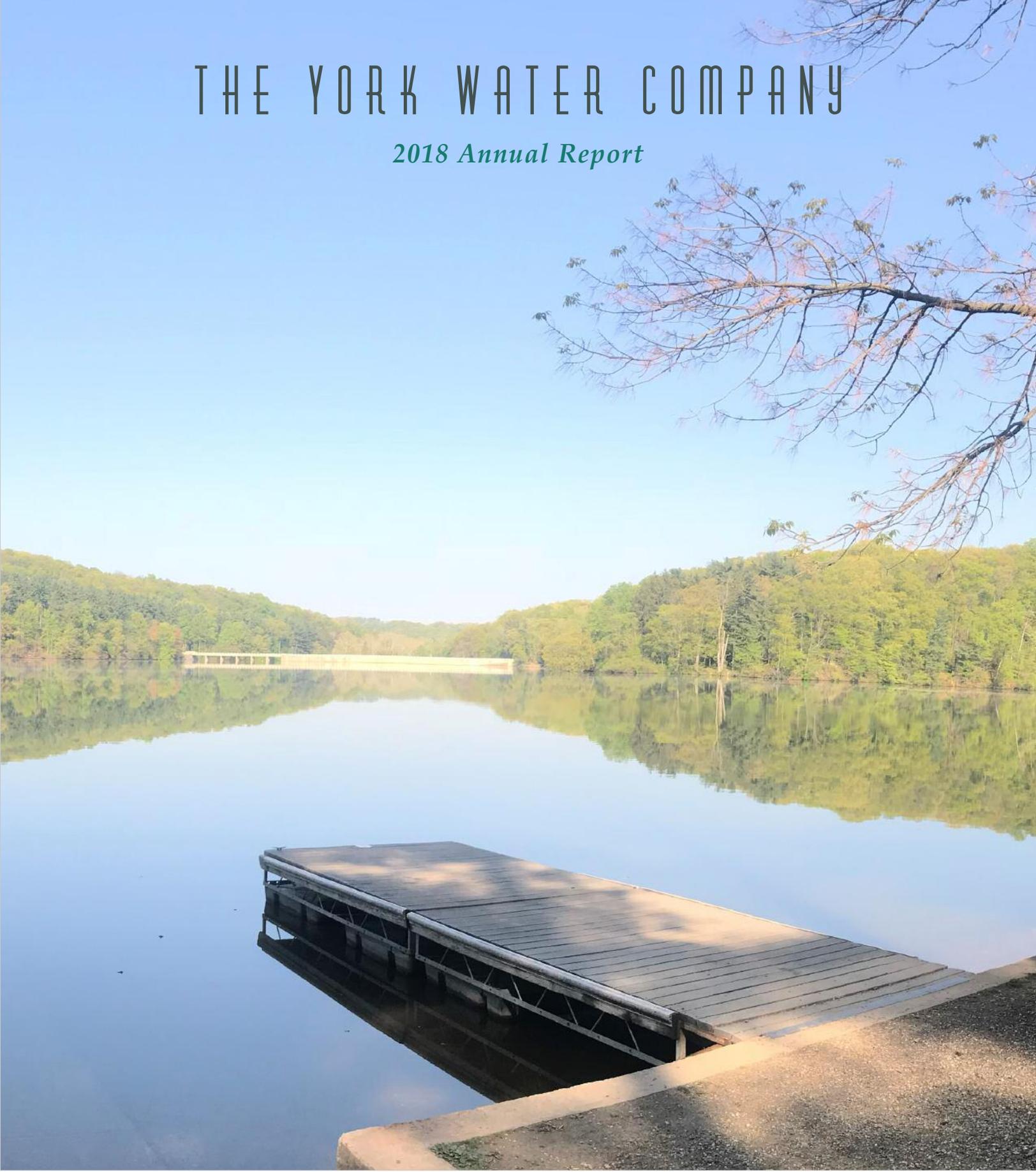


THE YORK WATER COMPANY

2018 Annual Report



SUSTAINING *Our Community's Future*
for **203 YEARS**



*Above: Lake Williams spillway under construction in 1911.
Below: A foreman poses at the 48" diameter outlet valve during construction in 1911.*



IN 1912, YORK WATER BUILT ITS FIRST RESERVOIR, LAKE WILLIAMS.

This first large dam in York County increased our community's water supply from 8 million gallons per day to 14 million gallons per day to serve a growing manufacturing town. The construction of this **CRUCIAL INFRASTRUCTURE** helped to make this a "drought-proof" community. Over the past 106 years, the dam has been well-maintained and inspected, and is now in the process of getting some additions for its

SECOND CENTURY OF SERVICE!





Jeffrey R. Hines, P.E.
President and
Chief Executive Officer

Dear Shareholders,

WELCOME TO THE ANNUAL REPORT FOR AMERICA'S OLDEST PUBLIC COMPANY!

I am pleased to report that 2018 continued our unsurpassed record of 203 years of service to our community.

Dividends and Shareholder Value: An American Record!

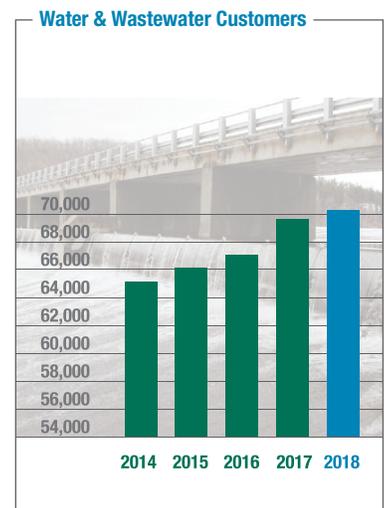
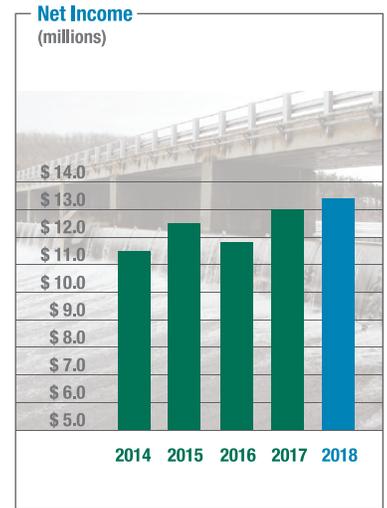
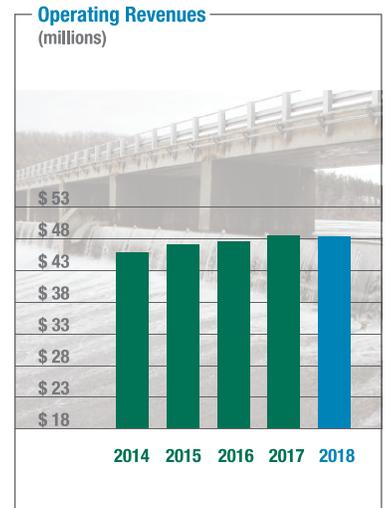
Our net income increased by 3.1% to \$13.4 million in 2018. Earnings per share increased 3.0% to \$1.04.

- Net income and earnings per share (EPS) were \$13.4 million, and \$1.04, respectively, compared to \$13.0 million and \$1.01 in 2017;
- In 2018, the Board of Directors approved a 4% increase in the quarterly dividend to an annualized rate of \$0.69 per share;
- The Company's long-term performance is strong with three-year average annual total shareholder return at 14.2% and three-year average annual return on equity of 10.6%.

The Company is making significant investments to build and improve its communities' infrastructure. Over the past three years, the Company has invested nearly \$55 million in infrastructure improvements, including system improvements and infrastructure to ensure a safe, adequate, and reliable supply of drinking water and to maintain proper handling and disposal of wastewater for all customers.

In line with our objective to maintain regular dividend increases, we raised the quarterly dividend rate by 4.0% during the year. This is the 22nd consecutive year we have raised our dividend and the 203rd consecutive year of dividend payments. We believe this to be the longest consecutive dividend record in America.

In 2013, we initiated a share repurchase program to add value to 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, 2018, 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.

Continued Growth, Acquisitions, and Expansion

The number of customers we served at the end of 2018 grew to 70,263 water and wastewater customers. This was an increase of 659 new customers or about 1% customer growth in 2018. The Company is now authorized to serve in 48 municipalities in Adams and York Counties and our population served grew in 2018 to approximately 199,000 people.

Rate Case Increases and Tax Act Reductions

On May 30, 2018, York Water sought an annual increase in water rates of \$6.4 million and an annual increase in wastewater rates of \$289,000. This was the first rate increase for our customers in 5 years. Effective March 1, 2019, the Pennsylvania Public Utility Commission (PPUC) authorized an increase in water rates designed to produce approximately \$3.4 million in additional annual revenues and an increase in wastewater rates designed to produce approximately \$289,000 in additional annual revenues. It is expected that the approved rates will add about \$1.00 per month, or a 2.5% increase, for the average residential water customer. However, due to the reduction in taxes from the 2017 Tax Act the water customers will, on average, actually see an \$0.80 decrease in the water bills for the next year.

Water Still Costs About One Cent per Gallon: Delivered right where you need it, when you need it!

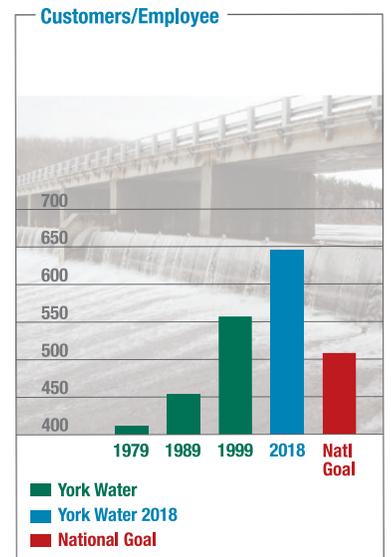
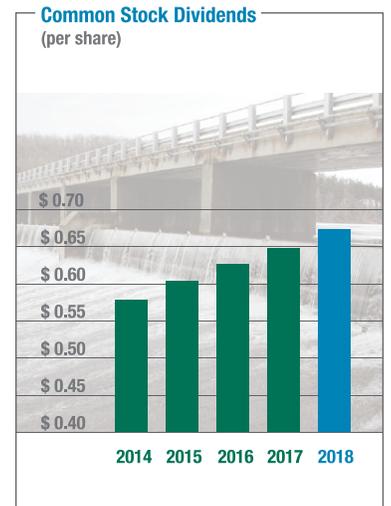
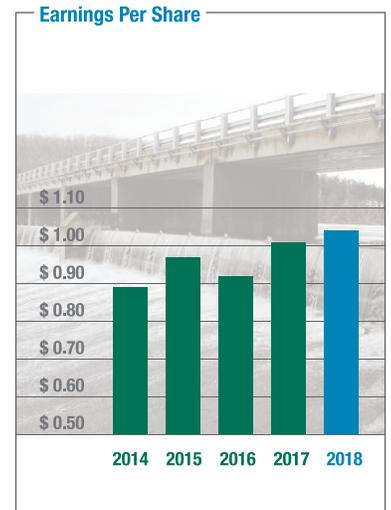
Even after our latest rates go into effect on March 1, 2019, our typical customer will receive 1,000 gallons of “that good York water” for about \$6.56. Our customer complaint rate and water rates remain among the lowest in the state while still providing world-class service to our customers. In addition to great customer service, these measurements help us to maintain a productive relationship with our regulators, which is paramount to running a successful company.

Increasing Efficiency While Maintaining Personal Contact

Although we are a 203-year-old company, we continue to make technological advances to assist our customers while still providing that personal touch. When you call our office, one of our locally-based and friendly customer service representatives will answer the phone and assist you. We continue to expand our initiatives in online applications and scheduling, paperless billing, and electronic bill pay. We also continue to deploy a state-of-the-art radio frequency drive-by and fixed meter reading system. Of course, our historic office in downtown York remains open for walk-in or phone-in customer support.

System Improvements for a Sustainable Future

We continue to replace almost 1% of our existing water pipe each year. This equates to over 50,000 feet of pipe replacement per year, or almost 10 miles! This reduces main breaks, water leakage, potential property damage, and reduces costs. York Water continues to work with local governments and other utilities to coordinate water main replacements prior to road resurfacing projects. This saves our customers money and provides the motoring public with a new road and equally new utilities below.



In 2016, the American Water Works Association recommended that all water systems should have a goal of eliminating lead service lines. In 2017-2018, York Water replaced all 1,660 known company-owned lead service lines and continues to inventory and replace all company and customer-owned service lines as they are discovered. Through a unique partnership with the Pennsylvania Public Utility Commission, the Company continues to replace all customer-owned lead service lines, at little or no cost to the customer, over the following years with a goal of the complete elimination of all lead service lines from our community.



Lake Redman Pumping Station Complete

We have completed construction of an additional 20-million-gallon-per-day pumping station at our Lake Redman reservoir. This station and a 3.5 mile transmission main to our Filter Plant will provide redundant capacity in the event of a contamination event, power outage, or flooding.

Dedicated and Experienced Employees

York Water’s talented employees have an average of 13 years at the Company, which is indicative of the rewarding environment and collaborative corporate culture of The York Water Company. A Company that continues to thrive, grow, and improve service to its customers for 203 years can only be possible due to the dedication, loyalty, and hard work of its employees. We thank all of the York Water family for their commitment to make this Company the most efficient water utility in the nation.

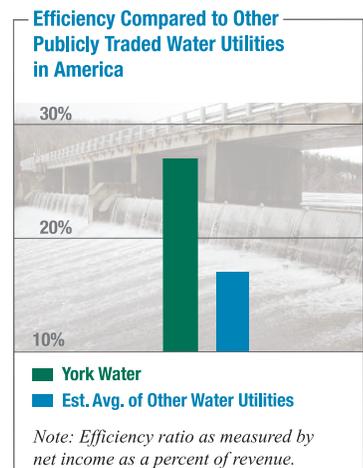
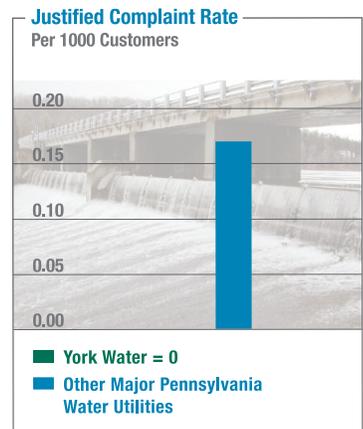
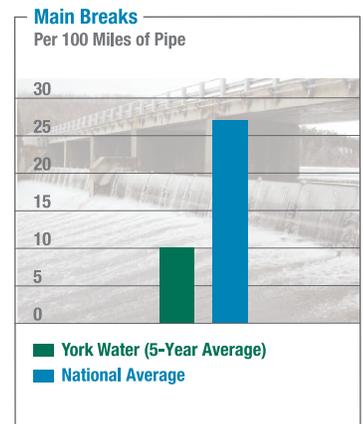
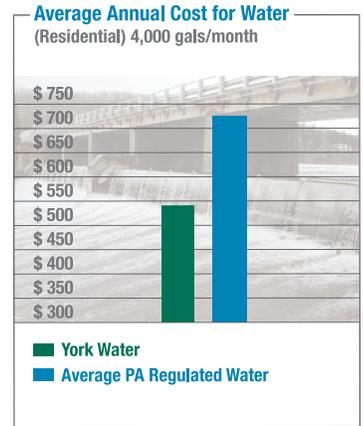
John Strine, VP of Operations Retires after 43 years

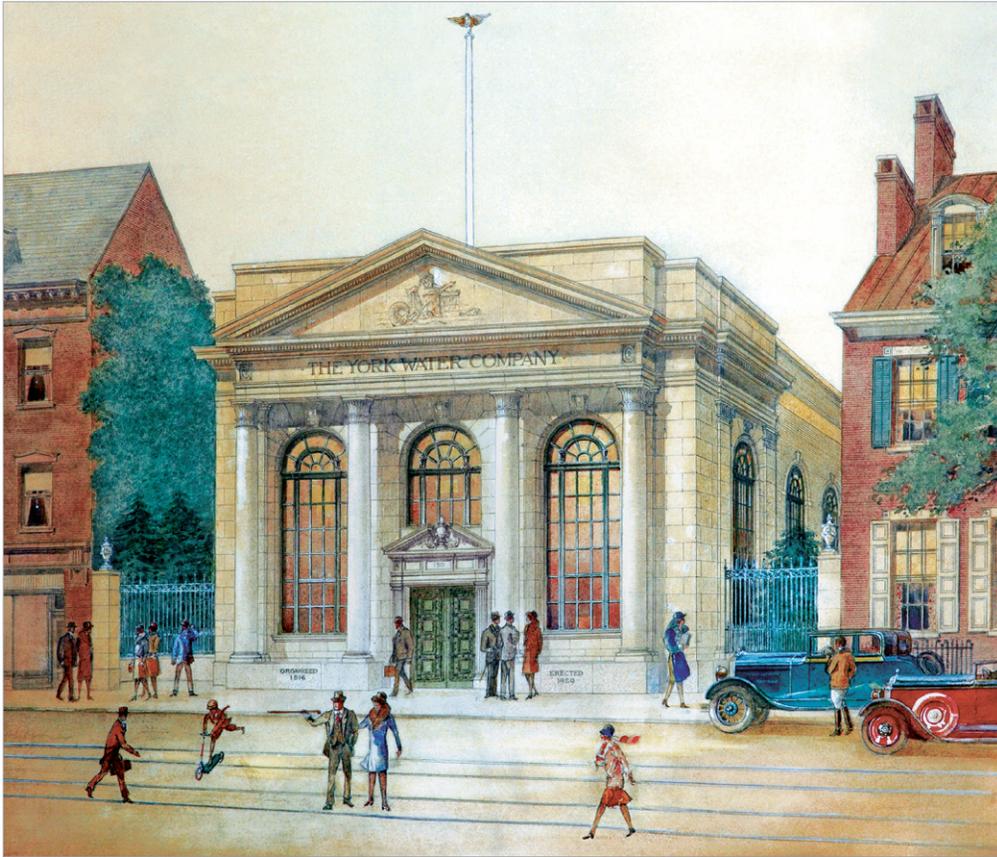
John Strine has worked for York Water for 43 years and worked his way up through the ranks to Vice President of Operations. In a utility, experience matters, and John has been instrumental in carrying forward the culture and competence of our community-based company to newer employees. We thank him for a job well done!



90th Anniversary of our Downtown Headquarters!

In 1929, the Company moved a block west on Market Street and constructed a beautiful, water-themed headquarters building. Ninety years later, the building still serves its original purpose and provides a welcome respite to thousands of customers and visitors each year as they pass through to pay their water bills or just stop in to see the magnificent ceiling. We invite all of our shareholders to stop in during business hours; we’d love to give you a tour!





In 1929, York Water's new headquarters was completed.



In 2019, the building has been superbly maintained and is still open to the public during normal business hours.

Highlights of Our 203rd Year

(In thousands of dollars, except per share amounts)

For the Year	Summary of Operations				
	2018	2017	2016	2015	2014
Operating revenues	\$ 48,437	\$ 48,589	\$ 47,584	\$ 47,089	\$ 45,900
Operating expenses	25,920	24,896	23,414	23,294	22,593
Operating income	22,517	23,693	24,170	23,795	23,307
Interest expense.....	5,280	4,484	5,037	4,976	4,996
Gain on sale of land.....	-	-	36	-	316
Other income (expenses), net	(1,370)	(1,692)	(1,914)	(1,590)	(2,266)
Income before income taxes	15,867	17,517	17,255	17,229	16,361
Income taxes	2,491	4,543	5,409	4,740	4,877
Net income	\$ 13,376	\$ 12,974	\$ 11,846	\$ 12,489	\$ 11,484
Per Share of Common Stock					
Book value	\$ 9.75	\$ 9.28	\$ 8.87	\$ 8.51	\$ 8.15
Earnings per share:					
Basic	1.04	1.01	0.92	0.97	0.89
Diluted.....	1.04	1.01	0.92	0.97	0.89
Weighted average number of shares outstanding during the year:					
Basic	12,903,568	12,849,123	12,845,955	12,831,687	12,879,912
Diluted.....	12,903,836	12,849,171	12,845,973	12,831,687	12,879,912
Cash dividends declared per share	0.6731	0.6472	0.6267	0.6040	0.5788
Utility Plant					
Original cost, net of acquisition adjustments	\$ 377,676	\$ 362,533	\$ 339,745	\$ 325,691	\$ 313,003
Construction expenditures	16,882	24,602	13,158	13,844	14,139
Other					
Total assets.....	\$ 345,140	\$ 332,030	\$ 320,494	\$ 310,533	\$ 300,708
Long-term debt including current portion.....	93,358	90,142	84,653	84,562	82,312

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, 2018 numbered approximately 1,999.

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 and
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**.

INDEPENDENT AUDITORS

Baker Tilly Virchow Krause LLP
Suite 200
221 West Philadelphia Street
York, PA 17401

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>

ANNUAL MEETING INFORMATION

Monday, May 6, 2019
1:00 p.m. – Lunch 12:00 p.m.
(reservation required)
Appell Center for the Performing Arts
50 North George Street
York, PA 17401

Supplemental Information (Unaudited)

(In thousands of dollars, except per share amounts)

Year Ended December 31	2018	2017	2016
Selected Financial Data			
Income			
Operating Revenues.....	\$48,437	\$48,589	\$47,584
Operating Expenses	\$25,920	\$24,896	\$23,414
Operating Income.....	\$22,517	\$23,693	\$24,170
Interest Expense.....	\$5,280	\$4,484	\$5,037
Net Income	\$13,376	\$12,974	\$11,846
Percent Change in Net Income Compared to Prior Year	3.1%	9.5%	-5.1%
Common Stock Dividends	\$8,690	\$8,318	\$8,051
Dividend Payout Ratio	65.0%	64.1%	68.0%
Weighted Average Common Shares Outstanding, Basic	12,903,568	12,849,123	12,845,955
Basic & Diluted Earnings Per Weighted Average Common Share.....	\$1.04	\$1.01	\$0.92
Number of Common Shares Outstanding.....	12,943,536	12,872,742	12,852,295
ROE on Year End Common Equity	10.6%	10.9%	10.4%
Common Stock Dividends Per Share.....	\$0.6731	\$0.6472	\$0.6267
Net Cash Flows From Operating Activities	\$18,372	\$20,111	\$19,365
Balance Sheet			
Common Stockholders' Equity	\$126,195	\$119,405	\$114,061
Long-Term Debt Including Current Maturities	\$93,358	\$90,142	\$84,653
Total Capitalization	\$219,553	\$209,547	\$198,714
Percent Common Stockholders' Equity	57%	57%	57%
Percent Long-Term Debt	43%	43%	43%
Net Utility Plant	\$299,157	\$288,787	\$270,907
Operating Data			
Revenue Class			
Residential	\$31,281	\$31,257	\$30,218
Commercial and Industrial.....	\$13,578	\$13,729	\$13,760
Other.....	\$3,578	\$3,603	\$3,606
Total Operating Revenues.....	\$48,437	\$48,589	\$47,584
Construction Expenditures	\$16,882	\$24,602	\$13,158
Other Operating Data			
Number of Customers	70,263	69,604	67,052
Number of Employees.....	109	102	103
Common Shareholders	1,999	2,011	2,052
Book Value Per Common Share	\$9.75	\$9.28	\$8.87
Market Value at Year End	\$32.06	\$33.90	\$38.20
Market Value to Book Value	329%	365%	431%
P/E Ratio	30.8	33.6	41.5

Supplemental Information (Unaudited)

(In thousands of dollars, except per share amounts)

2015	2014	2013	2012	2011	2010	2009	2008
\$47,089	\$45,900	\$42,383	\$41,447	\$40,629	\$39,005	\$37,043	\$32,838
\$23,294	\$22,593	\$21,217	\$20,331	\$20,091	\$18,735	\$19,065	\$17,879
\$23,795	\$23,307	\$21,166	\$21,116	\$20,538	\$20,270	\$17,978	\$14,959
\$4,976	\$4,996	\$5,267	\$5,249	\$5,260	\$4,894	\$4,896	\$4,219
\$12,489	\$11,484	\$9,654	\$9,303	\$9,084	\$8,929	\$7,512	\$6,431
8.8%	19.0%	3.8%	2.4%	1.7%	18.9%	16.8%	0.3%
\$7,743	\$7,443	\$7,214	\$6,929	\$6,708	\$6,506	\$6,050	\$5,526
62.0%	64.8%	74.7%	74.5%	73.8%	72.9%	80.5%	85.9%
12,831,687	12,879,912	12,928,040	12,847,160	12,734,420	12,626,660	11,695,155	11,298,215
\$0.97	\$0.89	\$0.75	\$0.72	\$0.71	\$0.71	\$0.64	\$0.57
12,812,377	12,830,521	12,979,281	12,918,633	12,791,671	12,692,054	12,558,724	11,367,248
11.5%	11.0%	9.3%	9.3%	9.5%	9.8%	8.6%	9.2%
\$0.6040	\$0.5788	\$0.5580	\$0.5391	\$0.5266	\$0.5150	\$0.5060	\$0.4890
\$20,710	\$18,766	\$18,438	\$16,422	\$17,474	\$14,755	\$15,801	\$11,527
\$109,070	\$104,563	\$103,511	\$99,825	\$95,265	\$91,257	\$86,922	\$69,766
\$84,562	\$82,312	\$82,741	\$82,684	\$82,621	\$82,672	\$75,662	\$84,340
\$193,632	\$186,875	\$186,252	\$182,509	\$177,886	\$173,929	\$162,584	\$154,106
56%	56%	56%	55%	54%	52%	53%	45%
44%	44%	44%	45%	46%	48%	47%	55%
\$261,420	\$253,194	\$244,237	\$239,539	\$232,277	\$227,677	\$221,475	\$210,820
\$29,761	\$29,165	\$26,873	\$26,192	\$25,750	\$24,550	\$23,368	\$20,634
\$13,822	\$13,267	\$12,299	\$12,114	\$11,820	\$11,440	\$10,734	\$9,671
\$3,506	\$3,468	\$3,211	\$3,141	\$3,059	\$3,015	\$2,941	\$2,533
\$47,089	\$45,900	\$42,383	\$41,447	\$40,629	\$39,005	\$37,043	\$32,838
\$13,844	\$14,139	\$9,852	\$11,543	\$9,472	\$10,541	\$12,535	\$24,438
66,087	65,102	64,118	63,779	62,738	62,505	62,186	61,527
107	107	104	105	106	111	111	110
2,007	2,002	2,023	1,786	1,658	1,649	1,516	1,485
\$8.51	\$8.15	\$7.98	\$7.73	\$7.45	\$7.19	\$6.92	\$6.14
\$24.94	\$23.21	\$20.93	\$17.57	\$17.64	\$17.29	\$14.51	\$12.10
293%	285%	262%	227%	237%	240%	210%	197%
25.7	26.1	27.9	24.4	24.8	24.4	22.7	21.2

Directors, Officers, & Key Employees

BOARD OF DIRECTORS



James H. Cawley ^{(1) (3)}
Age 73
Director Since 2016



Cynthia A. Dotzel
Age 64
Director Since 2019



Michael W. Gang, Esq. ⁽¹⁾
Age 68
Director Since 1996



Jeffrey R. Hines, P.E. ⁽¹⁾
Age 57
Director Since 2008



George W. Hodges ⁽¹⁾
Age 68
Chairman
Director Since 2000



George Hay Kain, III ⁽⁴⁾
Age 70
Director Since 1986



Jody L. Keller ⁽⁴⁾
Age 65
Director Since 2015



Erin C. McGlaughlin ^{(2) (3)}
Age 45
Director Since 2016



Robert P. Newcomer ^{(1) (2) (4)}
Age 70
Director Since 2013



Steven R. Rasmussen,
CPA ^{(2) (3)}
Age 46
Director Since 2011



Ernest J. Waters ^{(1) (2) (4)}
Age 69
Director Since 2007

DIRECTORS EMERITI

- Josephine S. Appell
- Chloé 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



In 2018, construction began on several projects at Lake Williams. The first project is the installation of a valve on the 48" outlet pipe passing through the dam (shown in these pictures). Lake Williams was drained down for this portion of the work. When this work is completed in 2019, the lake will be allowed to refill and then the spillway will be replaced with new concrete, and then a roller compacted concrete armoring project will take place on the downstream face of the dam. These projects will allow the reservoir and dam to continue to provide valuable service to the community and our growing customer base for the next 100 years.

Directors, Officers, & Key Employees

OFFICERS & KEY EMPLOYEES



Vernon L. Bracey
Age 57
Vice President-
Customer Service



Natalee Colón, SHRM-CP
Age 31
Vice President-
Human Resources



Joseph T. Hand
Age 56
Chief Operating Officer



Mark J. Hardman
Age 46
Vice President-Technology



Jeffrey R. Hines, P.E.
Age 57
President and
Chief Executive Officer



Matthew E. Poff, CPA
Age 47
Chief Financial Officer
and Treasurer



Mark S. Snyder, P.E.
Age 48
Vice President-Engineering

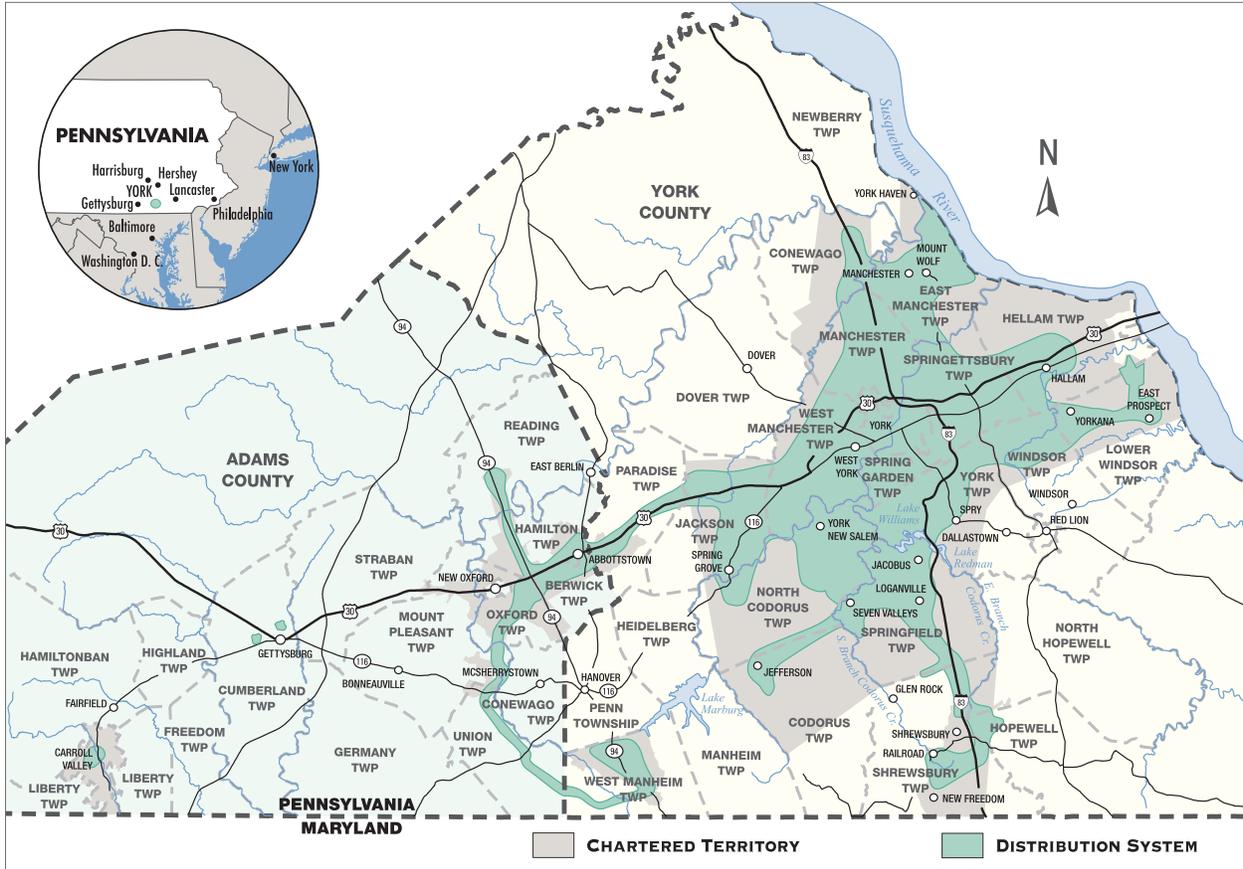


Martin L. Strine
Age 58
Operations Manager



Molly E. Norton
Investor Relations and
Communications Administrator

Chartered Territory Distribution and Supply System



In 2018, a community-wide initiative occurred to assist with transportation of fish and other aquatic life from Lake Williams prior to lowering the lake for construction at the dam.

The York Water Company

130 East Market Street
York, Pennsylvania 17401
717-845-3601
www.yorkwater.com



THE
YORK
WATER
COMPANY

