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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Shrewsbury Township
Glen Rock, Pennsylvania

We have audited the accompanying financial statements of the governmental activities of Shrewsbury Township, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor 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 auditor's 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.

Basis of Accounting

As described in Note 1, the Township's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when obligations are incurred. Accordingly, the accompanying financial statements are not intended to present fairly, the financial position and results of operations in conformity with generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Shrewsbury Township as of and for the year ending December 31, 2017, and the respective changes in financial position in accordance with the cash basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Shrewsbury Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Kochenour, Earnest, Smyser, & Burg
Certified Public Accountants

York, Pennsylvania
February 16, 2018

SHREWSBURY TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2017

SHREWSBURY TOWNSHIP
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SHREWSBURY TOWNSHIP
GOVERNMENT- ENTITY WIDE PRESENTATION
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
DECEMBER 31, 2017

	Governmental Funds
<u>ASSETS</u>	
Cash and Temporary Investments (Note 2)	\$ 3,158,114
Due From Other Funds	27,957
Other Current Assets	<u>0</u>
TOTAL ASSETS	\$ <u>3,186,071</u>
 <u>LIABILITIES</u>	
Other Current Liabilities	\$ 0
Due To Other Funds	27,957
Long-Term Liabilities	403,141
Current Portion of Long-Term Debt	<u>39,169</u>
TOTAL LIABILITIES	470,267
 <u>FUND BALANCES</u>	
Unreserved Fund Balances	<u>2,715,804</u>
 TOTAL LIABILITIES AND FUND BALANCES	 \$ <u>3,186,071</u>

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
GOVERNMENT - ENTITY WIDE PRESENTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expenditures) Revenue and Changes in Fund Balance
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 458,842	\$ 125,136	\$ 211,496	\$ (122,210)
Public Safety	401,770	105,395		(296,375)
Health and Welfare	5,754			(5,754)
Sanitation	-	106,476		106,476
Highways	1,227,365	22,233	368,093	(837,039)
Other Public Works Enterprises	3,629			(3,629)
Culture - Recreation	77,564		49,292	(28,272)
Community Development	3,300			(3,300)
Debt Service	11,287			(11,287)
Payroll Taxes and Other Employee Benefits	202,417			(202,417)
Miscellaneous	37			(37)
Interfund Transfers	322,110			(322,110)
Total Governmental Activities:	<u>2,714,075</u>	<u>359,240</u>	<u>628,881</u>	<u>(1,725,954)</u>
General Revenues:				
				272,819
				997,325
				284,927
				21,010
				10,000
				322,110
				26,226
				<u>1,934,417</u>
				208,463
				2,507,341
				<u>\$ 2,715,804</u>

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
FUND FINANCIAL STATEMENT PRESENTATION
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
ALL FUND TYPES - CASH BASIS
DECEMBER 31, 2017

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memo Only)</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Volunteer Fire relief Fund</u>	
<u>ASSETS</u>						
Cash	\$ 2,439,985	\$ 260,477	\$ 457,652	\$ 0	\$ 0	\$ 3,158,114
Due From Other Funds	25,000	2,957				27,957
Other Current Assets						0
TOTAL ASSETS	<u>2,464,985</u>	<u>263,434</u>	<u>457,652</u>	<u>0</u>	<u>0</u>	<u>3,186,071</u>
<u>LIABILITIES</u>						
Other Current Liabilities						0
Payroll Taxes Payable						0
Due To Other Funds	2,957		25,000			27,957
Long-Term Liabilities			403,141			403,141
Current Portion of Long-Term Debt			39,169			39,169
TOTAL LIABILITIES	<u>2,957</u>	<u>0</u>	<u>467,310</u>	<u>0</u>	<u>0</u>	<u>470,267</u>
<u>FUND BALANCES</u>						
Unreserved Fund Balances	2,462,028	263,434	(9,658)	0	0	2,715,804
TOTAL FUND BALANCES	<u>2,462,028</u>	<u>263,434</u>	<u>(9,658)</u>	<u>0</u>	<u>0</u>	<u>2,715,804</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,464,985</u>	<u>\$ 263,434</u>	<u>\$ 457,652</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,186,071</u>

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
FUND FINANCIAL STATEMENT PRESENTATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL FUND TYPES - CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	Governmental Fund Types				Totals (Memo Only)
	General Fund	Special Revenue Funds	Capital Project Funds	Debt Service Funds	
REVENUES					
Taxes	\$1,328,905	\$ 226,166	\$	\$	\$ 1,555,071
Licenses and Permits	58,780				58,780
Fines and Forfeits	16,859				16,859
Interest and Rents	11,172	7,904	1,934		21,010
Intergovernmental Revenues	230,788	368,093	30,000		628,881
Charges for Services	250,501	2,394	47,565		300,460
Miscellaneous Revenues	5,367				5,367
Refunds of Prior Year Expenditures	4,000				4,000
Sale of General Fixed Assets	10,000				10,000
Interfund Transfers		1,000	321,110		322,110
TOTAL REVENUES	1,916,372	605,557	400,609	0	2,922,538
EXPENDITURES					
General Government	446,018	12,824			458,842
Public Safety	189,140	212,630			401,770
Health & Human Services	5,754				5,754
Public Works - Sanitation					-
Public Works - Highways	440,885	786,480			1,227,365
Other Public Works Enterprises	3,629				3,629
Culture and Recreation	74,695		2,869		77,564
Community Development	3,300				3,300
Debt Services			11,287		11,287
Payroll Taxes and Other Employee Benefits	202,417				202,417
Insurance					-
Miscellaneous Expenditures		10	27		37
Refund of Prior Year Revenues					-
Interfund Transfers	322,110				322,110
TOTAL EXPENDITURES	1,687,948	1,011,944	14,183	0	2,714,075
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	228,424	(406,387)	386,426	0	208,463
FUND BALANCES - BEGINNING OF YEAR	2,233,604	669,821	(396,084)	0	2,507,341
FUND BALANCES - END OF YEAR	\$2,462,028	\$ 263,434	\$ (9,658)	\$ -	\$ 2,715,804

SHREWSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	General Fund			Special Revenue Funds			Capital Project Fund		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES									
Taxes	\$1,255,450	\$ 1,328,905	\$ 73,455	\$ 221,350	\$ 226,166	\$ 4,816	\$ -	\$ -	\$ -
Licenses and Permits	52,075	58,780	6,705	-	-	-	-	-	-
Fines and Forfeits	9,000	16,859	7,859	-	-	-	-	-	-
Interest	9,000	11,172	2,172	1,108	7,904	6,796	315	1,934	1,619
Intergovernmental Revenues	212,625	230,788	18,163	360,540	368,093	7,553	-	30,000	30,000
Charges for Services	84,620	250,501	165,881	2,300	2,394	94	60,110	47,565	(12,545)
Miscellaneous Revenues	6,000	5,367	(633)	-	-	-	-	-	-
Refunds of Prior Year Expenditures	-	4,000	4,000	-	-	-	-	-	-
Sale of Fixed Assets	-	10,000	10,000	-	-	-	5,000	-	(5,000)
Interfund Transfers	-	-	-	1,000	1,000	-	137,500	321,110	183,610.00
TOTAL REVENUES	<u>1,628,770</u>	<u>1,916,372</u>	<u>287,602</u>	<u>586,298</u>	<u>605,557</u>	<u>19,259</u>	<u>202,925</u>	<u>400,609</u>	<u>197,684</u>
EXPENDITURES									
General Government	453,690	446,018	(7,672)	12,600	12,824	224	14,000	-	(14,000)
Public Safety	174,475	189,140	14,665	209,815	212,630	2,815	-	-	-
Health & Welfare	-	5,754	5,754	-	-	-	-	-	-
Public Works - Sanitation	-	-	-	-	-	-	-	-	-
Public Works - Highways	554,650	440,885	(113,765)	849,340	786,480	(62,860)	123,500	-	(123,500)
Other Public Works Enterprises	3,629	3,629	-	-	-	-	-	-	-
Culture and Recreation	159,700	74,695	(85,005)	-	-	-	12,500	2,869	(9,631)
Community Development	3,000	3,300	300	-	-	-	-	-	-
Debt Services	-	-	-	-	-	-	50,875	11,287	(39,588)
Payroll Taxes and Other Employee Benefits	229,155	202,417	(26,738)	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditures	-	-	-	-	10	10	2,500	27	(2,473)
Refund of Prior Year Revenues	-	-	-	-	-	-	-	-	-
Interfund Transfers	15,000	322,110	307,110	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,593,299</u>	<u>1,687,948</u>	<u>94,649</u>	<u>1,071,755</u>	<u>1,011,944</u>	<u>(59,811)</u>	<u>203,375</u>	<u>14,183</u>	<u>(189,192)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 35,471</u>	<u>228,424</u>	<u>\$ 192,953</u>	<u>\$(485,457)</u>	<u>(406,387)</u>	<u>\$ 79,070</u>	<u>\$ (450)</u>	<u>386,426</u>	<u>\$ 386,876</u>
FUND BALANCES - BEGINNING OF YEAR		<u>2,233,604</u>			<u>669,821</u>			<u>(396,084)</u>	
FUND BALANCES - END OF YEAR		<u>\$ 2,462,028</u>			<u>\$ 263,434</u>			<u>\$ (9,658)</u>	

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY

The financial statements of Shrewsbury Township consist of all the funds of Shrewsbury Township. The financial report includes the accounts of all the Township's operations and includes all the entities which are considered controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

GOVERNMENT-ENTITY WIDE FINANCIAL STATEMENTS

The Statement of Assets, Liabilities and Fund Balances and the Statement of Revenues, Expenditures, and Changes in Fund Balance display financial information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for services and other revenues. The various governmental funds listed below are all combined together for the Government-Entity Wide financial statement presentation. We have added these two financial statements due to recent accounting changes.

FUND FINANCIAL STATEMENTS

The accounts of the Township are organized on the basis of funds and accounting groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Combined Statement of Assets, Liabilities and Fund Balances and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Funds are the respective fund financial statements.

GOVERNMENT FUNDS PRESENTED IN THE FINANCIAL STATEMENTS

GENERAL FUND: The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS: The Special Revenue Funds account for revenues derived from specific taxes or other earmarked revenue sources. The State Liquid Fuels Highway Aid Fund and the Street Light/Capital Improvement Fund are special revenue funds used to account for revenue from the Commonwealth of Pennsylvania for the maintenance and construction of highways and streets and other capital improvements. The Fire Tax Fund was created to account for tax revenue collected for and distributed to the three fire companies that serve the township. The Fire Hydrant Tax Fund was created for the fire hydrant and water use of the 811 properties that are within 780 feet of a fire hydrant.

CAPITAL PROJECT FUND: Capital Project Funds are used to account for future capital expenditures. The Capital Reserve Fund for recreation fees is a Capital Project Fund. Its purpose is to accumulate fees paid by developers for the construction of a recreation complex. The Seitzland Pine St. Sewer Fund was created to account for the revenue collected and the debt service paid for the project. The Capital Reserve Fund was created from General Fund transfers for the purpose of future capital expenditures.

SHREWSBURY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEBT SERVICE FUND: Debt Service Funds are used to account for funds generated for future payments of debt obligations of the Township. The EDU Fund is a Debt Service Fund. Its purpose is to accumulate fees paid by developers for each Sewer EDU of capacity that they purchase. These funds are accumulated for the future payment of Sewer Debt Obligations for the Township.

FIDUCIARY FUND TYPE

AGENCY FUND: This fund is used to account for assets held by the Township as an agent for other funds and/or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The Volunteer Fire Relief Fund is an agency funds.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for on the basis of cash receipts and expenditures; consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the liability is incurred.

BUDGETS

In accordance with the laws of the Commonwealth, the budget was adopted December 7, 2016 and a certification filed with the Secretary of Community Affairs for the Commonwealth of Pennsylvania, as of that date.

All unused Budget Appropriations lapse at year-end.

GENERAL FIXED ASSETS

Acquisitions of property and equipment are not recorded in a general fixed assets group of accounts, but are included as expenditures in the year of acquisition. Therefore, no depreciation expense is recorded.

REAL ESTATE TAXES

The real estate tax rate for the year 2017 was .074 mills. A two percent (2%) discount allowed if paid within two months after the date of the tax notice. Four months after the date of the tax notice, a penalty of ten percent (10%) is charged. Delinquent taxes are returned to the County for collection no later than January 15th of the year following the year of levy.

Real estate taxes are included in revenue during the year of collection. The Real estate tax rate was approved by the Township Supervisors December 7, 2016.

SHREWSBURY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TOTAL MEMO ONLY COLUMNS

The memo only totals are presented only for informational purposes and the totals do not present consolidated financial information.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

Cash and Temporary Investments consist of the following as of December 31:

<u>GENERAL FUND</u>	<u>Book</u>	<u>Bank</u>
Checking - BB & T Bank	\$ -	\$ -
Checking - BB & T Bank	-	-
Payroll - BB & T Bank	2,439,885	2,469,075
MM Savings - Peoples Bank	-	-
MM Savings - Peoples Bank	-	-
Petty Cash	100	-
Pennsylvania Local Government Investment Trust - PLGIT	-	-
Pennsylvania Local Government Investment Trust - PLGIT PLUS	-	-
	<u>2,439,985</u>	<u>2,469,075</u>
<u>HIGHWAY AID FUND</u>		
Checking - Peoples Bank	242,041	241,711
<u>SPECIAL FIRE TAX FUND</u>		
Fire Tax Fund - Peoples Bank	2,861	2,861
<u>FIRE HYDRANT TAX FUND</u>		
Fire Hydrant Tax Fund - Peoples Bank	10,445	10,445
<u>STREET LIGHT FUND</u>		
Checking - Peoples Bank	5,130	5,130
<u>CAPITAL RESERVE – RECREATION FUND</u>		
Savings - Peoples Bank	47,065	47,065
<u>CAPITAL RESERVE FUND</u>		
Savings - Peoples Bank	322,831	322,831
<u>SEITZLAND SEWER</u>		
Savings - Peoples Bank	87,756	87,308
TOTAL CASH AND TEMPORARY INVESTMENTS	<u><u>\$ 3,158,114</u></u>	<u><u>\$ 3,186,426</u></u>

As of December 31, 2017 the carrying amount of deposits was \$3,158,114 and the bank balance was \$3,186,426. All deposits are fully insured by FDIC, FSLIC or collateralized in accordance with Act 72.

SHREWSBURY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND TEMPORARY INVESTMENTS (CONTINUED)

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. As of December 31, 2017, \$2,686,426 of the Borough's bank balance of \$3,186,426 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	2,686,426
Uninsured and collateral held by the pledging bank's trust department not in the Township's name	-
	<u>\$ 2,686,426</u>

Reconciliation to Financial Statements:

Collateralized with securities held by the pledging financial institution	\$ 2,686,426
Plus: Insured Amount	500,000
Less: Outstanding Checks	(32,185)
Plus: Deposits in Transit	3,773
Carrying Amount - Bank Balances	<u>3,158,014</u>
Plus: Petty Cash	100
Total Cash per Financial Statements	\$ 3,158,114

Cash Summary per Respective Funds:

Statement of Net Assets - Cash - Governmental Funds	\$ 3,158,114
Total Cash per Financial Statements	\$ 3,158,114

NOTE 3 - SHREWSBURY TOWNSHIP G.O. NOTE, SERIES OF 2011

The Township issued General Obligation Note, Series of 2011 for \$625,000 to finance the Township's share of the treatment plant upgrade and for installation of public sewers in the Township, and to pay the costs of the bonds.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	\$ 39,060	2023	\$ 44,796
2019	40,145	2024	46,041
2020	41,261	2025	47,320
2021	42,407	2026	48,635
2022	43,585	2027	49,060
	TOTAL		\$ 442,310

SHREWSBURY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - PENSION PLANS

Shrewsbury Township's Non-Uniform Pension Plan is a single-employer defined benefit pension plan controlled by the Township. Shrewsbury Township is responsible for the management of plan assets and has delegated the authority to manage plan assets to the Principal Life Insurance Company.

On December 18, 1984, the Governor signed into law Act 205 - The Municipal Pension Plan Funding Standard and Recovery Act. The Act allows municipalities to use the casualty premium taxes received from the Commonwealth to help defray the pension plan costs of non-uniformed employees. During 2017, the Township received a \$22,370 state allotment, which was deposited into the Non-Uniform Employees' Pension Plan along with the Township contribution of \$0 to equal the minimum municipal contribution of \$22,370. The most recent actuarial valuations of the plan is January 1, 2015. The Entry Age Normal Cost Method is the actuarial cost method utilized to determine the annual minimum municipal contribution obligation for the plan as specified in Act 205.

The following is a summary of the employee eligibility requirements and benefits under the Township's Non-Uniform Employees' Pension Plan.

Non-Uniformed

- | | |
|--------------------------------------|--|
| 1. Covered Employees | All non-uniformed employees join the plan |
| 2. Eligibility for Normal Retirement | Attainment of age 62 with 10 years of vesting service. |
| 3. Monthly Pension Benefit | 1.00% of average compensation times accrual service.
(average compensation is the monthly average of total pay received for the five latest years.) |
| 4. Required Employee Contributions | Participants are not required to contribute to the plan. |

5. Standardized measure of Unfunded Pension Benefit Obligation (actuarial present value) as of Jan. 1, 2015 (most recent available)

Actuarial accrued Liability	\$ 578,917
Actuarial Value of Plan Assets	<u>617,867</u>
Unfunded actuarial accrued liability	\$ (38,950)

A negative unfunded actuarial accrued liability means that the actuarial value of assets exceeds the actuarial accrued liability by the specified amount.

SHREWSBURY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - PENSION PLANS (CONTINUED)

Normal Cost	\$ 26,058
Annual Employee Compensation	450,448
Total normal cost as a percentage of compensation	5.78%

As of January 1, 2015, the pension plan's membership consisted of:

Active participants	9
Inactive Participants	<u>2</u>
Total participants	<u><u>11</u></u>

NOTE 5 - CONTINGENCIES

The Township is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its municipal activities. Each of these matters is subject to uncertainties, and some of these matters may be resolved unfavorably to the municipality. Management believes that any liability that may ultimately result from the resolution of these matters would not have a material adverse effect on the financial position of the municipality.

NOTE 6 - SUBSEQUENT EVENTS

Management of the Township has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

SUPPLEMENTARY INFORMATION

SHREWSBURY TOWNSHIP
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
SPECIAL REVENUE FUNDS - CASH BASIS
DECEMBER 31, 2017

	<u>State Highway Aid Fund</u>	<u>Street Light/ Capital Improvement Fund</u>	<u>Fire Tax Fund</u>	<u>Fire Hydrant Tax Fund</u>	<u>Total Special Revenue Funds</u>
<u>ASSETS</u>					
Cash	\$ 242,041	\$ 5,130	\$ 2,861	\$ 10,445	\$ 260,477
Due From	<u>0</u>	<u>0</u>	<u>2,957</u>	<u>0</u>	<u>2,957</u>
TOTAL ASSETS	<u><u>\$ 242,041</u></u>	<u><u>\$ 5,130</u></u>	<u><u>\$ 5,818</u></u>	<u><u>\$ 10,445</u></u>	<u><u>\$ 263,434</u></u>
<u>LIABILITIES</u>					
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCES</u>					
Unreserved Fund Balances	<u>242,041</u>	<u>5,130</u>	<u>5,818</u>	<u>10,445</u>	<u>263,434</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 242,041</u></u>	<u><u>\$ 5,130</u></u>	<u><u>\$ 5,818</u></u>	<u><u>\$ 10,445</u></u>	<u><u>\$ 263,434</u></u>

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
SPECIAL REVENUE FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>State Highway Aid Fund</u>	<u>Street Light/ Capital Improvement Fund</u>	<u>Fire Tax Fund</u>	<u>Fire Hydrant Tax Fund</u>	<u>Total Special Revenue Funds</u>
REVENUES					
Interest	\$ 7,351	\$ 5	\$ 547	\$ 1	\$ 7,904
Intergovernmental Revenue	368,093				368,093
Taxes			197,872	28,294	226,166
Charges for Services		2,394			2,394
Interfund Transfers				1,000	1,000
TOTAL REVENUES	<u>375,444</u>	<u>2,399</u>	<u>198,419</u>	<u>29,295</u>	<u>605,557</u>
EXPENDITURES					
General Government	\$ 0	\$ 2,980	\$ 9,844	\$ 0	\$ 12,824
Public Works - Highways	786,480				786,480
Public Safety			187,843	24,787	212,630
Miscellaneous			10		10
Interfund Transfers					0
TOTAL EXPENDITURES	<u>786,480</u>	<u>2,980</u>	<u>197,697</u>	<u>24,787</u>	<u>1,011,944</u>
EXCESS OF REVENUES OVER EXPENDITURES	(411,036)	(581)	722	4,508	(406,387)
FUND BALANCES - BEGINNING OF YEAR	<u>653,077</u>	<u>5,711</u>	<u>5,096</u>	<u>5,937</u>	<u>669,821</u>
FUND BALANCES - END OF YEAR	<u>\$ 242,041</u>	<u>\$ 5,130</u>	<u>\$ 5,818</u>	<u>\$ 10,445</u>	<u>\$ 263,434</u>

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
CAPITAL PROJECT FUNDS - CASH BASIS
DECEMBER 31, 2017

	<u>Capital Reserve for Recreation Fees Fund</u>	<u>Seitzland Pine St Sewer Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Capital Project Funds</u>
<u>ASSETS</u>				
Cash	\$ 47,065	\$ 87,756	\$ 322,831	\$ 457,652
TOTAL ASSETS	<u>\$ 47,065</u>	<u>\$ 87,756</u>	<u>\$ 322,831</u>	<u>\$ 457,652</u>
<u>LIABILITIES</u>				
Due To	\$ 25,000	\$ 0	\$ 0	\$ 25,000
Current Liabilities		39,169		39,169
Long Term Liabilities		403,141		403,141
TOTAL LIABILITIES	<u>\$ 25,000</u>	<u>\$ 442,310</u>	<u>\$ 0</u>	<u>\$ 467,310</u>
<u>FUND BALANCES</u>				
Unreserved Fund Balances	22,065	(354,554)	322,831	(9,658)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,065</u>	<u>\$ 87,756</u>	<u>\$ 322,831</u>	<u>\$ 457,652</u>

See accompanying notes to the financial statements.

SHREWSBURY TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
CAPITAL PROJECT FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Capital Reserve for Recreation Fees Fund</u>	<u>Seitzland Pine St Sewer Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Capital Project Funds</u>
<u>REVENUES</u>				
Interest	\$ 74	\$ 139	\$ 1,721	\$ 1,934
Intergovernmental Revenue	30,000			30,000
Charges for Services	15,000	32,565		47,565
Interfund Transfers			321,110	321,110
TOTAL REVENUES	<u>45,074</u>	<u>32,704</u>	<u>322,831</u>	<u>400,609</u>
<u>EXPENDITURES</u>				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Works - Sanitation				0
Culture and Recreation	2,869			2,869
Debt Service		11,287		11,287
Miscellaneous		27		27
Interfund Transfers				0
TOTAL EXPENDITURES	<u>2,869</u>	<u>11,314</u>	<u>0</u>	<u>14,183</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	42,205	21,390	322,831	386,426
<u>FUND BALANCES - BEGINNING OF YEAR</u>	<u>(20,140)</u>	<u>(375,944)</u>	<u>0</u>	<u>(396,084)</u>
<u>FUND BALANCES - END OF YEAR</u>	<u>\$ 22,065</u>	<u>\$ (354,554)</u>	<u>\$ 322,831</u>	<u>\$ (9,658)</u>

See accompanying notes to the financial statements.

AUDITOR'S REPORT
SHREWSBURY TOWNSHIP

Notice is hereby given that the auditor's report for the Shrewsbury Township , York County, Pennsylvania has been filed with the Secretary of the Township, the Court of Common Pleas of York County, and the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

The following is a concise summary of the annual audit and financial report-cash basis. The detail auditors' report is available at the Township office for public inspection.

STATEMENT OF REVENUE AND EXPENDITURES-CASH BASIS
YEAR ENDED DECEMBER 31, 2017

GENERAL FUND

BALANCE-BEGINNING OF YEAR		\$ 2,233,604
REVENUE:		
TAXES	\$ 1,328,905	
LICENSES AND PERMITS	58,780	
FINES	16,859	
INTEREST AND RENTS	11,172	
INTERGOVERNMENTAL REVENUE	230,788	
DEPARTMENT EARNINGS	250,501	
MISCELLANEOUS REVENUE	19,367	
TOTAL REVENUE	<u>1,916,372</u>	1,916,372
EXPENDITURES:		
GENERAL GOVERNMENT	\$ 446,018	
PUBLIC SAFETY	189,140	
HEALTH & HUMAN SERVICES	5,754	
PUBLIC WORKS-SANITATION	-	
PUBLIC WORKS-HIGHWAY	440,885	
OTHER PUBLIC WORKS ENTERPRISES	3,629	
CULTURE AND RECREATION	74,695	
COMMUNITY DEVELOPMENT	3,300	
MISCELLANEOUS EXPENDITURES	524,527	
TOTAL EXPENDITURES	<u>1,687,948</u>	1,687,948
BALANCE-END OF YEAR		\$ <u><u>2,462,028</u></u>

SPECIAL REVENUE FUNDS-
STATE HIGHWAY AID, STREET LIGHT/CAPITAL IMPROVEMENT,
FIRE TAX AND FIRE HYDRANT TAX FUND

BALANCE-BEGINNING OF YEAR		\$	669,821
REVENUE:			
TAXES	\$	226,166	
INTEREST		7,904	
INTERGOVERNMENTAL REVENUE		368,093	
DEPARTMENT EARNINGS		2,394	
INTERFUND TRANSFERS		1,000	
TOTAL REVENUE		<u>1,000</u>	605,557
EXPENDITURES:			
GENERAL GOVERNMENT		12,824	
PUBLIC SAFETY		212,630	
PUBLIC WORKS-HIGHWAY		786,480	
MISCELLANEOUS		10	
		<u>10</u>	<u>1,011,944</u>
BALANCE-END OF YEAR		\$	<u><u>263,434</u></u>

CAPITAL PROJECT FUNDS -
CAPITAL RESERVE FOR RECREATION FEES, SEITZLAND PINE ST SEWER
AND CAPITAL RESERVE FUND

BALANCE-BEGINNING OF YEAR		\$	(396,084)
REVENUE:			
INTEREST			1,934
INTERGOVERNMENTAL REVENUE			30,000
DEPARTMENT EARNINGS			47,565
INTERFUND TRANSFERS			321,110
EXPENDITURES:			
MISCELLANEOUS EXPENDITURES			14,183
BALANCE-END OF YEAR		\$	<u><u>(9,658)</u></u>

KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

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Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

February 16, 2018

Board of Supervisors
Shrewsbury Township
11505 Susquehanna Trail South
Glen Rock, Pa. 17327

Board of Supervisors:

We have completed the audit for Shrewsbury Township for 2017.

We have audited the accompanying basic financial statements of Shrewsbury Township as of and for the year ended 2017. We conducted our audit in accordance with generally accepted auditing standards. We have issued our audit report in accordance with the above standards stating that the basic financial statements present fairly in all material respects the financial position of Shrewsbury Township.

In planning and performing our audit, we considered Shrewsbury Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shrewsbury Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Shrewsbury Township's internal control over financial reporting.

We would like to take this opportunity to thank the Township staff for the cooperation and assistance we received during the course of our audit.

Sincerely,

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants