

**NEW ISSUE - BOOK ENTRY ONLY**

**RATING: S&P: "AA" (Stable Outlook)**  
(See "RATING" herein)

*In the opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, Bond Counsel, assuming continuing compliance by the School District with certain covenants and agreements to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations thereunder, interest on the Bonds is not includible in gross income under Section 103(a) of the Code, and interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however, interest on the Bonds may be subject to the Federal alternative minimum tax on "applicable corporations" as defined in Section 59(k) of the Code. See TAX MATTERS in this Official Statement. Other provisions of the Code may affect the purchasers and holders of the Bonds.*

*Under the laws of the Commonwealth of Pennsylvania, the Bonds and the interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds, or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania.*

**\$47,545,000\***

**PENN MANOR SCHOOL DISTRICT**  
**(Lancaster County, Pennsylvania)**

**Consisting of:**

**\$33,415,000\* General Obligation Bonds, Series A of 2026**

**\$14,130,000\* General Obligation Bonds, Series B of 2026**

**Bonds Dated:** Date of delivery

**Principal Due:** March 1, as shown on inside cover

**Denomination:** Integral multiples of \$5,000

**Interest Payable:** March 1 and September 1

**First Interest Payment:** September 1, 2026

**Form:** DTC Book-Entry Only

**Legal Investment for Fiduciaries in Pennsylvania:** The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

**General:** The Penn Manor School District (the "School District"), a public school district located in Lancaster County, Pennsylvania will issue in the aggregate principal amount of \$47,545,000\* general obligation bonds that will consist of \$33,415,000\* General Obligation Bonds, Series A of 2026 (the "2026A Bonds") and \$14,130,000\* General Obligation Bonds, Series B of 2026 (the "2026B Bonds"). The 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds". The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Fulton Bank, National Association, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "**BOOK-ENTRY ONLY SYSTEM**" herein. Interest on the Bonds is payable initially on September 1, 2026, and thereafter, semiannually on March 1 and September 1 of each year.

**Security:** The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on April 20, 2026 authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law (see "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**", APPENDIX A - "**TAXING POWERS AND LIMITS**" and "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**" - "**Taxpayer Relief Act (Act 1)**" herein).

**Redemption:** The Bonds are subject to optional redemption prior to their stated maturity dates, as described herein.

**Proceeds of the 2026A Bonds** will be used to currently refund all of the School District's outstanding General Obligation Bonds, Series of 2018 and pay the costs and expenses associated with the issuance of the 2026A Bonds.

**Proceeds of the 2026B Bonds** will be used to fund various capital improvements to school facilities and school buildings owned and operated by the School District and paying costs and expenses associated with the issuance of the 2026B Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Saxton & Stump, LLC, Lancaster, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, McNeese Wallace & Nurick LLC, of Harrisburg, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about June \_\_\_\_, 2026.

**RAYMOND JAMES®**

\*Preliminary, subject to change.

This Preliminary Official Statement and the information herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

**\$47,545,000\***

**PENN MANOR SCHOOL DISTRICT  
(Lancaster County, Pennsylvania)**

**Consisting of:**

**\$33,415,000\* General Obligation Bonds, Series A of 2026**

**Bonds Dated:** Date of delivery

**Principal Due:** March 1, as shown on inside cover

**Denomination:** Integral multiples of \$5,000

**Interest Payable:** March 1 and September 1

**First Interest Payment:** September 1, 2026

**Form:** DTC Book-entry Only

**BOND MATURITY SCHEDULE**

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<b>(March 1)</b>	<b>Principal</b>	<b>Interest</b>			<b>CUSIP</b>
<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>Numbers</u> <sup>(1)</sup></b>
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					

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**\$14,130,000\* General Obligation Bonds, Series B of 2026**

**BOND MATURITY SCHEDULE**

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<b>(March 1)</b>	<b>Principal</b>	<b>Interest</b>			<b>CUSIP</b>
<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>Numbers</u> <sup>(1)</sup></b>
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					

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<sup>(1)</sup>The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriter to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS AND NOTES ARE MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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## SUMMARY PAGE

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

<b>Issuer</b> .....	Penn Manor School District, Lancaster County, Pennsylvania (the "School District").
<b>Bonds</b> .....	<p>The \$47,545,000* aggregate principal amount of general obligation bonds will consist of \$33,415,000* General Obligation Bonds, Series A of 2026 (the "2026A Bonds"), maturing on April 1, _____ through March 1, _____ and \$14,130,000* General Obligation Bonds, Series B of 2026 (the "2026B Bonds"), maturing on March 1, _____ through March 1, _____. The Bonds will be dated as of the date of delivery.</p> <p>Interest on the Bonds shall be payable semiannually on March 1 and September 1. See <b>"DESCRIPTION OF THE BONDS"</b> herein.</p>
<b>Optional Redemption</b> .....	The Bonds stated to mature on or after March 1, _____, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after March 1, _____, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
<b>Form</b> .....	Book-Entry Only.
<b>Application of Proceeds</b>	<p><b>Proceeds of the 2026A Bonds</b> will be used to currently refund all of the School District's outstanding General Obligation Bonds, Series of 2018 and pay the costs and expenses associated with the issuance of the 2026A Bonds.</p> <p><b>Proceeds of the 2026B Bonds</b> will be used to fund various capital improvements to school facilities and school buildings owned and operated by the School District and paying costs and expenses associated with the issuance of the 2026B Bonds.</p>
<b>Security</b> .....	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
<b>Rating</b> .....	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned, to this issue of the Bonds, the School District an underlying rating of "AA" (stable outlook). (See <b>"RATING"</b> herein.)
<b>Continuing Disclosure Undertaking</b> .....	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See <b>"CONTINUING DISCLOSURE UNDERTAKING"</b> and <b>"APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE"</b> herein.)

\*Preliminary, subject to change.

**PENN MANOR SCHOOL DISTRICT  
(Lancaster County, Pennsylvania)**

100 East Cottage Avenue  
Millersville, Pennsylvania 17551

**BOARD OF SCHOOL DIRECTORS**

Dr. Joseph Fullerton.....	President
Nickole Nafziger.....	Vice President
Cindy Rhoades .....	Board Secretary *
Dan L. Forry .....	Board Treasurer *
Matthew Beakes.....	Member
Frederick Herr.....	Member
Jill Hope.....	Member
Stephanie Keck.....	Member
Anthony Lombardo.....	Member
Eric Warfel.....	Member
Donna Wert.....	Member

\*Non-Voting Member

**SCHOOL ADMINISTRATION**

Dr. Phil Gale .....	Superintendent
Dan L. Forry.....	Chief Financial Officer

**BOND COUNSEL/SOLICITOR**

Saxton & Stump, LLC  
Lancaster, Pennsylvania

**UNDERWRITER**

Raymond James & Associates, Inc.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITER'S COUNSEL**

McNees Wallace & Nurick LLC  
Harrisburg, Pennsylvania

**PAYING AGENT**

Fulton Bank, National Association  
Lancaster, Pennsylvania

OFFICIAL STATEMENT

\$47,545,000\*

PENN MANOR SCHOOL DISTRICT

(Lancaster County, Pennsylvania)

Consisting of:

\$33,415,000\* General Obligation Bonds, Series A of 2026

\$14,130,000\* General Obligation Bonds, Series B of 2026

INTRODUCTION

This Official Statement is furnished by the Penn Manor School District (the "School District"), a public school district located in Lancaster County, Pennsylvania, in connection with the offering of its \$47,545,000\* aggregate principal amount of general obligation bonds and will consists of \$33,415,000\* General Obligation Bonds, Series A of 2026 (the "2026A Bonds") and \$14,130,000\* General Obligation Bonds, Series B of 2026 (the "2026B Bonds"). The 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds". The Bonds will be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on April 20, 2026 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2026. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Fulton Bank, National Association (the "Paying Agent"), serving as paying agent and sinking fund depository, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of the Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas in or about the School District, since the date of the Official Statement of the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

Proceeds of the 2026A Bonds will be used to currently refund all of the School District's outstanding General Obligation Bonds, Series of 2018 and pay the costs and expenses associated with the issuance of the 2026A Bonds.

Proceeds of the 2026B Bonds will be used to fund various capital improvements to school facilities and school buildings owned and operated by the School District and paying costs and expenses associated with the issuance of the 2026B Bonds.

SOURCES AND USES OF FUNDS

<u>Sources of Funds</u>	<u>2026A Bonds</u>	<u>2026B Bonds</u>	<u>Total</u>
Proceeds of the Bonds.....			
[Net] Original Issue Premium [Discount] .....			
<b>Total Sources of Funds</b> .....			
<u>Uses of Funds</u>			
Amount required to redeem the 2018 Bonds....			
Construction Fund Deposit .....			
Costs of Issuance <sup>(1)</sup> .....			
<b>Total Uses of Funds</b> .....			

<sup>(1)</sup> Includes legal fees, underwriter's discount, municipal advisor fee, paying agent fees, municipal advisor fee, rating fee, CUSIP, printing and miscellaneous fees.

\*Preliminary, subject to change.

## DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of \$5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on September 1, 2026, and thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as partnership nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See “BOOK-ENTRY ONLY SYSTEM” herein.*

### Payment of Principal and Interest

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal and interest so paid. If the use of the book-entry only system for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs.*

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, September 1, 2026, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15<sup>th</sup>) day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

### Transfer, Exchange and Registration of Certificated Bonds

*Subject to the provisions herein under “BOOK-ENTRY ONLY SYSTEM”, any certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated bond or bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.*

The School District and the Paying Agent shall not be required: (a) to register the transfer of or exchange any certificated Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption; or (b) to register the transfer of or exchange any portion of any certificated Bond selected for redemption until after the redemption date. Certificated Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate.

## REDEMPTION OF BONDS

### Mandatory Sinking Fund Redemptions

In the manner and upon the terms and conditions provided in the Resolution, the following Bond maturities are subject to mandatory redemption in direct order of maturity, pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest, on March 1<sup>st</sup> of the following years and in the following principal amounts:

<u>Year</u>	<u>Amount</u>
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### Optional Redemption

The Bonds maturing on and after March 1, \_\_\_\_\_ are subject to redemption prior to maturity at the option of the School District, in whole or in part, in any order of maturities as the School District shall select, on any date on or after March 1, \_\_\_\_\_ at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity shall be drawn by lot by the Paying Agent.

### Notice of Redemption

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices and Beneficial Owners.*

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption.

The notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depository acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

### Manner of Redemption

*So long as Cede & Co., nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made by Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all of the Bonds in a particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner on such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.*

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a certificated Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for certificated Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds

of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of \$5,000 principal amount.

### BOOK-ENTRY ONLY SYSTEM

***The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter***

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

*The School District and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.*

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General Obligation Pledge

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay, or cause to be paid, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power.

### Actions in the Event of Default on the Bonds

In the event of a failure by the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to remedies specified by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

### Sinking Funds

Under the Resolution, the School District has created the Sinking Funds – "General Obligation Bonds, Series A of 2026" and "General Obligation Bonds, Series B of 2026"(the "Sinking Fund Depository") as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the respective Sinking Funds, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

The Sinking Funds shall be held by the Sinking Fund Depository and invested by the Sinking Fund Depository in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject

to withdrawal or collection only by the Sinking Fund Depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Funds.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

### **Commonwealth Enforcement of Debt Service Payments**

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Secretary of Education of the Pennsylvania Department of Education (“PDE”) shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. In addition, enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Budget Adoption**” herein.

### **Pennsylvania Budget Adoption Impasses**

The Commonwealth’s fiscal year begins on July 1<sup>st</sup>; however, over several of the past years, the Commonwealth has started its fiscal year without a fully adopted state budget.

The Governor timely signed the state’s 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a then record high of \$13.55 billion in the 2021-22 budget.

After a week’s delay and intense negotiations, a \$42.7 billion budget for the state’s 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state’s budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-24 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state’s budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget includes (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526 billion for the special education appropriation, which is a \$40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget hopes to provide \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law. (See “**SECURITY FOR THE BONDS**” herein.)

During a state budget impasse, school districts in the Commonwealth cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” below.**

## **Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)**

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE otherwise due a school district that is subject to an intercept statute or an intercept agreement, in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statutes" Sections 633 of the Public School Code. The School District's general obligation debt, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

*The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.*

## **BONDHOLDER CONSIDERATIONS**

*The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriters disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Official Statement inclusive of its Appendices.*

### **Cybersecurity**

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **Climate Change**

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

### **Risk of Audit by Internal Revenue Service**

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See “**TAX MATTERS**” herein.

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirement of Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

<b>Fiscal Year</b>	<b>Filing Due Date</b>	<b>Filing Dates:</b>		
		<b>Audit</b>	<b>Operating Data</b>	<b>Budget</b>
6/30/2025	3/27/2026	12/19/2025	12/19/2025	5/06/2026 <sup>(1)</sup>
6/30/2024	2/25/2025	12/20/2024	12/20/2024	5/06/2026 <sup>(1)</sup>
6/30/2023	2/25/2024	12/18/2023	12/18/2023	8/14/2023
6/30/2022	2/25/2023	12/09/2022	12/09/2022	7/05/2022
6/30/2021	1/26/2022	12/09/2021	12/10/2021	7/01/2021

<sup>(1)</sup>The School District filed its budgets, along with a "Failure to Timely File Notice" to EMMA on this date.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

### NO LITIGATION

As a condition to the settlement for the Bonds, the School District will deliver a certificate, and the School District’s Solicitor’s opinion will include a paragraph, stating that there is no pending litigation challenging or pertaining to the Bonds.

### TAX MATTERS

#### Federal Tax Laws

Numerous provisions of the Code affect the issuers of state and local government Bonds, such as the School District, and impair or restrict the ability of the School District to finance projects on a tax-exempt basis. Failure on the part of the School District to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render amounts treated as interest on the Bonds includable in gross income of the owner thereof for purposes of federal income tax retroactively to the date of issuance of the Bonds. Among these provisions are rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the advance refunding of tax-exempt Bonds; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the School District is required to file an information return with respect to the Bonds and to rebate to the federal government certain arbitrage profits on an ongoing basis throughout the term of the Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government Bonds such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on debt incurred or continued to purchase or carry state or local government Bonds such as the Bonds, or in the case of a financial institution, that portion of a financial institution’s interest expense allocated to interest on certain state or local government Bonds such as the Bonds, unless the issuer of the state or local government Bonds designates each of the Bonds as a qualified tax-exempt obligation for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the School District has **not** designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 825(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government Bonds, such as the Bonds; (iii) interest on certain state or local government Bonds, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state or local government Bonds, such as the Bonds) which exceeds 25% of such Subchapter S corporation’s gross receipts and if such Subchapter S corporation has Subchapter C earnings and profits, then interest income derived from state or local government Bonds, such as the Bonds, may be subject to federal income tax under the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state or local government Bonds, such as the Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. Various legislative proposals have been submitted to Congress during the last several years, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax exempt interest. If enacted into law, such proposals may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds.

No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is

only an opinion and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. The School District does not have any obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds.

### **Tax Exemption**

In the opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, Bond Counsel, assuming continuing compliance by the School District with certain covenants and agreements relating to the use of Bond proceeds and covenants to comply with the provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the Bonds is not includable in gross income for federal tax purposes under Section 103(a) of the Code, and interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See "TAX MATTERS" above. The School District has **not** designated and determined under and for purposes of Section 265(b)(3) of the Code to qualify each of the Bonds as a "qualified tax-exempt obligation" as such term is defined in the Code.

In the opinion of Bond Counsel, under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

The School District will issue its certifications regarding the facts, estimates and circumstances in existence on the date of delivery of the Bonds and regarding the anticipated use of the proceeds of the Bonds. In addition, the School District will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Bonds, the School District does not reasonably expect to use proceeds of the Bonds in a manner that would cause the Bonds to be or become arbitrage Bonds, as defined in Section 148 of the Code.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

### **Regulations, Future Legislation**

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code which could affect the tax exemption and/or tax consequences of holding tax-exempt obligations, such as the Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt Bonds of a state or local government unit, such as the School District or the taxability of interest in general.

No representation is made or can be made by the School District or any other party associated with the issuance of the Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

### **LEGAL OPINIONS**

The issuance of the Bonds is subject to the approving legal opinion of Saxton & Stump, LLC, in Lancaster, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed on for the School District by Saxton & Stump, LLC, in Lancaster, Pennsylvania, Solicitor to the School District, and McNees Wallace & Nurick LLC, of Harrisburg, Pennsylvania, will pass upon certain legal matters as limited scope undertaking counsel to the underwriter.

### **RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the School District an underlying rating of "AA" (stable outlook). This rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds of \$\_\_\_\_\_, [plus/less] an original issue [premium/discount] of \$\_\_\_\_\_ less an underwriting discount of \$\_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

## **PAYING AGENT**

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

## **CERTAIN OTHER MATTERS**

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to be reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

The School District has authorized the distribution of this Official Statement.

**PENN MANOR SCHOOL DISTRICT**  
**Lancaster County, Pennsylvania**

By:  
President, Board of School Directors

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**APPENDIX A**

**SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT**

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**DESCRIPTION OF THE SCHOOL DISTRICT**

**Introduction**

The Penn Manor School District (the “School District”) is comprised of Conestoga, Manor, Martic and Pequea Townships and Millersville Borough. This area contains approximately 110 square miles and is located southwest of the City of Lancaster, in Lancaster County. The northeastern section of the School District forms the southern part of the suburban area surrounding the City of Lancaster. Lancaster is the principal city in the standard metropolitan area of Lancaster County. Philadelphia is about 700 miles east of the School District and Harrisburg, the capital city of Pennsylvania, is about 34 miles to the northwest. The School District is primarily agricultural and rural.

The School District is a school district of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania. The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent and the Chief Operating Officer who are appointed by the Board of School Directors.

**School Facilities**

<u>Building</u>	<u>Original Construction Date</u>	<u>Addition/ Renovation Date</u>	<u>Grades</u>	<u>2025-26 Enrollment</u>
<b><u>Elementary Schools:</u></b>				
Central Manor .....	1936	1961,1987,2010	K-6	561
Conestoga .....	1952	1957,1966,1992,2017	K-6	294
Eshelman .....	1958	1966,1986,2002	K-6	331
Hambright .....	2013	N/A	K-6	559
Letort .....	1960	1961,2001	K-6	300
Martic.....	1952	1966,1986,1988,2009	K-6	282
Pequea.....	1953	1955,1958,1989,2015	K-6	345
<b><u>Secondary</u></b>				
Manor Middle School .....	1992	N/A	7-8	482
Marticville Middle School .....	1970	1988,2008	7-8	385
Senior High School.....	1990	2006	9-12	<u>1,732</u>
<b>Total</b>				<b>5,271</b>

Source: School District officials.

**Pupil Enrollment**

The past, current and projected enrollments within the School District are shown below:

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2021-22 .....	2,844	2,637	5,481
2022-23 .....	2,875	2,675	5,550
2023-24 .....	2,850	2,679	5,529
2024-25 .....	2,766	2,692	5,458
2025-26 (Current) .....	2,672	2,599	5,271
2026-27 (Projected) .....	2,720	2,662	5,382

Source: School District Officials.

**SCHOOL DISTRICT FINANCES**

**Financial Reporting**

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District’s financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Brown Plus Accountants + Advisors, of Lancaster, Pennsylvania currently serves as the School District’s auditor. The School District’s auditor has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this official statement.

## **Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)**

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education (“PDE”). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the school districts’ fiscal year beginning on July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together, the “Taxpayer Relief Act” or “Act 1”) all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election preceding the next fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days prior public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from PDE suggest that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the Public School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the Public School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district’s next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see “**The Taxpayer Relief Act (Act 1)**” herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district’s next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district’s next fiscal year; or (3) the School District seek approval to utilize one or more of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see “**The Taxpayer Relief Act (Act 1)**” herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district’s request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district’s request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

**Summary and Discussion of Financial Results**

The table below presents a summary of the School District’s General Fund Financial Condition for Fiscal Years ending June 30, 2021 through June 30, 2025. For more complete information, the individual financial statements and the 2026 Budget of the School District are available on the School District’s website or may be reviewed at the School District’s Business Office.

**PENN MANOR SCHOOL DISTRICT  
General Fund Revenues, Expenditures and Fund Balances  
(Fiscal Years Ending June 30)**

	<b>ACTUAL</b>					<b>Budgeted</b>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>Revenues</b>						
Local Sources.....	\$63,374,540	\$65,180,751	\$68,604,086	\$70,404,850	\$73,442,832	\$72,146,673
State Sources.....	26,852,760	27,424,823	29,603,269	32,357,851	36,425,478	40,956,142
Federal Sources.....	<u>4,714,112</u>	<u>5,211,057</u>	<u>2,635,697</u>	<u>2,143,176</u>	<u>1,275,029</u>	<u>1,450,276</u>
<b>Total Revenues</b> .....	\$94,941,412	\$97,816,631	\$100,843,052	\$104,905,877	\$111,143,339	\$114,553,091
<b>Expenditures</b>						
Instruction.....	\$57,354,949	\$58,463,631	\$61,417,418	\$64,348,872	\$69,569,715	\$68,542,391
Support Services .....	23,431,112	24,307,264	26,243,102	28,289,693	13,614,089	30,170,211
Operation and maintenance of plant	1,385,579	1,487,788	1,744,998	0	8,131,896	2,112,300
Student transportation.....	0	0	0	0	5,435,594	0
Central and other support.....	0	0	0	0	2,492,863	0
Other support services.....	0	0	0	0	42,913	0
Operation of non-instructional services .....	0	0	0	1,760,944	2,067,849	0
Debt service (P&I).....	0	0	0	0	9,133,511	9,132,058
Refund of prior years' receipts .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,226</u>	<u>6,921</u>	<u>0</u>
<b>Total Expenditures</b> .....	\$82,171,640	\$84,258,683	\$89,405,518	\$94,410,735	\$110,495,351	\$109,956,960
<b>Excess Expenditures Over (Under) Revenues</b> .....	\$12,769,772	\$13,557,948	\$11,437,534	\$10,495,142	\$647,988	\$4,596,131
<b>Other Financing Sources (Uses)</b>						
Interfund transfers in (out).....	(\$12,217,705)	(\$10,670,760)	(\$12,938,507)	(\$9,649,503)	(\$1,766,658)	(\$5,362,723))
Sale of capital assets .....	0	10,916	6,310	520	4,306	0
Insurance recoveries.....	0	0	0	0	0	0
Budgetary Reserve.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total other financing sources (uses)</b> .....	(\$12,217,705)	(\$10,659,844)	(\$12,932,197)	(\$9,648,983)	(\$1,762,352)	(\$5,362,723)
<b>Net Change in Fund Balance</b> .....	\$552,067	\$2,898,104	(\$1,494,663)	\$846,159	(\$1,114,364)	(\$766,592)
<b>Beginning Fund Balance</b> .....	<u>\$20,277,417</u>	<u>\$20,829,484</u>	<u>\$23,727,588</u>	<u>\$22,232,925</u>	<u>\$23,079,084</u>	<u>\$21,964,720</u>
<b>Fund Balance June 30</b> .....	<u>\$20,829,484</u>	<u>\$23,727,588</u>	<u>\$22,232,925</u>	<u>\$23,079,084</u>	<u>\$21,964,720</u>	<u>\$21,198,128</u>

Source: School District Audits and Budget.

## TAXING POWERS AND LIMITS

### In General

*Subject to certain limitations imposed by the Act 1 (more specifically described below),* the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a) for minimum salaries and increments of the teaching and supervisory staff;
  - b) to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c) *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and*
  - d) to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July 1959.
3. An annual per capita tax on each resident over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, a per capita tax, an earned income and net profits tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth (“STEB”)/Tax Equalization Division (“TED”)) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

### PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

#### Taxpayer Relief Act (Act 1)

**The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.**

Under the Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one or more of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines.”

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE, as the case may be. If a school district’s petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

“Index” is defined in Act 1 as follows:

INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.
2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:
  - (i) 0.75; and
  - (ii) the school district’s market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

“Statewide Average Weekly Wage” is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2<sup>nd</sup> Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

The Act 1 Index applicable to the School District for the next fiscal year, current fiscal year and prior four fiscal years is as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2025-26	5.1
2024-25	6.8
2023-24	5.2
2022-23	4.3
2021-22	3.8

Source: Pennsylvania Department of Education website.

In accordance with Act 1, a board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax (“EIT”) or impose a personal income tax (“PIT”) for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

**Status of the Bonds Under the Taxpayer Relief Act (Act 1)**

The debt service payable on the Bonds described in this Official Statement is not eligible for a specific exception to the Index limits of Act 1.

**Limitations on School District Fund Balance**

**Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.**

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school fiscal year that includes an estimated ending unreserved and undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

**Total Budgeted Expenditures:**

Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

**Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures<sup>(1)</sup>:**

“Estimated ending unreserved, undesignated fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

\*Applicable to the School District

<sup>(1)</sup>Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term “Unassigned” to refer to general fund balances that would fall within the definition of “Unreserved and Undesignated Fund Balance” in the statute known as Act 48 of 2003.

**TAX REVENUES OF THE SCHOOL DISTRICT**

**Tax Levies**

**2025-26 Real Estate and Non-Real Estate Tax Rates**

<u>Municipality</u>	<u>Real Estates Tax (Mills)</u>			<u>Real Estate Transfer</u>		<u>Earned Income</u>	
	<u>School</u>	<u>Municipal</u>	<u>County</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>
Conestoga Township	19.1210	0.940	3.201	0.5%	0.5%	0.5%	0.5%
Manor Township	19.1210	1.310	3.201	0.5%	0.5%	0.5%	0.5%
Martic Township	19.1210	0.510	3.201	0.5%	0.5%	0.5%	0.5%
Millersville Borough	19.1210	7.300	3.201	0.5%	0.5%	0.5%	0.5%
Pequea Township	19.1210	1.777	3.201	0.5%	0.5%	0.5%	0.5%

**Local Services Tax**

<u>Municipality</u>	<u>School</u>	<u>Municipal</u>
Conestoga Township	---	\$ 0
Manor Township	---	\$52
Martic Township	---	\$ 0
Millersville Borough	---	\$52
Pequea Township	---	\$ 0

Source: Local Government Officials

**Real Estate Tax Collection Record**

The School District's historical realty tax collection record over the past five fiscal years ending June 30<sup>th</sup>, of the years shown below, is as follows:

<u>Fiscal Year</u>	<u>Adjusted Total Levy</u>	<u>Current Collections</u>	<u>Current Percent Collected</u>	<u>Total Collections</u>	<u>Total Percent Collected</u>
2020-21	\$52,693,246	\$51,938,922	98.57%	\$52,369,496	99.39%
2021-22	54,816,020	53,217,514	97.08%	54,203,196	98.88%
2022-23	56,021,583	54,395,029	97.10%	55,208,160	98.55%
2023-24	56,547,247	54,952,264	97.18%	55,826,744	98.73%
2024-25	58,334,587	56,593,433	97.02%	57,700,577	98.91%

Source: School District Officials.

**Trends in Market and Assessed Valuations**

The trend in market and assessed valuations of real estate in the School District is shown below:

<u>Tax Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2020-2021	\$3,002,654,515	\$3,169,619,700	105.56%
2021-2022	3,021,120,474	3,185,436,800	105.44%
2022-2023	3,247,969,132	3,206,356,800	98.72%
2023-2024	3,223,424,600	3,269,551,721	101.43%
2024-2025	3,658,689,807	3,257,538,600	89.04%

Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year.

**Ten Most Valuable Taxable Parcels in the School District**

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 4.81% of the School District’s total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Aggregate Assessed Valuation</u>
Armstrong Cork Co.	\$ 34,733,900
Murry Companies	22,543,855
Safe Harbor Water & Power	18,180,500
Sun Pheasant Ridge	14,134,500
Sutherland Village LLP	13,745,100
Oak Hill Partners Lancaster LLC	12,795,600
Turkey Hill LP	12,281,800
Clapton Properties LP	11,882,800
BIF III Holtwood LLC	8,511,900
Letort Investments	<u>7,729,300</u>
<b>Totals</b>	<b><u>\$156,539,255</u></b>

Source: County Assessment Office

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## COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms; all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2023-24 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero. Beginning in 2024-25, there is also a Hold Harmless Relief Supplement for qualifying school districts.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>.

School districts also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

### **Lack of Commonwealth Appropriations for Debt Service Reimbursement**

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding Bonds after said Bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or Capital Reimbursement Fraction ("CARF"), whichever is higher. The School District's MVAR is currently higher at 53.57%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new PlanCon Part A submittals through the end of the 2019-20 fiscal year. Act 30 of 2020 extended the moratorium on new PlanCon Part A submittals through the end of the 2020-21 fiscal year. On June 30, 2021, the Governor approved and signed Senate Bill 381 known as School Code or Act 26 of 2021, which extended the moratorium on new PlanCon Part A submittals through the end of the 2021-2022 fiscal year.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016 and its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues will be used to provide PlanCon reimbursement to the School District for the current and future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the Commonwealth would start to allow applicants to enter into the new program.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

**DEBT STATEMENT AND DEBT LIMITS**

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

<b><u>DIRECT DEBT</u></b>	<b><u>Gross</u></b>	<b><u>Project</u></b>	<b><u>Effective<sup>(1)</sup></u></b>	<b><u>State</u></b>	<b><u>Local</u></b>
<b><u>NONELECTORAL DEBT*</u></b>	<b><u>Outstanding</u></b>	<b><u>Reimbursable</u></b>	<b><u>Reimbursement</u></b>	<b><u>Share</u></b>	<b><u>Share</u></b>
<b><u>Issue Type</u></b>		<b><u>Percent (%)</u></b>			
General Obligation Bonds, Series B of 2026	\$14,130,000	0.00%	0.00%	\$0	\$14,130,000
General Obligation Bonds, Series A of 2026	33,415,000	0.00%	0.00%	0	33,415,000
General Obligation Bonds, Series of 2020 (Federally Taxable)(TD Bank Loan)	9,335,000	0.00%	0.00%	0	9,335,000
General Obligation Bonds, Series B of 2019	9,110,000	18.19%	9.74%	887,713	8,222,287
General Obligation Bonds, Series A of 2019	35,760,000	16.81%	9.01%	3,220,230	32,539,770
<b>Total Principal of Nonelectoral Debt</b>	<u>\$101,750,000</u>			<u>\$4,107,943</u>	<u>\$97,642,057</u>
<b><u>LEASE RENTAL DEBT</u></b>					
Lancaster County Career & Technology Center Authority Guaranteed Lease Revenue Bonds, Series of 2020	381,306				
<b>Total Principal of Lease Rental Debt</b>	<u>381,306</u>				
<b>TOTAL DIRECT DEBT</b>	<u>\$102,131,306</u>				
<b><u>OVERLAPPING DEBT</u></b>					
Component Municipal Debt	\$1,087,970				
Lancaster County	13,036,244				
<b>Total Principal of Overlapping Debt</b>	<u>\$14,124,214</u>				
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	\$116,255,520				
<b><u>DEBT RATIOS OF DIRECT DEBT</u></b>					
Market Valuation of Real Estate	2.79%				
Assessed Valuation of Real Estate	3.14%				
Per Capita (2020 Population)	\$2,220				
<b><u>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</u></b>					
Market Valuation of Real Estate	3.18%				
Assessed Valuation of Real Estate	3.57%				
Per Capita (2020 Population)	\$2,527				
<b><u>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</u></b>					
Market Value	\$3,658,689,807				
Assessed Value	\$3,257,538,600				
Population (2020)	46,007				

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “Commonwealth Aid to School Districts” herein.

<sup>(2)</sup>School District’s pro rata 7.35% share of the County’s \$177,305,000 principal amount outstanding.

\*Preliminary, subject to change. Excludes the 2018 Bonds being refunded herein.

Source: Department of Community and Economic Development (“DCED”) website.

**FUTURE FINANCING**

The School District does anticipate issuing additional long-term debt of approximately \$105 million over the next 3-5 years, with this issuance being the first, with approximately \$90 million remaining, to fund its capital improvement plan.

**BORROWING CAPACITY  
(Under Local Government Unit Debt Act)**

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<b>Total General Fund Revenues</b>	\$100,843,052	\$104,905,877	\$111,143,339
<b><u>Less: Required Deductions</u></b>			
a. Rental and Sinking Fund Reimbursement .....	\$898,633	\$1,693,772	\$524,105
b. Revenues for Self-Liquidating Debt.....	0	0	0
c. Refunds from Prior Year Expenditures.....	0	0	0
d. Grant and Gifts for Capital Projects .....	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries) .....	0	0	0
<b>Total Deductions.....</b>	<u>\$898,633</u>	<u>\$1,693,772</u>	<u>\$524,105</u>
<b>Total Revenues .....</b>	<u>\$99,944,419</u>	<u>\$103,212,105</u>	<u>\$110,619,234</u>
<b>Total Net Revenues for Three Years.....</b>		\$313,775,758	
<b>Borrowing Base - Average Net Revenues for Three-Year Period .....</b>		\$104,591,919	
<b><u>Computation of Borrowing Capacity</u></b>			
Debt Limitation - 225% OF Borrowing Base.....		\$235,331,818	
Less: Net Non-Electoral and Lease Rental Debt .....		102,131,306	
<b>Current Non-Electoral and Lease Rental Borrowing Capacity.....</b>		<u>\$133,200,512</u>	

**LABOR RELATIONS**

**Employees and Labor Contracts**

The School District has approximately 681 employees, including 426 teachers and administrators and 255 support personnel including secretaries, maintenance staff, custodians and teacher aides.

The professional employees are represented by the Penn Manor Education Association (PMEA), an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2029.

**Pension Program**

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002, range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board certified the employer rate, to be paid by the School District, of 33.59% for the 2026-27 fiscal year. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 (“Act 5”) PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members’ classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019, will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer’s share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District payments, net of reimbursement, have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021-22	\$6,248,952
2022-23	7,005,511
2023-24	6,618,339
2024-25	7,241,850
2025-26 (Budgeted)	7,611,707

On June 30, 2025, the School District reported a liability of \$108,781,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2023 to June 30, 2024. There were no events during the period June 30, 2024 to June 30, 2025 that affect the measurement of the net pension liability results. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. On June 30, 2024 (measurement date), the School District's proportion was 0.2599%, which was an increase of 0.0040% from its proportion measured as of June 30, 2023.

As of June 30, 2024, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately \$41.9 billion. PSERS’ rate of return for fiscal year ended June 30, 2024 was 8.14%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. For more information, visit the PSERS website at [www.pasers.pa.gov](http://www.pasers.pa.gov), which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Audit and PSERS

**Other Post-Employment Benefits (“OPEB”)**

The School District provides certain health care and life insurance benefits for its retirees (commonly referred to as “other post-employment benefits” or “OPEB”). Effective for the 2008-2009 fiscal year, the District adhered to Governmental Accounting Standards Board Statement No. 45, (“GASB 45”) "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits and life insurance benefits provided by the District. As of June 2017, GASB 45 has been eliminated and replaced with a new standard, Governmental Accounting Standards Board Statement No. 75 (“GASB 75”). GASB 75 replaces the requirements of GASB 45 and establishes new accounting and financial reporting requirements. The School District funds the PSERS cost sharing, multiple-employer OPEB plan through contractually required contribution rates. No assurances can be given that the District’s future OPEB obligations will not have a material impact on the District’s ability to pay its debts, including the Bonds.

For a full description of the pension and OPEB plans, please refer to Appendix E – Audited Financial Statements.

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**APPENDIX B**

**LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION**

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**DEMOGRAPHIC AND STATISTICAL INFORMATION**

**Population**

<i>School District</i>	<u>2020</u>	<u>2010</u>
Lancaster County	46,007	41,376
Pennsylvania	543,050	519,445
	12,794,885	12,702,379

Source: U.S. Bureau of Census.

**Age Composition  
(2020)**

	<u>Percent Under 18</u>	<u>Percent 65 and Over</u>
Lancaster County	23.5	18.0
Pennsylvania	20.7	18.3

Source: U.S. Bureau of Census.

**Income  
(2020 5-year estimates)**

	<u>Median Household</u>	<u>Per Capita</u>	<u>Persons in Poverty</u>
School District	\$102,134	\$62,108	5.8%
Lancaster County	83,703	41,319	8.7
Pennsylvania	76,081	43,104	11.8

Source: U.S. Bureau of Census.

**Housing Characteristics  
(2020)**

	<u>Number of Households</u>	<u>Percent Persons per Household</u>
School District	17,852	2.4
Lancaster County	210,5362	2.6
Pennsylvania	5,235,339	2.4

Source: U.S. Bureau of Census.

**Medical facilities**

<u>Institution</u>	<u>Location</u>
Ephrata Community Hospital	Ephrata
Lancaster General Hospital	Lancaster
UPMC Pinnacle Lititz	Lititz
Lancaster Behavioral Health Hospital	Lancaster
Lancaster Rehabilitation Hospital	Lancaster

Source: Pennsylvania Department of Health, Bureau of Health Statistics

## **Transportation**

The four-lane by-pass (U.S. Route 222) connects the School District to Lancaster and Reading. Also, the Pennsylvania Turnpike, which passes through the School District in an east-west direction, provides access to Philadelphia, Harrisburg, Pittsburgh and other cities throughout the state. Several other smaller highways connect the School District to surrounding cities and communities.

Public transportation is readily available to residents of the School District. Commuter air transportation for the area is provided by the Lancaster Airport to Philadelphia, Baltimore-Washington, and Harrisburg International Airports. Conrail provides freight service to the County and Amtrak provides passenger service to all major eastern cities on a daily basis. Nationwide bus service is available through Greyhound Bus Lines and National Trailways Bus Service.

Lancaster County's regional setting shows its close proximity to the large metropolitan communities of the East. Today's transportation systems, along with the County's strategic location, make the world's largest markets readily available for the many diverse products of the County.

## **Utilities**

Pennsylvania is a leader among states in implementing a deregulated, competitive electric energy market. As the Commonwealth switches to a deregulated environment, businesses will be allowed to choose their electric suppliers. Companies will shop in an open market for the best price and service. By taking a lead in this effort, Pennsylvania is providing local firms with a competitive advantage that should last for years to come.

PPL Electric Utilities provides Lancaster County with a dependable, competitively-priced supply of electric energy. The utility supplies electricity to 1.2 million customers in Lancaster and 28 other counties in central eastern Pennsylvania. PPL maintains an active presence in economic development, working to attract new businesses to the area and helping existing businesses to expand within Lancaster County.

UGI Utilities is a leader in offering firm and interruptible natural gas transportation service. The utility's distribution system consists of 607 miles of lines within Lancaster County. UGI maintains gas transportation services to more than 700 customers on its system.

## **Higher Education**

Lancaster County has a number of institutions of higher learning including: Elizabethtown College, a privately owned institution in Elizabethtown, which offers an undergraduate liberal arts education; Franklin and Marshall College, a coeducational liberal arts college in Lancaster; Millersville University, a State-owned institution in Millersville; the Lancaster campus of Harrisburg Area Community College; the Lancaster Campus of Penn State; Pennsylvania College of Art and Design, a member of the National Association of Schools of Art & Design; Lancaster Bible College, a four-year Christian career college unaffiliated with any denomination; Thaddeus Stevens College of Technology and the Lancaster General College of Nursing and Health Sciences. In addition, the Lancaster Theological Seminary, and three vocational-technical schools are located within the County.

## **Tourism**

Because of the area's historic sites, the City of Lancaster's architectural charm, the County's rolling, well-kept farmlands, and the large Amish community, Lancaster has become more and more attractive to tourists. Each year some 8 million people visit the area, spending about \$1.2 billion and generating \$2.3 billion in indirect activity.

## **ECONOMIC INFORMATION**

### **Ten Largest Employers in Lancaster County**

#### **Company**

Lancaster General Hospital  
Mutual Assistance Group  
Giant Food Stores LLC  
County of Lancaster  
Eurofins Lancaster Laboratories Inc.  
Lancaster School District  
Dart Container Corporation  
Nordstrom Inc.  
Lancaster General Medical Group  
Masonic Villages of the Grand Lodge

Source: Center for Workforce Information and Analysis – Labor & Industry (L & I), 4th Quarter, 2024.

**TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND  
UNEMPLOYMENT RATE BY PLACE OF RESIDENCE**

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)	SEASONALLY ADJUSTED			
					LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)
February 2026	289,500	279,500	10,000	3.4	292,400	282,800	9,500	3.3
January	290,900	281,700	9,200	3.1	291,600	282,100	9,600	3.3
December 2025	289,800	282,000	7,800	2.7	290,200	280,500	9,700	3.3
February 2025	286,300	276,800	9,500	3.3	290,100	281,300	8,800	3.0

**LANCASTER METROPOLITAN STATISTICAL AREA**

(Lancaster County)

**February 2026**

**NONFARM JOBS - NOT SEASONALLY ADJUSTED**

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Feb 2026	Jan 2026	Dec 2025	Feb 2025	Jan 2026	Feb 2025
<b>TOTAL NONFARM</b>	<b>265,100</b>	266,700	270,100	263,300	-1,600	1,800
<b>TOTAL PRIVATE</b>	<b>244,500</b>	246,400	249,400	242,900	-1,900	1,600
<b>GOODS-PRODUCING</b>	<b>56,700</b>	57,100	57,300	56,800	-400	-100
Mining, Logging, and Construction	20,000	20,300	20,400	19,700	-300	300
<b>Manufacturing</b>	<b>36,700</b>	36,800	36,900	37,100	-100	-400
Durable Goods	20,700	20,800	20,800	20,800	-100	-100
Non-Durable Goods	16,000	16,000	16,100	16,300	0	-300
Food mfg.	8,600	8,600	8,600	8,500	0	100
<b>SERVICE-PROVIDING</b>	<b>208,400</b>	209,600	212,800	206,500	-1,200	1,900
<b>PRIVATE SERVICE-PROVIDING</b>	<b>187,800</b>	189,300	192,100	186,100	-1,500	1,700
<b>Trade, Transportation, and Utilities</b>	<b>57,000</b>	58,200	60,300	57,900	-1,200	-900
Wholesale Trade	13,700	13,800	13,800	13,600	-100	100
Retail Trade	28,000	28,500	29,700	28,700	-500	-700
General merchandise retailers	3,200	3,300	3,600	3,300	-100	-100
Transportation, Warehousing, and Utilities	15,300	15,900	16,800	15,600	-600	-300
<b>Information</b>	<b>2,400</b>	2,400	2,500	2,500	0	-100
<b>Financial Activities</b>	<b>10,600</b>	10,600	10,700	10,500	0	100
<b>Professional and Business Services</b>	<b>26,700</b>	26,600	26,800	26,700	100	0
<b>Education and Health Services</b>	<b>54,400</b>	54,600	54,200	52,600	-200	1,800
Health care and social assistance	46,900	47,100	46,700	45,700	-200	1,200
Hospitals	10,800	10,800	10,800	10,700	0	100
<b>Leisure and Hospitality</b>	<b>23,900</b>	24,200	24,800	23,100	-300	800
Accommodation and food services	19,400	19,500	20,000	19,400	-100	0
Food services and drinking places	16,400	16,500	16,800	16,500	-100	-100
<b>Other Services</b>	<b>12,800</b>	12,700	12,800	12,800	100	0
<b>Government</b>	<b>20,600</b>	20,300	20,700	20,400	300	200
Federal Government	1,200	1,200	1,300	1,300	0	-100
State Government	3,200	3,000	3,200	3,200	200	0
Local Government	16,200	16,100	16,200	15,900	100	300
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

# SAXTON & STUMP

LAWYERS AND CONSULTANTS

280 Granite Run Drive, Suite 300 • Lancaster, PA 17601

P: (717) 556-1000 • F: (717) 441-3810

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## DRAFT

### PENN MANOR SCHOOL DISTRICT LANCASTER COUNTY, PENNSYLVANIA

\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES A OF 2026 &  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES B OF 2026

---

## OPINION

We have acted as Bond Counsel in connection with the issuance by the Penn Manor School District, Lancaster County, Pennsylvania (the "School District"), of the \$ \_\_\_\_\_ General Obligation Bonds, Series A of 2026 and \$ \_\_\_\_\_ General Obligation Bonds, Series B of 2026 (collectively the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), ("the Act"), without the assent of the electors, and pursuant to two resolutions adopted by the Board of School Directors of the School District on April 20, 2026.
2. The Bonds are a valid and binding obligation of the School District.
3. The School District has established with the Paying Agent, as Sinking Fund Depository, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.
4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the

“state aid intercept” provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds and the interest thereon will be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Very truly yours,

SAXTON & STUMP, LLC

\_\_\_\_\_, 2026

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

# DRAFT

PENN MANOR SCHOOL DISTRICT  
LANCASTER COUNTY, PENNSYLVANIA

\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES A OF 2026 &  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES B OF 2026  
DATED, ISSUED AND DELIVERED \_\_\_\_\_, 2026

## CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the \$ \_\_\_\_\_ General Obligation Bonds, Series A of 2026 and \$ \_\_\_\_\_ General Obligation Bonds, Series B of 2026 (collectively the "Bonds"). in accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934.

The undersigned are officers of the Board of School Directors of Penn Manor School District (the "School District"), a Pennsylvania governmental unit, and hereby certify on behalf of the School District as follows:

**Section 1. Undertaking to file current information with MSRB.** The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2026:

a. A copy of its budget and audited financial statements, prepared in accordance with the guidelines adopted by the Governmental Accounting Standard Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, containing the:

- (i) Combined balance sheet of all fund types and account groups; and
- (ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

b. An update of the following information in the Official Statement for the Bonds dated \_\_\_\_\_:

- (i) 2025-26 Real Estate and Non-Real Estate Tax Rates - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);
- (ii) Real Estate Tax Collection Record - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) Trends in Market and Assessed Valuations - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) Ten Most Valuable Taxable Parcels in the School District - (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and.

Any or all of the items listed above may also be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

**Section 2. Modification of types of information and format of information permitted.** The School District reserves the right to modify from time to time the specific types of information provided, the time period within which the information must be filed, the format of the presentation of such information, or any other requirements hereunder, in its sole discretion, so long as such modification or amendment would have been allowed under the Rule at the time of the undertaking. Any such modification will be done in a manner consistent with the Rule at the time of the undertaking, and will not substantially impair the interest of the holders of the Bonds.

**Section 3. Time period within which annual information must be filed.** The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

**Section 4. Notice of failure to comply with annual information updates.** The School District agrees to provide or cause to be provided, in a timely manner, to the Paying Agent for the Bonds, and to the MSRB, notice of a failure by the School District to provide the annual financial information described in Section 1 above on or prior to the date set forth in Section 3 above.

**Section 5. Event disclosure.** The School District agrees to provide or cause to be provided to the MSRB, in a timely manner, not to exceed ten (10) days after occurrence, notice of the occurrence of any of the following events with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;

- e. Substitution of any credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;
- g. Modifications to rights of holders of the Bonds, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the School District (which is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of any order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District);
- m. Merger, consolidation or acquisition involving the School District, if material; or
- n. Appointment of successor or additional trustee or the change of name of a trustee, if material.
- o. Incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.

For purposes of this Section, the term financial obligation shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not commit to provide any such notice of the occurrence of any material event except those events listed above.

**Section 6. Termination of reporting obligation.** The School District's obligations under this Agreement shall terminate upon the redemption or payment in full of all of the Bonds.

**Section 7. Enforcement.** The School District agrees that its undertakings pursuant to this Agreement are intended to be for the benefit of the holders of the Bonds (including beneficial owners thereof) and shall be enforceable by the holders of the Bonds or the Paying Agent for the Bonds on behalf of such holders; provided that the holders of the Bonds, or in lieu thereof, the Paying Agent's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder, and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default, with respect to the Bonds.

**Section 8. Amendment; waiver.** Notwithstanding any other provision of this Agreement, the School District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

IN WITNESS WHEREOF, the undersigned officers of the School District, being duly authorized, have executed this certificate in the name of and on behalf of the School District and in our own names and on our own behalf, the day and year of the issuance and delivery of the Bonds set forth above.

**PENN MANOR SCHOOL DISTRICT**

By: \_\_\_\_\_  
(Vice) President

Attest: \_\_\_\_\_  
Secretary

(SEAL)

**APPENDIX E**  
**AUDITED FINANCIAL STATEMENTS**

**PENN MANOR SCHOOL DISTRICT**

**YEAR ENDED JUNE 30, 2025**



**Brown Plus**

ACCOUNTANTS + ADVISORS

**PENN MANOR SCHOOL DISTRICT**

YEAR ENDED JUNE 30, 2025

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**PENN MANOR SCHOOL DISTRICT**

YEAR ENDED JUNE 30, 2025

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## Independent Auditor's Report

Board of School Directors  
Penn Manor School District  
Millersville, Pennsylvania

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

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Penn Manor School District (the School District or District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Penn Manor School District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Penn Manor School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

## **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 Penn Manor School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Penn Manor School District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension information, the information about other postemployment benefits - schedule of funding progress and budgetary comparison information 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.

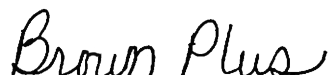
## **Supplementary Information**

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

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of Penn Manor School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Penn Manor School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Brown Plus".

Lancaster, Pennsylvania  
December 12, 2025

# **PENN MANOR SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)**

The discussion and analysis of Penn Manor School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. It should be read in conjunction with the notes to the basic financial statements and the financial statements to enhance the understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2025 are as follows:

- Capital assets, net of depreciation, decreased by \$6.8 million. The overall total of capital assets decreased during 2024-25 as depreciation expenses outpaced asset additions.
- Revenues totaled \$115.0 million. General revenues accounted for \$86.5 million or 75.2% of total revenues, in comparison to \$83.1 million or 76.3% of total revenues in the prior year. Program specific revenues in the form of charges for services and food sales, grants and contributions accounted for \$28.5 million or 24.8% of total revenues, which is higher than the prior year.
- The School District had \$110.5 million in expenses related to governmental activities; \$24.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$86.4 million were adequate to provide for these programs.
- The general fund had \$111.1 million in revenues and \$112.3 million in expenditures and other financing uses. This resulted in a decrease of \$1,114,364 of fund balance, bringing the general fund's fund balance down to \$22.0 million from \$23.1 million. The decrease in the general fund was the result of a \$1,750,000 transfer to the capital reserve fund. Of the remaining fund balance in the general fund, \$14.1 million has been committed for expenses related to planned future facilities renovations and healthcare. The ending unassigned fund balance on June 30, 2025 of \$7.8 million represents 6.8% of the budgeted expenditures and other financing uses for the 2025-26 fiscal year.
- Net position for the proprietary fund decreased by \$125,625 from \$3,155,070 to \$3,029,445. Operating revenues and operating expenses all increased in 2024-25. Nonoperating revenues decreased in 2024-25 as the School District saw lower federal subsidies that were partially offset by higher state subsidies.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Penn Manor School District as a financial whole.

The statement of net position (deficit) and statement of activities provide information about the activities of the entire School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how the services were financed in the short term, as well as what remains for future spending. The fund financial statements also present the School District's most significant funds – in the case of Penn Manor School District, the general fund is the most significant fund.

# **PENN MANOR SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)**

### **Reporting on the School District as a Whole**

The analysis for the School District as a whole begins on page 14. One of the most important questions asked about the School District's finances is, "Have our financial results this year improved or diminished our overall financial position?" The statement of net position (deficit) and the statement of activities report information about the School District as a whole and about the activities in a way that helps answer this question. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the School District's net position (deficit) and changes in net position. The change in net position is important because it tells the reader, for the School District as a whole, whether the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors.

In the statement of net position (deficit) and the statement of activities, the School District's financial information is divided into two distinct kinds of activities:

- *Governmental Activities* - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- *Business-Type Activities* - These services are provided on a charge for goods or services basis to recover most of the expenses of the goods or services provided. The School District's food services are reported as business-type activities.

### **Reporting the School District's Most Significant Funds**

#### *Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds - not the School District as a whole. The School District's two principal types of funds, governmental and proprietary, use different accounting approaches.

- Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position (deficit) and the statement of activities) and governmental funds is reconciled in the financial statements.
- Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

## **PENN MANOR SCHOOL DISTRICT**

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)

#### **The School District as a Whole**

Recall that the statement of net position (deficit) provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position (deficit) for 2025 compared to 2024.

(Table 1)  
Net Position (Deficit)

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets and deferred outflows:</b>						
Current assets	\$ 37,023,604	\$ 35,041,894	\$ 2,721,381	\$ 2,812,459	\$ 39,744,985	\$ 37,854,353
Capital and noncurrent assets	181,019,187	188,130,814	733,088	415,166	181,752,275	188,545,980
Deferred outflows	15,947,756	19,867,153	-	-	15,947,756	19,867,153
<b>Total assets and deferred outflows</b>	<b>\$ 233,990,547</b>	<b>\$ 243,039,861</b>	<b>\$ 3,454,469</b>	<b>\$ 3,227,625</b>	<b>\$ 237,445,016</b>	<b>\$ 246,267,486</b>
<b>Liabilities and deferred inflows:</b>						
Current liabilities	\$ 20,462,202	\$ 18,233,549	\$ 336,227	\$ 44,561	\$ 20,798,429	\$ 18,278,110
Noncurrent liabilities	211,480,434	222,770,392	88,797	27,994	211,569,231	222,798,386
Deferred inflows	5,542,562	6,229,077	-	-	5,542,562	6,229,077
<b>Total liabilities and deferred inflows</b>	<b>237,485,198</b>	<b>247,233,018</b>	<b>425,024</b>	<b>72,555</b>	<b>237,910,222</b>	<b>247,305,573</b>
<b>Net position (deficit):</b>						
Net investment in capital assets	84,426,705	85,521,550	733,088	415,166	85,159,793	85,936,716
Restricted	1,074,444	117,107	-	-	1,074,444	117,107
Unrestricted (deficit)	(88,995,800)	(89,831,814)	2,296,357	2,739,904	(86,699,443)	(87,091,910)
<b>Total net position (deficit)</b>	<b>(3,494,651)</b>	<b>(4,193,157)</b>	<b>3,029,445</b>	<b>3,155,070</b>	<b>(465,206)</b>	<b>(1,038,087)</b>
<b>Total liabilities, deferred inflows and net position (deficit)</b>	<b>\$ 233,990,547</b>	<b>\$ 243,039,861</b>	<b>\$ 3,454,469</b>	<b>\$ 3,227,625</b>	<b>\$ 237,445,016</b>	<b>\$ 246,267,486</b>

In total, net position increased approximately \$573,000 from 2024. Net position of governmental activities increased by approximately \$699,000 while the net position of business-type activities decreased by approximately \$126,000. The change in net position for the food services operation is approximately \$539,000 lower than 2024. The food service operations expense increases were associated with a \$375,600 increase in employee benefits with most of that attributed to medical expense directly related to the cost associated with a self-funded medical plan, as well as a \$75,400 increase to salary cost with being nearly fully staffed and the annual salary increase. On the revenue side, there was a reduction of \$148,540 in the federal lunch subsidies. Looking ahead, School District general fund support for the food service operation is not expected other than the required annual transfer to cover student debts. The School District expects an increase in operating expenses as the department is nearly fully staffed and food, milk and other prices continue to escalate. While general fund support may resume in future years, the expectation is to continue the food service operation entirely self-sufficient.

**PENN MANOR SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
 YEAR ENDED JUNE 30, 2025  
 (Required Supplementary Information)  
 (Unaudited)

**The School District as a Whole (continued)**

(Table 2)  
 Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 962,640	\$ 799,381	\$ 949,366	\$ 918,521	\$ 1,912,006	\$ 1,717,902
Operating grants	23,787,791	21,168,974	2,781,584	2,894,253	26,569,375	24,063,227
General revenue:						
Property and other taxes	68,560,917	65,722,171	-	-	68,560,917	65,722,171
Grants and entitlements	15,246,600	14,759,143	-	-	15,246,600	14,759,143
Interest and investment earnings	2,151,619	2,322,268	84,955	91,643	2,236,574	2,413,911
Other	436,434	184,895	16,658	15,700	453,092	200,595
Total revenues	<u>111,146,001</u>	<u>104,956,832</u>	<u>3,832,563</u>	<u>3,920,117</u>	<u>114,978,564</u>	<u>108,876,949</u>
Expenses:						
Program expenses, instruction	70,464,874	64,795,394	-	-	70,464,874	64,795,394
Support services:						
Instructional student support	5,916,343	5,220,210	-	-	5,916,343	5,220,210
Administrative and financial support services	9,810,649	9,437,719	-	-	9,810,649	9,437,719
Operation and maintenance of plant services	8,146,510	7,515,909	-	-	8,146,510	7,515,909
Pupil transportation	5,431,612	5,421,072	-	-	5,431,612	5,421,072
Student activities	2,219,808	1,888,809	-	-	2,219,808	1,888,809
Capital outlay	5,314,604	5,135,639	-	-	5,314,604	5,135,639
Interest on long-term debt	3,105,922	3,041,774	-	-	3,105,922	3,041,774
Food service	-	-	3,958,188	3,506,638	3,958,188	3,506,638
Other expenses	37,173	44,056	-	-	37,173	44,056
Total expenses	<u>110,447,495</u>	<u>102,500,582</u>	<u>3,958,188</u>	<u>3,506,638</u>	<u>114,405,683</u>	<u>106,007,220</u>
Increase (decrease) in net position	<u>\$ 698,506</u>	<u>\$ 2,456,250</u>	<u>\$ (125,625)</u>	<u>\$ 413,479</u>	<u>\$ 572,881</u>	<u>\$ 2,869,729</u>

The statement of activities shows the cost of program services and the charges for services and grants offsetting those costs. Table 2 shows, for governmental and business-type activities, the total cost of services for fiscal year 2024-25 as compared to fiscal year 2023-24.

**PENN MANOR SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
 YEAR ENDED JUNE 30, 2025  
 (Required Supplementary Information)  
 (Unaudited)

**The School District as a Whole (continued)**

Program revenues are used to partially offset the costs of governmental activities. Those program revenues that offset expenses this year include:

- Charges for services which include tuition for nonresident students, fees for extra programs, contracted rental of facilities and admission paid to athletic events.
- Operating grants and contributions include state subsidies for special education, transportation and employee benefits, as well as federal and state grants for specific programs.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services.

(Table 3)  
 Governmental Activities

	Total cost of services		Net cost of services	
	2025	2024	2025	2024
Instruction	\$ 70,464,874	\$ 64,795,394	\$ 52,973,018	\$ 50,381,175
Support services:				
Instructional student support	5,916,343	5,220,210	4,407,683	4,149,438
Administrative and financial support services	9,810,649	9,437,719	8,609,521	8,194,475
Operation and maintenance of plant	8,146,510	7,515,909	7,137,864	6,803,325
Pupil transportation	5,431,612	5,421,072	2,714,738	2,867,373
Student activities	2,219,808	1,888,809	1,943,888	1,628,043
Capital outlay	5,314,604	5,135,639	5,314,604	5,135,639
Interest on long-term debt	3,105,922	3,041,774	2,581,817	1,348,002
Other expenses	37,173	44,056	13,931	24,757
<b>Total expenses</b>	<b>\$ 110,447,495</b>	<b>\$ 102,500,582</b>	<b>\$ 85,697,064</b>	<b>\$ 80,532,227</b>

The dependence upon tax revenues and grants and entitlements for governmental activities is apparent. 75.2% of instructional activities are supported through taxes and other general revenues as compared with 77.8% in the previous year. When looking at the total governmental activities, the general revenue and tax support needed decreased from 78.6% to 77.6%. The community, as a whole, is by far the primary financial support for Penn Manor School District.

## ***PENN MANOR SCHOOL DISTRICT***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)**

#### **The School District as a Whole (continued)**

Expenses for governmental activities increased by \$7,946,913, which is a 7.8% increase over the prior year. School year 2024-25 saw increased expenditures in salaries and benefits with the addition of four additional full-time staff positions, the reclassification of two part-time staff positions to full-time. These additional positions, as well as salary increases, account for a \$1,750,000 increase year over year. The benefits related to this salary growth resulted in a \$1,344,000 increase year over year. The School District operates a self-funded and group medical plan. This means increases in expenses are absorbed by the School District. In school year 2024-25, total medical expenditures were similar to the prior year. In the contracted special education services, the District has experienced an increase in students requiring services, the levels of services and the costs of those services. These factors lead to a \$1,700,000 increase from these expenditures in school year 2023-24. In the maintenance and utilities expenditures, there were a number of large maintenance repair projects and inflationary growth in the utilities resulting in nearly \$400,000 of increases in these expenditures. The rest of the increase in expenditures is attributed to inflationary and contractual increases.

#### **Business-Type Activities**

Business-type activities consist only of food service operations. This program had revenues, including state and federal support, of \$3.82 million and expenses of \$3.96 million for the fiscal year. Meal prices were held constant with the previous year. Net position was \$3,029,445 as of June 30, 2025. The decrease of net position can be attributed to increased costs of staff salaries and benefits and reduction of federal lunch subsidies. The food service operation received minimal support from tax revenues in 2024-25, only that required to offset uncollectable student debts. No transfer from the general fund has been budgeted for the 2025-26 school year in an effort to promote self-sustainability in the food service operation although it is likely that a small transfer will be required to offset uncollectable student debts.

#### **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$111.2 million and expenditures and other financing uses of \$111.3 million. This resulted in the overall fund balance decreasing by \$157,985.

- General fund transfers to other funds included a planned transfer to the capital reserve fund of \$1,750,000.
- The fund balance in the general fund decreased by \$1,114,364. Legislation enacted in December 2003 mandates that a school district may not carry an unassigned fund balance that exceeds 8% of expenditures. A commitment of fund balance occurred during the year-end process that set the estimated unassigned fund balance at 6.8%. A recommitment of funds will occur during the budgeting process for the 2026-27 fiscal year to accommodate the current year estimates calculated each spring.
- The School District starts the next fiscal year with a total fund balance of 19.1% of budgeted expenditures and other financing uses. A large portion of the fund balance is committed for expected expenditures related to planned future facilities renovations and healthcare.

## **PENN MANOR SCHOOL DISTRICT**

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)

#### **The School District's Funds (continued)**

- The board of directors passed a budget with a \$780,000 deficit for the 2024-25 budget year and implemented a 3% tax increase for the 2024 tax levy. \$750,000 of this deficit is a result of the creation of a budgetary reserve that was not funded with additional revenues but will use reserves as needed. As costs have risen and tough economic years are expected in the future, the Act 1 Index has been increased for the 2024-25 budget year. The adjusted index for Penn Manor School District has been set at 6.8% for the 2024-25 fiscal year, which is higher than the ten-year average of 3.76% and highest since implementation of the Act 1 Index.

#### **General Fund Budgeting Highlights**

The School District's general fund budget is prepared according to Pennsylvania law.

During the course of fiscal year 2024-25, the School District administered expenditures based on its general fund budget. The School District uses site-based budgeting, and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the fiscal year, the School Board approves certain budgetary transfers to be made, as needed, to comply with statutory requirements.

For the general fund, actual revenues were \$111.1 million; this was \$5,318,426 over the original budget estimates of \$105.8 million. The difference between actual and budgeted revenue is composed of fluctuations within several of the revenue accounts comprised of an additional \$1,665,245 received in local revenues (comprised of approximately \$496,000 increase in other taxes, \$489,000 increase in interest earnings and \$632,000 increase in other revenues); an additional \$3,821,346 received in state revenues as a result of increased state funding after the School Board passage of the 2024-25 budget and a reduction of \$168,165 in federal revenues.

#### **Capital Assets and Debt Administration**

##### *Capital Assets*

At the end of the fiscal year, the School District had \$181.0 million invested in land, buildings and equipment as part of governmental activities. Table 4 shows the fiscal 2024 balance compared to 2025.

(Table 4)  
Capital Assets at June 30, Net of Depreciation

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 6,887,173	\$ 6,887,173	\$ -	\$ -	\$ 6,887,173	\$ 6,887,173
Buildings and improvements	170,635,846	177,562,075	-	-	170,635,846	177,562,075
Furniture, equipment and vehicles	3,496,168	3,681,566	733,088	415,166	4,229,256	4,096,732
<b>Totals</b>	<b>\$ 181,019,187</b>	<b>\$ 188,130,814</b>	<b>\$ 733,088</b>	<b>\$ 415,166</b>	<b>\$ 181,752,275</b>	<b>\$ 188,545,980</b>

The overall total of capital assets decreased during 2024-25 as annual depreciation expenses outpaced asset additions. A full appraisal was performed at the end of the 2006-07 fiscal year for insurance purposes and for fixed asset accounting. The fixed asset listing continues to be updated annually, while insurance appraisals are scheduled through the Lancaster-Lebanon Public Schools Insurance Consortium.

## **PENN MANOR SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(Required Supplementary Information)  
(Unaudited)

### **Capital Assets and Debt Administration (continued)**

#### *Debt*

At June 30, 2025, the School District had \$90.3 million in bonds and notes outstanding as compared to \$95.6 million a year ago. Table 5 summarizes debt outstanding.

(Table 5)  
Outstanding Debt at Year End

	Governmental activities	
	<u>2025</u>	<u>2024</u>
General Obligation Bonds:		
Series of 2017	\$ -	\$ 460,000
Series of 2018	36,095,000	36,100,000
Series of 2019 A	35,765,000	35,770,000
Series of 2019 B	9,115,000	9,120,000
General Obligation Note, Series of 2020	<u>9,335,000</u>	<u>14,165,000</u>
Total	<u><u>\$ 90,310,000</u></u>	<u><u>\$ 95,615,000</u></u>

The School District decreased its bonds and notes by a net of \$5.3 million during 2024-25. A significant amount of principal was paid down according to the debt schedules. Standards and Poor's Global has assigned an AA and Stable rating to the Penn Manor School District. The AA rating reflects the School District's very diverse tax base with strong market value per capita, strong budgetary performance and strong financial position paired with good management practices and policies.

#### **For the Future**

While Penn Manor School District continues to be strong financially, there are concerns regarding the economic and political outlook for the state and the local community and this impact to school funding. The School District is fortunate to have a large committed fund balance to assist in navigating the immediate and ongoing issues. As the preceding information shows, the School District maintains a healthy investment in capital assets to support and provide comprehensive educational services. The School District also considers future implications of current and ongoing financial obligations and prudently manages its financial assets. Strong academic performance is supported by reasonable and competitive per pupil spending. Balanced payment schedules on existing debt obligations should mean steady tax implications in the future.

## ***PENN MANOR SCHOOL DISTRICT***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)**

#### **For the Future (continued)**

The School District passed the budget for 2025-26 in June 2025 with a 3.5% property tax increase. Under Act 1, the Commonwealth allowed the School District to increase up to the adjusted index of 5.1%. Based on the increases to state funding after the 2024-25 budget was passed by the School Board, the School District was able to remain at or below the Act 1 index in 2025-26. The increased revenue from the 3.5% tax increase for 2025-26 will go toward the funding of future facility projects. Uncertainty in the future years may make this more challenging to maintain tax increases significantly below the adjusted Act 1 index and present significant financial challenges for the School District. Management will continue to carefully control expenses during the coming years to ensure a balance is struck between the need for tax increases in conjunction with the steady structured use of fund balance to balance future budgets.

As we have seen throughout the nation, the economic situation is having an effect on the public sector. Many districts in Pennsylvania face challenges on a number of issues. With the passage of Act 1 of 2006, our School District is faced with a cap on the amount of money that can be funded from a property tax increase. This cap is based upon a number calculated and provided by the Department of Education. Limited tax relief arrived in the 2008-09 tax year as the Commonwealth was able to send school districts a portion of the gambling revenue to be used as an offset to real estate tax increases. In 2024-25, Penn Manor School District was fortunate to receive \$1,973,742 that offset property taxes due from taxpayers who had qualified for the homestead or farmstead exemptions. Other implications of the law include earlier budgetary planning cycles and limits on the tax increases which can be levied without voter referendums.

Many districts face the common problem of escalating costs for employee benefits, particularly the retirement expenses of PSERS and, as in the case for our School District, self-insured medical costs. Both of these costs are set by outside influences and, therefore, are not discretionary costs that can be controlled by School District management.

Market performance of the invested PSERS funds has resulted in estimated increases that will affect our employer contributions for years to come. While the actual effect of the current market has yet to be determined, higher employer costs in the short term and higher rates in the future are being planned for by the School District. This condition will have an alarming effect on school district budgeting across the Commonwealth and may lead to significant reductions in programs and services. The use of the School District's fund balance to contain the projected increases in the employer share of PSERS will not be enough to alleviate the problem, but it will allow the School District to prudently plan for any potential changes. The School District is fortunate to have anticipated the looming crisis and fortunate to have funds available to help lessen the dramatic impact that other districts may experience.

The costs of medical benefits will continue to have an effect on the School District budget as we continue to offer a competitive benefits package to employees through our self-insured plan. The School District continues to implement various wellness strategies to lower the pace of medical inflation. The current Collective Bargaining Agreement was negotiated and is in effect through the 2025-26 school year. Implementation of a stricter spousal rule gives some relief to these costs, and higher employee contributions for those that choose not to participate in the School District's wellness initiative helps to offset a fraction of actual expenses. The District did complete negotiation and approval of the next Collective Bargaining Agreement that will be in effect from July 1, 2026 through June 30, 2029. The employee premiums are still tied to a percentage of the actual cost and the premium percentage will increase for employees and covered spouses that do not participate in the wellness certification.

## ***PENN MANOR SCHOOL DISTRICT***

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2025 (Required Supplementary Information) (Unaudited)

#### **For the Future (continued)**

One of the biggest challenges that the School District will face relates to staffing recruitment and retention. As the job market tightens in our area, the School District will face increasing pressures to increase rates for hard to fill support staff positions. The board of directors authorized starting wage increases in 2023-24; with this increase in starting wages, there were far less support staff openings throughout the 2024-25 school year and into the 2025-26 school year. The administration will continue to monitor the situation and work with the board of directors on this issue.

In conclusion, Penn Manor School District has committed itself to financial and educational excellence for many years. The School District's system of budgeting and internal controls is well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued financial performance well into the future.

#### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it received. If you have questions about this report or need additional financial information, please contact Daniel Forry, Chief Financial Officer, at Penn Manor School District, PO Box 1001, Millersville, PA 17551 or visit our website at [www.pennmanor.net](http://www.pennmanor.net).

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash, cash equivalents and equity in pooled cash and investments	\$ 29,497,791	\$ 2,625,980	\$ 32,123,771
Taxes receivable, net	2,346,841	-	2,346,841
Due from other governments	4,734,452	-	4,734,452
Other receivables	464,396	2,677	467,073
Internal balances	(24,876)	24,876	-
Inventories	-	67,848	67,848
Prepaid expenses	5,000	-	5,000
<b>Total current assets</b>	<b><u>37,023,604</u></b>	<b><u>2,721,381</u></b>	<b><u>39,744,985</u></b>
<b>Noncurrent assets:</b>			
Land	6,887,173	-	6,887,173
Site improvements, net of accumulated depreciation	3,124,190	-	3,124,190
Buildings and building improvements, net of accumulated depreciation	167,511,656	-	167,511,656
Furniture, equipment and educational media, net of accumulated depreciation	3,235,103	686,513	3,921,616
Vehicles, net of accumulated depreciation	261,065	46,575	307,640
<b>Total noncurrent assets</b>	<b><u>181,019,187</u></b>	<b><u>733,088</u></b>	<b><u>181,752,275</u></b>
<b>Total assets</b>	<b><u>218,042,791</u></b>	<b><u>3,454,469</u></b>	<b><u>221,497,260</u></b>
<b>Deferred outflows of resources:</b>			
Pension	14,879,000	-	14,879,000
Other postemployment benefits	756,756	-	756,756
Other postemployment benefits (HIPAP)	312,000	-	312,000
<b>Total deferred outflows of resources</b>	<b><u>15,947,756</u></b>	<b><u>-</u></b>	<b><u>15,947,756</u></b>
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 233,990,547</u></b>	<b><u>\$ 3,454,469</u></b>	<b><u>\$ 237,445,016</u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
<b>Current liabilities:</b>			
Accounts payable	\$ 2,971,172	\$ 322,356	\$ 3,293,528
Accrued:			
Salaries and benefits	10,391,873	-	10,391,873
Interest	1,212,326	-	1,212,326
Current portion of:			
Bonds and notes payable	5,380,000	-	5,380,000
Compensated absences	375,729	11,227	386,956
Payroll deductions and withholdings	82,172	-	82,172
Unearned revenue	48,930	2,644	51,574
<b>Total current liabilities</b>	<b><u>20,462,202</u></b>	<b><u>336,227</u></b>	<b><u>20,798,429</u></b>
<b>Noncurrent liabilities:</b>			
Bonds and notes payable, net of current portion	91,083,554	-	91,083,554
Accrued retirement incentive	1,415,760	-	1,415,760
Other postemployment benefits	3,722,139	-	3,722,139
Other postemployment benefits (HIPAP)	4,599,000	-	4,599,000
Net pension liability	108,781,000	-	108,781,000
Compensated absences, net of current portion	1,878,981	88,797	1,967,778
<b>Total noncurrent liabilities</b>	<b><u>211,480,434</u></b>	<b><u>88,797</u></b>	<b><u>211,569,231</u></b>
<b>Total liabilities</b>	<b><u>231,942,636</u></b>	<b><u>425,024</u></b>	<b><u>232,367,660</u></b>
<b>Deferred inflows of resources:</b>			
Pension	2,444,805	-	2,444,805
Other postemployment benefits	2,485,829	-	2,485,829
Other postemployment benefits (HIPAP)	483,000	-	483,000
Deferred amounts from refunding of debt	128,928	-	128,928
<b>Total deferred inflows of resources</b>	<b><u>5,542,562</u></b>	<b><u>-</u></b>	<b><u>5,542,562</u></b>
<b>Net position (deficit):</b>			
Net investment in capital assets	84,426,705	733,088	85,159,793
Restricted	1,074,444	-	1,074,444
Unrestricted	(88,995,800)	2,296,357	(86,699,443)
<b>Total net position (deficit)</b>	<b><u>(3,494,651)</u></b>	<b><u>3,029,445</u></b>	<b><u>(465,206)</u></b>
<b>Total liabilities, deferred inflows of resources and net position (deficit)</b>	<b><u>\$ 233,990,547</u></b>	<b><u>\$ 3,454,469</u></b>	<b><u>\$ 237,445,016</u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025

	Program revenues			Net revenue (expense) and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
<b>Governmental activities:</b>						
Instruction	\$ 70,464,874	\$ 688,602	\$ 16,803,254	\$ (52,973,018)	\$ -	\$ (52,973,018)
Instructional student support	5,916,343	-	1,508,660	(4,407,683)	-	(4,407,683)
Administrative and financial support services	9,810,649	-	1,201,128	(8,609,521)	-	(8,609,521)
Operation and maintenance of plant services	8,146,510	212,258	796,388	(7,137,864)	-	(7,137,864)
Pupil transportation	5,431,612	-	2,716,874	(2,714,738)	-	(2,714,738)
Student activities	2,219,808	61,780	214,140	(1,943,888)	-	(1,943,888)
Community services	26,646	-	23,242	(3,404)	-	(3,404)
Scholarships and awards	3,606	-	-	(3,606)	-	(3,606)
Capital outlay	5,314,604	-	-	(5,314,604)	-	(5,314,604)
Interest on long-term debt	3,105,922	-	524,105	(2,581,817)	-	(2,581,817)
Miscellaneous	6,921	-	-	(6,921)	-	(6,921)
<b>Total governmental activities</b>	<b>110,447,495</b>	<b>962,640</b>	<b>23,787,791</b>	<b>(85,697,064)</b>	<b>-</b>	<b>(85,697,064)</b>
Business-type activities, food service	3,958,188	949,366	2,781,584	-	(227,238)	(227,238)
<b>Total primary government</b>	<b>\$ 114,405,683</b>	<b>\$ 1,912,006</b>	<b>\$ 26,569,375</b>	<b>(85,697,064)</b>	<b>(227,238)</b>	<b>(85,924,302)</b>

(continued)

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2025

	Net revenue (expense) and changes in net position		
	Governmental activities	Business-type activities	Total
<b>General revenues:</b>			
Taxes:			
Property taxes, etc.	\$ 59,015,676	\$ -	\$ 59,015,676
Other	9,545,241	-	9,545,241
Grants, subsidies and contributions not restricted	15,246,600	-	15,246,600
Interest and investment earnings	2,151,619	84,955	2,236,574
Transfers	(16,658)	16,658	-
Loss on disposition of capital assets	(4,445)	-	(4,445)
Insurance recoveries	174,312	-	174,312
Miscellaneous income	283,225	-	283,225
	<b>86,395,570</b>	<b>101,613</b>	<b>86,497,183</b>
<b>Change in net position</b>	<b>698,506</b>	<b>(125,625)</b>	<b>572,881</b>
<b>Net position (deficit):</b>			
July 1, 2024	(4,193,157)	3,155,070	(1,038,087)
<b>June 30, 2025</b>	<b>\$ (3,494,651)</b>	<b>\$ 3,029,445</b>	<b>\$ (465,206)</b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2025

	Major fund, General	Nonmajor fund, Capital reserve	Total governmental funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ASSETS			
Cash, cash equivalents and equity in pooled cash and investments	\$ 28,384,119	\$ 1,113,672	\$ 29,497,791
Taxes receivable, net	2,346,841	-	2,346,841
Due from other governments	4,734,452	-	4,734,452
Other receivables, net	464,396	-	464,396
Prepaid expenses	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>Total assets</b>	<b><u><u>\$ 35,934,808</u></u></b>	<b><u><u>\$ 1,113,672</u></u></b>	<b><u><u>\$ 37,048,480</u></u></b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<b>Liabilities:</b>			
Due to other funds	\$ 24,876	\$ -	\$ 24,876
Accounts payable	2,882,803	88,369	2,971,172
Accrued salaries and benefits	10,391,873	-	10,391,873
Payroll deductions and withholdings	82,172	-	82,172
Unearned revenue	<u>48,930</u>	<u>-</u>	<u>48,930</u>
<b>Total liabilities</b>	<b><u><u>13,430,654</u></u></b>	<b><u><u>88,369</u></u></b>	<b><u><u>13,519,023</u></u></b>
<b>Deferred inflows of resources, unavailable revenue</b>	<b><u><u>539,434</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>539,434</u></u></b>
<b>Fund balances:</b>			
Nonspendable, prepaid expenses	5,000	-	5,000
Restricted	49,141	1,025,303	1,074,444
Committed	14,105,521	-	14,105,521
Unassigned	<u>7,805,058</u>	<u>-</u>	<u>7,805,058</u>
<b>Total fund balances</b>	<b><u><u>21,964,720</u></u></b>	<b><u><u>1,025,303</u></u></b>	<b><u><u>22,990,023</u></u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u><u>\$ 35,934,808</u></u></b>	<b><u><u>\$ 1,113,672</u></u></b>	<b><u><u>\$ 37,048,480</u></u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2025

**Total fund balances, governmental funds** **\$ 22,990,023**

Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$284,025,865, and the accumulated depreciation is \$103,006,678. 181,019,187

Certain property taxes receivable will be collected subsequent to year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 539,434

Net pension, net other employment benefits and net other postemployment benefits (HIPAP) obligations are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(108,781,000)
Net other postemployment benefits liability	(3,722,139)
Net other postemployment benefits (HIPAP) liability	(4,599,000)

Deferred outflows and inflows of resources related to pension, other postemployment benefits and other postemployment benefits (HIPAP) are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources:

Pension	14,879,000
Other postemployment benefits	756,756
Other postemployment benefits (HIPAP)	312,000

Deferred inflows of resources:

Pension	(2,444,805)
Other postemployment benefits	(2,485,829)
Other postemployment benefits (HIPAP)	(483,000)

**PENN MANOR SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION (DEFICIT) (CONTINUED)  
JUNE 30, 2025

Deferred gain from refunding of debt is not due and collectable in the current period and, therefore, is not reported as a deferred inflow of resources in the funds. \$ (128,928)

Long-term liabilities, net of related assets, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds and notes payable	\$ (90,310,000)	
Accrued interest on the bonds and notes payable	(1,212,326)	
Unamortized bond premium, net of discount	(6,153,554)	
Accrued retirement incentive	(1,415,760)	
Compensated absences	<u>(2,254,710)</u>	<u>(101,346,350)</u>

**Total net position (deficit), governmental activities \$ (3,494,651)**

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025

	Major fund, General	Nonmajor fund, Capital reserve	Total governmental funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Local sources:			
Real estate taxes	\$ 59,001,986	\$ -	\$ 59,001,986
Other taxes	9,545,241	-	9,545,241
Interest and investment earnings	2,141,544	10,075	2,151,619
Other revenue	<u>2,754,061</u>	<u>-</u>	<u>2,754,061</u>
Total local sources	73,442,832	10,075	73,452,907
State sources	36,425,478	-	36,425,478
Federal sources	<u>1,275,029</u>	<u>-</u>	<u>1,275,029</u>
<b>Total revenues</b>	<b><u>111,143,339</u></b>	<b><u>10,075</u></b>	<b><u>111,153,414</u></b>
<b>Expenditures:</b>			
Instructional services	69,569,715	-	69,569,715
Support services	29,717,355	-	29,717,355
Noninstructional services	2,067,849	-	2,067,849
Capital outlay	-	803,696	803,696
Debt service:			
Principal	5,305,000	-	5,305,000
Interest	3,828,511	-	3,828,511
Refund of prior years' receipts	<u>6,921</u>	<u>-</u>	<u>6,921</u>
<b>Total expenditures</b>	<b><u>110,495,351</u></b>	<b><u>803,696</u></b>	<b><u>111,299,047</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>647,988</u></b>	<b><u>(793,621)</u></b>	<b><u>(145,633)</u></b>
<b>Other financing sources (uses):</b>			
Interfund transfers	(1,766,658)	1,750,000	(16,658)
Proceeds from sale of assets	<u>4,306</u>	<u>-</u>	<u>4,306</u>
<b>Total other financing sources (uses)</b>	<b><u>(1,762,352)</u></b>	<b><u>1,750,000</u></b>	<b><u>(12,352)</u></b>

(continued)

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2025

	Major fund, General	Nonmajor fund, Capital reserve	Total governmental funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net change in fund balances</b>	<b>\$ (1,114,364)</b>	<b>\$ 956,379</b>	<b>\$ (157,985)</b>
<b>Fund balances:</b>			
July 1, 2024	<u>23,079,084</u>	<u>68,924</u>	<u>23,148,008</u>
<b>June 30, 2025</b>	<b><u>21,964,720</u></b>	<b><u>1,025,303</u></b>	<b><u>22,990,023</u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025

**Total net change in fund balances, governmental funds** **\$ (157,985)**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and disposals exceed capital outlays for the period.

Depreciation expense	\$ (7,786,021)	
Net book value of assets disposed of	(8,751)	
Capital outlays	<u>683,145</u>	
		(7,111,627)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenue increased by this amount this year. 13,690

The repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (deficit). 5,305,000

In the governmental funds, certain bond related accounts are reported as financing sources and uses. However, in the statement of activities, the cost of these items are allocated over the life of the bond as amortization expense:

Amortization of:		
Bond premium, net of discount	597,707	
Deferred amounts from refunding of debt	<u>114,075</u>	
		711,782

**PENN MANOR SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2025

In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due.

\$ 10,807

Governmental funds report District pension, other postemployment benefits and other postemployment benefits (HIPAP) contributions as expenditures. However, in the statement of activities, the cost of these benefits earned is reported as expense.

Pensions:

District contributions	12,841,000	
Cost of benefits earned	<u>(10,675,000)</u>	2,166,000

Other postemployment benefits:

District contributions	146,788	
Cost of benefits earned	<u>(229,931)</u>	(83,143)

Other postemployment benefits (HIPAP):

District contributions	243,000	
Cost of benefits earned	<u>(213,000)</u>	30,000

In the statement of activities, certain operating expenses (compensated absences and retirement incentive) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. The amounts below represent the differences between the amounts incurred versus the amounts used.

Compensated absences	(191,006)	
Accrued retirement incentive	<u>4,988</u>	<u>(186,018)</u>

<b>Change in net position (deficit) of governmental activities</b>		<b><u><u>\$ 698,506</u></u></b>
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**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF NET POSITION – PROPRIETARY FUND  
JUNE 30, 2025

Major fund,  
Food service

ASSETS

**Current assets:**

Cash, cash equivalents and equity in pooled cash and investments	\$ 2,625,980
Due from other funds	24,876
Other receivables	2,677
Inventories	<u>67,848</u>

**Total current assets**

**2,721,381**

**Noncurrent assets:**

Machinery and equipment, net of accumulated depreciation	686,513
Vehicles, net of accumulated depreciation	<u>46,575</u>

**Total noncurrent assets**

**733,088**

**Total assets**

**\$ 3,454,469**

LIABILITIES AND NET POSITION

**Current liabilities:**

Accounts payable	322,356
Current portion of compensated absences	11,227
Unearned revenue	<u>2,644</u>

**Total current liabilities**

**336,227**

**Noncurrent liabilities, compensated absences, net of current portion**

**88,797**

**Total liabilities**

**425,024**

**Net position:**

Net investment in capital assets	733,088
Unrestricted	<u>2,296,357</u>

**Total net position**

**3,029,445**

**Total liabilities and net position**

**\$ 3,454,469**

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2025

	<u>Major fund, Food service</u>
<b>Operating revenues:</b>	
Food service revenue	\$ 890,766
Other operating revenue	<u>58,600</u>
<b>Total operating revenues</b>	<b><u>949,366</u></b>
<b>Operating expenses:</b>	
Salaries	986,354
Employee benefits	864,123
Supplies	1,710,770
Donated commodities	223,048
Depreciation	49,346
Other operating expenses	<u>124,547</u>
<b>Total operating expenses</b>	<b><u>3,958,188</u></b>
<b>Operating loss</b>	<b><u>(3,008,822)</u></b>
<b>Nonoperating revenues:</b>	
Interest and investment earnings	84,955
Reimbursements:	
State	636,878
Federal	1,921,658
Value of donated commodities	<u>223,048</u>
<b>Total nonoperating revenues</b>	<b><u>2,866,539</u></b>
<b>Change in net position before operating transfers</b>	<b>(142,283)</b>
Transfers in	<u>16,658</u>
<b>Change in net position</b>	<b>(125,625)</b>
<b>Net position:</b>	
July 1, 2024	<u>3,155,070</u>
<b>June 30, 2025</b>	<b><u><u>\$ 3,029,445</u></u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2025

	<u>Major fund, Food service</u>
<b>Cash flows from operating activities:</b>	
Cash received from users	\$ 915,349
Cash payments to:	
Suppliers for goods and services	(1,526,595)
Employees for services	<u>(1,781,558)</u>
<b>Net cash used in operating activities</b>	<b><u>(2,392,804)</u></b>
<b>Cash flows from noncapital financing activities:</b>	
Operating transfers	16,658
Sources:	
State	636,878
Federal	<u>1,921,658</u>
<b>Net cash provided by noncapital financing activities</b>	<b><u>2,575,194</u></b>
<b>Cash flows used in capital and related financing activities, purchase of capital assets</b>	<b><u>(367,268)</u></b>
<b>Cash flows provided by investing activities, interest and investment earnings</b>	<b><u>84,955</u></b>
<b>Net decrease in cash, cash equivalents and equity in pooled cash and investments</b>	<b>(99,923)</b>
<b>Cash, cash equivalents and equity in pooled cash and investments:</b>	
July 1, 2024	<u>2,725,903</u>
<b>June 30, 2025</b>	<b><u><u>\$ 2,625,980</u></u></b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	<u>\$ (3,008,822)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	49,346
Donated commodities	223,048
Changes in operating assets and liabilities:	
Due from other funds and other receivables	(12,193)
Inventories	3,348
Accounts payable and compensated absences	384,950
Unearned revenue	<u>(32,481)</u>
Total adjustments	<u>616,018</u>
<b>Net cash used in operating activities</b>	<b><u><u>\$ (2,392,804)</u></u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2025

	<u>Student activities</u>
ASSETS	
<b>Total assets, all current, cash, cash equivalents and equity in pooled cash and investments</b>	<b><u><u>\$ 179,252</u></u></b>
LIABILITIES AND NET POSITION	
<b>Total liabilities, all current, accounts payable</b>	<b>\$ 8,675</b>
<b>Net position, restricted for student groups</b>	<b><u>170,577</u></b>
<b>Total liabilities and net position</b>	<b><u><u>\$ 179,252</u></u></b>

See notes to financial statements.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2025

	<u>Student activities</u>
Additions	\$ 308,378
Deductions	<u>(292,877)</u>
<b>Change in net position</b>	<b>15,501</b>
<b>Net position:</b>	
July 1, 2024	<u>155,076</u>
<b>June 30, 2025</b>	<b><u><u>\$ 170,577</u></u></b>

See notes to financial statements.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies:**

Penn Manor School District (the School District or District), located in Lancaster County, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through 12 to students living in Conestoga Township, Manor Township, Martic Township, the Borough of Millersville and Pequea Township. These include regular, advanced academic and vocational education programs and special education programs for gifted and physically and mentally challenged children. The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. The School District is comprised of seven elementary schools, two middle schools and one high school, serving approximately 5,400 students.

The financial statements of the Penn Manor School District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's significant accounting policies.

#### *Reporting entity:*

The criteria used by the School District to evaluate the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School District reviews the applicability of the following criteria.

The School District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if School District officials appoint a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the School District as defined below.

**Impose its will** – If the School District can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

**Financial benefit or burden** – If the School District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the School District. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges or issue bonded debt without the approval of the School District.

Based on the foregoing criteria, no additional entities are included in the accompanying financial statements.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Basis of presentation:*

##### Government-wide financial statements:

The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the non-fiduciary activities of the government and present information about the School District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to outside parties for goods and services.

The statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for both the business-type activities of the School District and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the School District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### Fund financial statements:

Fund financial statements report detailed information about the governmental funds, proprietary funds and fiduciary funds of the School District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The nonmajor fund is presented in a single column. Fiduciary funds are reported by fund type. A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding element total (assets, liabilities and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds) and
- b. The same element that met the 10% criterion in a. is at least 5% of the corresponding element total for all governmental and enterprise funds combined.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The operating revenues of the School District's proprietary fund are food service charges. Operating expenses for the School 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 nonoperating revenues and expenses.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Fund accounting:*

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

There are three fund types presented in this report as follows:

Governmental funds – Governmental funds are used to account for the School District's expendable financial resources and related liabilities (except those accounted for in proprietary funds). The measurement focus is upon determination of changes in financial position.

The following is the School District's major governmental fund type:

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

The following is the School District's nonmajor governmental fund type:

Capital Reserve Fund – This fund is used to account for transfers from other funds and related interest and investment earnings for capital outlays not accounted for in another fund.

Proprietary fund – The proprietary fund is used to account for the operations of the School District that are financed and operated in a manner similar to those found in the private sector. The following major fund is used to account for these financial activities:

Food Service Fund – This fund is used to account for the revenues, food purchases and other costs and expenses of providing meals to students during the school year.

Fiduciary fund – The fiduciary fund is used to account for assets held by the School District as a trustee or custodian for individuals, organizations and other government units and are, therefore, not available to support the School District's own programs. The fiduciary fund is not included in the government-wide financial statements. The fund included in this category is:

Student Activities Fund – This fund is used to account for assets held by the School District in a custodial capacity for student activities.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Measurement focus and basis of accounting:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The proprietary fund financial statements and the fiduciary fund financial statements also utilize these methods. Revenues are recognized 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 revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows less total liabilities and 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 cost and accumulated depreciation are reported on the statement of net position (deficit). The proprietary fund financial statements record the equivalent cost of donated commodities as revenue and as a cost at the time such commodities are utilized.

The 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 revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific School District expenditures is recognized when the related expenditures are incurred. Unearned revenues arise when resources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. Deferred revenues also arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. 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, pensions, other postemployment benefits and claims and judgments, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### *Revenues, exchange and nonexchange transactions:*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year in which the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from exchange and nonexchange transactions must also be available before it can be recognized.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Cash, cash equivalents and equity in pooled cash and investments:*

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and external investment pools held by Pennsylvania Local Government Investment Trust (PLGIT) and Pennsylvania School District Liquid Asset Fund (PSDLAF). External investment pools are reported at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The securities of 2a7-like investment pools are valued at amortized cost, which approximates fair value of the pool. Cash on hand and deposits are reported at carrying amounts which reasonably approximate fair value.

For the purposes of the statement of cash flows, the School District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### *Inventories:*

There is no inventory recorded in the general fund. Items such as office supplies and cleaning materials are expensed as incurred.

Inventories in the food service fund consist of commodities donated by the federal government, which are valued at fair value, and purchased food and supplies, which are valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government are reported as unearned revenue until used.

#### *Capital assets and depreciation:*

The accounting treatment of property, plant, equipment and infrastructure assets depend on whether the assets are used in government fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

#### Government-wide financial statements:

The government-wide financial statements account for fixed assets as capital assets. Capital assets include property, plant, equipment and infrastructure assets and are defined by the School District as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated assets are stated at acquisition value on the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an ordinary market transaction at the acquisition date. Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by adjusting replacement cost back to the estimated year of acquisition. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

# PENN MANOR SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

### 1. Summary of significant accounting policies (continued):

#### *Capital assets and depreciation:*

##### Government-wide financial statements:

All depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Site improvements	20
Furniture, equipment and educational media	5 to 12
Vehicles	12

Proprietary fund capital assets are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over lives ranging from 5 to 12 years.

##### Fund financial statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

#### *Deferred outflows and inflows of resources:*

The statement of net position (deficit) reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are a separate financial statement element and represent consumption of net position or fund balance that applies to future periods, and thus, will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources are a separate financial statement element and represent the acquisition of net position or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until a future period. The School District has three items that qualify for reporting as a deferred outflow of resources and four items that qualify for reporting as a deferred inflow of resources.

The first item relates to the net pension liability, and these deferrals are only reported in the government-wide statement of net position (deficit). Deferred outflows and deferred inflows of resources result from changes in the District's proportionate share of the total pension liability and the pension plan's fiduciary net position; for contributions made to the plan between the measurement date of the net pension liability and the end of the District's fiscal year; for differences between projected and actual experience and for actual pension plan investment earnings in excess of or less than the expected amount included in determining pension expense. The deferred outflows related to the contribution are included in pension expense in the next year, whereas other deferrals are attributed to pension expense over a total of five years, including the current year.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Deferred outflows and inflows of resources:*

The second and third items relate to the net other postemployment benefits and net other postemployment benefits (HIPAP), and these deferrals are only reported in the government-wide statement of net position (deficit). Deferred outflows and deferred inflows of resources related to other postemployment benefits result from changes in the School District's actuarially determined liability. Deferred outflows and deferred inflows of resources related to other postemployment benefits (HIPAP) result from changes in the District's proportionate share of the total other postemployment benefits (HIPAP) liability and the other postemployment benefit (HIPAP) plan's fiduciary net position; for contributions made to the plan between the measurement date of the net other postemployment benefits (HIPAP) liability and the end of the District's fiscal year; for differences between projected and actual experience and for actual other postemployment benefits (HIPAP) plan investment earnings in excess of or less than the expected amount included in determining the expense. The deferred outflows related to the contribution are included in other postemployment benefits (HIPAP) expense in the next year, whereas other deferrals are attributed to other postemployment benefits (HIPAP) expense over a total of five to seven years, including the current year.

The fourth item, deferred gain on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In the fund financial statements, governmental fund types recognize the deferred charge on refunding as an expense during the current year.

The governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods, and so will not be recognized as an inflow of revenues (revenue) until that time. In the governmental funds, the deferred inflow of resources is for revenues that are not considered available. The School District will not recognize the related revenues until they are available (collected no later than 60 days after the end of the School District's fiscal year) under the modified accrual basis of accounting. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet.

#### *Long-term obligations:*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position (deficit). Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the straight-line method.

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

#### *Compensated absences:*

The School District accrues vacation leave and retirement costs as liabilities as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Professional employees with qualifying years of service receive a lump-sum retirement bonus according to either the collective bargaining agreement or Act 93 agreement.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Compensated absences:*

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as more likely than not of utilizing or receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the School District's severance policy. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid and a corresponding liability is reflected.

Additional amounts are accrued for salary-related payments associated with the payment of compensated absences using the rates in effect at the balance sheet date. The School District has accrued the employer's share of Social Security and Medicare taxes.

#### *Pension and other postemployment benefit (HIPAP) plans:*

For purposes of measuring the net pension liability, net other postemployment benefits (HIPAP), deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (HIPAP), pension expense and other postemployment benefits (HIPAP) 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Substantially all full-time and part-time employees of the District participate in a cost-sharing multiple-employer defined benefit pension plan through Public School Employees' Retirement System (PSERS or System). On the governmental fund financial statements, the District recognizes annual pension expenditures or expenses equal to its contractually required contributions. For the fiscal year ended June 30, 2025, the rate of employer contribution was 33.90%. The 33.90% rate is composed of a contribution rate of 32.92% for pension benefits, 0.63% for healthcare insurance premium assistance and 0.35% for defined contribution costs. The District is required to pay the entire employer contribution rate and is 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 employer rate. Such payments are recorded in the general fund and proprietary funds as state source revenues. In the government-wide financial statements, payments are allocated based on function. The District made all required contributions for the year ended June 30, 2025 and has recognized them as expenditures or expenses.

#### *Other postemployment benefits:*

In the government-wide statements, the District recognizes the costs and liabilities associated with postemployment benefits other than pension compensation. The District provides access to retiree healthcare benefits to eligible retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Interfund activity:*

Exchange transactions between governmental funds are eliminated on the government-wide statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as nonoperating revenues/expenses in proprietary funds.

#### *Equity classifications:*

##### Government-wide financial statements:

Equity is classified as net position and is displayed in three components:

Net investments in capital assets – consists of capital assets, including cash and investments restricted for capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of these assets.

Restricted – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints are placed on the use of the assets either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted – the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

##### Fund financial statements:

The School District follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly the defined fund balance categories to make the nature and extent of the constraints placed on a district's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in a spendable form (such as prepaids and inventory) or are required to be maintained intact legally or contractually (such as the corpus of an endowment fund).

Restricted fund balance – amounts limited by external parties or legislation (i.e., debt covenants and grants).

Committed fund balance – amounts limited by Board policy or Board action (i.e., future anticipated costs).

Assigned fund balance – amounts that are intended for a particular purpose. Generally, balances in special revenue funds or capital project funds will be designated as assigned.

Unassigned fund balance – amounts available for consumption or not restricted in any manner.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Use of fund balance:*

The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated.

If the School District experiences an excess of expenditures over revenues for a given fiscal year, the fund balance shall be consumed in the following order:

- Restricted fund balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
- Committed fund balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, the committed fund balance will not be reduced by more than the amount designated in the plan.
- Assigned fund balance to the extent that expenditures related to the assignment contributed to the excess of expenditures over revenues.
- Unassigned fund balance for any remaining excess of expenditures over revenues.

#### *Fund balance parameters:*

The School District will strive to maintain an unassigned general fund fund balance of not less than 6% and not more than 8% of the budgeted expenditures for that fiscal year. The total fund balance, consisting of several portions, including restricted, committed, assigned and unassigned, may exceed 8%. If the unassigned portion of the fund balance falls below the threshold of 6% of budgeted expenditures, the Board may pursue options for increasing revenues and decreasing expenditures, or a combination of both until 6% is attained. If the unassigned portion of the fund balance exceeds 8% of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal shall be to use any excess fund balance for nonrecurring expenditures, not for normal operating costs.

#### *Use of estimates:*

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferrals 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. Significant estimates that are sensitive to changes in assumptions in these financial statements include the net pension, other postemployment benefits and other postemployment benefits (HIPAP) liabilities, deferred outflows of resources related to the pension, other postemployment benefits and other postemployment benefits (HIPAP) and deferred inflows of resources related to the pension, other postemployment benefits and other postemployment benefits (HIPAP). Actual results could differ from those estimates.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **1. Summary of significant accounting policies (continued):**

#### *Adoption of new accounting pronouncements:*

The following summarizes the GASB Statements implemented by the District during the year ended June 30, 2025, and the relating effects on the financial statements presentation and disclosure, as applicable:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District adopted Statement No. 101 for its June 30, 2025 financial statements. There were no significant changes to the District's financial statements as a result of adopting Statement No. 101.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The District adopted Statement No. 102 for its June 30, 2025 financial statements. There were no significant changes to the District's financial statements as a result of adopting Statement No. 102.

#### *Pending GASB statements:*

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The provisions of Statement No. 103 are effective for the District's June 30, 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The provisions of Statement No. 104 are effective for the District's June 30, 2026 financial statements.

The effect of implementation of these statements on future years has not yet been determined.

### **2. Deposits and investments:**

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest its monies as follows:

1. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **2. Deposits and investments (continued):**

2. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

#### *Custodial credit risk, deposits and investments:*

For deposits, custodial credit risk is the risk that, in the event of a counterparty failure, the School District's deposits may not be returned to it. For investments, custodial credit risk is the risk that in the event of a counterparty failure, the School District may not be able to recover the value of its investment or collateral security that is in the possession of an outside party. The School District's policy requires deposits in savings accounts or time deposits or share accounts of institutions to be insured or covered by approved collateral as provided by law.

As of June 30, 2025, \$5,353,609 of the School District's bank balance of \$5,614,961 was not covered by the FDIC but was collateralized in accordance with Act 72. Act 72 required the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name.

#### Reconciliation of cash, cash equivalents and equity in pooled cash and investments to the financial statements:

Collateral held by the pledging bank under Act 72 but not in the District's name	\$ 5,353,609
Insured by Federal Deposit Insurance Corporation	261,352
Pennsylvania Local Government Investment Trust (PLGIT):	
Class	2,059,611
Reserve-Class	25,923
Pennsylvania School District Liquid Asset Fund (PSDLAF):	
MAX Series	4,474,326
Full Flex Pool	14,850,325
Collateralized CD Pool	6,614,100
Outstanding checks	(1,356,173)
Deposits in transit	19,150
Petty cash	<u>800</u>

Total cash, cash equivalents and equity in pooled cash and investments per the financial statements	<u><u>\$ 32,303,023</u></u>
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#### Reconciliation to the financial statements:

Governmental activities	\$ 29,497,791
Business-type activities	2,625,980
Fiduciary funds, custodial	<u>179,252</u>

Total	<u><u>\$ 32,303,023</u></u>
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# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **2. Deposits and investments (continued):**

#### *External investment pools:*

The School District uses external investment pools to ensure safety and maximize efficiency, liquidity and yield for School District funds. The external investment pools are valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount of premium. The fair value of securities held by the external investment pool are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost. The amortized cost, which approximates the fair value of the pool, is determined by the pool's share price.

The School District has investments with Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF) (collectively, the Funds). Both PLGIT and PSDLAF were established as common law trusts and organized under laws of the Commonwealth of Pennsylvania. Shares of the Funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the Funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949 as amended. The Funds operate in a manner consistent with the Securities and Exchange Commission's Rule 2(a)7 of the Investment Company Act of 1940.

PLGIT separately issues audited financial statements that are available to the public via their website. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. Alternatively, the Commonwealth of Pennsylvania provides external regulatory oversight of the external investment pools. The pool is audited annually by Ernst & Young, LLP, an independent accounting firm. At June 30, 2025, PLGIT investments carry AAAM ratings and have average maturities of less than one year.

The School District has funds totaling \$2,085,534 invested in PLGIT. PLGIT funds operate similarly to mutual funds and consist of short-term money market instruments and seek to maintain constant net assets value of \$1 per share. The School District is invested in the following PLGIT investment options:

- PLGIT Class Shares – A flexible option which requires no minimum balance, no minimum initial investment and a one-day minimum investment period. Dividends are paid monthly.
- PLGIT Reserve-Class Shares – An option which requires a minimum investment of \$50,000, a one-day minimum investment period and limits redemptions or exchanges to two per calendar month. Dividends are paid monthly.

## **PENN MANOR SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

#### **2. Deposits and investments (continued):**

##### *External investment pools:*

PSDLAF separately issues audited financial statements that are available to the public via their website. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PTMA Financial Solutions. PSDLAF is sponsored by the Pennsylvania School Boards Association and the Pennsylvania Association of School Business Officials, and the respective Executive Directors of those associations serve as Trustees of the Fund. The pool is audited annually by Pricewaterhouse Coopers, LLP, an independent accounting firm.

The School District has funds totaling \$25,938,751 invested in PSDLAF. The School District is invested in the following PSDLAF investment options:

- PSDLAF MAX Series – A variable rate investment portfolio rated AAAM by Standard & Poor's. This option uses a principal investment strategy of investing in short-term money market instruments and seeks to maintain a constant net asset value (NAV) of \$1 per share. The MAX Series has no minimum balance, deposit or withdrawal amount requirements.
- PSDLAF Full Flex Pool – Included as part of the Fixed Term Series at PSDLAF, this option invests in fixed term investments collateralized in accordance with Act 72 and invests in assets 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.
- PSDLAF Collateralized CD Pool – Included as part of the Fixed Term Series at PSDLAF, this option invests in certificates of deposit (CDs). CDs 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 the law and (iii) the collateral is held by a third-party custodian pursuant to a custody agreement among PSDLAF, the bank that issues the CD and the third-party custodian.

##### *Interest rate risk:*

The School District has a formal investment policy that permits investments as authorized by law. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

##### *Credit risk:*

The School District's investment policy requires that its investment companies be registered under the Investment Company Act of 1940 with shares registered under the Securities Act of 1933. In addition, the investment companies used by the School District must be rated in the highest category by a nationally recognized rating agency.

##### *Concentration of credit risk:*

The School District places no limit on the amount invested in any one issuer. The School District's external investment pools are held entirely with PLGIT and PSDLAF.

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**3. Real estate taxes:**

Based upon assessments provided by Lancaster County, the School District contracts with the Lancaster County Tax Collection Bureau to bill and collect property taxes. The School District tax rate for the year ended June 30, 2025 was 18.4744 mills (\$18.47 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - December 31	10% penalty period
January 1	Lien date

**4. Taxes receivable and related accounts, general fund:**

The School District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the receivable amount, which was measurable and available within 60 days, was recognized as revenue and the remaining balance reported as unavailable in the fund financial statements. The balances at June 30, 2025 are as follows:

	Gross taxes receivable	Allowance for uncollectible taxes	Net estimated to be collectible	Tax revenue recognized	Unavailable revenue	Unearned revenue
Real estate	\$ 767,465	\$ 571	\$ 766,894	\$ 227,460	\$ 539,434	\$ -
Earned income taxes	1,477,072	-	1,477,072	1,477,072	-	-
Per capita and occupation	284,157	281,316	2,841	-	-	2,841
Transfer tax	100,034	-	100,034	100,034	-	-
	<u>\$ 2,628,728</u>	<u>\$ 281,887</u>	<u>\$ 2,346,841</u>	<u>\$ 1,804,566</u>	<u>\$ 539,434</u>	<u>\$ 2,841</u>

**5. Interfund activity:**

Interfund receivable and payable balances at June 30, 2025 were as follows:

	Due from other funds	Due to other funds
Governmental fund, General	\$ -	\$ 24,876
Proprietary fund, Food Service	24,876	-
	<u>\$ 24,876</u>	<u>\$ 24,876</u>

**PENN MANOR SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025**

**5. Interfund activity (continued):**

These 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.

The District transfers resources from the general fund to different funds for debt service, future capital expenditures and to support the general operations of the District. Interfund transfers for the year ended June 30, 2025 were as follows:

	<u>Transfers to other funds</u>	<u>Transfers from other funds</u>
Governmental funds:		
General	\$ 1,766,658	\$ -
Capital Reserve	-	1,750,000
Proprietary fund, Food Service	-	16,658
	<u>\$ 1,766,658</u>	<u>\$ 1,766,658</u>

**6. Due from other governments:**

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2025, the following amounts are due from other governmental units:

	<u>General Fund</u>
State subsidies:	
Retirement	\$ 2,553,201
Social Security	590,753
Grants and programs:	
Federal	788,073
State	578,241
Local	224,184
	<u>\$ 4,734,452</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**7. Changes in capital assets:**

Capital asset activity for governmental activities for the year ended June 30, 2025 are as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated, land	\$ 6,887,173	\$ -	\$ -	\$ 6,887,173
Capital assets being depreciated:				
Site improvements	8,466,207	-	-	8,466,207
Buildings and building improvements	260,227,673	290,548	-	260,518,221
Furniture, equipment and educational media	7,058,975	371,573	(95,610)	7,334,938
Vehicles	943,809	21,024	(145,507)	819,326
Total assets being depreciated	<u>276,696,664</u>	<u>683,145</u>	<u>(241,117)</u>	<u>277,138,692</u>
Accumulated depreciation:				
Site improvements	4,965,128	376,889	-	5,342,017
Buildings and building improvements	86,166,677	6,839,888	-	93,006,565
Furniture, equipment and educational media	3,655,477	531,217	(86,859)	4,099,835
Vehicles	665,741	38,027	(145,507)	558,261
Total accumulated depreciation	<u>95,453,023</u>	<u>7,786,021</u>	<u>(232,366)</u>	<u>103,006,678</u>
Total capital assets being depreciated, net	<u>181,243,641</u>	<u>(7,102,876)</u>	<u>(8,751)</u>	<u>174,132,014</u>
Governmental activities, capital assets, net	<u>\$ 188,130,814</u>	<u>\$ (7,102,876)</u>	<u>\$ (8,751)</u>	<u>\$ 181,019,187</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**7. Changes in capital assets (continued):**

Capital asset activity for business-type activities for the year ended June 30, 2025 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Ending balance</u>
Business-type activities:			
Capital assets being depreciated:			
Machinery and equipment	\$ 605,726	\$ 316,841	\$ 922,567
Vehicles	<u>-</u>	<u>50,427</u>	<u>50,427</u>
Total capital assets being depreciated	<u>605,726</u>	<u>367,268</u>	<u>972,994</u>
Accumulated depreciation:			
Machinery and equipment	190,560	45,494	236,054
Vehicles	<u>-</u>	<u>3,852</u>	<u>3,852</u>
Total accumulated depreciation	<u>190,560</u>	<u>49,346</u>	<u>239,906</u>
Business-type activities, capital assets, net	<u>\$ 415,166</u>	<u>\$ 317,922</u>	<u>\$ 733,088</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction	\$ 2,320,775
Vocational instruction	1,792
Operation and maintenance of plant	123,842
Student activities	226,561
Capital outlay	<u>5,113,051</u>
	<u>\$ 7,786,021</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**8. Fund balances:**

As of June 30, 2025, fund balances are comprised of the following:

	<u>General</u>	<u>Capital reserve</u>	<u>Total governmental funds</u>
Nonspendable, prepaid expenses	\$ 5,000	\$ -	\$ 5,000
Restricted	49,141	1,025,303	1,074,444
Committed:			
Future facility repairs	13,355,521	-	13,355,521
Healthcare expenses	750,000	-	750,000
Unassigned	<u>7,805,058</u>	<u>-</u>	<u>7,805,058</u>
Total fund balances	<u>\$ 21,964,720</u>	<u>\$ 1,025,303</u>	<u>\$ 22,990,023</u>

**9. Unearned revenue:**

Unearned revenue at June 30, 2025 consisted of the following:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Per capita and occupation taxes	\$ 2,841	\$ -	\$ 2,841
Grant and other	46,089	-	46,089
Prepaid lunches	<u>-</u>	<u>2,644</u>	<u>2,644</u>
	<u>\$ 48,930</u>	<u>\$ 2,644</u>	<u>\$ 51,574</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**10. General long-term debt:**

*General obligation bonds and notes:*

The School District issued general obligation bonds (GOB) and notes (GON) to provide funds to finance various capital projects of the School District and pay the costs of issuing the bonds and notes. Additionally, the Series of 2019 B GOB was issued to currently refund the Series of 2016 GOB and the Series of 2020 GON was issued to advance refund the Series of 2015 GOB. These bonds and notes are direct obligations and pledge the full faith and credit of the School District. Currently, the School District has four general obligation bond series and notes with interest rates and outstanding principal amounts at June 30, 2025 as follows:

Issue	Final maturity date	Interest rate or yield	Amount
Series of 2018 GOB	March 1, 2038	2.00% - 5.00%	\$ 36,095,000
Series of 2019 A GOB	March 1, 2039	1.55% - 5.00%	35,765,000
Series of 2019 B GOB	March 1, 2029	1.50% - 4.00%	9,115,000
Series of 2020 GON	June 1, 2027	1.20%	<u>9,335,000</u>
			90,310,000
Bond premium, net of discount			<u>6,153,554</u>
Total			96,463,554
Less current portion			<u>5,380,000</u>
Total long-term portion of bonds and notes payable			<u><u>\$ 91,083,554</u></u>

The principal balance outstanding for Series of 2017 GOB was paid off during the year ended June 30, 2025.

Long-term obligation activity, other than pension and OPEB:

Long-term obligation activity for governmental activities can be summarized as follows:

	Beginning balance	Increases	Decreases	Ending balance
General obligation bonds and notes	\$ 95,615,000	\$ -	\$ 5,305,000	\$ 90,310,000
Bond premium, net of discount	6,751,261	-	597,707	6,153,554
Accrued retirement incentive	1,420,748	-	4,988	1,415,760
Compensated absences*	<u>2,063,704</u>	<u>191,006</u>	<u>-</u>	<u>2,254,710</u>
	<u><u>\$ 105,850,713</u></u>	<u><u>\$ 191,006</u></u>	<u><u>\$ 5,907,695</u></u>	<u><u>\$ 100,134,024</u></u>

\*The increases and decreases columns represent the net of all increases and decreases in compensated absences during the year.

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**10. General long-term debt (continued):**

*Debt service requirements:*

The annual requirements of the School District's debt service are listed below.

Year ending June 30,	Principal	Interest	Total
2026	\$ 5,380,000	\$ 3,752,058	\$ 9,132,058
2027	5,160,000	3,687,315	8,847,315
2028	5,240,000	3,604,013	8,844,013
2029	5,430,000	3,411,550	8,841,550
2030	5,885,000	3,194,000	9,079,000
2031-2035	34,045,000	11,347,450	45,392,450
2036-2039	29,170,000	3,000,750	32,170,750
	<u>\$ 90,310,000</u>	<u>\$ 31,997,136</u>	<u>\$ 122,307,136</u>

**11. Risk management:**

*Property and liability:*

For losses incurred prior to July 1, 1999 and subsequent to June 30, 2002, the School District joined together with other school districts in the area to form the Lancaster-Lebanon Public Schools Insurance Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member school districts, the Lancaster-Lebanon Intermediate Unit, the Lancaster County Academy and the Lancaster County Career and Technology Center. This agreement states that the School District pays an annual premium to the Pool for the purpose of seeking the prevention or lessening of casualty losses to members from injuries to persons or properties which might result in claims being made against members and to pool the insurance risks, reserves, claims and losses and providing self-insurance and reinsurance. It is the intent of the members of the Pool that the Pool will utilize funds contributed by the members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each member of the Pool in accordance with the agreement against certain liabilities and losses and to purchase excess and aggregate stop-loss insurance for claims greater than \$100,000 per occurrence.

*Hospitalization:*

The School District has a self-insured hospitalization plan with Aetna, Inc., the claims administrator, who processes and pays the claims. For the year ended June 30, 2025, the School District was limited in liability for claims to \$225,000 per individual and \$10,479,764 in total for the Point of Service Plan. A liability for claims incurred prior to June 30, 2025 and paid subsequently is recorded in the amount of \$531,764 in accounts payable in the general fund.

## **PENN MANOR SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

#### **11. Risk management (continued):**

##### *Vision fund:*

The School District administers a vision fund which is recorded in the general fund. The plan reimburses for professional eye examinations and the cost of prescription glasses and contacts. Eligible expenses in accordance with the plan are those incurred by either an employee or his/her dependents.

The plan requires submission of receipted invoices for eligible services and operates on a fiscal year from July 1 to June 30. Payment by the School District is made monthly and items submitted by the end of each month will be reimbursed by the 15th of the following month. In order to be eligible for payment, bills incurred must be less than six months old. Payment for the fiscal year ended June 30, 2025 is limited to \$300 per eligible employee.

##### *Workers' compensation:*

The School District is participating in the Lancaster-Lebanon Public Schools Workers' Compensation Fund which is a cooperative voluntary trust arrangement for 21-member school districts and the Lancaster-Lebanon Intermediate Unit. This agreement states that the School District pays an annual premium to the fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the members of the fund that the fund will utilize funds contributed by the members, which shall be held in trust by the fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2025, the School District is not aware of any additional assessments relating to the fund.

##### *Unemployment compensation:*

The School District has elected to self-insure for unemployment compensation rather than contribute to the state fund. Transactions relating to this plan are reflected in the general fund. As of June 30, 2025, the School District is not aware of any unemployment compensation claims.

##### *Other risks:*

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District has purchased various insurance policies to safeguard its assets from risk of loss. During the year ended June 30, 2025 and the three previous fiscal years, no settlements exceeded insurance coverage.

#### **12. Defined benefit pension plan:**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 by 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.

## **PENN MANOR SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

#### **12. Defined benefit pension plan (continued):**

##### *Plan description:*

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

##### *Benefits provided:*

Benefits are provided by PSERS by statute; therefore, financial statement amounts are affected by PSERS activity. The District's reported amounts will vary over time depending on the pension results of PSERS.

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

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Retirement Code (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 completing 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.

**PENN MANOR SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025**

**12. Defined benefit pension plan (continued):**

*Member contributions:*

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

Member contribution rates				
Membership class	Continuous employment since	Defined benefit (DB) contribution rate	DC contribution rate	Total contribution rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
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	8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared risk program summary				
Membership class	Defined benefit (DB) base rate	Shared risk increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

*Employer contributions:*

The District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% 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 pension plan from the District were \$12,841,000 for the year ended June 30, 2025.

*Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:*

At June 30, 2025, the District reported a net liability of \$108,781,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2023 to June 30, 2024. There were no events during the period June 30, 2024 to June 30, 2025 that affect the measurement of the net pension liability results. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District's proportion was .2599%, which was an increase of .0040% from its proportion measured as of June 30, 2023.

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**12. Defined benefit pension plan (continued):**

*Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:*

For the year ended June 30, 2025, the District recognized pension expense of \$10,675,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 1,801,000	\$ -
Differences between expected and actual experience	-	1,710,000
Net changes in proportion	-	245,000
Differences between District actual contributions and the calculated portion determined by PSERS	237,000	-
Change in amortization resulting from change in percentage	-	489,805
District contributions subsequent to the measurement date	<u>12,841,000</u>	<u>-</u>
	<u>\$ 14,879,000</u>	<u>\$ 2,444,805</u>

For the year ended June 30, 2025, \$12,841,000 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 for the valuation year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan year ending June 30,</u>	
2025	\$(3,909,000)
2026	2,923,195
2027	921,000
2028	<u>(342,000)</u>
	<u>\$ (406,805)</u>

# **PENN MANOR SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

### **12. Defined benefit pension plan (continued):**

*Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:*

Actuarial assumptions:

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

Actuarial cost method:	Entry age normal - level percentage of pay
Investment return:	7.00% includes inflation of 2.50%
Salary increases:	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:	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 actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**12. Defined benefit pension plan (continued):**

*Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:*

The PSERS's Board adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024 are:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global public equity	30.0 %	4.8 %
Private equity	12.0	6.7
Fixed income	33.5	3.9
Commodities	5.0	2.5
Infrastructure	10.0	6.4
Real estate	<u>9.5</u>	5.9
	<u>100.0 %</u>	

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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:

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

	<u>1% Decrease 6.00%</u>	<u>Current discount rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	<u>\$ 143,298,000</u>	<u>\$ 108,781,000</u>	<u>\$ 79,634,000</u>

## **PENN MANOR SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

#### **12. Defined benefit pension plan (continued):**

*Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:*

Pension plan fiduciary net position:

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

#### **13. Other postemployment benefits:**

*Postemployment benefits other than pension (OPEB):*

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

*Plan description:*

The District offers postemployment medical and prescription drug benefits to employees upon their retirement with the same plan provisions provided to active employees. The following is a breakdown of eligibility requirements by group:

Administrators:

The member must meet one of the following conditions to be eligible:

- a. Complete at least ten consecutive years of District service, must be eligible for PSERS retirement and must give written notice by April 1 in the year of retirement.
- b. Attain 55 years of age with at least 25 years of PSERS service.
- c. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

Teachers:

The member must meet one of the following conditions to be eligible:

- a. Attain 50 years of age, complete at least 15 consecutive years of District service, must be eligible for PSERS retirement and must give written notice by April 1 in the year of retirement.
- b. Attain 55 years of age with at least 25 years of PSERS service.
- c. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

Support staff:

The member must meet one of the following conditions to be eligible:

- a. Attain 55 years of age with at least 25 years of PSERS service.
- b. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*Plan description:*

All groups have the same coverage, premium sharing and duration of coverage. If the member meets at least one of the eligibility requirements for the member's group, the member, spouse and dependents may continue coverage by paying the floating rate at the full premium. Insurance coverage is provided until the member is eligible for a government funded healthcare insurance plan.

*Employees covered by benefit terms:*

As of the July 1, 2024 actuarial valuation, the following employees were covered by benefit terms:

	<u>Administrators</u>	<u>Teachers and support staff</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	2	24	26
Active employees	<u>32</u>	<u>490</u>	<u>522</u>
Total	<u><u>34</u></u>	<u><u>514</u></u>	<u><u>548</u></u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*Total OPEB liability and actuarial assumptions:*

The District's total OPEB liability of \$3,722,139 was measured as of June 30, 2024 and was determined using the July 1, 2024 actuarial valuation. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Discount rate:	4.29% based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024
Salary increases:	2.50% cost of living adjustment, 1.50% real wage growth and merit increases which vary by age from 2.75% to 0%
Healthcare cost trend rates:	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Retirees contributions:	Retiree contributions are assumed to increase at the same rate as the healthcare 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.

Mortality rates are presumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

*Changes in the total OPEB liability:*

Balance at July 1, 2023	<u>\$ 4,090,953</u>
Changes for the year:	
Service cost	225,958
Interest	174,970
Differences between expected and actual experience	(621,222)
Changes in assumptions	(170)
Benefit payments	<u>(148,350)</u>
Net changes	<u>(368,814)</u>
Balance at June 30, 2024	<u><u>\$ 3,722,139</u></u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*Changes in the total OPEB liability:*

Changes in assumptions reflect a change in the discount rate from 4.13% in 2023 to 4.29% in 2024. The trend assumption was updated.

*Sensitivity of total OPEB liability to changes in the discount rate:*

The following presents the net OPEB liability of the Plan, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease <u>3.29%</u>	Current discount rate <u>4.29%</u>	1% Increase <u>5.29%</u>
District's net OPEB liability	<u>\$ 4,010,338</u>	<u>\$ 3,722,139</u>	<u>\$ 3,449,558</u>

*Sensitivity of total OPEB liability to changes in the healthcare cost trend rates:*

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease <u>          </u>	Current trend rates <u>          </u>	1% Increase <u>          </u>
District's net OPEB liability	<u>\$ 3,325,616</u>	<u>\$ 3,722,139</u>	<u>\$ 4,186,331</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:*

For the year ended June 30, 2025, the District recognized OPEB expense of \$229,931. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in assumption	\$ 440,165	\$ 1,128,238
Differences between expected and actual experience	169,803	1,357,591
District benefit payments subsequent to the measurement date	<u>146,788</u>	<u>-</u>
	<u>\$ 756,756</u>	<u>\$ 2,485,829</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$146,788 resulting from District benefit payments made subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the valuation year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Plan year ending June 30,</u>	
2025	\$ (170,997)
2026	(170,997)
2027	(170,997)
2028	(171,003)
2029	(179,463)
thereafter	<u>(1,012,404)</u>
	<u>\$ (1,875,861)</u>

*Health Insurance Premium Assistance Program (HIPAP):*

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

## **PENN MANOR SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

#### **13. Other postemployment benefits (continued):**

##### *Health Insurance Premium Assistance Program (HIPAP):*

PSERS provides Premium Assistance, which is a governmental cost-sharing, multiple-employer HIPAP plan 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 insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

##### *Premium Assistance eligibility criteria:*

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

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' HOP.

##### *Employer contributions:*

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$243,000 for the year ended June 30, 2025.

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:*

At June 30, 2025, the District reported a liability of \$4,599,000 for its proportionate share of the net HIPAP liability. The net HIPAP liability was measured as of June 30, 2024, and the total HIPAP liability used to calculate the net HIPAP liability was determined by rolling forward PSERS's total HIPAP liability as of June 30, 2023 to June 30, 2024. There were no events during the period June 30, 2024 to June 30, 2025 that affect the measurement of the net HIPAP liability results. The District's proportion of the net HIPAP liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2589%, which was an increase of 0.0030% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized HIPAP expense of \$213,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to HIPAP from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net change in assumptions	\$ -	\$ 422,000
Net difference between projected and actual investment earnings	5,000	-
Difference between expected and actual experience		52,000
Net changes in proportion	64,000	-
Change in amortization resulting from change in percentage	-	9,000
Contributions subsequent to the measurement date	243,000	-
	\$ 312,000	\$ 483,000

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:*

Deferred outflows of resources related to HIPAP of \$268,000 were reported as resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net HIPAP liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIPAP will be recognized in HIPAP expense as follows:

<u>Plan year ending June 30,</u>	
2025	\$ (103,000)
2026	(128,000)
2027	(160,000)
2028	(19,000)
2029	<u>(4,000)</u>
	<u>\$ (414,000)</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:*

Actuarial assumptions:

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

Actuarial cost method:	Entry age normal - level percentage of pay.
Investment return:	4.21%, S&P 20-year municipal bond rate
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.
Premium Assistance cap:	Premium Assistance reimbursement is capped at \$1,200 per year.
Healthcare cost trends:	Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
Mortality rates:	Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP- 2020 Improvement Scale.
Participation rate:	Eligible retirees will elect to participate pre-age 65 at 50%. Eligible retirees will elect to participate post-age 65 at 70%.

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

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:*

Actuarial assumptions:

The following assumptions were used to determine the contribution rate:

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 rates:	Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

The HIPAP'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.

The PSERS Board adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024 are as follows:

<u>HIPAP - Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Cash	<u>100.0 %</u>	1.7 %

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:*

Discount rate:

The discount rate used to measure the total HIPAP liability was 4.21%. Under the HIPAP’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 HIPAP’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a “pay-as-you-go” plan. A discount rate of 4.21%, which represents the S&P 20-year municipal bond rate at June 30, 2024, was applied to all projected benefit payments to measure the total HIPAP liability.

Sensitivity of the District’s proportionate share of the net HIPAP liability to changes in the healthcare cost trend rates:

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the District’s proportionate share of the net HIPAP liability for June 30, 2024, calculated using current healthcare cost trends, as well as what the net HIPAP liability would be if healthcare cost trends were 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current trend rates</u>	<u>1% Increase</u>
District's proportionate share of net HIPAP liability	<u>\$ 4,599,000</u>	<u>\$ 4,599,000</u>	<u>\$ 4,600,000</u>

**PENN MANOR SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**13. Other postemployment benefits (continued):**

*HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:*

Sensitivity of the District's proportionate share of the net HIPAP liability to changes in the discount rate:

The following presents the District's proportionate share of the net HIPAP liability, calculated using the discount rate of 4.21%, as well as what the net HIPAP liability would be if it were calculated using a discount rate that is 1% lower (3.21%) or 1% higher (5.21%) than the current rate:

	1% Decrease <u>3.21%</u>	Current discount rate <u>4.21%</u>	1% Increase <u>5.21%</u>
District's proportionate share of the net HIPAP liability	<u>\$ 5,196,000</u>	<u>\$ 4,599,000</u>	<u>\$ 4,100,000</u>

HIPAP fiduciary net position:

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

**14. Joint ventures:**

*Lancaster County Career and Technology Center (LCCTC):*

The School District is one of 16-member school districts of the Lancaster County Career and Technology Center (LCCTC). LCCTC provides vocational-technical training and education to participating students of the member school districts. LCCTC is controlled and governed by the Career and Technology Board for Lancaster County, which is composed of school board members of all the member school districts. No member school district exercises specific control over the fiscal policies or operations of LCCTC. The LCCTC is not reported as part of the School District's reporting entity. The School District's share of annual operating costs for LCCTC fluctuates based upon the percentage of enrollment of each member school district. The amount paid for these services in the year ended June 30, 2025 was \$2,084,902, which has been reported in the general fund. Complete financial statements for LCCTC can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

The District entered into a lease agreement with the Lancaster County Career and Technology Center Authority (Authority) along with 15 other school districts. The Lancaster County Career and Technology Center Authority is an authority created under the Pennsylvania Municipality Authorities Act and is empowered to acquire, hold, construct, improve, maintain, operate and lease public school buildings and other school projects for public school purposes. By resolution, the member districts have requested the Authority to proceed with improvement of the school facilities of the Lancaster County Career Technology Center (LCCTC) to be funded by lease revenue bonds not to exceed the maximum aggregate principal amount of \$43,000,000. The bonds will be designated as Lancaster County Career and Technology Center Authority Guaranteed Lease Revenue Bonds. Each district will pay its proportionate share of the lease rentals in order to fund the debt.

**PENN MANOR SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025**

**14. Joint ventures (continued):**

*Lancaster County Career and Technology Center (LCCTC):*

On November 11, 2017, the Authority completed issuance of Guaranteed Lease Revenue Notes, Series of 2017-11, for the purpose of advance refunding the Guaranteed Lease Revenue Bonds, Series of 2012, and to pay the costs of issuing the notes in the amount of \$7,930,000. Payments are required until February 2037. The notes bear interest with rates ranging from 2.20% to 5.00%. The balance of the District's share of this obligation at June 30, 2025 was \$450,045.

On June 30, 2020, the Authority completed issuance of Guaranteed Lease Revenue Bonds, Series of 2020, for the purpose of advance refunding the Guaranteed Lease Revenue Bonds, Series of 2014, advance refunding the Guaranteed Lease Revenue Notes, Series of 2017 and to pay the costs of issuing the bonds in the amount of \$11,145,000. Payments are required until February 2037. The bonds bear interest with rates ranging from 1.00% to 4.00%. The balance of the District's share of this obligation at June 30, 2025 was \$716,851.

Minimum future rental payments under the operating leases for the School District are as follows:

<u>Fiscal year ending June 30,</u>	<u>Total</u>
2026	\$ 99,102
2027	98,428
2028	97,839
2029	97,857
2030	97,038
2031-2035	483,714
2036-2037	<u>192,918</u>
Total minimum future rental payments	<u>\$ 1,166,896</u>

*Lancaster-Lebanon Joint Authority:*

The School District is a member in the Lancaster-Lebanon Joint Authority (Joint Authority). The Lancaster-Lebanon Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit No. 13.

The School District did not have any financial transactions with the Joint Authority during the year ended June 30, 2025. Complete financial statements for the Joint Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

## **PENN MANOR SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

#### **14. Joint ventures (continued):**

##### *Lancaster-Lebanon Intermediate Unit No. 13 (LLIU):*

The LLIU Board of Directors consists of 22 members from the LLIU's constituent school districts. The LLIU Board members are school district board members who are elected by the public and are appointed to the LLIU Board by the member school districts' Boards of Directors. Penn Manor School District is responsible for appointing one of these members. The LLIU Board has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Penn Manor School District contracts with the LLIU for special education services for School District students. The amount paid for these services and various other support services during the year ended June 30, 2025 was \$8,579,992. Complete financial information for LLIU can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

##### *Lancaster County Academy (Academy):*

The Academy is an alternative public school organized by 11 public school districts in Lancaster County to provide services in the County. Each of the public school districts appoints one member to serve on the joint operating committee. As a member district, the School District has an ongoing financial responsibility to fund the operations of the Academy. The amount paid to the Academy in the year ended June 30, 2025 was \$73,430. Complete financial information for the Academy can be obtained from the Administrative Office at 1202 Park City Center, Lancaster, PA 17601.

##### *Lancaster County Tax Collection Bureau (Bureau):*

The School District participates with all Lancaster County school districts and associated municipalities as prescribed by Act 32 for the collection of earned income taxes and local services tax. The joint operating committee is comprised of representatives from the 17-member school districts and 16 municipal representatives. The Bureau's operating expenditures are deducted from the distributions, which are made quarterly. The School District's portion of the operating expenditures for the year ended June 30, 2025 was \$84,730. Financial information for the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.

No member school district exercises specific control over the fiscal policies or operations of these joint ventures. As a result, these entities are not reported as part of the School District's reporting entity.

#### **15. Collective bargaining agreement:**

The District employs classroom teachers, school nurses, school counselors, librarians and long-term substitute teachers who are covered by a collective bargaining agreement with the Penn Manor Education Association (PMEA). The current agreement covers the period from July 1, 2022 - June 30, 2026. The agreement establishes provisions related to salaries, health and welfare benefits, working conditions and other employment terms. In May 2025, the District and PMEA negotiated a successor agreement that covers the period from July 1, 2026 - June 30, 2029. The District's collective bargaining agreement may impact future financial obligations, including salary increases, benefit costs and other employment-related expenditures. Management believes that the District is in compliance with all significant provisions of its collective bargaining agreement as of June 30, 2025.

## ***PENN MANOR SCHOOL DISTRICT***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025**

#### **16. Termination benefits:**

According to the School District's negotiated agreement with the Penn Manor Education Association, teachers are eligible for an early retirement incentive if the date of retirement is at the conclusion of the school year, written notice of retirement is provided before April 1 preceding the date of retirement, the employee accepts benefits under the Pennsylvania Employees' Retirement System and the employee has at least 15 consecutive years of service at the School District. The retirement incentive is calculated by multiplying \$180 per year for each year of employment and \$80 per day for each unused sick and/or personal day with the School District and the total incentive is limited to a maximum of \$35,000. Payments are paid as employer non-elective contributions to employee 403(b) accounts at the time of retirement.

Retiring administrators with at least ten years of service may either elect to receive \$250 for each full year of service to the School District or \$1,500 for each full year of administrative service to the School District and \$200 per day for each unused sick and/or personal day. At no time can the monetary compensation to a retiring administrator exceed \$20,000.

The School District records retirement incentive expenses and liabilities at the government-wide level and in the proprietary funds. A prorata formula based on years of service is used to calculate the liabilities for employees who have less than the required minimum years of service. The retirement incentive liability related to years of service was included in the statement of net position (deficit) and totaled \$1,415,760 as of June 30, 2025. The portion of the retirement incentive liability related to accrued sick and personal days is reported as compensated absences in the statement of net position (deficit).

#### **17. Commitments:**

The School District has transportation contract commitments with two different vendors. The contracts run until 2030 with amounts approved annually. For the year ended June 30, 2025, \$3,238,917 and \$1,262,907 were approved to the two different transportation vendors.

#### **18. Contingent liabilities:**

The School District participates in federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

#### **19. Subsequent events:**

The School District has evaluated subsequent events through December 12, 2025, which is the date the financial statements were available to be issued.

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
(Required Supplementary Information)  
(unaudited)  
(See independent auditor's report)

For the valuation year ended June 30	The District's proportion of the net pension liability	The District's proportionate share of the net pension liability	The District's covered employee payroll	The District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.2599 %	\$ 108,781,000	\$ 41,094,941	264.71 %	64.63 %
2023	0.2559	113,841,000	39,202,021	290.40	61.85
2022	0.2576	114,526,000	37,860,012	302.50	61.34
2021	0.2677	109,909,000	37,931,570	289.76	63.67
2020	0.2560	126,052,000	35,927,882	350.85	54.32
2019	0.2518	117,799,000	34,723,184	339.25	55.66
2018	0.2473	118,716,000	33,306,892	356.43	54.00
2017	0.2402	118,631,000	31,985,031	370.90	51.84
2016	0.2382	118,044,000	30,852,237	382.61	50.14
2015	0.2315	100,275,000	29,791,037	336.59	54.36

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
 (Required Supplementary Information)  
 (unaudited)  
 (See independent auditor's report)

For the valuation year ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	The District's covered employee payroll	Contributions as a percentage of covered employee payroll
2024	\$ 13,644,782	\$ 13,760,000	\$ (115,218)	\$ 41,094,941	33.48 %
2023	13,402,000	13,512,000	(110,000)	39,202,021	34.47
2022	12,840,000	12,905,000	(65,000)	37,860,012	34.09
2021	12,722,000	12,769,000	(47,000)	37,931,570	33.66
2020	11,962,000	11,311,000	651,000	35,927,882	31.48
2019	11,276,000	11,284,000	(8,000)	34,723,184	32.50
2018	10,494,000	10,478,000	16,000	33,306,892	31.46
2017	9,187,000	9,492,000	(305,000)	31,985,031	29.68
2016	7,578,000	7,781,000	(203,000)	30,852,237	25.22
2015	5,978,000	6,128,000	(150,000)	29,791,037	20.57

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL  
OPEB LIABILITY AND RELATED RATIOS  
(Required Supplementary Information)  
(unaudited)  
(See independent auditor's report)

Total other postemployment benefit (OPEB) liability:

For the valuation year ended June 30	Service cost	Interest	Differences between expected and actual experience	Changes in assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability, beginning	Total OPEB liability, ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
2024	\$ 225,958	\$ 174,970	\$ (621,222)	\$ (170)	\$ (148,350)	\$ (368,814)	\$ 4,090,953	\$ 3,722,139	\$ 36,785,109	10.12 %
2023	212,062	159,449	-	59,382	(120,456)	310,437	3,780,516	4,090,953	32,564,768	12.56
2022	460,594	133,613	(885,678)	(1,235,362)	(201,323)	(1,728,156)	5,508,672	3,780,516	32,564,798	11.61
2021	462,146	105,249	-	(166,888)	(192,579)	207,928	5,300,744	5,508,672	33,056,821	16.66
2020	331,531	145,942	275,933	575,942	(88,565)	1,240,783	4,059,961	5,300,744	33,056,821	16.04
2019	331,821	121,830	-	(115,637)	(75,286)	262,728	3,797,233	4,059,961	30,646,580	13.25
2018	277,166	123,591	(222,865)	3,538	(121,375)	60,055	3,737,178	3,797,233	30,646,580	12.39
2017	264,540	89,547	-	101,586	(109,549)	346,124	3,391,054	3,737,178	29,747,884	12.56

Note to schedule:

*Changes in assumptions:*

The discount rate changed from 4.13% to 4.29%. The trend assumption was updated.

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB (HIPAP) LIABILITY  
(Required Supplementary Information)  
(unaudited)  
(See independent auditor's report)

For the valuation year ended June 30	The District's proportion of the net OPEB (HIPAP) liability	The District's proportionate share of the net OPEB (HIPAP) liability	The District's covered employee payroll	The District's proportionate share of the net OPEB (HIPAP) liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total OPEB (HIPAP) liability
2024	0.2589 %	\$ 4,599,000	\$ 41,094,941	11.19 %	7.13 %
2023	0.2559	4,630,000	39,202,021	11.81	7.22
2022	0.2575	4,740,000	37,860,012	12.52	6.86
2021	0.2676	6,342,000	37,931,570	16.72	5.30
2020	0.2560	5,531,000	35,927,882	15.39	5.69
2019	0.2518	5,355,000	34,723,184	15.42	5.56
2018	0.2473	5,156,000	33,306,892	15.48	5.56
2017	0.2402	4,894,000	31,985,031	15.30	5.73

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF DISTRICT'S OPEB (HIPAP) CONTRIBUTIONS  
 (Required Supplementary Information)  
 (unaudited)  
 (See independent auditor's report)

For the valuation year ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	The District's covered employee payroll	Contributions as a percentage of covered employee payroll
2024	\$ 264,000	\$ 268,000	\$ (4,000)	\$ 41,094,941	0.65 %
2023	293,000	296,000	(3,000)	39,202,021	0.76
2022	301,000	304,000	(3,000)	37,860,012	0.80
2021	311,000	312,000	(1,000)	37,931,570	0.82
2020	301,000	284,000	17,000	35,927,882	0.79
2019	289,000	288,000	1,000	34,723,184	0.83
2018	276,000	276,000	-	33,306,892	0.83
2017	266,000	276,000	(10,000)	31,985,031	0.86

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 BUDGET AND ACTUAL – GENERAL FUND  
 (Required Supplementary Information)  
 (unaudited)  
 YEAR ENDED JUNE 30, 2025  
 (See independent auditor's report)

	Budget amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Local sources:				
Real estate taxes	\$ 58,953,732	\$ 58,953,732	\$ 59,001,986	\$ 48,254
Other taxes	9,049,000	9,049,000	9,545,241	496,241
Interest and investment earnings	1,652,500	1,652,500	2,141,544	489,044
Other revenue	2,122,355	2,122,355	2,754,061	631,706
<b>Total local sources</b>	<b>71,777,587</b>	<b>71,777,587</b>	<b>73,442,832</b>	<b>1,665,245</b>
State sources	32,604,132	32,604,132	36,425,478	3,821,346
Federal sources	1,443,194	1,443,194	1,275,029	(168,165)
<b>Total revenues</b>	<b>105,824,913</b>	<b>105,824,913</b>	<b>111,143,339</b>	<b>5,318,426</b>
<b>Expenditures:</b>				
Instructional services:				
Regular programs	43,656,334	43,656,334	45,670,287	(2,013,953)
Special programs	18,248,238	18,248,238	20,740,019	(2,491,781)
Vocational programs	2,757,473	2,757,473	2,905,438	(147,965)
Other instructional programs	158,282	158,282	253,971	(95,689)
Support services:				
Pupil personnel	3,366,027	3,366,027	3,860,120	(494,093)
Instructional staff	936,943	936,943	1,040,675	(103,732)
Administrative	7,340,371	7,340,371	6,326,507	1,013,864
Pupil health	1,141,264	1,141,264	1,149,682	(8,418)
Business	1,153,438	1,153,438	1,237,105	(83,667)
Operation and maintenance of plant	7,334,185	7,334,185	8,131,896	(797,711)
Student transportation	5,528,130	5,528,130	5,435,594	92,536
Central and other support	2,203,533	2,203,533	2,492,863	(289,330)
Other support services	45,237	45,237	42,913	2,324

(continued)

**PENN MANOR SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

(Required Supplementary Information)

(unaudited)

YEAR ENDED JUNE 30, 2025

(See independent auditor's report)

	Budget amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Operation of noninstructional services:				
Student activities	\$ 1,956,611	\$ 1,956,611	\$ 2,036,747	\$ (80,136)
Community services	25,070	25,070	27,496	(2,426)
Scholarships and awards	2,500	2,500	3,606	(1,106)
Debt service (principal and interest)	9,133,743	9,133,743	9,133,511	232
Refund of prior years' receipts	-	-	6,921	(6,921)
<b>Total expenditures</b>	<b>104,987,379</b>	<b>104,987,379</b>	<b>110,495,351</b>	<b>(5,507,972)</b>
<b>Excess of revenues over expenditures</b>	<b>837,534</b>	<b>837,534</b>	<b>647,988</b>	<b>(189,546)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	-	-	4,306	4,306
Interfund transfers	(765,000)	(765,000)	(1,766,658)	(1,001,658)
Budgetary reserve	(852,612)	(852,612)	-	852,612
<b>Total other financing sources (uses)</b>	<b>(1,617,612)</b>	<b>(1,617,612)</b>	<b>(1,762,352)</b>	<b>(144,740)</b>
<b>Net changes in fund balances</b>	<b>\$ (780,078)</b>	<b>\$ (780,078)</b>	<b>(1,114,364)</b>	<b>\$ (334,286)</b>
<b>Fund balance:</b>				
July 1, 2024			23,079,084	
<b>June 30, 2025</b>			<b>\$ 21,964,720</b>	

## ***PENN MANOR SCHOOL DISTRICT***

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
(Required Supplementary Information)  
(unaudited)  
YEAR ENDED JUNE 30, 2025  
(See independent auditor's report)

### **Budgetary data:**

Penn Manor School District follows the following procedures in establishing the budgetary data:

- a. Prior to May 31, management submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- d. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund or revisions that alter the total revenues and expenditures of any fund, must be approved by the Board.
- e. Budgetary data is included in the School District's management information system and is employed as a management control device during the year.
- f. Unused appropriations lapse at the end of each fiscal year; however, the School District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount. There were no outstanding encumbrances at June 30, 2025.
- g. The budget for the general fund is adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles for fund accounting except that a budgetary reserve is provided.
- h. For budgetary purposes, the School District includes debt service payments (principal and interest) in the general fund. In accordance with generally accepted accounting principles, these amounts are shown as transfers to the debt service fund on the fund level financial statements.

The School District's expenditures were over original budget due to regular programs, special programs, operation and maintenance of plant and other costs that were Board approved general fund expenditures due to revenues trending significantly above budget throughout the year.

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025

Federal grantor/ pass-through grantor/program title	Source code	Federal assistance listing number	Pass-through grantor's number	Grant period beginning/ ending date	Program or award amount	Total received for the year	Accrued (unearned) revenue at July 1, 2024	Revenue recognized	Expenditures	Accrued (unearned) revenue at June 30, 2025	Amounts paid to subrecipients
<b>U.S. Department of Education:</b>											
Passed through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies:	I/F	84.010	013-240324	7/30/23 - 9/30/24	\$ 949,635	\$ 206,720	\$ 152,204	\$ 54,516	\$ 54,516	\$ -	\$ -
	I/F	84.010	013-250324	7/30/24 - 9/30/25	939,328	814,084	-	931,990	931,990	117,906	-
Title II Improving Teacher Quality State Grants:	I/F	84.367	020-240324	7/30/23 - 9/30/24	156,262	56,614	24,266	32,348	32,348	-	-
	I/F	84.367	020-250324	7/30/24 - 9/30/25	177,172	141,737	-	171,446	171,446	29,709	-
Title IV Student Support & Academic Enrichment:	I/F	84.424	144-240324	7/30/23 - 9/30/24	70,803	10,115	10,115	-	-	-	-
	I/F	84.424	144-250324	7/30/24 - 9/30/25	71,566	71,566	-	71,566	71,566	-	-
COVID-19 - CARES Act - ESSER III	I/F	84.425U	223-210324	3/13/20 - 9/30/24	5,467,963	298,253	298,253	-	-	-	-
COVID-19 - CARES Act - ARP-ESSER 7%	I/F	84.425U	225-210324	3/13/20 - 9/30/24	424,984	146,813	146,813	-	-	-	-
COVID-19 - CARES Act - ARP-ESSER Homeless	I/F	84.425U	181-212324	7/1/21 - 9/30/24	52,952	43,449	43,449	-	-	-	-
COVID-19 - CARES Act - ARP-ESSER 2.5%	I/F	84.425U	224-210324	3/13/20 - 9/30/24	7,972	-	(580)	580	580	-	-
Total passed through the Pennsylvania Department of Education						<u>1,789,351</u>	<u>674,520</u>	<u>1,262,446</u>	<u>1,262,446</u>	<u>147,615</u>	<u>-</u>
Passed through the Lancaster-Lebanon Intermediate Unit #13, Special Education Cluster:											
Special Education - Grants to States (IDEA, Part B):	I/F	84.027	062-24-0013	7/1/23 - 9/30/24	1,175,064	721,340	721,340	-	-	-	-
	I/F	84.027	062-25-0013	7/1/24 - 9/30/25	1,131,200	497,926	-	1,131,200	1,131,200	633,274	-
Special Education - Preschool Grants (Early Intervention IDEA):	I/F	84.173	131-23-0013	7/1/23 - 6/30/24	5,103	5,103	5,103	-	-	-	-
	I/F	84.173	131-24-0013	7/1/24 - 6/30/25	5,760	-	-	5,760	5,760	5,760	-
Total Special Education Cluster passed through the Lancaster-Lebanon Intermediate Unit #13						<u>1,224,369</u>	<u>726,443</u>	<u>1,136,960</u>	<u>1,136,960</u>	<u>639,034</u>	<u>-</u>
<b>Total U.S. Department of Education</b>						<u><b>3,013,720</b></u>	<u><b>1,400,963</b></u>	<u><b>2,399,406</b></u>	<u><b>2,399,406</b></u>	<u><b>786,649</b></u>	<u><b>-</b></u>

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2025

Federal grantor/ pass-through grantor/program title	Source code	Federal assistance listing number	Pass-through grantor's number	Grant period beginning/ ending date	Program or award amount	Total received for the year	Accrued (unearned) revenue at July 1, 2024	Revenue recognized	Expenditures	Accrued (unearned) revenue at June 30, 2025	Amounts paid to subrecipients
<b><u>U.S. Department of Health and Human Services:</u></b>											
Passed through the Pennsylvania Department of Human Services, Medicaid Cluster:											
ACCESS Medical Assistance 2023-2024	I/F	93.778	N/A	7/1/23 - 6/30/24	N/A	\$ 721	\$ 721	\$ -	\$ -	\$ -	\$ -
ACCESS Medical Assistance 2024-2025	I/F	93.778	N/A	7/1/24 - 6/30/25	N/A	11,279	-	12,703	12,703	1,424	-
Total Medicaid Cluster passed through the Pennsylvania Department of Human Services						12,000	721	12,703	12,703	1,424	-
<b>Total U.S. Department of Health and Human Services</b>						<b>12,000</b>	<b>721</b>	<b>12,703</b>	<b>12,703</b>	<b>1,424</b>	<b>-</b>
<b><u>U.S. Department of Agriculture:</u></b>											
Passed through the Pennsylvania Department of Education, Child Nutrition Cluster:											
School Breakfast Program	I/F	10.553	N/A	7/1/24 - 6/30/25	N/A	505,560	-	505,560	505,560	-	-
National School Lunch Program	I/F	10.555	N/A	7/1/24 - 6/30/25	N/A	1,416,095	-	1,416,095	1,416,095	-	-
Total passed through the Pennsylvania Department of Education						1,921,655	-	1,921,655	1,921,655	-	-
Passed through the Pennsylvania Department of Agriculture, National School Lunch Program						213,974 (b)	(9,074) (a)	223,048 (c)	223,048	- (d)	-
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>						<b>2,135,629</b>	<b>(9,074)</b>	<b>2,144,703</b>	<b>2,144,703</b>	<b>-</b>	<b>-</b>
<b>Total expenditures of federal awards</b>						<b>\$ 5,161,349</b>	<b>\$ 1,392,610</b>	<b>\$ 4,556,812</b>	<b>\$ 4,556,812</b>	<b>\$ 788,073</b>	<b>\$ -</b>

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2025

Source codes:

I = Indirect funding

F = Federal share

84.027	Special Education - Grants to States (IDEA, Part B)	\$ 1,131,200	
84.173	Special Education - Preschool Grants (Early Intervention IDEA)	<u>5,760</u>	
		<u>\$ 1,136,960</u>	
	Total federal expenditures	<u>\$ 4,556,812</u>	= 24.95% Programs meet the 20% requirement for low-risk auditee

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Significant accounting policies:

The schedule of expenditures of federal awards presents the activity of all federal award programs for the District for the year ended June 30, 2025. Because the schedule presents only a selected portion of the operations of the District, it is not intended to, and does not present the financial position or changes in net position of the District.

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

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

Note 2 - Food distribution:

- (a) Beginning inventory at July 1
- (b) Total amount of commodities received from the Department of Agriculture
- (c) Total amount of commodities used
- (d) Ending inventory at June 30

Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with  
*Government Auditing Standards*

*Independent Auditor's Report*

Board of School Directors  
Penn Manor School District  
Millersville, 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 Penn Manor School District as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 12, 2025.

#### **Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or 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 Penn Manor School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown Plus*

Lancaster, Pennsylvania  
December 12, 2025

Report on Compliance for the  
Major Program and Report on Internal Control  
Over Compliance in Accordance with the Uniform Guidance

*Independent Auditor's Report*

Board of School Directors  
Penn Manor School District  
Millersville, Pennsylvania

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

*Opinion on the Major Federal Program*

We have audited Penn Manor School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Penn Manor School District's major federal program for the year ended June 30, 2025. Penn Manor School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Penn Manor School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

*Basis for Opinion on the 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 (*Government Auditing Standards*) 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 School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Penn Manor School 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 Penn Manor School District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with 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 School District's compliance with the requirements of the 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 Penn Manor School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Penn Manor School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Penn Manor School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

*Brown Plus*

Lancaster, Pennsylvania  
December 12, 2025

**PENN MANOR SCHOOL DISTRICT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025

**I. SUMMARY OF AUDITOR'S RESULTS:**

*Financial statements*

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 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 material weakness(es)? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

Assistance listing numbers

Name of federal program or cluster

84.027  
84.173

Special Education Cluster:  
Grants to States (IDEA, Part B)  
Preschool Grants (Early Intervention IDEA)

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**II. FINANCIAL STATEMENT FINDINGS:**

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

None

***PENN MANOR SCHOOL DISTRICT***

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2025

There were no prior year audit findings.

**APPENDIX F**  
**BOND AMORTIZATION SCHEDULE**