

**NEW ISSUE - BOOK ENTRY ONLY**

**RATING: S&P: “AA-” (Stable Outlook) (Underlying)**  
(See “RATING” herein)

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, if any, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See “TAX MATTERS” herein.*

**\$16,760,000\***

**MANHEIM CENTRAL SCHOOL DISTRICT**  
**(Lancaster County, Pennsylvania)**  
**General Obligation Bonds, Series of 2024**

**Bonds Dated:** Date of delivery  
**Principal Due:** May 1, as shown on inside cover  
**Denomination:** Integral multiples of \$5,000

**Interest Payable:** May 1 and November 1  
**First Interest Payment:** November 1, 2024  
**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 General Obligation Bonds, Series of 2024 (the “Bonds” or “2024 Bonds”) in the aggregate principal amount of \$16,760,000\* are being issued by the Manheim Central School District (the “School District”), a public school district located in Lancaster County, Pennsylvania. 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 (the “Paying Agent”), 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 November 1, 2024, and thereafter, semiannually on May 1 and November 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 May 9, 2022, 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).

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

**Proceeds of the Bonds** will be used to provide funds to: (1) currently refund all of the General Obligation Bonds, Series A of 2016; (2) currently refund all or a portion of the General Obligation Bonds, Series of 2018; and (3) pay the costs of issuing the 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, Bond Counsel, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Stock and Leader, LLP, York, Pennsylvania, Solicitor for the School District, and for the Underwriter by its limited scope underwriter’s counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania. PFM Financial Advisors LLC, Harrisburg, Pennsylvania has acted as municipal advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about August \_\_\_\_, 2024.

**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.

**\$16,760,000\***

**Manheim Central SCHOOL DISTRICT**  
**(Lancaster County, Pennsylvania)**  
**General Obligation Bonds, Series of 2024**

**Bonds Dated:** Date of delivery  
**Principal Due:** May 1, as shown below  
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**Interest Payable:** May 1 and November 1  
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**Form:** DTC Book-entry Only

**BOND MATURITY SCHEDULE**

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<b>(May 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 <sup>(1)</sup></u></b>

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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 Noteholders and 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.

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\*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> .....	Manheim Central School District, Lancaster County, Pennsylvania (the “School District”).
<b>Bonds</b> .....	The General Obligation Bonds, Series of 2024 in the principal amount of \$16,760,000* (the “Bonds”), dated as of the date of delivery, maturing on May 1, 20__ through May 1, 20__.  Interest on the Bonds shall be payable semiannually on May 1 and November 1. See “ <b>DESCRIPTION OF THE BONDS</b> ” herein.
<b>Optional Redemption</b> .....	The Bonds stated to mature on or after May 1, 20__, 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 May 1, 20__, 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> .....	Proceeds of the Bonds will be used to provide funds to: (1) currently refund all of the General Obligation Bonds, Series A of 2016; (2) currently refund all or a portion of the General Obligation Bonds, Series of 2018; and (3) pay the costs of issuing the Bonds.
<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 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> – for the School District’s respective filing deadline, see “ <b>Section 3. Time period within which annual information must be filed</b> ” herein.)

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\* Preliminary, subject to change.

**MANHEIM CENTRAL SCHOOL DISTRICT**  
**(Lancaster County, Pennsylvania)**  
281 White Oak Road  
Manheim, Pennsylvania 17545

**BOARD OF SCHOOL DIRECTORS**

Michael Clair.....	President
Steven Bushey.....	Vice President
Robert Creighton.....	Treasurer
Bryan Howett.....	Secretary (Non-Member)
Amy Beachy.....	Member
Charles Gearhart.....	Member
Michelle Gingrich.....	Member
Matthew Linder.....	Member
Andy Sensenig.....	Member
Jennifer Walker.....	Member

**SCHOOL ADMINISTRATION**

Dr. Ryan Axe.....	Superintendent
Dr. Amy Flannery.....	Assistant Superintendent
Bryan Howett.....	Business Manager

**SCHOOL DISTRICT SOLICITOR**

Stock and Leader, LLP  
York, Pennsylvania

**BOND COUNSEL**

Saxton & Stump, LLC  
Lancaster, Pennsylvania

**UNDERWRITER**

Raymond James & Associates, Inc.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITER'S COUNSEL**

McNees Wallace & Nurick LLC  
Lancaster, Pennsylvania

**FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Harrisburg, Pennsylvania

**PAYING AGENT**

Fulton Bank, National Association  
Lancaster, Pennsylvania

**OFFICIAL STATEMENT**

**\$16,760,000\***

**Manheim Central SCHOOL DISTRICT  
(Lancaster County, Pennsylvania)  
General Obligation Bonds, Series of 2024**

**INTRODUCTION**

This Official Statement is furnished by the Manheim Central School District (the “School District”), a public school district located in Lancaster County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2024 (the “Bonds”) in the aggregate principal amount of \$16,760,000\*, to 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 May 9, 2022 (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 May 1 and November 1 of each year, commencing November 1, 2024. 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 Bonds will be used to provide funds to: (1) currently refund all of the General Obligation Bonds, Series A of 2016; (2) currently refund all or a portion of the General Obligation Bonds, Series of 2018; and (3) pay the costs of issuing the Bonds.

**SOURCES AND USES OF FUNDS**

**Total**

**Sources of Funds**

Proceeds of the Bonds

Net Original Issue Premium [Discount]

**Total Sources of Funds**

**Uses of Funds**

Refunding Requirement for the 2016A Bonds

Refunding Requirement for the 2018 Bonds

Costs of Issuance <sup>(1)</sup>

**Total Uses of Funds**

<sup>(1)</sup> Includes legal fees, municipal bond insurance premium, underwriter’s discount, paying agent fees, , 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 November 1, 2024, and thereafter, semiannually on May 1 and November 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. See “BOOK-ENTRY ONLY SYSTEM” herein. 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, November 1, 2024, 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>) 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 May 1 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 May 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 May 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 Fund

Under the Resolution, the School District has created a "Sinking Fund - General Obligation Bonds, Series of 2024" (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 Fund 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. The budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely. Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Governor approved a five-month stopgap budget for fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. The legislation was sent to the Governor's desk for approval and on November 23, 2020, the Governor approved the 2020-21 Supplemental Budget, which included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor signed the state's 2021-2022 fiscal year budget on June 30, 2021. The 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 districts in both urban and rural areas of the Commonwealth. 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 record high of \$13.55 billion in the 2021-22 budget.

After a week's delay and intense negotiations, the \$45.2 billion budget for Pennsylvania's 2022-23 fiscal year was signed by Governor Tom Wolf on July 8, 2022. The 2022-23 enacted budget included \$7,625,124,000 for the basic education funding appropriation and \$225,000,000 to supplement those school districts with a higher at risk student population. The total amount allocated for education included a \$767,820,000 (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$8.4 billion for the basic education funding appropriation. The total amount included a \$796.6 million (10.45%) 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 \$1.3 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.

After a two week delay, a \$47.6 billion budget for the state's 2024-25 fiscal year was signed by Governor Josh Shapiro on July 11, 2024, which included an increase of \$1.11 billion for K-12 education funding. The total basic education funding appropriation is \$8,157,444,000 which is a 3.62% increase over the 2023-24 enacted fiscal year appropriation. Also, the budget provides for \$100 million increase in additional aid to school districts for special education services.

**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 Underwriter 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 and the s, 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.

## **Operations Disruption Risk; COVID-19**

Certain external events beyond the control of the School District, such as pandemics, could potentially disrupt the School District's ability to conduct its operations. Since early 2020, the School District, along with the rest of the world, has been dealing with the effects of COVID-19 pandemic. The COVID-19 pandemic and the governmental response has had a profound impact on the operations of educational institutions at all levels, including the School District. As the result of the COVID-19 pandemic, the School District has been allocated federal grant funding assistance totaling approximately \$5,282,836, all of which has been expended or earmarked for use by December 31, 2024. The School District has addressed and continues to address challenges due to COVID-19. For information on the School District's response to the COVID-19 pandemic and the impact of the COVID-19 pandemic on the School District, please see the School District's audited financial statements for the fiscal year ended June 30, 2023, set forth in Appendix "E" to this Official Statement. The future severity of the economic challenges and duration of this and other public health crisis cannot be fully known at this time.

## **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 EXEMPTION**" herein.

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirement of Rule 15-c2-12 (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>
6/30/2023	3/26/2024	12/31/2023	3/26/2024	3/26/2024
6/30/2022	3/27/2023	12/30/2022	12/30/2022	7/15/2024 <sup>(1)</sup>
6/30/2021	3/27/2022	12/15/2021	12/15/2021	8/03/2021
6/30/2020	3/27/2021	12/31/2020	12/31/2020	8/03/2021 <sup>(2)</sup>
6/30/2019	3/26/2020	12/31/2019	12/31/2019	11/03/2020 <sup>(3)</sup>

<sup>(1)</sup>The School District failed to timely file its budget, but subsequently filed to EMMA, along with a "Failure to Timely File Notice" on this date.

<sup>(2)</sup>The School District failed to timely file its budget, but subsequently filed to EMMA on this date. A "Failure to Timely File Notice" was filed to EMMA on 8/10/2021.

<sup>(3)</sup>The School District failed to timely file its budget, but subsequently filed to EMMA on this date. A "Failure to Timely File Notice" was filed to EMMA on 11/3/2020.

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**

**Exclusion of Interest From Gross Income.** In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is considered in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and the representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

**Other Federal Tax Matters.** Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions, subject to Code Section 265, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

The Bonds are **not** designated, as “qualified tax-exempt obligations” for purposes and effected by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

**Bond Counsel is not rendering any opinion as to any federal tax matters other than as described under the caption “Exclusion of Interest from Gross Income” above and expressly stated in the form of Bond Counsel opinion included as APPENDIX C. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

**Pennsylvania**

In the opinion of Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

## **Other Jurisdictions**

The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

## **Other**

The Inflation Reduction Act, H.R. 5376 (the "IRA") was passed by both houses of Congress and signed by the President; as passed, the IRA includes a 15% alternative minimum tax to be imposed on the "adjusted financial statement income", as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022.

## **LEGAL OPINIONS**

The issuance of the Bonds is subject to the approving legal opinion of Saxton & Stump, LLC, 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 Stock & Leader, LLP, York, Pennsylvania, Solicitor to the School District, and McNeese Wallace & Nurick LLC, in Lancaster, 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 underlying 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.



## **FINANCIAL ADVISOR**

The School District has retained PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, as municipal advisor (the “Municipal Advisor”) in connection with the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to perform an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of, the information contained in this Official Statement, and has neither performed any such verification nor assumed any such responsibility. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **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.

**MANHEIM CENTRAL 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 Manheim Central School District is located in Lancaster County, Pennsylvania (the “School District”) is comprised of the Borough of Manheim and the Townships of Penn and Rapho (collectively, the “Municipalities”). Located in northwestern Lancaster County, the School District encompasses 78.2 square miles of scenic and productive agricultural lands being increasingly converted to residential use. The School District lies approximately 7 miles north of the City of Lancaster, approximately 80 miles west of the City of Philadelphia and 25 miles east of the City of Harrisburg.

The School District is a school district of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania. The School District is governed by a board of nine School Directors who are citizens of the School District and who are elected to serve four-year terms on a staggered basis. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent and the Business Manager who are appointed by the Board of School Directors.

**School Facilities**

<u>School</u>	<u>Year Constructed</u>	<u>Additions/ Alterations</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2023-24 Enrollment</u>
<i>Elementary:</i>					
Baron.....	2019	---	Pre K-4	792	367
Doe Run.....	2017	---	K-4	1,367	641
<i>Secondary:</i>					
Junior High.....	2007	---	5-8	1,262	837
Senior High.....	1959	1966,1995,2006	9-12	1,248	896
Senior High – Full Day CTC, Alt. Ed....	---	---	9-12	---	43
<b>Total School District.....</b>				4,669	2,741

Source: School District Officials.

**Pupil Enrollment**

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

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2019-20.....	1,040	1,870	2,910
2020-21.....	1,127	1,963	3,090
2021-22.....	1,001	1,848	2,849
2022-23.....	989	1,792	2,781
2023-24 (Current).....	1,008	1,733	2,741
2024-25 (Projected).....	985	1,745	2,730

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 BBD, LLP, CPA, of Philadelphia, 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 below table presents a summary of the School District’s General Fund Financial Condition for Fiscal Years ending June 30, 2019 through 2023. For more complete information, the individual financial statements and the 2024 Budget of the School District may be reviewed at the School District’s Business Office.

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

	<b>ACTUAL</b>					<b>Budgeted</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Revenues</b>						
Local Sources.....	\$38,101,876	\$38,892,693	\$40,231,057	\$42,071,310	\$44,492,233	\$46,240,587
State Sources.....	16,112,378	16,793,485	16,360,029	16,342,461	18,590,316	18,984,819
Federal Sources.....	1,326,866	1,333,247	2,115,576	3,852,058	3,915,167	1,695,045
Other Financing Sources.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Revenues</b> .....	<b>\$55,541,120</b>	<b>\$57,019,425</b>	<b>\$58,706,662</b>	<b>\$62,265,829</b>	<b>\$66,997,716</b>	<b>\$66,920,451</b>
<b>Expenditures</b>						
Instruction.....	\$30,387,608	\$32,021,954	\$32,740,743	\$35,071,453	\$35,606,348	\$37,982,899
Support Services.....	16,635,846	15,550,393	15,785,258	17,484,171	19,160,750	19,033,184
Operation of Non-Instructional Services.....	1,222,306	1,201,358	1,129,183	1,402,996	1,559,722	1,583,818
Facilities.....	1,930,663	0	0	0	0	0
Debt Service.....	<u>6,171,924</u>	<u>6,021,164</u>	<u>6,102,354</u>	<u>6,939,843</u>	<u>8,911,321</u>	<u>8,563,080</u>
<b>Total Expenditures</b> .....	<b>\$56,348,347</b>	<b>\$54,794,869</b>	<b>\$55,757,538</b>	<b>\$60,898,463</b>	<b>\$65,238,141</b>	<b>\$67,162,981</b>
<b>Other Financing Sources (Uses)</b>						
Transfers out.....	(\$98,422)	(\$2,134,272)	\$0	(\$209,914)	(\$1,965,610)	(\$70,000)
Sale of/compensation for capital assets.....	0	2,135,500	209,914	0	1,965,610	0
Refund of prior year receipts.....	0	(6,325)	0	0	0	0
Insurance recoveries.....	0	35,147	0	48,813	11,845	0
Budgetary reserve.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>250,000</u>
<b>Total Other Financing Sources (Uses)</b> .....	<b>(\$98,422)</b>	<b>\$30,050</b>	<b>\$209,914</b>	<b>(\$161,101)</b>	<b>\$11,845</b>	<b>\$180,000</b>
<b>Excess Expenditures Over (Under) Revenues</b>	<b>(\$905,649)</b>	<b>\$2,254,606</b>	<b>\$3,159,038</b>	<b>\$1,206,265</b>	<b>\$1,771,420</b>	<b>(\$242,530)</b>
<b>Beginning Fund Balance</b> .....	<b>\$19,743,689</b>	<b>\$18,838,040</b>	<b>\$20,987,973</b>	<b>\$24,147,011</b>	<b>\$25,353,276</b>	<b>\$27,124,696</b>
<b>Prior Period Adjustment</b> .....	<b>0</b>	<b>(104,673)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance June 30</b> .....	<b><u>\$18,838,040</u></b>	<b><u>\$20,987,973</u></b>	<b><u>\$24,147,011</u></b>	<b><u>\$25,353,276</u></b>	<b><u>\$27,124,696</u></b>	<b><u>\$26,882,166</u></b>

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:

<b><u>Fiscal Year</u></b>	<b><u>Index %</u></b>
2025	5.3
2024	4.1
2023	3.4
2022	3.0
2021	2.6

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:

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

**2023-24 Real Estate and Non-Real Estate Tax Rates**

<u>Municipality</u>	<u>Realty Tax (Mills)</u>			<u>Earned Income</u>		<u>Real Estate Transfer</u>	
	<u>School</u>	<u>Municipal</u>	<u>County</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>
Manheim Borough .....	16.0438	4.8900	2.9110	0.5%	0.5%	0.5%	0.5%
Penn Township .....	16.0430	1.4326	2.9110	0.5	0.5	0.5	0.5
Rapho Township .....	16.0430	1.5000	2.9110	0.5	0.5	0.5	0.5

<u>Municipality</u>	<u>Local Services</u>	
	<u>School</u>	<u>Municipal</u>
Manheim Borough .....	\$0	\$52
Penn Township .....	0	52
Rapho Township .....	0	52

Source: School District Officials

**Real Estate Tax Collection Record**

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

<u>Fiscal Year</u>	<u>Gross Adjusted Total Lev</u>	<u>Current Collections</u>	<u>Current Percent Collected</u>	<u>Total Collections<sup>(1)</sup></u>	<u>Total Percent Collected</u>
2018-19 <sup>(2)</sup>	\$32,621,577	\$30,894,694	94.71%	\$31,473,640	96.48%
2019-20	33,682,960	32,399,300	96.19	32,803,590	97.39
2020-21	34,184,120	32,948,561	96.39	34,297,295	100.33
2021-22	35,650,180	34,205,180	95.95	35,331,181	99.11
2022-23	37,097,283	35,764,133	96.41	36,529,703	98.47

<sup>(1)</sup>Includes delinquent real estate collection.

<sup>(2)</sup>Countywide reassessment.

Source: School District Officials.

**Trends in Market and Assessed Valuations**

The trend in market and assessed valuation 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>
2018-19	\$2,137,504,515	\$1,797,375,000	84.09%
2019-20	2,289,807,234	2,354,616,500	102.83%
2020-21	2,356,845,763	2,388,938,200	101.36%
2021-22	2,378,387,991	2,415,679,600	101.57%
2022-23	2,519,021,909	2,442,835,500	96.98%

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 7.2% of the School District's total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Aggregate Assessed Valuation</u>
Pennsylvania Service Corp.	\$31,378,000
Frey Securities LLP	26,219,800
Noah Kreider & Sons	25,652,600
Westside RE Holdings LLC	18,200,800
Redcay Industrial Corporation	12,898,400
KW Cornerstone W 2, LLC	11,649,100
Rapho Associates	9,854,400
WVA-FSH4 LP	9,385,100
Property Management Alternative	8,907,100
SGM Enterprises LP	<u>7,601,200</u>
<b>Totals</b>	<b><u>\$161,746,500</u></b>

Source: County Assessment Office

## 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 2014-15 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.

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 CARF, whichever is higher. The School District's CARF is currently higher at 44.9%. 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 most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

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, its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2019, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, and 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 and 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 is a moratorium for the new PlanCon program, which still remains in place.

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.

<u><b>DIRECT DEBT</b></u>					
<u><b>NONELECTORAL DEBT</b></u>	<u><b>Gross</b></u>	<u><b>Project</b></u>	<u><b>Effective</b></u>	<u><b>State</b></u>	<u><b>Local</b></u>
<u><i>Issue Type*</i></u>	<u><b>Outstanding</b></u>	<u><b>Reimbursable</b></u>	<u><b>Reimbursement<sup>(1)</sup></b></u>	<u><b>Share</b></u>	<u><b>Share</b></u>
General Obligation Bonds, Series of 2024	\$16,760,000	0.00%	0.00%	\$0	\$16,760,000
General Obligation Bonds, Series of 2022	18,630,000	0.00%	0.00%	0	18,630,000
General Obligation Bonds, Series B of 2021	30,020,000	0.00%	0.00%	0	30,020,000
General Obligation Bonds, Series A of 2021	9,740,000	20.89%	9.38%	913,574	8,826,426
General Obligation Bonds, Series of 2021	9,870,000	19.52%	8.76%	865,054	9,004,946
General Obligation Bonds, Series A of 2020	9,980,000	0.00%	0.00%	0	9,980,000
General Obligation Bonds, Series of 2019	8,860,000	20.89%	9.38%	831,033	8,028,967
General Obligation Bonds, Series of 2018 (unrefunded)	4,540,000	19.52%	8.76%	397,907	4,142,093
<b>Total Principal of Nonelectoral Debt</b>	<u>\$108,400,000</u>			<u>\$3,007,569</u>	<u>\$105,392,431</u>
 <u><b>LEASE RENTAL DEBT</b></u>					
Lancaster County Career & Technology Center Authority					
Guaranteed Lease Revenue Bonds, Series of 2020	<u>\$375,682</u>				
<b>Total Principal of Lease Rental Debt</b>	<u>\$375,682</u>				
<b>TOTAL DIRECT DEBT</b>	<u>\$108,775,682</u>				
 <u><b>OVERLAPPING DEBT</b></u>					
Component Municipalities Debt	\$32,190,000				
Lancaster County <sup>(2)</sup>	<u>12,586,288</u>				
<b>Total Principal of Overlapping Debt</b>	<u>\$44,776,288</u>				
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$153,551,970</u>				
 <u><b>DEBT RATIOS OF DIRECT DEBT</b></u>					
Market Valuation of Real Estate	4.62%				
Assessed Valuation of Real Estate	4.55%				
Per Capita (2020 Population)	\$3,987				
 <u><b>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</b></u>					
Market Valuation of Real Estate	6.52%				
Assessed Valuation of Real Estate	6.43%				
Per Capita (2020 Population)	\$5,629				
 <u><b>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</b></u>					
Market Value	\$2,356,845,763				
Assessed Value	\$2,388,398,200				
Population (2020)	27,280				

\*Excludes the General Obligation Bonds, Series A of 2016 and the portion of the General Obligation Bonds, Series of 2018 being refunded herein.

- (1) Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current CARF. See “**Commonwealth Aid to School Districts**” herein.
- (2) Pro rata 5.61% share of the County’s \$224,539,966 principal amount outstanding.

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

**FUTURE FINANCING**

At this time the School District does not anticipate issuing additional long-term debt to fund capital improvements.

**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>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
<b>Total General Fund Revenues</b>	\$58,916,576	\$62,314,643	\$68,975,170
<b>Less: Required Deductions</b>			
a. Rental and Sinking Fund Reimbursement	\$496,917	\$162,526	\$958,191
b. Revenues for Self-Liquidating Debt	0	0	0
c. Interest Earned on Sinking Funds	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	48,813	1,977,455
<b>Total Deductions</b>	<u>\$496,917</u>	<u>211,339</u>	<u>\$2,935,646</u>
<b>Total Revenues</b>	<u>\$58,419,659</u>	<u>\$62,103,304</u>	<u>\$66,039,524</u>
<b>Total Net Revenues for Three Years</b>		\$186,352,573	
<b>Borrowing Base - Average Net Revenues for Three-Year Period</b>		\$62,117,524	
<b>Computation of Borrowing Capacity</b>			
Debt Limitation - 225% OF Borrowing Base		\$139,764,430	
Less: Net Non-Electoral and Lease Rental Debt		<u>108,775,682</u>	
Current Non-Electoral and Lease Rental Borrowing Capacity		\$ 30,988,748	

**LABOR RELATIONS**

**Employees and Labor Contracts**

There are presently approximately 425 employees of the School District, including 229 teachers 20 administrators, and 176 support personnel, including secretaries, aides, cafeteria staff, coaches, and maintenance staff.

The School District's teachers are represented by the Manheim Central Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires June 30, 2027.

**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. On December 3, 2020, the PSERS Board certified the employer rate, to be paid by the School District, of 34.94% for the 2021-22 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>
2018-19	\$6,948,261
2019-20	7,282,542
2020-21	7,380,851
2021-22	7,802,195
2022-23	8,327,529
2023-24	(Budgeted) 8,511,669

On June 30, 2023, the School District reported a liability of \$69,666,817 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2021 to June 30, 2022. 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. This method was changed beginning with the System’s fiscal year ended June 30, 2020. 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, 2023 (measurement date), the School District's proportion was 0.1567%, which was a decrease of 0.0038% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.6% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS’ rate of return for fiscal year ended June 30, 2023, was 3.54%. The Fund had plan net assets of \$72.8 billion on June 30, 2023. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

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

The School District implemented Governmental Accounting Standards Board Statement No. 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 School District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year.

Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition. Single-Employer Defined Benefit OPEB Plan The School District's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

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

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

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**APPENDIX B**

**LOCAL DEMOGRAPHIC AND STATISTICAL AND ECONOMIC INFORMATION**

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**DEMOGRAPHIC AND STATISTICAL INFORMATION**

The following tables provide population trends, age, wealth and housing indices for the School District, the County and the Commonwealth of Pennsylvania.

**Population**

	<u>2020</u>	<u>2010</u>
<i>School District</i> .....	27,280	24,089
Lancaster County.....	543,050	519,445
Pennsylvania .....	12,794,885	12,702,378

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>
Lancaster County.....	69,588	33,568	7.7
Pennsylvania .....	63,627	35,518	10.9

Source: U.S. Bureau of Census.

**Housing Characteristics  
(2020)**

	<u>Total Housing Units</u>	<u>Percent Owner Occupied</u>
Lancaster County.....	213,312	69.4
Pennsylvania .....	5,732,628	69.0

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

## 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.

## Transportation

All of the County's major highways converge on the City of Lancaster with the exception of the Pennsylvania Turnpike, which traverses the County in an east-west direction, 15 miles to the north. U.S. Route 30 crosses the Susquehanna River at Columbia, Pennsylvania, and meets Interstate Route 83 at York, Pennsylvania, 23 miles west of Lancaster. Interstate Route 83 provides a route to Washington and Baltimore. U.S. Route 222 runs in a north-south direction and connects with Reading, Allentown and Easton, and intersects the Pennsylvania Turnpike approximately 15 miles north of the City of Lancaster. Other major highways include Interstate Route 283 connecting Lancaster to Harrisburg, and State Route 501, which intersects the area providing access to Allentown, Bethlehem and Easton via the northeast extension of the Pennsylvania Turnpike to the east, and Wilkes-Barre, Scranton and Binghamton, New York, via Interstate Route 81 to the north.

## ECONOMIC INFORMATION

### Ten Largest Employers in Lancaster County

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#### Company

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

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Source: Department of Labor and Industry, Center for Workforce Information and Analysis – Labor & Industry (L & I), 1<sup>st</sup> Quarter, 2023.

## LANCASTER METROPOLITAN STATISTICAL AREA

(Lancaster County)

### Total Civilian Labor Force, Employment, Unemployment and Labor Force, Unemployment

Time Period	Civilian Labor Force	Employment	Unemployment	Rate (%)	SEASONALLY ADJUSTED			
					Labor Force	Employment	Unemployment	Rate (%)
July 2023	295,700	286,200	9,500	3.2	290,400	282,200	8,200	2.8
June	295,200	285,600	9,500	3.2	290,600	282,000	8,600	3.0
May	291,200	282,700	8,500	2.9	290,700	281,800	8,800	3.0
July 2022	289,900	279,000	10,900	3.8	290,000	279,700	10,300	3.6

Source: Pennsylvania Department of Labor & Industry.

### Classification of Employment by Industry

#### July 2023 NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Jul 2023	Jun 2023	May 2023	Jul 2022	Jun 2023	Jul 2022
<b>TOTAL NONFARM</b>	<b>266,800</b>	267,600	266,000	261,000	-800	5,800
<b>TOTAL PRIVATE</b>	<b>249,400</b>	248,900	246,800	244,100	500	5,300
<b>GOODS-PRODUCING</b>	<b>59,400</b>	59,300	58,200	58,700	100	700
<b>Mining, Logging, and Construction</b>	<b>20,800</b>	20,500	19,900	19,800	300	1,000
<b>Manufacturing</b>	<b>38,600</b>	38,800	38,300	38,900	-200	-300
Durable Goods	<b>21,700</b>	21,600	21,300	21,300	100	400
Non-Durable Goods	<b>16,900</b>	17,200	17,000	17,600	-300	-700
Food mfg.	<b>8,800</b>	8,800	8,700	8,800	0	0
<b>SERVICE-PROVIDING</b>	<b>207,400</b>	208,300	207,800	202,300	-900	5,100
<b>PRIVATE SERVICE-PROVIDING</b>	<b>190,000</b>	189,600	188,600	185,400	400	4,600
<b>Trade, Transportation, and Utilities</b>	<b>62,000</b>	62,100	61,900	60,200	-100	1,800
Wholesale Trade	<b>14,200</b>	14,000	13,900	13,800	200	400
Retail Trade	<b>31,000</b>	31,100	30,900	29,900	-100	1,100
General merchandise retailers	<b>3,400</b>	3,300	3,400	3,300	100	100
Transportation, Warehousing, and Utilities	<b>16,800</b>	17,000	17,100	16,500	-200	300
<b>Information</b>	<b>2,700</b>	2,600	2,600	2,600	100	100
<b>Financial Activities</b>	<b>10,400</b>	10,400	10,300	10,300	0	100
<b>Professional and Business Services</b>	<b>26,700</b>	26,700	26,800	27,200	0	-500
<b>Education and Health Services</b>	<b>48,200</b>	47,800	48,600	45,900	400	2,300
Health care and social assistance	<b>41,900</b>	41,600	41,300	40,200	300	1,700
Hospitals	<b>9,800</b>	9,800	9,700	9,300	0	500
<b>Leisure and Hospitality</b>	<b>26,900</b>	26,900	25,600	26,500	0	400
Accommodation and food services	<b>21,000</b>	21,100	20,300	21,000	-100	0
Food services and drinking places	<b>17,500</b>	17,600	17,100	16,900	-100	600
<b>Other Services</b>	<b>13,100</b>	13,100	12,800	12,700	0	400
<b>Government</b>	<b>17,400</b>	18,700	19,200	16,900	-1,300	500
Federal Government	<b>1,300</b>	1,300	1,300	1,200	0	100
State Government	<b>2,100</b>	2,100	2,300	2,100	0	0
Local Government	<b>14,000</b>	15,300	15,600	13,600	-1,300	400
Data benchmarked to March 2022	***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

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## **DRAFT**

**MANHEIM CENTRAL SCHOOL DISTRICT  
LANCASTER COUNTY, PENNSYLVANIA  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES OF 2024**

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### **OPINION**

We have acted as Bond Counsel in connection with the issuance by the Manheim Central School District, Lancaster County, Pennsylvania (the “School District”), of the \$ \_\_\_\_\_ General Obligation Bonds, Series of 2024 (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 a resolution adopted by the Board of School Directors of the School District on May 9, 2022.
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 Depositary, 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

\_\_\_\_\_, 2024



**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

# DRAFT

## MANHEIM CENTRAL SCHOOL DISTRICT LANCASTER COUNTY, PENNSYLVANIA

\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES OF 2024  
DATED, ISSUED AND DELIVERED \_\_\_\_\_, 2024

### CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the \$ \_\_\_\_\_ General Obligation Bonds, Series of 2024 (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 Manheim Central 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, 2024:

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) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(ii) the total assessed value and market value of all taxable real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an

aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections, (3) the amount of real estate taxes collected that represented taxes levied in prior years, and (4) the total amount of real estate taxes collected (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and.

(iv) the taxes and millage rates imposed for the current fiscal year for the School District (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

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, 2024. 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.

**Manheim Central School District**

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

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

(SEAL)

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



**Manheim Central School District**  
**Manheim, Pennsylvania**  
**Lancaster County**

Financial Statements  
Year Ended June 30, 2023



1835 Market Street, 3rd Floor  
Philadelphia, PA 19103

215/567-7770 | [bbdcpa.com](http://bbdcpa.com)



# MANHEIM CENTRAL SCHOOL DISTRICT

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# MANHEIM CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

**Board of School Directors  
Manheim Central School District  
Manheim, Pennsylvania**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Manheim Central School District, Manheim, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Manheim Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Manheim Central School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

### **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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Manheim Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Manheim Central School District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions - PSERS on pages 4 through 14 and 51 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Report on Summarized Comparative Information**

We have previously audited Manheim Central School District's 2022 financial statements, and our report dated December 9, 2022 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Supplementary Information**

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

The schedule of expenditures of federal awards and certain state grants 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and certain state grants 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 15, 2023, on our consideration of Manheim Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Manheim Central School District's internal control over financial reporting and compliance.

**BBD, LLP**

**Philadelphia, Pennsylvania  
December 15, 2023**

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

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Management's discussion and analysis ("**MD&A**") of the financial performance of the Manheim Central School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2023. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

### DISTRICT PROFILE

The District consists of two elementary schools, a middle school and a senior high school consisting of approximately 2,765 students. The District covers 78.2 square miles seven miles north of the City of Lancaster and is comprised of the Townships of Penn and Rapho and the Borough of Manheim. During 2022-2023, there were 421 employees in the District, consisting of 228 teachers, 18 administrators, including general administration, principals, and supervisors, and 175 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff, food service staff, technology staff, school monitors and staff nurses.

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

### FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a total net position at the close of the 2022-2023 fiscal year of \$2,513,164. During the 2022-2023 fiscal year, the District had an increase in total net position of \$7,492,823. The net position of governmental activities increased by \$8,026,526 and the net position of the business-type activities decreased by \$533,703.
- The General Fund reported an increase of fund balance of \$1,771,420, bringing the cumulative balance to \$27,124,696 at the conclusion of the 2022-2023 fiscal year.
- At June 30, 2023, the General Fund fund balance includes \$224,954 which is considered nonspendable, \$10,750,000 committed to capital projects, \$11,300,000 committed to debt service and unassigned amounts of \$4,849,742 or 7.19% of the \$67,444,814 2023-2024 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.
- Actual revenues and other financing sources were \$4,668,439 more than budgeted amounts and actual expenditures and other financing uses were \$2,457,839 more than budgeted amounts resulting in a net overall positive variance of \$2,210,600.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

---

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

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

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

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

### **Governmental Activities**

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

### **Business-Type Activities**

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

The government-wide financial statements can be found on Pages 15 and 16 of this report.

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

---

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

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

The governmental fund financial statements can be found on Pages 17 through 20 of this report.

### ***Proprietary Funds***

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

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

The proprietary fund financial statements can be found on Pages 21 through 23 of this report.

### ***Fiduciary Funds***

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

The fiduciary fund financial statements can be found on Pages 24 and 25 of this report.

### ***Notes to the Financial Statements***

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

The notes to the financial statements can be found on Pages 26 through 50 of this report.

### ***Other Information***

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

The required supplementary information can be found on Pages 51 through 56 of this report.



# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2022-2023 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,513,164. The following table presents condensed information for the *Statement of Net Position* of the District at June 30, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current assets	\$ 58,804,916	\$ 57,827,232	\$ (261,075)	\$ 24,110	\$ 58,543,841	\$ 57,851,342
Noncurrent assets	<u>142,592,313</u>	<u>121,869,395</u>	<u>54,643</u>	<u>69,913</u>	<u>142,646,956</u>	<u>121,939,308</u>
<b>Total assets</b>	<u>201,397,229</u>	<u>179,696,627</u>	<u>(206,432)</u>	<u>94,023</u>	<u>201,190,797</u>	<u>179,790,650</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>13,112,014</u>	<u>13,204,555</u>	<u>350,341</u>	<u>291,271</u>	<u>13,462,355</u>	<u>13,495,826</u>
<b>LIABILITIES</b>						
Current liabilities	10,961,175	9,078,766	74,008	73,136	11,035,183	9,151,902
Noncurrent liabilities	<u>194,508,937</u>	<u>175,315,975</u>	<u>2,008,106</u>	<u>1,538,717</u>	<u>196,517,043</u>	<u>176,854,692</u>
<b>Total liabilities</b>	<u>205,470,112</u>	<u>184,394,741</u>	<u>2,082,114</u>	<u>1,611,853</u>	<u>207,552,226</u>	<u>186,006,594</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>4,491,494</u>	<u>11,985,330</u>	<u>96,268</u>	<u>274,211</u>	<u>4,587,762</u>	<u>12,259,541</u>
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	40,853,041	38,170,497	54,643	69,913	40,907,684	38,240,410
Restricted	2,880,021	1,448,496	-	-	2,880,021	1,448,496
Unrestricted (deficit)	<u>(39,185,425)</u>	<u>(43,097,882)</u>	<u>(2,089,116)</u>	<u>(1,570,683)</u>	<u>(41,274,541)</u>	<u>(44,668,565)</u>
<b>Total net position (deficit)</b>	<u>\$ 4,547,637</u>	<u>\$ (3,478,889)</u>	<u>\$ (2,034,473)</u>	<u>\$ (1,500,770)</u>	<u>\$ 2,513,164</u>	<u>\$ (4,979,659)</u>

The District's total assets as of June 30, 2023 were \$201,190,797 of which \$53,165,254 or 26.43% consisted of cash and investments and \$142,646,946 or 70.90% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2023 were \$207,552,226 of which \$120,870,933 or 58.23% consisted of general obligation debt used to acquire and construct capital assets and \$69,666,817 or 33.57% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$41,274,541 at June 30, 2023. The District's unrestricted net position increased by \$3,394,024 during 2022-2023 primarily due to the current year results of operations.

A portion of the District's net position reflects its restricted net position which totaled \$2,880,021 as of June 30, 2023. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2023, the District's net investment in capital assets, increased by \$2,667,274 because the debt used to acquire the capital assets is being repaid faster than capital assets were being depreciated and capital assets were acquired with other sources other than long-term debt.

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

The following table presents condensed information for the *Statement of Activities* of the District for 2023 and 2022:

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 356,397	\$ 272,333	\$ 826,330	\$ 359,763	\$ 1,182,727	\$ 632,096
Operating grants and contributions	13,635,914	12,244,598	1,304,738	1,617,220	14,940,652	13,861,818
Capital grants and contributions	1,368,000	-	-	-	-	-
<b>General revenues</b>						
Property taxes levied for general purposes	36,762,198	35,413,087	-	-	36,762,198	35,413,087
Earned income taxes levied for general purposes	4,557,679	4,473,824	-	-	4,557,679	4,473,824
Other taxes	1,083,656	1,168,462	-	-	1,083,656	1,168,462
Grants and entitlements not restricted to specific programs	9,290,972	8,452,078	-	-	9,290,972	8,452,078
Gain on sale of capital assets	1,215,610	-	-	-	1,215,610	-
Investment earnings	2,225,223	123,845	297	15	2,225,520	123,860
<b>Total revenues</b>	<b>70,495,649</b>	<b>62,148,227</b>	<b>2,131,365</b>	<b>1,976,998</b>	<b>72,627,014</b>	<b>64,125,225</b>
<b>EXPENSES</b>						
Instruction	37,039,361	35,059,292	-	-	37,039,361	35,059,292
Instructional student support services	4,716,872	4,017,782	-	-	4,716,872	4,017,782
Administrative and financial support services	6,756,287	5,869,932	-	-	6,756,287	5,869,932
Operation and maintenance of plant services	5,065,573	3,978,239	-	-	5,065,573	3,978,239
Pupil transportation	3,937,504	3,352,160	-	-	3,937,504	3,352,160
Student activities	1,596,653	1,404,440	-	-	1,596,653	1,404,440
Community services	63,914	35,028	-	-	63,914	35,028
Interest and amortization expense related to non-current liabilities	3,292,959	1,942,696	-	-	3,292,959	1,942,696
Food service	-	-	2,665,068	1,907,582	2,665,068	1,907,582
<b>Total expenses</b>	<b>62,469,123</b>	<b>55,659,569</b>	<b>2,665,068</b>	<b>1,907,582</b>	<b>65,134,191</b>	<b>57,567,151</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 8,026,526</b>	<b>\$ 6,475,768</b>	<b>\$ (533,703)</b>	<b>\$ 82,306</b>	<b>\$ 7,492,823</b>	<b>\$ 6,558,074</b>

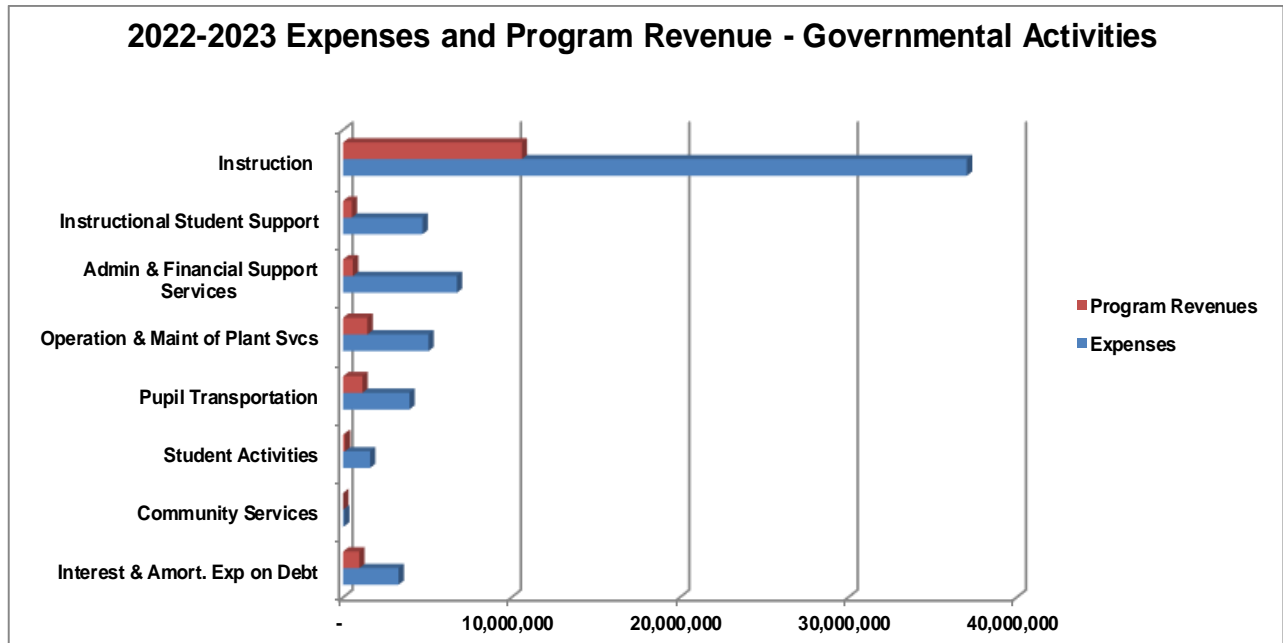
Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement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

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

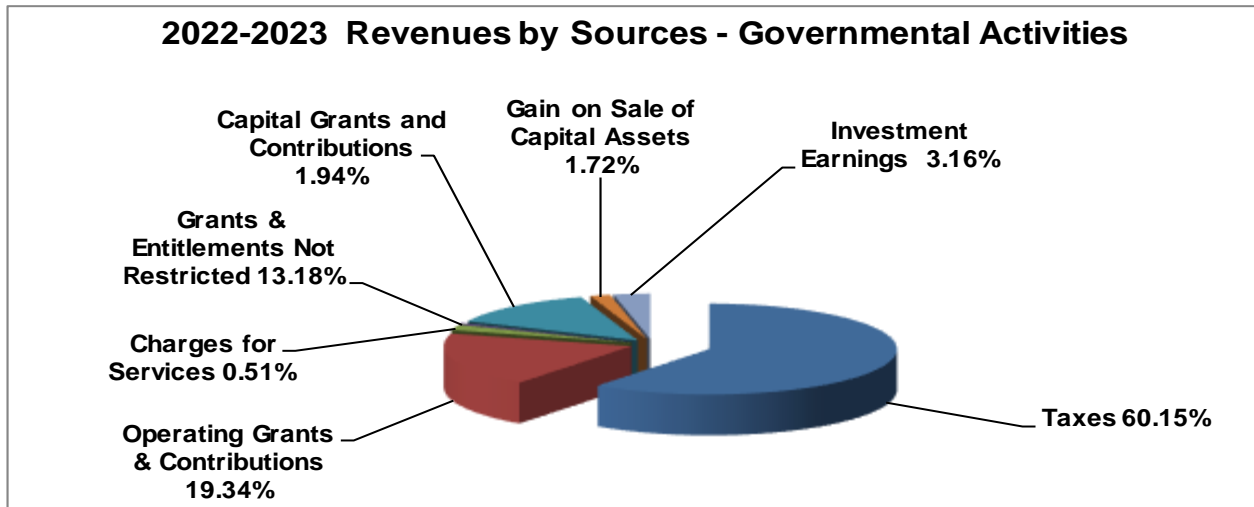
**MANHEIM CENTRAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**

June 30, 2023



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



**GOVERNMENTAL FUNDS**

The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2023, the District's governmental funds reported a combined fund balance of \$49,725,769 which is an increase of \$110,773 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2023 and 2022 and the total 2023 change in governmental fund balances.

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

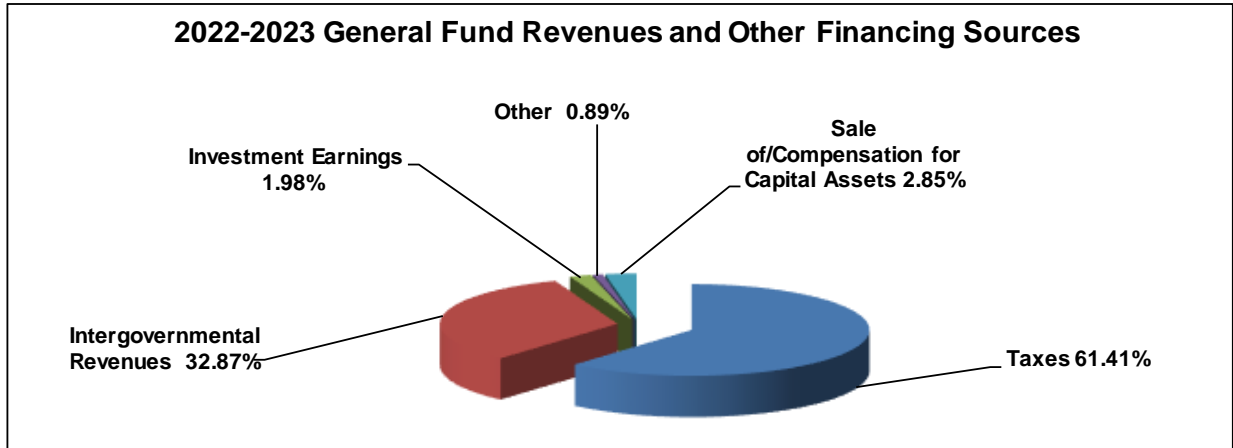
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General Fund	\$27,124,696	\$25,353,276	\$ 1,771,420
Capital Projects Fund	<u>22,601,073</u>	<u>24,261,720</u>	<u>(1,660,647)</u>
	<u>\$49,725,769</u>	<u>\$49,614,996</u>	<u>\$ 110,773</u>

### GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2022-2023 fiscal year, the General Fund fund balance was \$27,124,696 representing an increase of \$1,771,420 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2022-2023 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 61.41% of General Fund revenues are derived from local taxes.



### General Fund Revenues and Other Financing Sources

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$42,358,121	\$41,256,118	\$1,102,003	2.67
Intergovernmental revenues	22,669,630	20,421,199	2,248,431	11.01
Investment earnings	1,368,158	89,518	1,278,640	1,428.36
Other	613,652	547,807	65,845	12.02
Sale of/compensation for capital assets	<u>1,965,610</u>	<u>-</u>	<u>1,965,610</u>	<u>100.00</u>
	<u>\$68,975,171</u>	<u>\$62,314,642</u>	<u>\$6,660,529</u>	<u>10.69</u>

Net tax revenues increased by \$1,102,003 or 2.67% due to several factors. An increase in the District's millage rate of 3.4% offset by a decrease in delinquent real estate taxes account for this difference. The following table summarizes the changes in the District's tax revenues 2023 compared to 2022:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$35,767,677	\$34,207,305	\$1,560,372	4.56
Interim real estate tax	183,538	280,526	(96,988)	(34.57)
PURTA tax	38,079	37,337	742	1.99
Payments in lieu of tax	227,982	221,613	6,369	2.87
Earned income tax	4,557,679	4,473,824	83,855	1.87
Realty transfer tax	817,596	909,512	(91,916)	(10.11)
Delinquent real estate tax	<u>765,570</u>	<u>1,126,001</u>	<u>(360,431)</u>	<u>(32.01)</u>
	<u>\$42,358,121</u>	<u>\$41,256,118</u>	<u>\$1,102,003</u>	<u>2.67</u>

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

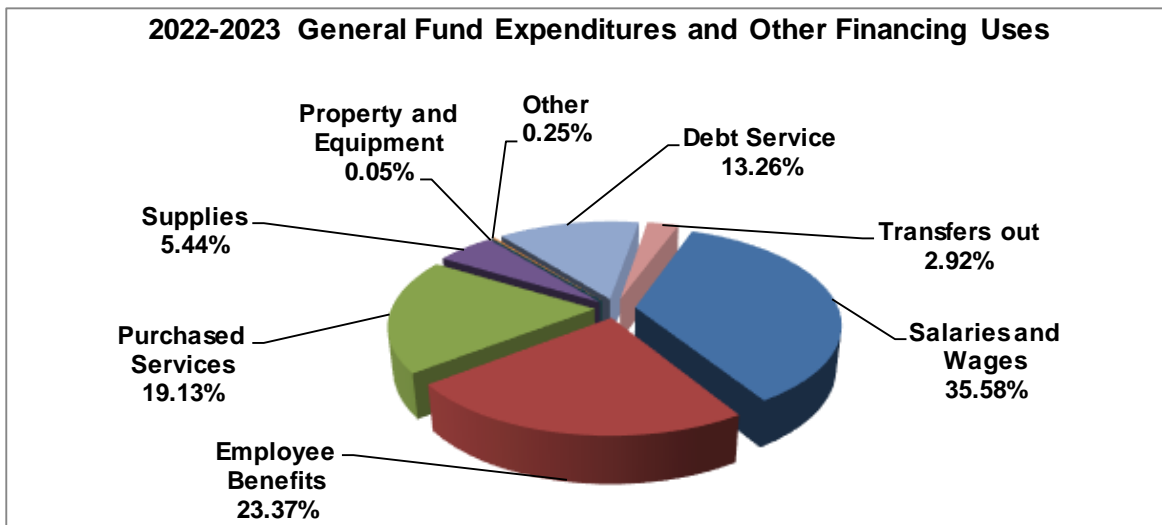
June 30, 2023

Intergovernmental revenues increased primarily due to federal funding through the Elementary and Secondary School Emergency Relief Fund ("**ESSER**") the purpose of which was to assist COVID-19 response efforts. The state budget allocation provided additional funding to public education which increased the basic and special education subsidies. In addition, the District had an increase in amounts received for rental and sinking fund subsidies.

Investment earnings increased commensurate with the prevailing market conditions.

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

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



### General Fund Expenditures and Other Financing Uses

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$23,912,291	\$22,599,912	\$1,312,379	5.81
Employee benefits	15,702,673	14,149,569	1,553,104	10.98
Purchased services	12,858,763	12,527,497	331,266	2.64
Supplies	3,652,827	4,178,227	(525,400)	(12.57)
Property and equipment	30,249	341,296	(311,047)	(91.14)
Other	170,017	162,119	7,898	4.87
Debt service	8,911,321	6,939,843	1,971,478	28.41
Transfers out	<u>1,965,610</u>	<u>209,914</u>	<u>1,755,696</u>	<u>836.39</u>
	<u>\$67,203,751</u>	<u>\$61,108,377</u>	<u>\$6,095,374</u>	<u>9.97</u>

Salaries and wages increased by \$1,312,379 or 5.81% in 2022-2023 compared to 2021-2022 as a result of scheduled increases within the District's negotiated collective bargaining agreements as well as increases for other staff.

Employee benefits increased by \$1,553,104 or 10.98% primarily due to increases in PSERS retirement contributions in line with increases in wages and the contribution rate and medical self-insurance performance.

Purchased services increased by \$331,266 or 2.64% primarily due to increased tuition to charter schools and services provided by the Lancaster Lebanon Intermediate Unit for special education.

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

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Supplies expenditures decreased by \$525,400 or 12.57% due to technology supplies purchased with ESSER funding in 2021-2022.

Debt service increased commensurate with new general obligation debt issued for the District's multi-year capital plan.

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

### CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2022-2023, the Capital Projects Fund reported a decrease in fund balance of \$1,660,647 due to capital outlay in excess of proceeds from bonds payable and bond premiums in excess of capital expenditures. The remaining fund balance of \$22,601,073 as of June 30, 2023 is restricted for future capital expenditures.

### GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were \$4,668,439 more than budgeted amounts and actual expenditures and other financing uses were \$2,457,839 more than budgeted amounts resulting in a net overall positive variance of \$2,210,600. Major budgetary highlights for 2022-2023 were as follows:

- Local source revenues were \$2,077,265 or 4.90% higher than budgeted amounts. This was primarily due to investment earnings being \$1,143,158 more than budgeted as well as more than expected collections for earned income taxes, realty transfer taxes, and delinquent real estate taxes.
- State source revenues were \$603,280 or 3.35% higher than budgeted amounts due primarily to higher than expected allocations for basic education funding and rental and sinking fund subsidies.
- Student transportation services expenditures were \$523,852 or 15.33% more than budgeted amounts due to increases in fuel costs and commensurate increases in the Pennsylvania Department of Education ("PDE") transportation cost index.
- Debt service expenditures were \$806,280 or 9.95% higher than budgeted amounts due to the PDE chart of accounts changes requiring lease payments to be classified as debt service expenditures.

### BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2022-2023, the net position of the business-type activities and Food Service Fund decreased by \$533,703 mainly as a result of operations and the change in the PSERS net pension and OPEB liabilities. As of June 30, 2023, the business-type activities and Food Service Fund had a deficit in net position of \$2,034,473. The deficit in net position can be attributed to the business-type activities and Food Service Fund recording its proportionate share of the net pension and OPEB liability in PSERS.

### CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounted to \$142,646,956 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment and right-to-use leased assets. The total increase in the District's net investment in capital assets for the current fiscal year was \$20,707,648 or 16.98%. The increase was the result of current year additions in excess of depreciation.

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

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Current year capital outlays were \$26,334,905 and current year depreciation expense and the net book value of disposed of capital assets was \$5,627,257.

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

- High School renovation project – construction in progress \$24,855,922
- Information technology equipment
  - right-to-use leased assets \$ 373,958
- Athletic fields projects – construction in progress \$ 410,578

### NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$120,870,933 consisting of \$112,815,000 in bonds payable and bond premiums of \$8,055,933. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt increased by \$15,172,662 or 14.35% during the fiscal year.

On July 13, 2022, the District issued \$18,690,000 of general obligation bonds, Series of 2022. The proceeds of the bonds will be used to fund various capital projects of the District, and to pay for the costs of issuance.

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

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$139,764,430 which exceeds the District's outstanding general obligation debt as of June 30, 2023.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$69,666,817 as of June 30, 2023. The District's net pension liability increased by \$6,891,077 or 10.98% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$4,484,711 as of June 30, 2023. The District's OPEB liability decreased by \$1,871,763 or 29.45% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for accrued retirement bonuses, compensated absences and leases payable, which totaled \$1,494,582 as of June 30, 2023. These liabilities decreased by \$529,625 or 26.16% during the fiscal year.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

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The District adopted a 2023-2024 budget totaling \$67,444,814 which used \$551,682 of General Fund fund balance consisting of both unassigned and committed funds and the real estate tax millage rate increased by 2.76%.

### **Teacher Contract**

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

### **Facilities**

The first of three phases of a project for additions and renovations to the Manheim Central High School is nearly completed. The project, designed by Crabtree Rohrbaugh and Associates, has a base construction cost of \$55,426,950, and a total budget of \$61,750,000. Construction on the renovations and additions started in June 2021. The project has an expected completion date in July 2024. The project is currently on schedule and within its budget.

The Board of Directors approved the renovation and construction of athletic facilities at the Manheim Central Middle School and Doe Run Elementary School. The renovations include adding synthetic turf to the baseball field and the addition of two softball fields, a turf multipurpose field, and a restroom and storage building. Construction will begin in November 2023 with an expected completion date of July 2024. The project has a budget of \$10,000,000.

### **Employee Benefits' Costs**

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

The financial performance of the PSERS will determine, in large part, future increases in the employer contribution rate. The employer contribution rate for 2022-2023 was 35.79%, while the employer contribution rate for 2023-2024 is 34.00%. The retirement rate will increase incrementally each year projected out to 2030-2031 at 38.35%. The cost of the retirement expense is shared between the District and the Commonwealth and is a significant concern for future budgets.

Medical costs continue to be a concern for the District as the projections remain for expenses to continue to increase along the national trends. The District maintains an Internal Service Fund to help offset future healthcare costs. The effects of the Patient Protection and Affordable Care Act ("**PPACA**") as well as impacts from COVID-19 and healthcare trends may create an additional burden on the District to contain the rate of increase in healthcare costs.

### **Act 1**

The passage of Act 1 has impacted the District like all other school districts in the Commonwealth. A major provision of the Act is the imposition of an annual index, calculated by the Pennsylvania Department of Education and released in September for effect in the year starting July 1. This index is the maximum percent increase of the millage rate that a School Board can approve without a voter referendum. The history of the District shows a performance record of remaining within the limits of the index. In fact, the District's tax increase has been less than the index five times in the last 10 years and twice there was no increase. The index for the District for 2023-2024 is 4.10%, while the 2024-2025 index is set at 5.30%.

## CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

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



# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023 with summarized comparative totals for 2022

	Governmental	Business-type	Totals	
	Activities	Activities	2023	2022
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 48,267,490	\$ 17,909	\$ 48,285,399	\$ 51,713,991
Investments	4,879,855	-	4,879,855	-
Taxes receivable	1,396,603	-	1,396,603	1,285,693
Due from other governments	3,183,138	-	3,183,138	4,102,641
Internal balances	372,868	(372,868)	-	-
Other receivables	480,008	-	480,008	385,242
Inventories	88,727	93,884	182,611	202,092
Prepaid expenses	136,227	-	136,227	161,683
<b>Total current assets</b>	<b>58,804,916</b>	<b>(261,075)</b>	<b>58,543,841</b>	<b>57,851,342</b>
<b>NONCURRENT ASSETS</b>				
Capital assets, net	142,592,313	54,643	142,646,956	121,939,308
<b>Total assets</b>	<b>201,397,229</b>	<b>(206,432)</b>	<b>201,190,797</b>	<b>179,790,650</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on debt refunding	186,656	-	186,656	373,315
Deferred charges OPEB - single employer	472,216	-	472,216	551,188
Deferred charges on proportionate share of OPEB - PSERS	655,910	18,453	674,363	686,419
Deferred charges on proportionate share of pension - PSERS	11,797,232	331,888	12,129,120	11,884,904
<b>Total deferred outflows of resources</b>	<b>13,112,014</b>	<b>350,341</b>	<b>13,462,355</b>	<b>13,495,826</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	2,932,316	15,803	2,948,119	1,870,698
Accrued salaries, payroll withholdings and benefits	7,181,437	-	7,181,437	6,514,620
Accrued interest payable	660,373	-	660,373	537,697
Unearned revenue	-	58,205	58,205	63,982
Other liabilities	187,049	-	187,049	164,905
<b>Total current liabilities</b>	<b>10,961,175</b>	<b>74,008</b>	<b>11,035,183</b>	<b>9,151,902</b>
<b>NONCURRENT LIABILITIES</b>				
Due within one year	5,604,705	-	5,604,705	5,761,255
Due in more than one year	188,904,232	2,008,106	190,912,338	171,093,437
<b>Total noncurrent liabilities</b>	<b>194,508,937</b>	<b>2,008,106</b>	<b>196,517,043</b>	<b>176,854,692</b>
<b>Total liabilities</b>	<b>205,470,112</b>	<b>2,082,114</b>	<b>207,552,226</b>	<b>186,006,594</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred credits OPEB - single employer	1,602,762	-	1,602,762	424,541
Deferred credits on proportionate share of OPEB - PSERS	722,669	35,331	758,000	133,000
Deferred credits on proportionate share of pension - PSERS	2,166,063	60,937	2,227,000	11,702,000
<b>Total deferred inflows of resources</b>	<b>4,491,494</b>	<b>96,268</b>	<b>4,587,762</b>	<b>12,259,541</b>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	40,853,041	54,643	40,907,684	38,240,410
Restricted	2,880,021	-	2,880,021	1,448,496
Unrestricted (deficit)	(39,185,425)	(2,089,116)	(41,274,541)	(44,668,565)
<b>Total net position (deficit)</b>	<b>\$ 4,547,637</b>	<b>\$ (2,034,473)</b>	<b>\$ 2,513,164</b>	<b>\$ (4,979,659)</b>

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Year ended June 30, 2023 with summarized comparative totals for 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2023	2022
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction	\$ 37,039,361	\$ 252,007	\$ 10,358,267	\$ -	\$ (26,429,087)	\$ -	\$ (26,429,087)	\$ (24,878,552)
Instructional student support	4,716,872	-	518,434	-	(4,198,438)	-	(4,198,438)	(3,525,059)
Administrative and financial support services	6,756,287	-	579,516	-	(6,176,771)	-	(6,176,771)	(5,323,491)
Operation and maintenance of plant services	5,065,573	4,830	65,574	1,368,000	(3,627,169)	-	(3,627,169)	(3,936,670)
Pupil transportation	3,937,504	-	1,141,980	-	(2,795,524)	-	(2,795,524)	(2,346,058)
Student activities	1,596,653	99,560	13,952	-	(1,483,141)	-	(1,483,141)	(1,317,610)
Community services	63,914	-	-	-	(63,914)	-	(63,914)	(35,028)
Interest and amortization expense related to noncurrent liabilities	3,292,959	-	958,191	-	(2,334,768)	-	(2,334,768)	(1,780,170)
<b>Total governmental activities</b>	<u>62,469,123</u>	<u>356,397</u>	<u>13,635,914</u>	<u>1,368,000</u>	<u>(47,108,812)</u>	<u>-</u>	<u>(47,108,812)</u>	<u>(43,142,638)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Food service	2,665,068	826,330	1,304,738	-	-	(534,000)	(534,000)	69,401
<b>Total primary government</b>	<u>\$ 65,134,191</u>	<u>\$ 1,182,727</u>	<u>\$ 14,940,652</u>	<u>\$ 1,368,000</u>	<u>(47,108,812)</u>	<u>(534,000)</u>	<u>(47,642,812)</u>	<u>(43,073,237)</u>
<b>GENERAL REVENUES</b>								
Property taxes levied for general purposes					36,762,198	-	36,762,198	35,413,087
Earned income taxes levied for general purposes					4,557,679	-	4,557,679	4,473,824
Other taxes					1,083,656	-	1,083,656	1,168,462
Grants and entitlements not restricted to specific programs					9,290,972	-	9,290,972	8,452,078
Gain on sale of capital assets					1,215,610	-	1,215,610	-
Investment earnings					2,225,223	297	2,225,520	123,860
<b>Total general revenues and transfers</b>					<u>55,135,338</u>	<u>297</u>	<u>55,135,635</u>	<u>49,631,311</u>
<b>CHANGE IN NET POSITION (DEFICIT)</b>					8,026,526	(533,703)	7,492,823	6,558,074
<b>NET POSITION (DEFICIT)</b>								
Beginning of year					(3,478,889)	(1,500,770)	(4,979,659)	(11,537,733)
<b>End of year</b>					<u>\$ 4,547,637</u>	<u>\$ (2,034,473)</u>	<u>\$ 2,513,164</u>	<u>\$ (4,979,659)</u>

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023 with summarized comparative totals for 2022

	Major Funds		Totals	
	General	Capital	2023	2022
	Fund	Projects		
<b>ASSETS</b>				
Cash	\$ 27,256,005	\$ 19,471,542	\$ 46,727,547	\$ 50,163,807
Investments	-	4,879,855	4,879,855	-
Taxes receivable	1,396,603	-	1,396,603	1,285,693
Due from other funds	2,548,200	-	2,548,200	1,680,382
Due from other governments	3,183,138	-	3,183,138	4,102,641
Other receivables	480,008	-	480,008	385,242
Inventories	88,727	-	88,727	120,212
Prepaid items	136,227	-	136,227	161,683
<b>Total assets</b>	<b>\$ 35,088,908</b>	<b>\$ 24,351,397</b>	<b>\$ 59,440,305</b>	<b>\$ 57,899,660</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,191,826	\$ 1,740,490	\$ 2,932,316	\$ 1,863,941
Due to other funds	-	9,834	9,834	-
Accrued salaries, payroll withholdings and benefits	6,312,061	-	6,312,061	6,027,955
Other liabilities	187,049	-	187,049	164,905
<b>Total liabilities</b>	<b>7,690,936</b>	<b>1,750,324</b>	<b>9,441,260</b>	<b>8,056,801</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	273,276	-	273,276	227,863
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	88,727	-	88,727	120,212
Prepaid items	136,227	-	136,227	161,683
Restricted for				
Capital projects	-	22,601,073	22,601,073	24,261,720
Committed to				
Capital projects	10,750,000	-	10,750,000	10,000,000
Debt service	11,300,000	-	11,300,000	10,300,000
Unassigned	4,849,742	-	4,849,742	4,771,381
<b>Total fund balances</b>	<b>27,124,696</b>	<b>22,601,073</b>	<b>49,725,769</b>	<b>49,614,996</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 35,088,908</b>	<b>\$ 24,351,397</b>	<b>\$ 59,440,305</b>	<b>\$ 57,899,660</b>

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023

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<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 49,725,769</b>
<p>Amounts reported for governmental activities in the statement of net position (deficit) are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	142,592,313
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	186,656
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	8,433,864
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	273,276
The Internal Service Fund is used by management to charge the cost of health insurance and unemployment claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	(1,494,931)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(194,508,937)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(660,373)</u>
<b>NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,547,637</u></b>

# MANHEIM CENTRAL SCHOOL DISTRICT

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

Year ended June 30, 2023 with summarized comparative totals for 2022

	Major Funds		Totals	
	General	Capital	2023	2022
	Fund	Projects		
<b>REVENUES</b>				
Local sources	\$ 44,492,233	\$ 857,066	\$ 45,349,299	\$ 42,105,639
State sources	18,590,316	1,368,000	19,958,316	16,342,461
Federal sources	3,915,167	-	3,915,167	3,852,058
<b>Total revenues</b>	<u>66,997,716</u>	<u>2,225,066</u>	<u>69,222,782</u>	<u>62,300,158</u>
<b>EXPENDITURES</b>				
Current				
Instruction	35,606,348	-	35,606,348	35,071,453
Support services	19,160,750	714,160	19,874,910	18,587,498
Operation of noninstructional services	1,559,722	403,497	1,963,219	1,728,275
Facilities acquisition, construction and improvement services	-	25,422,904	25,422,904	22,380,588
Debt service	8,911,321	-	8,911,321	6,939,843
<b>Total expenditures</b>	<u>65,238,141</u>	<u>26,540,561</u>	<u>91,778,702</u>	<u>84,707,657</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,759,575</u>	<u>(24,315,495)</u>	<u>(22,555,920)</u>	<u>(22,407,499)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	18,690,000	18,690,000	30,270,000
Bond premiums	-	1,625,279	1,625,279	5,117,164
Proceeds from extended term financing	-	373,959	373,959	722,078
Sale of/compensation for capital assets	1,965,610	-	1,965,610	-
Insurance recoveries	11,845	-	11,845	48,813
Transfers in	-	1,965,610	1,965,610	209,914
Transfers out	(1,965,610)	-	(1,965,610)	(222,804)
<b>Total other financing sources (uses)</b>	<u>11,845</u>	<u>22,654,848</u>	<u>22,666,693</u>	<u>36,145,165</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,771,420	(1,660,647)	110,773	13,737,666
<b>FUND BALANCES</b>				
Beginning of year	<u>25,353,276</u>	<u>24,261,720</u>	<u>49,614,996</u>	<u>35,877,330</u>
<b>End of year</b>	<u>\$ 27,124,696</u>	<u>\$ 22,601,073</u>	<u>\$ 49,725,769</u>	<u>\$ 49,614,996</u>

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2023

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 110,773

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and the net book value of disposed of capital assets in the current period.

Capital outlay expenditures	\$ 26,334,905	
Net book value of disposed of capital assets	(768,000)	
Depreciation expense	<u>(4,843,987)</u>	20,722,918

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

Deferred inflows of resources June 30, 2022	(227,863)	
Deferred inflows of resources June 30, 2023	<u>273,276</u>	45,413

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

(938,235)

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

Proceeds from leases payable	(373,959)	
Proceeds from issuance of bonds payable	(18,690,000)	
Proceeds from bond premiums	(1,625,279)	
Repayment of bonds payable	4,195,000	
Repayment of leases payable	785,078	
Amortization of discounts, premiums and deferred amounts on refunding	<u>760,958</u>	(14,948,202)

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

Current year change in accrued interest payable	(122,676)	
Current year change in accrued retirement bonuses	46,662	
Current year change in compensated absences	71,844	
Current year change in net pension liability - PSERS and deferred outflows and inflows	3,013,234	
Current year change in OPEB liability - single employer and deferred outflows and inflows	(131,127)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>155,922</u>	<u>3,033,859</u>

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** **\$ 8,026,526**

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2023 with summarized comparative totals for 2022

	<u>Major Fund</u> <u>Food Service</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 17,909	\$ 1,539,943	\$ 1,557,852	\$ 1,550,184
Inventories	93,884	-	93,884	81,880
<b>Total current assets</b>	<u>111,793</u>	<u>1,539,943</u>	<u>1,651,736</u>	<u>1,632,064</u>
<b>NONCURRENT ASSETS</b>				
Capital assets, net	54,643	-	54,643	69,913
<b>Total assets</b>	<u>166,436</u>	<u>1,539,943</u>	<u>1,706,379</u>	<u>1,701,977</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on proportionate share of pension - PSERS	331,888	-	331,888	275,367
Deferred charges on proportionate share of OPEB - PSERS	18,453	-	18,453	15,904
<b>Total deferred outflows of resources</b>	<u>350,341</u>	<u>-</u>	<u>350,341</u>	<u>291,271</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable	15,803	-	15,803	6,757
Due to other funds	372,868	2,165,498	2,538,366	1,680,382
Accrued salaries, payroll withholdings and benefits	-	869,376	869,376.00	486,665
Unearned revenue	58,205	-	58,205	63,982
<b>Total current liabilities</b>	<u>446,876</u>	<u>3,034,874</u>	<u>3,481,750</u>	<u>2,237,786</u>
<b>NONCURRENT LIABILITIES</b>				
Net proportionate share of OPEB liability - PSERS	101,818	-	101,818	84,237
Net proportionate share of pension liability - PSERS	1,906,288	-	1,906,288	1,454,480
<b>Total noncurrent liabilities</b>	<u>2,008,106</u>	<u>-</u>	<u>2,008,106</u>	<u>1,538,717</u>
<b>Total liabilities</b>	<u>2,454,982</u>	<u>3,034,874</u>	<u>5,489,856</u>	<u>3,776,503</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred credits on proportionate share of pension - PSERS	60,937	-	60,937	271,129
Deferred credits on proportionate share of OPEB - PSERS	35,331	-	35,331	3,082
<b>Total deferred inflows of resources</b>	<u>96,268</u>	<u>-</u>	<u>96,268</u>	<u>274,211</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	54,643	-	54,643	69,913
Unrestricted (deficit)	(2,089,116)	(1,494,931)	(3,584,047)	(2,127,379)
<b>Total net position (deficit)</b>	<u>\$ (2,034,473)</u>	<u>\$ (1,494,931)</u>	<u>\$ (3,529,404)</u>	<u>\$ (2,057,466)</u>

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2023 with summarized comparative totals for 2022

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Service Fund</u>	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 826,330	\$ 5,212,684	\$ 6,039,014	\$ 5,213,567
<b>OPERATING EXPENSES</b>				
Salaries	767,025	-	767,025	639,271
Employee benefits	744,359	6,204,527	6,948,886	5,772,748
Purchased services	45,249	-	45,249	41,976
Supplies	1,088,190	-	1,088,190	900,532
Depreciation	15,270	-	15,270	16,036
Other	4,975	-	4,975	1,044
<b>Total operating expenses</b>	<u>2,665,068</u>	<u>6,204,527</u>	<u>8,869,595</u>	<u>7,371,607</u>
<b>Operating loss</b>	<u>(1,838,738)</u>	<u>(991,843)</u>	<u>(2,830,581)</u>	<u>(2,158,040)</u>
<b>NONOPERATING REVENUES</b>				
Earnings on investments	297	53,608	53,905	1,610
Local sources	1,670	-	1,670	3,498
State sources	254,138	-	254,138	170,737
Federal sources	1,048,930	-	1,048,930	1,442,985
<b>Total nonoperating revenues</b>	<u>1,305,035</u>	<u>53,608</u>	<u>1,358,643</u>	<u>1,618,830</u>
<b>Change in net position before transfers</b>	<u>(533,703)</u>	<u>(938,235)</u>	<u>(1,471,938)</u>	<u>(539,210)</u>
<b>TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,890</u>
<b>CHANGE IN NET POSITION (DEFICIT)</b>	<u>(533,703)</u>	<u>(938,235)</u>	<u>(1,471,938)</u>	<u>(526,320)</u>
<b>NET POSITION (DEFICIT)</b>				
Beginning of year	<u>(1,500,770)</u>	<u>(556,696)</u>	<u>(2,057,466)</u>	<u>(1,531,146)</u>
<b>End of year</b>	<u>\$ (2,034,473)</u>	<u>\$ (1,494,931)</u>	<u>\$ (3,529,404)</u>	<u>\$ (2,057,466)</u>

See accompanying notes



# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2023 with summarized comparative totals for 2022

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2023</u>	<u>2022</u>
	<u>Fund</u>	<u>Fund</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from charges for services	\$ 802,832	\$ -	\$ 802,832	\$ 348,597
Cash received from assessments made to other funds	-	5,819,419	5,819,419	5,467,835
Cash payments to employees for services	(1,030,156)	-	(1,030,156)	(1,069,123)
Cash payments for insurance claims	-	(5,819,419)	(5,819,419)	(5,467,835)
Cash payments to supplies for goods and services	(995,984)	-	(995,984)	(803,587)
Cash payments for other operating expenses	(4,975)	-	(4,975)	(1,044)
<b>Net cash used for operating activities</b>	<u>(1,228,283)</u>	<u>-</u>	<u>(1,228,283)</u>	<u>(1,525,157)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State sources	254,138	-	254,138	170,737
Federal sources	926,238	-	926,238	1,301,875
Local sources	1,670	-	1,670	3,498
<b>Net cash provided by noncapital financing activities</b>	<u>1,182,046</u>	<u>-</u>	<u>1,182,046</u>	<u>1,476,110</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Earnings on investments	297	53,608	53,905	1,610
<b>Net increase (decrease) in cash</b>	(45,940)	53,608	7,668	(47,437)
<b>CASH</b>				
Beginning of year	63,849	1,486,335	1,550,184	1,597,621
<b>End of year</b>	<u>\$ 17,909</u>	<u>\$ 1,539,943</u>	<u>\$ 1,557,852</u>	<u>\$ 1,550,184</u>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>				
Operating loss	\$ (1,838,738)	\$ (991,843)	\$ (2,830,581)	\$ (2,158,040)
<b>Adjustments to reconcile operating loss to net cash provided by (used for) operating activities</b>				
Depreciation	15,270	-	15,270	16,036
Donated commodities used	122,692	-	122,692	141,110
(Increase) decrease in				
Due from other funds	623,165	-	623,165	-
Inventories	(12,004)	-	(12,004)	23,425
Deferred outflows of resources	(59,070)	-	(59,070)	(20,966)
Increase (decrease) in				
Accounts payable	9,048	-	9,048	4,357
Due to other funds	(2,397)	606,735	604,338	587,300
Accrued salaries, payroll withholdings and benefits	(371,916)	385,108	13,192	(4,618)
Unearned revenue	(5,779)	-	(5,779)	(41,137)
Net OPEB liability	17,581	-	17,581	8,543
Net pension liability	451,808	-	451,808	(268,191)
Deferred inflows of resources	(177,943)	-	(177,943)	187,024
<b>Net cash used for operating activities</b>	<u>\$ (1,228,283)</u>	<u>\$ -</u>	<u>\$ (1,228,283)</u>	<u>\$ (1,525,157)</u>
<b>SUPPLEMENTAL DISCLOSURE</b>				
<b>Noncash noncapital financing activity</b>				
USDA donated commodities	\$ 122,692	\$ -	\$ 122,692	\$ 141,110
<b>Noncash capital and related financing activity</b>				
Acquisition of capital assets	\$ -	\$ -	\$ -	\$ 12,890

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2023 with summarized comparative totals for 2022

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	Private- Purpose Trust	Custodial Fund	Totals	
			2023	2022
<b>ASSETS</b>				
Cash	\$ 964,757	\$ 170,974	\$ 1,135,731	\$ 1,090,576
Other receivables	-	-	-	-
<b>Total assets</b>	<u>964,757</u>	<u>\$ 170,974</u>	<u>1,135,731</u>	<u>1,090,576</u>
<b>LIABILITIES</b>				
Accounts payable	<u>47,875</u>	<u>13,679</u>	<u>61,554</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for scholarships	916,882	-	916,882	931,172
Restricted for student activities	<u>-</u>	<u>157,295</u>	<u>157,295</u>	<u>159,404</u>
<b>Total net position</b>	<u>\$ 916,882</u>	<u>\$ 157,295</u>	<u>\$ 1,074,177</u>	<u>\$ 1,090,576</u>

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See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended June 30, 2023 with summarized comparative totals for 2022

	Private- Purpose Trust	Custodial Fund	Totals	
			2023	2022
<b>ADDITIONS</b>				
Receipts from student groups	\$ -	\$ 169,097	\$ 169,097	\$ 155,528
Local contributions	<u>33,585</u>	<u>-</u>	<u>33,585</u>	<u>1,012</u>
<b>Total additions</b>	<u>33,585</u>	<u>169,097</u>	<u>202,682</u>	<u>156,540</u>
<b>DEDUCTIONS</b>				
Scholarships awarded and fees paid	47,875	-	47,875	39,275
Student activities disbursements	<u>-</u>	<u>171,206</u>	<u>171,206</u>	<u>170,066</u>
<b>Total deductions</b>	<u>47,875</u>	<u>171,206</u>	<u>219,081</u>	<u>209,341</u>
<b>CHANGE IN NET POSITION</b>	(14,290)	(2,109)	(16,399)	(52,801)
<b>NET POSITION</b>				
Beginning of year	<u>931,172</u>	<u>159,404</u>	<u>1,090,576</u>	<u>1,143,377</u>
<b>End of year</b>	<u>\$ 916,882</u>	<u>\$ 157,295</u>	<u>\$ 1,074,177</u>	<u>\$ 1,090,576</u>

See accompanying notes

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Reporting Entity**

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

#### **Basis of Presentation**

##### ***Government-Wide Financial Statements***

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

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

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

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

### ***Fund Financial Statements***

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

### ***Governmental Funds***

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

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

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

### ***Revenue Recognition***

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

### ***Expenditure Recognition***

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### ***Proprietary Funds***

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

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

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

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

### ***Fiduciary Funds***

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

### **Cash and Cash Equivalents**

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

### **Investments**

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

### **Fair Value Measurements of Assets and Liabilities**

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

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

### **Interfund Receivables and Payables**

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

### **Property Taxes**

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

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

The County Board of Assessments determines assessed valuations of property, and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2022-2023 was 15.6145 mills (\$15.6145 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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

Installment One	- August 31
Installment Two	- October 31
Installment Three	- December 31

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

### **Unearned Revenues**

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

### **Prepaid Items and Inventories**

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

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### **Capital Assets**

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

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

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

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

### **Impairment of Long-Lived Assets**

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2023.

### **Compensated Absences**

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

### **Accrued Retirement Bonus**

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

### **Long-Term Obligations**

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

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



# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### **Fund Equity**

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

#### ***Nonspendable***

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

#### ***Restricted***

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

#### ***Committed***

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

#### ***Assigned***

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

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

#### ***Unassigned***

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

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

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

### **Comparative Data**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### Use of Estimates

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

### Implementation of New Accounting Pronouncements

Effective July 1, 2022, the District adopted the provisions of GASB Statement No. 94 *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"* and GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"*.

The objective of GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("**PPP's**"). As used in GASB Statement No. 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this GASB Statement No. 94 as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The implementation of GASB Statement No. 94 had no impact on the financial statements of the District for the year ended June 30, 2023.

The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("**SBITA's**") for government end users (governments). GASB Statement No. 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 had no impact on the financial statements of the District for the year ended June 30, 2023.

### New Accounting Pronouncements

GASB Statement No. 100, *"Accounting Changes and Error Corrections"* will be effective for the District for the year ended June 30, 2024. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

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

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

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

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

### (3) DEPOSITS AND INVESTMENTS

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

#### Deposits

##### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2023, the carrying amount of the District's deposits was \$49,421,130 and the bank balance was \$50,157,432. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$250,000 was covered by federal depository insurance and \$19,653,715, was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, and is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2023, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

##### Investments

U.S. Treasury and agency securities -  
maturity less than 1 year

\$4,879,855

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

U.S. Treasury and agency securities were valued using Level 2 inputs.

### (4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ 26,743,210	\$25,579,173	\$1,137,232	\$ 51,185,151
Land	<u>3,506,291</u>	<u>-</u>	<u>768,000</u>	<u>2,738,291</u>
<b>Total capital assets not being depreciated</b>	<u>30,249,501</u>	<u>25,579,173</u>	<u>1,902,232</u>	<u>53,923,442</u>
Capital assets being depreciated				
Land improvements	5,956,307	223,632	-	6,179,939
Buildings and improvements	123,954,657	325,914	-	124,280,571
Right-to-use lease assets	2,783,038	373,958	-	3,156,996
Furniture and equipment	13,794,006	969,460	-	14,763,466
Vehicles	<u>436,364</u>	<u>-</u>	<u>-</u>	<u>436,364</u>
<b>Total capital assets being depreciated</b>	<u>146,924,372</u>	<u>1,892,964</u>	<u>-</u>	<u>148,817,336</u>
Less accumulated depreciation for				
Land improvements	(3,963,950)	(290,434)	-	(4,254,384)
Buildings and improvements	(38,582,022)	(3,299,384)	-	(41,881,406)
Right-to-use lease assets	(1,636,912)	(584,019)	-	(2,220,931)
Furniture and equipment	(10,779,694)	(655,180)	-	(11,434,874)
Vehicles	<u>(341,900)</u>	<u>(14,970)</u>	<u>-</u>	<u>(356,870)</u>
<b>Total accumulated depreciation</b>	<u>(55,304,478)</u>	<u>(4,843,987)</u>	<u>-</u>	<u>(60,148,465)</u>
<b>Total capital assets being depreciated, net</b>	<u>91,619,894</u>	<u>(2,951,023)</u>	<u>-</u>	<u>88,668,871</u>
<b>Governmental activities, net</b>	<u>\$121,869,395</u>	<u>\$22,628,150</u>	<u>\$1,905,232</u>	<u>\$142,592,313</u>
<b>Business-type activities</b>				
Capital assets being depreciated				
Machinery and equipment	\$ 678,803	\$ -	\$ -	\$ 678,803
Less accumulated depreciation	<u>(608,890)</u>	<u>(15,270)</u>	<u>-</u>	<u>(624,160)</u>
<b>Business-type activities, net</b>	<u>\$ 69,913</u>	<u>\$ (15,270)</u>	<u>\$ -</u>	<u>\$ 54,643</u>

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

<b>Governmental activities</b>	
Instruction	\$3,299,176
Instructional student support	407,093
Administrative and financial support services	560,322
Operation and maintenance of plant services	438,799
Student activities	<u>138,597</u>
<b>Total depreciation expense – governmental activities</b>	<u>\$4,843,987</u>
<b>Business-type activities</b>	
Food service	<u>\$ 15,270</u>

As of June 30, 2023, the District had outstanding construction commitments related to the High School renovation project and athletic facilities improvements at the Middle School and Doe Run Elementary of \$22,636,339.

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### (5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 372,868	Food Service Fund	\$ 372,868
General Fund	9,834	Capital Projects	9,834
General Fund	<u>2,165,498</u>	Internal Service Fund	<u>2,165,498</u>
	<u>\$2,548,200</u>		<u>\$2,548,200</u>

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

A summary of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	<u>\$1,965,610</u>	General Fund	<u>\$1,965,610</u>

Transfers from the General Fund to the Capital Projects Fund were to subsidize future capital expenditures.

### (6) CHANGE IN NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amount Due Within One Year</u>
<b>Governmental activities</b>					
<b>General obligation debt</b>					
Bonds payable	\$ 98,320,000	\$18,690,000	\$4,195,000	\$112,815,000	\$4,420,000
Bond premiums	<u>7,378,271</u>	<u>1,625,279</u>	<u>947,617</u>	<u>8,055,933</u>	<u>835,040</u>
<b>Total general obligation debt</b>	<u>105,698,271</u>	<u>20,315,279</u>	<u>5,142,617</u>	<u>120,870,933</u>	<u>5,255,040</u>
<b>Other noncurrent liabilities</b>					
Leases payable	1,187,166	373,959	785,078	776,047	349,665
Compensated absences	440,177	-	71,844	368,333	-
Accrued retirement bonuses	396,864	-	46,662	350,202	-
OPEB liability	2,720,767	-	1,126,066	1,594,701	-
Net OPEB liability - PSERS	3,551,470	-	763,278	2,788,192	-
Net pension liability - PSERS	<u>61,321,260</u>	<u>6,439,269</u>	<u>-</u>	<u>67,760,529</u>	<u>-</u>
<b>Total other noncurrent liabilities</b>	<u>69,617,704</u>	<u>6,813,228</u>	<u>2,792,928</u>	<u>76,638,004</u>	<u>349,665</u>
<b>Total governmental activities</b>	<u>175,315,975</u>	<u>27,128,507</u>	<u>7,935,545</u>	<u>194,508,937</u>	<u>5,604,705</u>
<b>Business-type activities</b>					
Net OPEB liability - PSERS	84,237	17,581	-	101,818	-
Net pension liability - PSERS	<u>1,454,480</u>	<u>451,808</u>	<u>-</u>	<u>1,906,288</u>	<u>-</u>
<b>Total business-type activities</b>	<u>1,538,717</u>	<u>469,389</u>	<u>-</u>	<u>2,008,106</u>	<u>-</u>
<b>Total noncurrent liabilities</b>	<u>\$176,854,692</u>	<u>\$27,597,896</u>	<u>\$7,935,545</u>	<u>\$196,517,043</u>	<u>\$5,604,705</u>

**MANHEIM CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

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

**(7) GENERAL OBLIGATION DEBT**

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

General obligation debt outstanding as of June 30, 2023 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
<b>General obligation bonds</b>				
Series of 2016A	0.60% - 5.00%	\$11,865,000	05/01/2031	\$ 11,830,000
Series of 2016B	0.55% - 5.00%	\$22,060,000	03/01/2024	4,075,000
Series of 2018	1.75% - 4.00%	\$9,500,000	05/01/2034	9,475,000
Series of 2019	1.45% - 4.00%	\$8,885,000	05/01/2027	8,865,000
Series of 2020A	1.00% - 4.00%	\$9,995,000	05/01/2037	9,985,000
Series of 2021	1.77%	\$10,105,000	05/01/2033	9,945,000
Series of 2021A	1.19%	\$9,915,000	05/01/2031	9,805,000
Series of 2021B	1.00-4.00%	\$30,270,000	05/01/2041	30,145,000
Series of 2022	3.50-5.00%	\$18,690,000	04/01/2043	<u>18,690,000</u>
<b>Total general obligation debt</b>				<b><u>\$112,815,000</u></b>

**General Obligation Bonds, Series of 2022**

On July 13, 2022, the District issued \$18,690,000 of general obligation bonds, Series of 2022. The proceeds of the bonds will be used to fund various capital projects of the District, and to pay for the costs of issuance.

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

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 4,420,000	\$ 4,050,277	\$ 8,470,277
2025	4,645,000	3,840,438	8,485,438
2026	4,785,000	3,701,728	8,486,728
2027	4,910,000	3,579,302	8,489,302
2028	5,040,000	3,458,455	8,498,455
2029-2033	27,255,000	14,722,983	41,977,983
2034-2038	29,310,000	10,408,363	39,718,363
2039-2043	<u>32,450,000</u>	<u>4,480,550</u>	<u>36,930,550</u>
	<b><u>\$112,815,000</u></b>	<b><u>\$48,242,096</u></b>	<b><u>\$161,057,096</u></b>

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### (8) LEASES PAYABLE

On July 1, 2021, the District entered into a 60 month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$330,953. As of June 30, 2023, the amount outstanding for the lease liability was \$205,885. The District is required to make monthly fixed payments of \$6,157. The lease has an imputed interest rate of 3.78%. The equipment's estimated useful life was 60 months as of the contract commencement. The value of the right-to-use asset as of June 30, 2023 was \$198,571 with accumulated amortization of \$132,382 and is included with noncurrent assets on the statement of net position (deficit). There is no purchase option available under the lease.

Periodically, the District enters into 48 month leases for personal technology devices for students. The total initial lease liabilities of all leases as of June 30, 2023 was \$2,517,574. As of June 30, 2023, amounts outstanding for the lease liabilities was \$570,162. The leases have annual payments ranging from \$99,148 to \$340,595 at interest rates ranging from 1.36% to 4.80%. The equipment's estimated useful life was 48 months as of the contract commencement. The value of the right to use leased assets as of June 30, 2023 was \$689,931 with accumulated amortization of \$2,135,752 and is included with noncurrent assets on the statement of net position (deficit). The District has the option to purchase the equipment at the end of the lease term for \$1.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$349,665	\$32,217	\$381,882
2025	259,918	17,197	277,115
2026	<u>166,464</u>	<u>6,561</u>	<u>173,025</u>
	<u>\$776,047</u>	<u>\$55,975</u>	<u>\$832,022</u>

### (9) PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System ("**PSERS**") and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported 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.

#### Plan Description

The Pennsylvania Public School Employees' Retirement System ("**PSERS**") is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

#### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

### Contributions

#### Member Contributions

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

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



**MANHEIM CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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, 2023 was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$8,246,120 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$69,666,817 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.1567 percent, which was an increase of 0.0038 percent from its proportion measured as of June 30, 2022. As of June 30, 2023, the net pension liability of \$67,760,529 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$1,906,288 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2023, the District recognized pension expense of \$5,413,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 32,000	\$ 603,000
Changes in assumptions	2,080,000	-
Net difference between expected and actual investment earnings	-	1,182,000
Changes in proportions	1,771,000	442,000
Contributions subsequent to the measurement date	<u>8,246,120</u>	<u>-</u>
	<u>\$12,129,120</u>	<u>\$2,227,000</u>

\$8,246,120 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**Year ended June 30,**

2024	\$ 469,000
2025	915,000
2026	(1,377,000)
2027	<u>1,649,000</u>
	<u>\$ 1,656,000</u>

**Actuarial Assumptions**

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

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

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

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

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

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global public equity	28.00 %	5.30%
Private equity	12.00 %	8.00%
Fixed income	33.00 %	2.30%

**MANHEIM CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

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Commodities	9.00 %	2.30%
Infrastructure/MLPs	9.00 %	5.40%
Real estate	11.00 %	4.60%
Absolute return	6.00 %	3.50%
Cash	3.00 %	0.50%
Leverage	<u>(11.00)%</u>	0.50%
	<u>100.00 %</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

**Discount Rate**

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

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

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

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
District's proportionate share of the net pension liability	<u>\$90,109,263</u>	<u>\$69,666,817</u>	<u>\$52,431,361</u>

**Pension Plan Fiduciary Net Position**

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

**(10) OTHER POST-EMPLOYMENT BENEFITS**

**Single-Employer Defined Benefit OPEB Plan**

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

**OPEB Plan Membership**

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

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

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### Funding Policy

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

### OPEB Liability

The District's OPEB liability has been measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and by rolling forward the liabilities from the July 1, 2022 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is \$1,594,701, all of which is unfunded. As of June 30, 2023, the OPEB liability of \$1,594,701 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2023 was as follows:

<b>Balance as of July 1, 2022</b>	<u>\$ 2,720,767</u>
<b>Changes for the year:</b>	
Service cost	240,114
Interest on total OPEB liability	66,079
Difference between projected and actual experience	(148,925)
Changes in assumptions	(1,167,657)
Benefit payments	<u>(115,677)</u>
<b>Net changes</b>	<u>(1,126,066)</u>
<b>Balance as of June 30, 2023</b>	<u>\$ 1,594,701</u>

### OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$208,240. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 136,059	\$ 339,289
Changes in assumptions	259,044	1,263,473
Contributions subsequent to the measurement date	<u>77,113</u>	<u>-</u>
	<u>\$472,216</u>	<u>\$1,602,762</u>

\$77,113 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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>Year ended June 30,</u>	
2024	\$ (97,953)
2025	(97,953)
2026	(97,953)
2027	(97,953)
2028	(97,953)
Thereafter	<u>(717,894)</u>
	<u>\$ (1,207,659)</u>

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$1,399,402</u>	<u>\$1,594,701</u>	<u>\$1,826,814</u>

### **Sensitivity of the OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District calculated using the discount rate of 4.06%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.06%</u>	<u>4.06%</u>	<u>5.06%</u>
OPEB Liability	<u>\$1,733,272</u>	<u>\$1,594,701</u>	<u>\$1,464,414</u>

### **Actuarial Methods and Significant Assumptions**

The OPEB Liability as of June 30, 2023, was determined by rolling forward the OPEB Liability as of July 1, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate – 4.06% - Standard and Poors 20 year municipal bond rate. The discount rate changed from 2.28% to 4.06%.
- Salary growth – salary increases are composed of 2.50% costs of living adjustment, 1.50% for real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0.00%
- Assumed healthcare cost trends – 6.50% in 2022, 6.00% in 2023 and 5.50% in 2024-2025. Rates gradually decrease from 5.40% in 2026 to 3.90% in 2075 and later.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of 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.

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

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

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

### **Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

### **Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$201,363 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$2,890,010 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.1570 percent, which was an increase of 0.0036 from its proportion measured as of June 30, 2022. As of June 30, 2023, the net OPEB liability of \$2,788,192 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$101,818 of the net OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2023, the District recognized OPEB expense of \$84,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between projected and actual experience	\$ 27,000	\$ 15,000
Changes in assumptions	321,000	683,000
Net difference between projected and actual investment earnings	8,000	-
Changes in proportions	117,000	60,000
Contributions subsequent to the measurement date	<u>201,363</u>	<u>-</u>
	<b><u>\$674,363</u></b>	<b><u>\$758,000</u></b>

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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\$201,363 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30,**

2024	\$ (73,000)
2025	(35,000)
2026	(46,000)
2027	(65,000)
2028	<u>(66,000)</u>
	<u>\$ (285,000)</u>

**Actuarial Assumptions**

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

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 4.09% - Standard & Poors 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 reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

Participation rate:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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**MANHEIM CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	0.50%

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

**Discount Rate**

The discount rate used to measure the OPEB liability was 4.09%. Under the OPEB plan’s funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the Standard & Poors 20 year municipal bond rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2022, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of the net OPEB liability	<u>\$2,889,717</u>	<u>\$2,890,010</u>	<u>\$2,890,246</u>

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.09%</u>	<u>4.09%</u>	<u>5.09%</u>
District’s proportionate share of the net OPEB liability	<u>\$3,268,255</u>	<u>\$2,890,010</u>	<u>\$2,573,500</u>

**OPEB Plan Fiduciary Net Position**

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



# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### (11) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

#### Joint Ventures

##### **Lancaster County Career and Technology Center**

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2022-2023 was \$972,426.

##### **Lancaster County Career and Technology Center Authority**

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2022-2023 was \$77,969.

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

#### Year ending June 30,

2024	\$ 77,711
2025	77,914
2026	78,321
2027	77,788
2028	77,322
2029-2033	383,352
2034-2037	<u>305,420</u>
	<u>\$1,077,828</u>

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

# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### Jointly Governed Organizations

#### **Lancaster-Lebanon Intermediate Unit**

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "**LLIU**"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2022-2023, the District contracted with the LLIU for special education services which totaled \$2,068,541.

#### **Lancaster-Lebanon Joint Authority**

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2022-2023, the District did not have any financial transactions with the Authority.

#### **Lancaster County Tax Collection Bureau**

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "**Bureau**") for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The Bureau's operating expenditures are deducted from each member's earned income tax distributions. During 2022-2023, the District's portion of operating expenditures for the Bureau totaled \$62,368.

#### **Lancaster County Academy**

The Lancaster County Academy (the "**Academy**") is an alternative public school organized by the District and 7 other Lancaster County school districts to provide services in the County. Each of the participating school districts appoints one member to serve on the joint operating committee. The District is considered to have an ongoing financial responsibility to fund the operations of the Academy. During 2022-2023, the District's portion of operating expenditures for the Academy totaled \$73,430.

## (12) CONTINGENCIES AND COMMITMENTS

### Government Grants and Awards

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

### Litigation

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

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### (13) RISK MANAGEMENT

#### Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims. The District was limited in liability to \$200,000 per individual and \$6,915,214 in total for self-insurance medical claims for the year ended June 30, 2023.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2023 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Insurance claims liability – beginning of year	\$ 484,268	\$ 488,468
Current year insurance claims and changes in estimates	6,204,527	5,464,025
Insurance claims paid	<u>(5,819,420)</u>	<u>(5,468,225)</u>
Insurance claims liability – end of year	<u>\$ 869,375</u>	<u>\$ 484,268</u>

#### Property and Liability

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the "**Pool**"), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than \$100,000 per occurrence. As of June 30, 2023, the District is not aware of any additional assessments relating to the Pool.

#### Workers' Compensation

The District and 16 participating member school districts, the LLIU and Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the "**Fund**"), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2023, the District is not aware of any additional assessments relating to this Fund.

#### Other Risks

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

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# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### (14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

# MANHEIM CENTRAL SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2023

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Local sources	\$ 42,414,968	\$ 44,492,233	\$ 2,077,265
State sources	17,987,036	18,590,316	603,280
Federal sources	3,904,728	3,915,167	10,439
<b>Total revenues</b>	<u>64,306,732</u>	<u>66,997,716</u>	<u>2,690,984</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular programs	25,354,702	23,936,574	1,418,128
Special programs	9,221,073	9,881,149	(660,076)
Vocational programs	1,434,369	1,551,205	(116,836)
Other instructional programs	67,446	132,523	(65,077)
Nonpublic programs	-	19,653	(19,653)
Pre-kindergarten	72,052	85,244	(13,192)
<b>Total instruction</b>	<u>36,149,642</u>	<u>35,606,348</u>	<u>543,294</u>
<b>Support services</b>			
Pupil support services	1,875,165	1,886,348	(11,183)
Instructional staff services	2,019,749	1,992,626	27,123
Administrative services	3,356,768	3,480,135	(123,367)
Pupil health	556,071	514,572	41,499
Business services	991,069	1,013,797	(22,728)
Operation and maintenance of plant services	4,651,520	4,735,742	(84,222)
Student transportation services	3,417,519	3,941,371	(523,852)
Support services - central	1,798,539	1,553,339	245,200
Other support services	41,000	42,820	(1,820)
<b>Total support services</b>	<u>18,707,400</u>	<u>19,160,750</u>	<u>(453,350)</u>
<b>Operation of noninstructional services</b>			
Student activities	1,441,829	1,495,808	(53,979)
Community services	62,000	63,914	(1,914)
<b>Total operation of noninstructional services</b>	<u>1,503,829</u>	<u>1,559,722</u>	<u>(55,893)</u>
<b>Debt service</b>			
	8,105,041	8,911,321	(806,280)
<b>Total expenditures</b>	<u>64,465,912</u>	<u>65,238,141</u>	<u>(772,229)</u>
<b>Excess of revenues over expenditures</b>	<u>(159,180)</u>	<u>1,759,575</u>	<u>1,918,755</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(80,000)	(1,965,610)	(1,885,610)
Insurance recoveries	-	11,845	11,845
Sale of/compensation for capital assets	-	1,965,610	1,965,610
Budgetary reserve	(200,000)	-	200,000
<b>Total other financing sources (uses)</b>	<u>(280,000)</u>	<u>11,845</u>	<u>291,845</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (439,180)</u>	<u>1,771,420</u>	<u>\$ 2,210,600</u>
<b>FUND BALANCE</b>			
Beginning of year		25,353,276	
<b>End of year</b>		<u>\$ 27,124,696</u>	

**MANHEIM CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS**

**Year ended June 30**

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

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**MANHEIM CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS**

**Year ended June 30**

	Measurement Date								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,811,055	\$ 7,268,394	\$ 7,055,074	\$ 6,927,831	\$ 6,466,832	\$ 5,855,934	\$ 5,008,000	\$ 3,726,000	\$ 2,907,605
Contributions in relation to the contractually required contribution	<u>7,811,055</u>	<u>7,268,394</u>	<u>7,055,074</u>	<u>6,927,831</u>	<u>6,466,832</u>	<u>5,855,934</u>	<u>5,008,000</u>	<u>3,726,000</u>	<u>2,907,605</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 23,086,518	\$ 21,747,682	\$ 21,222,347	\$ 21,341,054	\$ 20,520,006	\$ 20,384,782	\$ 20,389,876	\$ 18,571,742	\$ 18,172,531
Contributions as a percentage of covered-employee payroll	33.83%	33.42%	33.24%	32.46%	31.51%	29.00%	25.00%	20.00%	16.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



**MANHEIM CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN**

Year ended June 30

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

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

**MANHEIM CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -PSERS**

**Year ended June 30**

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

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

**MANHEIM CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS**

**Year ended June 30**

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

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

**SINGLE AUDIT**

# MANHEIM CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2023

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Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2023	Passed Through to Subrecipients
<b>U.S. Department of Education</b>											
<b>Passed-Through the Pennsylvania Department of Education</b>											
Title I - Improving Basic Programs	I	84.010	013-220236	07/01/21 - 09/30/22	\$ 617,948	\$ 352,129	\$ 352,129	\$ -	\$ -	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-230236	07/01/22 - 09/30/23	565,912	526,058	-	565,912	565,912	39,854	-
Total ALN #84.010						878,187	352,129	565,912	565,912	39,854	-
Title II - Improving Teacher Quality	I	84.367	020-220236	07/01/21 - 09/30/22	107,782	61,528	61,528	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-230236	07/01/22 - 09/30/23	85,863	84,442	-	85,863	85,863	1,421	-
Total ALN #84.367						145,970	61,528	85,863	85,863	1,421	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-220236	07/01/21 - 09/30/22	30,969	8,862	8,862	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-230236	07/01/22 - 09/30/23	47,878	45,610	-	47,878	47,878	2,268	-
Total ALN #84.424						54,472	8,862	47,878	47,878	2,268	-
COVID-19 -CARES Act - ESSER Fund Local	I	84.425D	200-210236	03/13/20 - 09/30/23	1,520,666	1,025,565	767,317	258,248	258,248	-	-
COVID-19 ARP ESSER Homeless Children & Youth	I	84.425W	181-212234	07/01/21 - 09/30/24	21,735	5,573	(1,115)	17,097	17,097	10,409	-
COVID-19 - ARP ESSER	I	84.425U	223-210236	03/13/20 - 09/30/24	3,075,868	1,454,047	670,788	1,775,471	1,775,471	992,212	-
COVID-19 - ARP ESSER 2.5%	I	84.425U	224-210236	03/13/20 - 09/30/24	44,133	25,677	-	19,550	19,550	(6,127)	-
COVID-19 - ARP ESSER 7%	I	84.425U	225-210236	03/13/20 - 09/30/24	239,064	195,598	64,593	131,005	131,005	-	-
Total ALN #84.425						2,706,460	1,501,583	2,201,371	2,201,371	996,494	-
<b>Passed Through the Lancaster-Lebanon I.U.</b>											
I.D.E.A. - Part B, Section 619	I	84.173	131-210013	07/01/21 - 06/30/22	3,546	3,546	3,546	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-220013	07/01/22 - 06/30/23	2,354	-	-	2,354	2,354	2,354	-
Total ALN #84.173						3,546	3,546	2,354	2,354	2,354	-
COVID-19 - I.D.E.A. - Part B, Section 611 - ARP	I	84.027	062-220013	07/01/21 - 09/30/23	99,070	73,698	-	73,698	73,698	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-220013	07/01/21 - 09/30/22	536,110	360,740	360,740	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-230013	07/01/22 - 09/30/23	526,469	202,177	-	526,469	526,469	324,292	-
Total ALN #84.027						636,615	360,740	600,167	600,167	324,292	-
<b>Total U.S. Department of Education</b>						<b>4,425,250</b>	<b>2,288,388</b>	<b>3,503,545</b>	<b>3,503,545</b>	<b>1,366,683</b>	<b>-</b>

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
<b><u>U.S. Department of Health and Social Services</u></b>											
<b><u>Passed Through the Pennsylvania Department of Welfare</u></b>											
Medical Assistance Program	I	93.778	N/A	07/01/21 - 06/30/22	N/A	7,235	7,235	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/22 - 06/30/23	N/A	6,144	-	11,622	11,622	5,478	-
Total ALN #93.778						13,379	7,235	11,622	11,622	5,478	-
<b><u>U.S. Department of Agriculture</u></b>											
<b><u>Passed-Through the Pennsylvania Department of Education</u></b>											
State Matching Share	S	N/A	N/A	07/01/22 - 06/30/23	N/A	94,509	-	94,509	94,509	-	-
Breakfast Program	I	10.553	N/A	07/01/22 - 06/30/23	N/A	180,869	-	180,869	180,869	-	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22 - 06/30/23	N/A	628	-	628	628	-	-
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	688,360	-	688,360	688,360	-	-
Supply Chain Assistance	I	10.555	N/A	07/01/22 - 06/30/23	N/A	56,381	-	56,381	56,381	-	-
<b><u>Passed-Through the Pennsylvania Department of Agriculture</u></b>											
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	a) 140,411	b) (14,205)	c) 122,692	122,692	d) (31,924)	-
Total ALN #10.555						885,152	(14,205)	867,433	867,433	(31,924)	-
<b>Total U.S. Department of Agriculture</b>						1,161,158	(14,205)	1,143,439	1,143,439	(31,924)	-
<b>Total Federal Awards and Certain State Grants</b>						\$ 5,599,787	\$ 2,281,418	\$ 4,658,606	\$ 4,658,606	\$ 1,340,237	\$ -
Total Federal Awards						\$ 5,505,278	\$ 2,281,418	\$ 4,564,097	\$ 4,564,097	\$ 1,340,237	\$ -
Total State Awards						94,509	-	94,509	94,509	-	-
Total Federal Awards and Certain State Grants						\$ 5,599,787	\$ 2,281,418	\$ 4,658,606	\$ 4,658,606	\$ 1,340,237	\$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						\$ 640,161	\$ 364,286	\$ 602,521	\$ 602,521	\$ 326,646	\$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						\$ 1,066,021	\$ (14,205)	\$ 1,048,302	\$ 1,048,302	\$ (31,924)	\$ -

**Continued on next page**

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
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**Footnotes**

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

**Source Codes**

- D - Direct Funding
- I - Indirect Funding
- S - State Funding



# MANHEIM CENTRAL SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

June 30, 2023

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### (1) FEDERAL EXPENDITURES

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

### (2) BASIS OF ACCOUNTING

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

### (3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under ALN #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2022-2023 fiscal year.

### (4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was \$400,000.

### (5) INDIRECT COSTS

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



**MANHEIM CENTRAL SCHOOL DISTRICT**

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

**Year ended June 30, 2023**

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There were no audit findings for the year ended June 30, 2022.



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

**Board of School Directors  
Manheim Central School District  
Manheim, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Manheim Central School District, Manheim, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Manheim Central School District's basic financial statements, and have issued our report thereon dated December 15, 2023.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Manheim Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manheim Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Manheim Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Manheim Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BBD, LLP**

**Philadelphia, Pennsylvania  
December 15, 2023**



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

**Board of School Directors  
Manheim Central School District  
Manheim, Pennsylvania**

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

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

We have audited Manheim Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Manheim Central School District's major federal programs for the year ended June 30, 2023. Manheim Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Manheim Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

**BBD, LLP**

**Philadelphia, Pennsylvania  
December 15, 2023**

# **MANHEIM CENTRAL SCHOOL DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended June 30, 2023**

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### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Manheim Central School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Manheim Central School District are reported in the independent auditor's 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.
3. No instances of noncompliance material to the financial statements of Manheim Central School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Manheim Central School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program was:
  - Educational Stabilization Fund – Assistance Listing Number 84.425
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Manheim Central School District did qualify as a low-risk auditee.

### **FINDINGS—FINANCIAL STATEMENT AUDIT**

None

### **FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**APPENDIX F**  
**BOND AMORTIZATION SCHEDULE**