

THE YORK WATER COMPANY

2020 Annual Report



ADAPTING to the | **PRESENT**
for a **SUSTAINABLE** | **FUTURE**



Skilled Maintenance Men Evan Sterner and Jordan Smith suspend the Company's banner in front of our corporate headquarters at 130 East Market Street in preparation for "That Good York Water Day" on November 24, 2020. Evan and Jordan represent the foundation of our Company – our employees.

William Morris, President and CEO during The York Water Company's 180th year and 500th dividend, and JT Hand, President and CEO during The York Water Company's 205th year and 600th dividend, come together in celebration of the history of our Company.

COMMITTED TO ADAPTABILITY, PERSEVERANCE,
AND SUSTAINABILITY



DEDICATED TO
PRUDENT INVESTMENT
IN THE PEOPLE,
PROCESSES, AND
INFRASTRUCTURE OF
OUR UTILITY SYSTEMS

IN 2020, THE YORK WATER COMPANY CONTINUED TO PROVIDE SAFE AND RELIABLE WATER AND WASTEWATER SERVICES TO OUR CUSTOMERS – and sustained our historic record of increased earnings and growth for shareholders. This was accomplished amid the COVID-19 Pandemic – requiring **ADAPTABILITY** and **PERSEVERANCE** at many service and operational scales. The York Water Company remained open throughout the pandemic, as Governor Wolf’s orders allowed. Residential consumption increased – and new adaptations were necessary – such as increased sanitation practices and the installation of a payment window off our main parking lot for “no-contact” customer transactions.

We reached a major milestone in 2020, as the only publicly-traded company in U.S. history to ever reach 600 consecutive dividends. This kind of **SUSTAINABILITY** can be attributed to our history of strong Board Leadership – and the contributions of all York Water employees, past and present. In recognition of this achievement, a **DIVIDEND GROVE** – 600 trees of 12 different varieties, including Red Maple, White Oak, and Eastern White Pine, will be planted in York Water’s Reservoir Park – with the first tree having been planted during a ceremony in October 2020. This community park, with walking trails and the best view of The City of York, is also the location of The York Water Company Filtration Plant facility.

On November 23, 2020, The York Water Company was invited to virtually ring the closing bell at NASDAQ – celebrating our 600th declared dividend and 20th Anniversary of being listed on NASDAQ. As America’s Oldest Public Company and Oldest Investor-Owned Utility – The York Water Company extended America’s longest consecutive dividend payment record while increasing our quarterly dividend for the 24th consecutive year.

New acquisitions continued in 2020, including the Felton Borough Wastewater System, Letterkenny Township Wastewater System (the first YWC acquisition in Franklin County), and Amblebrook Water and Wastewater Systems in Adams County. Additionally, The York Water Company invested over \$32 million in construction expenditures for various replacements, improvement to infrastructure, and routine improvements to water and wastewater pipes, service lines, and other facilities.

In spite of the many challenges of 2020, The York Water Company adapted and achieved operational and financial success – due to solid leadership – and the **DEDICATION, TALENT, and HARD WORK** of all our employees. We are committed to our customers and our mission to provide quality water and wastewater services to the communities we serve. Prudent investment, operational preparedness, and tenacity through adversity have been our hallmarks, and our focus on these fundamentals served our Company well in 2020.



JT Hand
President and
Chief Executive
Officer

Dear Shareholders,

Perhaps not since the Spanish Flu Pandemic of 1918 have the customers and communities served by York Water been more reliant upon our Company and our superior utility services to address their residential, commercial, and industrial hygiene needs. By the 1st of April, “wash your hands” became not only a mantra, but also a plea to defend against the novel coronavirus. As alcohol-based hand sanitizer disappeared from shelves, the Centers for Disease Control and Prevention reminded us of the efficacy of washing hands with soapy water for 20 seconds, perhaps while humming the “Happy Birthday” song. Just as we stood ready in 1918, so too did York Water’s Employees and Directors stand at the ready and respond without hesitation or fail in 2020.

Transitions of Leadership

In 2020, York Water welcomed Alex Chiaruttini to the leadership team as Chief Administrative Officer and General Counsel. This position was newly created in order to continue expanding the knowledge base and skillset of the executive team, and Alex has already proven to be an asset.

Mark Wheeler became the Chief Operating Officer of York Water in 2020, filling the position after the previous COO, JT Hand, transitioned to President and CEO. Mark led the York Water Operations team through a successful year of projects, improvements, and renovations of our infrastructure to better serve the water and wastewater needs of the communities that we serve.

Matt Poff completed another year as Chief Financial Officer of York Water, adding invaluable financial expertise to the executive team and leading York Water through a successful financial year.

The steadfast leadership of York Water is crucial to the mission and success of our Company in providing quality water and wastewater services to our community.



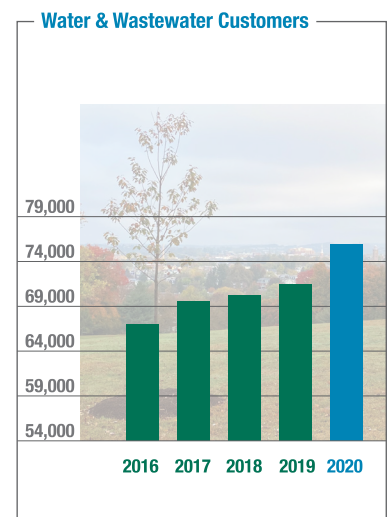
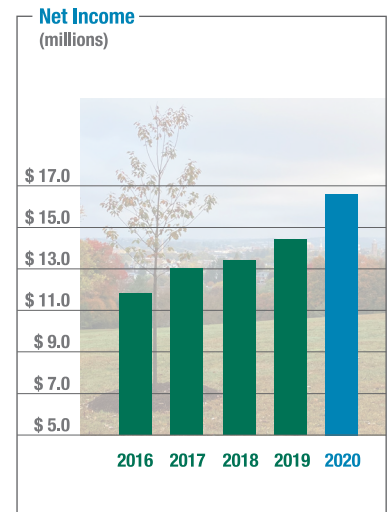
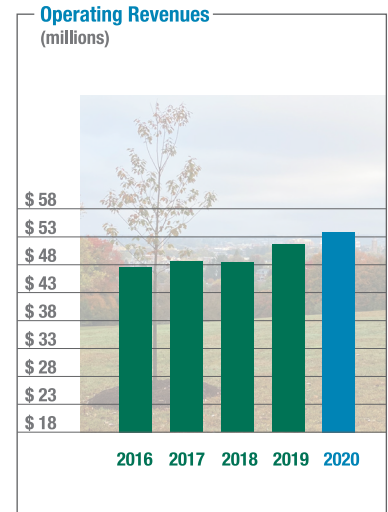
Alexandra C. Chiaruttini



Mark A. Wheeler



Matthew E. Poff, CPA



In September of 2020, James Cawley retired as a Director of The York Water Company and was elected a Director Emeritus in gratitude of his four years of unparalleled public utility and regulatory knowledge, experience, and wisdom provided to York Water.



Director Michael Gang, Esq., on behalf of the Board of Directors, presented Director Emeritus James Cawley with a Resolution of Appreciation for his years of dedication to the Board of Directors.

Another Year of Record Performance – An Unequaled Milestone

On November 23, 2020, our Board of Directors declared York Water’s 600th consecutive dividend, representing a 205-year history of shareholder return dating back to our founding in 1816. Concurrently, we raised the quarterly dividend rate by 4%, the 24th consecutive year we have raised our dividend. To celebrate this unmatched record, our employees and Directors were invited to virtually ring the

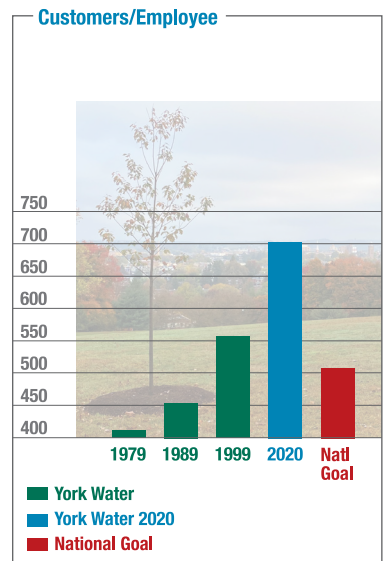
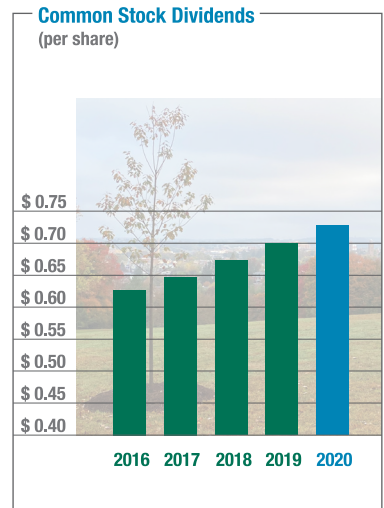
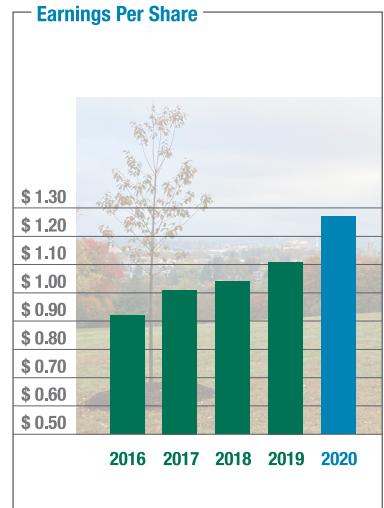
closing bell on NASDAQ. Achieving this historic milestone is a testament to the prudence of York Water’s investment strategy and our Directors’ focus on accountability, responsibility, reliability, and innovation in delivering water and wastewater services. Just as our employees stood with the communities we served through the Civil War, the Pandemic of 1918, and both World Wars, so too have they stood fast through the COVID-19 pandemic. The ceremony was dedicated to our Mission Essential Utility Employees, whose technical capacity and steadfast tenacity kept the businesses, the homes, and the engine of our local economy running.

In 2013, we initiated a share repurchase program to add value for our shareholders. The Board of Directors authorized us to repurchase up to 1,200,000 shares of the Company’s common stock from time to time. No shares were repurchased this year. As of December 31, 2020, 618,004 shares remain available for repurchase.

We are only including a summary of our financial results in this annual report. Please refer to our annual SEC 10K Report, which was delivered with this report, or can be downloaded from the investor relations section of our website at www.yorkwater.com for a more detailed review of our financial performance.

Acquisitions and Westward Expansion

York Water closed on three acquisitions in 2020 and expanded its certificated territory to three more municipalities. With the acquisition of the Letterkenny Township Municipal Authority’s wastewater treatment system, York Water now serves customers across York, Adams, and Franklin Counties. Our number of customers served grew by 1,270, for a 2020 customer growth of 1.8%. While our Governor’s orders required non-essential businesses to close or reduce hours, York Water’s doors remained open, and we adapted our regulatory filings and legal consultancy to virtual and socially separate environments.



Felton Acquisition

“Seven days after receiving approval from the PUC we went through a successful, remote settlement. One week later and York Water initiated wastewater support to our residents. We have a great relationship with York Water, and we are confident that our residents’ wastewater needs are now in York Water’s capable hands.”

— Joy Flinchbaugh, Felton Borough Secretary/Treasurer



Letterkenny Acquisition



“From the outset of our discussions, we knew that York Water was the right partner for Letterkenny Township Municipal Authority. We are community focused, and York Water’s history of community engagement and customer focus were exactly what we wanted as we pursued this agreement.”

— Charles Myers, Letterkenny Township Municipal Authority Chairman

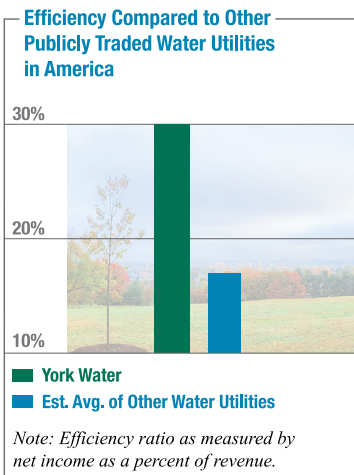
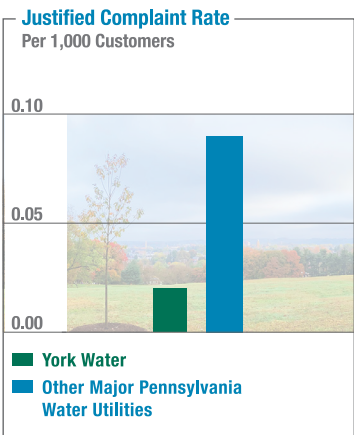
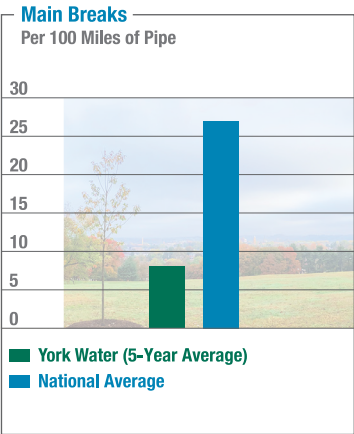
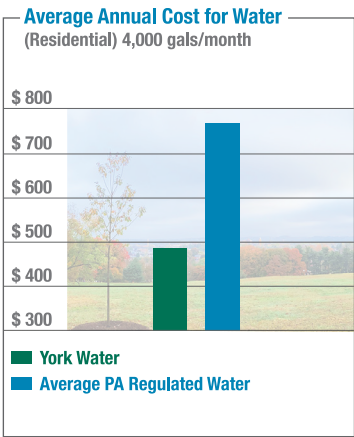


Amblebrook Acquisition

“In York Water, we have found a top-rated utility provider that understands the business of water and wastewater operations. We are confident that York Water will deliver superior utility service to our residents at Amblebrook, so we can continue to focus on providing first-class residential support and community amenities as this community grows.”

— Pete Martin, Community Development Manager for CCD Rock Creek

As the Company closes our 204th year of service, it is hard to capture the true scale of achievement our Company has realized this past year. There will be volumes written about 2020 and the impact a novel coronavirus had on our Community and our Country. In spite of the impediments cast before us, the Company secured record earnings, record growth, and a record milestone. These achievements were only possible through centuries of prudent investment in the people, processes, and infrastructure of our utility systems. Through investment, we have secured resilient and redundant systems, and we take great pride in the recognition bestowed upon our Company by the elected officials of our community. We are grateful to our shareholders for their trust and confidence in our Nation’s Oldest Investor-Owned Utility.



“No single other company has done more for the people of the City of York than The York Water Company.” — Mayor Michael Helfrich, City of York, Pennsylvania

Proclamation



“That Good York Water Day”

November 24, 2020

WHEREAS, The York Water Company serving 50 municipalities within York, Adams and Franklin counties in Pennsylvania provides approximately 200,000 residents with essential, safe, dependable, high-quality water, wastewater, and related services; and

WHEREAS, the thousands of current and past employees of The York Water Company over its 204 years of operations have dedicated their careers to protecting this precious natural resource and enhancing the capacity for The York Water Company to provide these services to their community and others within Central Pennsylvania; and

WHEREAS, that commitment by those employees to their roles and responsibilities has allowed The York Water Company to grow since its founding in 1816 to become the oldest investor-owned utility in the Nation and realize operational and financial milestones allowing for significant reinvestment into the community; and

WHEREAS, those reinvestments have benefitted our citizens with access to beautiful parks, public lands, recreational facilities, pristine lakes, community services, downtown beautification and safety enhancements, and donated more than \$7 million to non-profit and educational improvement organizations throughout our community since 2009; and

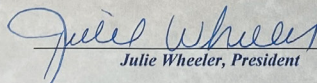
WHEREAS, The York Water Company, whose incorporation in York, Pennsylvania in 1816 establishes itself as the longest continuously operating business and one of the last remaining corporate headquarters in York, Pennsylvania, is reaffirming its commitment to fulfilling their founders' legacy of conservation, fiscal prudence, and responsible investing with an unwavering commitment to the communities they serve.

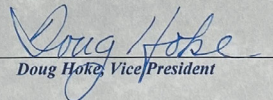
NOW, THEREFORE, WE, THE COMMISSIONERS OF YORK COUNTY AND THE YORK CITY MAYOR OF PENNSYLVANIA, do hereby proclaim November 24, 2020 as “That Good York Water Day” and encourage all county officials, employees, schools and residents to enjoy a glass of clean refreshing York water today to honor the dedicated employees of The York Water Company for their exemplary work in providing our communities with this vital resource throughout 2020, during a global pandemic, and for the past 204 years.

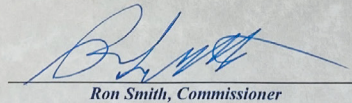
GIVEN, this day in York, in the Commonwealth of Pennsylvania, on the twenty fourth day of November in the year of Our Lord Two Thousand and Twenty.

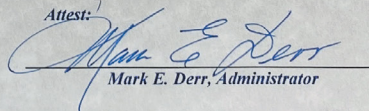
IN WITNESS WHEREOF, we have hereunto subscribed our names:

YORK COUNTY BOARD OF COMMISSIONERS


Julie Wheeler, President


Doug Hoke, Vice President


Ron Smith, Commissioner

Attest:

Mark E. Derr, Administrator



CITY OF YORK


Michael R. Helfrich, Mayor



Following the NASDAQ closing bell ringing ceremony, local dignitaries declared November 24, 2020 as “That Good York Water Day.” York County President Commissioner Julie Wheeler and City of York Mayor Michael Helfrich joined our CEO and President JT Hand outside of our Downtown York headquarters to honor York Water and presented the official proclamation.

Highlights of Our 205th Year

(In thousands of dollars, except per share amounts)

Summary of Operations					
FOR THE YEAR	2020	2019	2018	2017	2016
Operating revenues	\$ 53,852	\$ 51,578	\$ 48,437	\$ 48,589	\$ 47,584
Operating expenses	29,421	27,792	25,920	24,896	23,414
Operating income	24,431	23,786	22,517	23,693	24,170
Interest expense	4,177	4,758	5,280	4,484	5,037
Gain on life insurance	515	—	—	—	—
Gain on sale of land	—	—	—	—	36
Other income (expenses), net	(2,153)	(2,386)	(1,370)	(1,692)	(1,914)
Income before income taxes	18,616	16,642	15,867	17,517	17,255
Income taxes	2,018	2,240	2,491	4,543	5,409
Net income	\$ 16,598	\$ 14,402	\$ 13,376	\$ 12,974	\$ 11,846
Per Share of Common Stock					
Book value	\$ 10.97	\$ 10.31	\$ 9.75	\$ 9.28	\$ 8.87
Earnings per share:					
Basic	1.27	1.11	1.04	1.01	0.92
Diluted	1.27	1.11	1.04	1.01	0.92
Weighted average number of shares outstanding during the year:					
Basic	13,033,681	12,964,080	12,903,568	12,849,123	12,845,955
Diluted	13,034,520	12,966,292	12,903,836	12,849,171	12,845,973
Cash dividends declared per share ...	0.7280	0.7001	0.6731	0.6472	0.6267
Utility Plant					
Original cost, net of acquisition adjustments	\$ 434,963	\$ 398,065	\$ 377,676	\$ 362,533	\$ 339,745
Construction expenditures	32,123	18,425	16,882	24,602	13,158
Other					
Total assets	\$ 406,957	\$ 363,529	\$ 345,140	\$ 332,030	\$ 320,494
Long-term debt including current portion	123,573	101,035	93,358	90,142	84,653

For Management's Discussion and Analysis of Financial Condition and Results of Operations, please refer to Item 7 in the Company's Annual Report on Form 10-K.

Shareholder Information

Market Information

The common stock of The York Water Company is traded on the NASDAQ Global Select Market under the symbol YORW.

Shareholders of record (excluding individual participants in securities positions listings) as of December 31, 2020, numbered approximately 1,982.

Financial Reports and Investor Relations

The Company makes available free of charge, on or through its website (www.yorkwater.com), its annual report on Form 10-K, its quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission, or SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy statements, and other information about SEC registrants, including the Company.

Shareholders may request, without charge, copies of the Company’s financial reports. Such requests, as well as other investor relations inquiries, should be addressed to:

Molly E. Norton
Investor Relations &
Communications Administrator

The York Water Company
130 East Market Street
York, PA 17401

(717) 718-2942
(800) 750-5561
mollyn@yorkwater.com



STOCK EXCHANGE LISTING

The Company’s common shares trade on the NASDAQ Global Select Market.

The trading symbol is **YORW**.

TRANSFER AGENT & REGISTRAR

Broadridge Corporate Issuer Solutions, Inc.

P.O. Box 1342
Brentwood, NY 11717
(844) 317-3311 (toll free)

Internet:
<http://shareholder.broadridge.com/YORW>

INDEPENDENT AUDITORS

Baker Tilly US, LLP

Suite 200
221 West Philadelphia Street
York, PA 17401

ANNUAL MEETING INFORMATION

Monday, May 3, 2021
1:00 p.m. Eastern Time
Meeting live via the Internet – please visit
www.virtualshareholdermeeting.com/YORW2021

Shareholders will need the control number found on their proxy card or Notice Regarding the Availability of Proxy Materials.

Supplemental Information (Unaudited)

(In thousands of dollars, except per share amounts)

YEAR ENDED DECEMBER 31	2020	2019	2018
Selected Financial Data			
Income			
Operating Revenues	\$53,852	\$51,578	\$48,437
Operating Expenses.....	\$29,421	\$27,792	\$25,920
Operating Income	\$24,431	\$23,786	\$22,517
Interest Expense	\$4,177	\$4,758	\$5,280
Net Income.....	\$16,598	\$14,402	\$13,376
Percent Change in Net Income Compared to Prior Year.....	15.2%	7.7%	3.1%
Common Stock Dividends.....	\$9,490	\$9,083	\$8,690
Dividend Payout Ratio.....	57.2%	63.1%	65.0%
Weighted Average Common Shares Outstanding, Basic.....	13,033,681	12,964,080	12,903,568
Basic & Diluted Earnings Per Weighted Average Common Share.....	\$1.27	\$1.11	\$1.04
Number of Common Shares Outstanding	13,060,817	13,014,898	12,943,536
ROE on Year End Common Equity	11.6%	10.7%	10.6%
Common Stock Dividends Per Share.....	\$0.7280	\$0.7001	\$0.6731
Net Cash Flows From Operating Activities.....	\$20,235	\$18,881	\$18,372
Balance Sheet			
Common Stockholders' Equity	\$143,252	\$134,185	\$126,195
Long-Term Debt Including Current Maturities.....	\$123,573	\$101,035	\$93,358
Total Capitalization.....	\$266,825	\$235,220	\$219,553
Percent Common Stockholders' Equity	54%	57%	57%
Percent Long-Term Debt	46%	43%	43%
Net Utility Plant	\$343,623	\$313,224	\$299,157
Operating data			
Revenue Class			
Residential.....	\$35,733	\$33,409	\$31,281
Commercial and Industrial.....	\$14,068	\$14,441	\$13,578
Other	\$4,051	\$3,728	\$3,578
Total Operating Revenues	\$53,852	\$51,578	\$48,437
Construction Expenditures	\$32,123	\$18,425	\$16,882
Other Operating Data			
Number of Customers.....	72,681	71,411	70,263
Number of Employees	108	106	109
Common Shareholders.....	1,982	1,998	1,999
Book Value Per Common Share.....	\$10.97	\$10.31	\$9.75
Market Value at Year End	\$46.60	\$46.11	\$32.06
Market Value to Book Value.....	425%	447%	329%
P.E Ratio.....	36.7	41.5	30.8

Supplemental Information (Unaudited)

(In thousands of dollars, except per share amounts)

	2017	2016	2015	2014	2013	2012	2011	2010
	\$48,589	\$47,584	\$47,089	\$45,900	\$42,383	\$41,447	\$40,629	\$39,005
	\$24,896	\$23,414	\$23,294	\$22,593	\$21,217	\$20,331	\$20,091	\$18,735
	\$23,693	\$24,170	\$23,795	\$23,307	\$21,166	\$21,116	\$20,538	\$20,270
	\$4,484	\$5,037	\$4,976	\$4,996	\$5,267	\$5,249	\$5,260	\$4,894
	\$12,974	\$11,846	\$12,489	\$11,484	\$9,654	\$9,303	\$9,084	\$8,929
	9.5%	-5.1%	8.8%	19.0%	3.8%	2.4%	1.7%	18.9%
	\$8,318	\$8,051	\$7,743	\$7,443	\$7,214	\$6,929	\$6,708	\$6,506
	64.1%	68.0%	62.0%	64.8%	74.7%	74.5%	73.8%	72.9%
	12,849,123	12,845,955	12,831,687	12,879,912	12,928,040	12,847,160	12,734,420	12,626,660
	\$1.01	\$0.92	\$0.97	\$0.89	\$0.75	\$0.72	\$0.71	\$0.71
	12,872,742	12,852,295	12,812,377	12,830,521	12,979,281	12,918,633	12,791,671	12,692,054
	10.9%	10.4%	11.5%	11.0%	9.3%	9.3%	9.5%	9.8%
	\$0.6472	\$0.6267	\$0.6040	\$0.5788	\$0.5580	\$0.5391	\$0.5266	\$0.5150
	\$20,111	\$19,365	\$20,710	\$18,766	\$18,438	\$16,422	\$17,474	\$14,755
	\$119,405	\$114,061	\$109,070	\$104,563	\$103,511	\$99,825	\$95,265	\$91,257
	\$90,142	\$84,653	\$84,562	\$82,312	\$82,741	\$82,684	\$82,621	\$82,672
	\$209,547	\$198,714	\$193,632	\$186,875	\$186,252	\$182,509	\$177,886	\$173,929
	57%	57%	56%	56%	56%	55%	54%	52%
	43%	43%	44%	44%	44%	45%	46%	48%
	\$288,787	\$270,907	\$261,420	\$253,194	\$244,237	\$239,539	\$232,277	\$227,677
	\$31,257	\$30,218	\$29,761	\$29,165	\$26,873	\$26,192	\$25,750	\$24,550
	\$13,729	\$13,760	\$13,822	\$13,267	\$12,299	\$12,114	\$11,820	\$11,440
	\$3,603	\$3,606	\$3,506	\$3,468	\$3,211	\$3,141	\$3,059	\$3,015
	\$48,589	\$47,584	\$47,089	\$45,900	\$42,383	\$41,447	\$40,629	\$39,005
	\$24,602	\$13,158	\$13,844	\$14,139	\$9,852	\$11,543	\$9,472	\$10,541
	69,604	67,052	66,087	65,102	64,118	63,779	62,738	62,505
	102	103	107	107	104	105	106	111
	2,011	2,052	2,007	2,002	2,023	1,786	1,658	1,649
	\$9.28	\$8.87	\$8.51	\$8.15	\$7.98	\$7.73	\$7.45	\$7.19
	\$33.90	\$38.20	\$24.94	\$23.21	\$20.93	\$17.57	\$17.64	\$17.29
	365%	431%	293%	285%	262%	227%	237%	240%
	33.6	41.5	25.7	26.1	27.9	24.4	24.8	24.4

Directors, Officers, & Key Employees

BOARD OF DIRECTORS



Cynthia A. Dotzel, CPA ⁽¹⁾
Age 66
Director Since 2019



Michael W. Gang, Esq. ⁽¹⁾
Age 70
Director Since 1996



Joseph T. Hand ⁽¹⁾
Age 58
Director Since 2020



Jeffrey R. Hines, P.E. ⁽¹⁾
Age 59
Director Since 2008



George W. Hodges ⁽¹⁾
Age 70
Chairman
Director Since 2000



George Hay Kain, III ⁽³⁾
Age 72
Director Since 1986



Jody L. Keller ⁽⁴⁾
Age 67
Director Since 2015



Erin C. McGlaughlin ^{(2) (4)}
Age 47
Director Since 2016



Robert P. Newcomer ^{(1) (2) (4)}
Age 72
Director Since 2013



Steven R. Rasmussen, CPA ^{(2) (3)}
Age 48
Director Since 2011



Ernest J. Waters ^{(1) (2) (3)}
Age 71
Director Since 2007

DIRECTORS EMERITI

Josephine S. Appell
James H. Cawley
Chloe R. Eichelberger
John L. Finlayson
William T. Morris
Irvin S. Naylor
Thomas C. Norris
Jeffrey S. Osman

KEY

- (1) Executive Committee
- (2) Audit Committee
- (3) Nomination and Corporate Governance Committee
- (4) Compensation Committee



The foundation of The York Water Company is our employees, a talented team of professionals who stand behind our motto of "That good York Water" and who serve without fail. Our dedicated Directors have governed this Company through 205 years of service. We were proud to ring the NASDAQ closing bell on November 23, 2020, and dedicated this historic event to all of our employees, past and present, in celebration of the historic milestone we achieved in declaring our 600th consecutive dividend.

Directors, Officers, & Key Employees

OFFICERS & KEY EMPLOYEES



Vernon L. Bracey
Age 59
Vice President-
Customer Service



Alexandra C. Chiaruttini
Age 50
Chief Administrative Officer
and General Counsel



Natalee Colón, SHRM-CP
Age 33
Vice President-
Human Resources



Joseph T. Hand
Age 58
President and
Chief Executive Officer



Mark J. Hardman
Age 48
Vice President-Technology



Matthew E. Poff, CPA
Age 49
Chief Financial Officer
and Treasurer



Mark S. Snyder, P.E.
Age 50
Vice President-Engineering



Martin L. Strine
Age 60
Operations Manager

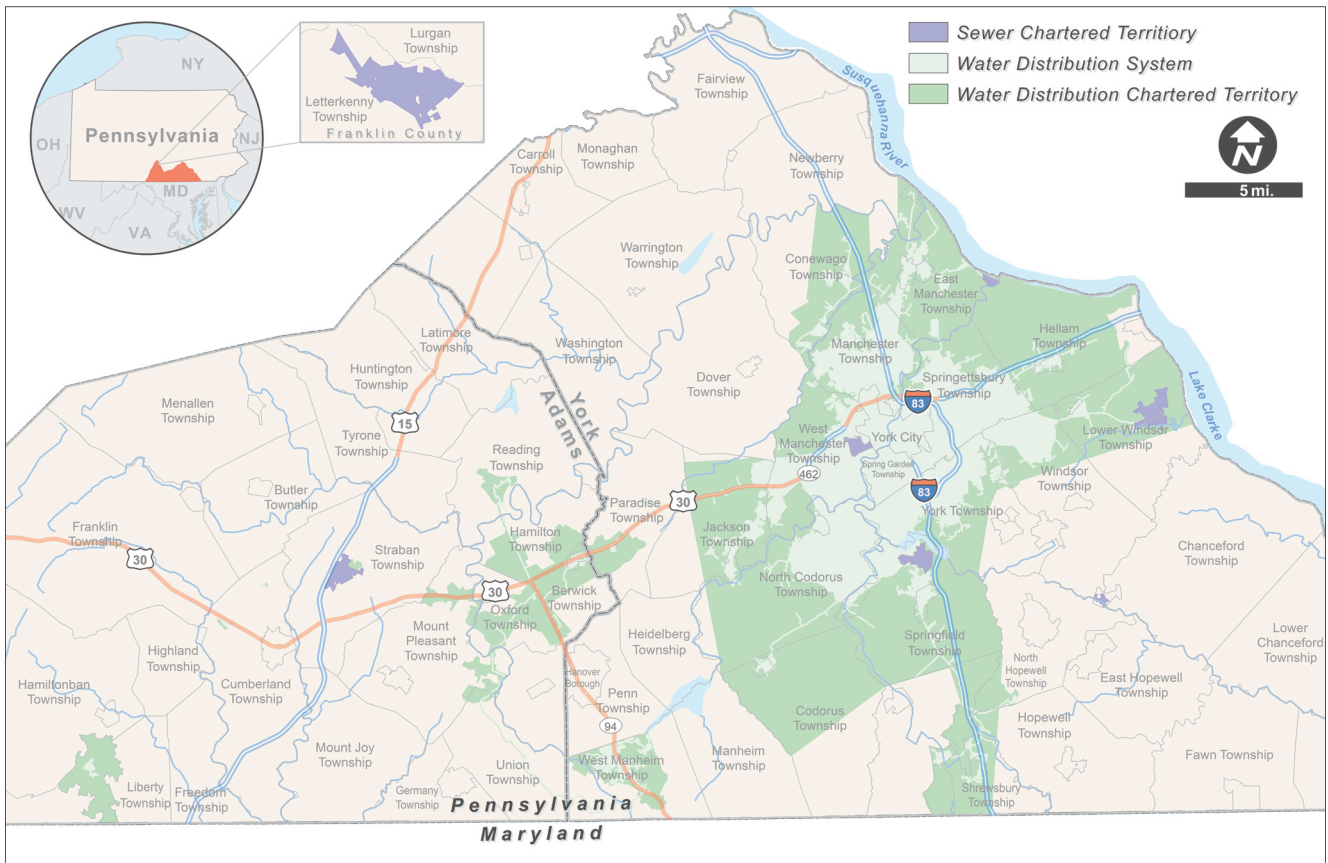


Mark A. Wheeler
Age 53
Chief Operating Officer
and Secretary



Molly E. Norton
Age 28
Investor Relations and
Communications
Administrator

Chartered Territory Distribution and Supply System



Our Filter Plant, located in Reservoir Park, was built in 1930 in order to meet the water needs of the growing community. This facility was initially built with a capacity of 15 million gallons per day, but has since expanded to 40 million gallons per day. This facility is still in service today, and purifies and distributes water to our customers every single day.

The York Water Company

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THE
YORK
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