

YORK WATER CO
Form 10-Q
November 02, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34245

THE YORK WATER COMPANY

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

(State or other jurisdiction of incorporation or organization)

23-1242500

(I.R.S. Employer Identification No.)

130 EAST MARKET STREET, YORK, PENNSYLVANIA 17401

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (717) 845-3601

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer

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Small Reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, No par value 12,931,777 Shares outstanding
as of November 2, 2018

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THE YORK WATER COMPANY

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

THE YORK WATER COMPANY

Balance Sheets (Unaudited)

(In thousands of dollars, except per share amounts)

	Sep. 30, 2018	Dec. 31, 2017
ASSETS		
UTILITY PLANT, at original cost	\$377,647	\$365,767
Plant acquisition adjustments	(3,191)	(3,234)
Accumulated depreciation	(78,146)	(73,746)
Net utility plant	296,310	288,787
OTHER PHYSICAL PROPERTY, net of accumulated depreciation of \$406 in 2018 and \$387 in 2017	718	737
CURRENT ASSETS:		
Cash and cash equivalents	2	2
Accounts receivable, net of reserves of \$330 in 2018 and \$305 in 2017	4,723	4,547
Unbilled revenues	2,332	2,459
Materials and supplies inventories, at cost	953	906
Prepaid expenses	1,037	697
Total current assets	9,047	8,611
OTHER LONG-TERM ASSETS:		
Note receivable	255	255
Deferred regulatory assets	30,386	30,331
Other assets	3,634	3,309
Total other long-term assets	34,275	33,895
Total Assets	\$340,350	\$332,030

The accompanying notes are an integral part of these statements.

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THE YORK WATER COMPANY

Balance Sheets (Unaudited)

(In thousands of dollars, except per share amounts)

	Sep. 30, 2018	Dec. 31, 2017
STOCKHOLDERS' EQUITY AND LIABILITIES		
COMMON STOCKHOLDERS' EQUITY:		
Common stock, no par value, authorized 46,500,000 shares, issued and outstanding 12,928,085 in 2018 and 12,872,742 in 2017	\$80,817	\$79,201
Retained earnings	43,455	40,204
Total common stockholders' equity	124,272	119,405
PREFERRED STOCK, authorized 500,000 shares, no shares issued	-	-
LONG-TERM DEBT, excluding current portion	79,289	90,098
COMMITMENTS	-	-
CURRENT LIABILITIES:		
Short-term borrowings	1,000	1,000
Current portion of long-term debt	11,041	44
Accounts payable	4,076	3,136
Dividends payable	1,914	1,892
Accrued compensation and benefits	1,113	1,134
Accrued income taxes	132	531
Accrued interest	1,437	989
Other accrued expenses	425	419
Total current liabilities	21,138	9,145
DEFERRED CREDITS:		
Customers' advances for construction	6,855	6,324
Deferred income taxes	37,103	34,754
Deferred employee benefits	5,575	7,075
Deferred regulatory liabilities	25,497	24,372
Other deferred credits	1,573	2,196
Total deferred credits	76,603	74,721
Contributions in aid of construction	39,048	38,661
Total Stockholders' Equity and Liabilities	\$340,350	\$332,030

The accompanying notes are an integral part of these statements.

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Statements of Income (Unaudited)

(In thousands of dollars, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
OPERATING REVENUES	\$12,698	\$12,692	\$36,368	\$36,236
OPERATING EXPENSES:				
Operation and maintenance	2,280	2,362	7,197	6,650
Administrative and general	1,944	1,931	6,193	6,203
Depreciation and amortization	1,770	1,697	5,235	5,064
Taxes other than income taxes	275	250	856	871
	6,269	6,240	19,481	18,788
Operating income	6,429	6,452	16,887	17,448
OTHER INCOME (EXPENSES):				
Interest on debt	(1,377)	(1,346)	(4,117)	(3,988)
Allowance for funds used during construction	53	311	176	630
Other pension costs	(322)	(305)	(964)	(915)
Other income (expenses), net	(54)	(73)	(213)	(293)
	(1,700)	(1,413)	(5,118)	(4,566)
Income before income taxes	4,729	5,039	11,769	12,882
Income taxes	929	1,108	2,070	3,435
Net Income	\$3,800	\$3,931	\$9,699	\$9,447
Basic Earnings Per Share	\$0.29	\$0.31	\$0.75	\$0.74
Diluted Earnings Per Share	\$0.29	\$0.31	\$0.75	\$0.74
Cash Dividends Declared Per Share	\$0.1666	\$0.1602	\$0.4998	\$0.4806

The accompanying notes are an integral part of these statements.

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THE YORK WATER COMPANY

Statements of Common Stockholders' Equity (Unaudited)

(In thousands of dollars, except per share amounts)

For the Periods Ended September 30, 2018 and 2017

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance, December 31, 2017	12,872,742	\$ 79,201	\$ 40,204	\$ 119,405
Net income	-	-	9,699	9,699
Dividends	-	-	(6,448)	(6,448)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	51,600	1,548	-	1,548
Stock-based compensation	3,743	68	-	68
Balance, September 30, 2018	12,928,085	\$ 80,817	\$ 43,455	\$ 124,272

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance, December 31, 2016	12,852,295	\$ 78,513	\$ 35,548	\$ 114,061
Net income	-	-	9,447	9,447
Dividends	-	-	(6,175)	(6,175)
Retirement of common stock	(37,229)	(1,263)	-	(1,263)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	42,861	1,462	-	1,462
Stock-based compensation	1,505	41	-	41
Balance, September 30, 2017	12,859,432	\$ 78,753	\$ 38,820	\$ 117,573