

**MANHEIM TOWNSHIP
SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Manheim Township School District
Lancaster, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Manheim Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District'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 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, each major fund, and the aggregate remaining fund information of the Manheim Township School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1, to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions* as of July 1, 2014. The District expanded its note disclosures and required supplementary information related to its pension plans. Our opinion is not modified with respect to this matter.

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 4 through 13 and the required supplementary information as listed in the table of contents, 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 Manheim Township School District’s basic financial statements. The Combining Balance Sheet - Capital Projects Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds, Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund, and Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund, as listed in the table of contents as Supplementary Information are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Manheim Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Manheim Township School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
November 30, 2015

**MANHEIM TOWNSHIP SCHOOL DISTRICT
LANCASTER COUNTY, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2015**

The discussion and analysis of the Manheim Township School District (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Financial highlights for the year ended June 30, 2015, are as follows:

With earned income tax, current real estate and real estate transfer tax collections exceeding amounts budgeted by \$1.3 million, various expenditures under budget, and a fund transfer to the Capital Reserve Fund to cover future unanticipated and proposed capital projects, the District ended the fiscal year with an increase in the general fund balances of \$2.9 million. Some of the variances in budgeted revenues were as follows:

- ❖ Current Earned Income Tax collections exceeded budget approximately \$540,000
- ❖ Current Real Estate Taxes exceeded budget approximately \$232,000
- ❖ Real Estate Transfer Taxes exceeded budget approximately \$555,000

Various expenditure categories were under budget while other areas exceeded budgeted amounts. Salaries and corresponding benefits were under budget for the fiscal year as well as medical and dental health benefit expenses, transportation services, and utilities. Expenditures in other categories over original budgets included contracted and temporary purchased services, operation of plant services and charter school tuition payments.

More detail related to line item revenue and expenditure variances can be found in the Schedule of Revenues and Other Financing Sources - Budget and Actual and Schedule of Expenditures and Other Financing Uses - Budget and Actual in the Supplementary Information to the Financial Statements.

The food service program, operated as a business-type activity, reflected a decrease in net position of \$272,624 for the year ended June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, notes to financial statements and supplementary information. These statements are organized so the reader can understand the District as a financial whole and to provide a detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The governmental-fund statements indicate how general District services were financed in the short-term as well as what remains for future spending.

Proprietary-fund statements offer short and long-term financial information about the activities that the District operates like a business, such as food services. Fiduciary-fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain information contained within, as well as provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the District's budget to actual results for the year.

Figure A-1 shows how the various parts of the Financial Section are arranged and relate to one another:

Figure A-1
Components of
Manheim Township School District's
Financial Report

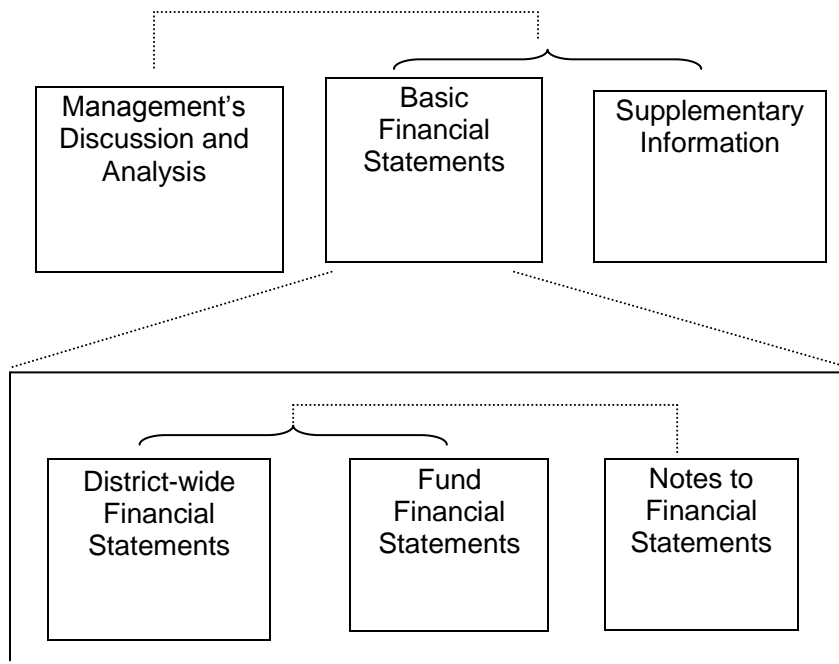


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities funds
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows and inflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources and liabilities, is one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indication of whether its financial position is improving or deteriorating. To assess the District's overall health, consideration needs to be given to additional non-financial factors, such as changes in the District's property tax base, the performance of the students and the condition or need for improvements or expansion to existing school facilities.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and Federal subsidies and grants finance most of these activities.
- Business-type activities - The District operates a food-service operation and charges fees to staff, students and visitors to help it cover the costs of the food-service operation.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the District's activities are reported in governmental funds, which focus on expendable financial resources and related liabilities and changes therein, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental-fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the focus is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements.

Fiduciary funds - The District is the trustee, or fiduciary, for some scholarship and agency funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$(28,296,065) at June 30, 2015, and \$64,911,070 at June 30, 2014.

Table A-1
Statements of Net Position
June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 36,589,873	\$ 32,914,394	\$ 1,521,133	\$ 1,609,676	\$ 38,111,006	\$ 34,524,070
Noncurrent assets						
Capital assets	162,333,056	167,800,179	888,995	1,023,343	163,222,051	168,823,522
Total assets	\$ 198,922,929	\$ 200,714,573	\$ 2,410,128	\$ 2,633,019	\$ 201,333,057	\$ 203,347,592
Deferred Outflows of Resources	\$ 17,139,709	\$ 9,699,184	\$ 189,000	\$ -	\$ 17,328,709	\$ 9,699,184
Current liabilities	\$ 10,656,615	\$ 10,518,038	\$ 85,376	\$ 81,643	\$ 10,741,991	\$ 10,599,681
Noncurrent liabilities	226,926,840	137,536,025	2,139,000	-	229,065,840	137,536,025
Total liabilities	\$ 237,583,455	\$ 148,054,063	\$ 2,224,376	\$ 81,643	\$ 239,807,831	\$ 148,135,706
Deferred Inflows of Resources	\$ 6,997,000	\$ -	\$ 153,000	\$ -	\$ 7,150,000	\$ -
Net Position						
Net investment in capital assets	\$ 42,408,968	\$ 40,740,966	\$ 888,995	\$ 1,023,343	\$ 43,297,963	\$ 41,764,309
Restricted	7,688,111	7,012,443	-	-	7,688,111	7,012,443
Unrestricted	(78,614,896)	14,606,285	(667,243)	1,528,033	(79,282,139)	16,134,318
Total net position	\$ (28,517,817)	\$ 62,359,694	\$ 221,752	\$ 2,551,376	\$ (28,296,065)	\$ 64,911,070

Most of the District's assets are invested in capital assets (land and land improvements, site improvements, building and building improvements, furniture and equipment and construction-in-progress) which are offset by accumulated depreciation and related debt to reflect the amount invested in capital assets under net position. The remaining restricted and unrestricted net position is a combination of designated and undesignated amounts as well as reserves for capital projects. Total net capital assets decreased with the sale of the former district administration building as well as the annual depreciation expense.

Total net position decreased approximately \$93 million which is a result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. With this implementation, the District was required to recognize the obligation and deferred inflows and outflows resulting from the proportionate share of the Public School Employees Retirement System (PSERS) net pension liability as of June 30, 2013.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are presented to determine the final amount of the District's activities that are supported by general revenues. The two largest general revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania and the local taxes assessed to community taxpayers.

Table A-2 takes the information from the Statement of Activities and rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Statements of Changes in Net Position
Years Ended June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 1,140,708	\$ 640,451	\$ 1,327,953	\$ 1,316,498	\$ 2,468,661	\$ 1,956,949
Operating grants and contributions	10,598,053	9,169,417	983,802	1,117,522	11,581,855	10,286,939
Capital grants and contributions	641,554	677,305	-	-	641,554	677,305
General revenues						
Property taxes	57,538,598	55,918,725	-	-	57,538,598	55,918,725
Other taxes	8,225,145	7,693,209	-	-	8,225,145	7,693,209
Grants, subsidies and contributions not restricted	5,830,222	5,831,256	-	20	5,830,222	5,831,276
Other	(446,524)	302,206	3,020	2,853	(443,504)	305,059
Total revenues	83,527,756	80,232,569	2,314,775	2,436,893	85,842,531	82,669,462
Expenses						
Instruction	44,532,511	39,139,328	-	-	44,532,511	39,139,328
Instructional student support	6,755,198	6,022,719	-	-	6,755,198	6,022,719
Administrative and financial support	6,696,481	5,613,004	-	-	6,696,481	5,613,004
Operation and maintenance of plant	7,512,927	7,423,794	-	-	7,512,927	7,423,794
Pupil transportation	3,272,725	3,069,076	-	-	3,272,725	3,069,076
Student activities	1,229,943	1,093,822	-	-	1,229,943	1,093,822
Community services	1,031	1,138	-	-	1,031	1,138
Interest on long-term debt	4,648,732	5,390,020	-	-	4,648,732	5,390,020
Unallocated depreciation	5,612,719	5,569,345	-	-	5,612,719	5,569,345
Food service	-	-	2,587,399	2,473,609	2,587,399	2,473,609
Total expenses	80,262,267	73,322,246	2,587,399	2,473,609	82,849,666	75,795,855
Changes in net position	3,265,489	6,910,323	(272,624)	(36,716)	2,992,865	6,873,607
Net position - beginning	62,359,694	55,449,371	2,551,376	2,588,092	64,911,070	58,037,463
Prior period adjustment	(94,143,000)	-	(2,057,000)	-	(96,200,000)	-
Net position - beginning as restated	(31,783,306)	55,449,371	494,376	2,588,092	(31,288,930)	58,037,463
Net position - ending	\$ (28,517,817)	\$ 62,359,694	\$ 221,752	\$ 2,551,376	\$ (28,296,065)	\$ 64,911,070

The \$(446,524) under governmental activities general revenues is a result of recognizing a net loss on the sale of the former administration building of \$(806,844) offset by investment earnings and miscellaneous income of \$360,320.

The prior period adjustment of \$96,200,000 is recognizing the decrease in total net position as of July 1, 2014, as a result of the GASB No. 68 implementation described previously.

Table A-3 shows the District's seven largest functions - instruction, instructional student support, administrative and financial support, operation and maintenance of plant, pupil transportation, student activities, and community services, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Statements of Total and Net Cost of Services
Governmental Activities
Years Ended June 30, 2015 and 2014

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 44,532,511	\$ 39,139,328	\$ 36,657,651	\$ 32,451,040
Instructional student support	6,755,198	6,022,719	5,976,948	5,374,133
Administrative and financial support	6,696,481	5,613,004	6,177,899	5,192,652
Operation and maintenance of plant	7,512,927	7,423,794	6,519,643	6,879,600
Pupil transportation	3,272,725	3,069,076	2,040,473	1,889,761
Student activities	1,229,943	1,093,822	890,850	767,676
Community services	1,031	1,138	(1,409)	(1,849)
Interest on long-term debt	4,648,732	5,390,020	4,007,178	4,712,715
Unallocated depreciation	5,612,719	5,569,345	5,612,719	5,569,345
Total governmental activities	\$ 80,262,267	\$ 73,322,246	67,881,952	62,835,073
Less: Grants, subsidies and contributions not restricted			<u>5,830,222</u>	<u>5,831,256</u>
Total needs from local taxes and other revenues			<u>\$ 62,051,730</u>	<u>\$ 57,003,817</u>

Expenses for governmental activities increased by \$6.9 million which is primarily due to an increase in PSERS retirement expenses of \$1.7 million as well as an additional \$2 million cost of benefits recognized during the current year with the implementation of GASB No. 68. Areas of other increases included \$1.4 million in wages, \$.5 million in special education costs, \$.3 million in contracted substitute and temporary services, and \$.3 million in charter school tuition payments.

THE DISTRICT'S FUNDS

At June 30, 2015, the District's governmental funds reported a combined fund balance of \$24,997,018 which is an increase of \$3.2 million from the prior year. The primary reasons for this net increase are contained in two specific funds:

General Fund:

The District experienced a \$2.9 million increase in the General Fund's fund balances. This was a result of earned income and real estate transfer tax collections exceeding amounts budgeted as well as expenditures coming in under budget in various areas as described previously under Financial Highlights. Of the \$2.9 million increase, \$1 million was assigned for future PSERS/medical benefits, \$1.5 million was assigned for technology and \$400,000 was assigned for debt service. The unassigned fund balance at June 30, 2015, is 7% of total 2014-2015 budgeted expenditures and other financing uses. More detail regarding the fund balances can be found in the notes to the financial statements.

Capital Projects Fund:

The District's Capital Projects Funds are comprised of construction funds used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities as well as the District's Capital Reserve Fund. Construction fund balances decreased approximately \$300,000. With continued planning for unanticipated and proposed capital projects each year, additional funds were transferred to the Capital Reserve Fund. This fund was established to finance capital projects without the need for additional borrowing. The Capital Reserve Fund's fund balance reflected a net increase of approximately \$640,000. More detail on these funds can be found in the Combining Capital Projects Funds' statements.

General Fund Budget

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again approved at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the financial statements.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budgetary reserve and grant contingencies to specific expenditure areas as unplanned grants/contributions are received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2015, the District had \$162,333,056 invested in a broad range of capital assets, including land and land improvements, site improvements, building and building improvements, furniture and equipment and construction-in-progress. While there were additional capital assets purchased during the year, there was a net decrease in Capital Assets with the sale of the former administration building as well as the annual depreciation expense.

Table A-4
Governmental Activities
Capital Assets - net of depreciation

More detailed information about capital assets is included in the notes to financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and land improvements	\$ 11,779,101	\$ 11,748,569	\$ -	\$ -	\$ 11,779,101	\$ 11,748,569
Site improvements	12,283,001	11,361,858	-	-	12,283,001	11,361,858
Building and building improvements	133,000,548	139,155,089	-	-	133,000,548	139,155,089
Furniture and equipment	4,985,446	5,103,880	888,995	1,023,343	5,874,441	6,127,223
Construction-in-progress	284,960	430,783	-	-	284,960	430,783
Total capital assets	\$ 162,333,056	\$ 167,800,179	\$ 888,995	\$ 1,023,343	\$ 163,222,051	\$ 168,823,522

DEBT ADMINISTRATION

As of July 1, 2014, the District had total outstanding bond principal of \$127,050,000. During the year, the District issued General Obligation Bonds, Series A of 2014, in the amount of \$57,500,000 which were used to refund and retire the General Obligation Bonds, Series of 2011. In addition, the General Obligation Bonds, Series of 2015, were issued to advance refund a portion of the General Obligation Bonds, Series of 2008 and to advance refund the General Obligation Bond, Series B of 2009. The District paid the principal balance remaining in the Series of 2008, in addition to scheduled principal payments, for a total of \$7,885,000 resulting in outstanding debt as of June 30, 2015, of \$119,365,000.

Table A-5
Outstanding Debt

	2014	2015
General Obligation Bonds, Series of 2008	\$ 6,640,000	\$ -
General Obligation Bonds, Series A of 2009	6,365,000	3,230,000
General Obligation Bonds, Series B of 2009	4,470,000	-
General Obligation Bonds, Series of 2010	29,700,000	29,525,000
General Obligation Notes, Series of 2011	57,165,000	-
General Obligation Bonds, Series of 2012	7,600,000	7,260,000
General Obligation Bonds, Series of 2013	5,115,000	4,445,000
General Obligation Bonds, Series of 2014	9,995,000	9,990,000
General Obligation Bonds, Series A of 2014	-	55,900,000
General Obligation Bonds, Series of 2015	-	9,015,000

Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The 2015-16 budgeted revenue is approximately \$3.2 million more than the 2014-15 budgeted revenue. While the 2014-15 budget did not include a millage tax increase, additional taxable assessments resulted in an increase in budgeted real estate taxes of approximately \$700,000. The remaining major increases in budgeted revenue is a result of an increase in budgeted earned income tax collections of \$1 million, real estate transfer taxes of \$350,000 and the state share of the PSERS reimbursement of \$850,000. The 2015-16 budgeted expenditures and other financing uses is approximately \$2 million more than the 2014-15 budgeted expenditures and other financing uses. While there were increases and decreases in various categories, this net increase is mainly a result of an increase in budgeted salaries of \$700,000, an increase in retirement contributions of \$1.7 million due to the increase in the PSERS contribution rate from 21.40% to 25.84% and a decrease of budgeted medical and dental benefit payments of \$600,000. The comparisons of revenue and expenditure categories follow:

Table A-6
BUDGETED REVENUES

	2014-2015 (actual)	2015-2016
Local	80.05%	79.95%
State	17.86%	19.03%
Federal	.87%	1.02%
Other Financing Sources	1.22%	-

BUDGETED EXPENDITURES AND OTHER FINANCING USES

	2014-2015 (actual)	2015-2016
Instruction	52.27%	55.26%
Support Services	27.95%	28.65%
Non-Instruction/Community	1.42%	1.34%
Facilities Acquisition/Fund Transfers/Other	18.36%	14.75%

The 2014-2015 other financing sources includes proceeds from the sale of the former administration building as well as insurance recoveries.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board of School Directors' accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Laura G. Heikkinen, Director of Business Operations at Manheim Township School District, P.O. Box 5134, Lancaster, PA 17606-5134 or at phone number (717) 569-8231.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 28,513,150	\$ 1,428,073	\$ 29,941,223
Investments	2,002,006	-	2,002,006
Receivables	4,423,615	134,471	4,558,086
Internal balances	96,665	(96,665)	-
Inventories	-	55,254	55,254
Prepaid expenses	1,554,437	-	1,554,437
Capital assets			
Land, improvements and construction-in-progress	12,064,061	-	12,064,061
Other capital assets, net of depreciation	150,268,995	888,995	151,157,990
Total capital assets	<u>162,333,056</u>	<u>888,995</u>	<u>163,222,051</u>
Total assets	<u><u>\$ 198,922,929</u></u>	<u><u>\$ 2,410,128</u></u>	<u><u>\$ 201,333,057</u></u>
Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 8,505,000	\$ 189,000	\$ 8,694,000
Deferred amounts on refunding debt	89,129	-	89,129
Deferred amounts on cash-flow hedge	8,545,580	-	8,545,580
Total deferred outflows of resources	<u><u>\$ 17,139,709</u></u>	<u><u>\$ 189,000</u></u>	<u><u>\$ 17,328,709</u></u>
Liabilities			
Accounts payable and accrued expenses	\$ 10,566,006	\$ 35,816	\$ 10,601,822
Unearned revenues	90,609	49,560	140,169
Long-term liabilities			
Due within one year	7,750,000	-	7,750,000
Due in more than 1 year	219,176,840	2,139,000	221,315,840
Total long-term liabilities	<u>226,926,840</u>	<u>2,139,000</u>	<u>229,065,840</u>
Total liabilities	<u><u>\$ 237,583,455</u></u>	<u><u>\$ 2,224,376</u></u>	<u><u>\$ 239,807,831</u></u>
Deferred Inflows of Resources			
Deferred amounts on pension liability	<u><u>\$ 6,997,000</u></u>	<u><u>\$ 153,000</u></u>	<u><u>\$ 7,150,000</u></u>
Net Position			
Net investment in capital assets	\$ 42,408,968	\$ 888,995	\$ 43,297,963
Restricted	7,688,111	-	7,688,111
Unrestricted	(78,614,896)	(667,243)	(79,282,139)
Total net position	<u><u>\$ (28,517,817)</u></u>	<u><u>\$ 221,752</u></u>	<u><u>\$ (28,296,065)</u></u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 44,532,511	\$ 100,042	\$ 7,774,818	\$ -	\$ (36,657,651)	\$ -	\$ (36,657,651)
Instructional student support	6,755,198	8,359	769,891	-	(5,976,948)	-	(5,976,948)
Administration and financial support	6,696,481	37,860	480,722	-	(6,177,899)	-	(6,177,899)
Operation and maintenance of plant	7,512,927	685,081	308,203	-	(6,519,643)	-	(6,519,643)
Pupil transportation	3,272,725	51,101	1,181,151	-	(2,040,473)	-	(2,040,473)
Student activities	1,229,943	258,265	80,828	-	(890,850)	-	(890,850)
Community services	1,031	-	2,440	-	1,409	-	1,409
Interest on long-term debt	4,648,732	-	-	641,554	(4,007,178)	-	(4,007,178)
Unallocated depreciation	5,612,719	-	-	-	(5,612,719)	-	(5,612,719)
Total governmental activities	80,262,267	1,140,708	10,598,053	641,554	(67,881,952)	-	(67,881,952)
Business-type activities:							
Food Service	2,587,399	1,327,953	983,802	-	-	(275,644)	(275,644)
Total primary government	\$ 82,849,666	\$ 2,468,661	\$ 11,581,855	\$ 641,554	(67,881,952)	(275,644)	(68,157,596)
General Revenues:							
Property taxes, levied for general purposes, net					\$ 57,538,598	\$ -	\$ 57,538,598
Public utility realty, earned income, and other Sec 679 and Act 511 taxes					8,225,145	-	8,225,145
Grants, subsidies and contributions not restricted					5,830,222	-	5,830,222
Investment earnings					97,026	3,020	100,046
Loss on disposition of capital assets					(806,844)	-	(806,844)
Miscellaneous income					263,294	-	263,294
Total general revenues					71,147,441	3,020	71,150,461
Changes in net position					3,265,489	(272,624)	2,992,865
Net Position - July 1, 2014 (as previously reported)					62,359,694	2,551,376	64,911,070
Prior period adjustment (see Note 11)					(94,143,000)	(2,057,000)	(96,200,000)
Net Position - July 1, 2014 (restated)					(31,783,306)	494,376	(31,288,930)
Net Position - June 30, 2015					\$ (28,517,817)	\$ 221,752	\$ (28,296,065)

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 21,991,211	\$ 6,521,855	\$ 84	\$ 28,513,150
Short term investments	2,002,006	-	-	2,002,006
Taxes receivable	715,595	-	-	715,595
Due from other funds	122,368	1,554,310	-	1,676,678
Due from other governments	3,483,705	-	-	3,483,705
Other receivables	212,544	-	-	212,544
Prepaid expenses	117,738	-	-	117,738
Total assets	\$ 28,645,167	\$ 8,076,165	\$ 84	\$ 36,721,416
Liabilities				
Due to other funds	\$ 1,413,124	\$ 155,118	\$ -	\$ 1,568,242
Due to other governments	433,663	-	-	433,663
Accounts payable	1,342,950	343,708	-	1,686,658
Accrued salaries and benefits	6,930,820	-	-	6,930,820
Payroll deductions and withholdings	412,430	-	-	412,430
Unearned revenues	90,609	-	-	90,609
Other current liabilities	93,307	-	-	93,307
Total liabilities	10,716,903	498,826	-	11,215,729
Deferred Inflows of Resources				
Delinquent property taxes	508,669	-	-	508,669
Fund Balances				
Nonspendable	117,738	-	-	117,738
Restricted	-	7,577,339	-	7,577,339
Committed	8,590,455	-	-	8,590,455
Assigned	2,940,254	-	84	2,940,338
Unassigned	5,771,148	-	-	5,771,148
Total fund balances	17,419,595	7,577,339	84	24,997,018
Total liabilities, deferred inflows of resources and fund balances	\$ 28,645,167	\$ 8,076,165	\$ 84	\$ 36,721,416

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balances - governmental funds		\$ 24,997,018
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$234,321,966, and the accumulated depreciation is \$71,988,910.		162,333,056
Derivative instruments are recorded at fair value. When the instruments are determined to be effective, changes in fair values are shown as deferred outflows on the Statement of Net Position.		8,545,580
Property taxes receivable will be collected this year, but they are not available soon enough to pay for the current period's expenditures, and therefore, they are deferred inflows of resources in the funds.		508,669
The difference between the re-acquisition price and the net carrying amount of the refunded debt is a deferred outflow of resources, which is not reported in the funds.		89,129
Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnote for detail):		
Deferred outflows		8,505,000
Deferred inflows		(6,997,000)
Long-term liabilities and related items are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities and related items at year-end consist of:		
Bonds payable	(119,365,000)	
Derivative instruments - interest-rate swaps	(8,545,580)	
Accrued interest	(1,009,128)	
Unamortized:		
Bond premiums	(750,861)	
Bond discounts	102,644	
Net pension liability	(97,881,000)	
Compensated absences	(487,043)	(227,935,968)
Bond-insurance premiums that are paid at bond settlement are expensed in the funds. The amounts attributable to future periods are reflected as prepaid premiums.		95,577
Prepaid other post-employment benefits are not expended in the current period, and therefore, are not reported as an asset in the funds.		1,341,122
Total net position - governmental activities		\$ (28,517,817)

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues				
Current and interim real estate taxes	\$ 56,911,668	\$ -	\$ -	\$ 56,911,668
Other taxes	8,723,985	-	-	8,723,985
Investment earnings	87,397	9,544	85	97,026
Other local sources	2,484,974	1,711	-	2,486,685
State sources	15,217,224	-	-	15,217,224
Federal sources	738,404	-	-	738,404
Total revenues	84,163,652	11,255	85	84,174,992
Expenditures				
Instructional	43,022,750	-	-	43,022,750
Support services	22,999,630	-	493,138	23,492,768
Operation of noninstructional services	1,172,564	-	-	1,172,564
Capital outlay	27,797	2,083,575	-	2,111,372
Debt service	-	-	12,670,258	12,670,258
Refund of prior years' receipts	95	-	-	95
Total expenditures	67,222,836	2,083,575	13,163,396	82,469,807
Excess (deficiency) of revenues over expenditures	16,940,816	(2,072,320)	(13,163,311)	1,705,185
Other Financing Sources (Uses)				
Interfund transfers in	-	2,411,500	12,667,266	15,078,766
Interfund transfers out	(15,078,766)	-	-	(15,078,766)
Refunding bond proceeds	-	-	66,570,000	66,570,000
Payment to refunded-bond escrow agent	-	-	(66,499,821)	(66,499,821)
Bond premium	-	-	425,950	425,950
Sale of capital assets	1,015,275	-	-	1,015,275
Insurance recoveries	28,718	-	-	28,718
Total other financing sources (uses)	(14,034,773)	2,411,500	13,163,395	1,540,122
Net changes in fund balances	2,906,043	339,180	84	3,245,307
Fund Balances - July 1, 2014	14,513,552	7,238,159	-	21,751,711
Fund Balances - June 30, 2015	\$ 17,419,595	\$ 7,577,339	\$ 84	\$ 24,997,018

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

Net changes in fund balances - all governmental funds	\$	3,245,307
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	3,042,578	
Less net book value of disposed capital assets	(1,822,118)	
Less depreciation expense	<u>(6,687,583)</u>	(5,467,123)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" in the governmental funds. Deferred inflows of resources increased by this amount this year.	128,185
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest costs in the Statement of Activities over the amount due is shown here.	121,584
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Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	6,761,000
Cost of benefits earned net of employee contributions (pension expense)	(8,991,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	(13,064)
Other post-employment benefits	<u>79,890</u>
	66,826

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of long-term debt	(66,995,950)
Repayment of long-term debt	74,255,000
Amortization of bond-issuance premiums	(38,064)
Amortization of charges for bond refunding	8,245
Amortization of bond premiums and discounts - net	136,519
Payment of capital lease obligation	<u>34,960</u>
	7,400,710

Change in net position of governmental activities	\$	<u><u>3,265,489</u></u>
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See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Current and interim real estate taxes	\$ 56,646,211	\$ 56,646,211	\$ 56,911,668	\$ 265,457
Other taxes	7,497,000	7,497,000	8,723,985	1,226,985
Investment earnings	75,000	75,000	87,397	12,397
Other local sources	2,273,475	2,273,475	2,484,974	211,499
State sources	15,594,755	15,594,755	15,217,224	(377,531)
Federal sources	673,000	673,000	738,404	65,404
Total revenues	82,759,441	82,759,441	84,163,652	1,404,211
Expenditures				
Instructional				
Regular programs	36,069,267	35,822,327	34,190,007	1,632,320
Special programs	8,636,551	8,755,305	7,927,495	827,810
Vocational programs	674,499	674,499	661,432	13,067
Other instructional programs	741,766	323,194	238,834	84,360
Nonpublic school programs	15,000	15,000	4,982	10,018
Total instructional	46,137,083	45,590,325	43,022,750	2,567,575
Support services				
Pupil personnel services	2,740,315	2,884,882	2,728,025	156,857
Instructional staff services	3,226,617	3,291,183	2,864,401	426,782
Administrative services	4,155,702	4,449,369	4,404,607	44,762
Pupil health	897,575	909,502	882,123	27,379
Business services	814,586	804,179	774,549	29,630
Operation and maintenance of plant services	7,444,825	7,618,972	7,345,787	273,185
Student transportation services	3,798,237	3,818,949	3,280,431	538,518
Central support services	594,032	696,429	663,340	33,089
Other support services	52,000	57,925	56,367	1,558
Total support services	23,723,889	24,531,390	22,999,630	1,531,760

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Operation of noninstructional services				
Student activities	1,179,894	1,245,344	1,171,533	73,811
Community services	9,714	9,714	1,031	8,683
Total operation of noninstructional services	1,189,608	1,255,058	1,172,564	82,494
Capital outlay	-	27,797	27,797	-
Refund of prior years' receipts	25,000	25,000	95	24,905
Total expenditures	71,075,580	71,429,570	67,222,836	4,206,734
Excess of revenues over expenditures	11,683,861	11,329,871	16,940,816	5,610,945
Other Financing Sources (Uses)				
Interfund transfers out	(12,865,600)	(13,111,610)	(15,078,766)	(1,967,156)
Sale of capital assets	5,000	5,000	1,015,275	1,010,275
Insurance recoveries	-	-	28,718	28,718
Budgetary reserve	(600,000)	-	-	-
Total other financing uses	(13,460,600)	(13,106,610)	(14,034,773)	(928,163)
Net changes in fund balance	\$ (1,776,739)	\$ (1,776,739)	2,906,043	\$ 4,682,782
Fund Balance - July 1, 2014			14,513,552	
Fund Balance - June 30, 2015			<u>\$ 17,419,595</u>	

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2015

Assets	
Cash and cash equivalents	\$ 1,428,073
Due from other governments	113,772
Other receivables	20,699
Inventories	55,254
Capital assets - net of depreciation	888,995
Total assets	\$ 2,506,793
Deferred Outflows of Resources	
Deferred amounts on pension liability	\$ 189,000
Liabilities	
Internal balances	\$ 96,665
Accounts payable	16,261
Accrued salaries and benefits	19,069
Unearned revenues	49,560
Other current liabilities	486
Net pension liability	2,139,000
Total liabilities	\$ 2,321,041
Deferred Inflows of Resources	
Deferred amounts on pension liability	\$ 153,000
Net Position	
Net investment in capital assets	\$ 888,995
Unrestricted	(667,243)
Total net position	\$ 221,752

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION -
 PROPRIETARY FUND - FOOD SERVICE
 Year Ended June 30, 2015**

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Operating Revenues	
Food service revenues	\$ 1,263,621
Charges for services	64,332
Total operating revenues	<u>1,327,953</u>
Operating Expenses	
Salaries	733,194
Employee benefits	456,531
Purchased professional and technical services	52,298
Purchased property services	62,663
Other purchased services	2,594
Supplies	1,121,230
Depreciation	158,459
Dues and fees	430
Total operating expenses	<u>2,587,399</u>
Operating loss	(1,259,446)
Nonoperating Revenues (Expenses)	
Investment earnings	3,020
State sources	161,044
Federal sources	822,758
Total nonoperating revenues	<u>986,822</u>
Change in net position	(272,624)
Net Position - July 1, 2014 (as previously reported)	2,551,376
Prior period adjustment (see Note 11)	(2,057,000)
Net Position - June 30, 2014 (restated)	<u>494,376</u>
Net Position - June 30, 2015	<u>\$ 221,752</u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2015**

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Cash Flows From Operating Activities	
Cash received from users	\$ 1,260,542
Cash received from other operating revenue	60,063
Cash payments to employees for services	(1,056,186)
Cash payments for goods and services	(1,111,852)
Cash payments for other operating expenses	(430)
Net cash used in operating activities	<u>(847,863)</u>
Cash Flows From Noncapital Financing Activities	
State sources	163,567
Federal sources	735,210
Cash provided by noncapital financing activities	<u>898,777</u>
Cash Flows From Capital and Related Financing Activities	
Capital outlay	<u>(24,111)</u>
Cash Flows From Investing Activities	
Investment earnings	<u>3,020</u>
Net increase in cash and cash equivalents	29,823
Cash and Cash Equivalents:	
July 1, 2014	1,398,250
June 30, 2015	<u>\$ 1,428,073</u>

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - FOOD SERVICE (Continued)
Year Ended June 30, 2015**

Reconciliation of Operating Loss to Net Cash Used	
in Operating Activities:	
Operating loss	\$ (1,259,446)
Adjustments to reconcile operating loss to net	
cash used in operating activities:	
Depreciation	158,459
Value of donated commodities	121,067
(Increase) decrease in:	
Receivables	(15,487)
Inventories	12,219
Deferred outflows of resources	(189,000)
Increase (decrease) in:	
Payables	83,172
Accrued salaries and benefits	(1,781)
Unearned revenues	7,934
Net pension liability	82,000
Deferred inflows of resources	153,000
Net cash used in operating activities	\$ (847,863)

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
Year Ended June 30, 2015

	Private-Purpose Trust Fund	Agency Student Activities	Total
Assets			
Cash and cash equivalents	\$ 23,848	\$ 84,617	\$ 108,465
Investments	152,292	-	152,292
Other receivables	547	-	547
Inventory	-	6,726	6,726
Total assets	\$ 176,687	\$ 91,343	\$ 268,030
Liabilities			
Due to other funds	\$ 70	\$ 11,701	\$ 11,771
Accounts payable	-	9,801	9,801
Other liabilities	500	-	500
Due to student groups	-	69,841	69,841
Total liabilities	\$ 570	\$ 91,343	\$ 91,913
Net Position			
Held in trust for scholarships	\$ 176,117	\$ -	\$ 176,117
Total net position	\$ 176,117	\$ -	\$ 176,117

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PRIVATE-PURPOSE TRUST FUND**

Year Ended June 30, 2015

	Private-Purpose Trust Fund
<hr/>	
Additions	
Investment earnings	\$ 1,390
Contributions	4,718
Total additions	<u>6,108</u>
Deductions	
Scholarships awarded	<u>7,079</u>
Changes in net position	(971)
Net Position - July 1, 2014	177,088
Net Position - June 30, 2015	<u>\$ 176,117</u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Manheim Township School District (the District), located in Lancaster County, Pennsylvania, provides a full range of educational services, appropriate to grades kindergarten through 12th, to students living in Manheim Township. These include regular and advanced academic programs and special education programs. The governing body of the District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. During this past year, the District was comprised of six elementary schools, one intermediate school, one middle school and one high school, serving approximately 5,800 students.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial-reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units, which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units.

B. 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 non-fiduciary activities of the primary government. The significant effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 fund financial statements are provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the District, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) Pronouncements.

The government-wide financial statements are reported using the economic-resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary-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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus deferred outflows of resources less total liabilities less deferred inflows) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations, and accumulated depreciation is reported on the Statement of Net Position.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from Federal, state and other grants designated for payment of specific District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When both restricted and unrestricted (including committed, assigned, and unassigned) resources are available for use, it is the School District's policy to use the resources with the most stringent restrictions first, followed by resources in decreasing order of restriction, as funds are needed.

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities (other than those financed by proprietary funds). This fund includes the District's Capital Reserve Fund which accounts for monies transferred during any fiscal year for capital outlays not accounted for in another fund.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The District operates one proprietary fund, the Food Service Fund. This fund accounts for the activities of the District's food-service program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal on-going operations. The principal operating revenues of the District's proprietary fund are food-service charges. Operating expenses for the District's proprietary fund include food-production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses. The District does not attempt to allocate "building-wide costs" to the Food Service Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

The District maintains the following fiduciary-fund types:

Private-Purpose Trust Fund - The Private-Purpose Trust Fund accounts for assets held by the District in a trustee capacity. It accounts for activities in various scholarship accounts, the sole purpose of which is to provide annual scholarships to students as prescribed by donor stipulations.

Agency Fund - Student Activities - The student activities fund accounts for assets held by the District as an agent for various student groups.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budget and Budgetary Accounting

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 31, management submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. At public board meetings, information is presented and debated. The public is welcome to comment on the budget.
3. Prior to June 30, procedures require a budget to be legally enacted.
4. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the Board.
5. Budgetary data is included in the District's management-information system and is employed as a management-control device during the year.
6. Unused appropriations lapse at the end of each fiscal year; however, the District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of fund balance in a like amount.
7. The budget for the General Fund is adopted on the modified-accrual basis of accounting, which is consistent with generally accepted accounting principles.
8. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effects of approved budget amendments.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents: The District considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Inventories: On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

A physical inventory of the proprietary fund's food and supplies was taken as of June 30, 2015. The inventory consisted of government-donated commodities which were valued at their estimated fair market values, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. The District has adopted a single inventory-recordkeeping system which does not distinguish between donated and purchased commodities. Accordingly, no unearned revenues for donated commodities have been recorded.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

Capital Assets and Depreciation: Capital assets, which include property, plant, and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized in accordance with board policy at the discretion of management, unless the assets are acquired by debt proceeds, in which case the asset is required to be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, costs, and the extent to which the assets are part of larger capital projects. Donated capital assets are recorded at their estimated fair market values at the dates of donation.

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

Depreciation is provided for capital assets on the straight-line basis over the following estimated useful lives:

Asset Class	Years
Buildings	40
Building improvements	20
Site improvements	20
Outdoor equipment	20
Furniture	20
Food-service equipment	12
Vehicles	10
Administrative equipment	10
Classroom equipment	10
Maintenance equipment	10
Musical instruments	10
Audiovisual equipment	7
Computers and computer equipment	5
Administrative software	5

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Outflows of Resources - Pensions: The District recognizes the changes in proportions in the pension plan, the difference between employer contributions and proportionate share of total contributions, and the contributions subsequent to the measurement date June 30, 2014 as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Long-Term Obligations: In the government-wide financial statements, and proprietary-fund types presented in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities columns in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds. Bond insurance costs are deferred as prepaid expenses and amortized over the lives of the bonds. Other issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond-issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Derivative Instruments: Derivatives instruments used by the District are swap contracts that have a variable or fixed payment based on the price of an underlying interest rate or index. Hedging-derivative instruments are used to reduce financial risks, such as offsetting increases in interest costs by offsetting changes in cash flows of the debt, the hedged item. These derivative instruments are evaluated to determine if the derivative instruments are effective in significantly reducing the identified financial risk at year end. If the derivative instrument is determined to be an effective hedge, its fair value is a deferred outflow of resources or deferred inflow of resources with a corresponding debit or credit to deferred outflows or inflows on the Statement of Net Position. Deferred outflows or inflows constitute changes in fair values of effectively-hedged derivative instruments. This account is neither an asset nor a liability. If the derivative instrument is determined to be an ineffective hedge or when there is no item to be hedged, the derivative instrument is considered to be an investment derivative; its fair value is an asset or liability on the Statement of Net Position and the change in fair value is recognized against investment revenue in the Statement of Activities.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Compensated Absences: Upon retirement, some employees, depending on length of service and job classification, are paid unused vacation and sick days subject to various maximums.

Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation, which is funded through the District's contribution to the statewide Public School Employees' Retirement System, a governmental cost-sharing, multiple-employer, defined-benefit pension plan. The District provides access to retiree health and dental care benefits to eligible retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported to PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Transfers: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the advances are accounted for through the various due from and due to accounts.

Deferred Inflows of Resources - Pensions: The District recognizes the net difference between projected and actual investment earnings of the pension plan as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Those property tax receivables expected to be collected after sixty days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Fund Balance:

The School District's fund balance classifications are defined and described as follows:

Nonspendable: Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted: Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purpose through the same action it used to commit the funds.

Assigned: Represents fund balance amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Through Board Policy, the Board has delegated the authority to express intent to the District's Director of Business Operations.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

The District has a board policy which prescribes fund balance guidelines. The District will strive to maintain an unassigned general fund balance of not less than 4 percent and not more than 8 percent of the budgeted expenditures for that year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances because they do not constitute expenditures or liabilities. GASB Statement 54 provides additional guidance on the classification within the net-position section of amounts that have been encumbered. These encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements.

Restricted Net Position

Restricted designates certain assets which were donated by third-parties who indicated that those assets were to be used for specific purposes.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Principle: In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this Statement are effective for the District's 2015 financial statements.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 30, 2015, the date the financial statements were available to be issued.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U. S. Treasury Bills
- Short-term obligations of the U. S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by:
 1. The Federal Deposit Insurance Corporation (FDIC), or
 2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
 3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of the political subdivisions
- Shares of investment companies whose investments are restricted to the above categories

The deposit and investment policies of the District adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either state statutes or the District's policies.

Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the District's investments may not be returned to it. As of June 30, 2015, \$32,047,361 of the District's total bank balances of \$32,302,361 was exposed to custodial-credit risk as follows:

	Amount
Uninsured and collateralized by assets maintained in conformity with Act 72 of 1971	\$ 32,047,361

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as pledgors of the assets.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments

As of June 30, 2015, the District had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Fulton Bank - Sinking Funds	\$ 84

Interest-Rate Risk

The District has a formal investment policy in accordance with the Pennsylvania School Code; however, the policy does not limit investment maturities as a means of managing the District's exposure to fair-value losses arising from increasing interest rates.

Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices. As of June 30, 2015, the District's investments in Fulton Bank - Sinking Funds were rated A1 by Moody's.

Concentrations-of-Credit Risk

The District places no limits on the amounts invested in any one issuer. The District's investments in Fulton Bank – Sinking Funds represent 100% of the District's total investments.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 3. Property Taxes

Property taxes are levied on July 1. Taxes are collected at a discount until August 31, at their face amount from September 1 until October 31, and include a penalty thereafter. The District's tax rate for all purposes in 2014-2015 was 18.6409 mills (\$18.6409 per \$1,000 assessed valuation). Lancaster County Tax Claim Bureau collects delinquent taxes for the District.

Note 4. Taxes Receivable and Unearned Tax Revenues

A summary of the taxes receivable and related accounts at June 30, 2015, follows:

	Real Estate		
	Annual	Interim	Total
Gross taxes receivable			
2014	\$ 466,431	\$ 70,959	\$ 537,390
2013 and prior	178,205	-	178,205
Total taxes receivable	644,636	70,959	715,595
Collections received within 60 days recognized as revenue	171,596	35,330	206,926
Unearned tax revenues	\$ 473,040	\$ 35,629	\$ 508,669

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Accounts

Individual fund receivable and payable balances at June 30, 2015, are as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$ 122,368	\$ 1,413,124
Capital Projects Fund	1,554,310	155,118
Business-Type Activities - Food Service Fund	13,124	109,789
Fiduciary Activities - Student Activities Fund	-	11,771
	<u>\$ 1,689,802</u>	<u>\$ 1,689,802</u>

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, and (3) payments between funds were made. All balances are expected to be repaid within the following year.

Individual fund transfers during the fiscal year ended June 30, 2015, are as follows:

	Transfers in	Transfers out
Governmental Activities		
General Fund	\$ -	\$ 15,078,766
Capital Projects Fund	2,411,500	-
Debt Service Fund	12,667,266	-
	<u>\$ 15,078,766</u>	<u>\$ 15,078,766</u>

Transfers and payments within the District are substantially for purposes of funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	July 1, 2014	Increases	Decreases	June 30, 2015
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 2,449,170	\$ -	\$ -	\$ 2,449,170
Land improvements	9,299,399	30,532	-	9,329,931
Construction-in-progress	430,783	2,189,797	(2,335,620)	284,960
Total capital assets not being depreciated	<u>12,179,352</u>	<u>2,220,329</u>	<u>(2,335,620)</u>	<u>12,064,061</u>
Capital assets being depreciated				
Site improvements	18,422,447	1,802,713	(11,665)	20,213,495
Buildings and building improvements	186,370,626	375,585	(2,746,696)	183,999,515
Furniture and equipment	17,294,088	979,571	(228,764)	18,044,895
Total capital assets being depreciated	<u>222,087,161</u>	<u>3,157,869</u>	<u>(2,987,125)</u>	<u>222,257,905</u>
Less accumulated depreciation				
Site improvements	7,060,589	876,126	(6,221)	7,930,494
Buildings and building improvements	47,215,537	4,713,639	(930,209)	50,998,967
Furniture and equipment	12,190,208	1,097,818	(228,577)	13,059,449
Total accumulated depreciation	<u>66,466,334</u>	<u>6,687,583</u>	<u>(1,165,007)</u>	<u>71,988,910</u>
Total capital assets being depreciated, net	<u>155,620,827</u>	<u>(3,529,714)</u>	<u>(1,822,118)</u>	<u>150,268,995</u>
Total Governmental Activities, Capital Assets - Net	<u>\$ 167,800,179</u>	<u>\$ (1,309,385)</u>	<u>\$ (4,157,738)</u>	<u>\$ 162,333,056</u>
Business-Type Activities:				
Capital assets being depreciated, equipment	\$ 2,652,880	\$ 24,111	\$ (4,640)	\$ 2,672,351
Less accumulated depreciation, equipment	<u>1,629,537</u>	<u>158,459</u>	<u>(4,640)</u>	<u>1,783,356</u>
Total Business-Type Activities, Capital Assets - Net	<u>\$ 1,023,343</u>	<u>\$ (134,348)</u>	<u>\$ -</u>	<u>\$ 888,995</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

Depreciation expense was charged to the functions/programs of the District as follows:

	Amount
Governmental Activities:	
Instruction	\$ 491,466
Instructional student support	239,923
Administration and financial support	82,694
Operation and maintenance of plant	185,725
Pupil transportation	16,234
Student activities	58,822
Unallocated depreciation	<u>5,612,719</u>
Total Governmental Activities	6,687,583
Business-Type Activities:	
Food Service	<u>158,459</u>
Total Primary Government	<u><u>\$ 6,846,042</u></u>

Note 7. Deferred Outflows Related to Cash-Flow Hedge

During the fiscal year ended June 30, 2015, deferred outflows related to cash-flow hedge are as follows:

	Amount
Deferred Amounts on Swap Refunding	\$ 8,398,772
Swap Fair Value-At-the-Market	146,808
Deferred outflows related to cash-flow hedge	<u><u>\$ 8,545,580</u></u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations

During the fiscal year ended June 30, 2015, general long-term obligations changed as follows:

	Balances July 1, 2014 (restated)	Increases	Decreases	Balances June 30, 2015	Due within One Year
General Obligation Bonds					
Series of 2008	\$ 6,640,000	\$ -	\$ (6,640,000)	\$ -	\$ -
Series A of 2009	6,365,000	-	(3,135,000)	3,230,000	3,230,000
Series B of 2009	4,470,000	-	(4,470,000)	-	-
Series of 2010	29,700,000	-	(175,000)	29,525,000	185,000
Series of 2012	7,600,000	-	(340,000)	7,260,000	340,000
Series of 2013	5,115,000	-	(670,000)	4,445,000	690,000
Series of 2014	9,995,000	-	(5,000)	9,990,000	5,000
Series A of 2014	-	57,500,000	(1,600,000)	55,900,000	1,655,000
Series of 2015	-	9,070,000	(55,000)	9,015,000	1,645,000
Floating Rate Notes					
Series of 2011	57,165,000	-	(57,165,000)	-	-
Bond premiums (discounts), net of amortization					
	541,801	425,950	(319,534)	648,217	-
Total General Obligation Debt	127,591,801	66,995,950	(74,574,534)	120,013,217	7,750,000
Derivative instrument - interest-rate swap					
	9,435,285	-	(889,705)	8,545,580	-
Lease-purchase obligation					
	34,960	-	(34,960)	-	-
Compensated absences					
	473,979	477,160	(464,096)	487,043	-
Net pension liability					
	101,358,000	-	(1,338,000)	100,020,000	-
Total General Long-Term Obligations	\$ 238,894,025	\$ 67,473,110	\$ (77,301,295)	\$ 229,065,840	\$ 7,750,000

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2008 - On December 15, 2008, the District issued General Obligation Bonds - Series of 2008, in the principal amount of \$12,550,000. The proceeds of the Bonds were used to currently finance various capital projects and to pay for the costs of issuance. The bonds bore annual interest rates ranging from 3.00% to 5.00%. Interest was payable semi-annually. \$5,430,000 of these bonds were refunded with the General Obligation Bonds, Series of 2015. The balance of \$1,210,000 was paid on June 1, 2015.

General Obligation Bonds - Series A of 2009 - On February 1, 2009, the District issued General Obligation Bonds - Series A of 2009, in the principal amount of \$15,140,000. The proceeds of the Bonds were used to refund the General Obligation Bonds - Series of 2002 and to pay for the costs of issuance. The bonds bear annual interest rates ranging from 2.00% to 3.125%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$100,000 to \$3,230,000 through 2016.

General Obligation Bonds - Series B of 2009 - On October 21, 2009, the District issued General Obligation Bonds - Series B of 2009, in the principal amount of \$6,865,000. The proceeds of the Bonds were used to refund the General Obligation Bonds - Series A of 2003 and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$184,094. The bonds bore annual interest rates ranging from 1.00% to 4.00%. Interest was payable semi-annually. On March 3, 2015, the District issued General Obligation Bonds – Series of 2015 to refund this obligation.

General Obligation Bonds - Series of 2010 - On August 19, 2010, the District issued General Obligation Bonds - Series of 2010, in the principal amount of \$30,000,000. The proceeds of the Bonds were used to provide funds to finance a new grade 5/6 building and various capital projects of the District and to pay for the costs of issuance. The bonds bear annual interest rates ranging from 1.25% to 4.00%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$10,560,000 through 2027.

General Obligation Notes - Series of 2011 - On December 14, 2011, the District issued General Obligation Notes - Series of 2011, in the principal amount of \$61,350,000. The proceeds of the Notes were used to refund four issues of outstanding General Obligation Bonds - the Series of 2004, Series of 2005, Series of 2006 and Series of 2007 and to pay the costs of issuance. In combination with refunding these four bond issues, the District also terminated the four swap agreements associated with these bonds and replaced them with a single floating-to-fixed rate swap agreement. The termination of the four swap agreements required the fair value of the deferred outflows at the termination date to be recorded as part of the deferred charges of refunding. This amount will be amortized over the life of the new note. The notes bore interest at a variable rate which was re-determined weekly by the remarketing agent. Interest was payable semi-annually. On October 1, 2014, the District issued General Obligation Bonds - Series A of 2014 to refund this obligation.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2012 - On March 15, 2012, the District issued General Obligation Bonds - Series of 2012, in the principal amount of \$7,800,000. The proceeds of the Bonds are being used to provide funds to finance various capital projects of the District, including the completion of the new grade 5/6 building, and to pay for the costs of issuance. The bonds bear annual interest rates ranging from .55% to 3.30%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$200,000 to \$500,000 through 2033.

General Obligation Bonds - Series of 2013 - On January 3, 2013, the District issued General Obligation Bonds - Series of 2013, in the principal amount of \$5,930,000. The proceeds of the Bonds were used to advance refund the General Obligation Bonds - Series A of 2004, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$518,212. The bonds bear annual interest rates ranging from 1.00% to 3.00%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$150,000 to \$795,000 through 2021.

General Obligation Bonds - Series of 2014 - On January 2, 2014, the District issued General Obligation Bonds - Series of 2014, in the principal amount of \$10,000,000. The proceeds of the Bonds were used to advance refund a portion of the General Obligation Bonds - Series of 2009, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$322,470. The bonds bear annual interest rates ranging from .35% to 4.00%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$1,280,000 through 2028.

General Obligation Bonds – Series A of 2014 - On October 1, 2014, the District issued General Obligation Bonds – Series A of 2014, in the principal amount of \$57,500,000. The proceeds of the Bonds were used to refund and retire the General Obligation Notes – Series of 2011, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$322,470. The bonds bear interest at a variable rate which is re-determined weekly by the remarketing agent. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$1,000,000 to \$8,235,000 through 2025.

General Obligation Bonds - Series of 2015 - On March 3, 2015, the District issued General Obligation Bonds - Series of 2015, in the principal amount of \$9,070,000. The proceeds of the Bonds were used to refund the General Obligation Bonds - Series of 2008 and General Obligation Bonds – Series B of 2009, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$440,950. The bonds bear annual interest rates ranging from .25% to 3.00%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$55,000 to \$2,245,000 through 2019.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Derivative Instruments

On December 14, 2011, the District terminated four swap agreements and replaced them with an interest-rate swap agreement, which was outstanding as of June 30, 2015. The agreement is a floating-to-fixed rate swap requiring the District pay a fixed interest rate of 4.02650 percent and Royal Bank of Canada (RBC) to pay to the District a floating rate equal to 68 percent of the one-month London Interbank Offered Rate (LIBOR). RBC's credit rating is Aa3 as determined by Moody's and AA - as determined by Standard & Poor's. On October 1, 2014, the General Obligation Notes – Series of 2011 were refunded and retired with proceeds from the issuance of General Obligation Bonds – Series A of 2014. The General Obligation Bonds – Series A of 2014 and the related swap agreement will mature May 1, 2025.

The floating-to-fixed rate swap is designed to take advantage of synthetic, fixed-interest rates to hedge against possible future increases in interest rates. As required by the Commonwealth, the District implemented an Interest Rate Management Plan, recommended by its independent swap advisor, to establish guidelines for the use and management of interest-rate swaps.

The fair value balances and notional amounts of the derivative instrument outstanding at June 30, 2015, classification, and the change in the fair value of such derivative instrument for the fiscal year ended as reported in the 2014 financials are as follows:

	Change in Fair Value		Fair Value at June 30, 2015		Notional at June 30, 2015
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash-flow hedge:					
Pay-fixed, interest-rate swap	Deferred Outflows of Resources	\$ (889,705)	Noncurrent Assets	\$ 8,545,580	\$ 55,405,000

Risks

Credit Risk: As of June 30, 2015, the District was not exposed to credit risk on its outstanding swap since the swap had a negative value. Had the fair value of the swap been positive, the District would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk: Basis risk is the risk that the interest rate paid to bondholders by the District on underlying variable-rate bonds temporarily differs from the variable-swap rate received from the applicable counterparty. The District bears basis risk on its swap. The swap has basis risk since the District receives a percentage of LIBOR to offset the actual variable-bond rate the District pays on its bonds. The District is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the District pays on the bonds. Depending on the magnitude and duration of any basis-risk shortfall, the expected cost of the basis risk may vary.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Tax Risk: Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the District's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds (e.g., a tax cut that results in an increase in the ratio of tax-exempt to taxable yields). The District is receiving 68% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income-tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic, fixed-rate debt.

Termination Risk: The District or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap's fair value.

The District is in compliance with all debt covenants of the outstanding issues. Those covenants include the following: the District shall include the annual debt service in its budget for the fiscal year; shall appropriate those amounts from its general revenues; and shall punctually cause the payment of the principal and interest on all obligations.

The maturities of the general obligation debt principal, interest and swap obligation are as follows:

Years	Principal	Interest/ Swap Obligation	Total
2015-2016	\$ 7,750,000	\$ 4,659,250	\$ 12,409,250
2016-2017	8,425,000	4,421,847	12,846,847
2017-2018	8,730,000	4,103,536	12,833,536
2018-2019	9,005,000	3,754,042	12,759,042
2019-2020	9,105,000	3,409,064	12,514,064
2020-2025	52,735,000	11,021,309	63,756,309
2025-2030	22,165,000	1,585,753	23,750,753
2030-2033	1,450,000	95,750	1,545,750
	<u>\$ 119,365,000</u>	<u>\$ 33,050,551</u>	<u>\$ 152,415,551</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Lease-Purchase Obligation: The District leases copiers which are located throughout the District. The related lease agreements qualify as capital leases, and accordingly, these transactions are recorded at the present values of related future, minimum lease payments as of the inception date. All lease-purchase obligations are funded by the General Fund.

The assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Amount</u>
Copiers	\$ 268,870
Less: accumulated depreciation	(215,097)
Total copier - net book value	<u>\$ 53,773</u>

The lease purchase obligation was paid in full at June 30, 2015.

Compensated Absences: Upon retirement, some employees, depending on length of service and job classification, are paid unused vacation and sick days subject to various maximums.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Operating Leases

On September 22, 2011, the Lancaster County Career and Technology Center Authority (the “Authority”) authorized the issuance of “Guaranteed Lease Revenue Bonds, Series of 2011 in the maximum aggregate principal amount of \$43,000,000 to be repaid over a period not to exceed 30 years. The purpose of the bond issues is to provide funds for improvements, renovations and upgrading of facilities to all the campuses of the Lancaster County Career and Technology Center. It was estimated the aggregate amount to be borrowed will be between \$21,000,000 and \$30,000,000. The bonds are to be issued in one or more series over a three year period. The amount of each series shall not exceed \$10,000,000 without member school district approval. When issued, the Bonds will be repaid over a period not to exceed 30 years with gross annual debt service not to exceed \$1,985,000 and net annual debt service (after reimbursement by the Commonwealth of Pennsylvania) of \$1,330,000. Each district agreed to make payments of their pro-rated share of the Authority’s debt service. Each district’s prorated shares are calculated annually based on assessed market value.

On June 29, 2012, the Authority issued the first of the series, Guaranteed Lease Revenue Bonds, Series of 2012, in the amount of \$9,995,000.

On September 30, 2013, the Authority issued the second series, Guaranteed Lease Revenue Bonds, Series of 2013, in the amount of \$9,995,000.

On July 9, 2014, the Authority issued the third series, Guaranteed Lease Revenue Bonds, Series of 2014, in the amount of \$3,900,000.

The future annual lease payments for the District’s pro-rated share for the years ended June 30th are as follows:

Year	Amount
2016	\$ 129,920
2017	129,804
2018	144,235
2019	144,070
2020	144,032
2021-2025	720,921
2026-2030	720,541
2031-2035	720,859
2036-2037	287,946
	<u>\$ 3,142,328</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Fund Balance Designations

Nonspendable

The District recorded various prepayments of expenditures as prepaid expense. Accordingly, they have been classified as nonspendable fund balance.

Restricted

The District has third-party restrictions on amounts reported in the Capital Projects Fund related to capital-reserve statutory restrictions.

Committed

The District, through formal Board action, has committed portions of the General Fund balance to be used only for specific purposes. At June 30, 2015, the committed funds are as follows:

<u>Description of committed</u>	<u>Amount</u>
General Obligation Bonds debt service reserve	\$ 3,461,135
PSERS/Medical benefits cost reserve	5,050,000
High school signage and other projects	49,203
Dental service fund	20,646
Social service fund	4,462
Bucher Garden	2,177
Schaeffer Garden	2,832
	<u>\$ 8,590,455</u>

Assigned

The District, through the authority delegated to its management team, has assigned certain portions of the General Fund balance to be used only for specific purposes. At June 30, 2015, the assigned funds are as follows:

<u>Description of assigned</u>	<u>Amount</u>
PSERS/Medical benefits cost reserve	\$ 1,000,000
General Obligation Bonds debt service reserve	400,000
Technology	1,500,000
Encumbrances	31,452
Other assigned revenue	8,802
	<u>\$ 2,940,254</u>

Unassigned

Fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund are classified as unassigned.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

Contribution Rates

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The District's required contributions are based upon an actuarial valuation. For the fiscal year ended June 30, 2015, the District's rate of contribution was 21.40% of covered payroll. The 21.40% rate is composed of a pension contribution rate of 20.50% for pension benefits and 0.90% for healthcare-insurance premium assistance.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income-aid ratio (as defined in Act 29 of 1994), which is at least one half of the total District's rate. The District's contributions to the Plan for the years ended June 30, 2015, 2014, and 2013, were \$7,007,957, \$5,289,650, and \$3,789,069 respectively, and are equal to the required contributions for said years. For the year ended June 30, 2015 the District recognized retirement subsidy revenue from the Commonwealth in the amount of \$3,605,318.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$100,020,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2013 to June 30, 2014. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2014, the District's proportion was 0.2527 percent, which was an increase of 0.0051 percent from its proportion measured as of June 30, 2013.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$9,164,000. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	-	7,150,000
Changes in proportions	1,682,000	-
Difference between employer contributions and proportionate share of total contributions	100,000	-
Contributions subsequent to the measurement date	6,912,000	-
	<u>\$ 8,694,000</u>	<u>\$ 7,150,000</u>

\$6,912,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Years	Amount
2015-2016	\$ (1,358,000)
2016-2017	(1,358,000)
2017-2018	(1,358,000)
2018-2019	(1,358,000)
2019-2020	64,000
	<u>\$ (5,368,000)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurements:

- Actuarial Cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00% real wage growth of 1%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ended June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011, PSERS Board meeting, and were effective beginning with the June 30, 2011, actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	90.0%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	-9%	1.1%
	<u>100.0%</u>	

The above table was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
District's proportionate share of the net pension liability	\$ 124,762,000	\$ 100,020,000	\$ 78,898,000

Pension plan fiduciary net position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

Plan Payables

At June 30, 2015, the District has payables to the PSERS pension plan of \$2,788,897. This total is composed of staff payroll accruals and the quarterly PSERS payment amount for retirement contributions in the second quarter of 2015.

Prior Period Adjustment - GASB No. 68 Implementation

Implementation of GASB No. 68 required the District to recognize net pension liability, deferred outflows of resources and deferred inflows of resources for its proportionate share of the PSERS net pension liability as of June 30, 2013. This resulted in decreases in governmental and business-type activities' net positions of \$94,143,000 and \$2,057,000, respectively as of July 1, 2014.

Note 12. Self-Insurance, Medical and Dental Coverage

The District has third-party administrators for both medical and dental coverage. The medical program is a point-of-service, managed-care plan with an opt-out feature. Under the medical and dental plans, the District reimburses the third-party administrators for actual claims paid, and additionally, incurs expenses for administrative, reinsurance and capitation fees and other fees associated with the administration of the program.

The District is reimbursed for medical claims in excess of \$150,000 per individual and for claims in the aggregate, the amount of which is determined on a yearly basis. The estimated maximum for 2014-2015 was \$10.2 million. The total paid during 2014-2015 before reinsurance reimbursements of \$680,378 was \$9,271,209.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Participation in Risk-Sharing Pools

The District is a member of a self-insurance pool for workers' compensation insurance. There were 18 members in 2014-2015. Each member is assessed an amount based on its covered payroll and prior experience of workers' compensation claims. All claims are then paid from the pool with reinsurance being purchased by the pool for claims in excess of \$450,000 per occurrence. Claims are paid on an aggregate basis, and separate accounts for each member are not maintained. Upon withdrawal by a member from the pool, the terminating member has either a right to a pro-rata share of any surplus funds for any fiscal year in which the member participated (withdrawal may occur only at the end of any year) or an obligation to pay for the member's share of a deficiency in the fund for the year of withdrawal. The District's expense for this coverage was \$187,206 for the 2014-2015 year.

Note 14. Termination Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health-care benefits to eligible former employees and their dependents. Requirements are outlined by the Federal government for this coverage. The premium plus a 2% administrative fee is paid in full by the eligible participant. This program is offered for durations of up to 18 to 36 months after an employee's termination date, or for dependents, the date that they are no longer eligible to be covered as such. At June 30, 2015, there were six participants covered under COBRA.

The District provides a retirement stipend for administrators retiring with at least 5 years of administrative service in the District and having reached 55 years of age. The maximum retirement stipend available was \$32,000. No administrators retired during the current year.

The District provides a retirement stipend for full-time teachers retiring with at least 20 years of PSERS credited service. During the current year, four full-time teachers retired and were paid stipends which totaled \$20,000.

The District provides a retirement stipend for specialists retiring with at least 10 years of specialist service in the District and having reached 55 years of age. The maximum retirement stipend available was \$10,000. One specialist retired during the current year that met the qualifying criteria.

The District provides a retirement stipend, based on a specified formula, for support staff retiring with at least 10 years of full-time service with the District and having reached 55 years of age. Six support staff members retired during the current year and were paid stipends which totaled \$8,350.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Other Post-Employment Benefits (OPEB)

The District maintains a single-employer, post-employment, defined-benefit plan. The plan description and funding policy for the District is summarized in the chart below:

Medical Coverage

Description	Fully insured with an option of PPO plans, fully insured dental
Eligibility	<p>Employees who retire from active service:</p> <ul style="list-style-type: none"> • Administrators who are at least 55 years old with at least 5 years of service with Manheim Township School District • Teachers and Specialists who are at least 55 years old with at least 15 years of service with Manheim Township School District • Support Staff who are at least 55 years old with at least 10 years of service with Manheim Township School District
Period of Coverage	
Retiree	Until Age 65
Spouse	Until Retiree's Age 65 or Spouse's Age 65, whichever is first
Dependents	Until Retiree's Age 65
Coverage	
Until Age 65	Medical coverage provided to active employees is continued for eligible retirees, spouses and dependents
Over Age 65	None
Contributions	
Employer	<ul style="list-style-type: none"> • Administrators – School district pays full cost of medical and dental • Teachers – School district pays full cost of medical less retiree payment (\$100 per month for single coverage, \$130 per month for 2-party coverage and \$160 per month for family coverage, plus the increase in premium before implicit rate subsidy). Effective for teachers who retired on or after July 1, 2009, the District shall contribute \$400 per month (\$4,800 annually) toward the retiree’s coverage. • Specialist - Effective for employees who retire on or after July 1, 2009 the District shall contribute \$400 per month (\$4,800 annually) toward the retiree’s coverage. • Support Staff – No employer contributions
Employees	<ul style="list-style-type: none"> • Administrators – No employee contributions • Teachers – Monthly payments of \$100 per month for single coverage, \$130 for 2-party coverage and \$160 for family coverage, plus the increase in premium before implicit rate subsidy adjustment. Effective for employees who retire on or after July 1, 2009, the retiree shall contribute any costs in excess of \$400 per month (\$4,800 annually). • Specialist - Effective for employees who retire on or after July 1, 2009, the retiree shall contribute any costs in excess of \$400 per month (\$4,800 annually). • Support Staff – Employee pays full cost of medical

The District offered an Early Retirement Incentive (ERI) for teachers who retired at the end of the 2011-2012 fiscal year. Under the ERI, teachers were responsible for paying their monthly respective 2012 employee contribution rate in effect at retirement for single, two-party or family coverage; said rate increased \$5 per month for the next two years and remained at that level for the following two years.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Other Post-Employment Benefits (OPEB) (Continued)

Life Insurance Coverage

Description	Continuance of employee’s life insurance policy until age 65 (two times salary). The policy is reduced to \$25,000 between ages 65 and 70 and eliminated after age 70.
Eligibility	Administrators who are at least 55 years old and who retire with at least 5 years of service with Manheim Township School District.

Funding Policy

The District funds OPEB on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when the insurance premiums or claims are due for payment.

Funding Progress

For the year ended June 30, 2015, the District has estimated the cost (annual expense) of providing retiree-health, dental-care and life-insurance benefits through an actuarial valuation as of July 1, 2014. In accordance with GASB Statement No. 45, the valuation computes an annual required contribution, which represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of twenty-five years. This valuation’s computed contribution and actual funding are summarized as follows:

	Amount
Annual required contribution	\$ 898,300
Plus adjustment to the annual required contribution	27,180
Annual OPEB cost	<u>925,480</u>
Amounts contributed:	
Payments of current premiums and claims	(1,005,370)
Advance funding	-
Decrease in net OPEB obligation	<u>(79,890)</u>
OPEB obligation (prepayment) - beginning of year	(1,261,232)
OPEB obligation (prepayment) - end of year	<u><u>\$ (1,341,122)</u></u>

The required schedule of funding progress immediately following the notes to the financial statements presents information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Other Post-Employment Benefits (OPEB) (Continued)

Annual OPEB Cost

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,098,386	121.3%	\$ (914,259)
June 30, 2014	\$ 1,109,482	131.3%	\$ (1,261,232)
June 30, 2015	\$ 925,480	108.6%	\$ (1,341,122)

Actuarial Methods and Assumptions

Actuarial valuations of an on-going plan involve estimates of the values of reported amounts and assumptions about the probabilities of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare-cost trend. Amounts are determined regarding the funded status of the plan, and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs by 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 and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the Unit Credit Actuarial Cost Method was used. Under this method the benefits (projected or unprojected) of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial assumptions include an annual healthcare cost-trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years. Both rates included a 4% inflation assumption. The UAAL is being amortized over twenty-five years under the level dollar method over a weighted average of the average future service of active employees for similar plans.

A separate, audited, GAAP basis, post-employment benefit plan report is not issued.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 16. Joint Ventures

The District participates with 16 other school districts in Lancaster County, and the municipalities represented by those school districts, in the collection of earned income taxes performed by the Lancaster County Tax Collection Bureau (the Bureau). Each public school district appoints one member to serve on the joint operating committee, in addition to the 16 members appointed by the participating municipalities. The Bureau's operating expenses are deducted from members' distributions at a budget rate of 2.2%. Members' distributions, which had been made quarterly, are now distributed monthly with the implementation of ACT 32 and are based on actual collections. Act 32 became effective on January 1, 2012.

The Lancaster County Career and Technical Center (LCCTC) is a separate legal entity providing vocational-technical education to students within the participating districts. The District pays a pro-rata portion of the annual operating expenses based on an average of student enrollment for the prior three years. The District also pays a pro-rata portion of the LCCTC's capital expenses based on districts' comparative market values. During the year ended June 30, 2015, the District paid \$661,432 to the LCCTC.

The District participated with the Lancaster-Lebanon Intermediate Unit No. 13, the Lancaster Employment and Training Agency and ten other districts in Lancaster County to provide an opportunity for individuals, who have either dropped out of participating members' schools or are not successful in their current local school environment, to earn a high school diploma through the Lancaster County Academy (the Academy). Each participant is obligated for a pro-rata share of the Academy's expenses. During the year ended June 30, 2015, the District paid \$35,450 for its allotted ten slots.

Complete financial statements for each of the entities described above can be obtained from their respective administrative offices.

Note 17. Real Estate Annexation

The District has an agreement with the School District of Lancaster (SDL) regarding the petition of 11 SDL residents for annexation of contiguous property assessed at approximately \$100,000,000 in 2000. The agreement transferred the property in question to the SDL effective July 1, 2000, in return for regular payments by the SDL to the District beginning on September 30, 2000, and continuing annually thereafter for 17 additional years. The Pennsylvania State Board of Education and the Pennsylvania Secretary of Education have approved this agreement.

Payments to be received by the District are as follows:

Years	Amount
2015-2016	\$ 499,993
2016-2017	467,188
2017-2018	434,384
	<u>\$ 1,401,565</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 18. Commitments

Brightbill Transportation, Inc.

Effective July 1, 2009, the District entered into a new agreement with Brightbill Transportation, Inc. (Brightbill) for the transportation of students residing within the District. The new agreement expires on June 30, 2019. Current-year expenditures for basic transportation amounted to approximately \$2.7 million with pricing for subsequent years to increase by the Pennsylvania Department of Education transportation-cost index, but not less than 2.5%.

Note 19. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors, or omissions. Most significant losses are covered by commercial insurance for major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years. During the year ended June 30, 2015, the District did not incur any significant losses that were not covered by insurance.

REQUIRED SUPPLEMENTARY INFORMATION

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
POST-EMPLOYMENT BENEFITS PLAN**

Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2010	\$ -	\$11,583,054	\$11,583,054	0.00%	\$28,969,547	39.98%
7/1/2012	\$ -	\$10,562,847	\$10,562,847	0.00%	\$28,609,494	36.92%
7/1/2014	\$ -	\$ 8,151,739	\$ 8,151,739	0.00%	\$30,329,144	26.88%

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2015**

District's proportion of the net pension liability	\$100,020,000
District's proportionate share of the net pension liability	0.2527%
District's covered-employee payroll	\$ 32,248,532
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	310.15%
Plan fiduciary net position as a percentage of the total pension liability	57.24%

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
DISTRICTS CONTRIBUTIONS**

Year Ended June 30, 2015

Contractually required contribution	\$ 6,712,710
Contributions in relation to the contractually required contribution	<u>(6,712,710)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
District's covered-employee payroll	<u><u>\$ 33,513,122</u></u>
Contributions as a percentage of covered-employee payroll	20.03%

SUPPLEMENTARY INFORMATION

MANHEIM TOWNSHIP SCHOOL DISTRICT

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
Year Ended June 30, 2015**

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 1,715	\$ 6,520,140	\$ 6,521,855
Due from other funds	154,310	1,400,000	1,554,310
Total assets	\$ 156,025	\$ 7,920,140	\$ 8,076,165
Liabilities			
Accounts payable	\$ 156,025	\$ 187,683	\$ 343,708
Due to other funds	-	155,118	155,118
Total liabilities	156,025	342,801	498,826
Fund Balances			
Restricted	-	7,577,339	7,577,339
Total fund balances	-	7,577,339	7,577,339
Total liabilities and fund balances	\$ 156,025	\$ 7,920,140	\$ 8,076,165

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CAPITAL PROJECTS FUNDS
Year Ended June 30, 2015**

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Revenues			
Investment earnings	\$ 41	\$ 9,503	\$ 9,544
Other local sources	1,711	-	1,711
Total revenues	1,752	9,503	11,255
Expenditures			
Capital outlay	305,401	1,778,174	2,083,575
Other Financing Sources			
Interfund transfers in	-	2,411,500	2,411,500
Net changes in fund balances	(303,649)	642,829	339,180
Fund Balances - July 1, 2014	303,649	6,934,510	7,238,159
Fund Balances - June 30, 2015	\$ -	\$ 7,577,339	\$ 7,577,339

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -

BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local Sources				
Current real estate taxes	\$ 56,246,211	\$ 56,246,211	\$ 56,478,155	\$ 231,944
Interim real estate taxes	400,000	400,000	433,513	33,513
Public utility realty tax	15,000	15,000	78,553	63,553
Payment in lieu of taxes	182,000	182,000	185,501	3,501
Current Act 511 taxes				
Local services tax	200,000	200,000	300,683	100,683
Earned income	5,900,000	5,900,000	6,440,487	540,487
Real estate transfer	850,000	850,000	1,405,422	555,422
Delinquent taxes	350,000	350,000	313,339	(36,661)
Investment earnings	75,000	75,000	87,397	12,397
Revenue from student activities	242,500	242,500	255,458	12,958
Revenue from intermediate sources				
Federal funds	737,000	737,000	829,395	92,395
Rentals	528,600	528,600	621,568	92,968
Contributions, donations and grants				
from private sources	-	-	169,168	169,168
Tuition from patrons	38,600	38,600	70,594	31,994
Receipts from other LEAs	15,000	15,000	27,892	12,892
Services provided other LEAs	29,000	29,000	51,101	22,101
Miscellaneous revenues	682,775	682,775	459,798	(222,977)
Total revenues from local sources	66,491,686	66,491,686	68,208,024	1,716,338

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -

BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues (Continued)				
State Sources				
Basic instructional subsidy	4,733,249	4,733,249	4,731,474	(1,775)
Tuition for orphans and children placed in private homes (Sec 1305 and 1306)	60,000	60,000	10,425	(49,575)
Migratory children	120	120	40	(80)
Special education of exceptional pupils	2,191,626	2,191,626	2,339,167	147,541
Transportation	1,115,000	1,115,000	1,160,083	45,083
Rental and sinking fund payments	650,000	650,000	641,554	(8,446)
Health services	119,500	119,500	117,828	(1,672)
State property tax reduction allocation	1,098,708	1,098,708	1,098,708	-
Accountability block grant	667,661	667,661	351,434	(316,227)
Revenue for social security payments	1,305,870	1,305,870	1,239,808	(66,062)
Revenue for retirement payments	3,653,021	3,653,021	3,526,703	(126,318)
Total revenues from state sources	15,594,755	15,594,755	15,217,224	(377,531)
Federal Sources				
Title I improving academic achievement	400,000	400,000	565,729	165,729
Title II improving teacher quality	82,000	82,000	87,207	5,207
Title III language instruction for limited English proficient	66,000	66,000	60,606	(5,394)
Medical assistance	125,000	125,000	24,862	(100,138)
Total revenues from Federal sources	673,000	673,000	738,404	65,404
Total revenues	82,759,441	82,759,441	84,163,652	1,404,211
Other Financing Sources				
Sale of capital assets	5,000	5,000	1,015,275	1,010,275
Insurance recoveries	-	-	28,718	28,718
Total revenues from other financing sources	5,000	5,000	1,043,993	1,038,993
Total revenues and other financing sources	\$ 82,764,441	\$ 82,764,441	\$ 85,207,645	\$ 2,443,204

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Instructional				
Regular programs				
Salaries	\$ 21,346,719	\$ 20,856,170	\$ 20,372,837	\$ 483,333
Employee benefits	12,093,596	11,958,407	10,910,570	1,047,837
Purchased professional and technical services	642,000	653,992	631,369	22,623
Purchased property services	157,845	153,111	147,397	5,714
Other purchased services	748,835	994,549	984,442	10,107
Supplies	769,851	713,615	656,869	56,746
Property	296,751	464,917	460,555	4,362
Other objects	13,670	27,566	25,968	1,598
Total regular programs	36,069,267	35,822,327	34,190,007	1,632,320
Special programs				
Salaries	3,668,282	3,639,282	3,379,379	259,903
Employee benefits	2,102,934	2,102,934	1,652,326	450,608
Purchased professional and technical services	2,143,250	2,214,586	2,126,493	88,093
Purchased property services	6,000	6,000	4,894	1,106
Other purchased services	530,850	706,943	706,943	-
Supplies	35,965	38,711	20,195	18,516
Property	73,370	41,002	31,419	9,583
Other objects	75,900	5,847	5,846	1
Total special programs	8,636,551	8,755,305	7,927,495	827,810
Vocational programs				
Other purchased services	674,499	674,499	661,432	13,067
Total vocational programs	674,499	674,499	661,432	13,067

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Instructional (Continued)				
Other instructional programs				
Salaries	191,112	111,379	97,068	14,311
Employee benefits	70,654	70,654	33,674	36,980
Purchased professional and technical services	40,500	41,099	39,427	1,672
Other purchased services	52,000	52,000	38,113	13,887
Supplies	37,500	35,179	29,527	5,652
Property	-	1,025	1,025	-
Other objects	350,000	11,858	-	11,858
Total other instructional programs	741,766	323,194	238,834	84,360
Nonpublic school programs				
Purchased professional and technical services	15,000	15,000	4,982	10,018
Total nonpublic school programs	15,000	15,000	4,982	10,018
Total instructional	46,137,083	45,590,325	43,022,750	2,567,575
Support services				
Pupil personnel services				
Salaries	1,621,857	1,712,071	1,683,879	28,192
Employee benefits	954,350	970,711	850,332	120,379
Purchased professional and technical services	90,896	113,609	112,909	700
Purchased property services	3,325	2,507	2,358	149
Other purchased services	9,775	8,775	5,635	3,140
Supplies	50,712	49,921	46,698	3,223
Property	8,000	25,888	25,344	544
Other objects	1,400	1,400	870	530
Total pupil personnel services	2,740,315	2,884,882	2,728,025	156,857

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Support services (Continued)				
Instructional staff services				
Salaries	1,675,931	1,668,953	1,591,518	77,435
Employee benefits	946,334	971,851	764,949	206,902
Purchased professional and technical services	193,097	155,145	51,226	103,919
Purchased property services	11,425	11,425	7,667	3,758
Other purchased services	86,248	118,033	91,704	26,329
Supplies	159,515	174,159	166,754	7,405
Property	148,543	189,493	189,090	403
Other objects	5,524	2,124	1,493	631
Total instructional staff services	3,226,617	3,291,183	2,864,401	426,782
Administrative services				
Salaries	2,467,180	2,532,800	2,531,914	886
Employee benefits	1,398,707	1,476,199	1,457,952	18,247
Purchased professional and technical services	176,250	299,804	298,444	1,360
Purchased property services	5,950	5,890	2,104	3,786
Other purchased services	50,630	42,550	23,562	18,988
Supplies	29,345	33,796	33,754	42
Property	2,900	27,677	26,979	698
Other objects	24,740	30,653	29,898	755
Total administrative services	4,155,702	4,449,369	4,404,607	44,762
Pupil health				
Salaries	494,561	494,561	476,017	18,544
Employee benefits	202,319	216,998	212,420	4,578
Purchased professional and technical services	186,700	183,497	182,926	571
Purchased property services	755	755	75	680
Other purchased services	1,000	1,000	270	730
Supplies	11,315	11,016	8,740	2,276
Property	925	1,675	1,675	-
Total pupil health	897,575	909,502	882,123	27,379

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -

BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Support services (Continued)				
Business services				
Salaries	438,879	438,879	419,263	19,616
Employee benefits	207,074	238,067	229,185	8,882
Purchased professional and technical services	84,100	94,780	94,752	28
Purchased property services	5,325	2,825	2,372	453
Other purchased services	13,500	9,058	8,911	147
Supplies	51,001	6,510	6,006	504
Property	13,207	12,940	12,940	-
Other objects	1,500	1,120	1,120	-
Total business services	814,586	804,179	774,549	29,630
Operation and maintenance of plant services				
Salaries	1,857,259	1,857,259	1,851,479	5,780
Employee benefits	1,248,885	1,273,071	1,223,151	49,920
Purchased professional and technical services	296,594	444,432	437,545	6,887
Purchased property services	1,969,921	1,985,397	1,904,590	80,807
Other purchased services	377,374	357,374	332,495	24,879
Supplies	1,571,634	1,571,634	1,481,517	90,117
Property	91,623	98,270	92,180	6,090
Other objects	31,535	31,535	22,830	8,705
Total operation and maintenance of plant services	7,444,825	7,618,972	7,345,787	273,185
Student transportation services				
Salaries	82,248	88,119	87,546	573
Employee benefits	49,439	49,439	49,170	269
Purchased professional and technical services	1,500	16,264	14,763	1,501
Purchased property services	44,750	49,311	47,006	2,305
Other purchased services	3,582,300	3,547,677	3,034,047	513,630
Supplies	37,500	37,577	17,483	20,094
Property	-	30,062	30,062	-
Other objects	500	500	354	146
Total student transportation services	3,798,237	3,818,949	3,280,431	538,518

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Support services (Continued)				
Central support services				
Salaries	305,014	312,392	312,243	149
Employee benefits	158,496	158,496	153,143	5,353
Purchased professional and technical services	44,254	139,338	135,067	4,271
Purchased property services	825	1,598	1,598	-
Other purchased services	63,493	61,327	42,111	19,216
Supplies	15,750	14,960	11,560	3,400
Property	3,500	1,911	1,411	500
Other objects	2,700	6,407	6,207	200
Total central support services	594,032	696,429	663,340	33,089
Other support services				
Other purchased services	52,000	52,000	50,442	1,558
Other objects	-	5,925	5,925	-
Total other support services	52,000	57,925	56,367	1,558
Total support services	23,723,889	24,531,390	22,999,630	1,531,760
Operation of noninstructional services				
Student activities				
Salaries	591,487	591,487	578,172	13,315
Employee benefits	220,792	231,413	206,166	25,247
Purchased professional and technical services	94,950	96,493	85,815	10,678
Purchased property services	19,165	29,623	28,385	1,238
Other purchased services	115,115	111,611	102,060	9,551
Supplies	93,512	132,863	122,414	10,449
Property	14,717	16,777	16,692	85
Other objects	30,156	35,077	31,829	3,248
Total student activities	1,179,894	1,245,344	1,171,533	73,811

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Operation of noninstructional services (Continued)				
Community services				
Salaries	471	471	-	471
Employee benefits	65	65	-	65
Purchased professional and technical services	2,500	2,500	66	2,434
Other purchased services	1,800	1,800	114	1,686
Supplies	4,878	4,878	851	4,027
Total community services	9,714	9,714	1,031	8,683
Total operation of noninstructional services	1,189,608	1,255,058	1,172,564	82,494
Capital outlay				
Purchased professional and technical services	-	16,375	16,375	-
Purchased property services	-	11,422	11,422	-
Total capital outlay	-	27,797	27,797	-
Refund of prior years' receipts				
	25,000	25,000	95	24,905
Total expenditures	71,075,580	71,429,570	67,222,836	4,206,734
Other Financing Uses				
Interfund transfers out	12,865,600	13,111,610	15,078,766	(1,967,156)
Budgetary reserve	600,000	-	-	-
Total other financing uses	13,465,600	13,111,610	15,078,766	(1,967,156)
Total expenditures and other financing uses	\$ 84,541,180	\$ 84,541,180	\$ 82,301,602	\$ 2,239,578

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of School Directors
Manheim Township School District
Lancaster, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Manheim Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Manheim Township School District's basic financial statements, and have issued our report thereon dated November 30, 2015

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Manheim Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manheim Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Manheim Township School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manheim Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
November 30, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS
REQUIRED BY OMB CIRCULAR A-133**

Board of School Directors
Manheim Township School District
Lancaster, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Manheim Township School District's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of Manheim Township School District's major Federal programs for the year ended June 30, 2015. Manheim Township School District's major Federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Manheim Township School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Manheim Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Manheim Township School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Manheim Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Manheim Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Manheim Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Manheim Township School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

Camp Hill, Pennsylvania
November 30, 2015

MANHEIM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I -- Summary of Auditor's Results

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not
 considered to be a material weakness(es)? ___ Yes X None Reported

Noncompliance material to financial statements
noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not
 considered to be a material weakness(es)? ___ Yes X None Reported

Type of auditor's report issued on compliance for the major programs: Unmodified

- Any audit findings disclosed that are
 required to be reported in accordance
 with Section .510(a) of Circular A-133? ___ Yes X No

MANHEIM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2015

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
	Special Education Cluster (IDEA)
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish between
type A and type B programs \$300,000

Auditee qualified as low-risk auditee? X Yes ___ No

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

Section III – Federal Award Findings and Questioned Costs

A. Compliance Findings

There were no findings relating to the Federal awards required to be reported in accordance with Section .510(a) of OMB Circular A-133.

B. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards required to be reported in accordance with Section .510(a) of OMB Circular A-133.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015**

	Federal C.F.D.A. Number	Pass- Through Grantor's Number	Grant Period	Program or Annual Award
U.S. Department of Education				
Passed through the Pennsylvania Department of Education				
Title I - Improving Basic Programs	84.010	13-140237	7/16/13-9/30/14	\$ 388,363
Title I - Improving Basic Programs	84.010	13-150237	8/6/14-9/30/15	\$ 527,811
Title II - Improving Teacher Quality	84.367	20-140237	7/16/13-9/30/14	\$ 115,286
Title II - Improving Teacher Quality	84.367	20-150237	8/6/14-9/30/15	\$ 85,457
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	10-130237	7/1/12-9/30/14	\$ 66,369
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	10-140237	7/16/13-9/30/15	\$ 51,890
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	10-150237	8/6/14-9/30/16	\$ 46,764
Total passed through the Pennsylvania Department of Education				
Passed through the Intermediate Unit 1:				
Special Education - Grants to States *	84.027	062-140032	8/1/13-6/30/14	\$ 5,000
Special Education - Grants to States *	84.027	062-140032	8/1/13-6/30/14	\$ 5,000
Special Education - Grants to States *	84.027	062-150032	10/1/14-6/30/15	\$ 8,000
Total passed through the Intermediate Unit 1				
Passed through the Lancaster-Lebanon Intermediate unit No. 13:				
Special Education - Grants to States - On-Behalf Services *	84.027	062-150013	7/1/14-9/30/15	\$ 169,418
Special Education - Grants to States - Pass-Thru*	84.027	062-150013	7/1/14-9/30/15	\$ 573,110
Early Intervention - Special Education Preschool Grants *	84.173	131-140013	7/1/14-6/30/15	\$ 5,564
Race to the Top - Phase 3 (RTT3)	84.413A	B413A12004	7/1/12-6/30/16	\$ 30,373
Total passed through the Lancaster-Lebanon Intermediate Unit No. 13				
Total U.S. Department of Education				

(Continued)

Total Received (Refunded) for the Year	Accrued (Deferred) Revenue at 7/1/2014	Recognized Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2015
\$ 154,479	\$ 52,353	\$ 102,126	\$ 102,126	\$ -
390,707	-	463,602	463,602	72,895
545,186	52,353	565,728	565,728	72,895
29,924	28,174	1,750	1,750	-
85,715	-	85,457	85,457	(258)
115,639	28,174	87,207	87,207	(258)
(5)	(5)	-	-	-
34,653	17,815	16,838	16,838	-
33,403	-	43,768	43,768	10,365
68,051	17,810	60,606	60,606	10,365
728,876	98,337	713,541	713,541	83,002
5,000	5,000	-	-	-
5,000	5,000	-	-	-
-	-	6,809	6,809	6,809
10,000	10,000	6,809	6,809	6,809
169,418	-	169,418	169,418	-
573,110	-	573,110	573,110	-
5,564	-	5,564	5,564	-
-	-	899	899	899
748,092	-	748,991	748,991	899
1,486,968	108,337	1,469,341	1,469,341	90,710

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2015

	Federal C.F.D.A. Number	Pass- Through Grantor's Number	Grant Period	Program or Annual Award
U. S. Department of Health and Human Services				
Passed through the Pennsylvania Department of Public Welfare:				
Medical Assistance Reimbursement for Administration	93.778	N/A	10/1/13-9/30/14	\$ 21,687
Medical Assistance Reimbursement for Administration	93.778	N/A	10/1/14-9/30/15	\$ 3,175
Total U.S. Department of Health and Human Services				
U.S. Department of Agriculture				
Passed through the Pennsylvania Department of Education				
National School Lunch Program **	10.555	N/A	7/1/13-6/30/14	N/A
National School Lunch Program **	10.555	N/A	7/1/14-6/30/15	N/A
School Breakfast Program **	10.553	N/A	7/1/13-6/30/14	N/A
School Breakfast Program **	10.553	N/A	7/1/14-6/30/15	N/A
Total passed through the Pennsylvania Department of Education				
Passed through the Pennsylvania Department of Agriculture				
National School Lunch Program - Food Donations **	10.555	N/A	7/1/14-6/30/15	N/A
Total U.S. Department of Agriculture				
Total Expenditures of Federal Awards				
* Programs in the Special Education Cluster				
Special Education - Grants to States *	\$ 749,337			
Early Intervention - Special Education Preschool Grants *	5,564			
	<u>\$ 754,901</u>			
** Programs in the Child Nutrition Cluster				
National School Lunch Program	\$ 580,841			
School Breakfast Program	120,850			
National School Lunch Program - Food Donations	121,067			
	<u>\$ 822,758</u>			

See Notes to Schedule of Expenditures of Federal Awards.

Total Received (Refunded) for the Year	Accrued (Deferred) Revenue at 7/1/2014	Recognized Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2015
1,918	(19,769)	21,687	21,687	-
2,812	-	3,175	3,175	363
4,730	(19,769)	24,862	24,862	363
104,415	104,415	-	-	-
503,912	-	580,841	580,841	76,929
608,327	104,415	580,841	580,841	76,929
24,335	24,335	-	-	-
102,547	-	120,850	120,850	18,303
126,882	24,335	120,850	120,850	18,303
735,209	128,750	701,691	701,691	95,232
121,067	-	121,067	121,067	-
856,276	128,750	822,758	822,758	95,232
\$ 2,347,974	\$ 217,318	\$ 2,316,961	\$ 2,316,961	\$ 186,305

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal-grant activity of the Manheim Township School District under programs of the Federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Manheim Township School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Manheim Township School District.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* and 2 CFR 200 Subpart E Cost Principles, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3. Access Program

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. Reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance. Because only federal financial assistance is included on the Schedule of Expenditures of Federal Awards, ACCESS reimbursements are not included on the Schedule. The amount of ACCESS funding received for the year ended June 30, 2015, was \$69,445.

MANHEIM TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended June 30, 2015

There were no prior year audit findings.