

**MANHEIM TOWNSHIP
SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Manheim Township School District
Lancaster, Pennsylvania

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 Township School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the 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 the 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, as of July 1, 2024, the District adopted Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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, which raise substantial doubt about the 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.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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 the 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, which raise substantial doubt about the 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 and the required supplementary information as listed in the Contents 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 the District's basic financial statements. The supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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 the 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 District's internal control over financial reporting and compliance.

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

Camp Hill, Pennsylvania
December 1, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2025**

The management discussion and analysis of the Manheim Township School District (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

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

DISTRICT PROFILE

The District consists of six elementary schools (grades K to 4), an intermediate school (grades 5 to 6), a middle school (grades 7 to 8) and a senior high school (grades 9 to 12) consisting of approximately 6,000 students. The District covers 24 square miles and is comprised of Manheim Township. During 2024-2025, there were approximately 782 employees in the District, consisting of 443 teachers, 47 administrators, including general administration, principals and supervisors, and 292 support personnel including administrative assistants, maintenance staff, custodial staff, food service staff, technology staff, school monitors and staff nurses.

The mission statement of the District is to Nurture and Challenge for Success.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2025, are as follows:

The District ended the fiscal year with an increase in the general fund balances of \$1,052,637, bringing the cumulative balance to \$22,409,094, at the conclusion of the 2024-2025 fiscal year.

At June 30, 2025, the General Fund's balance includes:

- ❖ \$37,026 which is considered non-spendable
- ❖ \$4,300,000 committed to pension and medical expenses
- ❖ \$350,000 committed to transportation expenses
- ❖ \$1,400,000 committed to technology expenses
- ❖ \$3,218,298 committed to future capital expenses
- ❖ \$2,013,000 committed to curriculum
- ❖ 500,000 committed for Insurance Reserve
- ❖ \$6,287 assigned for various projects

FINANCIAL HIGHLIGHTS (Continued)

The remaining \$10,584,483 is unassigned and represents 8.00% of the 2025-2026 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund balance of 8% of the following year's expenditure budget.

Actual revenues and other financing sources were \$5,559,673 or 4.56% more than budgeted amounts, and actual expenditures and other financing uses were \$1,959,995 or 1.57% more than budgeted amounts resulting in a net positive variance of \$3,599,678.

The food service program, operated as a business-type activity, reflected an increase in net position of \$150,168, for the year ended June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

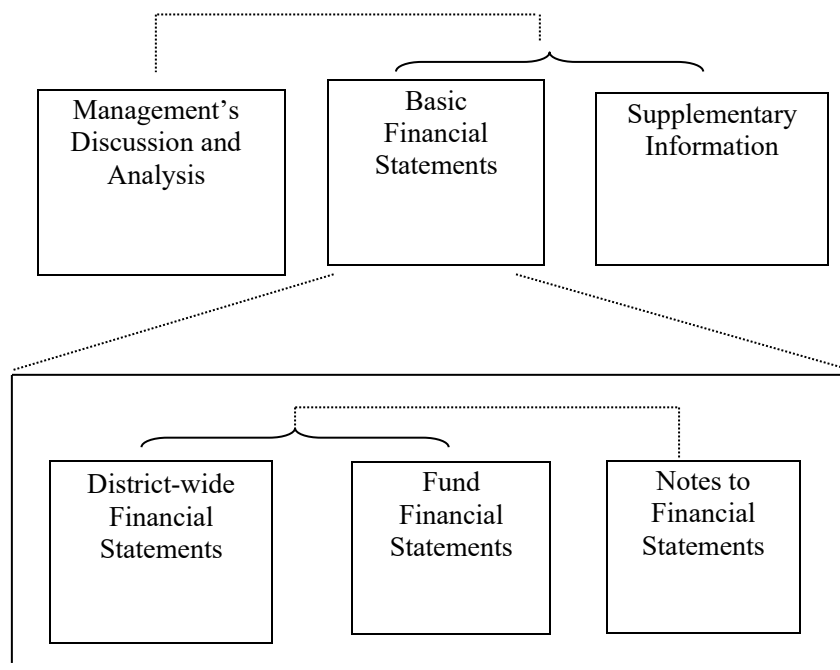
The Statement of Net Position and the Statement of Activities provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in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

Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business, such as food services. Additionally, the District maintains an internal service fund to account for its self-insurance of medical and dental claims. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and scholarship funds.

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

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

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



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

Scope	Government-wide Statements	Fund Statements		
	Entire District (except fiduciary funds)	Governmental Funds	Proprietary Funds	Fiduciary Funds
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows 	<ul style="list-style-type: none"> Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Proprietary funds - These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the focus is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements. Additionally, the Medical Insurance Fund is an internal service fund. This fund is designated to account for the transactions associated with self-insurance of the District's medical and dental claims and related fees.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net deficit was \$(338,588) at June 30, 2025, and \$(7,343,805) at June 30, 2024.

Table A-1
Statements of Net Position
June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current assets	\$ 62,965,605	\$ 62,429,485	\$ 1,933,601	\$ 3,028,422	\$ 64,899,206	\$ 65,457,907
Noncurrent assets						
Capital assets	189,306,019	192,991,071	1,513,365	771,310	190,819,384	193,762,381
Total assets	\$ 252,271,624	\$ 255,420,556	\$ 3,446,966	\$ 3,799,732	\$ 255,718,590	\$ 259,220,288
Deferred Outflows of Resources	\$ 27,760,327	\$ 27,653,776	\$ 489,442	\$ 461,818	\$ 28,249,769	\$ 28,115,594
Current liabilities	\$ 18,587,238	\$ 17,091,716	\$ 109,344	\$ 559,471	\$ 18,696,582	\$ 17,651,187
Noncurrent liabilities	253,374,396	263,589,301	2,704,649	2,728,292	256,079,045	266,317,593
Total liabilities	\$ 271,961,634	\$ 280,681,017	\$ 2,813,993	\$ 3,287,763	\$ 274,775,627	\$ 283,968,780
Deferred Inflows of Resources	\$ 9,436,360	\$ 10,598,898	\$ 94,960	\$ 112,009	\$ 9,531,320	\$ 10,710,907
Net Position						
Net investment in capital assets	\$ 81,400,320	\$ 79,832,802	\$ 1,480,930	\$ 728,355	\$ 82,881,250	\$ 80,561,157
Restricted	14,853,370	13,255,398	-	-	14,853,370	13,255,398
Unrestricted deficit	(97,619,733)	(101,293,783)	(453,475)	133,423	(98,073,208)	(101,160,360)
Total net position (deficit)	\$ (1,366,043)	\$ (8,205,583)	\$ 1,027,455	\$ 861,778	\$ (338,588)	\$ (7,343,805)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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

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

Table A-2
Statements of Changes in Net Position
Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 757,808	\$ 691,134	\$ 1,548,951	\$ 1,394,409	\$ 2,306,759	\$ 2,085,543
Operating grants and contributions	19,949,262	16,903,465	2,973,010	2,898,398	22,922,272	19,801,863
Capital grants and contributions	1,185,510	918,231	-	-	1,185,510	918,231
General revenues						
Property taxes	77,594,510	74,840,796	-	-	77,594,510	74,840,796
Other taxes	12,922,099	12,097,028	-	-	12,922,099	12,097,028
Grants, subsidies and contributions not restricted	11,629,149	10,485,352	-	10,750	11,629,149	10,496,102
Other	4,007,990	4,226,132	58,188	88,107	4,066,178	4,314,239
Total revenues	128,046,328	120,162,138	4,580,149	4,391,664	132,626,477	124,553,802
Expenses						
Instruction	67,134,250	62,440,347	-	-	67,134,250	62,440,347
Instructional student support	12,559,234	11,798,088	-	-	12,559,234	11,798,088
Administrative and financial support	7,854,349	7,694,183	-	-	7,854,349	7,694,183
Operation and maintenance of plant	10,601,642	10,055,991	-	-	10,601,642	10,055,991
Pupil transportation	6,039,542	5,212,023	-	-	6,039,542	5,212,023
Student activities	2,168,046	1,853,340	-	-	2,168,046	1,853,340
Community services	13,939	24,095	-	-	13,939	24,095
Interest on long-term debt	4,050,822	4,461,393	-	-	4,050,822	4,461,393
Unallocated depreciation	8,663,794	8,404,291	-	-	8,663,794	8,404,291
Food service	-	-	4,429,981	3,947,995	4,429,981	3,947,995
Total expenses	119,085,618	111,943,751	4,429,981	3,947,995	123,515,599	115,891,746
Changes in net position	8,960,710	8,218,387	150,168	443,669	9,110,878	8,662,056
Net Position (Deficit) - Beginning	(8,205,583)	(16,423,970)	861,778	418,109	(7,343,805)	(16,005,861)
Prior period adjustment (see Note 1)	(2,121,170)	-	15,509	-	(2,105,661)	-
Net Position - Beginning (restated)	(10,326,753)	(16,423,970)	877,287	418,109	(9,449,466)	(16,005,861)
Net Position (Deficit) - Ending	\$ (1,366,043)	\$ (8,205,583)	\$ 1,027,455	\$ 861,778	\$ (338,588)	\$ (7,343,805)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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

Table A-3
Statements of Total and Net Cost of Services
Governmental Activities
Years Ended June 30, 2025 and 2024

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 67,134,250	\$ 62,440,347	\$ 53,207,077	\$ 51,355,721
Instructional student support	12,559,234	11,798,088	9,578,391	8,726,648
Administrative and financial support	7,854,349	7,694,183	6,978,770	6,829,105
Operation and maintenance of plant	10,601,642	10,055,991	9,482,664	9,156,613
Pupil transportation	6,039,542	5,212,023	4,518,483	3,796,515
Student activities	2,168,046	1,853,340	1,884,608	1,594,771
Community services	13,939	24,095	13,939	24,095
Interest on long-term debt	4,050,822	4,461,393	2,865,312	3,543,162
Unallocated depreciation	8,663,794	8,404,291	8,663,794	8,404,291
Total governmental activities	<u>\$ 119,085,618</u>	<u>\$ 111,943,751</u>	97,193,038	93,430,921
Less Grants, subsidies and contributions not restricted			<u>11,629,149</u>	<u>10,485,352</u>
Total needs from local taxes and other revenues			<u>\$ 85,563,889</u>	<u>\$ 82,945,569</u>

THE DISTRICT'S FUNDS

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$42,030,178, which is a decrease of (\$1,992,871) from the prior year. The primary reasons for this net increase are contained in two specific funds:

General Fund

The District experienced an increase of \$1,052,637 in the General Fund's fund balances. The unassigned fund balance at June 30, 2025, is 8.00% of total 2025-2026 budgeted expenditures and other financing uses. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund balance of 8.00% of the following year's expenditure budget. More detail regarding the fund balances can be found in the notes to the financial statements.

Capital Projects Fund

The District's Capital Projects Funds are comprised of construction funds used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities, as well as the District's Capital Reserve Fund. With continued planning for unanticipated and proposed capital projects each year, additional funds in the amount of \$1,419,424 were transferred to the Capital Reserve Fund. This fund was established to finance capital projects without the need for additional borrowing. The District completed various technology and facility improvements, constructed the health clinic, and continued the mechanical/ electrical upgrades. As a result of these factors, the Capital Projects Fund's fund balance reflected a decrease of (\$3,045,508). More detail on these funds can be found in the Combining Capital Projects Funds' statements.

General Fund Budget

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

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

In 2025, actual General Fund revenues exceeded the original budgeted amounts by \$5,559,673. The vehicle lease and SBITA origination resulted in recording revenue of \$294,518 for the length of the lease agreements. The resulting variance of original budgeted revenue to actual revenues received, net of the lease and SBITA origination, was \$5,265,155 or 4.3% over budget. The largest variances, in budgeted revenues were as follows:

- ❖ Earned Income Taxes exceeded budget by approximately \$695,435. EIT Collections have continued to increase every year in part due to higher wages paid by employers.
- ❖ Real Estate Transfer Tax exceeded budget by approximately \$592,432, this was an increase from the prior year of \$365,263, representing consistent real estate sales over the last two years.
- ❖ State subsidies exceeded budget by approximately \$2,614,926. This was a result of the state's budget approval in July 2024 after the District's budget was approved.
- ❖ Interest earnings exceeded budget by \$776,740 due to favorable interest rates.

THE DISTRICT'S FUNDS (Continued)

General Fund Budget (Continued)

- ❖ Grant Revenue from Federal and Local sources exceeded budget by approximately \$253,640. This was due to receiving additional federal pass-thru grants that were unknown when the District's budget was approved.

The total General Fund expenditures came in over the original budget by \$1,959,995. The resulting variance of original budgeted expenses to actual expenditures, net of the capital reserve transfer and lease originations was \$1,465,478 or 1.2% over budget. Other notable variances in budgeted expenditures included:

- ❖ Capital Fund transfers were over budget \$199,999. The additional transfer was to partially fund future capital projects and reduce the amount needed to borrow to fund capital needs.
- ❖ Salaries and corresponding benefits were under budget by approximately \$806,377. These savings in salary were related to unfilled positions but were offset with an increase in substitute staffing costs.
- ❖ The transportation department budget was over budget by \$588,906 due to increases in bus driver wages, fuel costs, and specialized transportation.
- ❖ Special Education services exceeded budget by approximately \$707,202 due to additional services required.
- ❖ Plant Service expenditures were over budget by \$110,913, primarily due to increased spending on supplies and building repairs. However, utility expenditures were under budget by \$263,857, attributed to capital improvements that enhanced energy efficiency.
- ❖ Payments for charter school tuition exceeded the budget by \$129,685.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had \$189,306,019 invested in a broad range of capital assets, including land and land improvements, site improvements, building and building improvements, furniture and equipment and construction-in-progress. There was a net decrease in Capital Assets as the annual depreciation expense exceeded current year additions.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and land improvements	\$ 11,779,101	\$ 11,779,101	\$ -	\$ -	\$ 11,779,101	\$ 11,779,101
Site improvements	5,825,368	6,343,994	-	-	5,825,368	6,343,994
Building and building improvements	158,074,416	162,306,001	-	-	158,074,416	162,306,001
Furniture and equipment	6,886,672	6,961,676	1,513,365	771,310	8,400,037	7,732,986
Construction-in-progress	2,967,454	1,637,988	-	-	2,967,454	1,637,988
Right-to-use leased equipment	2,868,958	3,142,559	-	-	2,868,958	3,142,559
Right-to-use subscription assets	904,050	819,752	-	-	904,050	819,752
Total capital assets	\$ 189,306,019	\$ 192,991,071	\$ 1,513,365	\$ 771,310	\$ 190,819,384	\$ 193,762,381

Debt Administration

As of July 1, 2025, the District had total outstanding bond principal of \$114,685,000. The District retired \$10,075,000 of outstanding debt during 2024-2025 resulting in outstanding debt as of June 30, 2025, of \$104,610,000.

Table A-5
Outstanding Debt

	2025	2024
General Obligation Bonds, Series B of 2018	\$ -	\$ 7,745,000
General Obligation Bonds, Series of 2019	3,780,000	4,985,000
General Obligation Bonds, Series of 2020	25,715,000	26,825,000
General Obligation Bonds, Series A of 2021	16,900,000	16,905,000
General Obligation Bonds, Series B of 2021	4,265,000	4,270,000
General Obligation Notes, Series C of 2021	53,950,000	53,955,000
	\$ 104,610,000	\$ 114,685,000

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District adopted a 2025-2026 budget totaling \$132,306,049 which uses \$ 2,208,723 of General Fund balance consisting of both unassigned and committed funds. The 2025-2026 budgeted revenue is approximately \$8,135,000 more than the 2024-2025 budgeted revenue. The 2025-2026 budget included a millage tax increase of 2.25%. This tax increase, along with additional taxable assessments, resulted in an increase in budgeted real estate taxes of \$2,524,000. The 2025-2026 budgeted expenditures and other financing uses is approximately \$7,797,000 more than the 2024-2025 budgeted expenditures and other financing uses. While there were increases and decreases in various categories, this net increase is mainly a result of an increase in budgeted salaries and corresponding benefits. The comparisons of revenue and expenditure categories follow:

Table A-6
BUDGETED REVENUES AND OTHER FINANCING SOURCES

	2024-2025 (actual)	2025-2026
Local	75.14%	74.30%
State	23.77%	24.49%
Federal	0.81%	0.64%
Other Financing Sources	0.29%	0.57%

BUDGETED EXPENDITURES AND OTHER FINANCING USES

	2024-2025 (actual)	2025-2026
Instruction	54.75%	55.60%
Support Services	29.64%	29.44%
Operation of Non-Instructional Services	1.76%	1.51%
Facilities Acquisition/Fund Transfers/Other	13.85%	13.45%

The District's enrollment over the last 30 years has steadily increased with a growth rate of 1.23%. Total enrollment as of October 1, 2025, was 5,979 which was a decrease of 25 students from the October 1, 2024 total enrollment of 6,004.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 29,886,837	\$ 1,628,299	\$ 31,515,136
Investments	24,281,566	-	24,281,566
Internal balances	(146,025)	146,025	-
Receivables	7,745,349	65,856	7,811,205
Lease receivable	1,160,106	-	1,160,106
Inventories	10,797	93,421	104,218
Prepaid expenses	26,975	-	26,975
Capital and right-to-use assets			
Land, improvements and construction-in-progress	14,746,555	-	14,746,555
Other capital assets, net of depreciation/amortization	174,559,464	1,513,365	176,072,829
Total capital and right of use assets	189,306,019	1,513,365	190,819,384
Total assets	\$ 252,271,624	\$ 3,446,966	\$ 255,718,590
Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 22,515,000	\$ 459,000	\$ 22,974,000
Deferred amounts in OPEB liabilities	3,371,034	30,442	3,401,476
Deferred amounts on refunding debt	1,874,293	-	1,874,293
Total deferred outflows of resources	\$ 27,760,327	\$ 489,442	\$ 28,249,769
Liabilities			
Accounts payable and accrued expenses	\$ 18,452,184	\$ 45,890	\$ 18,498,074
Unearned revenues	135,054	63,454	198,508
Long-term liabilities			
Due within one year	12,777,048	13,021	12,790,069
Due in more than one year	105,708,537	48,810	105,757,347
Net pension liability	122,562,000	2,501,000	125,063,000
OPEB liabilities	12,326,811	141,818	12,468,629
Total long-term liabilities	253,374,396	2,704,649	256,079,045
Total liabilities	\$ 271,961,634	\$ 2,813,993	\$ 274,775,627
Deferred Inflows of Resources			
Lease related	\$ 1,056,405	\$ -	\$ 1,056,405
Deferred amounts on pension liability	2,480,000	51,000	2,531,000
Deferred amounts on OPEB liabilities	5,899,955	43,960	5,943,915
Total deferred inflows of resources	\$ 9,436,360	\$ 94,960	\$ 9,531,320
Net Position			
Net investment in capital assets	\$ 81,400,320	\$ 1,480,930	\$ 82,881,250
Restricted	14,853,370	-	14,853,370
Unrestricted deficit	(97,619,733)	(453,475)	(98,073,208)
Total net position	\$ (1,366,043)	\$ 1,027,455	\$ (338,588)

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 67,134,250	\$ 306,376	\$ 13,620,797	\$ -	\$ (53,207,077)	\$ -	\$ (53,207,077)
Instructional student support	12,559,234	-	2,980,843	-	(9,578,391)	-	(9,578,391)
Administration and financial support	7,854,349	-	875,579	-	(6,978,770)	-	(6,978,770)
Operation and maintenance of plant	10,601,642	334,414	784,564	-	(9,482,664)	-	(9,482,664)
Pupil transportation	6,039,542	39,908	1,481,151	-	(4,518,483)	-	(4,518,483)
Student activities	2,168,046	77,110	206,328	-	(1,884,608)	-	(1,884,608)
Community services	13,939	-	-	-	(13,939)	-	(13,939)
Interest on long-term debt	4,050,822	-	-	1,185,510	(2,865,312)	-	(2,865,312)
Unallocated depreciation	8,663,794	-	-	-	(8,663,794)	-	(8,663,794)
Total governmental activities	119,085,618	757,808	19,949,262	1,185,510	(97,193,038)	-	(97,193,038)
Business-Type Activities:							
Food service	4,429,981	1,548,951	2,973,010	-	-	91,980	91,980
Total primary government	\$ 123,515,599	\$ 2,306,759	\$ 22,922,272	\$ 1,185,510	(97,193,038)	91,980	(97,101,058)
General Revenues:							
Property taxes, levied for general purposes, net					77,594,510	-	77,594,510
Public utility, realty transfer, earned income and other taxes for general purposes, net					12,922,099	-	12,922,099
Grants, subsidies and contributions not restricted					11,629,149	-	11,629,149
Investment earnings					2,919,688	57,947	2,977,635
Transfers					576,957	-	576,957
Miscellaneous income					283,491	-	283,491
Gain on sale of capital assets					227,854	241	228,095
Total general revenues					106,153,748	58,188	106,211,936
Changes in net position					8,960,710	150,168	9,110,878
Net Position (Deficit) - July 1, 2024					(8,205,583)	861,778	(7,343,805)
Prior period adjustment (see Note 1)					(2,121,170)	15,509	(2,105,661)
Net Position - July 1, 2024 (restated)					(10,326,753)	877,287	(9,449,466)
Net Position - June 30, 2025					\$ (1,366,043)	\$ 1,027,455	\$ (338,588)

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 25,977,527	\$ 3,348,782	\$ 29,326,309
Investments	6,900,789	17,380,777	24,281,566
Due from other funds	1,575	-	1,575
Due from other governments	6,742,575	-	6,742,575
Taxes receivable	584,219	-	584,219
Lease receivable	1,160,106	-	1,160,106
Other receivables	338,432	-	338,432
Prepaid expenses	26,229	-	26,229
Inventories	10,797	-	10,797
Total assets	\$ 41,742,249	\$ 20,729,559	\$ 62,471,808
Liabilities			
Due to other funds	\$ 2,318,426	\$ -	\$ 2,318,426
Due to other governments	346,781	-	346,781
Accounts payable	1,791,631	1,108,475	2,900,106
Accrued salaries and benefits	12,551,974	-	12,551,974
Payroll deductions and withholdings	484,866	-	484,866
Unearned revenues	115,204	-	115,204
Other current liabilities	152,074	-	152,074
Total liabilities	17,760,956	1,108,475	18,869,431
Deferred Inflows of Resources			
Delinquent property taxes	515,794	-	515,794
Deferred inflows for leases	1,056,405	-	1,056,405
	1,572,199	-	1,572,199
Fund Balances			
Nonspendable	37,026	-	37,026
Restricted	-	19,621,084	19,621,084
Committed	11,781,298	-	11,781,298
Assigned	6,287	-	6,287
Unassigned	10,584,483	-	10,584,483
Total fund balances	22,409,094	19,621,084	42,030,178
Total liabilities, deferred inflows of resources and fund balances	\$ 41,742,249	\$ 20,729,559	\$ 62,471,808

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025**

Total fund balances - governmental funds		\$ 42,030,178
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$325,029,899, and the accumulated depreciation/amortization is \$135,723,880.		189,306,019
Property taxes receivable will be collected this year, but they are not available soon enough to pay for the current period's expenditures and, therefore, they are deferred inflows of resources in the funds.		515,794
An Internal Service Fund is used by the District to charge certain health benefit costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. The change is equal to the Internal Service Fund net position.		2,020,513
The difference between the re-acquisition price and the net carrying amount of the refunded debt is a net deferred outflow of resources, which is not reported in the		1,874,293
Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnote for detail):		
Deferred outflows		22,515,000
Deferred inflows		(2,480,000)
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnote for detail):		
Deferred outflows		3,371,034
Deferred inflows		(5,899,955)
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities and related items at year-end consist of:		
Bonds and notes payable	(104,610,000)	
Accrued interest	(751,609)	
Unamortized bond premiums and discounts, net	(5,118,333)	
Financed purchase agreements payable	(780,437)	
Leases payable	(3,138,064)	
Subscription liability	(900,872)	
Arbitrage payable	(493,660)	
Net pension liability	(122,562,000)	
OPEB liabilities	(12,326,811)	
Compensated absences	(3,937,879)	(254,619,665)
Bond-insurance premiums that are paid at bond settlement are expensed in the funds. The amounts attributable to future periods are reflected as prepaid premiums.		746
Total net deficit - governmental activities		<u><u>\$ (1,366,043)</u></u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Current and interim real estate taxes	\$ 76,913,279	\$ -	\$ 76,913,279
Other taxes	13,704,542	-	13,704,542
Investment earnings	2,576,740	919,905	3,496,645
Other local sources	2,443,849	-	2,443,849
State sources	30,253,811	-	30,253,811
Federal sources	1,030,806	-	1,030,806
Total revenues	126,923,027	919,905	127,842,932
Expenditures			
Instruction	69,240,823	1,280,584	70,521,407
Support services	37,486,069	95,301	37,581,370
Operation of non-instructional services	2,223,582	58,464	2,282,046
Capital outlay	38,028	5,231,072	5,269,100
Debt service	16,061,588	-	16,061,588
Total expenditures	125,050,090	6,665,421	131,715,511
Excess (deficiency) of revenues over expenditures	1,872,937	(5,745,516)	(3,872,579)
Other Financing Sources (Uses)			
Interfund transfers in	-	1,419,424	1,419,424
Interfund transfers out	(1,419,424)	-	(1,419,424)
Proceeds from leases and other right to use arrangements	58,708	1,280,584	1,339,292
Sale of capital assets	227,854	-	227,854
Proceeds from SBITAs	235,810	-	235,810
Insurance recoveries	76,752	-	76,752
Total other financing (uses) sources	(820,300)	2,700,008	1,879,708
Net changes in fund balances	1,052,637	(3,045,508)	(1,992,871)
Fund Balances:			
July 1, 2024	21,356,457	22,666,592	44,023,049
June 30, 2025	\$ 22,409,094	\$ 19,621,084	\$ 42,030,178

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Net changes in fund balances - governmental funds \$ (1,992,871)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlays and right-to-use assets	7,194,564	
Less depreciation/amortization expense	(10,879,616)	(3,685,052)

Because some property taxes will not be collected for several months after the District's fiscal year-ends, they are not considered as "available" in the governmental funds. Deferred inflows of resources decreased by this amount this year. (101,212)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest costs in the Statement of Activities over the amount due is shown here. 555,823

The change in net position in the Internal Service Fund is reported with governmental activities. 739,693

Governmental funds report district pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

District pension and OPEB contributions (PSERS)		16,742,000
Cost of benefits earned net of employee contributions (PSERS)		(12,533,100)

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

Change in compensated absences	(117,699)	
Change in other post-employment benefits (District's plan)	(517,797)	(635,496)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of long-term debt	10,075,000	
Amortization of bond-insurance premiums	(8,915)	
Amortization of charges for bond refunding	(927,138)	
Amortization of bond premiums and discounts - net	616,829	
Issuance of financed purchase agreements payable	(1,280,583)	
Repayment of financed purchase agreements payable	1,298,575	
Change in estimate of arbitrage rebate liability	(16,209)	
Issuance of leases payable	(58,708)	
Repayment of leases payable	257,736	
Issuance of subscription liability	(235,810)	
Repayment of subscription liability	150,148	
		9,870,925

Changes in net position of governmental activities \$ 8,960,710

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Current and interim real estate taxes	\$ 77,024,100	\$ 77,024,100	\$ 76,913,279	\$ (110,821)
Other taxes	12,338,161	12,338,161	13,704,542	1,366,381
Investment earnings	1,800,000	1,800,000	2,576,740	776,740
Other local sources	2,071,500	2,071,500	2,443,849	372,349
State sources	27,638,885	27,638,885	30,253,811	2,614,926
Federal sources	814,832	814,832	1,030,806	215,974
Total revenues	121,687,478	121,687,478	126,923,027	5,235,549
Expenditures				
Instruction				
Regular programs	50,795,042	50,537,862	50,590,360	(52,498)
Special programs	16,602,769	16,432,536	16,966,341	(533,805)
Vocational programs	1,177,716	1,362,716	1,362,489	227
Other instructional programs	209,645	311,745	302,165	9,580
Nonpublic school programs	28,000	28,000	19,468	8,532
Total instructional	68,813,172	68,672,859	69,240,823	(567,964)
Support services				
Student services	4,998,911	5,039,995	4,967,885	72,110
Instructional staff services	5,654,057	5,634,346	6,013,771	(379,425)
Administrative services	6,386,282	6,321,626	6,316,657	4,969
Pupil health	1,970,195	2,110,095	2,102,138	7,957
Business services	815,554	861,923	861,326	597
Operation and maintenance of plant services	10,661,458	10,618,363	10,442,711	175,652
Student transportation services	5,324,461	5,442,353	5,886,006	(443,653)
Central support services	875,786	850,565	838,415	12,150
Other support services	56,540	57,160	57,160	-
Total support services	36,743,244	36,936,426	37,486,069	(549,643)
Operation of noninstructional services				
Student activities	1,953,689	2,238,795	2,209,643	29,152
Community services	12,000	14,025	13,939	86
Total operation of noninstructional services	1,965,689	2,252,820	2,223,582	29,238
Capital outlay	-	40,000	38,028	1,972
Debt service	15,367,989	15,387,989	16,061,588	(673,599)
Total expenditures	122,890,094	123,290,094	125,050,090	(1,759,996)
Excess of revenues over expenditures	(1,202,616)	(1,602,616)	1,872,937	3,475,553
Other Expenditures and Financing (Uses) Sources				
Interfund transfers out	(1,219,425)	(1,219,425)	(1,419,424)	(199,999)
Proceeds from leases and other right to use arrangements	-	-	58,708	58,708
Sale of capital assets	240,000	240,000	227,854	(12,146)
Proceeds from SBITAs	-	-	235,810	235,810
Insurance recoveries	35,000	35,000	76,752	41,752
Budgetary reserve	(400,000)	-	-	-
Total other expenditures and financing (uses) sources	(1,344,425)	(944,425)	(820,300)	124,125
Net changes in fund balance	\$ (2,547,041)	\$ (2,547,041)	1,052,637	\$ 3,599,678
Fund Balance:				
July 1, 2024			21,356,457	
June 30, 2025			<u>\$ 22,409,094</u>	

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2025

	Enterprise	Internal
	Food	Service
	Service	Medical
		Insurance
Assets		
Cash and cash equivalents	\$ 1,628,299	\$ 560,528
Receivables		
Due from other funds	146,025	2,172,401
Due from other government	-	60,248
State sources	16,805	-
Federal sources	48,596	-
Other	455	18,300
Inventories	93,421	-
Capital and right-to-use assets		
Construction in progress	-	-
Other capital assets, net of depreciation	1,480,930	-
Right-to-use asset, net of amortization	32,435	-
Total assets	<u>\$ 3,446,966</u>	<u>\$ 2,811,477</u>
Deferred Outflows of Resources		
Deferred amounts on pension liability	\$ 459,000	\$ -
Deferred amounts on OPEB liabilities	30,442	-
Total deferred outflows of resources	<u>\$ 489,442</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ 30,381	\$ 771,114
Accrued salaries and benefits	15,370	-
Unearned revenues	63,454	19,850
Accumulated compensated absences	2,667	-
Leases payable - current	10,354	-
Other current liabilities	139	-
Long-term liabilities		
Accumulated compensated absences	24,853	-
Leases payable	23,957	-
Net pension liability	2,501,000	-
OPEB liabilities	141,818	-
Total long-term liabilities	<u>2,691,628</u>	<u>-</u>
Total liabilities	<u>\$ 2,813,993</u>	<u>\$ 790,964</u>
Deferred Inflows of Resources		
Deferred amounts on pension liability	\$ 51,000	\$ -
Deferred amounts on OPEB liabilities	43,960	-
Total deferred outflows of resources	<u>\$ 94,960</u>	<u>\$ -</u>
Net Position		
Net investment in capital assets	\$ 1,480,930	\$ -
Unrestricted (deficit)	(453,475)	2,020,513
Total net position	<u>\$ 1,027,455</u>	<u>\$ 2,020,513</u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 PROPRIETARY FUNDS
 Year Ended June 30, 2025**

	Enterprise Food Service	Internal Service Medical Insurance
Operating Revenues		
Food service revenues	\$ 1,541,301	\$ -
Charges for services	7,650	10,693,159
Total operating revenues	1,548,951	10,693,159
Operating Expenses		
Salaries	1,314,993	-
Employee benefits	774,152	-
Purchased professional and technical services	18,329	-
Purchased property services	62,518	-
Other purchased services	7,269	-
Supplies	2,122,309	-
Depreciation and amortization	124,754	-
Insurance claims	-	10,161,176
Dues and fees	2,972	4,720
Total operating expenses	4,427,296	10,165,896
Operating (loss) income	(2,878,345)	527,263
Nonoperating Revenues (Expenses)		
Investment earnings	57,947	24,330
Interest expense	(2,685)	-
State sources	798,025	-
Federal sources	2,174,985	-
Refund of prior years' expenses	-	188,100
Gain on sale of capital asset	241	-
Total nonoperating revenues	3,028,513	212,430
Changes in net position	150,168	739,693
Net Position:		
July 1, 2024	861,778	1,280,820
Prior Period Adjustment (see Note 1)	15,509	-
Net Position - July 1, 2024 (restated)	877,287	1,280,820
June 30, 2025	\$ 1,027,455	\$ 2,020,513

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2025

	Enterprise	Internal
	Food	Service
	Service	Medical Insurance
Cash Flows From Operating Activities		
Cash received from users	\$ 1,541,193	\$ -
Cash received from other operating revenue	7,650	-
Cash received from assessments made to other funds	-	9,375,668
Cash payments to employees for services	(2,185,081)	-
Cash payments for insurance claims	-	(10,177,893)
Cash payments for goods and services	(2,441,928)	(4,720)
Net cash used in operating activities	(3,078,166)	(806,945)
Cash Flows From Noncapital Financing Activities		
State sources	784,657	-
Federal sources	1,796,048	-
Refund of prior year expenditures	-	188,100
Net cash provided by noncapital financing activities	2,580,705	188,100
Cash Flows From Capital and Related Financing Activities		
Purchase of capital and right-to-use assets, net	(866,809)	-
Interest paid on leases payable	(2,685)	-
Gain on sale of capital asset	241	-
Net cash used in capital and related financing activities	(869,253)	-
Cash Flows From Investing Activities		
Investment earnings	57,947	24,330
Net change in cash and cash equivalents	(1,308,767)	(594,515)
Cash and Cash Equivalents:		
July 1, 2024	2,937,066	1,155,043
June 30, 2025	\$ 1,628,299	\$ 560,528

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
Year Ended June 30, 2025

	Enterprise	Internal
	Food	Service
	Service	Medical Insurance
Reconciliation of Operating (Loss) Income to Net Cash		
(Used in) provided by Operating Activities		
Operating (loss) income	\$ (2,878,345)	\$ 527,263
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Depreciation/amortization	124,754	-
Value of donated commodities	336,750	-
(Increase) decrease in:		
Due from other funds	(135,588)	(1,313,897)
Intergovernmental receivables	-	(23,040)
Receivables - other	1,124	(18,300)
Inventories	(23,927)	-
Deferred outflows of resources	(27,624)	-
(Decrease) increase in:		
Due to other funds	-	-
Accounts payable	(395,992)	24,623
Accrued salaries and benefits	(881)	-
Compensated absences	(8,896)	-
Unearned revenues	(1,232)	(3,594)
Leases payable	(9,677)	-
Other current liabilities	(97)	-
Net pension liability	(46,000)	-
OPEB liabilities	4,514	-
Deferred inflows of resources	(17,049)	-
Net cash used in operating activities	\$ (3,078,166)	\$ (806,945)
Supplemental Disclosure		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 336,750	\$ -

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2025

	Private-Purpose	
	Trust Fund	Custodial Fund
	Scholarships	Student Activities
Assets		
Cash and cash equivalents	\$ 210,726	\$ 161,851
Investments	8,601	-
Due from other funds	-	-
Total assets	<u>\$ 219,327</u>	<u>\$ 161,851</u>
Liabilities		
Due to other funds	\$ -	\$ 1,575
Accounts payable	-	39
Total liabilities	<u>\$ -</u>	<u>\$ 1,614</u>
Net Position		
Restricted for:		
Individuals, organizations and other governments	\$ 219,327	\$ 160,237
Total net position	<u>\$ 219,327</u>	<u>\$ 160,237</u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
Year Ended June 30, 2025**

	Private-Purpose	
	Trust Fund	Custodial Fund
	Scholarships	Student Activities
Additions		
Investment earnings	\$ 6,453	\$ 3,599
Contributions	13,497	-
Other additions	-	245,586
Total additions	<u>19,950</u>	<u>249,185</u>
Deductions		
Scholarships awarded	21,215	-
Other deductions	-	257,394
Total deductions	<u>21,215</u>	<u>257,394</u>
Changes in net position	(1,265)	(8,209)
Net Position - July 1, 2024	220,592	168,446
Net Position - June 30, 2025	<u>\$ 219,327</u>	<u>\$ 160,237</u>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Manheim Township School District (the District), located in Lancaster County, Pennsylvania, provides a full range of educational services, appropriate to grades kindergarten through 12th, to students living in Manheim Township. These include regular and advanced academic programs and special education programs. The governing body of the District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. During this past year, the District was comprised of six elementary schools, one intermediate school, one middle school and one high school, serving approximately 6,000 students.

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The significant effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

The District reports the following major governmental funds:

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

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

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

Proprietary Fund - The District operates two proprietary funds, the Food Service Fund and Medical Insurance Fund. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

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

The Medical Insurance Fund is an internal service fund. This fund is designated to account for the transactions associated with self-insurance of the District's medical and dental claims and related fees.

The District maintains the following fiduciary fund types:

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

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budget and Budgetary Accounting

The District follows the following procedures in establishing the budgetary data reflected in the Financial Statements:

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

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

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

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

A physical inventory of the proprietary fund's food and supplies was taken as of June 30, 2025. The inventory consisted of government donated commodities which were valued at their estimated fair market values, and purchased commodities and supplies, both valued at cost using the FIFO method. The District has adopted a single inventory recordkeeping system which does not distinguish between donated and purchased commodities. Accordingly, no unearned revenues for donated commodities have been recorded.

Lease Receivable: The District is a lessor for non-cancellable leases of building and land. A lease receivable and a deferred inflow of resources is recognized in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Property, plant and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Site improvements	20-40
Building and improvements	15-40
Furniture and equipment	5-20

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

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

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

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

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities: The District enters into non-cancellable arrangements for the leasing of equipment, vehicles, buildings, land and for subscription-based information technology. A lease liability and an intangible right-to-use asset is recognized in the government-wide financial statements. Leases and SBITA that are significant, either individually or in the aggregate, are recognized.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) contract term and (3) contract payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITA liabilities.

The term includes the non-cancellable period of the lease or SBITA. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Right of use assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt on the statement of net position.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences: Effective July 1, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement establishes uniform recognition and measurement criteria for all types of compensated absences, including vacation, sick leave and other forms of paid time off that are attributable to services already rendered and are more likely than not to be used or otherwise paid.

In accordance with GASB 101, the District recognizes a liability for compensated absences based on the pay rates in effect as of the financial statement date, including applicable salary-related payments such as payroll taxes. The liability is remeasured at each reporting date.

As part of the implementation, the District adopted a last-in, first-out (LIFO) flow assumption for the use of leave balances. Under this approach, the most recently earned leave is assumed to be used first. This assumption aligns with the District's administrative practices and provides a more accurate reflection of the expected settlement value of compensated absences.

See note 8 for additional information concerning the required restatements as a result of the adoption of this standard.

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Other Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans, the first is a single employer plan administered by the District. The plan provides retiree health, vision, dental care and prescription drug benefits for eligible retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation. The single employer OPEB plan is unfunded.

The District also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. 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 Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported 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.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2025, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 7,127,811	\$ 35,818	\$ 7,163,629
PSERS Cost Sharing Plan	5,199,000	106,000	5,305,000
Total	<u>\$ 12,326,811</u>	<u>\$ 141,818</u>	<u>\$ 12,468,629</u>
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 2,495,934	\$ 12,542	\$ 2,508,476
PSERS Cost Sharing Plan	875,100	17,900	893,000
Total	<u>\$ 3,371,034</u>	<u>\$ 30,442</u>	<u>\$ 3,401,476</u>
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 4,966,955	\$ 24,960	\$ 4,991,915
PSERS Costs Sharing Plan	933,000	19,000	952,000
Total	<u>\$ 5,899,955</u>	<u>\$ 43,960</u>	<u>\$ 5,943,915</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in subsequent notes in the financial statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Inflows of Resources - Unearned Revenues: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within 60 days after year-end. Those property tax receivables expected to be collected after 60 days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Deferred Inflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Deferred Inflows of Resources - Lease Related: The District recognizes future lease payments as deferred inflows of resources. The deferred inflows represent an acquisition of net assets and fund balance that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

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

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

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

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances because they do not constitute expenditures or liabilities. GASB Statement No. 54 provides additional guidance on the classification within the net position section of amounts that have been encumbered. These encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements.

F. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, establishes financial reporting requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements (Continued)

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years:

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement improves 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. This statement addresses requirements relating to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

G. Other

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

Restatement: During the year ended June 30, 2025, the District adopted GASB Standard Statement No. 101, *Compensated Absences*. Implementation of the new standard changed the District’s compensated absences liability measurement. The effects of the change in accounting principle are summarized in the “Restatement – GASB 101 implementation” column in the table below.

	Net position (deficit) June 30, 2024, as previously reported	Restatement - GASB 101 implementation	Net Position (deficit) June 30, 2024, as restated
Government-wide			
Governmental Activities	\$ (8,205,583)	\$ (2,121,170)	\$ (10,326,753)
Business-type Activities	861,778	15,509	877,287
Total government-wide	<u>\$ (7,343,805)</u>	<u>\$ (2,105,661)</u>	<u>\$ (9,449,466)</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 1, 2025, the date the financial statements were available to be issued. There were no subsequent events identified.

Note 2. Deposits and Investments

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

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

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

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's investments may not be returned to it. A summary of the District's deposits as of June 30, 2025, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	Fulton Bank
Insured (FDIC)	250,000	250,000	Univest Bank
Uninsured, collateralized in accordance with Act 72	7,921,392	8,366,623	Fulton Bank
Uninsured, collateralized in accordance with Act 72	20,610,900	20,610,900	Univest Bank
	<u>\$ 29,032,292</u>	<u>\$ 29,477,523</u>	

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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

Investments

As of June 30, 2025, the District had the following investments:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
<hr/>			
Pennsylvania School District Liquid Asset Fund			
PSDMAX	AAAm	0.115	\$ 2,858,217
PSDLAF Full Flex Pool	NA	Various	21,089,465
PSDLAF Collateralized CD Pool	NA	NA	1,500,000
PSDLAF Certificate of Deposit	NA	NA	1,692,100
			<hr/>
			<u>\$ 27,139,782</u>

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which include PSDMAX, at amortized cost.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities and repurchase agreements, collateralized by such securities and contracted with highly rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

The PSDLAF Full Flex Pool, as part of the Fixed term series at PSDLAF, are fixed term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed Term Series are fixed term investment vehicles with maturities depending upon the maturity date of each particular Fixed Term Series. All investments in a Fixed Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed Term Series are invested is registered in the name of that particular Fixed Term Series. Certificates of Deposit used for Fixed Term Series (i) are normally in principal amounts in excess of the FDIC insurance limit of \$250,000, (ii) are collateralized in accordance with law and (iii) the collateral is held by a third-party custodian pursuant to a custody agreement among the Fund, the bank that issues the Certificate of Deposit and the third-party custodian. In some instances, the collateral consists of an Irrevocable Letter of Credit issued by the applicable Federal Home Loan Bank. At present, The Bank of New York serves as the third-party custodian with respect to all such collateralized Certificates of Deposit. Permitted Investments (other than Certificates of Deposit) such as U.S. Treasury or Agency securities in which monies in which a Fixed Term Series are invested are registered in the name or names of the Settlor or Settlers for which the Fixed Term Series was created, and the security is held in custody by a third-party custodian pursuant to a custody agreement between the Investment Adviser and the third-party custodian. At present, U.S. Bank National Association, Minneapolis, Minnesota serves as the third-party custodian with respect to all such securities.

The District reports these nonparticipating contracts, as non-negotiable Certificates of Deposit with redemption terms that do not consider market rates, using a cost based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors consistent with GASB Statement No. 31.

The PSDLAF collateralized CD Pool are Fixed Term Series investments collateralized in accordance with Act 72 and invests in certificates of deposit in the name of PSDLAF. The District reports these nonparticipating contracts, as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors consistent with GASB Statement No. 31. The fund will invest in FDIC insured institutions only on a fully collateralized basis in accordance with Section 440.1 of the Public School Code or in amounts that will result in full insurance in accordance with the regulations of the FDIC as interpreted by the FDIC from time to time. Currently under these regulations Settlers' deposits in each insured institution are insured up to \$250,000 in the aggregate, regardless of whether the deposits are made through the Fund or directly by a Settlor. All investments are intended to be deposited for the full term of the particular Fixed Term Series.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the District are valued at amortized cost and are not subject to the fair value categorization disclosures.

Weighted Average Maturity

The weighted average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar-size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar weighting the WAM for each investment type.

Interest Rate Risk

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

Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk

The District places no limit on the amounts invested in any one issuer. The District's investments are entirely held with PSDLAF.

Note 3. Property Taxes

Property taxes are levied on July 1. Taxes are collected at a discount until August 31, at their face amount from September 1 until October 31, and include a penalty thereafter. The District's tax rate for all purposes in 2024-2025, was 17.2429 mills (17.2429 per \$1,000 assessed valuation). Lancaster County Tax Claim Bureau collects delinquent taxes for the District.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 4. Taxes Receivable and Unearned Tax Revenues

A summary of the taxes receivable and related accounts at June 30, 2025, follows:

	Amount
Taxes receivable	\$ 584,219
Taxes to be collected within 60 days	\$ 68,425
Deferred inflows of resources - delinquent property taxes	515,794
	\$ 584,219

Note 5. Lease Receivable

The District leases a parcel of land and a building to a third party. The lease is for five years and the District will receive monthly payments of \$8,487. The District recognized \$94,663 in lease revenue and \$7,794 in interest revenue during the current fiscal year related to this lease.

The District also leases two parcels of land located at 140 School Road, Neffsville, Pennsylvania, and 100 School Road, Manheim Township, Lancaster County, Pennsylvania, to two third parties for the use of cell phone towers. The leases are for 30 years and the District will receive monthly payments of \$1,932 and \$2,249, respectively. The District recognized a total of \$41,046 in lease revenue and \$28,867 in interest revenue during the current fiscal year related to these leases.

As of June 30, 2025, the District's receivable for lease payments was \$1,160,106. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was \$1,056,405.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Interfund Balances and Interfund Transfers

Individual fund receivable and payable balances at June 30, 2025, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Fund		
General	\$ 1,575	\$ 2,318,426
Proprietary Funds		
Food service	146,025	-
Internal service fund	2,172,401	-
Fiduciary Fund		
Student activities	-	1,575
	\$ 2,320,001	\$ 2,320,001

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

Individual fund transfers during the fiscal year ended June 30, 2025, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ -	\$ 1,419,424
Capital projects	1,419,424	-
	\$ 1,419,424	\$ 1,419,424

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets

Capital and right-to-use asset activity for the year ended June 30, 2025, was as follows:

	July 1, 2024	Increases	Decreases	June 30, 2025
Governmental Activities:				
Capital assets not being depreciated/amortized				
Land	\$ 2,449,170	\$ -	\$ -	\$ 2,449,170
Land improvements	9,329,931	-	-	9,329,931
Construction-in-progress	1,637,988	4,168,191	(2,838,725)	2,967,454
Total capital assets not being depreciated/amortized	<u>13,417,089</u>	<u>4,168,191</u>	<u>(2,838,725)</u>	<u>14,746,555</u>
Capital and right-to-use assets being depreciated/amortized				
Site improvements	23,009,535	599,522	-	23,609,057
Buildings and building improvements	251,848,528	2,859,471	-	254,707,999
Furniture and equipment	25,304,498	2,111,587	(311,330)	27,104,755
Right-to-use leased equipment	3,756,727	58,708	-	3,815,435
Right-to-use subscription assets	992,834	235,810	(182,546)	1,046,098
Total capital and right-to-use assets being depreciated/amortized	<u>304,912,122</u>	<u>5,865,098</u>	<u>(493,876)</u>	<u>310,283,344</u>
Less accumulated depreciation/amortization				
Site improvements	16,665,541	1,118,148	-	17,783,689
Buildings and building improvements	89,542,527	7,091,056	-	96,633,583
Furniture and equipment	18,342,822	2,186,591	(311,330)	20,218,083
Right-to-use leased equipment	614,168	332,309	-	946,477
Right-to-use subscription assets	173,082	151,512	(182,546)	142,048
Total accumulated depreciation/amortization	<u>125,338,140</u>	<u>10,879,616</u>	<u>(493,876)</u>	<u>135,723,880</u>
Total capital and right-to-use assets being depreciated/amortized, net	<u>179,573,982</u>	<u>(5,014,518)</u>	<u>-</u>	<u>174,559,464</u>
Total Governmental Activities, Capital and Right-to Use Assets - Net	<u>\$ 192,991,071</u>	<u>\$ (846,327)</u>	<u>\$ (2,838,725)</u>	<u>\$ 189,306,019</u>

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets (Continued)

	2024	Increases	Decreases	2025
Business-Type Activities:				
Capital assets not being depreciated/amortized				
Construction-in-progress	\$ 513,439	\$ -	\$ (513,439)	\$ -
Total capital assets not being depreciated/amortized	513,439	-	(513,439)	-
Capital assets being depreciated/amortized				
Equipment	2,138,331	1,380,249	(2,991)	3,515,589
Right-to-use leased equipment	52,598	-	-	52,598
Total capital and right-to-use assets being depreciated/amortized	2,190,929	1,380,249	(2,991)	3,568,187
Less accumulated depreciation/amortization				
Equipment	1,923,415	114,235	(2,991)	2,034,659
Right-to-use leased equipment	9,643	10,520	-	20,163
Total accumulated depreciation/amortization	1,933,058	124,755	(2,991)	2,054,822
Total capital a assets being depreciated/amortized, net	257,871	1,255,494	-	1,513,365
Total Business-Type Activities, Capital Assets - Net	\$ 771,310	\$ 1,255,494	\$ (513,439)	\$ 1,513,365

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets (Continued)

Depreciation and amortization expenses were charged to the functions/programs of the District as follows:

	Amount
Governmental Activities:	
Instruction	\$ 1,268,485
Instructional student support	139,377
Administration and financial support	12,951
Operation and maintenance of plant	506,438
Pupil transportation	259,340
Student activities	29,231
Unallocated depreciation	8,663,794
Total Governmental Activities	<u>10,879,616</u>
Business-Type Activities:	
Food service	124,755
Total Primary Government	<u><u>\$ 11,004,371</u></u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations

During the fiscal year ended June 30, 2025, general long-term obligations changed as follows:

	July 1, 2024 (restated)	Increases	Decreases	June 30, 2025	Due within One Year
Governmental Activities:					
General Obligation Bonds					
Series B of 2018	\$ 7,745,000	\$ -	\$ (7,745,000)	\$ -	\$ -
Series of 2019	4,985,000	-	(1,205,000)	3,780,000	1,225,000
Series of 2020	26,825,000	-	(1,110,000)	25,715,000	10,750,000
Series B of 2021	4,270,000	-	(5,000)	4,265,000	5,000
Series A of 2021	16,905,000	-	(5,000)	16,900,000	5,000
General Obligation Notes					
Series C of 2021*	53,955,000	-	(5,000)	53,950,000	5,000
Bond premiums (discounts), net of amortization	5,735,162	-	(616,829)	5,118,333	-
Total General Obligation Debt	120,420,162	-	(10,691,829)	109,728,333	11,990,000
Financed purchase agreements payable	798,429	1,280,583	(1,298,575)	780,437	260,146
Leases payable	3,337,092	58,708	(257,736)	3,138,064	282,447
Subscription liability	815,210	235,810	(150,148)	900,872	82,950
Compensated absences **	3,820,180	117,699	-	3,937,879	161,505
Total governmental activities general long-term obligations	\$ 129,191,073	\$ 1,692,800	\$ (12,398,288)	\$ 118,485,585	\$ 12,777,048
Business-Type Activities:					
Leases payable	\$ 43,988	\$ -	\$ (9,677)	\$ 34,311	\$ 10,354
Compensated absences **	36,416	-	(8,896)	27,520	2,667
Total Business-Type Activities	80,404	-	(18,573)	61,831	13,021
Total government	\$ 129,271,477	\$ 1,692,800	\$ (12,416,861)	\$ 118,547,416	\$ 12,790,069

* Direct Borrowings

** The change in the compensated absences liability is presented as a net change

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long- Term Obligations (Continued)

General Obligation Bonds - Series B of 2018 - On May 7, 2018, the District issued General Obligation Bonds - Series B of 2018, in the principal amount of \$11,075,000. The proceeds of the bonds were used to refund the General Obligation Bonds - Series of 2010, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$391,477. The bonds bear annual interest rates ranging from 1.7% to 5.00%. Interest is payable semi-annually and the bonds mature serially in amounts ranging from \$65,000 to \$7,745,000 through 2025.

General Obligation Bonds - Series of 2019 - On April 15, 2019, the District issued General Obligation Bonds - Series of 2019, in the principal amount of \$9,995,000. The proceeds of the bonds were used to refund a portion of the General Obligation Bonds - Series of 2014, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$403,753. The bonds bear annual interest rates ranging from 2.00% to 3.00%. Interest is payable semi-annually and the bonds mature serially in amounts ranging from \$505,000 to \$1,295,000 through 2028.

General Obligation Bonds - Series of 2020 - On March 26, 2020, the District issued General Obligation Bonds - Series of 2020, in the principal amount of \$26,845,000. The proceeds of the bonds were used to refund the District's outstanding General Obligation Bonds - Series of 2012, General Obligation Notes - Series of 2016, General Obligation Notes - Series of 2017, finance various capital projects of the District, and to pay for the costs of issuance. The economic gain on the refunding of the bonds was \$1,528,402. The bonds bear annual interest rates ranging from 0.95% to 4.00%. Interest is payable semi-annually and the bonds mature serially in amounts ranging from \$5,000 to \$10,000,000 through 2033.

General Obligation Bonds - Series B of 2021 - On June 22, 2021, the District issued General Obligation Bonds - Series B of 2021, in the principal amount of \$25,645,000. The proceeds of the bonds were used to refund the District's outstanding General Obligation Notes - Series A of 2017, and to pay for the costs of issuance. The economic loss on the refunding of the notes was \$141,786. The bonds bear an annual interest rate of 0.67%. Interest is payable semi-annually and the bonds mature serially in amounts ranging from \$5,000 to \$7,710,000 through 2028.

General Obligation Notes - Series C of 2021 - On June 22, 2021, the District issued General Obligation Notes - Series C of 2021, in the principal amount of \$53,970,000. The proceeds of the notes were used to advance refund the District's outstanding General Obligation Bonds - Series A of 2018 and to pay for the costs of issuance. The net proceeds of \$53,516,823 from the issuance of the general obligation notes were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on August 1, 2025. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the District's government-wide financial statements. The economic gain on the refunding of the notes was \$1,202,241. The notes bear an annual interest rate of 2.84%. Interest is payable semi-annually and the bonds mature serially in amounts ranging from \$5,000 to \$10,570,000 through 2034.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long- Term Obligations (Continued)

General Obligation Bonds - Series A of 2021 - On July 8, 2021, the District issued General Obligation Bonds - Series A of 2021, in the principal amount of \$16,920,000. The proceeds of the bonds were used to finance various capital projects for the District, and to pay for the costs of issuance. The bonds bear annual interest rates ranging from 0.20% to 3.00%. Interest is payable semi-annually and the bonds mature serially in amounts ranging from \$5,000 to \$7,345,000 through 2036.

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

Debt service requirements on long-term debt at June 30, 2025, are as follows:

Years	General Obligation Debt		Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2026	\$ 11,985,000	\$ 1,811,158	\$ 5,000	\$ 896,919	\$ 14,698,077
2027	10,160,000	1,366,925	5,000	1,213,763	12,745,688
2028	3,110,000	1,072,006	6,875,000	1,213,650	12,270,656
2029	425,000	1,010,695	9,580,000	1,058,963	12,074,658
2030	445,000	993,830	9,790,000	843,413	12,072,243
2031-2035	19,535,000	3,541,815	27,695,000	1,507,163	52,278,978
2036	5,000,000	200,000	-	-	5,200,000
	<u>\$ 50,660,000</u>	<u>\$ 9,996,429</u>	<u>\$ 53,950,000</u>	<u>\$ 6,733,871</u>	<u>\$121,340,300</u>

Financed Purchase Agreements Payable

The District finances computer equipment for both students and staff that are located throughout the District. The related finance purchase agreements are recorded at the present values of related future, minimum lease payments as of the inception date. Financed purchase agreements are primarily funded by the general fund.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

The assets acquired through financed purchase agreements are as follows:

Assets	Amount
Computer equipment	\$5,849,524
Less accumulated depreciation	(4,430,434)
Total computer equipment - net book value	<u>\$1,419,090</u>

The following is a schedule of the future minimum-lease payments due under the financed purchase agreements at June 30, 2025 :

Year Ending June 30:	Amount
2024-2025	<u>\$ 780,437</u>
Total minimum lease payments	780,437
Less amount representing interest	-
Total present value of net minimum lease payments	<u>\$ 780,437</u>

Leases Payable

The District leases equipment and vehicles for certain District's operations. Additionally, the District leases a building and land for the maintenance and storage of school buses. These terms range from five to twenty years, respectively. The District's equipment, vehicle, building, and land leases contain scheduled monthly payments with expiration dates ranging from 2027 and 2043. Leases payable are primarily funded by the general fund.

As of June 30, 2025, the components of lease costs for the year are as follows:

Lease Expense	Amount
Amortization expense by class of underlying asset	
Copy machine	\$ 98,324
Land	140,510
Vehicle	93,475
Total amortization expense	<u>332,309</u>
Interest on lease liabilities	111,146
Variable lease expense	20,478
Total lease expense	<u>\$ 463,933</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2025:

Year ending June 30:	Principal	Interest	Total Payments
2026	\$ 282,447	\$ 103,506	\$ 385,953
2027	229,536	91,834	321,370
2028	201,615	81,530	283,145
2029	174,415	72,314	246,729
2030	129,942	65,877	195,819
2031-2035	706,903	269,007	975,910
2036-2040	988,316	143,031	1,131,347
2041-2045	424,890	11,871	436,761
	<u>\$3,138,064</u>	<u>\$ 838,970</u>	<u>\$3,977,034</u>

Subscription Based Information Technology Arrangements

The District enters into various arrangements for administrative and educational software. Many of the software and subscription arrangements are one year or less, however, the District enters into longer term arrangements that required right-to use subscription asset and liability accounting. The term is for three years.

The District's subscription based information technology arrangements contain scheduled annual payments with expiration dates extending through 2040. Subscription liability obligations are primarily funded by the general fund. During the year ended June 30, 2025, the District did not recognize additional expense for variable payments or for other payments not previously included in the subscription liability.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

The following is a schedule of future minimum subscription liability payments for agreements with initial or remaining terms in excess of one year as of June 30, 2025:

Year ending June 30:	Principal	Interest	Total Payments
2026	\$ 82,950	\$ 26,794	\$ 109,744
2027	85,437	24,307	109,744
2028	87,998	21,746	109,744
2029	90,636	19,108	109,744
2030	43,334	16,391	59,725
2031-2035	236,680	61,941	298,621
2036-2040	273,837	24,784	298,621
	<u>\$ 900,872</u>	<u>\$ 195,071</u>	<u>\$1,095,943</u>

Compensated Absences

Effective July 1, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement establishes uniform recognition and measurement criteria for all types of compensated absences, including vacation, personal leave, sick leave and other forms of paid time off that are attributable to services already rendered, accumulate and are more likely than not to be used or otherwise paid.

A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related payments, such as payroll taxes, where applicable.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Fund Balance Designations

Non-spendable

The District recorded various prepayments of expenditures as prepaid expense. Accordingly, they have been classified as non-spendable fund balance. Additionally, the District reports certain items as inventory, which is also reported as non-spendable fund balance.

Restricted

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

Committed

The District, through formal Board action, has committed portions of the General Fund balance to be used only for specific purposes. At June 30, 2025, the committed funds are as follows:

<u>Description of committed</u>	<u>Amount</u>
Benefits - PSERS/Medical Expenses	\$ 4,300,000
Transportation	350,000
Technology	1,400,000
Capital Expenses	3,218,298
Curriculum Expenses	2,013,000
Insurance Reserve	500,000
	<u>\$ 11,781,298</u>

Assigned

The District has assigned certain portions of the General Fund balance as follows:

<u>Description of assigned</u>	<u>Amount</u>
Bluetique	<u>\$ 6,287</u>

Unassigned

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan

Plan Description

PSERS (Pennsylvania Public School Employee's Retirement System or the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly 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.pa.gov.

Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three 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% and 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 TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit 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%

Employer Contributions:

The District’s contractually required contribution rate for the fiscal year ended June 30, 2025, was 33.27% 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. Included in the District’s contractually required contribution rate is the Act 5 contribution rate totaling an estimated 0.35 %.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth’s share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District’s rate. The District’s contributions to the Plan, relating to pension benefits, for the year ended June 30, 2025, was \$16,857,000, and is equal to the required contribution for the year. For the year ended June 30, 2025, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$8,585,497.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$125,063,000 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 the System’s 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 reported proportion was 0.2988 %, which was an increase of 0.0125 % from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$12,637,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,966,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	2,070,000	-
Changes in proportion	4,047,000	565,000
Contributions subsequent to the measurement date	16,857,000	-
	<u>\$ 22,974,000</u>	<u>\$ 2,531,000</u>

\$16,857,000 is 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 ending 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 Ending June 30:	Amount
2026	\$ (2,401,000)
2027	4,506,000
2028	1,900,000
2029	(419,000)
	<u>\$ 3,586,000</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined by rolling forward the System's total pension liability as of June 30, 2023 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 2.50%.
- 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.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100.0%</u>	

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$164,746,000	\$ 125,063,000	\$ 91,553,000

Pension Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$6,464,240, which represents the employer contributions owed to the pension plan.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District’s Single Employer Plan

Plan Description, Benefit Terms and Funding Policy

The District provides retiree health and dental care benefits to eligible retired employees and qualified spouses/beneficiaries. This is a single-employer, defined-benefit plan administered by the District. The District funds OPEB on a pay-as-you go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the Plan are summarized in the chart below:

<i>GROUP</i>	<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
<u>I. ADMINISTRATORS</u>	Subsidized - Age 55 with at least 5 years of district service Unsubsidized - Act 110/43	Coverage: Medical, Prescription Drug, Dental and Vision Premium Sharing: If member reaches age 55 with at least 5 years of district service, district pays 100% of premium for coverage of retiree and spouse for medical, prescription drug, dental and vision. Life insurance is provided to members that reach age 55 with at least 5 years of district service in the amount of two times salary. Between ages 65 to 70, the life insurance is reduced to \$25,000. If member does not qualify for subsidized coverage but is eligible for Act 110/43, member and spouse may continue coverage by paying the COBRA premium amount for coverage. Dependents: Spouses included.	Member is covered until Medicare age. Spouse is covered until the earlier of spouse or member Medicare age. Life Insurance coverage ceases at age 70.
<u>II. SPECIALISTS</u>	Subsidized - Age 58 with at least 5 years of district service Unsubsidized - Act 110/43	Coverage: Medical, Prescription Drug, Dental and Vision Premium Sharing: If member reaches age 58 with at least 5 years of district service, district pays \$400 monthly towards coverage. If member does not qualify for subsidized coverage but is eligible for Act 110/43, member and spouse may continue coverage by paying the COBRA premium amount for coverage. Dependents: Spouses included.	Member is covered until Medicare age. Spouse is covered until the earlier of spouse or member Medicare age.
<u>III. TEACHERS</u>			
A) Retire prior to 6/30/2021	N/A -Already Retired	Coverage: Medical, Prescription Drug, Dental, and Vision Premium Sharing: If member retires with at least 15 years of PSERS service, district pays \$400 monthly towards coverage. Dependents: Spouses included	Same as II
B) Retire after 6/30/2021	PSERS Retirement	Act 110/43	Same as II
<u>IV. SUPPORT STAFF</u>	Act 110/43	Act 110/43	Same as II

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Plan Description, Benefit Terms and Funding Policy (Continued)

Notes: Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Supplement: A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:

- 1) 24.5 years of PSERS service.
- 2) Upon superannuation retirement with at least 15 years of PSERS service.

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with ten years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with three years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with ten years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with three years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with ten years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with three years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2023, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	652
	<u>679</u>

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

At June 30, 2025, the District reported a liability of \$7,163,629 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2023. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	<u>\$ 6,660,701</u>
Changes for the year	
Service cost	495,551
Interest	289,467
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(10,058)
Benefit payments	<u>(272,032)</u>
Net changes	502,928
Total OPEB Liability, ending	<u>\$ 7,163,629</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits – District’s Single Employer Plan (Continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$776,124. 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	\$ 9,035	\$ 3,554,740
Changes in assumptions	2,240,055	1,437,175
Changes in proportion	-	-
Benefit payments subsequent to the measurement date	259,386	-
	<u>\$ 2,508,476</u>	<u>\$ 4,991,915</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$259,386 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Year ending June 30:	Total
2026	\$ (53,859)
2027	(66,535)
2028	(66,535)
2029	(154,828)
2030	(305,169)
Thereafter	(2,095,899)
	<u>\$ (2,742,825)</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increases which varies by age from 2.75 to 0%.
- Discount Rate - 4.29%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2024.
- Health Care Cost Trend Rate - 7.0% in 2024 with a 0.5% decrease until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075, and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees’ Share of Benefit Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality Rates: PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

The following presents the total OPEB liability of the district calculated using the discount rate of 4.29%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.29%) or one percentage higher (5.29%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.29%	4.29%	5.29%
Total OPEB liability	\$ 7,744,651	\$ 7,163,629	\$ 6,616,762

The discount rate used to measure the total OPEB liability increased from 4.13% as of July 1, 2023, to 4.29% as of July 1, 2024.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits – District’s Single Employer Plan (Continued)

Sensitivity of the District’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District calculated using the health care cost trend rates of (7.0% decreasing to 4.0%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 6,314,443	\$ 7,163,629	\$ 8,169,258

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan

Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which is a governmental cost sharing, multiple-employer other post-employment 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.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post Employment Benefits - PSERS Cost Sharing Plan (Continued)

Plan Description (Continued)

Retirees of the System can participate in Premium Assistance 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, and

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 after age 67, and
- Have received all or part of their distributions.

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.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% 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 \$319,203 for the year ended June 30, 2025.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$5,305,000 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 the System’s 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 reported proportion was 0.2986 %, which was an increase of 0.0124 % from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$245,000. 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
Differences between expected and actual experience	\$ 20,000	\$ 80,000
Changes in assumptions	323,000	810,000
Net difference between projected and actual investment earnings	6,000	-
Changes in proportion	225,000	62,000
Contributions subsequent to the measurement date	319,000	-
	<u>\$ 893,000</u>	<u>\$ 952,000</u>

\$319,000 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 ending 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 ending June 30:	Amount
2026	\$ (107,000)
2027	(139,000)
2028	(166,000)
2029	10,000
2030	24,000
Thereafter	-
	<u>\$ (378,000)</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2024, was determined by rolling forward the System's total OPEB liability as of June 30, 2023 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 - 4.21% - S&P 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 discount rate used to measure the total OPEB liability increased from 4.13% as of June 30, 2023, to 4.21%, as of June 30, 2024.

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 ending June 30, 2020.

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 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.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Investments

Investments consist primarily of short-term assets designed to protect the principal of the 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 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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.7%
	<u>100.0%</u>	

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 2024.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of 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 plan is considered a "pay-as-you-go" plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability, calculated using the discount rate of 4.21%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current discount rate:

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 5,992,000	\$ 5,305,000	\$ 4,728,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one -percentage- point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 5,304,000	\$ 5,305,000	\$ 5,305,000

OPEB Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$122,407, which represents the employer contributions owed to the OPEB plan.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management

Health Insurance

The District participates in a consortium with the Lancaster-Lebanon Intermediate Unit 13 to provide for the medical care for eligible employees and their dependents. Accordingly, benefit payments plus administrative charges are made to a third-party administrator, who approves and processes all claims. The District is reimbursed for medical claims in excess of \$175,000 per individual and for claims in the aggregate, the amount of which is determined on a yearly basis.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2025. The changes in claim obligations are as follows for the year ended June 30, 2025:

	2025	2024
Claims payable, beginning of year	\$ 746,491	\$ 937,638
Incurred claims	10,161,176	9,574,577
Claims paid	(10,136,553)	(9,765,724)
Claims payable, end of year	<u>\$ 771,114</u>	<u>\$ 746,491</u>

Workers' Compensation

The District participates in the Lancaster-Lebanon Public Schools Workers' Compensation Fund which is a cooperative voluntary trust arrangement for 21-member school districts. Each member is assessed an amount based on its covered payroll and prior experience of workers compensation claims. All claims are then paid from the pool with reinsurance being purchased by the pool for claims in excess of \$550,000 per occurrence. Claims are paid on an aggregate basis and separate accounts for each member are not maintained. Upon withdrawal by a member from the pool, the terminating member has either a right to a pro-rata share of any surplus funds for any fiscal year in which the member participated (withdrawal may occur only at the end of any year) or an obligation to pay for the member's share of a deficiency in the fund for the year of withdrawal. The District's expense for this coverage was \$283,624 for the 2024-2025 year.

Risk Disclosures Related to Funding Constraints

As of the date of issuance of these financial statements, the District is subject to external constraints that may create a risk of substantial impact on its financial position. During the fiscal year ended June 30, 2025, approximately 24.58% of the District's total revenues were derived from the Commonwealth of Pennsylvania and the Federal Government. The District is dependent on timely appropriations and disbursements from these governments to fund its operations and programs. The Commonwealth of Pennsylvania and Federal Government have experienced delays in the passage of their annual budgets, resulting in delays in the release of state and certain federal pass-through funds to local governments and agencies. Management continues to monitor the budget process at both the federal and state levels and will update its mitigation strategies as necessary.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

Other Risks

The District is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets, errors, or omissions. Most significant losses are covered by commercial insurance for major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years. During the year ended June 30, 2025, the District did not incur any significant losses that were not covered by insurance.

Note 14. Termination Benefits

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

The District provides a retirement stipend for administrators retiring with at least five years of administrative service in the District and having reached 55 years of age.

The District provides a retirement stipend for full-time teachers retiring with at least 20 years of PSERS credited service.

The District provides a retirement stipend for specialists retiring with at least ten years of specialist service in the District and having reached 55 years of age. The maximum retirement stipend available was \$10,000.

The District provides a retirement stipend, based on a specified formula, for support staff retiring with at least ten years of full-time service with the District and having reached 55 years of age.

The District paid retirement stipends totaling \$100,600 for the year ended June 30, 2025.

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Joint Ventures and Jointly Governed Organizations

Joint Ventures

Lancaster County Career and Technology Center

The Lancaster County Career and Technical Center (LCCTC) is a separate legal entity providing vocational-technical education to students within the participating districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. The District pays a pro-rata portion of the annual operating expenses based on an average of student enrollment for the prior three years. The District also pays a pro-rata portion of the LCCTC’s capital expenses based on districts’ comparative market values. During the year ended June 30, 2025, the District paid \$1,362,489 to the LCCTC.

Lancaster County Vo-Tech School Authority

On September 22, 2011, the Lancaster County Career and Technology Center Authority (the Authority) authorized the issuance of Guaranteed Lease Revenue Bonds, Series of 2011 in the maximum aggregate principal amount of \$43,000,000 to provide funds for improvements, renovations and upgrading of facilities to all the campuses of the Lancaster County Career and Technology Center. Each district agreed to make payments of their pro-rated share of the Authority’s debt service net of the Commonwealth of Pennsylvania reimbursements. Each district’s prorated shares are calculated annually based on assessed market value. On June 29, 2012, the Authority issued the first of the series, Guaranteed Lease Revenue Bonds, Series of 2012, in the amount of \$9,995,000. On September 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 future annual lease payments for the District’s prorated share for the years ending June 30th are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 101,624	\$ 39,274	\$ 140,898
2027	104,190	35,750	139,940
2028	105,730	33,372	139,101
2029	109,322	29,805	139,128
2030	104,190	33,774	137,964
2031-2035	582,539	105,180	687,719
2036-2037	260,731	13,550	274,281
	<u>\$ 1,368,325</u>	<u>\$ 290,705</u>	<u>\$ 1,659,029</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Joint Ventures and Jointly Governed Organizations (Continued)

Jointly Governed Organizations

Lancaster County Academy

The District participated with the Lancaster-Lebanon Intermediate Unit 13, the Lancaster Employment and Training Agency and nine other districts in Lancaster County to provide an opportunity for individuals, who have either dropped out of participating members' schools or are not successful in their current local school environment, to earn a high school diploma through the Lancaster County Academy (the Academy). Each participant is obligated for a pro-rata share of the Academy's expenses. During the year ended June 30, 2025, the District paid \$52,450 for its allotted ten slots.

Lancaster County Tax Collection Bureau

The District participates with 16 other school districts in Lancaster County, and the municipalities represented by those school districts, in the collection of earned income taxes performed by the Lancaster County Tax Collection Bureau (the Bureau). Each public school district appoints one member to serve on the joint operating committee in addition to the 16 members appointed by the participating municipalities. The Bureau's operating expenses are deducted from members' distributions. Members' distributions, which had been made quarterly, are now distributed monthly with the implementation of ACT 32 and are based on actual collections. Act 32 became effective on January 1, 2012. During the year ended June 30, 2025, the District's portion of operating expenditures for the Bureau totaled \$130,159.

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

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 16. Commitments

Brightbill Transportation, Inc.

Effective February 20, 2020, the District entered into an agreement with Brightbill Transportation, Inc. (Brightbill), for the transportation of students residing within the District. The agreement has an initial term of seven years beginning July 1, 2020, followed by three one-year term extensions. Current-year expenditures for basic transportation amounted to approximately \$4.6 million with pricing for subsequent years to increase by the Pennsylvania Department of Education transportation-cost index, but not less than 2.5%.

Construction Commitments

The District has outstanding construction contracts in the amount of \$425,000 for its energy improvement project. The District expended approximately \$1,279,000 in energy improvement projects during the 2024-2025 year.

The District has outstanding construction contracts in the amount of \$1,277,000 for its health clinic, track resurfacing, and Brecht roof projects. The District expended approximately \$1,600,000 on these projects during the 2024-2025 year.

Note 17. Subsequent Events

The District entered into a lease purchase agreement with Apple, Inc. on April 17, 2025, for the lease of computers and related accessories beginning in the 2025-2026 school year at a cost of \$3,671,375. The lease begins in July 2025, with a payment due of \$746,563 and bears no interest. Annual payments are required through July 2029.

REQUIRED SUPPLEMENTARY INFORMATION

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.2988%	\$ 125,063,000	\$ 47,394,011	263.88%	64.63%
2024	0.2863%	\$ 127,365,000	\$ 43,844,585	290.49%	61.85%
2023	0.2875%	\$ 127,819,000	\$ 42,261,776	302.45%	61.34%
2022	0.2901%	\$ 119,106,000	\$ 41,099,839	289.80%	63.67%
2021	0.2920%	\$ 143,778,000	\$ 40,981,001	350.84%	54.32%
2020	0.2901%	\$ 135,716,000	\$ 40,015,128	339.16%	55.66%
2019	0.2876%	\$ 138,062,000	\$ 38,724,997	356.52%	54.00%
2018	0.2808%	\$ 138,683,000	\$ 37,385,602	370.95%	51.84%
2017	0.0814%	\$ 134,943,000	\$ 35,265,724	382.65%	50.14%
2016	0.2608%	\$ 112,966,000	\$ 33,560,737	336.60%	54.36%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 16,856,827	\$ (16,856,827)	\$ -	\$ 50,594,265	33.32%
2024	\$ 15,961,305	\$ (15,961,305)	\$ -	\$ 47,911,046	33.31%
2023	\$ 15,178,120	\$ (15,178,120)	\$ -	\$ 43,955,994	34.53%
2022	\$ 14,507,545	\$ (14,507,545)	\$ -	\$ 42,457,788	34.17%
2021	\$ 13,822,120	\$ (13,822,120)	\$ -	\$ 41,037,663	33.68%
2020	\$ 13,794,954	\$ (13,794,954)	\$ -	\$ 41,233,771	33.46%
2019	\$ 13,094,055	\$ (13,094,055)	\$ -	\$ 40,172,729	32.59%
2018	\$ 12,337,333	\$ (12,337,333)	\$ -	\$ 38,900,192	31.72%
2017	\$ 10,960,339	\$ (10,960,339)	\$ -	\$ 37,500,987	29.23%
2016	\$ 8,662,259	\$ (8,662,259)	\$ -	\$ 33,374,247	25.95%

The schedule is presented to illustrate the requirement to show information for 10 years.

MANHEIM TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
 DISTRICT'S SINGLE EMPLOYER PLAN

For the Fiscal Year Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 495,551	\$ 529,472	\$ 732,509	\$ 178,495	\$ 205,507	\$ 388,420	\$ 417,547	\$ 402,879
Interest	289,467	314,223	198,920	384,283	392,987	329,839	328,665	334,779
Changes of benefit terms	-	-	-	(1,001,081)	-	-	-	(374,301)
Differences between expected and actual experience	-	(923,748)	-	(3,596,357)	-	255,515	-	3,149,616
Changes in assumptions	(10,058)	(339,019)	(1,417,462)	1,709,102	-	103,007	-	-
Benefit payments	(272,032)	(284,163)	(310,044)	(809,407)	(857,930)	(645,602)	-	-
Other Changes	-	-	-	-	-	-	(739,404)	(726,286)
Net change in total OPEB liability	502,928	(703,235)	(796,077)	(3,134,965)	(259,436)	431,179	6,808	2,786,687
Total OPEB Liability - beginning	6,660,701	7,363,936	8,160,013	11,294,978	11,554,414	11,123,235	11,116,427	8,329,740
Total OPEB Liability - ending	\$ 7,163,629	\$ 6,660,701	\$ 7,363,936	\$ 8,160,013	\$ 11,294,978	\$ 11,554,414	\$ 11,123,235	\$ 11,116,427
Covered payroll	\$ 44,391,067	\$ 44,391,067	\$ 40,111,692	\$ 40,111,692	\$ 36,971,073	\$ 35,894,246	\$ 33,122,384	\$ 32,157,655
Net OPEB liability as a percentage of covered payroll	16.14%	15.00%	18.36%	20.34%	30.55%	32.19%	33.58%	34.57%

Notes to Schedule:

For the fiscal year ended June 30, 2025:

Changes in assumptions: The discount rate changed from 4.13% to 4.29%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.2986%	\$ 5,305,000	\$ 47,394,011	11.19%	7.13%
2024	0.2862%	\$ 5,178,000	\$ 43,844,585	11.81%	7.22%
2023	0.2874%	\$ 5,290,000	\$ 42,261,776	12.52%	6.86%
2022	0.2899%	\$ 6,871,000	\$ 41,099,839	16.72%	5.30%
2021	0.2920%	\$ 6,309,000	\$ 40,981,001	15.39%	5.69%
2020	0.2901%	\$ 6,170,000	\$ 40,015,128	15.42%	5.56%
2019	0.2876%	\$ 5,996,001	\$ 38,724,997	15.48%	5.56%
2018	0.2808%	\$ 5,721,000	\$ 37,385,602	15.30%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

MANHEIM TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 319,203	\$ (319,203)	\$ -	\$ 50,594,265	0.63%
2024	\$ 306,212	\$ (306,212)	\$ -	\$ 47,911,046	0.64%
2023	\$ 329,863	\$ (329,863)	\$ -	\$ 43,955,994	0.75%
2022	\$ 339,955	\$ (339,955)	\$ -	\$ 42,457,788	0.80%
2021	\$ 336,425	\$ (336,425)	\$ -	\$ 41,037,663	0.82%
2020	\$ 346,421	\$ (346,421)	\$ -	\$ 41,233,772	0.84%
2019	\$ 333,376	\$ (333,376)	\$ -	\$ 40,172,729	0.83%
2018	\$ 322,621	\$ (322,621)	\$ -	\$ 38,900,192	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

SUPPLEMENTARY INFORMATION

MANHEIM TOWNSHIP SCHOOL DISTRICT

COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS

June 30, 2025

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 1,656,559	\$ 1,692,223	\$ 3,348,782
Investments	4,219,630	13,161,147	17,380,777
Total assets	\$ 5,876,189	\$ 14,853,370	\$ 20,729,559
Liabilities			
Accounts payable	\$ 1,108,475	\$ -	\$ 1,108,475
Total liabilities	1,108,475	-	1,108,475
Fund Balances			
Restricted	4,767,714	14,853,370	19,621,084
Total fund balances	4,767,714	14,853,370	19,621,084
Total liabilities and fund balances	\$ 5,876,189	\$ 14,853,370	\$ 20,729,559

MANHEIM TOWNSHIP SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CAPITAL PROJECTS FUNDS
Year Ended June 30, 2025**

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Revenues			
Investment earnings	\$ 342,948	\$ 576,957	\$ 919,905
Total revenues	<u>342,948</u>	<u>576,957</u>	<u>919,905</u>
Expenditures			
Instructional	1,280,584	-	1,280,584
Support services	576	94,725	95,301
Operation of non-instructional services	58,464	-	58,464
Capital outlay	4,927,388	303,684	5,231,072
Total expenditures	<u>6,267,012</u>	<u>398,409</u>	<u>6,665,421</u>
Other Financing Sources			
Interfund transfers in	-	1,419,424	1,419,424
Proceeds from extended term financing	1,280,584	-	1,280,584
Total other financing sources	<u>1,280,584</u>	<u>1,419,424</u>	<u>2,700,008</u>
Net changes in fund balances	(4,643,480)	1,597,972	(3,045,508)
Fund Balances - July 1, 2024	9,411,194	13,255,398	22,666,592
Fund Balances - June 30, 2025	<u>\$ 4,767,714</u>	<u>\$ 14,853,370</u>	<u>\$ 19,621,084</u>



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

Board of School Directors
Manheim Township School District
Lancaster, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Manheim Township School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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.

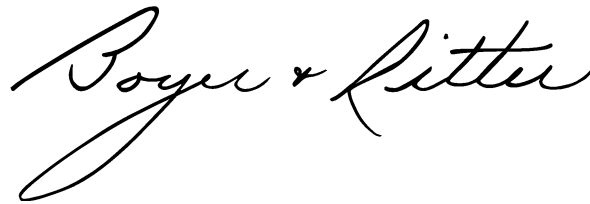
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Camp Hill, Pennsylvania
December 1, 2025



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

Board of School Directors
Manheim Township School District
Lancaster, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Manheim Township School District’s (District) 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 the District’s major federal programs for the year ended June 30, 2025. The District’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the 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 the District’s federal programs.

Report on Compliance for Each Major Federal Program (Continued)

Auditor's 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 the 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 GAAS, *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 the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the 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 the 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 the 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 Auditor's 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 cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
December 1, 2025

MANHEIM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I -- Summary of Auditor's Results

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)3? ___ Yes X No

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
10.553	School Breakfast Program/ Child Nutrition Cluster
10.555	National School Lunch Program/ Child Nutrition Cluster Cluster

Dollar threshold used to distinguish between type A and type B programs \$750,000

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

MANHEIM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

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

B. Compliance Findings

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

Section III -- Federal Award Findings and Questioned Costs

A. Compliance Findings

There were no findings relating to the Federal awards required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

B. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued (Deferred) Revenue at 7/1/2024	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at 6/30/2025	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	13-240237	23-24	\$ 603,149	\$ 129,243	\$ 112,812	\$ 16,447	\$ 16,447	\$ 16	\$ -
Title I - Grants to Local Educational Agencies	84.010	13-250237	24-25	\$ 595,483	511,007	-	582,118	582,118	71,111	-
					640,250	112,812	598,565	598,565	71,127	-
Title II - Supporting Effective Instruction State Grants	84.367	20-230237	22-23	\$ 108,695	-	(4,137)	4,137	4,137	-	-
Title II - Supporting Effective Instruction State Grants	84.367	20-240237	23-24	\$ 114,922	41,577	41,577	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	20-250237	24-25	\$ 127,535	99,200	-	127,535	127,535	28,335	-
					140,777	37,440	131,672	131,672	28,335	-
Title III - English Language Acquisition State Grants	84.365	10-250237	24-25	\$ 62,722	62,722	-	62,722	62,722	-	-
					62,722	-	62,722	62,722	-	-
Title IV - Student Support and Academic Enrichment	84.424	144-240237	23-24	\$ 47,607	6,801	6,801	-	-	-	-
Title IV - Student Support and Academic Enrichment	84.424	144-250237	24-25	\$ 45,421	42,177	-	45,421	45,421	3,244	-
					48,978	6,801	45,421	45,421	3,244	-
Elementary & Secondary School Emergency Relief Fund (ARP ESSER - 7% Set Asides - Learning Loss)	84.425U	225-21-0237	20-24	\$ 199,672	3,631	3,631	-	-	-	-
Elementary & Secondary School Emergency Relief Fund (ARP ESSER - 7% Set Asides - Summer School)	84.425U	225-21-0237	20-24	\$ 39,934	726	726	-	-	-	-
Elementary & Secondary School Emergency Relief Fund (ARP ESSER - 7% Set Asides - After School)	84.425U	225-21-0237	20-24	\$ 39,934	726	726	-	-	-	-
					5,083	5,083	-	-	-	-
American Rescue Plan Elementary and Secondary Schools Emergency Relief-Homeless Children and Youth (ARP-HCY)	84.425W	181-21-2235	21-24	\$ 100,156	55,078	55,078	-	-	-	-
Total passed through the Pennsylvania Department of Education					952,888	217,214	838,380	838,380	102,706	-
Passed through the Lancaster-Lebanon Intermediate unit No. 13:										
Special Education Cluster										
Special Education - Grants to States - On Behalf Services	84.027	062-25-0013	24-25	\$ 504,641	504,641	-	504,641	504,641	-	-
Special Education - Grants to States - Pass-through	84.027	062-25-0013	24-25	\$ 641,814	641,814	-	641,814	641,814	-	-
					1,146,455	-	1,146,455	1,146,455	-	-
Special Education Preschool Grants - Early Intervention IDEA Pass-Through	84.173	131-23-0-013	23-24	\$ 6,615	6,615	6,615	-	-	-	-
Special Education Preschool Grants - Early Intervention IDEA Pass-Through	84.173	131-24-0-013	24-25	\$ 8,100	8,100	-	8,100	8,100	-	-
					14,715	6,615	8,100	8,100	-	-
Total Special Education Cluster					1,161,170	6,615	1,154,555	1,154,555	-	-
Total passed through the Lancaster-Lebanon Intermediate Unit No. 13					1,161,170	6,615	1,154,555	1,154,555	-	-
Passed through the Pennsylvania Department of Labor and Industry:										
Vocational Rehabilitation Services	84.126	N/A	24-25	N/A	11,300	-	11,300	11,300	-	-
Total passed through the Pennsylvania Department of Labor and Industry					11,300	-	11,300	11,300	-	-
Total U.S. Department of Education					2,125,358	223,829	2,004,235	2,004,235	102,706	-

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2025

	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued (Deferred) Revenue at 7/1/2024	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at 6/30/2025	Provided to Subrecipients
U. S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare:										
Medicaid Cluster										
	93.778	N/A	24-25	N/A	6,883	-	6,883	6,883	-	-
Total Medicaid Cluster					6,883	-	6,883	6,883	-	-
Passed through Community Action Partnership of Lancaster County, Inc.										
	93.600	N/A	23-24	\$ 46,000	46,000	16,006	29,994	29,994	-	-
Total passed through Community Action Partnership of Lancaster County, Inc.					46,000	16,006	29,994	29,994	-	-
Total U.S. Department of Health and Human Services					52,883	16,006	36,877	36,877	-	-
U.S. Department of Treasury										
Passed through the Pennsylvania Commission on Crime and Delinquency										
	21.027	2023-CM-01	4301: 24-25	174,244	107,475	-	174,244	174,244	66,769	-
Total U. S. Department of Treasury					107,475	-	174,244	174,244	66,769	-
U.S. Social Security Administration										
Passed through the Pennsylvania Department of Labor and Industry										
	96.001	N/A	24-25	N/A	932	-	932	932	-	-
Total U. S. Social Security Administration					932	-	932	932	-	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
	10.553	N/A	23-24	N/A	1,165	1,165	-	-	-	-
	10.553	N/A	24-25	N/A	468,921	-	482,477	482,477	13,556	-
					470,086	1,165	482,477	482,477	13,556	-
	10.555	N/A	23-24	N/A	5,244	5,244	-	-	-	-
	10.555	N/A	24-25	N/A	1,320,718	-	1,355,758	1,355,758	35,040	-
					1,325,962	5,244	1,355,758	1,355,758	35,040	-
Total passed through the Pennsylvania Department of Education					1,796,048	6,409	1,838,235	1,838,235	48,596	-
Passed through the Pennsylvania Department of Agriculture										
	10.555	N/A	24-25	N/A	336,750	-	336,750	336,750	-	-
					336,750	-	336,750	336,750	-	-
Total passed through the Pennsylvania Department of Agriculture					336,750	-	336,750	336,750	-	-
Total U.S. Department of Agriculture					2,132,798	6,409	2,174,985	2,174,985	48,596	-
Total Expenditures of Federal Awards					\$4,419,446	\$ 246,244	\$4,391,273	\$4,391,273	\$ 218,071	\$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555 and 10.559)					\$2,132,798	\$ 6,409	\$2,174,985	\$2,174,985	\$ 48,596	\$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					\$1,161,170	\$ 6,615	\$1,154,555	\$1,154,555	\$ -	\$ -
Education Stabilization Fund (Assistance Listing Number - 84.425)					\$ 63,792	\$ 63,792	\$ -	\$ -	\$ -	\$ -

MANHEIM TOWNSHIP SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Manheim Township School District under programs of the Federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Manheim Township School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Manheim Township School District.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

MANHEIM TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended June 30, 2025

There were no prior year audit findings.