

**MANHEIM TOWNSHIP  
SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2023**

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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, 2023, 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, 2023, 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.

#### ***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.

### ***Responsibilities of Management for the Financial Statements (Continued)***

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 November 6, 2023 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, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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  
November 6, 2023

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2023**

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, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

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

**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 5,950 students. The District covers 24 square miles and is comprised of Manheim Township. During 2022-2023, there were approximately 775 employees in the District, consisting of 445 teachers, 38 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**

Effective for the year ended June 30, 2023, the School District adopted the following accounting standards:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – The primary objectives of this statement are to improve accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The adoption of this pronouncement resulted in the measurement of SBITA liabilities using the remaining lease term and discount rate at July 1, 2022, and the right-to-use assets were measured based on the lease liability.

As a result of the implementation of GASB Statement No. 96, the District recognized \$182,546 as revenue and expenditures to record its SBITA liability and right-to-use assets related to its subscription-based information technology assessments. This additional revenue and expenditures were not included during the 2022-2023 budget creation.

Key financial highlights for the year ended June 30, 2023, are as follows:

The District ended the fiscal year with an increase in the general fund balances of \$2,618,461, bringing the cumulative balance to \$21,700,609, at the conclusion of the 2022-2023 fiscal year.

## **FINANCIAL HIGHLIGHTS (Continued)**

At June 30, 2023, the General Fund's balance includes:

- ❖ \$44,224 which is considered non-spendable
- ❖ \$4,300,000 committed to pension and medical expenses
- ❖ \$700,000 committed to transportation expenses
- ❖ \$843,855 committed to technology expenses
- ❖ \$3,329,273 committed to future capital expenses
- ❖ \$438,000 committed to curriculum
- ❖ \$2,600,000 committed to ESSER federal funds phase out
- ❖ \$8,628 assigned for various projects

The remaining \$9,436,629 is unassigned and represents 8.00% of the 2022-2023 General Fund expenditure budget.

Actual revenues and other financing sources were \$5,016,979 or 4.51% more than budgeted amounts, and actual expenditures and other financing uses were \$1,785,119 or 1.59% more than budgeted amounts resulting in a net positive variance of \$3,231,860.

The food service program, operated as a business-type activity, reflected an increase in net position of \$461,158, for the year ended June 30, 2023.



## 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

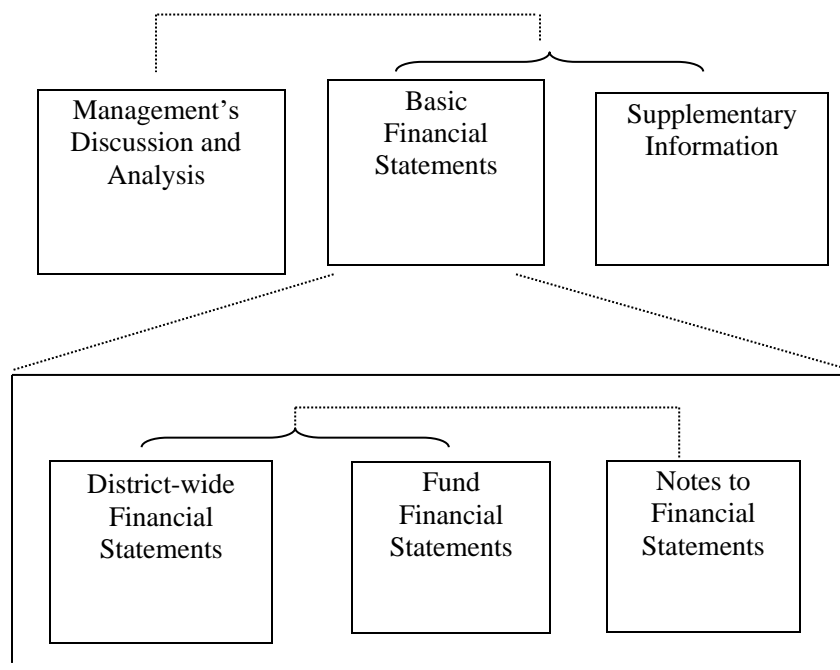


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

### *Government-wide Financial Statements*

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

The two government-wide financial statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows 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 position was \$(16,005,861) at June 30, 2023, and \$(27,104,378) at June 30, 2022.

Table A-1  
Statements of Net Position  
June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 58,327,144	\$ 61,357,353	\$ 2,815,243	\$ 2,415,236	\$ 61,142,387	\$ 63,772,589
Noncurrent assets						
Capital assets	200,073,336	203,009,695	193,477	259,493	200,266,813	203,269,188
<b>Total assets</b>	<b>\$ 258,400,480</b>	<b>\$ 264,367,048</b>	<b>\$ 3,008,720</b>	<b>\$ 2,674,729</b>	<b>\$ 261,409,200</b>	<b>\$ 267,041,777</b>
Deferred Outflows of Resources	\$ 27,328,650	\$ 30,739,104	\$ 429,190	\$ 472,132	\$ 27,757,840	\$ 31,211,236
Current liabilities	\$ 15,914,996	\$ 17,792,294	\$ 149,853	\$ 133,457	\$ 16,064,849	\$ 17,925,751
Noncurrent liabilities	274,428,740	278,404,741	2,698,820	2,559,800	277,127,560	280,964,541
<b>Total liabilities</b>	<b>\$ 290,343,736</b>	<b>\$ 296,197,035</b>	<b>\$ 2,848,673</b>	<b>\$ 2,693,257</b>	<b>\$ 293,192,409</b>	<b>\$ 298,890,292</b>
Deferred Inflows of Resources	\$ 11,809,364	\$ 25,970,446	\$ 171,128	\$ 496,653	\$ 11,980,492	\$ 26,467,099
Net Position						
Net investment in capital assets	\$ 78,756,876	\$ 77,019,759	\$ 193,477	\$ 259,493	\$ 78,950,353	\$ 77,279,252
Restricted	9,344,434	8,073,080	-	-	9,344,434	8,073,080
Unrestricted deficit	(104,525,280)	(112,154,168)	224,632	(302,542)	(104,300,648)	(112,456,710)
<b>Total net position (deficit)</b>	<b>\$ (16,423,970)</b>	<b>\$ (27,061,329)</b>	<b>\$ 418,109</b>	<b>\$ (43,049)</b>	<b>\$ (16,005,861)</b>	<b>\$ (27,104,378)</b>

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, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 693,486	\$ 770,045	\$ 1,303,369	\$ 341,264	\$ 1,996,855	\$ 1,111,309
Operating grants and contributions	16,059,699	15,362,166	2,590,486	4,292,371	18,650,185	19,654,537
Capital grants and contributions	899,780	953,992	-	-	899,780	953,992
General revenues						
Property taxes	71,624,519	69,208,254	-	-	71,624,519	69,208,254
Other taxes	11,636,093	11,403,182	-	-	11,636,093	11,403,182
Grants, subsidies and contributions not restricted	12,713,808	10,557,671	9,029	10,514	12,722,837	10,568,185
Other	2,844,779	364,421	70,692	3,723	2,915,471	368,144
<b>Total revenues</b>	<b>116,472,164</b>	<b>108,619,731</b>	<b>3,973,576</b>	<b>4,647,872</b>	<b>120,445,740</b>	<b>113,267,603</b>
<b>Expenses</b>						
Instruction	59,660,456	55,615,826	-	-	59,660,456	55,615,826
Instructional student support	10,353,023	10,422,675	-	-	10,353,023	10,422,675
Administrative and financial support	7,069,933	7,028,485	-	-	7,069,933	7,028,485
Operation and maintenance of plant	9,597,773	8,509,504	-	-	9,597,773	8,509,504
Pupil transportation	5,201,554	6,151,637	-	-	5,201,554	6,151,637
Student activities	1,770,181	1,626,260	-	-	1,770,181	1,626,260
Community services	10,124	7,589	-	-	10,124	7,589
Interest on long-term debt	4,275,207	1,702,861	-	-	4,275,207	1,702,861
Unallocated depreciation	7,896,554	7,179,040	-	-	7,896,554	7,179,040
Food service	-	-	3,512,418	3,354,801	3,512,418	3,354,801
<b>Total expenses</b>	<b>105,834,805</b>	<b>98,243,877</b>	<b>3,512,418</b>	<b>3,354,801</b>	<b>109,347,223</b>	<b>101,598,678</b>
<b>Changes in net position</b>	<b>10,637,359</b>	<b>10,375,854</b>	<b>461,158</b>	<b>1,293,071</b>	<b>11,098,517</b>	<b>11,668,925</b>
Net Position (Deficit) - Beginning	(27,061,329)	(37,437,183)	(43,049)	(1,336,120)	(27,104,378)	(38,773,303)
Net Position (Deficit) - Ending	\$ (16,423,970)	\$ (27,061,329)	\$ 418,109	\$ (43,049)	\$ (16,005,861)	\$ (27,104,378)

## 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, 2023 and 2022

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$ 59,660,456	\$ 55,615,826	\$ 48,893,493	\$ 45,109,634
Instructional student support	10,353,023	10,422,675	7,639,114	7,878,048
Administrative and financial support	7,069,933	7,028,485	6,239,924	6,223,942
Operation and maintenance of plant	9,597,773	8,509,504	8,769,337	7,690,449
Pupil transportation	5,201,554	6,151,637	3,930,867	5,024,830
Student activities	1,770,181	1,626,260	1,427,000	1,295,273
Community services	10,124	7,589	10,124	7,589
Interest on long-term debt	4,275,207	1,702,861	3,375,427	748,869
Unallocated depreciation	7,896,554	7,179,040	7,896,554	7,179,040
Total governmental activities	<u>\$ 105,834,805</u>	<u>\$ 98,243,877</u>	88,181,840	81,157,674
Less Grants, subsidies and contributions not restricted			<u>12,713,808</u>	<u>10,557,671</u>
Total needs from local taxes and other revenues			<u>\$ 75,468,032</u>	<u>\$ 70,600,003</u>

## THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$41,211,974, which is a decrease of \$719,205 from the prior year. The primary reasons for this net decrease are contained in two specific funds:

### General Fund:

The District experienced a \$2,618,461 increase in the General Fund's fund balances. The unassigned fund balance at June 30, 2023, is 8.00% of total 2023-2024 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 \$2,030,587 were transferred to the Capital Reserve Fund. This fund was established to finance capital projects without the need for additional borrowing. The District completed construction on its Middle School Project, completed roof projects at two school buildings, and continued the mechanical upgrade project. As a result of these factors, the Capital Projects Fund's fund balance reflected a decrease of \$4,609,020 and the Capital Reserve Fund's fund balance increased by \$1,271,354. 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 2023, actual General Fund revenues exceeded the original budgeted amounts by \$5,016,979. The lease and SBITA origination resulted in recording revenue of \$513,970 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 \$4,503,009 or 4.0% over budget. The largest variances, net of the capital lease originations, in budgeted revenues were as follows:

- ❖ Earned Income Taxes exceeded budget by approximately \$519,041. EIT Collections have continued to increase every year in part due to higher wages paid by employers.
- ❖ State subsidies exceeded budget by approximately \$1,134,332. This was a result of the state's budget approved on July 11, 2022 after the District's budget was approved. The Pennsylvania state budget also included new grants that were not included in the district budget.
- ❖ Interest earnings exceeded budget by \$1,681,388. This again reflects the strong economy.

## **THE DISTRICT'S FUNDS (Continued)**

### *General Fund Budget (Continued)*

- ❖ Grant Revenue from Federal and Local sources exceeded budget by approximately \$239,610. This was due to receiving additional federal pass-thru grants that were unknown when the District's budget was approved. This was also in part to closing out the federal ESSER grants.

The total General Fund expenditures came in over the original budget by \$1,785,119. The resulting variance of original budgeted expenses to actual expenditures, net of the lease and SBITA origination, was \$1,271,150 or 1.14% over budget. The capital lease origination resulted in recording expenditures of \$513,970 for the length of the lease agreements. Other notable variances in budgeted expenditures included:

- ❖ Salaries and corresponding benefits were under budget by approximately \$1,428,847. This savings in salary was related to unfilled positions which resulted in substitute costs exceeding budget by \$825,084.
- ❖ The transportation department budget was over budget by \$1,272,590 due to increases in bus driver wages, fuel costs, and specialized transportation.
- ❖ The technology department budget was over budget by approximately \$411,900 due to the implementation of GASB 96 SBITA and the door access security upgrades as part of an unanticipated state safety grant.
- ❖ Special Education services exceeded budget by approximately \$605,675 due to additional services required.
- ❖ Plant Services and utilities expenditures were over budget by approximately \$206,312. This was a result of an increase in supplies, electricity, and building repairs.
- ❖ Tuition to cyber charter schools exceeded the original budget by approximately \$252,350, however, \$200,000 was included in budgetary reserve to offset a portion of the increase.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, the District had \$200,266,813 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 increase in Capital Assets as the current year additions exceeded annual depreciation expense.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$ 11,779,101	\$ 11,779,101	\$ -	\$ -	\$ 11,779,101	\$ 11,779,101
Site improvements	7,023,204	8,096,778	-	-	7,023,204	8,096,778
Building and building improvements	168,801,901	163,970,418	-	-	168,801,901	163,970,418
Furniture and equipment	7,107,706	8,789,235	193,477	259,493	7,301,183	9,048,728
Construction-in-progress	2,117,797	7,370,155	-	-	2,117,797	7,370,155
Right-to-use leased equipment	3,121,930	3,004,008	-	-	3,121,930	3,004,008
Right-to-use subscription assets	121,697	-	-	-	121,697	-
Total capital assets	\$ 200,073,336	\$ 203,009,695	\$ 193,477	\$ 259,493	\$ 200,266,813	\$ 203,269,188

### Debt Administration

As of July 1, 2022, the District had total outstanding bond principal of \$132,390,000. The District retired \$8,800,000 of outstanding debt during 2022-2023 resulting in outstanding debt as of June 30, 2023, of \$123,590,000.

Table A-5  
Outstanding Debt

	2023	2022
General Obligation Bonds, Series B of 2018	\$ 8,820,000	\$ 9,440,000
General Obligation Bonds, Series of 2019	6,160,000	7,300,000
General Obligation Bonds, Series of 2020	26,830,000	26,835,000
General Obligation Bonds, Series A of 2021	16,910,000	16,915,000
General Obligation Bonds, Series B of 2021	10,910,000	17,935,000
General Obligation Notes, Series C of 2021	53,960,000	53,965,000
	\$ 123,590,000	\$ 132,390,000

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 2023-2024 budget totaling \$117,957,859 which uses \$1,950,175 of General Fund balance consisting of both unassigned and committed funds. The 2023-2024 budgeted revenue is approximately \$4,665,000 more than the 2022-2023 budgeted revenue. The 2023-2024 budget included a millage tax increase of 3.5%. This tax increase, along with additional taxable assessments, resulted in an increase in budgeted real estate taxes of \$3,486,200. The 2023-2024 budgeted expenditures and other financing uses is approximately \$6,002,000 more than the 2022-2023 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

	2022-2023 (actual)	2023-2024
Local	75.20%	76.91%
State	21.05%	22.36%
Federal	3.25%	0.70%
Other Financing Sources	0.50%	0.03%

### BUDGETED EXPENDITURES AND OTHER FINANCING USES

	2022-2023 (actual)	2023-2024
Instruction	54.58%	55.43%
Support Services	29.49%	29.35%
Operation of Non-Instructional Services	1.61%	1.48%
Facilities Acquisition/Fund Transfers/Other	14.33%	13.74%

The District's enrollment over the last 30 years has steadily increased with a growth rate of 1.31%. Total enrollment as of October 1, 2023, was 6,043 which was an increase of 101 students from the October 1, 2022 total enrollment of 5,942. The District believes this year's increase is consistent with enrollment trends previously reported prior to the COVID-19 Pandemic.

## 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, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 28,060,462	\$ 2,717,755	\$ 30,778,217
Investments	21,492,745	-	21,492,745
Internal balances	(11,728)	11,728	-
Receivables	7,337,393	12,154	7,349,547
Lease receivable	1,385,472	-	1,385,472
Inventories	5,749	73,606	79,355
Prepaid expenses	57,051	-	57,051
Capital and right-to-use assets			
Land, improvements and construction-in-progress	13,896,898	-	13,896,898
Other capital assets, net of depreciation/amortization	186,176,438	193,477	186,369,915
Total capital assets	200,073,336	193,477	200,266,813
<b>Total assets</b>	<b>\$ 258,400,480</b>	<b>\$ 3,008,720</b>	<b>\$ 261,409,200</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 19,090,000	\$ 390,000	\$ 19,480,000
Deferred amounts in OPEB liabilities	4,510,084	39,190	4,549,274
Deferred amounts on refunding debt	3,728,566	-	3,728,566
<b>Total deferred outflows of resources</b>	<b>\$ 27,328,650</b>	<b>\$ 429,190</b>	<b>\$ 27,757,840</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 15,868,256	\$ 80,157	\$ 15,948,413
Unearned revenues	46,740	69,696	116,436
Long-term liabilities			
Due within one year	10,117,987	-	10,117,987
Due in more than one year	126,536,637	-	126,536,637
Net pension liability	125,263,000	2,556,000	127,819,000
OPEB liabilities	12,511,116	142,820	12,653,936
Total long-term liabilities	274,428,740	2,698,820	277,127,560
<b>Total liabilities</b>	<b>\$ 290,343,736</b>	<b>\$ 2,848,673</b>	<b>\$ 293,192,409</b>
<b>Deferred Inflows of Resources</b>			
Lease related	\$ 1,327,823	\$ -	\$ 1,327,823
Deferred amounts on pension liability	4,537,000	93,000	4,630,000
Deferred amounts on OPEB liabilities	5,924,000	78,128	6,002,128
Deferred amounts on refunding debt	20,541	-	20,541
<b>Total deferred inflows of resources</b>	<b>\$ 11,809,364</b>	<b>\$ 171,128</b>	<b>\$ 11,980,492</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	\$ 78,756,876	\$ 193,477	\$ 78,950,353
Restricted	9,344,434	-	9,344,434
Unrestricted (deficit)	(104,525,280)	224,632	(104,300,648)
<b>Total net position (deficit)</b>	<b>\$ (16,423,970)</b>	<b>\$ 418,109</b>	<b>\$ (16,005,861)</b>

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

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
<b>Governmental Activities:</b>							
Instruction	\$ 59,660,456	\$ 172,581	\$ 10,594,382	\$ -	\$ (48,893,493)	\$ -	\$ (48,893,493)
Instructional student support	10,353,023	-	2,713,909	-	(7,639,114)	-	(7,639,114)
Administration and financial support	7,069,933	-	830,009	-	(6,239,924)	-	(6,239,924)
Operation and maintenance of plant	9,597,773	313,071	515,365	-	(8,769,337)	-	(8,769,337)
Pupil transportation	5,201,554	36,592	1,234,095	-	(3,930,867)	-	(3,930,867)
Student activities	1,770,181	171,242	171,939	-	(1,427,000)	-	(1,427,000)
Community services	10,124	-	-	-	(10,124)	-	(10,124)
Interest on long-term debt	4,275,207	-	-	899,780	(3,375,427)	-	(3,375,427)
Unallocated depreciation	7,896,554	-	-	-	(7,896,554)	-	(7,896,554)
<b>Total governmental activities</b>	<b>105,834,805</b>	<b>693,486</b>	<b>16,059,699</b>	<b>899,780</b>	<b>(88,181,840)</b>	<b>-</b>	<b>(88,181,840)</b>
<b>Business-Type Activities:</b>							
Food service	3,512,418	1,303,369	2,590,486	-	-	381,437	381,437
<b>Total primary government</b>	<b>\$ 109,347,223</b>	<b>\$ 1,996,855</b>	<b>\$ 18,650,185</b>	<b>\$ 899,780</b>	<b>(88,181,840)</b>	<b>381,437</b>	<b>(87,800,403)</b>
<b>General Revenues:</b>							
Property taxes, levied for general purposes, net					71,624,519	-	71,624,519
Public utility, realty transfer, earned income and other taxes for general purposes, net					11,636,093	-	11,636,093
Grants, subsidies and contributions not restricted					12,713,808	9,029	12,722,837
Investment earnings					2,478,880	56,495	2,535,375
Miscellaneous income					343,149	-	343,149
(Loss) gain on sale of capital assets					22,750	14,197	36,947
<b>Total general revenues</b>					<b>98,819,199</b>	<b>79,721</b>	<b>98,898,920</b>
<b>Changes in net position</b>					<b>10,637,359</b>	<b>461,158</b>	<b>11,098,517</b>
<b>Net Position (Deficit) - July 1, 2022</b>					<b>(27,061,329)</b>	<b>(43,049)</b>	<b>(27,104,378)</b>
<b>Net Position (Deficit) - June 30, 2023</b>					<b>\$ (16,423,970)</b>	<b>\$ 418,109</b>	<b>\$ (16,005,861)</b>

See Notes to Financial Statements.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2023**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 19,714,939	\$ 7,643,937	\$ 27,358,876
Investments	8,325,195	13,167,550	21,492,745
Due from other funds	113	-	113
Due from other governments	6,117,900	-	6,117,900
Taxes receivable	620,718	-	620,718
Lease receivable	1,385,472	-	1,385,472
Other receivables	345,980	-	345,980
Prepaid expenses	38,475	-	38,475
Inventories	5,749	-	5,749
<b>Total assets</b>	<b>\$ 36,554,541</b>	<b>\$ 20,811,487</b>	<b>\$ 57,366,028</b>
<b>Liabilities</b>			
Due to other funds	\$ 804,517	\$ -	\$ 804,517
Due to other governments	213,610	-	213,610
Accounts payable	758,023	1,300,122	2,058,145
Accrued salaries and benefits	10,668,427	-	10,668,427
Payroll deductions and withholdings	429,721	-	429,721
Unearned revenues	28,930	-	28,930
Other current liabilities	110,509	-	110,509
<b>Total liabilities</b>	<b>13,013,737</b>	<b>1,300,122</b>	<b>14,313,859</b>
<b>Deferred Inflows of Resources</b>			
Delinquent property taxes	512,372	-	512,372
Lease related	1,327,823	-	1,327,823
	<b>1,840,195</b>	<b>-</b>	<b>1,840,195</b>
<b>Fund Balances</b>			
Nonspendable	44,224	-	44,224
Restricted	-	19,511,365	19,511,365
Committed	12,211,128	-	12,211,128
Assigned	8,628	-	8,628
Unassigned	9,436,629	-	9,436,629
<b>Total fund balances</b>	<b>21,700,609</b>	<b>19,511,365</b>	<b>41,211,974</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 36,554,541</b>	<b>\$ 20,811,487</b>	<b>\$ 57,366,028</b>

See Notes to Financial Statements.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2023**

<b>Total fund balances - governmental funds</b>		\$ 41,211,974
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 \$315,000,714, and the accumulated depreciation/amortization is \$114,927,378.		200,073,336
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.		512,372
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.		791,609
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 funds.		3,708,025
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		19,090,000
Deferred inflows		(4,537,000)
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		4,510,084
Deferred inflows		(5,924,000)
Long-term liabilities and related items are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities and related items at year-end consist of:		
Bonds and notes payable	(123,590,000)	
Accrued interest	(1,343,367)	
Unamortized bond premiums and discounts, net	(6,485,813)	
Financed purchase agreements payable	(1,759,227)	
Leases payable	(3,235,007)	
Subscription liability	(121,369)	
Arbitrage payable	(106,839)	
Net pension liability	(125,263,000)	
OPEB liabilities	(12,511,116)	
Compensated absences	(1,463,208)	(275,878,946)
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.		<u>18,576</u>
<b>Total net position - governmental activities</b>		<u><u>\$ (16,423,970)</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, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>			
Current and interim real estate taxes	\$ 70,921,431	\$ -	\$ 70,921,431
Other taxes	12,409,936	-	12,409,936
Investment earnings	1,781,388	697,492	2,478,880
Other local sources	2,390,706	-	2,390,706
State sources	24,491,059	-	24,491,059
Federal sources	3,780,354	-	3,780,354
<b>Total revenues</b>	<b>115,774,874</b>	<b>697,492</b>	<b>116,472,366</b>
<b>Expenditures</b>			
Instruction	62,080,597	-	62,080,597
Support services	33,537,333	-	33,537,333
Operation of non-instructional services	1,827,338	-	1,827,338
Capital outlay	259,929	6,065,745	6,325,674
Debt service	13,992,859	-	13,992,859
Refund of prior years' receipts	12,293	-	12,293
<b>Total expenditures</b>	<b>111,710,349</b>	<b>6,065,745</b>	<b>117,776,094</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4,064,525</b>	<b>(5,368,253)</b>	<b>(1,303,728)</b>
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	-	2,030,587	2,030,587
Interfund transfers out	(2,030,587)	-	(2,030,587)
Proceeds from leases and other right to use arrangements	513,970	-	513,970
Sale of capital assets	22,750	-	22,750
Insurance recoveries	47,803	-	47,803
<b>Total other financing sources (uses)</b>	<b>(1,446,064)</b>	<b>2,030,587</b>	<b>584,523</b>
<b>Net changes in fund balances</b>	<b>2,618,461</b>	<b>(3,337,666)</b>	<b>(719,205)</b>
<b>Fund Balances:</b>			
July 1, 2022	19,082,148	22,849,031	41,931,179
June 30, 2023	\$ 21,700,609	\$ 19,511,365	\$ 41,211,974

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, 2023**

<b>Net changes in fund balances - all governmental funds</b>	\$	(719,205)
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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	7,015,243	
Less depreciation/amortization expense	<u>(9,951,602)</u>	(2,936,359)

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.

(70,755)

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.

28,026

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

(139,513)

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)		15,139,000
Cost of benefits earned net of employee contributions (PSERS)		(9,070,500)

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	(16,186)	
Change in other post-employment benefits (District's plan)	<u>(743,890)</u>	(760,076)

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	8,800,000	
Amortization of bond-insurance premiums	(8,915)	
Amortization of charges for bond refunding	(906,594)	
Amortization of bond premiums and discounts - net	750,651	
Repayment of financed purchase agreements payable	958,730	
Change in estimate of arbitrage rebate liability	(106,840)	
Issuance of leases payable	(331,424)	
Repayment of leases payable	132,502	
Issuance of subscription liability	(182,546)	
Repayment of subscription liability	61,177	
		<u>9,166,741</u>

<b>Changes in net position of governmental activities</b>	\$	<u>10,637,359</u>
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See Notes to Financial Statements.



MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Current and interim real estate taxes	\$ 70,795,793	\$ 70,795,793	\$ 70,921,431	\$ 125,638
Other taxes	11,635,654	11,635,654	12,409,936	774,282
Investment earnings	100,000	100,000	1,781,388	1,681,388
Other local sources	1,878,500	1,878,500	2,390,706	512,206
State sources	23,356,727	23,356,727	24,491,059	1,134,332
Federal sources	3,540,744	3,540,744	3,780,354	239,610
<b>Total revenues</b>	<b>111,307,418</b>	<b>111,307,418</b>	<b>115,774,874</b>	<b>4,467,456</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	47,028,623	46,381,640	46,571,559	(189,919)
Special programs	13,778,595	13,968,207	14,033,620	(65,413)
Vocational programs	1,066,600	1,102,700	1,102,618	82
Other instructional programs	144,575	312,033	311,617	416
Nonpublic school programs	57,550	78,061	61,183	16,878
<b>Total instructional</b>	<b>62,075,943</b>	<b>61,842,641</b>	<b>62,080,597</b>	<b>(237,956)</b>
<b>Support services</b>				
Student services	4,040,485	4,215,394	4,335,615	(120,221)
Instructional staff services	5,163,350	4,946,180	4,945,493	687
Administrative services	5,863,627	5,801,691	5,801,596	95
Pupil health	1,486,510	1,817,599	1,817,386	213
Business services	803,820	783,920	783,185	735
Operation and maintenance of plant services	9,462,660	9,569,885	9,863,693	(293,808)
Student transportation services	4,108,825	4,159,766	5,061,150	(901,384)
Central support services	806,742	866,517	866,322	195
Other support services	55,350	62,920	62,893	27
<b>Total support services</b>	<b>31,791,369</b>	<b>32,223,872</b>	<b>33,537,333</b>	<b>(1,313,461)</b>
<b>Operation of noninstructional services</b>				
Student activities	1,675,093	1,817,294	1,817,214	80
Community services	11,500	10,164	10,124	40
<b>Total operation of noninstructional services</b>	<b>1,686,593</b>	<b>1,827,458</b>	<b>1,827,338</b>	<b>120</b>
Capital outlay	-	259,934	259,929	5
Debt service	13,771,325	13,771,325	13,992,859	(221,534)
Refund of prior years' receipts	-	-	12,293	(12,293)
<b>Total expenditures</b>	<b>109,325,230</b>	<b>109,925,230</b>	<b>111,710,349</b>	<b>(1,785,119)</b>
<b>Excess of revenues over expenditures</b>	<b>1,982,188</b>	<b>1,382,188</b>	<b>4,064,525</b>	<b>2,682,337</b>
<b>Other Expenditures and Financing Sources (Uses)</b>				
Interfund transfers out	(2,030,587)	(2,030,587)	(2,030,587)	-
Proceeds from leases and other right to use arrangements	-	-	513,970	513,970
Sale of capital assets	5,000	5,000	22,750	17,750
Insurance recoveries	30,000	30,000	47,803	17,803
Budgetary reserve	(600,000)	-	-	-
<b>Total other expenditures and financing sources (uses)</b>	<b>(2,595,587)</b>	<b>(1,995,587)</b>	<b>(1,446,064)</b>	<b>549,523</b>
<b>Net changes in fund balance</b>	<b>\$ (613,399)</b>	<b>\$ (613,399)</b>	<b>2,618,461</b>	<b>\$ 3,231,860</b>
Fund Balance:				
July 1, 2022			19,082,148	
June 30, 2023			<u>\$ 21,700,609</u>	

See Notes to Financial Statements.

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2023

	Enterprise Food Service	Internal Service Medical Insurance
<b>Assets</b>		
Cash and cash equivalents	\$ 2,717,755	\$ 701,586
Receivables		
Due from other funds	11,728	792,789
Due from other government	162	190,784
State sources	4,104	-
Federal sources	6,473	-
Other	1,415	61,898
Inventories	73,606	-
Capital assets, net of depreciation	193,477	-
<b>Total assets</b>	<b>\$ 3,008,720</b>	<b>\$ 1,747,057</b>
<b>Deferred Outflows of Resources</b>		
Deferred amounts on pension liability	\$ 390,000	\$ -
Deferred amounts on OPEB liabilities	39,190	-
<b>Total deferred outflows of resources</b>	<b>\$ 429,190</b>	<b>\$ -</b>
<b>Liabilities</b>		
Accounts payable	\$ 6,866	\$ 937,638
Accrued salaries and benefits	73,087	-
Unearned revenues	69,696	17,810
Other current liabilities	204	-
Long-term liabilities		
Net pension liability	2,556,000	-
OPEB liabilities	142,820	-
Total long-term liabilities	2,698,820	-
<b>Total liabilities</b>	<b>\$ 2,848,673</b>	<b>\$ 955,448</b>
<b>Deferred Inflows of Resources</b>		
Deferred amounts on pension liability	\$ 93,000	\$ -
Deferred amounts on OPEB liabilities	78,128	-
<b>Total deferred outflows of resources</b>	<b>\$ 171,128</b>	<b>\$ -</b>
<b>Net Position</b>		
Net investment in capital assets	\$ 193,477	\$ -
Unrestricted	224,632	791,609
<b>Total net position</b>	<b>\$ 418,109</b>	<b>\$ 791,609</b>

See Notes to Financial Statements.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2023**

	Enterprise Food Service	Internal Service Medical Insurance
Operating Revenues		
Food service revenues	\$ 1,297,402	\$ -
Charges for services	5,967	9,546,990
<b>Total operating revenues</b>	<b>1,303,369</b>	<b>9,546,990</b>
Operating Expenses		
Salaries	1,076,349	-
Employee benefits	598,086	-
Purchased professional and technical services	1,970	-
Purchased property services	50,460	-
Other purchased services	7,848	-
Supplies	1,708,729	-
Depreciation	66,016	-
Insurance claims	-	9,702,400
Dues and fees	2,960	4,992
<b>Total operating expenses</b>	<b>3,512,418</b>	<b>9,707,392</b>
<b>Operating loss</b>	<b>(2,209,049)</b>	<b>(160,402)</b>
Nonoperating Revenues		
Investment earnings	56,495	20,889
Contributions and donations - private sources	9,029	-
State sources	513,865	-
Federal sources	2,076,621	-
Gain on sale of capital asset	14,197	-
<b>Total nonoperating revenues</b>	<b>2,670,207</b>	<b>20,889</b>
<b>Changes in net position</b>	<b>461,158</b>	<b>(139,513)</b>
Net Position (Deficit):		
July 1, 2022	(43,049)	931,122
June 30, 2023	<b>\$ 418,109</b>	<b>\$ 791,609</b>

See Notes to Financial Statements.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**Year Ended June 30, 2023**

	Enterprise	Internal
	Food	Service
	Service	Medical Insurance
<b>Cash Flows From Operating Activities</b>		
Cash received from users	\$ 1,299,412	\$ -
Cash received from other operating revenue	5,967	-
Cash received from assessments made to other funds	-	8,893,298
Cash payments to employees for services	(1,795,975)	-
Cash payments for insurance claims	-	(9,380,816)
Cash payments for goods and services	(1,510,200)	(4,992)
<b>Net cash used in operating activities</b>	<b>(2,000,796)</b>	<b>(492,510)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Local sources	17,021	-
State sources	514,726	-
Federal sources	1,858,705	-
<b>Net cash provided by noncapital financing activities</b>	<b>2,390,452</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds on the sale of capital assets	14,197	-
<b>Net cash provided by noncapital financing activities</b>	<b>14,197</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
<b>Investment earnings</b>	<b>56,495</b>	<b>20,889</b>
<b>Net change in cash and cash equivalents</b>	<b>460,348</b>	<b>(471,621)</b>
<b>Cash and Cash Equivalents:</b>		
July 1, 2022	2,257,407	1,173,207
June 30, 2023	\$ 2,717,755	\$ 701,586

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)

Year Ended June 30, 2023

	Enterprise	Internal
	Food	Service
	Service	Medical
		Insurance
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating loss	\$ (2,209,049)	\$ (160,402)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	66,016	-
Value of donated commodities	263,804	-
(Increase) decrease in:		
Due from other funds	(11,728)	(434,491)
Intergovernmental receivables	-	(144,237)
Receivables - other	604	(61,898)
Inventories	19,097	-
Prepaid expenses	-	14,086
Deferred outflows of resources	42,942	-
(Decrease) increase in:		
Due to other funds	(2,373)	-
Accounts payable	(7,101)	307,498
Accrued salaries and benefits	22,023	-
Unearned revenues	1,406	(13,066)
Other current liabilities	68	-
Net pension liability	174,000	-
OPEB liabilities	(34,980)	-
Deferred inflows of resources	(325,525)	-
<b>Net cash used in operating activities</b>	<b>\$ (2,000,796)</b>	<b>\$ (492,510)</b>
<b>Supplemental Disclosure</b>		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 263,804	\$ -

See Notes to Financial Statements.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**

**June 30, 2023**

	Private-Purpose Trust Fund Scholarships	Custodial Fund Student Activities
<b>Assets</b>		
Cash and cash equivalents	\$ 190,419	\$ 161,507
Investments	8,600	-
<b>Total assets</b>	<b>\$ 199,019</b>	<b>\$ 161,507</b>
<b>Liabilities</b>		
Due to other funds	\$ -	\$ 113
Accounts payable	-	341
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 454</b>
<b>Net Position</b>		
Restricted for:		
Individuals, organizations and other governments	\$ 199,019	\$ 161,053
<b>Total net position</b>	<b>\$ 199,019</b>	<b>\$ 161,053</b>

See Notes to Financial Statements.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
Year Ended June 30, 2023**

	Private-Purpose	
	Trust Fund	Custodial Fund
	Scholarships	Student Activities
<b>Additions</b>		
Investment earnings	\$ 4,493	\$ 2,697
Contributions	14,603	-
Other additions	-	214,375
<b>Total additions</b>	<b>19,096</b>	<b>217,072</b>
<b>Deductions</b>		
Scholarships awarded	11,271	-
Other deductions	-	211,593
<b>Total deductions</b>	<b>11,271</b>	<b>211,593</b>
<b>Changes in net position</b>	<b>7,825</b>	<b>5,479</b>
Net Position - July 1, 2022	191,194	155,574
Net Position - June 30, 2023	<b>\$ 199,019</b>	<b>\$ 161,053</b>

See Notes to Financial Statements.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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 12<sup>th</sup>, to students living in Manheim Township. These include regular and advanced academic programs and special education programs. The governing body of the District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. During this past year, the District was comprised of six elementary schools, one intermediate school, one middle school and one high school, serving approximately 5,950 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

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### 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

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### 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

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### 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

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### 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, 2023. 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

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### 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-issuance 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

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### 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.

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

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, 2023, are as follows:

	Governmental Activities	Business-Type Activities	Total
<b>OPEB Liabilities</b>			
District's Single Employer Plan	\$ 7,327,116	\$ 36,820	\$ 7,363,936
PSERS Cost Sharing Plan	5,184,000	106,000	5,290,000
Total	<u>\$ 12,511,116</u>	<u>\$ 142,820</u>	<u>\$ 12,653,936</u>
<b>Deferred Outflows of Resources</b>			
District's Single Employer Plan	\$ 3,428,884	\$ 17,090	\$ 3,445,974
PSERS Cost Sharing Plan	1,081,200	22,100	1,103,300
Total	<u>\$ 4,510,084</u>	<u>\$ 39,190</u>	<u>\$ 4,549,274</u>
<b>Deferred Inflows of Resources</b>			
District's Single Employer Plan	\$ 4,597,900	\$ 51,028	\$ 4,648,928
PSERS Costs Sharing Plan	1,326,100	27,100	1,353,200
Total	<u>\$ 5,924,000</u>	<u>\$ 78,128</u>	<u>\$ 6,002,128</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

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### 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:

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

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

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

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

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### 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, 2023:

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnerships. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The adoption of this pronouncement resulted in the measurement of SBITA liabilities using the remaining lease term and discount rate at July 1, 2022, and the right-to-use assets were measured based on the lease liability. Accordingly, a restatement of net position was not necessary to implement this statement.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. New Accounting Pronouncements (Continued)

GASB Statement No. 99, *Omnibus 2022*, is effective for the District in fiscal years ending between June 30, 2022 and 2024, depending on the topics addressed and their relation to other standards. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, will be effective for the District beginning with its year ending June 30, 2024 (fiscal years beginning after June 15, 2023). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its year ending June 30, 2025 (fiscal years beginning after December 15, 2023). This Statement 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.

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.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 6, 2023, the date the financial statements were available to be issued. There were no subsequent events identified.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023, 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	10,168,702	10,593,117	Fulton Bank
Uninsured, collateralized in accordance with Act 72	14,452,401	14,385,039	Univest Bank
	<u>\$ 25,121,103</u>	<u>\$ 25,478,156</u>	

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

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Investments

As of June 30, 2023, the District had the following investments:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
Pennsylvania School District Liquid Asset Fund			
PSDMAX	AAAm	0.068	\$ 6,009,302
PSDLAF Full Flex Pool	NA	Various	21,492,746
			<u>\$ 27,502,048</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.

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.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 2. Deposits and Investments (Continued)**

#### Investments (Continued)

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 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.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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 2022-2023, was 16.1277 mills (16.1277 per \$1,000 assessed valuation). Lancaster County Tax Claim Bureau collects delinquent taxes for the District.

### Note 4. Taxes Receivable and Unearned Tax Revenues

A summary of the taxes receivable and related accounts at June 30, 2023, follows:

	Amount
Taxes receivable	\$ 620,718
Taxes to be collected within 60 days	\$ 108,346
Deferred inflows of resources - delinquent property taxes	512,372
	\$ 620,718

### 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 \$8,000. The District recognized \$94,663 in lease revenue and \$13,127 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 thirty years and the District will receive monthly payments of \$1,876 and \$2,058, respectively. The District recognized a total of \$41,046 in lease revenue and \$30,109 in interest revenue during the current fiscal year related to these leases.

As of June 30, 2023, the District's receivable for lease payments was \$1,385,472. 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, 2023, the balance of the deferred inflow of resources was \$1,327,823.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Interfund Balances and Interfund Transfers**

Individual fund receivable and payable balances at June 30, 2023, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Fund		
General	\$ 113	\$ 804,517
Proprietary Funds		
Food service	11,728	-
Internal service fund	792,789	-
Fiduciary Fund		
Student activities	-	113
	\$ 804,630	\$ 804,630

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, 2023, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ -	\$ 2,030,587
Capital projects	2,030,587	-
	\$ 2,030,587	\$ 2,030,587

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, 2023, was as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized				
Land	\$ 2,449,170	\$ -	\$ -	\$ 2,449,170
Land improvements	9,329,931	-	-	9,329,931
Construction-in-progress	7,370,155	4,305,157	(9,557,515)	2,117,797
Total capital assets not being depreciated/amortized	19,149,256	4,305,157	(9,557,515)	13,896,898
Capital and right-to-use assets being depreciated/amortized				
Site improvements	22,630,767	-	-	22,630,767
Buildings and building improvements	239,862,291	11,454,770	-	251,317,061
Furniture and equipment	23,675,562	298,861	(435,847)	23,538,576
Right-to-use leased equipment	3,103,442	331,424	-	3,434,866
Right-to-use subscription assets	-	182,546	-	182,546
Total capital and right-to-use assets being depreciated/amortized	289,272,062	12,267,601	(435,847)	301,103,816
Less accumulated depreciation/amortization				
Site improvements	14,533,989	1,073,574	-	15,607,563
Buildings and building improvements	75,891,873	6,623,287	-	82,515,160
Furniture and equipment	14,886,327	1,980,390	(435,847)	16,430,870
Right-to-use leased equipment	99,434	213,502	-	312,936
Right-to-use subscription assets	-	60,849	-	60,849
Total accumulated depreciation/amortization	105,411,623	9,951,602	(435,847)	114,927,378
Total capital and right-to-use assets being depreciated/amortized, net	183,860,439	2,315,999	-	186,176,438
Total Governmental Activities, Capital and Right-to Use Assets - Net	\$ 203,009,695	\$ 6,621,156	\$ (9,557,515)	\$ 200,073,336
<b>Business-Type Activities:</b>				
Capital assets being depreciated/amortized				
Equipment	\$ 2,435,235	\$ -	\$ (13,293)	\$ 2,421,942
Less accumulated depreciation/amortization Equipment	2,175,742	66,016	(13,293)	2,228,465
Total Business-Type Activities, Capital Assets - Net	\$ 259,493	\$ (66,016)	\$ -	\$ 193,477



**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 7. Capital Assets (Continued)**

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

	Amount
<hr/>	
Governmental Activities:	
Instruction	\$ 1,370,454
Instructional student support	118,207
Administration and financial support	17,066
Operation and maintenance of plant	363,172
Pupil transportation	154,301
Student activities	31,848
Unallocated depreciation	<u>7,896,554</u>
Total Governmental Activities	9,951,602
Business-Type Activities:	
Food service	<u>66,016</u>
Total Primary Government	<u><u>\$ 10,017,618</u></u>

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Long-Term Obligations

During the fiscal year ended June 30, 2023, general long-term obligations changed as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023	Due within One Year
<b>General Obligation Bonds</b>					
Series B of 2018	\$ 9,440,000	\$ -	\$ (620,000)	\$ 8,820,000	\$ 1,075,000
Series of 2019	7,300,000	-	(1,140,000)	6,160,000	1,175,000
Series of 2020	26,835,000	-	(5,000)	26,830,000	5,000
Series B of 2021	17,935,000	-	(7,025,000)	10,910,000	6,640,000
Series A of 2021	16,915,000	-	(5,000)	16,910,000	5,000
<b>General Obligation Notes</b>					
Series C of 2021*	53,965,000	-	(5,000)	53,960,000	5,000
<b>Bond premiums (discounts), net of amortization</b>					
	7,236,464	-	(750,651)	6,485,813	-
<b>Total General Obligation Debt</b>	<b>139,626,464</b>	<b>-</b>	<b>(9,550,651)</b>	<b>130,075,813</b>	<b>8,905,000</b>
<b>Financed purchase agreements payable</b>					
	2,717,957	-	(958,730)	1,759,227	960,798
<b>Leases payable</b>					
	3,036,085	331,424	(132,502)	3,235,007	193,494
<b>Subscription liability</b>					
	-	182,546	(61,177)	121,369	58,695
<b>Compensated absences</b>					
	1,447,022	16,186	-	1,463,208	-
<b>Total General Long-Term Obligations</b>					
	<b>\$ 146,827,528</b>	<b>\$ 530,156</b>	<b>\$ (10,703,060)</b>	<b>\$ 136,654,624</b>	<b>\$ 10,117,987</b>

\*Direct Borrowings

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.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Long-Term Obligations (Continued)**

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 .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.

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 .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, 2023, are as follows::

Years	General Obligation Debt		Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 8,900,000	\$ 2,322,430	\$ 5,000	\$ 1,532,464	\$ 12,759,894
2025	10,070,000	2,212,092	5,000	1,532,322	13,819,414
2026	11,985,000	1,811,158	5,000	1,373,028	15,174,186
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
2029-2033	8,545,000	4,383,139	44,465,000	3,351,037	60,744,176
2034-2036	16,860,000	1,363,200	2,600,000	58,500	20,881,700
	<u>\$ 69,630,000</u>	<u>\$ 14,530,950</u>	<u>\$ 53,960,000</u>	<u>\$ 10,274,764</u>	<u>\$ 148,395,714</u>

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Long-Term Obligations (Continued)

#### 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.

The assets acquired through financed purchase agreements are as follows:

<u>Assets</u>	<u>Amount</u>
Computer equipment	\$5,767,605
Less accumulated depreciation	(3,385,816)
Total computer equipment - net book value	<u>\$2,381,789</u>

The following is a schedule of the future minimum-lease payments due under the financed purchase agreements at June 30, 2023 :

<u>Year Ending June 30:</u>	<u>Amount</u>
2023-2024	962,893
2024-2025	798,429
Total minimum lease payments	<u>1,761,322</u>
Less amount representing interest	(2,095)
Total present value of net minimum lease payments	<u>\$1,759,227</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, 2023, the components of lease costs for the year are as follows:

<u>Lease Expense</u>	<u>Amount</u>
Amortization expense by class of underlying asset	
Copy machine	\$ 68,017
Land	140,510
Vehicle	4,975
Total amortization expense	<u>213,502</u>
Interest on lease liabilities	90,599
Variable lease expense	14,729
Total lease expense	<u>\$ 318,830</u>

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Long-Term Obligations (Continued)**

Leases Payable (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, 2023 :

Year ending June 30:	Principal	Interest	Total Payments
2024	\$ 193,494	\$ 98,052	\$ 291,546
2025	204,555	91,475	296,030
2026	216,145	84,504	300,649
2027	158,399	77,667	236,066
2028	125,289	72,552	197,841
2029-2033	610,956	308,393	919,349
2034-2038	867,892	198,511	1,066,403
2039-2043	858,277	51,179	909,456
	\$ 3,235,007	\$ 982,333	\$ 4,217,340

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 2025. Subscription liability obligations are primarily funded by the general fund. During the year ended June 30, 2023, the District did not recognize additional expense for variable payments or for other payments not previously included in the subscription liability.

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, 2023:

Year ending June 30:	Principal	Interest	Total Payments
2024	\$ 58,695	\$ 4,317	\$ 63,012
2025	62,674	2,229	64,903
	\$ 121,369	\$ 6,546	\$ 127,915

Compensated Absences

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

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Fund Balance Designations

#### Nonspendable

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

#### Restricted

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

#### Committed

The District, through formal Board action, has committed portions of the General Fund balance to be used only for specific purposes. At June 30, 2023, the committed funds are as follows:

<u>Description of committed</u>	<u>Amount</u>
Benefits - PSERS/Medical Expenses	\$ 4,300,000
Transportation	700,000
Technology	843,855
Capital Expenses	3,329,273
Curriculum Expenses	438,000
ESSER Funds Phase Out	2,600,000
	<u>\$ 12,211,128</u>

#### Assigned

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

<u>Description of assigned</u>	<u>Amount</u>
Bucher Garden	\$ 1,501
Bluetique	7,127
	<u>\$ 8,628</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

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### 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](http://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 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% 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:

<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
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	7.50%
T- F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T- G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T- H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%
<b>Shared Risk Program Summary</b>				
<b>Membership Class</b>	<b>Defined Benefit (DB) Base Rate</b>	<b>Shared Risk Increment</b>	<b>Minimum</b>	<b>Maximum</b>
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, 2023, was 34.31% 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 .20 %.

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, 2023, was \$15,178,120, and is equal to the required contribution for the year. For the year ended June 30, 2023, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$7,755,870.



**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Defined-Benefit Pension Plan (Continued)**

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

At June 30, 2023, the District reported a liability of \$127,819,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. 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, 2023, the District's reported proportion was .2875 %, which was an decrease of .0026 % from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$9,112,000. At June 30, 2023, 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	\$ 58,000	\$ 1,106,000
Changes in assumptions	3,817,000	-
Net difference between projected and actual investment earnings	-	2,168,000
Changes in proportion	227,000	1,356,000
Difference between employer contributions and proportionate share of total contributions	200,000	-
Contributions subsequent to the measurement date	15,178,000	-
	<u>\$ 19,480,000</u>	<u>\$ 4,630,000</u>

\$15,178,000 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, 2024. 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
2024	\$ 225,000
2025	(14,000)
2026	(3,598,000)
2027	3,055,000
2028	4,000
	<u>\$ (328,000)</u>

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Defined-Benefit Pension Plan (Continued)

#### Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

#### 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, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 2.40%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Defined-Benefit Pension Plan (Continued)

#### Investments (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	(11.0%)	0.5%
	<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 June 30, 2023.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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**

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**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 1-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	\$ 165,325,000	\$ 127,819,000	\$ 96,197,000

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](http://www.psers.pa.gov).

Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$5,672,701, 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>
<b><u>I. ADMINISTRATORS</u></b>	Subsidized - Age 55 with at least 5 years of district service  Unsubsidized - Act 110/43	<b>Coverage:</b> Medical, Prescription Drug, Dental and Vision  <b>Premium Sharing:</b> 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.  <b>Dependents:</b> 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.
<b><u>II. SPECIALISTS</u></b>	Subsidized - Age 55 with at least 5 years of district service  Unsubsidized - Act 110/43	<b>Coverage:</b> Medical, Prescription Drug, Dental and Vision  <b>Premium Sharing:</b> 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.  <b>Dependents:</b> Spouses included.	Member is covered until Medicare age. Spouse is covered until the earlier of spouse or member Medicare age.
<b><u>III. TEACHERS</u></b>			
A) Retire prior to 6/30/2021	N/A -Already Retired	<b>Coverage:</b> Medical, Prescription Drug, Dental, and Vision  <b>Premium Sharing:</b> If member retires with at least 15 years of PSERS service, district pays \$400 monthly towards coverage.  <b>Dependents:</b> Spouses included	Same as II
B) Retire after 6/30/2021	PSERS Retirement	Act 110/43	Same as II
<b><u>IV. SUPPORT STAFF</u></b>	Act 110/43	Act 110/43	Same as II

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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 10 years of PSERS Service or ii) 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 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**

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

Employees Covered by Benefit Terms

As of the July 1, 2021 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	30
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	603
	<u>633</u>

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

At June 30, 2023, the District reported a liability of \$7,363,936 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	<u>\$ 8,160,013</u>
Changes for the year	
Service cost	732,509
Interest	198,920
Changes in assumptions	(1,417,462)
Benefit payments	(310,044)
Net changes	<u>(796,077)</u>
Total OPEB Liability, ending	<u>\$ 7,363,936</u>

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2023, the District recognized OPEB expense of \$1,007,390. At June 30, 2023, 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	\$ 91,195	\$ 3,298,040
Changes in assumptions	3,042,693	1,322,965
Changes in proportion	27,923	27,923
Benefit payments subsequent to the measurement date	284,163	-
	<u>\$ 3,445,974</u>	<u>\$ 4,648,928</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$284,163 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, 2024. 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
2024	\$ 75,961
2025	75,961
2026	30,996
2027	18,320
2028	18,320
Thereafter	(1,706,675)
	<u>\$ (1,487,117)</u>



**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**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)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, 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 - 4.06%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.
- Health Care Cost Trend Rate - 6.5% in 2022, 6.0% in 2023 and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% 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 4.06%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 7,972,237	\$ 7,363,936	\$ 6,791,984

The discount rate used to measure the total OPEB liability increased from 2.28% as of July 1, 2021, to 4.06% as of July 1, 2022.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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)

##### 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 (6.5% decreasing to 3.9%), 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 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 6,467,656	\$ 7,363,936	\$ 8,433,142

### 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, 2022, there were no assumed future benefit increases to participating eligible retirees.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$329,863 for the year ended June 30, 2023.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2023, the District reported a liability of \$5,290,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2023, the District’s reported proportion was .2874 %, which was an decrease of .0025 % from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$204,600. At June 30, 2023, 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	\$ 49,000	\$ 28,000
Changes in assumptions	587,000	1,249,000
Net difference between projected and actual investment earnings	14,000	-
Changes in proportion	113,000	76,000
Difference between employer contributions and proportionate share of total contributions	10,300	200
Contributions subsequent to the measurement date	330,000	-
	<u>\$ 1,103,300</u>	<u>\$ 1,353,200</u>

\$330,000 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, 2024. 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
2024	\$ (83,600)
2025	(67,800)
2026	(113,400)
2027	(144,400)
2028	(170,700)
Thereafter	-
	<u>\$ (579,900)</u>

## MANHEIM TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

##### Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - 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 2.18% as of June 30, 2021 to 4.09%, as of June 30, 2022.

The actuarial assumptions used in the June 30, 2021, 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, 2020, determined the employer contribution rate for fiscal year 2022.
- 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

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### 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%	0.5%
	<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, 2022.

#### Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. 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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

**MANHEIM TOWNSHIP SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**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 4.09%, 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 (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$ 5,983,000	\$ 5,290,000	\$ 4,711,000

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	\$ 5,290,000	\$ 5,290,000	\$ 5,291,000

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](http://www.psers.pa.gov).

Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$120,662, which represents the employer contributions owed to the OPEB plan.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023. The changes in claim obligations are as follows for the year ended June 30, 2023:

	2023	2022
Claims payable, beginning of year	\$ 630,140	\$ 654,516
Incurred claims	9,702,400	8,502,275
Claims paid	(9,394,902)	(8,526,651)
Claims payable, end of year	<u>\$ 937,638</u>	<u>\$ 630,140</u>

#### Workers' Compensation

The District participates in the Lancaster-Lebanon Public Schools Workers' Compensation Fund which is a cooperative voluntary trust arrangement for 19-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 \$450,000 per occurrence. Claims are paid on an aggregate basis and separate accounts for each member are not maintained. Upon withdrawal by a member from the pool, the terminating member has either a right to a pro-rata share of any surplus funds for any fiscal year in which the member participated (withdrawal may occur only at the end of any year) or an obligation to pay for the member's share of a deficiency in the fund for the year of withdrawal. The District's expense for this coverage was \$253,456 for the 2022-2023 year.

#### 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, 2023, the District did not incur any significant losses that were not covered by insurance.



# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **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 10 years of full-time service with the District and having reached 55 years of age.

The District paid retirement stipends totaling \$96,800 for the year ended June 30, 2023.

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023, the District paid \$1,102,618 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 30<sup>th</sup> are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 93,831	\$ 45,071	\$ 138,902
2025	96,891	42,374	139,265
2026	100,970	39,022	139,992
2027	103,520	35,520	139,040
2028-2032	536,977	149,873	686,850
2033-2037	618,059	64,420	682,479
	<u>\$ 1,550,248</u>	<u>\$ 376,280</u>	<u>\$ 1,926,528</u>

# MANHEIM TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

#### Jointly Governed Organizations

##### Lancaster County Academy

The District participated with the Lancaster-Lebanon Intermediate Unit No. 13, the Lancaster Employment and Training Agency and eight 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, 2023, the District paid \$52,450 for its allotted 10 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, 2023, the District's portion of operating expenditures for the Bureau totaled \$135,968.

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

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### **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 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 \$345,500 for its energy improvement project. The District expended approximately \$3.2 million in energy improvement projects during the 2022-2023 year.

**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**

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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%
2015	0.2527%	\$ 100,020,000	\$ 32,248,532	310.15%	57.24%

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 PENSION CONTRIBUTIONS -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
2015	\$ 6,712,710	\$ (6,712,710)	\$ -	\$ 33,513,122	20.03%

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 CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
 DISTRICT'S SINGLE EMPLOYER PLAN

For the Fiscal Year Ended June 30,

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 732,509	\$ 178,495	\$ 205,507	\$ 388,420	\$ 417,547	\$ 402,879
Interest	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	-	(3,596,357)	-	255,515	-	3,149,616
Changes in assumptions	(1,417,462)	1,709,102	-	103,007	-	-
Benefit payments	(310,044)	(809,407)	(857,930)	(645,602)	-	-
Other Changes	-	-	-	-	(739,404)	(726,286)
<b>Net change in total OPEB liability</b>	<b>(796,077)</b>	<b>(3,134,965)</b>	<b>(259,436)</b>	<b>431,179</b>	<b>6,808</b>	<b>2,786,687</b>
<b>Total OPEB Liability - beginning</b>	<b>8,160,013</b>	<b>11,294,978</b>	<b>11,554,414</b>	<b>11,123,235</b>	<b>11,116,427</b>	<b>8,329,740</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 7,363,936</b>	<b>\$ 8,160,013</b>	<b>\$ 11,294,978</b>	<b>\$ 11,554,414</b>	<b>\$ 11,123,235</b>	<b>\$ 11,116,427</b>
<b>Covered payroll</b>	<b>\$ 40,111,692</b>	<b>\$ 40,111,692</b>	<b>\$ 36,971,073</b>	<b>\$ 35,894,246</b>	<b>\$ 33,122,384</b>	<b>\$ 32,157,655</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>18.36%</b>	<b>20.34%</b>	<b>30.55%</b>	<b>32.19%</b>	<b>33.58%</b>	<b>34.57%</b>

Notes to Schedule:

For the fiscal year ended June 30, 2023:

Changes in assumptions: The discount rate changed from 2.28% to 4.06%. 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**

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
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**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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, 2023

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 740,382	\$ 6,903,555	\$ 7,643,937
Investments	10,128,885	3,038,665	13,167,550
<b>Total assets</b>	<u>\$ 10,869,267</u>	<u>\$ 9,942,220</u>	<u>\$ 20,811,487</u>
<b>Liabilities</b>			
Accounts payable	\$ 702,336	\$ 597,786	\$ 1,300,122
<b>Total liabilities</b>	<u>702,336</u>	<u>597,786</u>	<u>1,300,122</u>
<b>Fund Balances</b>			
Restricted	10,166,931	9,344,434	19,511,365
<b>Total fund balances</b>	<u>10,166,931</u>	<u>9,344,434</u>	<u>19,511,365</u>
<b>Total liabilities and fund balances</b>	<u>\$ 10,869,267</u>	<u>\$ 9,942,220</u>	<u>\$ 20,811,487</u>

MANHEIM TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - CAPITAL PROJECTS FUNDS  
 Year Ended June 30, 2023

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
<b>Revenues</b>			
Investment earnings	\$ 431,198	\$ 266,294	\$ 697,492
<b>Total revenues</b>	<b>431,198</b>	<b>266,294</b>	<b>697,492</b>
<b>Expenditures</b>			
Capital outlay	5,040,218	1,025,527	6,065,745
<b>Total expenditures</b>	<b>5,040,218</b>	<b>1,025,527</b>	<b>6,065,745</b>
<b>Other Financing Sources</b>			
Interfund transfers in	-	2,030,587	2,030,587
<b>Total other financing sources</b>	<b>-</b>	<b>2,030,587</b>	<b>2,030,587</b>
<b>Net changes in fund balances</b>	<b>(4,609,020)</b>	<b>1,271,354</b>	<b>(3,337,666)</b>
Fund Balances - July 1, 2022	14,775,951	8,073,080	22,849,031
Fund Balances - June 30, 2023	<b>\$ 10,166,931</b>	<b>\$ 9,344,434</b>	<b>\$ 19,511,365</b>

**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2023.

**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.

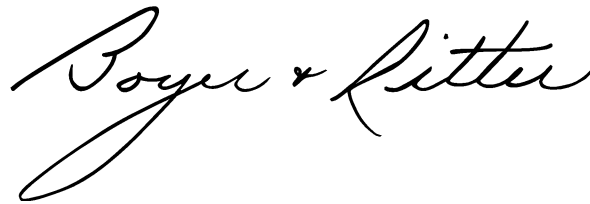
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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  
November 6, 2023

**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, 2023. 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, 2023.

***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.



### *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 & Ritter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
November 6, 2023

**MANHEIM TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

**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
84.425	Education Stabilization Fund
	<b>Child Nutrition Cluster</b>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

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, 2023**

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**Section II -- Financial Statement Findings**

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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.

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**Section III -- Federal Award Findings and Questioned Costs**

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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, 2023

	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued (Deferred) Revenue at 7/1/2022	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at 6/30/2023	Provided to Subrecipients
<b>U.S. Department of Education</b>										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	13-220237	21-22	\$ 645,496	\$ 85,351	\$ 67,190	\$ 18,161	\$ 18,161	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	13-230237	22-23	\$ 608,116	565,989	-	598,893	598,893	32,904	-
					<u>651,340</u>	<u>67,190</u>	<u>617,054</u>	<u>617,054</u>	<u>32,904</u>	<u>-</u>
Title II - Supporting Effective Instruction State Grants	84.367	20-210237	20-21	\$ 105,363	339	339	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	20-220237	21-22	\$ 130,761	8,952	(7,189)	16,141	16,141	-	-
Title II - Supporting Effective Instruction State Grants	84.367	20-230237	22-23	\$ 108,695	92,788	-	93,311	93,311	523	-
					<u>102,079</u>	<u>(6,850)</u>	<u>109,452</u>	<u>109,452</u>	<u>523</u>	<u>-</u>
Title III - English Language Acquisition State Grants	84.365	10-220237	21-22	\$ 73,379	16,441	4,798	11,643	11,643	-	-
Title III - English Language Acquisition State Grants	84.365	10-230237	22-23	\$ 52,839	49,832	-	52,839	52,839	3,007	-
					<u>66,273</u>	<u>4,798</u>	<u>64,482</u>	<u>64,482</u>	<u>3,007</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment	84.424	144-220237	21-22	\$ 36,212	2,607	(1,704)	4,311	4,311	-	-
Title IV - Student Support and Academic Enrichment	84.424	144-230237	22-23	\$ 50,648	48,249	-	49,090	49,090	841	-
					<u>50,856</u>	<u>(1,704)</u>	<u>53,401</u>	<u>53,401</u>	<u>841</u>	<u>-</u>
COVID -19 -Elementary & Secondary School Emergency Relief Fund II	84.425D	200-21-0237	20-23	\$ 1,778,133	827,039	21,979	929,115	929,115	124,055	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	223-21-0237	20-24	\$ 3,596,649	3,008,107	1,441,263	1,893,812	1,893,812	326,968	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-21-0237	20-24	\$ 279,540	86,403	(13,099)	113,039	113,039	13,537	-
					<u>3,094,510</u>	<u>1,428,164</u>	<u>2,006,851</u>	<u>2,006,851</u>	<u>340,505</u>	<u>-</u>
COVID-19 - American Rescue Plan Elementary & Secondary School Emergency Relief-Homeless Children and Youth (ARP-HCY)	84.425W	181-21-2235	21-22	\$ 45,078	42,766	42,766	-	-	-	-
Total passed through the Pennsylvania Department of Education					<u>4,834,863</u>	<u>1,556,343</u>	<u>3,780,355</u>	<u>3,780,355</u>	<u>501,835</u>	<u>-</u>
Passed through the Lancaster-Lebanon Intermediate unit No. 13:										
Special Education Cluster										
Special Education - Grants to States - Pass-Thru	84.027	062-23-0013	22-23	\$ 633,313	633,313	-	633,313	633,313	-	-
Special Education - Grants to States - On Behalf Services	84.027	062-23-0013	22-23	\$ 394,835	394,835	-	394,835	394,835	-	-
COVID-19 - Special Education Grants to States - Pass-Thru	84.027Z	062-22-0013	21-23	\$ 51,855	51,855	-	51,855	51,855	-	-
COVID-19 - Special Education - Grants to States - On Behalf Services	84.027Z	062-22-0013	21-23	\$ 180,517	74,232	-	74,232	74,232	-	-
Special Education - Grants to States - MTSS	84.027	062-22-0033	21-22	\$ 10,000	10,000	10,000	-	-	-	-
					<u>1,164,235</u>	<u>10,000</u>	<u>1,154,235</u>	<u>1,154,235</u>	<u>-</u>	<u>-</u>
Special Education - Pre-school Grants	84.173	131-22-0-013	22-23	\$ 5,992	5,992	-	5,992	5,992	-	-
Total Special Education Cluster					<u>1,170,227</u>	<u>10,000</u>	<u>1,160,227</u>	<u>1,160,227</u>	<u>-</u>	<u>-</u>
Total passed through the Lancaster-Lebanon Intermediate Unit No. 13					<u>1,170,227</u>	<u>10,000</u>	<u>1,160,227</u>	<u>1,160,227</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Education</b>					<u>6,005,090</u>	<u>1,566,343</u>	<u>4,940,582</u>	<u>4,940,582</u>	<u>501,835</u>	<u>-</u>

(Continued)

MANHEIM TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 Year Ended June 30, 2023

	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued (Deferred) Revenue at 7/1/2022	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at 6/30/2023	Provided to Subrecipients
<b>U.S. Department of Agriculture</b>										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	21-22	N/A	10,173	10,173	-	-	-	-
School Breakfast Program	10.553	N/A	22-23	N/A	317,688	-	318,419	318,419	731	-
					<u>327,861</u>	<u>10,173</u>	<u>318,419</u>	<u>318,419</u>	<u>731</u>	<u>-</u>
National School Lunch Program	10.555	N/A	21-22	N/A	33,635	33,635	-	-	-	-
National School Lunch Program	10.555	N/A	22-23	N/A	1,312,652	-	1,318,394	1,318,394	5,742	-
COVID-19 - National School Lunch Program - Supply Chain Assistance	10.555	N/A	22-23	N/A	163,508	-	163,508	163,508	-	-
					<u>1,509,795</u>	<u>33,635</u>	<u>1,481,902</u>	<u>1,481,902</u>	<u>5,742</u>	<u>-</u>
Summer Food Service Program for Children	10.559	N/A	21-22	N/A	8,553	8,553	-	-	-	-
Summer Food Service Program for Children	10.559	N/A	22-23	N/A	11,868	-	11,868	11,868	-	-
					<u>20,421</u>	<u>8,553</u>	<u>11,868</u>	<u>11,868</u>	<u>-</u>	<u>-</u>
COVID-19 - Pandemic Electronic Benefits Transfer Administrative Costs Grant	10.649	N/A	22-23	N/A	628	-	628	628	-	-
Total passed through the Pennsylvania Department of Education					<u>1,858,705</u>	<u>52,361</u>	<u>1,812,817</u>	<u>1,812,817</u>	<u>6,473</u>	<u>-</u>
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	22-23	N/A	261,165	-	261,165	261,165	-	-
National School Lunch Program - Food Donations	10.559	N/A	22-23	N/A	2,639	-	2,639	2,639	-	-
					<u>263,804</u>	<u>-</u>	<u>263,804</u>	<u>263,804</u>	<u>-</u>	<u>-</u>
Total passed through the Pennsylvania Department of Agriculture					<u>263,804</u>	<u>-</u>	<u>263,804</u>	<u>263,804</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>					<u>2,122,509</u>	<u>52,361</u>	<u>2,076,621</u>	<u>2,076,621</u>	<u>6,473</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>					<u>\$ 8,127,599</u>	<u>\$ 1,618,704</u>	<u>\$ 7,017,203</u>	<u>\$ 7,017,203</u>	<u>\$ 508,308</u>	<u>\$ -</u>
Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555 and 10.559)					<u>\$ 2,121,881</u>	<u>\$ 52,361</u>	<u>\$ 2,075,993</u>	<u>\$ 2,075,993</u>	<u>\$ 6,473</u>	<u>\$ -</u>
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					<u>\$ 1,170,227</u>	<u>\$ 10,000</u>	<u>\$ 1,160,227</u>	<u>\$ 1,160,227</u>	<u>\$ -</u>	<u>\$ -</u>
Education Stabilization Fund (Assistance Listing Number - 84.425)					<u>\$ 3,964,315</u>	<u>\$ 1,492,909</u>	<u>\$ 2,935,966</u>	<u>\$ 2,935,966</u>	<u>\$ 464,560</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

## MANHEIM TOWNSHIP SCHOOL DISTRICT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **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, 2023. 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, 2023**

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There were no prior year audit findings.