmajor Governmental Funds
State Liquid Fuels Tax Fund	Special Projects Fund	HOME Fund	State Health Grant Fund	Weyer Trust	
\$ 986,624	\$ 192,695	\$ 65,365	\$ -	\$ 28,467	\$ 1,430,788
-	-	1,628,692	-	-	3,191,360
-	-	-	-	-	127,140
6,232	334,861	-	-	-	348,864
-	-	-	-	-	157,000
-	-	-	371,507	-	1,141,384
<u>\$ 992,856</u>	<u>\$ 527,556</u>	<u>\$ 1,694,057</u>	<u>\$ 371,507</u>	<u>\$ 28,467</u>	<u>\$ 6,396,536</u>
\$ 331,967	\$ 137,806	\$ 38,847	\$ 8,639	\$ -	\$ 1,129,224
5,893	-	-	23,215	3,247	55,535
-	-	-	664,862	-	919,790
-	-	26,518	-	-	29,672
-	71,993	1,628,692	-	-	3,281,993
<u>337,860</u>	<u>209,799</u>	<u>1,694,057</u>	<u>696,716</u>	<u>3,247</u>	<u>5,416,214</u>
-	-	-	-	-	116,712
-	-	-	-	-	78,827
654,996	-	-	-	-	654,996
-	317,757	-	-	-	317,757
-	-	-	-	25,220	137,239
-	-	-	(325,209)	-	(325,209)
<u>654,996</u>	<u>317,757</u>	<u>-</u>	<u>(325,209)</u>	<u>25,220</u>	<u>863,610</u>
<u>\$ 992,856</u>	<u>\$ 527,556</u>	<u>\$ 1,694,057</u>	<u>\$ 371,507</u>	<u>\$ 28,467</u>	<u>\$ 6,396,536</u>

**CITY OF YORK, PENNSYLVANIA**

 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES (DEFICITS) - OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2017

	Recreation Fund	Community Development Loan Fund	Community Development Block Grant	Conduit Fund	Section 108 Fund
Revenues:					
Taxes	\$ 1,016,474	\$ -	\$ -	\$ -	\$ -
Grants and contributions	33,388	-	1,319,943	522	-
Charges for services	466,237	-	12,728	-	-
Loan repayments	-	152,206	-	-	-
Interest	1,210	305	-	-	-
Miscellaneous	55,842	-	-	-	-
Total revenues	1,573,151	152,511	1,332,671	522	-
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	1,666,103	-	-	-	-
Community development and planning	-	2,318	757,328	-	-
Other departments and programs	-	-	-	-	-
Debt service:					
Principal retirements	-	-	240,000	-	-
Interest	-	-	70,552	-	-
Capital outlay	4,371	-	366,931	-	-
Total expenditures	1,670,474	2,318	1,434,811	-	-
Excess (deficiency) of revenues over (under) expenditures	(97,323)	150,193	(102,140)	522	-
Other financing sources (uses):					
Capital lease	-	-	-	-	-
Transfers in	237,320	-	102,140	-	-
Transfers out	(75,430)	(102,140)	-	-	-
Total other financing sources (uses)	161,890	(102,140)	102,140	-	-
Net change in fund balances (deficits)	64,567	48,053	-	522	-
Fund balances (deficits) - beginning of year	14,260	48,408	-	15,036	-
Fund balances (deficits) - end of year	\$ 78,827	\$ 96,461	\$ -	\$ 15,558	\$ -

Special Revenue Funds					Total Nonmajor Governmental Funds
State Liquid Fuels Tax Fund	Special Projects Fund	HOME Fund	State Health Grant Fund	Weyer Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,016,474
1,182,686	671,395	140,564	1,362,837	139,315	4,850,650
-	114,698	-	-	-	593,663
-	-	-	-	-	152,206
17,712	3,461	-	-	9	22,697
-	50,067	-	12,155	-	118,064
1,200,398	839,621	140,564	1,374,992	139,324	6,753,754
-	243,558	-	-	-	243,558
-	333,720	-	-	-	333,720
504,881	1,274	-	-	-	506,155
-	31,336	-	-	-	31,336
-	66,029	-	-	-	1,732,132
-	108,044	140,564	-	147,080	1,155,334
-	-	-	1,544,457	-	1,544,457
141,991	-	-	-	-	381,991
9,843	-	-	-	-	80,395
623,205	117,581	-	-	-	1,112,088
1,279,920	901,542	140,564	1,544,457	147,080	7,121,166
(79,522)	(61,921)	-	(169,465)	(7,756)	(367,412)
231,287	-	-	-	-	231,287
-	-	-	180,000	-	519,460
-	-	-	-	-	(177,570)
231,287	-	-	180,000	-	573,177
151,765	(61,921)	-	10,535	(7,756)	205,765
503,231	379,678	-	(335,744)	32,976	657,845
\$ 654,996	\$ 317,757	\$ -	\$ (325,209)	\$ 25,220	\$ 863,610

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL

## DEBT SERVICE FUND - MAJOR GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Taxes	\$ 3,095,802	\$ 3,095,802	\$ -	\$ 3,265,445	\$ 169,643
Grants and contributions	1,900,000	1,900,000	-	2,161,067	261,067
Charges for services	174,108	174,108	-	177,576	3,468
Interest	55,353	55,353	-	5,400	(49,953)
Total revenues	5,225,263	5,225,263	-	5,609,488	384,225
Expenditures:					
Current:					
General government	6,625	6,625	-	6,036	589
Debt service	5,589,700	5,589,699	1	5,323,247	266,452
Total expenditures	5,596,325	5,596,324	1	5,329,283	267,041
Excess (deficiency) of revenues (under) expenditures	(371,062)	(371,061)	1	280,205	651,266
Other financing sources (uses):					
Transfers in	1,011,239	1,011,238	(1)	583,576	(427,662)
Transfers out	(620,140)	(620,140)	-	(561,808)	58,332
Refunding bonds issued	-	-	-	11,550,000	11,550,000
Premium on refunding bonds issued	-	-	-	1,807,590	1,807,590
Payment to refunded bond escrow agent	-	-	-	(13,144,496)	(13,144,496)
Total other financing sources (uses)	391,099	391,098	(1)	234,862	(156,236)
Net change in fund balance	\$ 20,037	\$ 20,037	\$ -	\$ 515,067	\$ 495,030



**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL

## CAPITAL PROJECTS FUND - MAJOR GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Grants and contributions	\$ 1,974,682	\$ 1,974,682	\$ -	\$ 261,559	\$ (1,713,123)
Interest	-	-	-	523	523
Total revenues	<u>1,974,682</u>	<u>1,974,682</u>	<u>-</u>	<u>262,082</u>	<u>(1,712,600)</u>
Expenditures:					
Current:					
General government	-	-	-	14,689	(14,689)
Debt service	583,260	583,260	-	583,260	-
Capital outlay	<u>2,384,871</u>	<u>2,256,721</u>	<u>128,150</u>	<u>704,123</u>	<u>1,552,598</u>
Total expenditures	<u>2,968,131</u>	<u>2,839,981</u>	<u>128,150</u>	<u>1,302,072</u>	<u>1,537,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(993,449)</u>	<u>(865,299)</u>	<u>128,150</u>	<u>(1,039,990)</u>	<u>(174,691)</u>
Other financing sources (uses):					
Capital lease	-	-	-	168,806	168,806
Transfers in	<u>829,667</u>	<u>840,667</u>	<u>11,000</u>	<u>792,958</u>	<u>(47,709)</u>
Total other financing sources (uses)	<u>829,667</u>	<u>840,667</u>	<u>11,000</u>	<u>961,764</u>	<u>121,097</u>
Net change in fund balance	<u>\$ (163,782)</u>	<u>\$ (24,632)</u>	<u>\$ 139,150</u>	<u>\$ (78,226)</u>	<u>\$ (53,594)</u>

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL

## RECREATION FUND - OTHER GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Taxes	\$ 971,672	\$ 971,672	\$ -	\$ 1,016,474	\$ 44,802
Grants and contributions	37,500	37,500	-	33,388	(4,112)
Charges for services	586,250	586,250	-	466,237	(120,013)
Interest	-	-	-	1,210	1,210
Miscellaneous	52,000	52,000	-	55,842	3,842
Total revenues	<u>1,647,422</u>	<u>1,647,422</u>	<u>-</u>	<u>1,573,151</u>	<u>(74,271)</u>
Expenditures:					
Current:					
Parks and recreation	1,755,027	1,765,666	(10,639)	1,666,103	99,563
Capital outlay	-	-	-	4,371	(4,371)
Total expenditures	<u>1,755,027</u>	<u>1,765,666</u>	<u>(10,639)</u>	<u>1,670,474</u>	<u>95,192</u>
Excess (deficiency) of revenues (under) expenditures	<u>(107,605)</u>	<u>(118,244)</u>	<u>(10,639)</u>	<u>(97,323)</u>	<u>20,921</u>
Other financing sources (uses):					
Transfers in	237,320	237,320	-	237,320	-
Transfers out	<u>(129,715)</u>	<u>(119,076)</u>	<u>10,639</u>	<u>(75,430)</u>	<u>43,646</u>
Total other financing sources (uses)	<u>107,605</u>	<u>118,244</u>	<u>10,639</u>	<u>161,890</u>	<u>43,646</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,567</u>	<u>\$ 64,567</u>

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL

## COMMUNITY DEVELOPMENT BLOCK GRANT FUND - OTHER GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Grants and contributions	\$ 1,692,409	\$ 2,283,679	\$ 591,270	\$ 1,319,943	\$ (963,736)
Charges for services	-	30,000	30,000	12,728	(17,272)
Total revenues	1,692,409	2,313,679	621,270	1,332,671	(981,008)
Expenditures:					
Current:					
Community development and planning	1,392,409	1,824,883	(432,474)	757,328	1,067,555
Debt service	300,000	488,796	(188,796)	310,552	178,244
Capital outlay	-	-	-	366,931	(366,931)
Total expenditures	1,692,409	2,313,679	(621,270)	1,434,811	878,868
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(102,140)	(102,140)
Other financing sources (uses):					
Transfers in	-	-	-	102,140	102,140
Total other financing sources (uses)	-	-	-	102,140	102,140
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL

## STATE LIQUID FUELS TAX FUND - OTHER GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Grants and contributions	\$ 1,112,500	\$ 1,112,500	\$ -	\$ 1,182,686	\$ 70,186
Interest	-	-	-	17,712	17,712
Total revenues	1,112,500	1,112,500	-	1,200,398	87,898
Expenditures:					
Current:					
Highways and streets	923,825	924,691	(866)	504,881	419,810
Debt service	144,535	144,535	-	151,834	(7,299)
Capital outlay	70,465	69,599	866	623,205	(553,606)
Total expenditures	1,138,825	1,138,825	-	1,279,920	(141,095)
Excess (deficiency) of revenues over (under) expenditures	(26,325)	(26,325)	-	(79,522)	(53,197)
Other financing sources (uses):					
Capital lease	-	-	-	231,287	231,287
Total other financing sources (uses)	-	-	-	231,287	231,287
Net change in fund balance	\$ (26,325)	\$ (26,325)	\$ -	\$ 151,765	\$ 178,090

**CITY OF YORK, PENNSYLVANIA**

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL

## STATE HEALTH GRANT FUND - OTHER GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Variance of Original with Final Budget - Positive (Negative)	Actual	Variance of Actual with Final Budget - Positive (Negative)
Revenues:					
Grants and contributions	\$ 1,466,007	\$ 1,682,056	\$ 216,049	\$ 1,362,837	\$ (319,219)
Miscellaneous	18,000	18,000	-	12,155	(5,845)
Total revenues	1,484,007	1,700,056	216,049	1,374,992	(325,064)
Expenditures:					
Current:					
Other departments and programs	1,563,465	1,779,545	(216,080)	1,544,457	235,088
Total expenditures	1,563,465	1,779,545	(216,080)	1,544,457	235,088
Excess (deficiency) of revenues over (under) expenditures	(79,458)	(79,489)	(31)	(169,465)	(89,976)
Other financing sources (uses):					
Transfers in	180,000	180,000	-	180,000	-
Transfers out	(6,000)	(6,000)	-	-	6,000
Total other financing sources (uses)	174,000	174,000	-	180,000	6,000
Net change in fund balance	\$ 94,542	\$ 94,511	\$ (31)	\$ 10,535	\$ (83,976)

**CITY OF YORK, PENNSYLVANIA**

## COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS

DECEMBER 31, 2017

	Officers and Employees Pension Fund	Police Pension Fund	Paid Firefighters Pension Fund	Total
<b>Assets</b>				
Investments, at fair value	\$ 26,758,416	\$ 53,943,945	\$ 31,397,708	\$ 112,100,069
<b>Net Position</b>				
Restricted for pension benefits	\$ 26,758,416	\$ 53,943,945	\$ 31,397,708	\$ 112,100,069

**CITY OF YORK, PENNSYLVANIA**

## COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS

DECEMBER 31, 2017

	Fire Escrow	Escrow Fund	Total
<hr/>			
<b>Assets</b>			
Cash and cash equivalents	\$ 614,807	\$ 123,070	\$ 737,877
Accounts receivable	-	1,227	1,227
	<hr/>	<hr/>	<hr/>
Total assets	614,807	124,297	739,104
	<hr/>	<hr/>	<hr/>
<hr/>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	614,807	124,297	739,104
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 614,807	\$ 124,297	\$ 739,104
	<hr/>	<hr/>	<hr/>

**CITY OF YORK, PENNSYLVANIA****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS**

YEAR ENDED DECEMBER 31, 2017

	Officers and Employees Pension Fund	Police Pension Fund	Paid Firefighters Pension Fund	Total
Additions:				
Contributions:				
Employee contributions	\$ 158,046	\$ 313,008	\$ 182,924	\$ 653,978
Employer contributions	1,292,195	2,997,427	2,883,556	7,173,178
Total contributions	1,450,241	3,310,435	3,066,480	7,827,156
Investment income:				
Interest and dividend income	677,399	1,366,336	779,547	2,823,282
Net appreciation of investments	3,098,166	6,249,180	3,563,597	12,910,943
	3,775,565	7,615,516	4,343,144	15,734,225
Less investment expenses	(117,056)	(236,106)	(134,707)	(487,869)
Net investment income	3,658,509	7,379,410	4,208,437	15,246,356
Total additions	5,108,750	10,689,845	7,274,917	23,073,512
Deductions:				
Benefit payments	1,952,145	4,351,489	3,038,036	9,341,670
Total deductions	1,952,145	4,351,489	3,038,036	9,341,670
Change in net position	3,156,605	6,338,356	4,236,881	13,731,842
Net position restricted for pension benefits, beginning of year	23,601,811	47,605,589	27,160,827	98,368,227
Net position restricted for pension benefits, end of year	\$ 26,758,416	\$ 53,943,945	\$ 31,397,708	\$ 112,100,069