



**MANHEIM CENTRAL SCHOOL DISTRICT**  
**Manheim, Pennsylvania**  
**Lancaster County**  
**Financial Statements**  
**June 30, 2024**  
**With Independent Auditors' Reports**



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**Manheim Central School District**  
**Table of Contents**  
**June 30, 2024**

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<b>Independent Auditors' Report</b>	1-4
<b>Management's Discussion and Analysis – (Unaudited)</b>	5-16
<b>Basis Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position (Deficit)	17
Statement of Activities	18
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities on the Statement of Net Position (Deficit)	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position (Deficit) of Governmental Activities on the Statement of Activities	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to Financial Statements	28-56
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	57
Schedule of the District's Proportionate Share of the Net Pension Liability – PSERS	58
Schedule of the District's Pension Plan Contributions – PSERS	59
Schedule of Changes in OPEB Liability – Single Employer Plan	60
Schedule of the District's Proportionate Share of the OPEB Liability – PSERS	61
Schedule of the District's OPEB Plan Contributions – PSERS	62

**Manheim Central School District**  
**Table of Contents**  
**June 30, 2024**

---

**Combining and Individual Fund Financial Statements**

Combining Balance Sheet – Capital Projects Fund	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund	64
Combining Statement of Net Position – Fiduciary Funds	65
Combining Statement of Changes in Net Position – Fiduciary Funds	66

**Single Audit**

Schedule of Expenditures of Federal Awards	67-68
Notes to Schedule of Expenditures of Federal Awards	69

<b>Independent Auditors' Report on Internal Control Over Financial Reporting and Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i></b>	70-71
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<b>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</b>	72-74
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Schedule of Findings and Questioned Costs	75-76
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## INDEPENDENT AUDITORS' REPORT

Board of School Directors  
Manheim Central School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 Central School District, Manheim, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Manheim Central School District's basic financial statements as listed in the table of contents.

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 Manheim Central School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Manheim Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Manheim Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Manheim Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Manheim Central School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability – PSERS and pension plan contributions – PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability – PSERS and OPEB plan contributions – PSERS be presented to supplement the basic financial statements.

Such information is the responsibility of management and, 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.

***Report on Summarized Comparative Information***

Manheim Central School District's 2023 financial statements were audited by other auditors and in their report dated December 15, 2023, expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Supplementary Information***

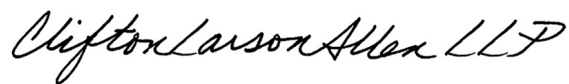
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Manheim Central School District's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of School Directors  
Manheim Central School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2025, on our consideration of Manheim Central 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 solely 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 the effectiveness of Manheim Central School District's 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 Central School District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
November 28, 2025

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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Management's discussion and analysis ("MD&A") of the financial performance of the Manheim Central School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

**DISTRICT PROFILE**

The District consists of two elementary schools, a middle school and a senior high school consisting of approximately 2,750 students. The District covers 78.2 square miles seven miles north of the City of Lancaster and is comprised of the Townships of Penn and Rapho and the Borough of Manheim. During 2023-2024, there were 425 employees in the District, consisting of 229 teachers, 20 administrators, including general administration, principals, and supervisors, and 176 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff, food service staff, technology staff, school monitors and staff nurses.

The mission of the District is "To prepare responsible citizens who are lifelong learners."

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a total net position at the close of the 2023-2024 fiscal year of \$6,093,453. During the 2023-2024 fiscal year, the District had an increase in total net position of \$3,580,289. The net position of governmental activities increased by \$4,118,719 and the net position of the business-type activities decreased by \$538,430.
- The General Fund reported an increase of fund balance of \$994,808, bringing the cumulative balance to \$28,119,504 at the conclusion of the 2023-2024 fiscal year.
- At June 30, 2024, the General Fund fund balance includes \$406,215 which is considered nonspendable, \$10,750,000 committed to capital projects, \$11,300,000 committed to debt service and unassigned amounts of \$5,663,289 or 7.90% of the \$71,682,069 2024-2025 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.
- Actual revenues and other financing sources were \$1,252,697 more than budgeted amounts and actual expenditures and other financing uses were \$293,793 less than budgeted amounts resulting in a net overall positive variance of \$1,546,490.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the District's activities are divided into two categories:

**Governmental Activities**

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

**Business-Type Activities**

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 17 and 18 of this report.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds**

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three major individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 19 through 22 of this report.

**Proprietary Funds**

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund.

The proprietary fund financial statements can be found on Pages 23 through 25 of this report.

**Fiduciary Funds**

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 26 and 27 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 28 through 56 of this report.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS.

The required supplementary information can be found on Pages 57 through 62 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2023-2024 fiscal year the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$6,093,453. The following table presents condensed information for the *Statement of Net Position* of the District at June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current assets	\$ 37,656,477	\$ 58,804,916	\$ (825,815)	\$ (261,075)	\$ 36,830,662	\$ 58,543,841
Noncurrent assets	164,349,149	142,592,313	38,607	54,643	164,387,756	142,646,956
Total assets	<u>202,005,626</u>	<u>201,397,229</u>	<u>(787,208)</u>	<u>(206,432)</u>	<u>201,218,418</u>	<u>201,190,797</u>
<b>Deferred outflows of resources</b>	<u>13,295,190</u>	<u>13,112,014</u>	<u>362,051</u>	<u>350,341</u>	<u>13,657,241</u>	<u>13,462,355</u>
<b>Liabilities</b>						
Current liabilities	14,293,941	10,961,175	91,322	74,008	14,385,263	11,035,183
Noncurrent liabilities	<u>189,339,929</u>	<u>194,508,937</u>	<u>1,986,613</u>	<u>2,008,106</u>	<u>191,326,542</u>	<u>196,517,043</u>
Total liabilities	<u>203,633,870</u>	<u>205,470,112</u>	<u>2,077,935</u>	<u>2,082,114</u>	<u>205,711,805</u>	<u>207,552,226</u>
<b>Deferred inflows of resources</b>	<u>3,000,590</u>	<u>4,491,494</u>	<u>69,811</u>	<u>96,268</u>	<u>3,070,401</u>	<u>4,587,762</u>
<b>Net position (deficit)</b>						
Net investment in capital assets	42,944,348	40,853,041	38,607	54,643	42,982,955	40,907,684
Restricted	2,214,572	2,880,021	-	-	2,214,572	2,880,021
Unrestricted (deficit)	<u>(36,492,564)</u>	<u>(39,185,425)</u>	<u>(2,611,510)</u>	<u>(2,089,116)</u>	<u>(39,104,074)</u>	<u>(41,274,541)</u>
Total net position (deficit)	<u>\$ 8,666,356</u>	<u>\$ 4,547,637</u>	<u>\$ (2,572,903)</u>	<u>\$ (2,034,473)</u>	<u>\$ 6,093,453</u>	<u>\$ 2,513,164</u>

The District's total assets as of June 30, 2024 were \$201,218,418 of which \$31,710,444 or 15.76% consisted of cash and investments and \$164,387,756 or 81.70% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2024 were \$205,711,805 of which \$115,615,893 or 56.20% consisted of general obligation debt used to acquire and construct capital assets and \$69,755,644 or 33.91% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$41,302,543 at June 30, 2024. The District's unrestricted net position increased by \$2,170,467 during 2023-2024 primarily due to the current year results of operations and the change in the net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled \$2,214,571 as of June 30, 2024. All of the District's restricted net position related to amounts restricted for capital expenditures.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

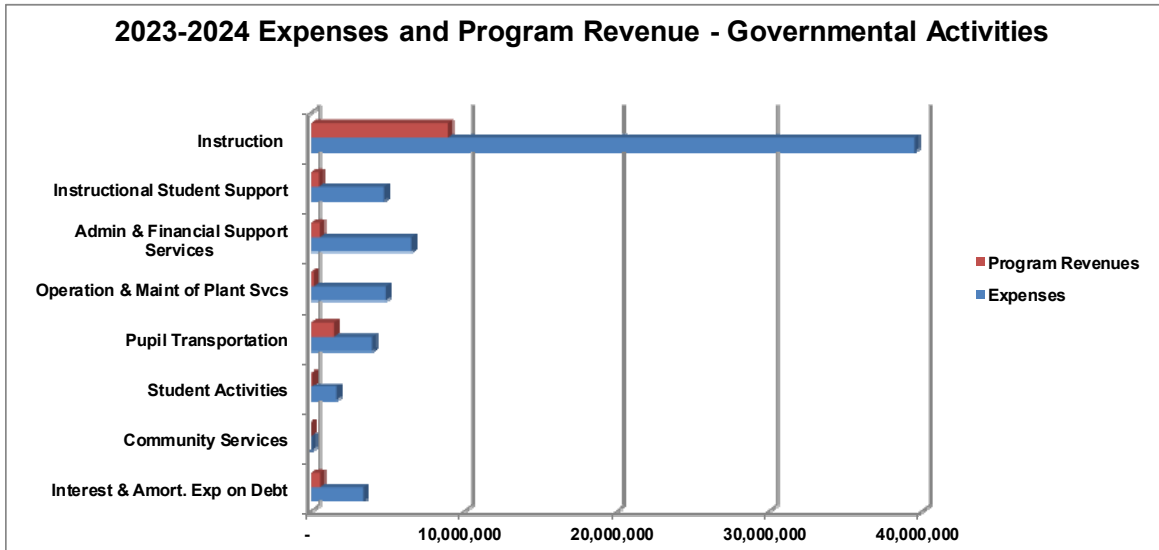
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2024, the District's net investment in capital assets, increased by \$2,075,271 because capital assets were acquired with other sources other than long-term debt.

The following table presents condensed information for the *Statement of Activities* of the District for 2024 and 2023: Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base is in the form of residential housing. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

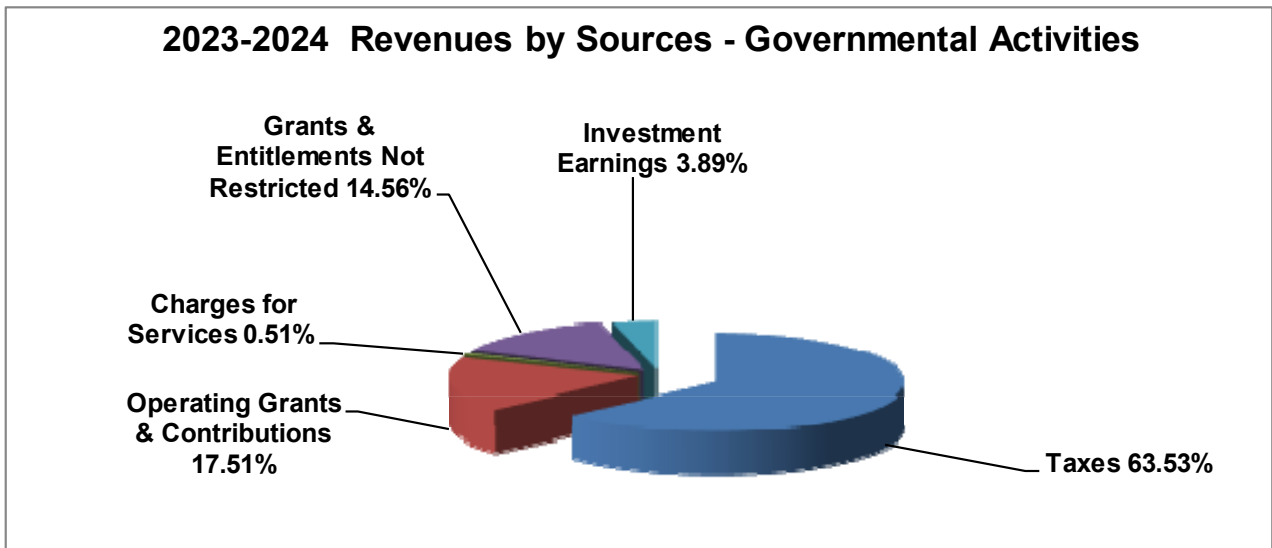
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 353,870	\$ 356,397	\$ 802,502	\$ 826,330	\$ 1,156,372	\$ 1,182,727
Operating grants and contributions	12,112,334	13,635,914	1,134,878	1,304,738	13,247,212	14,940,652
Capital grants and contributions	-	1,368,000	-	-	-	1,368,000
General revenues						
Property taxes levied for general purposes	38,204,548	36,762,198	-	-	38,204,548	36,762,198
Earned income taxes levied for general purposes	4,633,263	4,557,679	-	-	4,633,263	4,557,679
Other taxes	1,124,023	1,083,656	-	-	1,124,023	1,083,656
Grants and entitlements not restricted to specific programs	10,071,889	-	-	-	10,071,889	9,290,972
Gain on sale of capital assets	-	1,215,610	-	-	-	-
Investment earnings	2,693,099	2,225,223	531	297	2,693,630	2,225,520
Total revenues	<u>69,193,026</u>	<u>61,204,677</u>	<u>1,937,911</u>	<u>2,131,365</u>	<u>71,130,937</u>	<u>71,411,404</u>
<b>Expenses</b>						
Instruction	39,540,834	37,039,361	-	-	39,540,834	37,039,361
Instructional student support services	4,821,714	4,716,872	-	-	4,821,714	4,716,872
Administrative and financial support services	6,596,694	6,756,287	-	-	6,596,694	6,756,287
Operation and maintenance of plant services	4,941,497	5,065,573	-	-	4,941,497	5,065,573
Pupil transportation	4,062,508	3,937,504	-	-	4,062,508	3,937,504
Student activities	1,653,842	1,596,653	-	-	1,653,842	1,596,653
Community services	55,379	63,914	-	-	55,379	63,914
Interest and amortization expense related to noncurrent liabilities	3,401,839	3,292,959	-	-	3,401,839	3,292,959
Food service	-	-	2,476,341	2,665,068	2,476,341	2,665,068
Total expenses	<u>65,074,307</u>	<u>62,469,123</u>	<u>2,476,341</u>	<u>2,665,068</u>	<u>67,550,648</u>	<u>65,134,191</u>
Change in net position (deficit)	<u>\$ 4,118,719</u>	<u>\$ (1,264,446)</u>	<u>\$ (538,430)</u>	<u>\$ (533,703)</u>	<u>\$ 3,580,289</u>	<u>\$ 6,277,213</u>

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

**GOVERNMENTAL FUNDS**

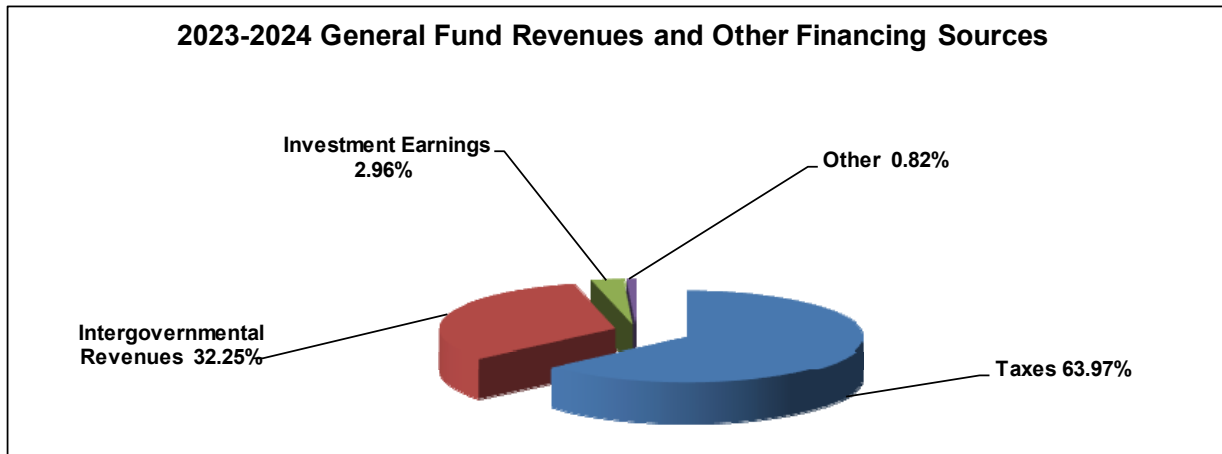
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2024, the District's governmental funds reported a combined fund balance of \$25,262,060 which is a decrease of \$24,725,769 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2024 and 2023 and the total 2024 change in governmental fund balances.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
General Fund	\$ 28,119,504	\$ 27,124,696	\$ 994,808
Capital Projects Fund	<u>(2,857,444)</u>	<u>22,601,073</u>	<u>(25,458,517)</u>
	<u>\$ 25,262,060</u>	<u>\$ 49,725,769</u>	<u>\$ (24,463,709)</u>

**GENERAL FUND**

The General Fund is the District's primary operating fund. At the conclusion of the 2023-2024 fiscal year, the General Fund fund balance was \$28,119,504 representing an increase of \$994,808 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023-2024 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 63.97% of General Fund revenues are derived from local taxes.



**General Fund Revenues and Other Financing Sources**

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$ 43,591,329	\$ 42,358,121	\$ 1,233,208	2.91%
Intergovernmental revenues	21,980,299	22,669,630	(689,331)	-3.04%
Investment earnings	2,016,406	1,368,158	648,248	47.38%
Other	557,795	613,652	(55,857)	-9.10%
Sale of/compensation for capital assets	<u>-</u>	<u>1,965,610</u>	<u>(1,965,610)</u>	<u>-100.00%</u>
	<u>\$ 68,145,829</u>	<u>\$ 68,975,171</u>	<u>\$ (829,342)</u>	<u>-1.20%</u>

**Manheim Central School District  
Management’s Discussion and Analysis (Unaudited)  
June 30, 2024**

Net tax revenues increased by \$1,233,208 or 2.91% primarily due to a real estate tax millage increase of 2.75%. The following table summarizes the changes in the District’s tax revenues 2024 compared to 2023:

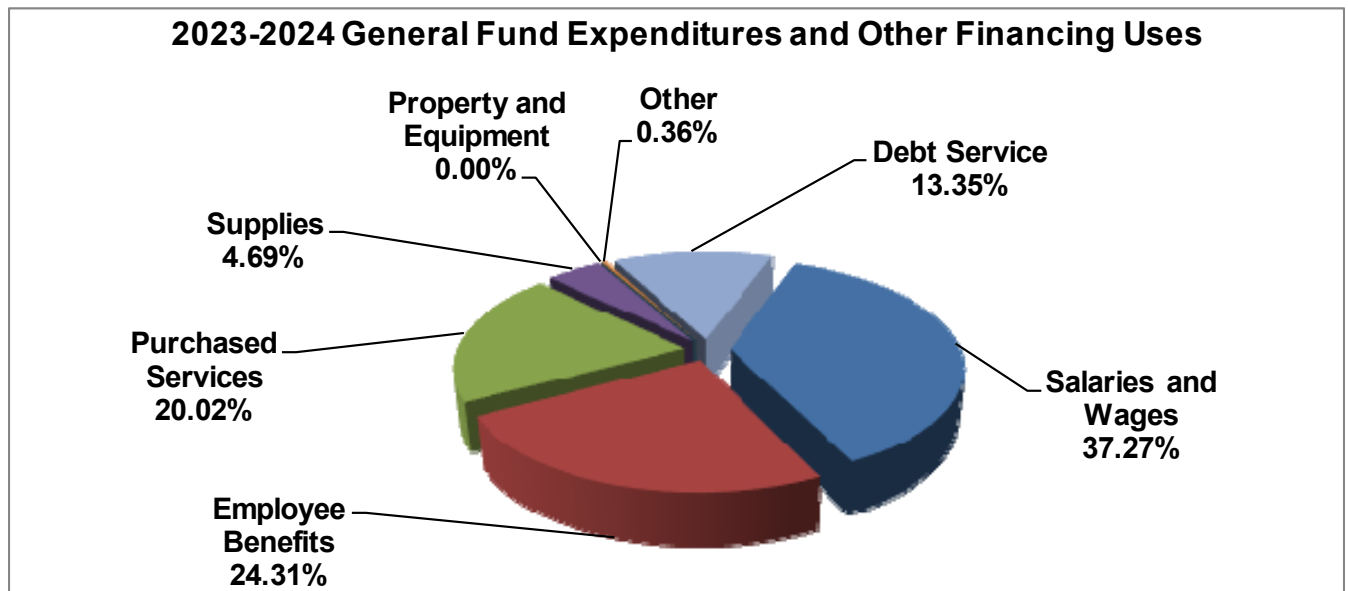
	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$ 36,729,776	\$ 35,767,677	\$ 962,099	2.69%
Interim real estate tax	211,265	183,538	27,727	15.11%
PURTA tax	35,859	38,079	(2,220)	-5.83%
Payments in lieu of tax	239,367	227,982	11,385	4.99%
Earned income tax	4,633,263	4,557,679	75,584	1.66%
Realty transfer tax	848,798	817,596	31,202	3.82%
Delinquent real estate tax	893,001	765,670	127,331	16.63%
	<u>\$ 43,591,329</u>	<u>\$ 42,358,221</u>	<u>\$ 1,233,108</u>	<u>2.91%</u>

Intergovernmental revenues decreased primarily due to a decrease in federal funding through the Elementary and Secondary School Emergency Relief Fund (ESSER) the purpose of which was to assist COVID-19 response efforts which offset by an increase in state allocations for basic and special education subsidies.

Investment earnings increased commensurate with the prevailing market conditions.

In 2022-2023, the Board approved the sale of two properties, including the 52-acre property on Prospect Road in Rapho Township known as the “Geib tract” for \$1.6 million and the other property is the former Stiegel Elementary School on S. Hazel Street for \$360,000.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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**General Fund Expenditures and Other Financing Uses**

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 25,028,873	\$ 23,912,291	\$ 1,116,582	4.67%
Employee benefits	16,324,522	15,702,673	621,849	3.96%
Purchased services	13,444,587	12,858,763	585,824	4.56%
Supplies	3,151,938	3,652,827	(500,889)	-13.71%
Equipment	272	30,249	(29,977)	-99.10%
Other	234,477	170,017	64,460	37.91%
Debt service	8,966,352	8,911,321	55,031	0.62%
Transfers out	-	1,965,610	(1,965,610)	-100.00%
	<u>\$ 67,151,021</u>	<u>\$ 67,203,751</u>	<u>\$ (52,730)</u>	<u>0.08%</u>

Salaries and wages increased by \$1,116,582 or 4.67% in 2023-2024 compared to 2022-2023 as a result of scheduled increases within the District's negotiated collective bargaining agreements as well as increases for other staff.

Employee benefits increased by \$621,849 or 3.96% primarily due to medical self-insurance performance and increases in PSERS retirement contributions in line with increases in wages offset by a small decrease in the contribution rate.

Purchased services increased by \$585,824 or 4.56% primarily due to an increase in technology expenditures and contracted services for transportation.

Supplies decreased by \$500,889 or 13.71% resulting from one-time expenditures in prior year including those through ESSER.

Transfers out in 2022-2023 represent proceeds from the sale of land transferred to the Capital Reserve Fund for future capital expenditures.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2023-2024, the Capital Projects Fund reported a decrease in fund balance of \$25,458,517 due to capital outlay in excess of investment income and had deficit in fund balance of \$2,857,444 as of June 30, 2024. The deficit in the Capital Projects Fund was eliminated through a budgeted appropriation from the General Fund committed fund balance of \$7,000,000 in the subsequent year.

**GENERAL FUND BUDGET INFORMATION**

Actual revenues and other financing sources were \$1,252,697 more than budgeted amounts and actual expenditures and other financing uses were \$293,793 more than budgeted amounts resulting in a net overall positive variance of \$1,546,490. Major budgetary highlights for 2023-2024 were as follows:

- Local source revenues were \$783,334 or 1.72% higher than budgeted amounts. This was primarily due to investment earnings being more than budgeted as well as more than expected collections for earned income taxes, realty transfer taxes, and delinquent real estate taxes.
- State source revenues were \$632,670 or 3.33% higher than budgeted amounts due primarily to higher than expected allocations for basic education and special education subsidies.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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- Student transportation services expenditures were \$572,017 or 16.37% more than budgeted amounts due to increases in fuel costs and commensurate increases in the Pennsylvania Department of Education ("PDE") transportation cost index.

**BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND**

During 2023-2024, the net position of the business-type activities and Food Service Fund decreased by \$538,430 mainly as a result of operations and the change in the PSERS net pension and OPEB liabilities. As of June 30, 2024, the business-type activities and Food Service Fund had a deficit in net position of \$2,572,903. The deficit in net position can be attributed to the business-type activities and Food Service Fund recording its proportionate share of the net pension and OPEB liability in PSERS.

**CAPITAL ASSETS**

The District's net investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$164,387,756 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment and right-to-use leased assets. The total increase in the District's net investment in capital assets for the current fiscal year was \$21,740,800 or 15.24%. The increase was the result of current year additions in excess of depreciation. Current year capital outlays were \$26,485,329 and current year depreciation expense and the net book value of disposed of capital assets was \$4,744,529.

Major capital additions for the current fiscal year included the following:

- High School renovation project – construction in progress \$13,497,787
- Athletic fields projects – construction in progress \$ 8,869,314

**NONCURRENT LIABILITIES**

At the end of the current fiscal year, the District had total general obligation debt of \$115,615,893 consisting of \$108,395,000 in bonds payable and bond premiums of \$7,220,893. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by \$5,255,040 or 4.35% during the fiscal year.

The District maintains an AA- (Stable Outlook) rating from Standard and Poor's.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$141,394,221 which exceeds the District's outstanding general obligation debt as of June 30, 2024.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$69,755,644 as of June 30, 2024. The District's net pension liability increased by \$88,827 or 0.13% during the fiscal year.

The District reports a liability for its other post-employment benefits ("OPEB") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$4,578,324 as of June 30, 2024. The District's OPEB liability increased by \$93,613 or 2.14% during the fiscal year.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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Other noncurrent liabilities consist of the District's liabilities for accrued retirement bonuses, compensated absences and leases payable, which totaled \$1,376,681 as of June 30, 2024. These liabilities decreased by \$117,901 or 7.89% during the fiscal year.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District is financially strong which is evidenced by a positive fund balance in the General Fund. The positive General Fund balance serves the District by generating interest income and providing needed cash when expenses may exceed revenues. The District has also committed significant portions of the fund balance to offset future year's capital needs, and debt service requirements. The District also maintains a capital projects fund which can be used to fund future capital projects.

The District has committed itself to financial excellence for many years. While the District's system of budgeting and internal controls is well regarded, all its financial abilities will be needed to meet future challenges.

The District adopted a 2024-2025 budget totaling \$71,629,137 which used \$1,576,085 of General Fund fund balance consisting of both unassigned and committed funds and the real estate tax millage rate increased by 4.50%.

The District adopted a 2025-2026 budget totaling \$74,181,970 which used \$1,328,751 of General Fund fund balance consisting of both unassigned and committed funds and the real estate tax millage rate increased by 2.25%.

**Teacher Contract**

The current collective bargaining agreement ("CBA") between the District and the Manheim Central Education Association ("MCEA"), the teachers' local bargaining unit, was approved in December 2018. The current agreement will expire on June 30, 2023. In November, the District and MCEA agreed on a new 4-year agreement to extend through June 30, 2027. Currently, the District and the MCEA continue to enjoy positive labor relations.

**Facilities**

The three phase project for additions and renovations to the Manheim Central High School is nearly completed. The project, designed by Crabtree Rohrbaugh and Associates, has a base construction cost of \$55,426,950, and an estimated total project cost of \$64,750,000. Construction on the renovations and additions started in June 2021. The project was completed in August 2024.

The renovation and construction of athletic facilities at the Manheim Central Middle School and Doe Run Elementary School has nearly concluded. The renovations include adding synthetic turf to the baseball field and the addition of two softball fields, a turf multipurpose field, and a restroom and storage building. Construction began in November 2023 and were completed in July 2024 at a total cost of approximately \$10,000,000.

**Employee Benefits' Costs**

All school districts in the Commonwealth are facing the common problem of increasing employee benefit costs. The two primary areas of concern are PSERS and self-insured medical and dental costs.

The financial performance of the PSERS will determine, in large part, future increases in the employer contribution rate. The employer contribution rate for 2023-2024 was 34.00%, while the employer contribution rate for 2024-2025 is 33.90%. The retirement rate will increase incrementally each year projected out to 2031-2032 at 38.26%. The cost of the retirement expense is shared between the District and the Commonwealth and is a significant concern for future budgets.

**Manheim Central School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

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Medical costs continue to be a concern for the District as the projections remain for expenses to continue to increase along the national trends. The effects of increasing prescription costs and other healthcare trends may create an additional burden on the District to contain the rate of increase in healthcare costs.

**Act 1**

The passage of Act 1 has impacted the District like all other school districts in the Commonwealth. A major provision of the Act is the imposition of an annual index, calculated by the Pennsylvania Department of Education and released in September for effect in the year starting July 1. This index is the maximum percent increase of the millage rate that a School Board can approve without a voter referendum. The history of the District shows a performance record of remaining within the limits of the index. In fact, the District's tax increase has been less than the index five times in the last 10 years and twice there was no increase. The index for the District for 2024-2025 is 5.3%, while the 2025-2026 index is set at 4.00%.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Manheim Central School District, 281 White Oak Road, Manheim, PA 17545.

**Manheim Central School District  
Statement of Net Position (Deficit)  
June 30, 2024 with Summarized Comparative Totals for 2023**

	Governmental	Business-type	Totals	
	Activities	Activities	2024	2023
<b>Assets and Deferred Outflows of Resources</b>				
Current assets				
Cash	\$ 31,677,810	\$ 32,634	\$ 31,710,444	\$ 48,285,399
Investments	-	-	-	4,879,855
Taxes receivable	1,815,274	-	1,815,274	1,396,603
Due from other governments	2,473,231	-	2,473,231	3,183,138
Internal balances	968,033	(968,033)	-	-
Other receivables	315,914	-	315,914	480,008
Inventories	291,443	109,584	401,027	182,611
Prepaid expenses	114,772	-	114,772	136,227
Total current assets	37,656,477	(825,815)	36,830,662	58,543,841
Noncurrent assets				
Capital assets not being depreciated	78,703,060	-	78,703,060	53,923,442
Capital assets being depreciated, net	85,646,089	38,607	85,684,696	88,723,514
Total capital assets	164,349,149	38,607	164,387,756	142,646,956
Total assets	202,005,626	(787,208)	201,218,418	201,190,797
Deferred outflows of resources				
Deferred amount on debt refunding	-	-	-	186,656
Deferred charges OPEB - single employer	425,822	-	425,822	472,216
Deferred charges on proportionate share of OPEB - PSERS	514,866	14,485	529,351	674,363
Deferred charges on proportionate share of pension - PSERS	12,354,502	347,566	12,702,068	12,129,120
Total deferred outflows of resources	13,295,190	362,051	13,657,241	13,462,355
<b>Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>				
Current liabilities				
Accounts payable	6,321,210	19,170	6,340,380	2,948,119
Accrued salaries, payroll withholdings and benefits	7,214,213	1,793	7,216,006	7,181,437
Accrued interest payable	626,158	-	626,158	660,373
Unearned revenue	-	70,359	70,359	58,205
Other liabilities	132,360	-	132,360	187,049
Total current liabilities	14,293,941	91,322	14,385,263	11,035,183
Noncurrent liabilities				
Due within one year	5,687,847	-	5,687,847	5,604,705
Due in more than one year	183,652,082	1,986,613	185,638,695	190,912,338
Total noncurrent liabilities	189,339,929	1,986,613	191,326,542	196,517,043
Total liabilities	203,633,870	2,077,935	205,711,805	207,552,226
Deferred inflows of resources				
Deferred credits OPEB - single employer	1,464,401	-	1,464,401	1,602,762
Deferred credits on proportionate share of OPEB - PSERS	557,321	43,679	601,000	758,000
Deferred credits on proportionate share of pension - PSERS	978,868	26,132	1,005,000	2,227,000
Total deferred inflows of resources	3,000,590	69,811	3,070,401	4,587,762
Net position (deficit)				
Net investment in capital assets	42,944,348	38,607	42,982,955	40,907,684
Restricted	2,214,572	-	2,214,572	2,880,021
Unrestricted (deficit)	(36,492,564)	(2,611,510)	(39,104,074)	(41,274,541)
Total net position (deficit)	\$ 8,666,356	\$ (2,572,903)	\$ 6,093,453	\$ 2,513,164

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District**  
**Statement of Activities**  
**Year Ended June 30, 2024 with Summarized Comparative Totals for 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
						2024	2023
<b>Governmental activities</b>							
Instruction	\$ 39,540,834	\$ 272,518	\$ 8,697,667	\$ (30,570,649)	\$ -	\$ (30,570,649)	\$ (26,429,087)
Instructional student support services	4,821,714	-	526,206	(4,295,508)	-	(4,295,508)	(4,198,438)
Administrative and financial support services	6,596,694	-	588,899	(6,007,795)	-	(6,007,795)	(6,176,771)
Operation and maintenance of plant services	4,941,497	3,000	188,394	(4,750,103)	-	(4,750,103)	(3,627,169)
Pupil transportation	4,062,508	-	1,491,013	(2,571,495)	-	(2,571,495)	(2,795,524)
Student activities	1,653,842	78,352	14,178	(1,561,312)	-	(1,561,312)	(1,483,141)
Community services	55,379	-	-	(55,379)	-	(55,379)	(63,914)
Interest and amortization expense related to noncurrent liabilities	3,401,839	-	605,977	(2,795,862)	-	(2,795,862)	(2,334,768)
Total governmental activities	<u>65,074,307</u>	<u>353,870</u>	<u>12,112,334</u>	<u>(52,608,103)</u>	<u>-</u>	<u>(52,608,103)</u>	<u>(47,108,812)</u>
<b>Business-type activities</b>							
Food service	<u>2,476,341</u>	<u>802,502</u>	<u>1,134,878</u>	<u>-</u>	<u>(538,961)</u>	<u>(538,961)</u>	<u>(534,000)</u>
Total primary government	<u>\$ 67,550,648</u>	<u>\$ 1,156,372</u>	<u>\$ 13,247,212</u>	<u>(52,608,103)</u>	<u>(538,961)</u>	<u>(53,147,064)</u>	<u>(47,642,812)</u>
<b>General revenues</b>							
Property taxes levied for general purposes				38,204,548	-	38,204,548	36,762,198
Earned income taxes levied for general purposes				4,633,263	-	4,633,263	4,557,679
Other taxes				1,124,023	-	1,124,023	1,083,656
Grants and entitlements not restricted to specific programs				10,071,889	-	10,071,889	9,290,972
Gain on sale of capital assets				-	-	-	1,215,610
Investment earnings				2,693,099	531	2,693,630	2,225,520
Total general revenues and transfers				<u>56,726,822</u>	<u>531</u>	<u>56,727,353</u>	<u>55,135,635</u>
Change in net position (deficit)				4,118,719	(538,430)	3,580,289	7,492,823
<b>Net position (deficit)</b>							
Beginning of year				<u>4,547,637</u>	<u>(2,034,473)</u>	<u>2,513,164</u>	<u>(4,979,659)</u>
End of year				<u>\$ 8,666,356</u>	<u>\$ (2,572,903)</u>	<u>\$ 6,093,453</u>	<u>\$ 2,513,164</u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District  
Balance Sheet – Governmental Funds  
Year Ended June 30, 2024 with Summarized Comparative Totals for 2023**

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital</u>	<u>Totals</u>	
	<u>Fund</u>	<u>Projects</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>				
Cash	\$ 28,323,010	\$ 2,658,335	\$ 30,981,345	\$ 46,727,547
Investments	-	-	-	4,879,855
Taxes receivable	1,815,274	-	1,815,274	1,396,603
Due from other funds	2,654,526	-	2,654,526	2,548,200
Due from other governments	2,473,231	-	2,473,231	3,183,138
Other receivables	315,914	-	315,914	480,008
Inventories	291,443	-	291,443	88,727
Prepaid items	114,772	-	114,772	136,227
Total assets	<u>\$ 35,988,170</u>	<u>\$ 2,658,335</u>	<u>\$ 38,646,505</u>	<u>\$ 59,440,305</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 838,383	\$ 5,482,827	\$ 6,321,210	\$ 2,932,316
Due to other funds	-	32,952	32,952	9,834
Accrued salaries, payroll withholdings and benefits	6,254,141	-	6,254,141	6,312,061
Other liabilities	132,360	-	132,360	187,049
Total liabilities	<u>7,224,884</u>	<u>5,515,779</u>	<u>12,740,663</u>	<u>9,441,260</u>
<b>Deferred inflow of resources</b>				
Unavailable revenues - property taxes	643,782	-	643,782	273,276
<b>Fund balances</b>				
<b>Nonspendable</b>				
Inventories	291,443	-	291,443	88,727
Prepaid items	114,772	-	114,772	136,227
<b>Restricted for</b>				
Capital projects	-	2,214,572	2,214,572	22,601,073
<b>Committed to</b>				
Capital projects	10,750,000	-	10,750,000	10,750,000
Debt service	11,300,000	-	11,300,000	11,300,000
Unassigned	5,663,289	(5,072,016)	591,273	4,849,742
Total fund balances	<u>28,119,504</u>	<u>(2,857,444)</u>	<u>25,262,060</u>	<u>49,725,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,988,170</u>	<u>\$ 2,658,335</u>	<u>\$ 38,646,505</u>	<u>\$ 59,440,305</u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District  
 Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental  
 Activities on the Statement of Net Position (Deficit)  
 June 30, 2024**

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<b>Total governmental fund balances</b>	<b>\$ 25,262,060</b>
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	164,349,149
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	10,294,600
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	643,782
The Internal Service Fund is used by management to charge the cost of health insurance and unemployment claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	(1,917,148)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(189,339,929)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(626,158)</u>
 Net position (deficit) of governmental activities	 <u><u>\$ 8,666,356</u></u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District  
Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds  
Year Ended June 30, 2024 with Summarized Comparative Totals for 2023**

	<u>Major Funds</u>		<u>Totals</u>	
	<u>General</u>	<u>Capital</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Projects</u>		
		<u>Fund</u>		
<b>Revenues</b>				
Local sources	\$ 46,293,647	\$ 676,694	\$ 46,970,341	\$ 45,349,299
State sources	19,617,489	-	19,617,489	19,958,316
Federal sources	2,230,727	-	2,230,727	3,915,167
Total revenues	<u>68,141,863</u>	<u>676,694</u>	<u>68,818,557</u>	<u>69,222,782</u>
<b>Expenditures</b>				
Current				
Instruction	37,307,880	402,759	37,710,639	35,606,348
Support services	19,761,994	444,490	20,206,484	19,874,910
Operation of noninstructional services	1,608,926	231,165	1,840,091	1,963,219
Facilities acquisition, construction and improvement services	-	25,459,556	25,459,556	25,422,904
Debt service	8,472,221	-	8,472,221	8,911,321
Total expenditures	<u>67,151,021</u>	<u>26,537,970</u>	<u>93,688,991</u>	<u>91,778,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>990,842</u>	<u>(25,861,276)</u>	<u>(24,870,434)</u>	<u>(22,555,920)</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	18,690,000
Bond premiums	-	-	-	1,625,279
Proceeds from extended term financing	-	402,759	402,759	373,959
Sale of/compensation for capital assets	-	-	-	1,965,610
Insurance recoveries	3,966	-	3,966	11,845
Transfers in	-	-	-	1,965,610
Transfers out	-	-	-	(1,965,610)
Total other financing sources (uses)	<u>3,966</u>	<u>402,759</u>	<u>406,725</u>	<u>22,666,693</u>
Net change in fund balances	994,808	(25,458,517)	(24,463,709)	110,773
<b>Fund balances</b>				
Beginning of year	<u>27,124,696</u>	<u>22,601,073</u>	<u>49,725,769</u>	<u>49,614,996</u>
End of year	<u>\$ 28,119,504</u>	<u>\$ (2,857,444)</u>	<u>\$ 25,262,060</u>	<u>\$ 49,725,769</u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District  
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to Change in Net Position (Deficit) of Governmental Activities  
on the Statement of Activities  
Year Ended June 30, 2024**

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**Net change in fund balances - governmental funds** \$ (24,463,709)

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 cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and the net book value of disposed of capital assets in the current period.

Capital outlay expenditures	\$ 26,485,329	
Depreciation expense	<u>(4,728,493)</u>	21,756,836

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount in the current period.

Deferred inflows of resources June 30, 2023	(273,276)	
Deferred inflows of resources June 30, 2024	<u>643,782</u>	370,506

The Internal Service Fund is used by management to charge the cost of health insurance and unemployment premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.

(422,217)

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 the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is 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.

Proceeds from leases payable	(402,759)	
Repayment of bonds payable	4,420,000	
Repayment of leases payable	461,914	
Amortization of discounts, premiums and deferred amounts on refunding	<u>648,384</u>	5,127,539

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Current year change in accrued interest payable	34,215	
Current year change in accrued retirement bonuses	34,387	
Current year change in compensated absences	24,359	
Current year change in net pension liability - PSERS and deferred outflows and inflows	1,659,041	
Current year change in OPEB liability - single employer and deferred outflows and inflows	(44,934)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>42,696</u>	<u>1,749,764</u>

Change in net position (deficit) of governmental activities		<u>\$ 4,118,719</u>
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The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District**  
**Statement of Net Position – Proprietary Fund**  
**June 30, 2024 with Summarized Comparative Totals for 2023**

	<u>Major Fund</u>			
	<u>Food Service Fund</u>		<u>Internal Service Fund</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>				
Current assets				
Cash	\$ 32,634	\$ 17,909	\$ 696,465	\$ 1,539,943
Inventories	<u>109,584</u>	<u>93,884</u>	<u>-</u>	<u>-</u>
Total current assets	<u>142,218</u>	<u>111,793</u>	<u>696,465</u>	<u>1,539,943</u>
Noncurrent assets				
Capital assets, net	<u>38,607</u>	<u>54,643</u>	<u>-</u>	<u>-</u>
Total assets	<u>180,825</u>	<u>166,436</u>	<u>696,465</u>	<u>1,539,943</u>
Deferred outflows of resources				
Deferred charges on proportionate share of pension - PSERS	347,566	331,888	-	-
Deferred charges on proportionate share of OPEB - PSERS	<u>14,485</u>	<u>18,453</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>362,051</u>	<u>350,341</u>	<u>-</u>	<u>-</u>
<b>Liabilities and Net Position</b>				
Liabilities				
Accounts payable	19,170	15,803	-	-
Due to other funds	968,033	372,868	1,653,541	2,165,498
Accrued salaries, payroll withholdings and benefits	1,793	-	960,072	869,376
Unearned revenue	<u>70,359</u>	<u>58,205</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>1,059,355</u>	<u>446,876</u>	<u>2,613,613</u>	<u>3,034,874</u>
Noncurrent liabilities				
Net proportionate share of OPEB liability - PSERS	77,922	101,818	-	-
Net proportionate share of pension liability - PSERS	<u>1,908,691</u>	<u>1,906,288</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>1,986,613</u>	<u>2,008,106</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,045,968</u>	<u>2,454,982</u>	<u>2,613,613</u>	<u>3,034,874</u>
Deferred inflows of resources				
Deferred credits on proportionate share of pension - PSERS	26,132	60,937	-	-
Deferred credits on proportionate share of OPEB - PSERS	<u>43,679</u>	<u>35,331</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>69,811</u>	<u>96,268</u>	<u>-</u>	<u>-</u>
Net position (deficit)				
Net investment in capital assets	38,607	54,643	-	-
Unrestricted (deficit)	<u>(2,611,510)</u>	<u>(2,089,116)</u>	<u>(1,917,148)</u>	<u>(1,494,931)</u>
Total net position (deficit)	<u>\$ (2,572,903)</u>	<u>\$ (2,034,473)</u>	<u>\$ (1,917,148)</u>	<u>\$ (1,494,931)</u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund**  
**Year Ended June 30, 2024 with Summarized Comparative Totals for 2023**

	<u>Major Fund</u>			
	<u>Food Service Fund</u>		<u>Internal Service Fund</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Operating revenues</b>				
Charges for services	\$ 802,502	\$ 826,330	\$ 6,077,388	\$ 5,212,684
<b>Operating expenses</b>				
Salaries	831,815	767,025	-	-
Employee benefits	520,298	744,359	6,552,785	6,204,527
Purchased services	34,481	45,249	-	-
Supplies	1,073,105	1,088,190	-	-
Depreciation	16,036	15,270	-	-
Other	606	4,975	-	-
Total operating expenses	<u>2,476,341</u>	<u>2,665,068</u>	<u>6,552,785</u>	<u>6,204,527</u>
Operating loss	<u>(1,673,839)</u>	<u>(1,838,738)</u>	<u>(475,397)</u>	<u>(991,843)</u>
<b>Nonoperating revenues</b>				
Earnings on investments	531	297	53,180	53,608
Local sources	-	1,670	-	-
State sources	255,365	254,138	-	-
Federal sources	<u>879,513</u>	<u>1,048,930</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>1,135,409</u>	<u>1,305,035</u>	<u>53,180</u>	<u>53,608</u>
<b>Change in net position (deficit)</b>	(538,430)	(533,703)	(422,217)	(938,235)
<b>Net position (deficit)</b>				
Beginning of year	<u>(2,034,473)</u>	<u>(1,500,770)</u>	<u>(1,494,931)</u>	<u>(556,696)</u>
<b>End of year</b>	<u>\$ (2,572,903)</u>	<u>\$ (2,034,473)</u>	<u>\$ (1,917,148)</u>	<u>\$ (1,494,931)</u>

The Notes to Financial Statements are an integral part of these statements.

**Manheim Central School District**  
**Statement of Cash Flows – Proprietary Fund**  
**Years Ended June 30, 2024 and 2023**

	<b>Major Fund</b>			
	<b>Food Service Fund</b>		<b>Internal Service Fund</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>				
Cash received from charges for services	\$ 810,405	\$ 802,832	\$ -	\$ -
Cash received from assessments made to other funds	-	-	5,565,431	5,819,419
Cash payments to employees for services	(814,815)	(1,030,156)	-	-
Cash payments for insurance claims	-	-	(6,462,089)	(5,819,419)
Cash payments to supplies for goods and services	(927,272)	(995,984)	-	-
Cash payments for other operating expenses	(606)	(4,975)	-	-
Net cash used in operating activities	<u>(932,288)</u>	<u>(1,228,283)</u>	<u>(896,658)</u>	<u>-</u>
<b>Noncapital financing activities</b>				
State sources	255,365	254,138	-	-
Federal sources	691,117	926,238	-	-
Local sources	-	1,670	-	-
Net cash provided by noncapital financing activities	<u>946,482</u>	<u>1,182,046</u>	<u>-</u>	<u>-</u>
<b>Investing activities</b>				
Earnings on investments	531	297	53,180	53,608
Net change in cash	14,725	(45,940)	(843,478)	53,608
<b>Cash</b>				
Beginning of year	17,909	63,849	1,539,943	1,486,335
End of year	<u>\$ 32,634</u>	<u>\$ 17,909</u>	<u>\$ 696,465</u>	<u>\$ 1,539,943</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>				
Operating loss	\$ (1,673,839)	\$ (1,838,738)	\$ (475,397)	\$ (991,843)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	16,036	15,270	-	-
Donated commodities used	188,396	122,692	-	-
(Increase) decrease in				
Due from other funds	-	623,165	1,653,541	-
Inventories	(15,700)	(12,004)	-	-
Deferred outflows of resources	(11,710)	(59,070)	-	-
Increase (decrease) in				
Accounts payable	3,366	9,048	-	-
Due to other funds	595,166	(2,397)	(2,165,498)	606,735
Accrued salaries, payroll withholdings and benefits	1,792	(371,916)	90,696	385,108
Unearned revenue	12,155	(5,779)	-	-
Net OPEB liability	(23,896)	17,581	-	-
Net pension liability	2,403	451,808	-	-
Deferred inflows of resources	(26,457)	(177,943)	-	-
Net cash used in operating activities	<u>\$ (932,288)</u>	<u>\$ (1,228,283)</u>	<u>\$ (896,658)</u>	<u>\$ -</u>
<b>Supplemental disclosure</b>				
Noncash noncapital financing activity				
USDA donated commodities	<u>\$ 188,396</u>	<u>\$ 122,692</u>	<u>\$ -</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

**Manheim Central School District**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2024 with Summarized Comparative Total for 2023**

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	<u>Custodial Funds</u>	
	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash	\$ 1,115,281	\$ 1,135,731
<b>Liabilities</b>		
Accounts payable	<u>13,238</u>	<u>61,554</u>
<b>Net position</b>		
Restricted for scholarships	922,271	916,882
Restricted for student activities	<u>179,772</u>	<u>157,295</u>
Total net position	<u>\$ 1,102,043</u>	<u>\$ 1,074,177</u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**  
**Year Ended June 30, 2024 with Summarized Comparative Total for 2023**

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	<u>Custodial Funds</u>	
	<u>2024</u>	<u>2023</u>
<b>Additions</b>		
Receipts from student groups	\$ 197,598	\$ 169,097
Local contributions	<u>50,827</u>	<u>33,585</u>
Total additions	<u>248,425</u>	<u>202,682</u>
 <b>Deductions</b>		
Scholarships awarded and fees paid	45,438	47,875
Student activities disbursements	<u>175,121</u>	<u>171,206</u>
Total deductions	<u>220,559</u>	<u>219,081</u>
 Change in net position	27,866	(16,399)
 <b>Net position</b>		
Beginning of year	<u>1,074,177</u>	<u>1,090,576</u>
 End of year	<u>\$ 1,102,043</u>	<u>\$ 1,074,177</u>

The Notes to Financial Statements are an integral part of this statement.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**1. ORGANIZATION AND PURPOSE**

The Manheim Central School District (the "District") operates two elementary schools, a middle school and a senior high school to provide education and related services to the residents in the Townships of Penn and Rapho and the Borough of Manheim. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "School Board").

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("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 significant accounting policies are as follows:

**Reporting Entity**

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the 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 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. The District is considered to be an independent reporting entity and has no component units.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

**Fund Financial Statements**

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

**Governmental Funds**

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

**Revenue Recognition**

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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*Expenditure Recognition*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

**Proprietary Funds**

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

The Internal Service Fund is used to account for the District's self-funded health insurance and unemployment programs.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fiduciary Funds**

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District's own programs. The District has two custodial funds consisting of funds held on behalf of the students and funds held as pass-through to provide annual scholarships to students as described by donor stipulations.

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Fair Value Measurements of Assets and Liabilities**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

*Level 1* – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Taxes**

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Face period
November 1 to collection	- Penalty period, 10% of gross levy
January 1	- Lien date

The County Board of Assessments determines assessed valuations of property, and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2023-2024 was 16.0439 mills (\$16.0439 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment one	- August 31
Installment two	- October 31
Installment three	- December 31

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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The discount (2%) is not applicable to installment payments; however, the penalty (10%) will be added if second and third installments are paid subsequent to the due dates.

**Unearned Revenues**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Prepaid Items and Inventories**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$3,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: land improvements – 20 years; buildings and improvements – 40 years; furniture and equipment – 5-12 years; and vehicles – 5-10 years.

**Leases**

The District has entered into noncancellable leases. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is comprised of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the liabilities.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Impairment of Long-Lived Assets**

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2024.

**Compensated Absences**

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

**Accrued Retirement Bonus**

Upon voluntary retirement, employees with qualifying years of service according to their respective employment contract are eligible to receive a lump sum retirement bonus.

**Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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 debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing costs.

**Pension**

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. GASB establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Other Postemployment Benefits (OPEB)**

The District's OPEB plans are accounted for under the provisions of GASB establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

**PSERS OPEB Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**District OPEB Plan**

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

**Deferred Outflows for Pension and OPEB**

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resources are contributions made to the pension plan subsequent to the measurement date and prior to the District's year-end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resource are contributions or OPEB payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Deferred Inflows for Pension and OPEB**

Deferred inflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

**Fund Equity**

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

*Nonspendable*

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

*Restricted*

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed*

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

*Assigned*

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Chief of Finance and Operations or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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*Unassigned*

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

*Comparative Data*

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Implementation of New Accounting Pronouncements**

The District adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement provides the accounting and financial reporting for each type of accounting change and error corrections. The District adopted the requirements of the statement effective July 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption and there was no impact to the District's financial statements.

**New Accounting Pronouncements**

GASB Statement No. 101, *Compensated Absences*, will be effective for the District for the year ended June 30, 2025. GASB Statement No. 101 will update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB Statement No. 102, *Certain Risk Disclosure*, will be effective for the District for the year ended June 30, 2025. The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

**Deficit in Fund Equity**

At June 30, 2024, the Food Service Fund, a major fund, had a deficit fund balance of \$2,572,903, resulting from allocating a portion of its net pension and OPEB liability to this fund. Since the Food Service Fund uses the economic resources measurement focus, these obligations are presented in the proprietary fund financial statements as liabilities and therefore reduces fund equity to an overall deficit. This deficit will be eliminated as resources are obtained (e.g. from revenues and transfers in) to make the periodic pension and OPEB contributions for participants in these plans.

At June 30, 2024, the Capital Projects Fund, a major fund, had a deficit fund balance of \$2,857,444, resulting from construction accounts payable incurred in advance of a budgeted appropriations from the General Fund. The deficit in the Capital Projects Fund was eliminated through a budgeted appropriation from the General Fund of committed fund balance for \$7,000,000 in the subsequent year.

At June 30, 2024, the Internal Service Fund had a deficit fund balance of \$1,917,148, resulting from self-insurance claims in excess of budgeted internal billing rates and appropriations from the General Fund. The deficit in the Internal Service Fund during the was eliminated through an increase in budgeted internal billing rates and appropriations from the General Fund in the subsequent year.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

**4. DEPOSITS AND INVESTMENTS**

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

**Custodial Credit Risk - Deposit**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the District's deposits was \$32,825,725 and the bank balance was \$33,117,703. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$250,000 was covered by federal depository insurance and \$14,041,293, was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, and is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2024, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ 51,185,151	\$ 25,427,004	\$ 647,386	\$ 75,964,769
Land	<u>2,738,291</u>	<u>-</u>	<u>-</u>	<u>2,738,291</u>
Total capital assets not being depreciated	<u>53,923,442</u>	<u>25,427,004</u>	<u>647,386</u>	<u>78,703,060</u>
Capital assets being depreciated				
Land improvements	6,179,939	18,604	-	6,198,543
Building and building improvements	124,280,571	466,043	-	124,746,614
Right-to-use leased assets	3,156,996	402,759	1,670,195	1,889,560
Furniture and equipment	14,763,466	680,331	-	15,443,797
Vehicles	<u>436,364</u>	<u>137,974</u>	<u>-</u>	<u>574,338</u>
Total capital assets being depreciated	<u>148,817,336</u>	<u>1,705,711</u>	<u>1,670,195</u>	<u>148,852,852</u>
Less: Accumulated depreciation for				
Land improvements	(4,254,384)	(302,204)	-	(4,556,588)
Building and building improvements	(41,881,406)	(3,308,891)	-	(45,190,297)
Right-to-use leased assets	(2,268,494)	(398,122)	(1,670,195)	(996,421)
Furniture and equipment	(11,387,311)	(699,912)	-	(12,087,223)
Vehicles	<u>(356,870)</u>	<u>(19,364)</u>	<u>-</u>	<u>(376,234)</u>
Total accumulated depreciation	<u>(60,148,465)</u>	<u>(4,728,493)</u>	<u>(1,670,195)</u>	<u>(63,206,763)</u>
Total capital assets being depreciated, net	<u>88,668,871</u>	<u>(3,022,782)</u>	<u>-</u>	<u>85,646,089</u>
Governmental activities, net	<u>\$ 142,592,313</u>	<u>\$ 22,404,222</u>	<u>\$ 647,386</u>	<u>\$ 164,349,149</u>
<b>Business type activities</b>				
Machinery and equipment	\$ 678,803	\$ -	\$ -	\$ 678,803
Less: Accumulated depreciation	<u>(624,160)</u>	<u>(16,036)</u>	<u>-</u>	<u>(640,196)</u>
Business type activities, net	<u>\$ 54,643</u>	<u>\$ (16,036)</u>	<u>\$ -</u>	<u>\$ 38,607</u>

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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

**Governmental activities**

Instruction	\$ 3,235,729
Instructional student support services	391,036
Administrative and financial support services	563,550
Operation and maintenance of plant services	403,438
Student activities	<u>134,740</u>
Total depreciation expense – governmental activities	<u>\$ 4,728,493</u>

**Business-type activities**

Food service	<u>\$ 16,036</u>
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As of June 30, 2024, the District had outstanding construction commitments related to the High School renovation project and athletic facilities improvements at the Middle School and Doe Run Elementary of \$3,912,175.

**6. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2024 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 968,033	Food Service Fund	\$ 968,033
General Fund	32,952	Capital Projects	32,952
General Fund	<u>1,653,541</u>	Internal Service Fund	<u>1,653,541</u>
	<u>\$ 2,654,526</u>		<u>\$ 2,654,526</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

The District did not have any interfund transfers during the fiscal year ended June 30, 2024.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

**7. CHANGE IN NONCURRENT LIABILITIES**

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2024:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities</b>					
General obligation debt					
Bonds payable	\$ 112,815,000	\$ -	\$ 4,420,000	\$ 108,395,000	\$ 4,645,000
Bond premiums	8,055,933	-	835,040	7,220,893	693,236
Total general obligation debt	<u>120,870,933</u>	<u>-</u>	<u>5,255,040</u>	<u>115,615,893</u>	<u>5,338,236</u>
Other noncurrent liabilities					
Leases payable	776,047	402,759	461,914	716,892	349,611
Compensated absences	368,333	-	24,359	343,974	-
Accrued retirement bonuses	350,202	-	34,387	315,815	-
OPEB liability	1,594,701	135,901	-	1,730,602	-
Net OPEB liability - PSERS	2,788,192	-	32,068	2,756,124	-
Net pension liability - PSERS	67,760,529	100,100	-	67,860,629	-
Total other noncurrent liabilities	<u>73,638,004</u>	<u>638,760</u>	<u>552,728</u>	<u>73,724,036</u>	<u>349,611</u>
Total governmental activities	<u>194,508,937</u>	<u>638,760</u>	<u>5,807,768</u>	<u>189,339,929</u>	<u>5,687,847</u>
<b>Business-type activities</b>					
Net OPEB liability - PSERS	101,818	-	10,220	91,598	-
Net pension liability - PSERS	1,906,288	-	11,273	1,895,015	-
Total business-type activities	<u>2,008,106</u>	<u>-</u>	<u>21,493</u>	<u>1,986,613</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 196,517,043</u>	<u>\$ 638,760</u>	<u>\$ 5,829,261</u>	<u>\$ 191,326,542</u>	<u>\$ 5,687,847</u>

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are generally liquidated by the Food Service Fund.

**8. GENERAL OBLIGATION DEBT**

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

**Manheim Central School District  
Notes to Financial Statements  
June 30, 2024**

General obligation debt outstanding as of June 30, 2024 consisted of the following:

	<u>Interest Rate(s)</u>	<u>Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
<b>General obligation bonds</b>				
Series A of 2016	0.60%-5.00%	\$ 11,865,000	05/01/2031	\$ 11,825,000
Series of 2018	1.75%-4.00%	9,500,000	05/01/2034	9,470,000
Series of 2019	1.45%-4.00%	8,885,000	05/01/2027	8,860,000
Series A of 2020	1.00%-4.00%	9,995,000	05/01/2037	9,980,000
Series of 2021	1.77%	10,105,000	05/01/2033	9,870,000
Series A of 2021	1.19%	9,915,000	05/01/2031	9,740,000
Series B of 2021	1.00%-4.00%	30,270,000	05/01/2041	30,020,000
Series of 2022	1.50%-5.00%	18,690,000	04/01/2043	<u>18,630,000</u>
<b>Total general obligation bonds</b>				<u><b>\$ 108,395,000</b></u>

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,645,000	\$ 3,840,438	\$ 8,485,438
2026	4,785,000	3,701,728	8,486,728
2027	4,910,000	3,579,302	8,489,302
2028	5,040,000	3,458,455	8,498,455
2029	5,170,000	3,327,563	8,497,563
2030-2034	27,850,000	13,553,633	41,403,633
2035-2039	30,020,000	9,720,550	39,740,550
2040-2043	<u>25,975,000</u>	<u>3,010,150</u>	<u>28,985,150</u>
	<u><b>\$ 108,395,000</b></u>	<u><b>\$ 44,191,819</b></u>	<u><b>\$ 152,586,819</b></u>

**9. LEASES PAYABLE**

The District entered into a 60-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$330,953. As of June 30, 2024, the amount outstanding for the lease liability was \$139,785. The District is required to make monthly fixed payments of \$6,157. The lease has an imputed interest rate of 3.78%. The equipment's estimated useful life was 60 months as of the contract commencement. The value of the right-to-use asset as of June 30, 2024 was \$132,380 with accumulated amortization of \$198,572 and is included with noncurrent assets on the statement of net position (deficit). There is no purchase option available under the lease.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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Periodically, the District enters into 48-month leases for personal technology devices for students. The total initial lease liabilities of all leases as of June 30, 2024 was \$1,558,607. As of June 30, 2024, amounts outstanding for the lease liabilities was \$577,107. The leases have annual payments ranging from \$99,148 to \$112,249 at interest rates ranging from 3.18% to 7.76%. The equipment's estimated useful life was 48 months as of the contract commencement. The value of the right to use leased assets as of June 30, 2024 was \$760,759 with accumulated amortization of \$797,849 and is included with noncurrent assets on the statement of net position (deficit). The District has the option to purchase the equipment at the end of the lease term for \$1.

**Year ended June 30**

2025	\$ 389,365
2026	285,273
2027	112,249
Less: Amounts representing interest	<u>(69,995)</u>
	<u>\$ 716,892</u>

**10. PENSION PLAN**

**Plan Description**

The Pennsylvania Public School Employees' Retirement System ("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 PSERS include all full-time public employees, part-time hourly public 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](http://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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

Benefits are generally between 1% to 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 upon 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.

**Contributions**

*Member Contributions*

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30%
				After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25%
				After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

*Employer Contributions*

The District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$8,533,068 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$69,755,644 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.1568%, which was an increase of 0.0001% from its proportion measured as of June 30, 2023. As of June 30, 2024, the net pension liability of \$67,860,629 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$1,895,015 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2024, the District recognized pension expense of \$6,762,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 16,000	\$ 1,005,000
Changes in assumptions	1,041,000	-
Net difference between expected and actual investment earnings	1,974,000	-
Changes in proportions	1,138,000	-
Contributions subsequent to the measurement date	8,533,068	-
	<u>\$ 12,702,068</u>	<u>\$ 1,005,000</u>

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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\$8,553,068 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 1,371,000
2026	(923,000)
2027	2,107,000
2028	<u>609,000</u>
	<u>\$ 3,164,000</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2023 was determined by rolling forward PSERS's total pension liability as the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2022
- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.75%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial valuation experience study that was performed for the five-year period ending June 30, 2020.

The long-term expected rate of return on 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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

**Manheim Central School District  
Notes to Financial Statements  
June 30, 2024**

Asset class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	30.00%	5.20%
Private equity	12.00%	7.90%
Fixed income	33.00%	3.20%
Commodities	7.50%	2.70%
Infrastructure/MLPs	10.00%	5.40%
Real estate	11.00%	5.70%
Absolute return	4.00%	4.10%
Cash	3.00%	1.20%
Leverage	<u>-10.50%</u>	1.20%
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. 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 the plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following represents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	<u>\$ 90,421,249</u>	<u>\$ 69,755,644</u>	<u>\$ 52,318,213</u>

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Pension Plan Fiduciary Net Position**

Detailed information about the PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS' website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**11. OTHER POST-EMPLOYMENT BENEFITS**

**Single-Employer Defined Benefit OPEB Plan**

The District's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical insurance to all retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

**OPEB Plan Membership**

Membership in the OPEB plan consisted of the following at July 1, 2022:

Active employees	342
Vested former participants	-
Retired participants	15
	<u>357</u>

**Funding Policy**

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

**OPEB Liability**

The District's OPEB liability has been measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and by rolling forward the liabilities from the July 1, 2022 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The OPEB liability all of which is unfunded. As of June 30, 2023, the OPEB liability of \$1,730,602 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2024 was as follows:

<b>Balances as of July 1, 2022</b>	<u>\$ 1,594,701</u>
Changes for the year	
Service cost	121,496
Interest on total OPEB liability	67,982
Changes of assumptions	23,536
Benefit payments	<u>(77,113)</u>
Net changes	<u>135,901</u>
<b>Balances as of July 1, 2023</b>	<u>\$ 1,730,602</u>

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**OPEB Expense and Deferred Outflows Related to OPEB**

For the year ended June 30, 2024, the District recognized OPEB expense of \$93,206. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 122,453	\$ 303,526
Changes in assumptions	254,097	1,160,875
Payment of benefits subsequent to the measurement date	<u>49,272</u>	<u>-</u>
	<u>\$ 425,822</u>	<u>\$ 1,464,401</u>

\$49,272 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30**

2025	\$ (96,272)
2026	(96,272)
2027	(96,272)
2028	(96,272)
2029	(96,272)
Thereafter	<u>(606,491)</u>
	<u>\$ (1,087,851)</u>

**Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates**

The following presents the OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

OPEB liability	<u>\$ 1,505,652</u>	<u>\$ 1,730,602</u>	<u>\$ 1,998,537</u>
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**Sensitivity of the OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District calculated using the discount rate of 4.13%, as well as what the OPEB liability would be if it were calculated using the discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate:

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<u>3.13%</u>	<u>4.13%</u>	<u>5.13%</u>
OPEB liability	<u>\$ 1,880,154</u>	<u>\$ 1,730,602</u>	<u>\$ 1,589,788</u>

**Actuarial Methods and Significant Assumptions**

The OPEB liability as of June 30, 2024, was determined by rolling forward the OPEB Liability as of July 1, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate – 4.13% - Standard and Poor’s 20-year municipal bond rate. The discount rate changed from 4.06% to 4.13%.
- Salary growth – salary increases are composed of 2.50% cost-of-living adjustment, 1.50% for real wage growth and 0.00% to 2.75% for merit or seniority increases.
- Assumed healthcare cost trends – 7.00% in 2023 with 0.5% decrease per year until 5.50% in 2026. Rates gradually decrease from 5.40% in 2027 4.10% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Mortality rates were based on a PubT-2010 headcount-weighted mortality table for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table for contingent survivors for all other employees.

**Cost Sharing Multiple-Employer Defined Benefit OPEB Plan**

PSERS provides premium assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ health options program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

**Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$160,351 for the year ended June 30, 2024.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024, the District reported a liability of \$2,847,722 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.1574%, which was an increase of 0.0004 from its proportion measured as of June 30, 2023. As of June 30, 2024, the net OPEB liability of \$2,756,124 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$91,598 of the net OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2024, the District recognized OPEB expense of \$85,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference between expected and actual experience	\$ 19,000	\$ 28,000
Changes in assumptions	246,000	539,000
Net difference between projected and actual investment earnings	6,000	-
Changes in proportions	98,000	34,000
Contributions subsequent to the measurement date	160,351	-
	<u>\$ 529,351</u>	<u>\$ 601,000</u>

\$160,351 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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2025	\$ (40,000)
2026	(49,000)
2027	(69,000)
2028	(70,000)
2029	(4,000)
	<u>\$ (232,000)</u>

**Actuarial Assumptions**

The OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Investment return – 4.13% - Standard & Poor's 20 year municipal bond rate
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Investments consist primarily of short-term assets designed to protect the principal of the OPEB plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	1.20%

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

**Discount Rate**

The discount rate used to measure the OPEB liability was 4.13%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the Standard & Poor's 20 year municipal bond rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity of District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend**

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2023, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2023, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

District's proportionate share of the net OPEB liability	<u>\$ 2,847,454</u>	<u>\$ 2,847,722</u>	<u>\$ 2,847,937</u>
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**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>3.13%</b>	<b>4.13%</b>	<b>5.13%</b>
District's proportionate share of the net OPEB liability	<u>\$ 3,219,683</u>	<u>\$ 2,847,722</u>	<u>\$ 2,536,366</u>

**OPEB Plan Fiduciary Net Position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual.

**12. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION**

**Joint Ventures**

*Lancaster County Career and Technology Center*

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("LCCTC"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2023-2024 was \$1,003,036.

*Lancaster County Career and Technology Center Authority*

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "Authority"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2023-2024 was \$73,969.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds (the "Revenue Bonds"), in the maximum aggregate principal amount of \$43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreement with the Authority stipulating that each school district pay its proportionate share of the lease rentals in order to retire the Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed \$10,000,000 without the participating school districts' approval. On June 29, 2012, the Authority issued the first of three series in the total amount of \$9,995,000 which was refinanced in February 2018. On September 20, 2013 the Authority issued the second of three series in the total amount of \$9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of \$3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of \$11,145,000. The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Year ended June 30**

2025	\$ 76,824
2026	77,225
2027	76,700
2028	76,241
2029	76,255
2030-2034	377,552
2035-2037	<u>225,357</u>
	<u>\$ 986,154</u>

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

**Jointly Governed Organizations**

*Lancaster-Lebanon Intermediate Unit*

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "LLIU"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2023-2024, the District contracted with the LLIU for special education services which totaled \$2,487,275.

*Lancaster-Lebanon Joint Authority*

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the "Authority"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2023-2024, the District did not have any financial transactions with the Authority.

*Lancaster County Tax Collection Bureau*

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "Bureau") for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The Bureau's operating expenditures are deducted from each member's earned income tax distributions. During 2023-2024, the District's portion of operating expenditures for the Bureau totaled \$63,855.

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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*Lancaster County Academy*

The Lancaster County Academy (the "Academy") is an alternative public school organized by the District and 7 other Lancaster County school districts to provide services in the County. Each of the participating school districts appoints one member to serve on the joint operating committee. The District is considered to have an ongoing financial responsibility to fund the operations of the Academy. During 2023-2024, the District's portion of operating expenditures for the Academy totaled \$73,430.

**13. CONTINGENCIES AND COMMITMENTS**

**Government Grants and Awards**

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

**Litigation**

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

**14. RISK MANAGEMENT**

**Health Insurance**

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims. The District was limited in liability to \$200,000 per individual and \$7,375,710 in total for self-insurance medical claims for the year ended June 30, 2024.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2024 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Insurance claims liability – beginning of year	\$ 869,375	\$ 484,268
Current year insurance claims and changes in estimates	6,552,786	6,204,527
Insurance claims paid	<u>(6,462,089)</u>	<u>(5,819,420)</u>
Insurance claims liability – end of year	<u>\$ 960,072</u>	<u>\$ 869,375</u>

**Manheim Central School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Property and Liability**

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the "Pool"), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the Pool's insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than \$100,000 per occurrence. As of June 30, 2024, the District is not aware of any additional assessments relating to the Pool.

**Workers' Compensation**

The District and 16 participating member school districts, the LLIU and Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the "Fund"), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2024, the District is not aware of any additional assessments relating to this Fund.

**Other Risks**

The District is exposed to other risks of loss, including errors and omissions. The District has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 28, 2025, the date on which the financial statements were available to be issued. Except as noted below, no material subsequent events have occurred since June 30, 2024., that required recognition or disclosure in the financial statements.

On July 24, 2024, the District issued \$16,005,000 of general obligation bonds, Series of 2024, the proceeds from which were used to (1) currently refund all of the general obligation bonds, Series of 2016A; (2) currently refund all or a portion of the general obligations bonds, Series of 2018 and to (3) pay for the costs of issuance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Manheim Central School District  
Budgetary Comparison Schedule – General Fund  
Year Ended June 30, 2024**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Budget Positive (Negative)</b>
<b>Revenues</b>			
Local sources	\$ 45,510,313	\$ 46,293,647	\$ 783,334
State sources	18,984,819	19,617,489	632,670
Federal sources	<u>2,398,000</u>	<u>2,230,727</u>	<u>(167,273)</u>
Total revenues	<u>66,893,132</u>	<u>68,141,863</u>	<u>1,248,731</u>
<b>Expenditures</b>			
Instruction			
Regular programs	26,094,316	25,421,109	673,207
Special programs	10,144,908	10,070,712	74,196
Vocational programs	1,547,721	1,573,039	(25,318)
Other instructional programs	135,300	129,877	5,423
Nonpublic programs	-	26,223	(26,223)
Pre-kindergarten	<u>89,007</u>	<u>86,920</u>	<u>2,087</u>
Total instruction	<u>38,011,252</u>	<u>37,307,880</u>	<u>703,372</u>
Support services			
Pupil support services	1,986,438	1,979,797	6,641
Instructional staff services	1,918,241	1,935,962	(17,721)
Administrative services	3,378,142	3,467,843	(89,701)
Pupil health	555,076	592,881	(37,805)
Business services	936,257	976,223	(39,966)
Operation and maintenance of plant services	4,765,573	4,651,635	113,938
Student transportation services	3,494,096	4,066,113	(572,017)
Support services - central	1,916,843	2,053,657	(136,814)
Other support services	<u>41,000</u>	<u>37,883</u>	<u>3,117</u>
Total support services	<u>18,991,666</u>	<u>19,761,994</u>	<u>(770,328)</u>
Operation of noninstructional services			
Student activities	1,490,816	1,553,547	(62,731)
Community services	<u>68,000</u>	<u>55,379</u>	<u>12,621</u>
Total operation of noninstructional services	<u>1,558,816</u>	<u>1,608,926</u>	<u>(50,110)</u>
Debt service			
Total expenditures	<u>67,124,814</u>	<u>67,151,021</u>	<u>(26,207)</u>
Excess of revenues over expenditures	<u>(231,682)</u>	<u>990,842</u>	<u>1,222,524</u>
<b>Other financing sources (uses)</b>			
Transfers out	(70,000)	-	70,000
Insurance recoveries	-	3,966	3,966
Sale of/compensation for capital assets	-	-	-
Budgetary reserve	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
Total other financing sources (uses)	<u>(320,000)</u>	<u>3,966</u>	<u>323,966</u>
Net change in fund balance	<u>\$ (551,682)</u>	<u>994,808</u>	<u>\$ 1,546,490</u>
<b>Fund balance</b>			
Beginning of year		<u>27,124,696</u>	
End of year		<u>\$ 28,119,504</u>	

**Manheim Central School District  
Schedule of the District's Proportionate Share of the Net Pension Liability – PSERS  
Year Ended June 30,**

	Measurement Date									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.1568%	0.1567%	0.1529%	0.1510%	0.1547%	0.1524%	0.1531%	0.1574%	0.1443%	0.1424%
District's proportionate share of the net pension liability	\$ 69,755,644	\$ 69,666,817	\$ 62,775,740	\$ 74,350,914	\$ 72,372,695	\$ 73,159,567	\$ 75,613,648	\$ 78,002,446	\$ 62,504,000	\$ 56,362,000
District's covered-employee payroll	\$ 24,108,110	\$ 23,086,518	\$ 21,747,682	\$ 21,222,347	\$ 21,341,054	\$ 20,520,006	\$ 20,384,782	\$ 20,389,976	\$ 18,571,742	\$ 18,172,531
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	289.35%	301.76%	288.65%	350.34%	339.12%	356.53%	371.00%	383.00%	337.00%	310.00%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%	57.00%

**Manheim Central School District  
Schedule of the District's Pension Plan Contributions – PSERS  
Year Ended June 30,**

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,533,068	\$ 8,210,853	\$ 7,811,055	\$ 7,268,394	\$ 7,055,074	\$ 6,927,831	\$ 6,466,832	\$ 5,855,934	\$ 5,008,000	\$ 3,726,000
Contributions in relation to the contractually required contribution	<u>\$ 8,533,068</u>	<u>\$ 8,210,583</u>	<u>7,811,055</u>	<u>7,268,394</u>	<u>7,055,074</u>	<u>6,927,831</u>	<u>6,466,832</u>	<u>5,855,934</u>	<u>5,008,000</u>	<u>3,726,000</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 25,578,741	\$ 24,108,110	\$ 23,086,518	\$ 21,747,682	\$ 21,222,347	\$ 21,341,054	\$ 20,520,006	\$ 20,384,782	\$ 20,389,876	\$ 18,571,742
Contributions as a percentage of covered-employee payroll	33.36%	34.06%	33.83%	33.42%	33.24%	32.46%	31.51%	29.00%	25.00%	20.00%

**Manheim Central School District**  
**Schedule of Changes in OPEB Liability – Single Employer Plan**  
**Year Ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 121,496	\$ 240,114	\$ 238,742	\$ 147,692	\$ 148,368	\$ 176,646	\$ 170,812
Interest on total OPEB liability	67,982	66,079	52,241	70,659	60,154	72,301	54,083
Differences between expected and actual experience	-	(148,925)	-	176,877	-	(326,627)	-
Changes of assumptions	23,536	(1,167,657)	(91,230)	309,506	(59,968)	(98,325)	38,926
Benefit payments	<u>(77,113)</u>	<u>(115,677)</u>	<u>(106,755)</u>	<u>(70,286)</u>	<u>(55,515)</u>	<u>(124,388)</u>	<u>(140,358)</u>
Net change in total OPEB liability	135,901	(1,126,066)	92,998	634,448	93,039	(300,393)	123,463
Total OPEB liability, beginning	<u>1,594,701</u>	<u>2,720,767</u>	<u>2,627,769</u>	<u>1,993,321</u>	<u>1,900,282</u>	<u>2,200,675</u>	<u>2,077,212</u>
Total OPEB liability, ending	<u>\$ 1,730,602</u>	<u>\$ 1,594,701</u>	<u>\$ 2,720,767</u>	<u>\$ 2,627,769</u>	<u>\$ 1,993,321</u>	<u>\$ 1,900,282</u>	<u>\$ 2,200,675</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 19,869,750	\$ 19,869,750	\$ 19,043,199	\$ 19,043,199	\$ 18,410,893	\$ 18,410,893	\$ 18,932,990
Net OPEB liability as a % of covered payroll	8.71%	8.03%	14.29%	13.80%	10.83%	10.32%	11.62%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**Manheim Central School District**  
**Schedule of the District's Proportionate Share of the OPEB Liability - PSERS**  
**Year Ended June 30,**

	Measurement Date						
	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.1574%	0.1570%	0.1534%	0.1512%	0.1547%	0.1524%	0.1531%
District's proportionate share of the net OPEB liability	\$ 2,847,722	\$ 3,721,030	\$ 3,635,707	\$ 3,266,974	\$ 3,290,225	\$ 3,177,462	\$ 3,119,277
District's covered-employee payroll	\$ 24,108,110	\$ 23,086,518	\$ 21,747,682	\$ 21,222,347	\$ 21,341,054	\$ 20,520,066	\$ 20,384,782
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.81%	16.12%	16.72%	15.39%	15.42%	15.48%	15.00%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**Manheim Central School District**  
**Schedule of the District's OPEB Contributions - PSERS**  
**Year Ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 160,351	\$ 179,999	\$ 183,334	\$ 178,504	\$ 177,997	\$ 177,241	\$ 170,267	\$ 133,293
Contributions in relation to the contractually required contribution	<u>\$ 160,351</u>	<u>\$ 179,999</u>	<u>\$ 183,334</u>	<u>\$ 178,504</u>	<u>\$ 177,997</u>	<u>\$ 177,241</u>	<u>\$ 170,267</u>	<u>\$ 133,293</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 25,578,741	\$ 24,108,110	\$ 23,086,518	\$ 21,747,682	\$ 21,222,347	\$ 21,341,054	\$ 20,520,066	\$ 20,384,782
Contributions as a percentage of covered-employee payroll	0.64%	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.65%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**Manheim Central School District  
Combining Balance Sheet – Capital Projects Fund  
June 30, 2024**

	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 2,214,572	\$ 443,763	\$ 2,658,335
Total assets	<u>\$ 2,214,572</u>	<u>\$ 443,763</u>	<u>\$ 2,658,335</u>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	\$ -	\$ 5,482,827	\$ 5,482,827
Due to other funds	<u>-</u>	<u>32,952</u>	<u>32,952</u>
Total liabilities	<u>-</u>	<u>5,515,779</u>	<u>5,515,779</u>
Fund balances			
Restricted for			
Capital projects	2,214,572	-	2,214,572
Unassigned	<u>-</u>	<u>(5,072,016)</u>	<u>(5,072,016)</u>
<b>Total fund balances</b>	<u>2,214,572</u>	<u>(5,072,016)</u>	<u>(2,857,444)</u>
Total liabilities and fund balances	<u>\$ 2,214,572</u>	<u>\$ 443,763</u>	<u>\$ 2,658,335</u>

See Independent Auditors' Report.

**Manheim Central School District  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Capital Projects Fund  
Year Ended June 30, 2024**

	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Revenues</b>			
Local sources	\$ 33,679	\$ 643,015	\$ 676,694
<b>Expenditures</b>			
Current			
Instruction	-	402,759	402,759
Support services	435,411	9,079	444,490
Operation of noninstructional services	231,165	-	231,165
Facilities acquisition, construction and improvement services	32,552	25,427,004	25,459,556
Total expenditures	<u>699,128</u>	<u>25,838,842</u>	<u>26,537,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(665,449)</u>	<u>(25,195,827)</u>	<u>(25,861,276)</u>
<b>Other financing sources</b>			
Proceeds from extended term financing	-	402,759	402,759
Total other financing sources	<u>-</u>	<u>402,759</u>	<u>402,759</u>
Net change in fund balances	(665,449)	(24,793,068)	(25,458,517)
<b>Fund balances</b>			
Beginning of year	<u>2,880,021</u>	<u>19,721,052</u>	<u>22,601,073</u>
End of year	<u>\$ 2,214,572</u>	<u>\$ (5,072,016)</u>	<u>\$ (2,857,444)</u>

See Independent Auditors' Report.

**Manheim Central School District**  
**Combining Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2024**

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	<u>Custodial Funds</u>		
	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	<u>\$ 922,371</u>	<u>\$ 192,910</u>	<u>\$ 1,115,281</u>
<b>Liabilities</b>			
Accounts payable	<u>100</u>	<u>13,138</u>	<u>13,238</u>
<b>Net position</b>			
Restricted for scholarships	922,271	-	922,271
Restricted for student activities	<u>-</u>	<u>179,772</u>	<u>179,772</u>
Total net position	<u>\$ 922,271</u>	<u>\$ 179,772</u>	<u>\$ 1,102,043</u>

See Independent Auditors' Report.

**Manheim Central School District**  
**Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds**  
**Year Ended June 30, 2024**

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	<u>Custodial Funds</u>		
	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total</u>
<b>Additions</b>			
Receipts from student groups	\$ -	\$ 197,598	\$ 197,598
Local contributions	<u>50,827</u>	<u>-</u>	<u>50,827</u>
Total additions	<u>50,827</u>	<u>197,598</u>	<u>248,425</u>
<b>Deductions</b>			
Scholarships awarded and fees paid	45,438	-	45,438
Student activities disbursements	<u>-</u>	<u>175,121</u>	<u>175,121</u>
Total deductions	<u>45,438</u>	<u>175,121</u>	<u>220,559</u>
Change in net position	5,389	22,477	27,866
<b>Net position</b>			
Beginning of year	<u>916,882</u>	<u>157,295</u>	<u>1,074,177</u>
End of year	<u>\$ 922,271</u>	<u>\$ 179,772</u>	<u>\$ 1,102,043</u>

See Independent Auditors' Report.

## **SINGLE AUDIT**

**Manheim Central School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
<b>U.S. Department of Education</b>											
<b>Passed-Through the Pennsylvania Department of Education</b>											
Title I - Improving Basic Programs	I	84.010	013-230236	07/01/22 - 09/30/23	\$ 565,912	\$ 39,854	\$ 39,854	\$ -	\$ -	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-240236	07/01/23 - 09/30/24	510,280	516,251	-	510,280	510,280	(5,971)	-
Total ALN #84.010						556,105	39,854	510,280	510,280	(5,971)	-
Title II - Improving Teacher Quality	I	84.367	020-230236	07/01/22 - 09/30/23	85,863	1,421	1,421	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-240236	07/01/23 - 09/30/24	80,558	70,626	-	80,558	80,558	9,932	-
Total ALN #84.367						72,047	1,421	80,558	80,558	9,932	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-230236	07/01/22 - 09/30/23	47,878	-	2,268	-	-	2,268	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240236	07/01/23 - 09/30/24	44,303	44,303	-	44,303	44,303	-	-
Total ALN #84.424						44,303	2,268	44,303	44,303	2,268	-
COVID-19 ARP ESSER Homeless Children & Youth	I	84.425W	181-212234	07/01/21 - 09/30/24	21,735	15,047	10,409	4,638	4,638	-	-
COVID-19 - ARP ESSER	I	84.425U	223-210236	03/13/20 - 09/30/24	3,075,868	1,621,821	992,212	629,609	629,609	-	-
COVID-19 - ARP ESSER 2.5%	I	84.425U	224-210236	03/13/20 - 09/30/24	44,133	18,456	(6,127)	24,583	24,583	-	-
COVID-19 - ARP ESSER 7%	I	84.425U	225-210236	03/13/20 - 09/30/24	239,064	21,733	-	21,733	21,733	-	-
Total ALN #84.425						1,677,057	996,494	680,563	680,563	-	-
<b>Passed Through the Lancaster-Lebanon I.U.</b>											
I.D.E.A. - Part B, Section 619	I	84.173	131-220013	07/01/22 - 06/30/23	2,354	2,354	2,354	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230013	07/01/23 - 06/30/24	3,213	-	-	3,213	3,213	3,213	-
Total ALN #84.173						2,354	2,354	3,213	3,213	3,213	-
COVID-19 - I.D.E.A. - Part B, Section 611 - ARP	I	84.027	062-220013	07/01/21 - 09/30/23	99,070	53,829	-	53,829	53,829	-	-
I.D.E.A. - Part B, Section 610	I	84.027	062-230013	07/01/22 - 09/30/23	526,469	324,292	324,292	-	-	-	-
I.D.E.A. - Part B, Section 610	I	84.027	062-240013	07/01/23 - 09/30/24	556,545	214,897	-	556,545	556,545	341,648	-
Total ALN #84.027						593,018	324,292	610,374	610,374	341,648	-
<b>Total U.S. Department of Education</b>						<b>2,944,884</b>	<b>1,366,683</b>	<b>1,929,291</b>	<b>1,929,291</b>	<b>351,090</b>	<b>-</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**Manheim Central School District  
Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
<b>U.S. Department of Health and Social Services</b>											
<b>Passed Through the Pennsylvania Department of Welfare</b>											
Medical Assistance Program	I	93.778	N/A	07/01/22 - 06/30/23	N/A	5,478	5,478	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	1,437	-	1,437	1,437	-	-
Total ALN #93.778						6,915	5,478	1,437	1,437	-	-
<b>U.S. Department of Agriculture</b>											
<b>Passed-Through the Pennsylvania Department of Education</b>											
Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	147,068	-	147,068	147,068	-	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/23 - 06/30/24	N/A	653	-	653	653	-	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	543,395	-	543,395	543,395	-	-
<b>Passed-Through the Pennsylvania Department of Agriculture</b>											
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	192,648	(31,924)	188,396	188,396	(36,176)	-
Total ALN #10.555						736,043	(31,924)	731,791	731,791	(36,176)	-
<b>Total U.S. Department of Agriculture</b>						883,764	(31,924)	879,512	879,512	(36,176)	-
<b>Total Federal Awards</b>						<b>\$ 3,835,563</b>	<b>\$ 1,340,237</b>	<b>\$ 2,810,240</b>	<b>\$ 2,810,240</b>	<b>\$ 314,914</b>	<b>\$ -</b>
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						\$ 595,372	\$ 326,646	\$ 613,587	\$ 613,587	\$ 344,861	\$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						\$ 883,111	\$ (31,924)	\$ 878,859	\$ 878,859	\$ (36,176)	\$ -
Medicaid Cluster (ALN #93.778)						\$ 6,915	\$ 5,478	\$ 1,437	\$ 1,437	\$ -	\$ -

**Footnotes**

- a) Total amount of commodities received
- b) Beginning inventory July 1
- c) Total amount of commodities used
- d) Ending inventory June 30

**Source Codes**

- D - Direct Funding
- I - Indirect Funding

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**Manheim Central School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

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**1. FEDERAL EXPENDITURES**

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

**2. BASIS OF ACCOUNTING**

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

**3. NONMONETARY FEDERAL AWARDS – DONATED FOOD**

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under ALN #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2023-2024 fiscal year.

**4. ACCESS PROGRAM**

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was \$300,000.

**5. INDIRECT COSTS**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Board of School Directors  
Manheim Central School District

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 Central School District, Manheim, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Manheim Central School District's basic financial statements, and have issued our report thereon dated November 28, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Manheim Central School District's internal control over financial reporting (internal control) as a basis for designing 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 Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Manheim Central 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Manheim Central 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 financial statements. 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 "Clifton Larson Allen LLP".

King of Prussia, Pennsylvania  
November 28, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of School Directors  
Manheim Central School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Manheim Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Manheim Central School District's major federal programs for the year ended June 30, 2024. Manheim Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Manheim Central 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Manheim Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Manheim Central School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Manheim Central School District's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Manheim Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Manheim Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Manheim Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Manheim Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Manheim Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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.

Board of School Directors  
Manheim Central School District

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
November 28, 2025

**Manheim Central School District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2024**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

- 1. Type of auditors’ report issued: Unmodified
- 2. Internal control over financial reporting:
  - Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
- 3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

- 1. Internal control over major federal programs:
  - Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
- 2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
- 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

**Identification of Major Federal Programs**

Assistance Listing Number(s)	Name of Federal Program or Cluster
	<u>Child Nutrition Cluster</u>
10.553	Breakfast Program
10.555	National School Lunch Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>  x  </u> yes      _____ no

**Manheim Central School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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***Section IV – Summary Schedule of Prior Audit Findings***

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None



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