

**MANHEIM CENTRAL SCHOOL DISTRICT
MANHEIM, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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**MANHEIM CENTRAL SCHOOL DISTRICT
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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 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, 2025, and the related notes to the basic financial statements, which collectively comprise Manheim Central School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, 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.

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.

Report on Summarized Comparative Information

We have previously audited the Manheim Central School District's 2024 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2026, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

City, State
April 27, 2026

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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, 2025. 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 2024-2025, 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 2024-2025 fiscal year of \$8,133,954. During the 2024-2025 fiscal year, the District had an increase in total net position of \$2,577,606. The net position of governmental activities increased by \$1,305,636 and the net position of the business-type activities increased by \$1,271,970.
- The General Fund reported a decrease of fund balance of \$8,857,533, bringing the cumulative balance to \$19,261,971 at the conclusion of the 2024-2025 fiscal year.
- At June 30, 2025, the General Fund fund balance includes \$311,123 which is considered nonspendable, \$3,750,000 committed to capital projects, \$11,300,000 committed to debt service and unassigned amounts of \$3,900,848 or 5.4% of the \$71,682,069 2025-2026 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 \$17,564,860 more than budgeted amounts and actual expenditures and other financing uses were \$25,169,832 more than budgeted amounts resulting in a net overall negative variance of \$7,690,083. This was primarily driven by refunding bond activity and transfer to the capital projects, food service and internal service funds that were not budgeted.

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, 2025**

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 18 and 19 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, 2025**

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 20 through 23 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 24 through 26 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 27 and 28 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 29 through 66 of this report.

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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 67 through 72 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 2024-2025 fiscal year the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$8,133,954. The following table presents condensed information for the *Statement of Net Position* of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	\$ 29,083,385	\$ 58,804,916	\$ 74,746	\$ (261,075)	\$ 29,158,131	\$ 58,543,841
Noncurrent assets	<u>162,736,605</u>	<u>142,592,313</u>	<u>26,276</u>	<u>54,643</u>	<u>162,762,881</u>	<u>142,646,956</u>
Total assets	<u>191,819,990</u>	<u>201,397,229</u>	<u>101,022</u>	<u>(206,432)</u>	<u>191,921,012</u>	<u>201,190,797</u>
Deferred outflows of resources	<u>12,223,115</u>	<u>13,112,014</u>	<u>368,022</u>	<u>350,341</u>	<u>12,591,137</u>	<u>13,462,355</u>
Liabilities						
Current liabilities	9,303,539	10,961,175	36,199	74,008	9,339,738	11,035,183
Noncurrent liabilities	<u>181,970,553</u>	<u>194,508,937</u>	<u>2,180,737</u>	<u>2,008,106</u>	<u>184,151,290</u>	<u>196,517,043</u>
Total liabilities	<u>191,274,092</u>	<u>205,470,112</u>	<u>2,216,936</u>	<u>2,082,114</u>	<u>193,491,028</u>	<u>207,552,226</u>
Deferred inflows of resources	<u>2,797,021</u>	<u>4,491,494</u>	<u>90,146</u>	<u>96,268</u>	<u>2,887,167</u>	<u>4,587,762</u>
Net position (deficit)						
Net investment in capital assets	51,581,419	40,853,041	26,276	54,643	51,607,695	40,907,684
Restricted	2,013,316	2,880,021	-	-	2,013,316	2,880,021
Unrestricted (deficit)	<u>(43,622,743)</u>	<u>(39,185,425)</u>	<u>(1,864,314)</u>	<u>(2,089,116)</u>	<u>(45,487,057)</u>	<u>(41,274,541)</u>
Total net position (deficit)	<u>\$ 9,971,992</u>	<u>\$ 4,547,637</u>	<u>\$ (1,838,038)</u>	<u>\$ (2,034,473)</u>	<u>\$ 8,133,954</u>	<u>\$ 2,513,164</u>

The District's total assets as of June 30, 2025 were \$191,921,011 of which \$24,198,742 or 12.61% consisted of cash and investments and \$162,762,881 or 84.81% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2025 were \$193,491,027 of which \$110,548,522 or 57% consisted of general obligation debt used to acquire and construct capital assets and \$67,302,748 or 35% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$45,487,057 at June 30, 2025. The District's unrestricted net position decreased by \$4,212,516 during 2024-2025 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 \$2,013,316 as of June 30, 2025. 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, 2025**

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, 2025, the District's net investment in capital assets, increased by \$10,700,011 because capital assets were acquired with other sources other than long-term debt.

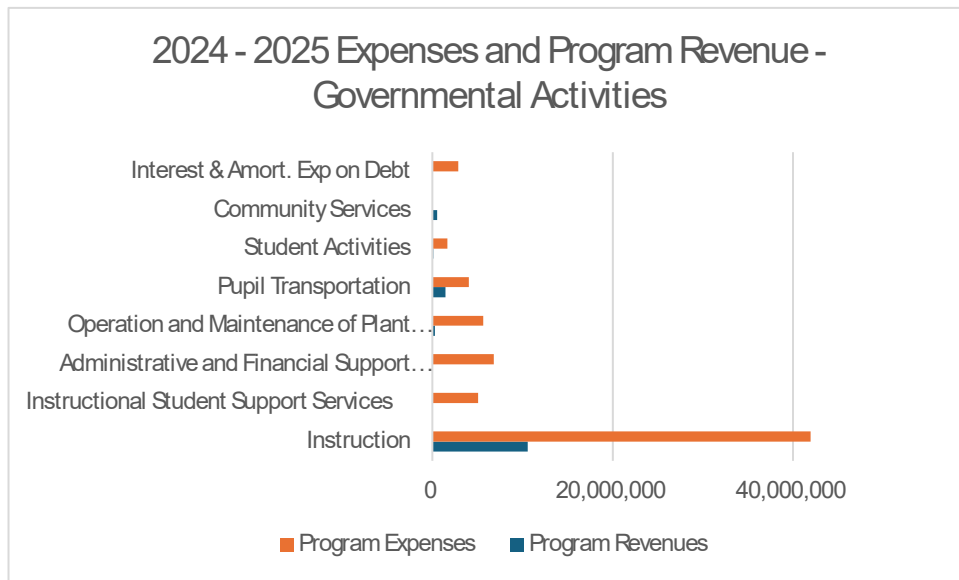
The following table presents condensed information for the *Statement of Activities* of the District for 2025 and 2024:

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.

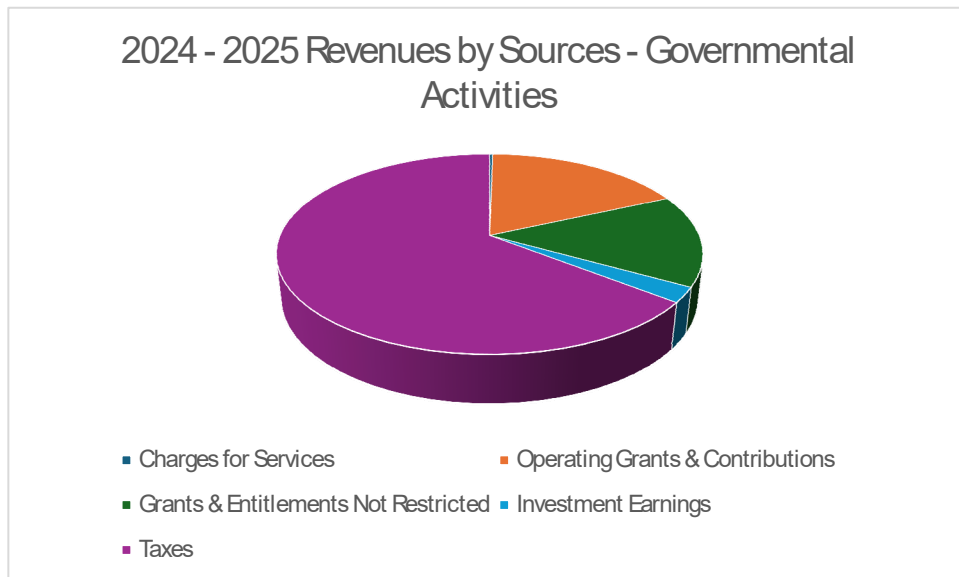
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program revenues						
Charges for services	\$ 200,359	\$ 356,397	\$ 911,888	\$ 826,330	\$ 1,112,247	\$ 1,182,727
Operating grants and contributions	12,736,842	13,635,914	1,641,854	1,304,738	14,378,696	14,940,652
Capital grants and contributions	-	1,368,000	-	-	-	1,368,000
General revenues						
Property taxes levied for general purposes	39,851,949	36,762,198	-	-	39,851,949	36,762,198
Earned income taxes levied for general purposes	4,797,588	4,557,679	-	-	4,797,588	4,557,679
Other taxes	1,037,222	1,083,656	-	-	1,037,222	1,083,656
Grants and entitlements not restricted to specific programs	10,530,768	-	-	-	10,530,768	9,290,972
Gain on sale of capital assets	-	1,215,610	-	-	-	-
Investment earnings	1,718,057	2,225,223	378	297	1,718,435	2,225,520
Transfers	(961,895)	-	961,895	-	-	-
Total revenues	<u>69,910,890</u>	<u>61,204,677</u>	<u>3,516,015</u>	<u>2,131,365</u>	<u>73,426,905</u>	<u>71,411,404</u>
Expenses						
Instruction	42,506,118	37,039,361	-	-	42,506,118	37,039,361
Instructional student support services	5,068,192	4,716,872	-	-	5,068,192	4,716,872
Administrative and financial support services	6,801,211	6,756,287	-	-	6,801,211	6,756,287
Operation and maintenance of plant services	5,631,445	5,065,573	-	-	5,631,445	5,065,573
Pupil transportation	4,033,639	3,937,504	-	-	4,033,639	3,937,504
Student activities	1,641,182	1,596,653	-	-	1,641,182	1,596,653
Community services	64,489	63,914	-	-	64,489	63,914
Interest and amortization expense related to noncurrent liabilities	-	-	-	-	-	-
Food service	2,858,978	3,292,959	-	-	2,858,978	3,292,959
Total expenses	<u>68,605,254</u>	<u>62,469,123</u>	<u>2,781,150</u>	<u>2,665,068</u>	<u>71,386,404</u>	<u>65,134,191</u>
Change in net position (deficit)	<u>\$ 1,305,636</u>	<u>\$ (1,264,446)</u>	<u>\$ 734,865</u>	<u>\$ (533,703)</u>	<u>\$ 2,040,501</u>	<u>\$ 6,277,213</u>

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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, 2025**

GOVERNMENTAL FUNDS

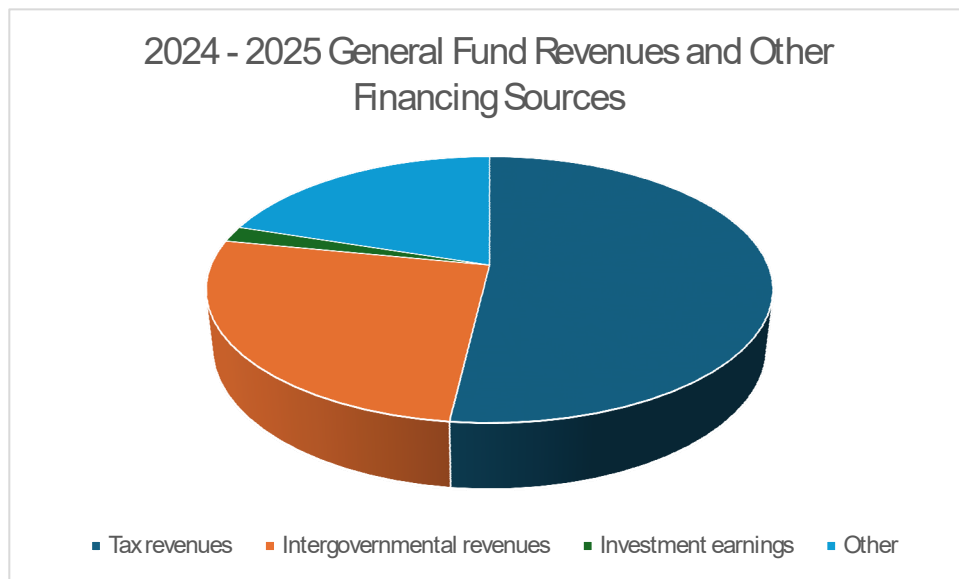
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of \$20,842,585 which is a decrease of \$7,479,677 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024 and the total 2025 change in governmental fund balances.

	<u>2025</u>	<u>2024</u>	<u>Change</u>
General Fund	\$ 19,261,971	\$ 28,119,504	\$ (8,857,533)
Capital Reserve Fund	2,013,316	2,214,572	(201,256)
Capital Projects Fund	<u>(432,702)</u>	<u>(2,011,814)</u>	<u>1,579,112</u>
	<u>\$ 20,842,585</u>	<u>\$ 28,322,262</u>	<u>\$ (7,479,677)</u>

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the General Fund fund balance was \$19,261,971 representing an decrease of \$8,857,533 in relation to the prior year. The decrease 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 2024-2025 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 52% of General Fund revenues and other financing sources are derived from local taxes.



**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

General Fund Revenues and Other Financing Sources

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	45,616,734	\$ 43,591,329	\$ 2,025,405	4.65%
Intergovernmental revenues	23,064,542	21,980,299	1,084,243	4.93%
Investment earnings	1,691,864	2,016,406	(324,542)	-16.10%
Other	403,427	557,795	(154,368)	-27.67%
	<u>\$ 70,776,567</u>	<u>\$ 68,145,829</u>	<u>\$ 2,630,738</u>	<u>-1.20%</u>

Net tax revenues increased by \$12,025,405 or 4.65% primarily due to a real estate tax millage changes. The following table summarizes the changes in the District's tax revenues 2025 compared to 2024:

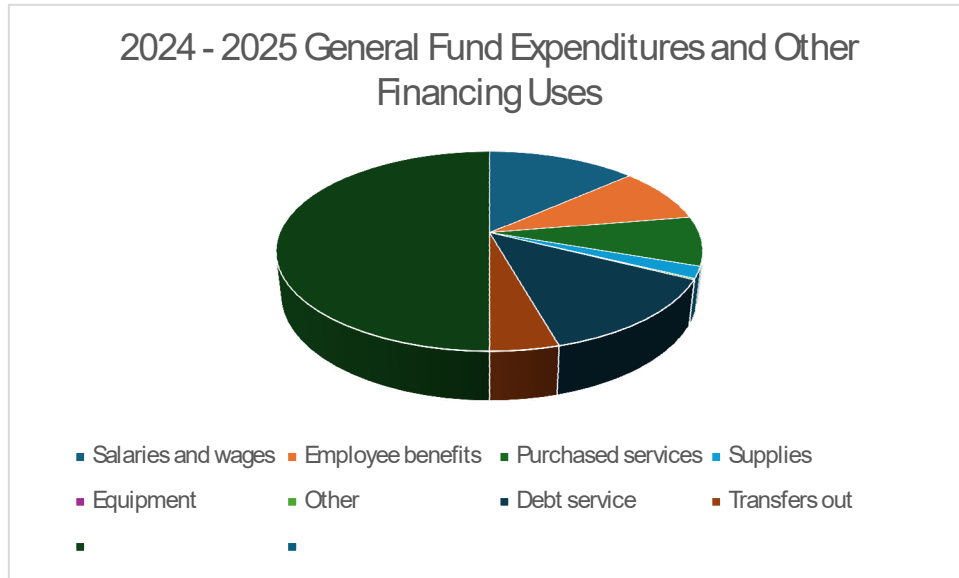
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	38,849,714	\$ 36,729,776	\$ 2,119,938	5.77%
Interim real estate tax	80,018	211,265	(131,247)	-62.12%
PURTA tax	39,309	35,859	3,450	9.62%
Payments in lieu of tax	253,515	239,367	14,148	5.91%
Earned income tax	4,797,588	4,633,263	164,325	3.55%
Realty transfer tax	744,398	848,798	(104,400)	-12.30%
Delinquent real estate tax	852,192	893,001	(40,809)	-4.57%
	<u>\$ 45,616,734</u>	<u>\$ 43,591,329</u>	<u>\$ 2,025,405</u>	<u>2.91%</u>

Intergovernmental revenues increased due to increases in state allocations for basic and special education subsidies and Ready to learn Adequacy funding.

Investment earnings decreased in line with prevailing market conditions and the use of construction funds.

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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.



General Fund Expenditures and Other Financing Uses

	2025	2024	\$ Change	% Change
Salaries and wages	26,071,953	\$ 25,028,873	\$ 1,043,080	4.17%
Employee benefits	17,158,309	16,324,522	833,787	5.11%
Purchased services	15,500,638	13,444,587	2,056,051	15.29%
Supplies	3,644,631	3,151,938	492,693	15.63%
Equipment	2,957	272	2,685	987.13%
Other	370,939	234,477	136,462	58.20%
Debt service	8,384,673	8,966,352	(581,679)	-6.49%
Transfers out	8,500,000	-	8,500,000	
	<u>\$ 79,634,100</u>	<u>\$ 67,151,021</u>	<u>\$ 12,483,079</u>	<u>0.08%</u>

Salaries and wages increased by \$1,043,080 or 4.17% in 2024-2025 compared to 2023-2024 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 \$833,787 or 5.11% 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 \$2,056,051 or 15.29% primarily due to an increase in technology expenditures and contracted services for transportation and special education.

Supplies increased by 492,693 or 15.63% resulting from one-time expenditures in the current year.

Transfers out in 2024 - 2025 represent amounts transferred to the Capital Reserve Fund to fund capital expenditures for the new athletic field, and operating transfers to the food service and internal service funds.

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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 2024-2025, the Capital Projects Fund reported an increase in fund balance of \$1,579,112 due transfers in from the general fund and had deficit in fund balance of \$432,702 as of June 30, 2025 .

GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were \$399,943 more than budgeted amounts and actual expenditures and other financing uses were \$8,004,915 more than budgeted amounts resulting in a net overall negative variance of \$7,604,942. Major budgetary highlights for 2024-2025 were as follows:

- Local source revenues were \$202,492 or .42% lower than budgeted amounts. This was primarily due to investment earnings.
- State source revenues were \$609,538 or 2.96% higher than budgeted amounts due primarily to higher than expected allocations for basic education and special education subsidies.
- Transfers out were \$8.1 million over budget due to transfers to the capital projects fund, food service fund and internal service fund.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of the business-type activities and Food Service Fund increased by \$734,865 mainly as a result of operations and the change in the PSERS net pension and OPEB liabilities. As of June 30, 2025, the business-type activities and Food Service Fund had a deficit in net position of \$1,838,038. 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, 2025 amounted to \$162,762,881 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 \$1,435,327 or 1%. The increase was the result of current year additions in excess of depreciation. Current year capital outlays were \$6,222,567 and current year depreciation expense and the net book value of disposed of capital assets was \$4,774,909.

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

- | | |
|---|--------------|
| • High School renovation project – construction in progress | \$ 4,223,030 |
| • Athletic fields projects – completion | \$ 1,229,188 |

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$110,548,522 consisting of \$103,415,000 in bonds payable and bond premiums of \$7,133,522. 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 \$5,067,371 or 4.38% 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 \$150,450,188 which exceeds the District's outstanding general obligation debt as of June 30, 2025.

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 \$67,302,748 as of June 30, 2025. The District's net pension liability decreased by \$2,452,896 or 4% 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 \$5,074,044 as of June 30, 2025. The District's OPEB liability increased by \$494,720 or 10% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for accrued retirement bonuses, compensated absences and leases payable, which totaled \$1,225,976 as of June 30, 2025. These liabilities decreased by \$150,705 or 10% 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 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%.

**MANHEIM CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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 2025.

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 2024-2025 was 34.00%, while the employer contribution rate for 2025-2026 is 33.90%. The retirement rate will increase incrementally each year projected out to 2031-2032 at 36.06%. The cost of the retirement expense is shared between the District and the Commonwealth and is a significant concern for future budgets.

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.

BASIC FINANCIAL STATEMENTS

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities	Business-Type Activities	Totals	
			2025	2024
ASSETS				
Current Assets:				
Cash	\$ 24,164,994	\$ 33,748	\$ 24,198,742	\$ 31,710,444
Investments	-	-	-	-
Taxes Receivable	1,942,992	-	1,942,992	1,815,274
Due from Other Governments	2,182,627	-	2,182,627	2,473,231
Internal Balances	68,586	(68,586)	-	-
Other Receivables	413,063	-	413,063	315,914
Inventories	212,474	109,584	322,058	401,027
Prepaid Expenses	98,649	-	98,649	114,772
Total Current Assets	29,083,385	74,746	29,158,131	36,830,662
Noncurrent Assets:				
Capital Assets not Being Depreciated	70,549,827	-	70,549,827	75,636,838
Capital Assets Being Depreciated, Net	92,186,778	26,276	92,213,054	85,690,716
Total Capital Assets	162,736,605	26,276	162,762,881	161,327,554
Total Assets	191,819,990	101,022	191,921,012	198,158,216
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges OPEB - Single Employer	749,540	-	749,540	425,822
Deferred Charges on Proportionate Share of OPEB - PSERS	472,930	15,170	488,100	529,351
Deferred Charges on Proportionate Share of Pension - PSERS	11,000,645	352,852	11,353,497	12,702,068
Total Deferred Outflows of Resources	12,223,115	368,022	12,591,137	13,657,241
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,321,376	6,996	1,328,372	3,280,178
Accrued Salaries, Payroll Withholdings, and Benefits	7,216,559	2,313	7,218,872	7,216,006
Accrued Interest Payable	615,973	-	615,973	626,158
Unearned Revenue	-	26,890	26,890	70,359
Other Liabilities	149,631	-	149,631	132,360
Total Current Liabilities	9,303,539	36,199	9,339,738	11,325,061
Noncurrent Liabilities:				
Due Within One Year	5,628,582	-	5,628,582	5,462,847
Due in More Than One Year	176,341,971	2,180,737	178,522,708	185,863,695
Total Noncurrent Liabilities	181,970,553	2,180,737	184,151,290	191,326,542
Total Liabilities	191,274,092	2,216,936	193,491,028	202,651,603
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits OPEB - Single Employer	1,327,167	-	1,327,167	1,464,401
Deferred Credits on Proportionate Share of OPEB - PSERS	444,735	57,265	502,000	601,000
Deferred Credits on Proportionate Share of Pension - PSERS	1,025,119	32,881	1,058,000	1,005,000
Total Deferred Inflows of Resources	2,797,021	90,146	2,887,167	3,070,401
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	51,581,419	26,276	51,607,695	45,181,425
Restricted	2,013,316	-	2,013,316	2,214,571
Unrestricted (Deficit)	(43,622,743)	(1,864,314)	(45,487,057)	(41,302,543)
Total Net Position (Deficit)	\$ 9,971,992	\$ (1,838,038)	\$ 8,133,954	\$ 6,093,453

See accompanying Notes to Basic Financial Statements.

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	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	
						2025	2024
GOVERNMENTAL ACTIVITIES							
Instruction	42,506,118	108,770	10,466,355	\$ (31,930,993)	\$ -	\$ (31,930,993)	\$ (30,570,649)
Instructional Student Support Services	5,068,192	-	55,354	(5,012,838)	-	(5,012,838)	(4,295,508)
Administrative and Financial Support Services	6,801,211	-	0	(6,801,211)	-	(6,801,211)	(6,007,795)
Operation and Maintenance of Plant Services	5,631,445	13,313	266,315	(5,351,817)	-	(5,351,817)	(4,750,103)
Pupil Transportation	4,033,639	-	1,430,426	(2,603,213)	-	(2,603,213)	(2,571,495)
Student Activities	1,641,182	78,276	0	(1,562,906)	-	(1,562,906)	(1,561,312)
Community Services	64,489	-	518,392	453,903	-	453,903	(55,379)
Interest and Amortization Expense Related to Noncurrent Liabilities	2,858,978	-	-	(2,858,978)	-	(2,858,978)	(2,795,862)
Total Governmental Activities	68,605,254	200,359	12,736,842	(55,668,053)	-	(55,668,053)	(52,608,103)
BUSINESS-TYPE ACTIVITIES							
Food Service	2,781,150	911,888	1,641,854	-	(227,408)	(227,408)	(538,961)
Total Primary Government	<u>\$ 71,386,404</u>	<u>\$ 1,112,247</u>	<u>\$ 14,378,696</u>	(55,668,053)	(227,408)	(55,895,461)	(53,147,064)
GENERAL REVENUES							
Property Taxes Levied for General Purposes				39,851,949	-	39,851,949	38,204,548
Earned Income Taxes Levied for General Purposes				4,797,588	-	4,797,588	4,633,263
Other Taxes				1,037,222	-	1,037,222	1,124,023
Grants and Entitlements not Restricted to Specific Programs				10,530,768	-	10,530,768	10,071,889
Gain on Sale of Capital Assets				-	-	-	-
Investment Earnings				1,718,057	378	1,718,435	2,693,630
Transfers				(961,895)	961,895	-	-
Total General Revenues				<u>56,973,689</u>	<u>962,273</u>	<u>57,935,962</u>	<u>56,727,353</u>
CHANGE IN NET POSITION (DEFICIT)				1,305,636	734,865	2,040,501	3,580,289
Net Position - Beginning of Year				8,666,356	(2,572,903)	6,093,453	2,513,164
NET POSITION - END OF YEAR				<u>\$ 9,971,992</u>	<u>\$ (1,838,038)</u>	<u>\$ 8,133,954</u>	<u>\$ 6,093,453</u>

See accompanying Notes to Basic Financial Statements.

**MANHEIM CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Major Funds			Totals	
	General	Capital	Capital	2025	2024
	Fund	Reserve Fund	Projects Fund		
ASSETS					
Cash	21,244,643	2,066,316	18,833	\$ 23,329,792	\$ 30,981,345
Investments	-	-	-	-	-
Taxes Receivable	1,942,992	-	-	1,942,992	1,815,274
Due from Other Funds	1,610,087	-	-	1,610,087	2,654,526
Due from Other Governments	2,182,627	-	-	2,182,627	2,473,231
Other Receivables	413,063	-	-	413,063	315,914
Inventories	212,474	-	-	212,474	291,443
Prepaid Items	98,649	-	-	98,649	114,772
Total Assets	<u>\$ 27,704,535</u>	<u>\$ 2,066,316</u>	<u>\$ 18,833</u>	<u>\$ 29,789,684</u>	<u>\$ 38,646,505</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	1,250,659	53,000	17,717	\$ 1,321,376	\$ 3,261,008
Due to Other Funds	-	-	433,818	433,818	32,952
Accrued Salaries, Payroll Withholdings, and Benefits	6,328,467	-	-	6,328,467	6,254,141
Other Liabilities	149,631	-	-	149,631	132,360
Total Liabilities	<u>7,728,757</u>	<u>53,000</u>	<u>451,535</u>	<u>8,233,292</u>	<u>9,680,461</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Property Taxes	713,807	-	-	713,807	643,782
FUND BALANCES					
Nonspendable:					
Inventories	212,474	-	-	212,474	291,443
Prepaid Items	98,649	-	-	98,649	114,772
Restricted for:					
Capital Projects	-	2,013,316	-	2,013,316	2,214,572
Committed to:					
Capital Projects	3,750,000	-	(432,702)	3,317,298	10,750,000
Debt Service	11,300,000	-	-	11,300,000	11,300,000
Unassigned	3,900,848	-	-	3,900,848	3,651,475
Total Fund Balances	<u>19,261,971</u>	<u>2,013,316</u>	<u>(432,702)</u>	<u>20,842,585</u>	<u>28,322,262</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,704,535</u>	<u>\$ 2,066,316</u>	<u>\$ 18,833</u>	<u>\$ 29,789,684</u>	<u>\$ 38,646,505</u>

See accompanying Notes to Basic Financial Statements.

**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, 2025**

Total Governmental Fund Balances	\$ 20,842,585
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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.	162,736,605
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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.	9,426,094
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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.	713,807
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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).	(1,160,573)
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Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(181,970,553)
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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>(615,973)</u>
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Net Position (Deficit) of Governmental Activities	<u><u>\$ 9,971,992</u></u>
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MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Funds			Totals	
	General	Capital	Capital	2025	2024
	Fund	Reserve	Projects		
		Fund	Fund		
REVENUES					
Local Sources	\$ 47,827,787	23,103	3,090	\$ 47,853,980	\$ 46,970,341
State Sources	21,212,796	0	-	21,212,796	19,617,489
Federal Sources	1,735,984	-	-	1,735,984	2,230,727
Total Revenues	70,776,567	23,103	3,090	70,802,760	68,818,557
EXPENDITURES					
Current:					
Instruction	40,116,596	-	-	40,116,596	37,710,639
Support Services	21,026,756	-	9,178	21,035,934	20,206,484
Operation of Noninstructional Services	1,606,075	224,359	-	1,830,434	1,840,091
Facilities Acquisition, Construction, and Improvement Services	-	-	5,754,624	5,754,624	22,399,354
Debt Service	8,384,673	-	409,917	8,794,590	8,472,221
Total Expenditures	71,134,100	224,359	6,173,719	77,532,178	90,628,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,533)	(201,256)	(6,170,629)	(6,729,418)	(21,810,232)
OTHER FINANCING SOURCES (USES)					
Proceeds from Refunding Bonds	-	-	16,005,000	16,005,000	-
Bond Premiums	-	-	1,159,917	1,159,917	-
Proceeds from Extended Term Financing	-	-	339,824	339,824	402,759
Payment to Refunded Bond Escrow Agent	-	-	(16,755,000)	(16,755,000)	-
Insurance Recoveries	-	-	-	-	3,966
Transfers In	-	-	7,000,000	7,000,000	-
Transfers Out	(8,500,000)	-	-	(8,500,000)	-
Total Other Financing Sources (Uses)	(8,500,000)	-	7,749,741	(750,259)	406,725
NET CHANGE IN FUND BALANCES	(8,857,533)	(201,256)	1,579,112	(7,479,677)	(21,403,507)
Fund Balances - Beginning of Year	28,119,504	2,214,572	(2,011,814)	28,322,262	49,725,769
FUND BALANCES - END OF YEAR	<u>\$ 19,261,971</u>	<u>\$ 2,013,316</u>	<u>\$ (432,702)</u>	<u>\$ 20,842,585</u>	<u>\$ 28,322,262</u>

See accompanying Notes to Basic Financial Statements.

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, 2025

Net Change in Fund Balances - Governmental Funds \$ (7,479,677)

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	\$ 6,222,567	
Depreciation Expense	<u>(4,774,909)</u>	1,447,658

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, 2024	(643,782)	
Deferred Inflows of Resources June 30, 2025	<u>713,807</u>	70,025

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.

756,575

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	(339,824)	
Proceeds from Issuance of Refunding Bonds Payable	(16,005,000)	
Proceeds from Bond Premiums	(1,159,917)	
Payment to Refunded Bond Escrow Agent	16,755,000	
Repayment of Bonds Payable	4,230,000	
Repayment of Leases Payable	450,052	
Amortization of Discounts, Premiums, and Deferred Amounts on Refunding	<u>1,247,288</u>	5,177,599

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	10,185	
Current Year Change in Accrued Retirement Bonuses	(32,096)	
Current Year Change in Compensated Absences	72,573	
Current Year Change in Net Pension Liability - PSERS and		
Deferred Outflows and Inflows	1,234,780	
Current Year Change in OPEB Liability - Single Employer and		
Deferred Outflows and Inflows	(16,061)	
Current Year Change in Net OPEB Liability - PSERS and		
Deferred Outflows and Inflows	<u>64,075</u>	<u>1,333,456</u>

Change in Net Position (Deficit) of Governmental Activities \$ 1,305,636

See accompanying Notes to Basic Financial Statements.

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Major Fund Food Service Fund	Internal Service Fund	Totals	
			2025	2024
ASSETS				
Current Assets:				
Cash	33,748	835,202	\$ 868,950	\$ 729,099
Inventories	109,584	-	109,584	109,584
Total Current Assets	143,332	835,202	978,534	838,683
Noncurrent Assets:				
Capital Assets, Net	26,276	-	26,276	38,607
Total Assets	169,608	835,202	1,004,810	877,290
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Proportionate				
Share of Pension - PSERS	352,852	-	352,852	347,566
Deferred Charges on Proportionate				
Share of OPEB - PSERS	15,170	-	15,170	14,485
Total Deferred Outflows of Resources	368,022	-	368,022	362,051
LIABILITIES				
Current Liabilities:				
Accounts Payable	6,996	-	6,996	15,803
Due to Other Funds	68,586	1,107,683	1,176,269	2,538,366
Accrued Salaries, Payroll Withholdings, and Benefits	2,313	888,092	890,405	869,376
Unearned Revenue	26,890	-	26,890	58,205
Total Current Liabilities	104,785	1,995,775	2,100,560	3,481,750
Noncurrent Liabilities:				
Net Proportionate Share of OPEB Liability - PSERS	89,054	-	89,054	101,818
Net Proportionate Share of Pension Liability - PSERS	2,091,683	-	2,091,683	1,906,288
Total Noncurrent Liabilities	2,180,737	-	2,180,737	2,008,106
Total Liabilities	2,285,522	1,995,775	4,281,297	5,489,856
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits on Proportionate Share of Pension - PSERS	32,881	-	32,881	60,937
Deferred Credits on Proportionate Share of OPEB - PSERS	57,265	-	57,265	35,331
Total Deferred Inflows of Resources	90,146	-	90,146	96,268
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	26,276	-	26,276	54,643
Unrestricted (Deficit)	(1,864,314)	(1,160,573)	(3,024,887)	(3,584,047)
Total Net Position (Deficit)	\$ (1,838,038)	\$ (1,160,573)	\$ (2,998,611)	\$ (3,529,404)

See accompanying Notes to Basic Financial Statements.

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Fund Food Service Fund	Internal Service Fund	Totals	
			2025	2024
OPERATING REVENUES				
Charges for Services	910,888	7,057,953	\$ 7,968,841	\$ 6,879,890
OPERATING EXPENSES				
Salaries	834,843	-	834,843	831,815
Employee Benefits	808,761	6,842,564	7,651,325	7,073,083
Purchased Services	33,388	-	33,388	34,481
Supplies	1,091,656	-	1,091,656	1,073,105
Depreciation	12,331	-	12,331	16,036
Other	171	-	171	606
Total Operating Expenses	<u>2,781,150</u>	<u>6,842,564</u>	<u>9,623,714</u>	<u>9,029,126</u>
OPERATING LOSS	(1,870,262)	215,389	(1,654,873)	(2,149,236)
NONOPERATING REVENUES				
Earnings on Investments	378	3,081	3,459	53,711
Local Sources	1,000	-	1,000	-
State Sources	355,916	-	355,916	255,365
Federal Sources	1,285,938	-	1,285,938	879,513
Total Nonoperating Revenues	<u>1,643,232</u>	<u>3,081</u>	<u>1,646,313</u>	<u>1,188,589</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(227,030)	218,470	(8,560)	(960,647)
Transfers	<u>961,895</u>	<u>538,105</u>	<u>1,500,000</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	734,865	756,575	1,491,440	(960,647)
Net Position (Deficit) - Beginning of Year	<u>(2,572,903)</u>	<u>(1,917,148)</u>	<u>(4,490,051)</u>	<u>(3,529,404)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (1,838,038)</u>	<u>\$ (1,160,573)</u>	<u>\$ (2,998,611)</u>	<u>\$ (4,490,051)</u>

See accompanying Notes to Basic Financial Statements.

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Fund Food Service Fund	Internal Service Fund	Totals	
			2025	2024
OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 867,419	\$ 6,512,095	\$ 7,379,514	\$ 810,405
Cash Received from Assessments Made to Other Funds	-	-	-	5,565,431
Cash Payments to Employees for Services	(834,323)	(6,914,544)	(7,748,867)	(814,815)
Cash Payments for Insurance Claims	(600,273)	-	(600,273)	(6,462,089)
Cash Payments to Supplies for Goods and Services	(974,450)	-	(974,450)	(927,272)
Cash Payments for Other Operating Expenses	(171)	-	(171)	(606)
Net Cash Used by Operating Activities	<u>(1,541,798)</u>	<u>(402,449)</u>	<u>(1,944,247)</u>	<u>(1,828,946)</u>
NONCAPITAL FINANCING ACTIVITIES				
State Sources	355,916	-	355,916	255,365
Federal Sources	1,123,170	-	1,123,170	691,117
Transfers in	62,448	538,105		
Local Sources	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	1,542,534	538,105	1,480,086	946,482
INVESTING ACTIVITIES				
Earnings on Investments	<u>378</u>	<u>3,081</u>	<u>3,459</u>	<u>53,711</u>
Net Cash Provided by Investing Activities	<u>378</u>	<u>3,081</u>	<u>3,459</u>	<u>53,711</u>
NET CHANGE IN CASH	1,114	138,737	(460,702)	(828,753)
Cash - Beginning of Year	<u>32,634</u>	<u>696,465</u>	<u>-</u>	<u>1,557,852</u>
CASH - END OF YEAR	<u><u>\$ 33,748</u></u>	<u><u>\$ 835,202</u></u>	<u><u>\$ (460,702)</u></u>	<u><u>\$ 729,099</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,870,262)	\$ 215,389	\$ (1,654,873)	\$ (2,149,236)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used by Operating Activities:				
Depreciation	12,331	-	12,331	16,036
Donated Commodities Used	162,768	-	162,768	188,396
(Increase) Decrease In:				
Due from Other Funds	-	-	-	1,653,541
Inventories	-	-	-	(15,700)
Deferred Outflows of Resources	(5,971)	-	(5,971)	(11,710)
Increase (Decrease) In:				
Accounts Payable	(12,174)	-	(12,174)	3,366
Due to Other Funds	-	(545,858)	(545,858)	(1,570,332)
Accrued Salaries, Payroll Withholdings, and Benefits	520	(71,980)	(71,460)	92,488
Unearned Revenue	(43,469)	-	(43,469)	12,155
Net OPEB Liability	11,132	-	11,132	(23,896)
Net Pension Liability	182,992	-	182,992	2,403
Deferred Inflows of Resources	20,335	-	20,335	(26,457)
Net Cash Used by Operating Activities	<u><u>\$ (1,541,798)</u></u>	<u><u>\$ (402,449)</u></u>	<u><u>\$ (1,944,247)</u></u>	<u><u>\$ (1,828,946)</u></u>
SUPPLEMENTAL DISCLOSURES				
Noncash Noncapital Financing Activity:				
USDA Donated Commodities	<u><u>\$ 162,768</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 162,768</u></u>	<u><u>\$ 188,396</u></u>
Noncash Capital and Related Financing Activity:				
Acquisition of Capital Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Private- Purpose Trust	Custodial Fund	Totals	
			2025	2024
ASSETS				
Cash	839,911	227,649	\$ 1,067,560	\$ 1,115,281
Other Receivables	-	-	-	-
Total Assets	839,911	227,649	1,067,560	1,115,281
LIABILITIES				
Accounts Payable	-	37,819	37,819	13,238
NET POSITION				
Restricted for Scholarships	839,911	-	839,911	922,271
Restricted for Student Activities	-	189,830	189,830	179,772
Total Net Position	\$ 839,911	\$ 189,830	\$ 1,029,741	\$ 1,102,043

See accompanying Notes to Basic Financial Statements.

MANHEIM CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Private- Purpose Trust	Custodial Fund	Totals	
			2025	2024
ADDITIONS				
Receipts from Student Groups	\$ -	\$ 180,921	\$ 180,921	\$ 197,598
Local Contributions	41,940	-	41,940	50,827
Total Additions	41,940	180,921	222,861	248,425
DEDUCTIONS				
Scholarships Awarded and Fees Paid	124,300	-	124,300	45,438
Student Activities Disbursements	-	170,863	170,863	175,121
Total Deductions	124,300	170,863	295,163	220,559
CHANGE IN NET POSITION	(82,360)	10,058	(72,302)	27,866
Net Position - Beginning of Year	922,271	179,772	1,102,043	1,074,177
NET POSITION - END OF YEAR	<u>\$ 839,911</u>	<u>\$ 189,830</u>	<u>\$ 1,029,741</u>	<u>\$ 1,102,043</u>

See accompanying Notes to Basic Financial Statements.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 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).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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."

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and the Capital Reserve Fund are capital projects funds that account 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.

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 postemployment 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position and changes in net position 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements of Assets and Liabilities

U.S. 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. U.S. 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

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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 2024 - 2025 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

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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, 2025.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

GASB Statement No. 101, *Compensated Absences*, was implemented for the District for the year ended June 30, 2025. Liabilities for compensated absences are 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 is 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. The implementation of this standard did not have a material effect on the District's financial statements.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows for Pension and OPEB (Continued)

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.

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Unassigned (Continued)

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, 2024, 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

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.

GASB Statement No. 105, *Subsequent Events*, will be effective for the District for the year ended June 30, 2027. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

NOTE 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information (Continued)

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, 2025, the Food Service Fund, a major fund, had a deficit fund net position of \$1,838,038, 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, 2025, the Capital Projects Fund, a major fund, had a deficit fund balance of \$432,702, resulting from construction accounts payable incurred in advance of a budgeted appropriations from the General Fund. The deficit in the Capital Project Fund will be eliminated through appropriations from the General Fund.

At June 30, 2025, the Internal Service Fund had a deficit fund balance of \$1,160,573, 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 will be 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 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, 2025, the carrying amount of the District's deposits was \$25,266,302 and the bank balance was \$25,592,090. 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 \$7,550,201, 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, 2025, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 72,898,547	\$ 5,467,187	\$ 10,554,198	\$ 67,811,536
Land	2,738,291	-	-	2,738,291
Total Capital Assets not Being Depreciated	75,636,838	5,467,187	10,554,198	70,549,827
Capital Assets Being Depreciated:				
Land Improvements	6,198,543	10,528,513	-	16,727,056
Building and Building Improvements	124,737,665	10,155	-	124,747,820
Right-to-Use Leased Assets	1,889,560	373,432	391,125	1,871,867
Furniture and Equipment	15,443,797	250,016	-	15,693,813
Vehicles	574,338	147,462	-	721,800
Total Capital Assets Being Depreciated	148,843,903	11,309,578	391,125	159,762,356
Less: Accumulated Depreciation for:				
Land Improvements	(4,556,588)	(300,907)	-	(4,857,495)
Building and Building Improvements	(45,190,297)	(3,315,067)	-	(48,505,364)
Right-to-Use Leased Assets	(996,421)	(491,481)	(391,125)	(1,096,777)
Furniture and Equipment	(12,087,224)	(625,001)	-	(12,712,225)
Vehicles	(361,264)	(42,453)	-	(403,717)
Total Accumulated Depreciation	(63,191,794)	(4,774,909)	(391,125)	(67,575,578)
Total Capital Assets Being Depreciated, Net	85,652,109	6,534,669	-	92,186,778
Governmental Activities, Net	<u>\$ 161,288,947</u>	<u>\$ 12,001,856</u>	<u>\$ 10,554,198</u>	<u>162,736,605</u>
Less: Capital Related Debt				(111,155,186)
Net investment in capital assets				<u>51,581,419</u>
Business Type Activities				
Machinery and Equipment	\$ 678,803	\$ -	\$ -	\$ 678,803
Less: Accumulated Depreciation	(640,196)	(12,331)	-	(652,527)
Business Type Activities, Net	<u>\$ 38,607</u>	<u>\$ (12,331)</u>	<u>\$ -</u>	<u>\$ 26,276</u>

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

Governmental Activities:	
Instruction	\$ 3,267,491
Instructional Student Support Services	394,875
Administrative and Financial Support Services	569,082
Operation and Maintenance of Plant Services	407,398
Student Activities	136,063
Total Depreciation Expense – Governmental Activities	<u>\$ 4,774,909</u>
Business-Type Activities:	
Food Service	<u>\$ 12,331</u>

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable To	Amount	Payable From	Amount
General Fund	\$ 68,586	Food Service Fund	\$ 68,586
General Fund	433,818	Capital Projects	433,818
General Fund	1,107,683	Internal Service Fund	1,107,683
Total	<u>\$ 1,610,087</u>	Total	<u>\$ 1,610,087</u>

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

The composition of interfund transfers during the fiscal year ended June 30, 2025 is as follows:

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	\$ 7,000,000	General Fund	\$ 7,000,000
Food Service Fund	961,895	General Fund	961,895
Internal Service Fund	538,105	General Fund	538,105
Capital Projects Fund	<u>\$ -</u>	General Fund	<u>\$ -</u>

NOTE 7 CHANGE IN NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Amount Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	\$ 108,395,000	\$ 16,005,000	\$ 20,985,000	\$ 103,415,000	\$ 4,710,000
Bond Premiums	7,220,893	1,159,917	1,247,288	7,133,522	532,866
Total General Obligation Debt	115,615,893	17,164,917	22,232,288	110,548,522	5,242,866
Other Noncurrent Liabilities:					
Leases Payable	716,892	339,824	450,052	606,664	385,716
Compensated Absences	343,974	-	72,573	271,401	-
Accrued Retirement Bonuses	315,815	32,096	-	347,911	-
OPEB Liability	1,731,602	477,013	-	2,208,615	-
Net OPEB Liability - PSERS	2,769,800	6,575	-	2,776,375	-
Net Pension Liability - PSERS	67,845,953	-	2,634,888	65,211,065	-
Total Other Noncurrent Liabilities	73,724,036	855,508	3,157,513	71,422,031	385,716
Total Governmental Activities	<u>\$ 189,339,929</u>	<u>\$ 18,020,425</u>	<u>\$ 25,389,801</u>	<u>\$ 181,970,553</u>	<u>\$ 5,628,582</u>
Business-Type Activities:					
Net OPEB Liability - PSERS	\$ 77,922	\$ 11,132	\$ -	\$ 89,054	\$ -
Net Pension Liability - PSERS	1,908,691	182,992	-	2,091,683	-
Total Business-Type Activities	1,986,613	194,124	-	2,180,737	-
Total Noncurrent Liabilities	<u>\$ 191,326,542</u>	<u>\$ 18,214,549</u>	<u>\$ 25,389,801</u>	<u>\$ 184,151,290</u>	<u>\$ 5,628,582</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. The change in compensated absences is reported as a net change.

MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 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.

General obligation debt outstanding as of June 30, 2025, consisted of the following:

	Interest Rate(s)	Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds:				
Series A of 2016	0.60%-5.00%	\$ 11,865,000	05/01/2031	\$ -
Series of 2018	1.75%-4.00%	9,500,000	05/01/2034	4,540,000
Series of 2019	1.45%-4.00%	8,885,000	05/01/2027	5,995,000
Series A of 2020	1.00%-4.00%	9,995,000	05/01/2037	9,975,000
Series of 2021	1.77%	10,105,000	05/01/2033	9,790,000
Series A of 2021	1.19%	9,915,000	05/01/2031	8,980,000
Series B of 2021	1.00%-4.00%	30,270,000	05/01/2041	29,805,000
Series of 2022	1.50%-5.00%	18,690,000	04/01/2043	18,610,000
Series of 2024	3.50%-5.00%	16,005,000	05/01/2034	15,720,000
Total General Obligation Bonds				<u>\$ 103,415,000</u>

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 4,710,000	\$ 3,038,315	\$ 7,748,315
2027	4,840,000	2,944,639	7,784,639
2028	4,970,000	2,853,692	7,823,692
2029	5,120,000	2,817,350	7,937,350
2030	5,280,000	2,780,509	8,060,509
2031 - 2035	28,065,000	12,079,194	40,144,194
2036 - 2040	31,190,000	8,550,200	39,740,200
2041 - 2043	19,240,000	1,798,750	21,038,750
Total	<u>\$ 103,415,000</u>	<u>\$ 36,862,649</u>	<u>\$ 140,277,649</u>

NOTE 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, 2025, the amount outstanding for the lease liability was \$71,188. 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 net book value of the right-to-use asset as of June 30, 2025, was \$66,189 net of accumulated amortization of \$264,764 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 LEASES PAYABLE (CONTINUED)

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, 2025, was \$1,540,914. As of June 30, 2025, amounts outstanding for the lease liabilities was \$535,476. 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 net book value of the right-to-use leased assets as of June 30, 2025, was \$708,900 with accumulated amortization of \$832,014 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,	
2026	\$ 385,716
2027	212,691
2028	100,443
Less: Amounts Representing Interest	(92,186)
Total	<u>\$ 606,664</u>

NOTE 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.

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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.

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

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%

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%

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Contributions (Continued)

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2025, 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 \$8,484,497 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$67,302,748 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2025, the District's proportion was 0.1608%, which was an increase of 0.0040% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of \$65,211,065 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 \$2,091,683 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, 2025, the District recognized pension expense of \$6,303,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	\$ 1,114,000	\$ 1,058,000
Changes in Assumptions	1,755,000	-
Net Difference Between Expected and Actual Investment Earnings	-	-
Changes in Proportions	-	-
Contributions Subsequent to the Measurement Date	8,484,497	-
Total	<u>\$ 11,353,497</u>	<u>\$ 1,058,000</u>

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$8,484,497 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2026	\$ (905,000)
2027	2,213,000
2028	728,000
2029	(225,000)
Total	<u>\$ 1,811,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward PSERS's total pension liability as the June 30, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2023
- Actuarial Cost Method – entry age normal – level % of pay
- Investment Return – 7.00%, includes inflation at 2.5%
- 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, 2023 and as of June 30, 2024.
- 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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.

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class:		
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	-10.50%	1.20%
Total	<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, 2024.

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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

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:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability	<u>\$ 88,658,238</u>	<u>\$ 67,302,748</u>	<u>\$ 49,269,549</u>

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.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other postemployment 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, 2024:

Active Employees	368
Vested Former Participants	-
Retired Participants	14
Total	<u>382</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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024. 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, 2025, the OPEB liability of \$2,208,615 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, 2025, was as follows:

Balances as of July 1, 2023	\$ 1,730,602
Changes for the Year:	
Service Cost	130,509
Interest on Total OPEB Liability	75,762
Changes of Assumptions	(1,214)
Differences Between Expected and Actual Experience	322,228
Benefit Payments	(49,272)
Net Changes	478,013
Balances as of June 30, 2024	<u>\$ 2,208,615</u>

OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$132,928. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 408,059	\$ 267,763
Changes in Assumptions	225,614	1,059,404
Difference Between Projected and Actual Investment Earnings	-	-
Changes in Proportions	-	-
Payment of Benefits Subsequent to the Measurement Date	115,869	-
Total	<u>\$ 749,542</u>	<u>\$ 1,327,167</u>

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows Related to OPEB (Continued)

\$115,869 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, 2026. 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,	
2026	\$ (73,343)
2027	(73,343)
2028	(73,343)
2029	(73,343)
2030	(73,339)
Thereafter	(326,783)
Total	<u><u>\$ (693,494)</u></u>

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

The following presents the OPEB liability for June 30, 2025, 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:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB Liability	<u>\$ 2,381,527</u>	<u>\$ 2,208,615</u>	<u>\$ 2,045,690</u>

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 4.29%, as well as what the OPEB liability would be if it were calculated using the discount rate that is 1-percentage point lower (3.29%) or 1-percentage point higher (5.29%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.29%</u>	<u>4.29%</u>	<u>5.29%</u>
OPEB Liability	<u>\$ 1,971,490</u>	<u>\$ 2,208,615</u>	<u>\$ 2,487,575</u>

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Significant Assumptions

The OPEB liability as of June 30, 2025, was determined as of July 1, 2024 valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method - entry age normal
- Discount Rate – 4.29% - Standard and Poor's 20-year municipal bond rate. The discount rate changed from 4.13% to 4.29%.
- 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 2027. Rates gradually decrease from 5.40% in 2028 to 4.0% 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, 2024, 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2024, 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, 2025, 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 \$164,100 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$2,865,429 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2025, the District's proportion was .1613%, which was an increase of 0.0039 from its proportion measured as of June 30, 2024. As of June 30, 2025, the net OPEB liability of \$2,776,375 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 \$89,054 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, 2025, the District recognized OPEB expense of \$129,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,000	\$ 43,000
Changes in Assumptions	175,000	438,000
Net Difference Between Projected and Actual		
Investment Earnings	3,000	-
Changes in Proportions	135,000	21,000
Contributions Subsequent to the Measurement Date	164,100	-
Total	<u>\$ 488,100</u>	<u>\$ 502,000</u>

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$164,100 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,	
2026	\$ (47,000)
2027	(67,000)
2028	(68,000)
2029	-
2030	4,000
Total	<u>\$ (178,000)</u>

Actuarial Assumptions

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

- Investment Return – 4.21% - 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- 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.

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>Long-Term Expected Real Rate of Return</u>
Cash	100.00%	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, 2024.

Discount Rate

The discount rate used to measure the OPEB liability was 4.21%. 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 4.21% which represents the Standard & Poor's 20 year municipal bond rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2024, 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, 2024, calculated using current healthcare cost trends as well as what net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 2,865,000</u>	<u>\$ 2,865,429</u>	<u>\$ 2,866,000</u>

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 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.21%</u>	<u>1% Increase 5.13%</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 3,267,000</u>	<u>\$ 2,865,429</u>	<u>\$ 2,578,000</u>

OPEB Plan Fiduciary Net Position

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

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 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 2024 - 2025 was \$816,479.

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 agreement with the Authority to provide payments, in addition to the operating costs noted above, sufficient to retire the Authority's outstanding debt obligations. The District's share of this expense for 2024 - 2025 was \$76,824.

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 minimum payments related to the issued debt are as follows:

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Joint Ventures (Continued)

Year Ended June 30,	
2026	\$ 77,225
2027	76,700
2028	76,241
2029	76,255
2030	76,255
2031 - 2035	377,552
2036 - 2037	225,357
Total	<u>\$ 985,585</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 2024-2025, the District contracted with the LLIU for special education services which totaled \$2,444,264.

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 2024 - 2025, the District did not have any financial transactions with the Authority.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Jointly Governed Organizations (Continued)

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 2024 - 2025, the District's portion of operating expenditures for the Bureau totaled \$273,552.

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 2024 - 2025, the District's portion of operating expenditures for the Academy totaled \$78,675.

NOTE 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.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 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, 2025.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2025, 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, 2025 and 2024:

	2025	2024
Insurance Claims Liability – Beginning of Year	\$ 960,071	\$ 869,375
Current Year Insurance Claims and Changes in Estimates	6,842,564	6,552,785
Insurance Claims Paid	(6,914,543)	(6,462,089)
Insurance Claims Liability – End of Year	<u>\$ 888,092</u>	<u>\$ 960,071</u>

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, 2025, the District is not aware of any additional assessments relating to the Pool.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 RISK MANAGEMENT (CONTINUED)

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, 2025, 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.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2026, 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, 2025, 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, 2025**

	Original and Final Budget	Actual	Variance Budget Positive (Negative)
REVENUES			
Local Sources	48,030,279	47,827,787	\$ (202,492)
State Sources	20,603,258	21,212,796	609,538
Federal Sources	1,743,087	1,735,984	(7,103)
Total Revenues	70,376,624	70,776,567	399,943
EXPENDITURES			
Instruction:			
Regular Programs	27,381,273	26,138,737	1,242,536
Special Programs	10,685,466	12,203,088	(1,517,622)
Vocational Programs	1,783,232	1,554,025	229,207
Other Instructional Programs	151,917	102,062	49,855
Nonpublic Programs	0	24,389	(24,389)
Pre-Kindergarten	94,556	94,295	261
Total Instruction	40,096,444	40,116,596	(20,152)
Support Services:			
Pupil Support Services	2,109,793	2,119,222	(9,429)
Instructional Staff Services	2,111,340	2,007,526	103,814
Administrative Services	3,452,948	3,708,630	(255,682)
Pupil Health	526,490	628,600	(102,110)
Business Services	1,060,611	1,137,853	(77,242)
Operation and Maintenance of Plant Services	5,193,679	5,433,754	(240,075)
Student Transportation Services	4,187,478	4,037,324	150,154
Support Services - Central	1,980,095	1,911,870	68,225
Other Support Services	292,500	41,977	250,523
Total Support Services	20,914,934	21,026,756	(111,822)
Operation of Noninstructional Services:			
Student Activities	1,595,545	1,541,586	53,959
Community Services	60,000	64,489	(4,489)
Total Operation of Noninstructional Services	1,655,545	1,606,075	49,470
Debt Service	8,562,262	8,384,673	177,589
Total Expenditures	71,229,185	71,134,100	95,085
EXCESS OF REVENUES OVER EXPENDITURES	(852,561)	(357,533)	495,028
OTHER FINANCING SOURCES (USES)			
Transfers Out	(400,000)	(8,500,000)	(8,100,000)
Total Other Financing Sources (Uses)	(400,000)	(8,500,000)	(8,100,000)
NET CHANGE IN FUND BALANCE	<u>\$ (1,252,561)</u>	<u>(8,857,533)</u>	<u>\$ (7,604,972)</u>
Fund Balance - Beginning of Year		28,119,504	
FUND BALANCE - END OF YEAR		<u>\$ 19,261,971</u>	

MANHEIM CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
YEAR ENDED JUNE 30,

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.1608%	0.1568%	0.1567%	0.1529%	0.1510%	0.1547%	0.1524%	0.1531%	0.1574%	0.1443%
District's Proportionate Share of the Net Pension Liability										
District's Covered-Employee Payroll	\$ 67,302,748	\$ 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
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	\$ 25,607,481	\$ 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
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	262.82%	289.35%	301.76%	288.65%	350.34%	339.12%	356.53%	371.00%	383.00%	337.00%
	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%

MANHEIM CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
YEAR ENDED JUNE 30,

	Measurement Date									
	2024	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 8,484,497	\$ 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
Contributions in Relation to the										
Contractually Required Contribution	\$ 8,484,497	\$ 8,533,068	\$ 8,210,583	\$ 7,811,055	\$ 7,268,394	\$ 7,055,074	\$ 6,927,831	\$ 6,466,832	\$ 5,855,934	\$ 5,008,000
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
District's Covered-Employee Payroll	\$ 25,433,144	\$ 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
Contributions as a Percentage of										
Covered-Employee Payroll	33.36%	33.36%	34.06%	33.83%	33.42%	33.24%	32.46%	31.51%	29.00%	25.00%

MANHEIM CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
YEAR ENDED JUNE 30,

	Measurement Date						
	2024	2024	2023	2022	2021	2020	2019
Total OPEB Liability							
Service Cost	\$ 130,509	\$ 121,496	\$ 240,114	\$ 238,742	\$ 147,692	\$ 148,368	\$ 176,646
Interest on Total OPEB Liability	75,762	67,982	66,079	52,241	70,659	60,154	72,301
Differences Between Expected and Actual Experience	322,228	-	(148,925)	-	176,877	-	(326,627)
Changes of Assumptions	(1,214)	23,536	(1,167,657)	(91,230)	309,506	(59,968)	(98,325)
Benefit Payments	(49,272)	(77,113)	(115,677)	(106,755)	(70,286)	(55,515)	(124,388)
Net Change in Total OPEB Liability	478,013	135,901	(1,126,066)	92,998	634,448	93,039	(300,393)
Total OPEB Liability - Beginning	1,730,602	1,594,701	2,720,767	2,627,769	1,993,321	1,900,282	2,200,675
Total OPEB Liability - Ending	<u>\$ 2,208,615</u>	<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>
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	\$ 23,856,417	\$ 19,869,750	\$ 19,869,750	\$ 19,043,199	\$ 19,043,199	\$ 18,410,893	\$ 18,410,893
Net OPEB Liability as a % of Covered Payroll	9.26%	8.71%	8.03%	14.29%	13.80%	10.83%	10.32%

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							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.1613%	0.1574%	0.1570%	0.1534%	0.1512%	0.1547%	0.1524%	0.1531%
District's Proportionate Share of the Net OPEB Liability	\$ 2,865,429	\$ 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	\$ 25,607,481	\$ 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	11.19%	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	7.13%	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 PLAN CONTRIBUTIONS – PSERS
YEAR ENDED JUNE 30,

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 164,100	\$ 179,999	\$ 183,334	\$ 178,504	\$ 177,997	\$ 177,241	\$ 170,267	\$ 133,293
Contributions in Relation to the Contractually Required Contribution	<u>\$ 164,100</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	\$ 25,607,481	\$ 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.

SINGLE AUDIT

MANHEIM CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS
YEAR ENDED JUNE 30, 2025

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, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-240236	07/01/23 - 09/30/24	\$ 510,280	\$ -	\$ (5,971)	\$ 5,971	\$ 5,971	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-250236	07/01/24 - 09/30/25	510,280	470,755	-	503,795	503,795	33,040	-
Total ALN #84.010						470,755	(5,971)	509,766	509,766	33,040	-
Title II - Improving Teacher Quality	I	84.367	020-240236	07/01/23 - 09/30/24	80,558	9,932	9,932	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-250236	07/01/24 - 09/30/25	99,041	84,200	-	99,042	99,042	14,842	-
Total ALN #84.367						94,132	9,932	99,042	99,042	14,842	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-250236	07/01/24 - 09/30/25	38,428	25,619	-	38,428	38,428	12,809	-
Total ALN #84.424						25,619	-	38,428	38,428	12,809	-
Passed Through the Lancaster-Lebanon I.U.											
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	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-240013	07/01/24 - 06/30/25	4,140	4,140	-	4,140	4,140	-	-
Total ALN #84.173						7,353	3,213	4,140	4,140	-	-
I.D.E.A. - Part B, Section 610	I	84.027	062-230013	07/01/22 - 09/30/23	556,545	341,648	341,648	-	-	-	-
I.D.E.A. - Part B, Section 610	I	84.027	062-240013	07/01/23 - 09/30/24	574,988	574,988	-	574,988	574,988	-	-
Total ALN #84.027						916,636	341,648	574,988	574,988	-	-
Total U.S. Department of Education						1,514,495	348,822	1,226,364	1,226,364	60,691	-

See accompanying Notes to Schedule of Expenditures of Federal Awards and Certain State Grants.

MANHEIM CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS (CONTINUED)
YEAR ENDED JUNE 30, 2025

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, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Health and Social Services											
Passed Through the Pennsylvania Department of Welfare											
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	15,710	-	15,710	15,710	-	-
Total ALN #93.778						15,710	-	15,710	15,710	-	-
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	256,675	-	256,675	256,675	-	-
Total ALN #10.553						256,675	-	256,675	256,675	-	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	866,495	-	866,495	866,495	-	-
Passed-Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	a) -	b) (36,176)	c) 36,176	36,176	d) -	-
Total ALN #10.555						866,495	(36,176)	902,671	902,671	-	-
Total U.S. Department of Agriculture						1,123,170	(36,176)	1,159,346	1,159,346	-	-
Total Federal Awards						<u>\$ 2,653,375</u>	<u>\$ 312,646</u>	<u>\$ 2,401,420</u>	<u>\$ 2,401,420</u>	<u>\$ 60,691</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						<u>\$ 923,989</u>	<u>\$ 344,861</u>	<u>\$ 579,128</u>	<u>\$ 579,128</u>	<u>\$ -</u>	<u>\$ -</u>
Child Nutrition Cluster (ALN's #10.553 and #10.555)						<u>\$ 1,123,170</u>	<u>\$ (36,176)</u>	<u>\$ 1,159,346</u>	<u>\$ 1,159,346</u>	<u>\$ -</u>	<u>\$ -</u>
Medicaid Cluster (ALN #93.778)						<u>\$ 15,710</u>	<u>\$ -</u>	<u>\$ 15,710</u>	<u>\$ 15,710</u>	<u>\$ -</u>	<u>\$ -</u>

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 and Certain State Grants.

**MANHEIM CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
CERTAIN STATE GRANTS
JUNE 30, 2025**

NOTE 1 FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

NOTE 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.

NOTE 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 and Certain State Grants under ALN #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2024 – 2025 fiscal year.

NOTE 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, 2025, is \$500,000.

NOTE 5 INDIRECT COSTS

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

**MANHEIM CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025**

There were no audit findings for the year ended June 30, 2024.



**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, 2025, 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 April 27, 2026.

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.

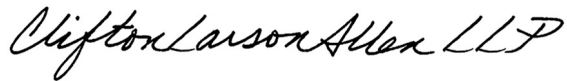
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

City, State
April 27, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND 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, 2025. 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, 2025.

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.

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

City, State
April 27, 2026

**MANHEIM CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of the Auditors' Results

Basic 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 basic 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

CFDA Number(s)

ALN #84.010
ALN #84.027 and 84.173

Name of Federal Program or Cluster

Title I – Improving Basic Programs
Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no