

PORTSMOUTH CITY SCHOOL DISTRICT
SCIOTO COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



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Board Members
Portsmouth City School District
724 Findlay Street
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the Portsmouth City School District, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Portsmouth City School District is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 04, 2026

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Portsmouth City School District
Scioto County
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Independent Auditor's Report

Members of the Board
Portsmouth City School District
724 Findlay Street
Portsmouth, Ohio 45662

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portsmouth City School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Portsmouth City School District, Scioto County, Ohio, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief Funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter

As discussed in note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 schedules of the School District's proportionate share of the net pension/OPEB liabilities/assets, and the schedules of the School District's pension/OPEB contributions 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 GAAS, 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.

Portsmouth City School District
Independent Auditor's Report
Page 3

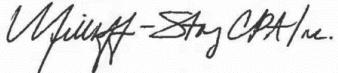
We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards expenditures, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of federal awards expenditures 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 August 27, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

August 27, 2025

Portsmouth City School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2023
(Unaudited)

The discussion and analysis of the Portsmouth City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements, and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- The School District's total net position decreased \$1,404,359.
- General revenues accounted for \$21,464,945 or 65% of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$11,733,099 or 35% of total revenues of \$33,198,044.
- The School District had \$34,602,403 in expenses related to governmental activities; \$11,733,099 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues were adequate to provide for the rest of these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Portsmouth City School District as a financial whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity:

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, and extracurricular activities.

Portsmouth City School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2023
(Unaudited)

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds, which are the General Fund, the Elementary and Secondary School Emergency Relief Special Revenue Fund, and the Capital Projects Fund.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using the accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities. The Internal Service Fund is used to report the dental benefits provided to the School District's employees.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2023 and 2022:

Table 1
Net Position

	2023	2022*
Assets:		
Current and Other Assets	\$24,584,060	\$25,575,824
Capital Assets, Net	41,260,533	40,982,912
Total Assets	65,844,593	66,558,736
Deferred Outflows of Resources	8,401,922	7,657,620
 Liabilities:		
Current and Other Liabilities	3,728,553	9,657,192
Long-Term Liabilities	38,949,376	22,768,948
Total Liabilities	42,677,929	32,426,140
Deferred Inflows of Resources	13,709,617	22,526,888
 Net Position:		
Net Investment in Capital Assets	37,089,836	35,706,551
Restricted	6,926,772	7,053,343
Unrestricted (Deficit)	(26,157,639)	(23,496,566)
Total Net Position	<u>\$17,858,969</u>	<u>\$19,263,328</u>

Portsmouth City School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2023
(Unaudited)

*Restated. See note 22 of the notes to the basic financial statements.

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Total assets decreased \$714,143 mainly due to a decrease in intergovernmental receivable due to a decrease in the ESSER fund receivable, as well as decreases in cash and cash equivalents and depreciable capital assets, which was partially offset by an increase in taxes receivable and the addition of construction in progress.

Total liabilities increased \$10,251,789 between years. This increase was primarily due to a increase in net pension liabilities reported by the Statewide retirement systems, an increase in contracts payable for the auditorium construction project, and the issuance of a financed purchase agreement, proceeds of which were used to renew the previously issued short-term financed purchase agreement for the auditorium project as well as to provide additional funds for expected cost overruns. This increase was partially offset by a decrease in leases payable.

Total net position decreased \$1,404,359. Restricted Net Position for governmental activities decreased, mainly due to a decrease in net position for the ESSER program, which was partially offset by increases in funds restricted for capital outlay and debt service. Unrestricted Net Position for governmental activities decreased mainly due net pension and OPEB activity.

Portsmouth City School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2023
(Unaudited)

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

Table 2
 Change in Net Position

	2023	2022
Revenues		
Program Revenues:		
Charges for Services and Sales	\$415,708	\$1,224,539
Operating Grants and Contributions	11,314,006	15,153,619
Capital Grants and Contributions	3,385	0
Total Program Revenues	<u>11,733,099</u>	<u>16,378,158</u>
General Revenues:		
Property Taxes	8,220,662	6,983,911
Grants and Entitlements Not Restricted to Specific Programs	12,927,575	14,044,589
Gifts and Donations Not Restricted to Specific Programs	525	2,249
Investment Earnings	15,927	(95,022)
Miscellaneous	300,256	72,352
Total General Revenues	<u>21,464,945</u>	<u>21,008,079</u>
Total Revenues	<u>33,198,044</u>	<u>37,386,237</u>
Program Expenses:		
Instruction:		
Regular	11,987,552	11,315,224
Special	6,352,909	6,368,612
Vocational	269,385	228,478
Student Intervention Services	342,403	505,828
Other	1,396,836	3,282,431
Support Services:		
Pupils	1,905,966	1,547,968
Instructional Staff	1,172,008	1,210,778
Board of Education	24,308	31,583
Administration	2,204,900	1,911,410
Fiscal	1,057,893	839,110
Business	295,522	146,554
Operation and Maintenance of Plant	3,633,653	3,011,461
Pupil Transportation	604,214	565,471
Central	268,833	128,874
Operation of Non-Instructional Services	2,259,899	1,699,984
Extracurricular Activities	525,345	404,101
Debt Service:		
Interest on Long-Term Debt	208,885	129,721
Issuance Costs	91,892	56,987
Total Expenses	<u>34,602,403</u>	<u>33,384,575</u>
Change in Net Position	(1,404,359)	4,001,662
Net Position at Beginning of Year-Restated	<u>19,263,328</u>	<u>15,261,666</u>
Net Position at End of Year	<u><u>\$17,858,969</u></u>	<u><u>\$19,263,328</u></u>

Portsmouth City School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2023
(Unaudited)

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and sales, and operating and capital grants, contributions and interest.

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenue were \$11,733,099 for fiscal year 2023. The most significant decrease in program revenues was in Operating Grants, Contributions, and Interest, which was a result of a decrease in grant monies received mainly from COVID-19 grant monies, which was partially offset by an increase in IDEA funds. Charges for services and sales decreased between years due to a decrease in tuition and fees resulting from the change in the state funding model.

General revenues were \$21,464,945 for fiscal year 2023. The majority of these revenues are in the form of Grants and Entitlements not Restricted to Specific Programs and Property Taxes. General revenues increased mainly due to property taxes increase and offset by a decrease in Grants and Entitlements not Restricted to Specific Programs.

Expenses for the School District increased \$1,217,828 primarily due to changes in assumptions and benefits by the Statewide Pension Systems, which was partially offset by decreases in expenses associated with the Elementary and Secondary School Emergency Relief Fund.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$40,281,384 and expenditures and other financing uses of \$36,241,627.

The net change in fund balance for the fiscal year in the General Fund was a decrease of \$1,847,688. Revenues decreased due to changes in the state foundation funding model resulting a decrease in tuition and fees. Expenditures increased due to increases in personnel costs.

The Elementary and Secondary School Emergency Relief Special Revenue Fund balance decreased \$541,122 due to grant reimbursement timing.

The Capital Projects Fund balance increased \$5,852,459 due to a new financed purchase agreement from which proceeds were received during the year. This increase was only partially offset by expenditures from those proceeds.

General Fund - Budget Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2023, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The School District's budgeted revenues and other financing sources decreased \$1,653,423 between the original and final estimates. The change was primarily the result of a decrease in foundation funding received due to changes in the foundation funding model. The School District did not have a difference between its final revenue estimates and the actual revenues received.

The total increase in expenditures and other financing uses from the original to the final budget was \$725,283, which is due to conservative budgeting. Regular instruction increased due to increases in personnel costs. Other instruction decreased significantly, which relates to the state foundation formula model changes. There was a difference of \$3,176 in actual expenditures and other financing uses compared to the final budget due to greater than anticipated transfers out.

Portsmouth City School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2023
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had \$41,260,533 invested in capital assets (net of accumulated depreciation). For further information regarding the School District's capital assets, refer to Note 7 in the Notes to the Basic Financial Statements.

Debt

At June 30, 2023, the School District had \$2,790,000 in general obligations bonds, \$1,380,000 of which is due within one year. At fiscal year-end, the School District's ending financed purchases liability was \$6,549,000. At fiscal year-end, the School District's ending leases liability was \$200,906. For further information regarding the School District's long-term and short-term obligations, refer to Notes 12 and 13 in the Notes to the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Andy Riehl, at Portsmouth City School District, 724 Findlay Street, Portsmouth, Ohio 45662, or e-mail at andy.riehl@portsmouthtrojans.net.

Portsmouth City School District

Statement of Net Position

As of June 30, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$9,318,065
Intergovernmental Receivable	3,045,259
Prepaid Items	277,538
Property Taxes Receivable	9,490,819
Net OPEB Asset	2,452,379
Nondepreciable Capital Assets	8,527,603
Depreciable Capital Assets, net	<u>32,732,930</u>
<i>Total Assets</i>	<i>65,844,593</i>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	49,844
Pension	7,591,825
OPEB	<u>760,253</u>
<i>Total Deferred Outflows of Resources</i>	<i>8,401,922</i>
Liabilities:	
Accounts Payable	17,147
Accrued Wages and Benefits Payables	2,827,387
Contracts Payable	374,267
Intergovernmental Payable	466,939
Accrued Interest Payable	30,777
Claims Payable	12,036
Long-Term Liabilities:	
Due Within One Year	1,571,002
Due in More Than One Year	9,385,774
Net Pension Liability	26,562,732
Net OPEB Liability	<u>1,429,868</u>
<i>Total Liabilities</i>	<i>42,677,929</i>
Deferred Inflows of Resources:	
Deferred Gain on Refunding	14,822
Property Taxes not Levied to Finance Current Year Operations	7,542,937
Pension	2,479,647
OPEB	<u>3,672,211</u>
<i>Total Deferred Inflows of Resources</i>	<i>13,709,617</i>
Net Position:	
Net Investment in Capital Assets	37,089,836
Restricted for Debt Service	1,088,480
Restricted for Capital Outlay	2,337,988
Restricted for Net OPEB Asset	517,736
Restricted for Other Purposes	2,982,568
Unrestricted (Deficit)	<u>(26,157,639)</u>
<i>Total Net Position</i>	<i><u>\$17,858,969</u></i>

The notes to the basic financial statements are an integral part of this statement

Portsmouth City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction:					
Regular	\$11,987,552	\$218,213	\$1,924,048	\$0	(\$9,845,291)
Special	6,352,909	23	4,681,134	0	(1,671,752)
Vocational	269,385	2,028	45,975	0	(221,382)
Student Intervention Services	342,403	0	35,711	0	(306,692)
Other	1,396,836	0	44,769	0	(1,352,067)
Support Services:					
Pupils	1,905,966	1,897	833,074	0	(1,070,995)
Instructional Staff	1,172,008	45	295,722	0	(876,241)
Board of Education	24,308	0	0	0	(24,308)
Administration	2,204,900	718	302,871	0	(1,901,311)
Fiscal	1,057,893	479	0	0	(1,057,414)
Business	295,522	28,974	96,421	0	(170,127)
Operation and Maintenance of Plant	3,633,653	77	866,415	3,385	(2,763,776)
Pupil Transportation	604,214	0	0	0	(604,214)
Central	268,833	0	0	0	(268,833)
Operation of Non-Instructional Services	2,259,899	56,436	2,187,240	0	(16,223)
Extracurricular Activities	525,345	106,818	626	0	(417,901)
Debt Service:					
Interest on Long-Term Debt	208,885	0	0	0	(208,885)
Issuance Costs	91,892	0	0	0	(91,892)
<i>Total Governmental Activities</i>	<u>\$34,602,403</u>	<u>\$415,708</u>	<u>\$11,314,006</u>	<u>\$3,385</u>	<u>(22,869,304)</u>

General Revenues:

Property Taxes Levied for:		
General Purposes		5,967,925
Debt Service		1,600,358
Classroom Facilities Maintenance		95,811
Capital Outlay		556,568
Grants and Entitlements not		
Restricted for Specific Programs		12,927,575
Unrestricted Gifts and Donations		525
Investment Earnings		15,927
Miscellaneous		300,256
<i>Total General Revenues</i>		<u>21,464,945</u>
<i>Change in Net Position</i>		<u>(1,404,359)</u>
<i>Net Position Beginning of Year-Restated</i>		<u>19,263,328</u>
<i>Net Position End of Year</i>		<u>\$17,858,969</u>

The notes to the basic financial statements are an integral part of this statement

Portsmouth City School District
Balance Sheet
Governmental Funds
As of June 30, 2023

	General Fund	Elementary and Secondary School Emergency Relief Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$533,438	\$0	\$2,777,155	\$5,855,446	\$9,166,039
Interfund Receivable	123,672	0	3,306,584	0	3,430,256
Intergovernmental Receivable	13,875	1,997,271	0	1,034,113	3,045,259
Prepaid Items	209,330	0	0	68,208	277,538
Property Taxes Receivable	6,962,547	0	0	2,528,272	9,490,819
Restricted Cash and Cash Equivalents	45,823	0	0	0	45,823
<i>Total Assets</i>	<u>\$7,888,685</u>	<u>\$1,997,271</u>	<u>\$6,083,739</u>	<u>\$9,486,039</u>	<u>\$25,455,734</u>
Liabilities:					
Accounts Payable	\$211	\$0	\$0	\$16,936	\$17,147
Accrued Wages and Benefits Payable	2,309,696	10,297	0	507,394	2,827,387
Contracts Payable	0	0	374,267	0	374,267
Interfund Payable	310,363	1,986,945	0	1,132,948	3,430,256
Intergovernmental Payable	423,458	30	0	43,451	466,939
<i>Total Liabilities</i>	<u>3,043,728</u>	<u>1,997,272</u>	<u>374,267</u>	<u>1,700,729</u>	<u>7,115,996</u>
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year					
Operations	5,571,064	0	0	1,971,873	7,542,937
Unavailable Revenue	861,886	1,997,271	0	1,377,132	4,236,289
<i>Deferred Inflows of Resources</i>	<u>6,432,950</u>	<u>1,997,271</u>	<u>0</u>	<u>3,349,005</u>	<u>11,779,226</u>
Fund Balances:					
Nonspendable	209,330	0	0	68,208	277,538
Restricted	0	0	5,709,472	5,978,668	11,688,140
Committed	150,734	0	0	0	150,734
Assigned	261,681	0	0	3,050	264,731
Unassigned (Deficit)	(2,209,738)	(1,997,272)	0	(1,613,621)	(5,820,631)
<i>Total Fund Balances</i>	<u>(1,587,993)</u>	<u>(1,997,272)</u>	<u>5,709,472</u>	<u>4,436,305</u>	<u>6,560,512</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$7,888,685</u>	<u>\$1,997,271</u>	<u>\$6,083,739</u>	<u>\$9,486,039</u>	<u>\$25,455,734</u>

The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
As of June 30, 2023

Total Governmental Fund Balances \$6,560,512

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 41,260,533

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Intergovernmental	3,031,384
Taxes	<u>1,204,905</u>
Total	4,236,289

The internal service fund is used by management to charge the costs of deductible reimbursements to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 94,167

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and therefore are not reported in the funds. 49,844

Deferred inflows of resources include deferred gains on refunding which do not provide current financial resources and therefore are not reported in the funds. (14,822)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (30,777)

The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	7,591,825
Deferred Outflows-OPEB	760,253
Deferred Inflows-Pension	(2,479,647)
Deferred Inflows-OPEB	(3,672,211)
Net Pension Liability	(26,562,732)
Net OPEB Asset	2,452,379
Net OPEB Liability	<u>(1,429,868)</u>
Total	(23,340,001)

Long-term liabilities, including bonds, financed purchase agreements, leases, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

General Obligations Bonds	(2,790,000)
Financed Purchase Agreements	(6,549,000)
Leases Payable	(200,906)
Compensated Absences	<u>(1,416,870)</u>
Total	(10,956,776)

Net Position of Governmental Activities \$17,858,969

The notes to the basic financial statements are an integral part of this statement

Portsmouth City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Elementary and Secondary School Emergency Relief Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$6,045,985	\$0	\$0	\$2,285,479	\$8,331,464
Intergovernmental	15,465,374	2,258,443	0	6,621,155	24,344,972
Interest	25,482	0	3,385	784	29,651
Change in Fair Value of Investments	(9,555)	0	0	0	(9,555)
Tuition and Fees	216,116	0	0	13,079	229,195
Rent	1	0	0	0	1
Extracurricular Activities	50,757	0	0	90,351	141,108
Gifts and Donations	6,217	0	0	17,560	23,777
Customer Sales and Services	1,970	0	0	43,434	45,404
Miscellaneous	26,948	664	260,359	12,285	300,256
<i>Total Revenues</i>	<i>21,829,295</i>	<i>2,259,107</i>	<i>263,744</i>	<i>9,084,127</i>	<i>33,436,273</i>
Expenditures:					
Current:					
Instruction:					
Regular	8,461,600	1,589,179	0	126,869	10,177,648
Special	3,563,276	231,032	0	2,471,484	6,265,792
Vocational	264,926	0	0	0	264,926
Student Intervention Services	311,671	30,732	0	0	342,403
Other	1,342,550	0	0	44,245	1,386,795
Support Services:					
Pupils	1,346,160	96,110	0	474,939	1,917,209
Instructional Staff	828,331	42,130	0	276,580	1,147,041
Board of Education	24,051	0	0	0	24,051
Administration	1,752,570	146,749	0	189,491	2,088,810
Fiscal	927,733	0	0	117,225	1,044,958
Business	200,563	82,977	0	0	283,540
Operation and Maintenance of Plant	2,835,123	485,673	0	229,162	3,549,958
Pupil Transportation	518,161	0	0	19,766	537,927
Central	235,093	0	0	33,473	268,566
Operation of Non-Instructional Services	1,885	0	0	2,223,701	2,225,586
Extracurricular Activities	323,190	0	0	146,600	469,790
Capital Outlay	400,429	95,647	769,314	909,707	2,175,097
Debt Service:					
Principal	38,843	0	0	1,472,461	1,511,304
Interest	4,717	0	99,079	68,427	172,223
Issuance Costs	0	0	91,892	0	91,892
<i>Total Expenditures</i>	<i>23,380,872</i>	<i>2,800,229</i>	<i>960,285</i>	<i>8,804,130</i>	<i>35,945,516</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(1,551,577)</i>	<i>(541,122)</i>	<i>(696,541)</i>	<i>279,997</i>	<i>(2,509,243)</i>
Other Financing Sources (Uses):					
Transfers In	0	0	0	296,111	296,111
Proceeds of Financed Purchase Agreement	0	0	6,549,000	0	6,549,000
Transfers Out	(296,111)	0	0	0	(296,111)
<i>Total Other Financing Sources (Uses)</i>	<i>(296,111)</i>	<i>0</i>	<i>6,549,000</i>	<i>296,111</i>	<i>6,549,000</i>
<i>Net Change in Fund Balances</i>	<i>(1,847,688)</i>	<i>(541,122)</i>	<i>5,852,459</i>	<i>576,108</i>	<i>4,039,757</i>
<i>Fund Balances (Deficits) at Beginning of Year</i>	<i>259,695</i>	<i>(1,456,150)</i>	<i>(142,987)</i>	<i>3,860,197</i>	<i>2,520,755</i>
<i>Fund Balances (Deficits) at End of Year</i>	<i><u><u>(\$1,587,993)</u></u></i>	<i><u><u>(\$1,997,272)</u></u></i>	<i><u><u>\$5,709,472</u></u></i>	<i><u><u>\$4,436,305</u></u></i>	<i><u><u>\$6,560,512</u></u></i>

The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Balances - Total Governmental Funds \$4,039,757

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.

Capital Asset Additions	2,175,097	
Current Year Depreciation/Amortization	(1,897,476)	
Total	277,621	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental	(169,277)	
Taxes	(110,802)	
Total	(280,079)	

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

2,404

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

Pension	2,190,471	
OPEB	64,711	
Total	2,255,182	

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (assets) are reported as pension/OPEB expense in the statement of activities.

Pension	(3,261,974)	
OPEB	527,441	
Total	(2,734,533)	

Long-term debt proceeds are other financing sources in the governmental funds but the issuance increases the long-term liabilities on the statement of net position.

Proceeds of Financed Purchase Agreement	(6,549,000)	
Total	(6,549,000)	

Amortization of bond and financed purchase premiums are not reported in the funds, but are allocated as expenses over the life of the debt in the statement of activities.

Amortization of Deferred Charges on Refunding	(24,922)	
Amortization of Deferred Gain on Refunding	12,706	
Total	(12,216)	

Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

General Obligations Bonds Payments	1,350,000	
Financed Purchase Payments	122,461	
Lease Payments	38,843	
Total	1,511,304	

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

Decrease in Compensated Absences	109,647	
Increase in Accrued Interest	(24,446)	
Total	85,201	

Net Change in Net Position of Governmental Activities **(\$1,404,359)**

The notes to the basic financial statements are an integral part of this statement

Portsmouth City School District
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)*
General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$5,231,516	\$5,742,239	\$5,742,239	\$0
Intergovernmental	16,796,780	15,458,128	15,458,128	0
Interest	14,120	29,030	29,030	0
Tuition and Fees	1,003,706	216,116	216,116	0
Rent	1	1	1	0
Gifts and Donations	2,271	525	525	0
Customer Sales and Services	2,909	1,970	1,970	0
Miscellaneous	80,636	35,231	35,231	0
<i>Total Revenues</i>	<i>23,131,939</i>	<i>21,483,240</i>	<i>21,483,240</i>	<i>0</i>
Expenditures:				
Current:				
Instruction:				
Regular	7,743,454	8,374,685	8,374,710	(25)
Special	3,344,400	3,722,739	3,722,738	1
Vocational	255,197	265,532	265,532	0
Student Intervention Services	157,720	312,220	312,220	0
Other	3,111,489	1,410,480	1,410,480	0
Support Services:				
Pupils	1,212,010	1,336,921	1,336,921	0
Instructional Staff	785,569	843,472	843,473	(1)
Board of Education	33,354	34,831	34,831	0
Administration	1,576,075	1,720,928	1,720,928	0
Fiscal	752,535	949,345	949,345	0
Business	57,277	169,599	169,599	0
Operation and Maintenance of Plant	2,670,019	2,805,340	2,805,341	(1)
Pupil Transportation	547,513	538,637	538,637	0
Central	12,297	14,738	14,738	0
Operation of Non-Instructional Services	404	1,885	1,885	0
Extracurricular Activities	271,162	313,631	313,631	0
Capital Outlay	0	400,429	400,429	0
Debt Service:				
Principal	0	38,843	38,843	0
Interest	0	4,717	4,717	0
<i>Total Expenditures</i>	<i>22,530,475</i>	<i>23,258,972</i>	<i>23,258,998</i>	<i>(26)</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>601,464</i>	<i>(1,775,732)</i>	<i>(1,775,758)</i>	<i>(26)</i>
Other Financing Sources (Uses):				
Transfers In	4,724	0	0	0
Transfers Out	(299,046)	(295,832)	(298,982)	(3,150)
<i>Total Other Financing Sources (Uses)</i>	<i>(294,322)</i>	<i>(295,832)</i>	<i>(298,982)</i>	<i>(3,150)</i>
<i>Net Change in Fund Balance</i>	<i>307,142</i>	<i>(2,071,564)</i>	<i>(2,074,740)</i>	<i>(3,176)</i>
<i>Fund Balance at Beginning of Year</i>	<i>1,145,339</i>	<i>1,145,339</i>	<i>1,145,339</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>383,026</i>	<i>383,026</i>	<i>383,026</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$1,835,507</i>	<i>(\$543,199)</i>	<i>(\$546,375)</i>	<i>(\$3,176)</i>

The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$8,219,575	\$3,258,443	\$2,258,443	(\$1,000,000)
Miscellaneous	0	664	664	0
<i>Total Revenues</i>	8,219,575	3,259,107	2,259,107	(1,000,000)
Expenditures:				
Current:				
Instruction:				
Regular	1,464,725	1,799,496	1,799,496	0
Special	273,550	307,843	307,843	0
Student Intervention Services	60,725	289,229	289,229	0
Support Services:				
Pupils	221,026	112,196	112,196	0
Instructional Staff	196,225	69,395	69,395	0
Administration	92,775	156,486	156,486	0
Business	100,100	87,580	87,580	0
Operation and Maintenance of Plant	5,466,530	505,236	505,236	0
Operation of Non-Instructional Services	0	1,400	1,400	0
Capital Outlay	0	829,049	829,049	0
<i>Total Expenditures</i>	7,875,656	4,157,910	4,157,910	0
<i>Net Change in Fund Balance</i>	343,919	(898,803)	(1,898,803)	(1,000,000)
<i>Fund Balance (Deficit) at Beginning of Year-Restated</i>	(206,530)	(206,530)	(206,530)	0
<i>Prior Year Encumbrances Appropriated</i>	206,530	206,530	206,530	0
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$343,919</u></u>	<u><u>(\$898,803)</u></u>	<u><u>(\$1,898,803)</u></u>	<u><u>(\$1,000,000)</u></u>

The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
Statement of Fund Net Position
Internal Service Fund
As of June 30, 2023

Assets:

Equity in Pooled Cash and Cash Equivalents	<u>\$106,203</u>
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<i>Total Assets</i>	106,203
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Liabilities:

Claims Payable	<u>12,036</u>
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<i>Total Liabilities</i>	12,036
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Net Position:

Unrestricted	<u>94,167</u>
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<i>Total Net Position</i>	<u><u>\$94,167</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Operating Revenues:	
Charges for Services	<u>\$152,788</u>
<i>Total Operating Revenues</i>	<i>152,788</i>
 Operating Expenses:	
Purchased Services	14,452
Claims	<u>135,932</u>
<i>Total Operating Expenses</i>	<u>150,384</u>
<i>Net Change in Net Position</i>	<i>2,404</i>
<i>Net Position Beginning of Year</i>	<u>91,763</u>
<i>Net Position End of Year</i>	<u>\$94,167</u>

The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Decrease in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Interfund Services Provided	\$152,788
Cash Payments to Suppliers for Goods and Services	(14,452)
Cash Payments for Claims	<u>(144,516)</u>

<i>Net Cash Flows Used by Operating Activities</i>	<u>(6,180)</u>
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<i>Net Decrease in Cash and Cash Equivalents</i>	(6,180)
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<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>112,383</u>
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<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$106,203</u></u>
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**Reconciliation of Operating Income to Net Cash Used by
Operating Activities:**

Operating Income	\$2,404
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*Adjustments to Reconcile Operating Income to Net Cash
Used by Operating Activities*

Decrease in Claims Payable	<u>(8,584)</u>
<i>Net Cash Used by Operating Activities</i>	<u><u>(\$6,180)</u></u>

The notes to the basic financial statements are an integral part of this statement.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 – Description of the School District and Reporting Entity

Portsmouth City School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District serves an area of approximately 16 square miles. It is located in Scioto County and includes portions of Porter and Vernon Townships. It is staffed by 85 non-certificated employees, 151 certificated full-time personnel and 15 administrative employees who provide services to 1,635 students and other community members. The School District currently operates three instructional buildings and one administration building.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Portsmouth City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The following activities are included within the reporting entity:

Parochial Schools – Within the School District boundaries, Notre Dame Elementary and Notre Dame High School are operated as private schools. Portsmouth STEM Academy is now located within the School District boundaries. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a nonmajor special revenue fund for financial reporting purposes.

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations – Metropolitan Educational Technology Association (META), Scioto County Career Technical Center, and Coalition of Rural and Appalachian Schools.

Insurance Purchasing Pool – Ohio SchoolComp Group Retrospective Rating Program.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Portsmouth City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statement.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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For the Fiscal Year Ended June 30, 2023

Elementary and Secondary School Emergency Relief Fund – This fund accounts for and reports emergency coronavirus restricted federal grant monies related to COVID-19 pandemic expenses.

Capital Projects Fund – This fund is to account for and report lease-purchase proceeds obtained for various equipment purchases as well as to fund the auditorium project of the School District.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted or assigned to a particular purpose.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in Net Position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. The School District's internal service fund is used to account for dental benefits provided to employees.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, “available” means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding and pension and OPEB plans reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include a deferred gain on refunding, property taxes, pension and OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the governmental-wide statement of net position (See Notes 9 and 10).

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The School District is legally required to set money aside for bus purchases. Any unspent balance is presented on the balance sheet as "Restricted Assets: Cash and Cash Equivalents."

During fiscal year 2023, the School District's investments were limited to a money market fund and negotiable certificates of deposit. For investments in open-ended mutual funds, the fair value is determined by the fund's current share price. Investments in United States Treasury securities and negotiable certificates of deposit are reported at fair value which is based on quoted market prices. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents legally required to be set aside by the School District for bus purchases.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". Interfund balances are eliminated on the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, paintings, and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Estimated Lives
Land Improvements	5-10 years	
Buildings and Improvements	50 years	
Furniture, Fixtures, and Equipment	3-20 years	
Vehicles	8 years	
Textbooks	5-20 years	

Amortization of intangible right to use leased assets is computed using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees will be paid. The School District did not have matured compensated absences to report as of June 30, 2023.

The entire compensated absences liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and claims that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, financed purchases, and leases that will be

Portsmouth City School District
Notes to the Basic Financial Statements
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paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense (gain), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level of formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance also includes amounts for future severance payments and donations for scholarships for which the use is established by the Board of Education.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Assigned amounts in the General Fund also include amounts to be assigned by principals for extracurricular activities and amounts for self-insurance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Net Position

Net Position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include federal and State grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the Statement of Activities. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate appropriations to the function and object level without resolution by the Board of Education.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budget amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The appropriations resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the Board of Education during the fiscal year, including all supplemental appropriations.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are classified as non-operating.

Note 3 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund and the Elementary and Secondary School Emergency Relief Special Revenue Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
5. Budgetary revenues and expenditures of the Special Trust, Uniform School Supplies, Rotary, Public School Support, Print Shop, Faculty/Memorial Fund, and Severance Special Revenue Funds are classified to the General Fund for GAAP reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and Elementary and Secondary School Emergency Relief Special Revenue Fund.

<u>Net Change in Fund Balance</u>		
	General	Elementary and Secondary School Emergency Relief
GAAP Basis	(\$1,847,688)	(\$541,122)
<i>Adjustments:</i>		
Revenue Accruals	(284,697)	0
Expenditure Accruals	281,933	(1,329,617)
Encumbrances	(453,105)	(28,064)
Excess of Revenues Over (Under)		
Expenditures of Combined Funds	228,817	0
Budget Basis	<u>(\$2,074,740)</u>	<u>(\$1,898,803)</u>

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 4 – Deposits and Investments

Monies held by the School District are classified by State Statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the School may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. Investments are reported at fair value. As of June 30, 2023, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	S&P Rating	Percent of Total Investments
<i>Fair Value - Level One Inputs:</i>				
Money Market Fund	\$8,651	Less than one year	AAAm	0.44%
<i>Fair Value - Level Two Inputs:</i>				
Negotiable Certificates of Deposit	394,081	Less than one year	N/A	19.99%
Negotiable Certificates of Deposit	1,350,018	One to three years	N/A	68.48%
Negotiable Certificates of Deposit	218,648	Three to five years	N/A	11.09%
Total Investments	\$1,971,398			100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2023. The Money Market Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than five years from the date of investment. The School District does not have a formal policy regarding interest rate risk.

Credit Risk

The Standard and Poor's rating of the School District's investments is listed in the table above. The School District's investment policy limits investments to those authorized by State statute which restricts investments to those that are highly rated or issued by United States Government sponsored enterprises. Ohio law requires that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized rating service. The School District's negotiable CDs are covered by FDIC.

Concentration of Credit Risk

The School District's investment policy places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of the total investments is listed in the table above.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Custodial Credit Risk

The School District's balance of investments are held by the trust department of its banking institution in the School District's name. The School District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

Note 5 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023 are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2023 was \$742,977 and is recognized as revenue: \$529,597 in the General Fund, \$152,330 in the Bond Retirement Debt Service Fund, \$52,949 in the Permanent Improvement Fund, and \$8,101 in the Nonmajor Governmental Funds. The amount available as an advance at June 30, 2022 was \$317,369 and is recognized as revenue: \$225,851 in the General Fund, \$64,782 in the Bond Retirement Debt Service Fund, \$22,540 in the Permanent Improvement Fund, and \$4,196 in the Nonmajor Governmental Funds.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources-unavailable revenue.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The assessed values upon which fiscal year 2023 taxes were collected are:

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$232,691,670	88.85%	\$273,475,020	89.31%
Public Utility Personal	29,213,030	11.15%	32,745,090	10.69%
Total Assessed Value	\$261,904,700	100.00%	\$306,220,110	100.00%

Tax rate per \$1,000 of assessed valuation \$40.78 \$40.78

Note 6 – Receivables

Receivables at June 30, 2023 consisted of property taxes, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<i>Governmental Activities:</i>	<i>Amount</i>
State Foundation	\$13,875
Elementary and Secondary School Emergency Relief	1,997,271
Early Childhood Preschool	18,977
IDEA-B Special Education	261,601
Title I School Improvement	11,102
Title I-A	565,349
Drug Free	44,292
IDEA Early Childhood Education	88,869
Title II-A	43,012
Title V-B, Rural and Low-Income	911
<i>Total Intergovernmental Receivable</i>	<i>\$3,045,259</i>

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For the Fiscal Year Ended June 30, 2023

Note 7 – Capital Assets

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

	Balance at 6/30/22	Additions	Disposals	Balance at 6/30/23
<i>Governmental Activities:</i>				
<i>Capital Assets Not Being Depreciated/Amortized:</i>				
Land	\$7,497,183	\$0	\$0	\$7,497,183
Paintings	36,216	0	0	36,216
Construction in Progress	0	994,204	0	994,204
<i>Total Capital Assets Not Being Depreciated/Amortized</i>	<i>7,533,399</i>	<i>994,204</i>	<i>0</i>	<i>8,527,603</i>
<i>Capital Assets Being Depreciated/Amortized:</i>				
Land Improvements	5,385,808	136,470	0	5,522,278
Buildings and Improvements	52,815,306	609,957	0	53,425,263
Furniture, Fixtures, and Equipment	1,311,066	78,906	0	1,389,972
Vehicles	1,249,708	355,560	(487,460)	1,117,808
Textbooks	3,059,822	0	0	3,059,822
Intangible Right to Use Leased Assets	256,183	0	0	256,183
<i>Total Capital Assets Being Depreciated/Amortized</i>	<i>64,077,893</i>	<i>1,180,893</i>	<i>(487,460)</i>	<i>64,771,326</i>
<i>Less Accumulated Depreciation/Amortized:</i>				
Land Improvements	(3,907,573)	(268,679)	0	(4,176,252)
Buildings and Improvements	(21,888,407)	(1,439,152)	0	(23,327,559)
Furniture, Fixtures, and Equipment	(911,703)	(62,290)	0	(973,993)
Vehicles	(886,912)	(60,734)	487,460	(460,186)
Textbooks	(2,986,904)	(21,915)	0	(3,008,819)
Intangible Right to Use Leased Assets	(46,881)	(44,706)	0	(91,587)
<i>Total Accumulated Depreciation/Amortized</i>	<i>(30,628,380)</i>	<i>(1,897,476)</i>	<i>487,460</i>	<i>(32,038,396)</i>
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	<i>33,449,513</i>	<i>(716,583)</i>	<i>0</i>	<i>32,732,930</i>
<i>Governmental Activities Capital Assets, Net</i>	<i>\$40,982,912</i>	<i>\$277,621</i>	<i>\$0</i>	<i>\$41,260,533</i>

Of the current year depreciation/amortization total of \$1,897,476, \$38,923 is presented as administration support services expense and \$5,783 as extracurricular activities expense on the statement of activities related to the School District's intangible leased copier and stadium assets, which are included as Intangible Right to Use Leased Assets. With the implementation of Governmental Accounting Standards Board Statement No. 87, "Leases", a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

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Depreciation/amortization expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$1,632,736
Vocational	537
<i>Support Services:</i>	
Pupils	1,640
Instructional Staff	6,772
Administration	39,809
Business	18,473
Operation and Maintenance of Plant	56,709
Pupil Transportation	60,836
Operation of Non-Instructional Services	30,882
Extracurricular Activities	49,082
<i>Total Depreciation/Amortization Expense</i>	<u><u>\$1,897,476</u></u>

Note 8 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive insurance coverage with a private carrier for real property, building contents, vehicles, general liability, boiler and machinery, and builder's risk.

Coverage provided by the Hunter-Williams Insurance Agency is as follows:

Building and Contents (including Boiler and Machinery and Inland Marine) - replacement cost (\$5,000 deductible)	\$95,185,914
<i>Auto Liability:</i>	
Liability - Any Auto	1,000,000
Medical Payments	5,000
Uninsured/Underinsured Motorists Coverage	1,000,000
Comprehensive - All (\$1,000 deductible)	Actual Cash Value
Collision - All (\$1,000 deductible)	Actual Cash Value
Hired Car Physical Damage	75,000
Comprehensive	Actual Cash Value
Collision	Actual Cash Value
<i>General Liability:</i>	
Each Occurrence Limit	1,000,000
Damage to Premises Rented – Limit	100,000
Medical Expense Limit (any one person)	5,000
Personal and Advertising Injury - Each Offense Limit	1,000,000
General Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000

The School District's policy was reviewed and adjusted as deemed necessary. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 15). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. Sedgwick provides administrative, cost control, and actuarial services to the GRRP.

Dental Benefits

Starting January 1, 2018, dental benefits are offered to employees through a self-insurance internal service fund and its administered by Guardian Dental. Prior to January 1, 2018, monthly dental premiums were paid to Guardian Dental, who in turn paid the claims on the School District's behalf.

The information presented below represents an estimate of dental claims. The claims liability of \$20,620 reported in the internal service fund at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of *GASB Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Fiscal Year	Current Fiscal Year Claims	Claims Payments	Balance at End of Fiscal Year
2023	\$20,620	\$135,932	\$144,516	\$12,036
2022	15,759	146,255	141,394	20,620

Note 9 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability to (asset for) employees for pensions/OPEB. Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these

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estimates annually.

The Ohio Revised Code limits the School District's obligation for these liabilities to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See note 10 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District nonteaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on

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the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contributions to SERS were \$573,456 for fiscal year 2023. Of this amount, \$91,054 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member’s DC account and the remaining 2 percent is applied to the DB Plan.

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Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School District's contractually required contributions to STRS were \$1,617,015 for fiscal year 2023. Of this amount, \$263,732 is reported as an intergovernmental payable.

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

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 an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Current Measurement Date	0.10184170%	0.094710850%	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.09298720%	0.090414417%	
Change in Proportionate Share	<u>0.00885450%</u>	<u>0.004296433%</u>	
Proportionate Share of the Net			
Pension Liability	\$5,508,391	\$21,054,341	\$26,562,732
Pension Expense (Gain)	\$605,866	\$2,656,108	\$3,261,974

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At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$223,095	\$269,525	\$492,620
Changes of assumptions	54,351	2,519,571	2,573,922
Net difference between projected and actual earnings on pension plan investments	0	732,645	732,645
Changes in proportion and differences between School District contributions and proportionate share of contributions	425,078	1,177,089	1,602,167
School District contributions subsequent to the measurement date	<u>573,456</u>	<u>1,617,015</u>	<u>2,190,471</u>
Total Deferred Outflows of Resources	<u>\$1,275,980</u>	<u>\$6,315,845</u>	<u>\$7,591,825</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$36,161	\$80,540	\$116,701
Changes of assumptions	0	1,896,514	1,896,514
Net difference between projected and actual earnings on pension plan investments	192,217	0	192,217
Changes in proportion and differences between School District contributions and proportionate share of contributions	0	274,215	274,215
Total Deferred Inflows of Resources	<u>\$228,378</u>	<u>\$2,251,269</u>	<u>\$2,479,647</u>

\$2,190,471 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$270,584	\$280,335	\$550,919
2025	158,710	215,235	373,945
2026	(274,586)	(183,265)	(457,851)
2027	<u>319,438</u>	<u>2,135,256</u>	<u>2,454,694</u>
Total	<u>\$474,146</u>	<u>\$2,447,561</u>	<u>\$2,921,707</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past

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expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 are presented below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	<u>3.00</u>	<u>5.38</u>
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$8,108,089	\$5,508,391	\$3,318,181

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022 actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based

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on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00%</u>	

*Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.

**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

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	1% Decrease (6.00%)	Current (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$31,805,445	\$21,054,341	\$11,962,236

Note 10 – Defined Benefit OPEB Plans

See note 9 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$64,711.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS for health care was \$64,711 for fiscal year 2023. Of this amount, \$64,711 was reported as an intergovernmental payable.

Portsmouth City School District
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For the Fiscal Year Ended June 30, 2023

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.10184170%	0.094710850%	
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	<u>0.09241170%</u>	<u>0.090414417%</u>	
Change in Proportionate Share	<u>0.00943000%</u>	<u>0.004296433%</u>	
Proportionate Share of the Net OPEB Liability	\$1,429,868	\$0	\$1,429,868
Proportionate Share of the Net OPEB Asset	\$0	(\$2,452,379)	(\$2,452,379)
OPEB Expense (Gain)	(\$82,482)	(\$444,959)	(\$527,441)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$12,019	\$35,548	\$47,567
Changes of assumptions	227,439	104,464	331,903
Net difference between projected and actual earnings on pension plan investments	7,432	42,691	50,123
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	261,709	4,240	265,949
School District contributions subsequent to the measurement date	64,711	0	64,711
Total Deferred Outflows of Resources	\$573,310	\$186,943	\$760,253
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$914,648	\$368,299	\$1,282,947
Changes of assumptions	586,970	1,738,972	2,325,942
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	49,007	14,315	63,322
Total Deferred Inflows of Resources	\$1,550,625	\$2,121,586	\$3,672,211

\$64,711 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(\$272,383)	(\$565,497)	(\$837,880)
2025	(256,644)	(559,178)	(815,822)
2026	(211,466)	(265,193)	(476,659)
2027	(120,222)	(110,129)	(230,351)
2028	(72,244)	(143,402)	(215,646)
Thereafter	<u>(109,067)</u>	<u>(291,244)</u>	<u>(400,311)</u>
Total	<u>(\$1,042,026)</u>	<u>(\$1,934,643)</u>	<u>(\$2,976,669)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the

Portsmouth City School District
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employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022 are presented below:

Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of

Portsmouth City School District
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return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability at June 30, 2021 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

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	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,775,918	\$1,429,868	\$1,150,512
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,102,685	\$1,429,868	\$1,857,222

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled

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retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	<u>1.00</u>	1.00
Total	<u>100.00%</u>	

*Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.

**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$2,267,160)	(\$2,452,379)	(\$2,611,035)

Portsmouth City School District
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	Current		
	1% Decrease	Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,543,714)	(\$2,452,379)	(\$2,337,092)

Note 11 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers earn sick leave at the rate of one and one-half days per month from August to May. Administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days for teachers and 240 days for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 57 days for teachers and 60 days for classified employees. Administrators are paid for one-fourth of accrued, but unused sick leave with a maximum of 60.

Insurance

The School District provides medical insurance to all employees through Anthem through June 30, 2022, then through Medical Mutual starting July 1, 2022. Certified employees are provided with life and vision insurance through Guardian. Classified employees are provided with life and vision insurance through Anthem. All certified and classified employees are provided prescription drug coverage through the Health Care Plan of AFSCME Local 2684. Certified employees pay 15 percent of healthcare premiums. Classified employees pay seven and a half percent of healthcare premiums.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 12 – Short-Term Obligations

The changes in the School District's short-term obligations during fiscal year 2023 were as follows:

	Principal Outstanding 6/30/22	Additions	Deductions	Principal Outstanding 6/30/23
<i>Governmental Activities:</i>				
<i>Short-Term Leases:</i>				
Equipment Lease	\$924,300	\$0	(\$924,300)	\$0
Auditorium Lease	5,118,700	0	(5,118,700)	0
<i>Total Short-Term Leases</i>	<i>\$6,043,000</i>	<i>\$0</i>	<i>(\$6,043,000)</i>	<i>\$0</i>

In January 2022, the School District entered into an equipment lease agreement for the purpose of providing funds for the acquiring, constructing, installing, equipping and furnishing of capital improvements to its school facilities, including the purchase and installation of chillers, HVAC equipment, and a portion of the cost of resurfacing the track. This lease had a maturity date of January 5, 2023 and an interest rate of 1.51 percent.

Portsmouth City School District
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In June 2022, the School District entered into an auditorium lease agreement for the purpose of providing funds for the constructing, equipping and furnishing an auditorium. This lease had a maturity date of June 9, 2023 and an interest rate of 1.72 percent. The lease was renewed as a long-term financed purchase agreement at maturity.

Note 13 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2023 were as follows:

	Principal Outstanding 6/30/22*	Additions	Deductions	Principal Outstanding 6/30/23	Due Within One Year
<i>Governmental Activities:</i>					
<i>General Obligation Bonds:</i>					
<i>Direct Placements:</i>					
2017 Various Purpose School Improvement Refunding Bonds:					
Term Bonds 1.93%	\$4,140,000	\$0	(\$1,350,000)	\$2,790,000	\$1,380,000
<i>Financed Purchases</i>					
2023 Auditorium Lease	0	6,549,000	0	6,549,000	0
2020 Turf Lease	122,461	0	(122,461)	0	0
<i>Total Financed Purchases</i>	<u>122,461</u>	<u>6,549,000</u>	<u>(122,461)</u>	<u>6,549,000</u>	<u>0</u>
<i>Leases Payable</i>					
Copiers	121,992	0	(38,843)	83,149	40,637
Stadium	117,757	0	0	117,757	12,388
<i>Total Leases Payable</i>	<u>239,749</u>	<u>0</u>	<u>(38,843)</u>	<u>200,906</u>	<u>53,025</u>
Compensated Absences	1,526,517	52,407	(162,054)	1,416,870	137,977
<i>Net Pension Liability:</i>					
STRS	11,560,296	9,494,045	0	21,054,341	0
SERS	3,430,958	2,077,433	0	5,508,391	0
<i>Total Net Pension Liability</i>	<u>14,991,254</u>	<u>11,571,478</u>	<u>0</u>	<u>26,562,732</u>	<u>0</u>
<i>Net OPEB Liability:</i>					
SERS	1,748,967	0	(319,099)	1,429,868	0
Total Governmental Activities					
Long-Term Obligations	<u>\$22,768,948</u>	<u>\$18,172,885</u>	<u>(\$1,992,457)</u>	<u>\$38,949,376</u>	<u>\$1,571,002</u>

*Restated. See note 22.

On September 6, 2016, the School District issued \$9,045,000 in Series 2017 refunding bonds in order to refund the 2007 School Improvement Refunding Bonds in order to take advantage of lower interest rates. These bonds are paid from the Debt Service Fund and will mature on December 1, 2024. The bond issue included term bonds, in the amount of \$9,045,000. The bonds were directly placed with Branch Banking and Trust Company.

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Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$1,380,000	\$40,530	\$1,420,530
2025	1,410,000	13,606	1,423,606
Total	\$2,790,000	\$54,136	\$2,844,136

Financed Purchases

In a prior fiscal year, the School District entered into financed purchase agreement for the installation of turf. In the current fiscal year, the School District entered into a financed purchase agreement to finance the construction of an auditorium. A corresponding liability was recorded on the Statement of Net Position for governmental activities. This agreement meets the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Principal payments in fiscal year 2023 totaled \$122,461 and were paid from the Permanent Improvement Fund. Payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Principal and interest requirements to retire financed purchase agreements outstanding at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$0	\$0	\$0
2025	0	420,373	420,373
2026	613,000	277,678	890,678
2027	639,000	251,686	890,686
2028	666,000	224,593	890,593
2029-2033	3,777,000	674,711	4,451,711
2034	854,000	36,210	890,210
Totals	\$6,549,000	\$1,885,251	\$8,434,251

Leases Payable

In prior fiscal years, the School District entered into lease agreements for copiers and a stadium. Due to the implementation of GASB 87, these leases met the criteria of a lease thus requiring them to be recorded by the School District. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2023 totaled \$38,843 and were paid from the General Fund. Payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

A summary of the principal and interest amounts for the remaining lease is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$53,025	\$13,035	\$66,060
2025	48,385	5,175	53,560
2026	6,111	3,889	10,000
2027	6,359	3,641	10,000
2028	6,617	3,383	10,000
2029-2033	37,343	12,657	50,000
2034-2038	43,066	4,434	47,500
Total	\$200,906	\$46,214	\$247,120

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Compensated absences will be paid from the General Fund. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General Fund. For additional information related to the net pension/OPEB liability see Notes 9 and 10.

The School District's overall legal debt margin was \$25,644,313 with an unvoted debt margin of \$306,220 at June 30, 2023.

Note 14 – Interfund Activity

Interfund Balances

As of June 30, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
<i>Major Funds</i>		
General Fund	\$123,672	\$310,363
Elementary and Secondary School Emergency Relief Fund	0	1,986,945
Capital Projects Fund	3,306,584	0
<i>Nonmajor Governmental Funds</i>		
Athletics	0	28,968
Early Childhood Preschool	0	105,758
IDEA-B Special Education	0	426,118
Title I School Improvement	0	3,364
Title I-A	0	277,659
IDEA Early Childhood Education	0	147,338
Title VI-R	0	108,006
Miscellaneous Federal Grants	0	35,737
<i>Total Nonmajor Governmental Funds</i>	<hr/>	<hr/>
<i>Total</i>	<hr/>	<hr/>
	\$3,430,256	\$3,430,256

Of the total balance due to the Capital Projects Fund from the General Fund, Elementary and Secondary School Emergency Relief major fund and nonmajor governmental funds are a result of negative cash balances in these funds. The General Fund is responsible for any deficit in these funds and interfund transactions were established to cover these expenditures. The purpose for the interfund balances is to eliminate the negative cash balances in these funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance. The Elementary and Secondary School Emergency Relief major fund borrowed funds from the Capital Projects major fund to provide initial funding for projects covered under the grant application. These borrowings will be repaid when grant funds are received. The amounts borrowed from the General Fund resulted in a deficit cash situation, and the General Fund borrowed from the Capital Projects Fund. This borrowing will be repaid once the General Fund receivable is repaid from other funds.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Transfers

Transfers made during the fiscal year ended June 30, 2023 were as follows:

<i>Major Fund</i>	Transfers In	Transfers Out
General Fund	\$0	\$296,111
<i>Nonmajor Governmental Funds</i>		
Faculty Memorial	2,700	0
Student Wellness and Success	176,716	0
Miscellaneous State Grants	2,153	0
Coronavirus Relief	1,775	0
Title I School Improvement	3,154	0
Title I	46,351	0
Early Childhood IDEA	3,857	0
Miscellaneous Federal Grants	59,405	0
<i>Total Nonmajor Governmental Funds</i>	<u>296,111</u>	<u>0</u>
<i>Total</i>	<u>\$296,111</u>	<u>\$296,111</u>

Transfers were made from the General Fund to Nonmajor Special Revenue Funds to support programs accounted for in those funds.

Note 15 – Jointly Governed Organizations and Insurance Purchasing Pool

Jointly Governed Organizations

Metropolitan Educational Technology Association (META)

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META's Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META \$83,567 for services provided during the fiscal year. Financial information can be obtained from META Solutions, 100 Executive Drive, Marion Ohio 43302.

Scioto County Career Technical Center

The Scioto County Career Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a five member Board of Education, consisting of two representatives from the Portsmouth City School District and three representatives from the South Central Ohio Educational Service Center, which possesses its own budgeting and taxing authority. The Board exercises total control over the operations of the Technical Center including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

its representation on the Board. To obtain financial information write to the Scioto County Career Technical Center at P.O. Box 766, Lucasville, Ohio 45648.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the “Coalition”) is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a board which is composed of 14 members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding education conditions in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the coalition including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. The School District’s membership fee was \$325 for the fiscal year.

Insurance Purchasing Pool

Ohio SchoolComp Group Retrospective Rating Program

The School District participates in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The GRRP’s business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to Sedgwick to cover the costs of administering the program.

Note 16 – Set-Aside Calculations

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The following cash basis information identifies the change in the fiscal year-end set-aside amount for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Acquisitions
Set-Aside Balance as of June 30, 2022	\$0
Current Fiscal Year Set-aside Requirement	356,286
Current Fiscal Year Offsets	(701,494)
Qualifying Disbursements	(317,173)
Set-Aside Balance as of June 30, 2023	<u><u>(\$662,381)</u></u>
Required Set-aside Balances Carried Forward	<u><u>\$0</u></u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital acquisitions set-aside amount below zero. The extra amount for capital acquisitions may not be used to reduce the set-aside requirement of future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

Note 17 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$453,105
Elementary and Secondary School Emergency Relief Fund	28,064
Permanent Improvement Fund	165,000
Nonmajor Governmental Funds	<u>335,890</u>
<i>Total</i>	<u><u>\$982,059</u></u>

Note 18 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Elementary and Secondary School Emergency Relief	Capital Projects	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$209,330	\$0	\$0	\$68,208	\$277,538
<i>Total Nonspendable</i>	<u>209,330</u>	<u>0</u>	<u>0</u>	<u>68,208</u>	<u>277,538</u>
<i>Restricted for</i>					
Capital Projects	0	0	5,709,472	2,251,838	7,961,310
Debt Payments	0	0	0	874,503	874,503
Food Service Operations	0	0	0	1,055,315	1,055,315
Special Donations	0	0	0	58,897	58,897
Facilities Maintenance	0	0	0	1,448,623	1,448,623
Student Managed Activities	0	0	0	12,531	12,531
State Grants	0	0	0	267,841	267,841
Federal Grants	0	0	0	9,120	9,120
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>5,709,472</u>	<u>5,978,668</u>	<u>11,688,140</u>
<i>Committed to</i>					
Future Severance Payments	150,734	0	0	0	150,734
<i>Total Committed</i>	<u>150,734</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,734</u>
<i>Assigned to</i>					
Self Insurance	240,411	0	0	0	240,411
Public School Support	21,270	0	0	0	21,270
Staff Development	0	0	0	3,050	3,050
<i>Total Assigned</i>	<u>261,681</u>	<u>0</u>	<u>0</u>	<u>3,050</u>	<u>264,731</u>
<i>Unassigned (Deficit)</i>	<u>(2,209,738)</u>	<u>(1,997,272)</u>	<u>0</u>	<u>(1,613,621)</u>	<u>(5,820,631)</u>
<i>Total Fund Balances</i>	<u><u>(\$1,587,993)</u></u>	<u><u>(\$1,997,272)</u></u>	<u><u>\$5,709,472</u></u>	<u><u>\$4,436,305</u></u>	<u><u>\$6,560,512</u></u>

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 19 – Accountability and Compliance

Accountability

At June 30, 2023, the following funds had a deficit fund balance:

Funds	Amounts
General	\$1,587,993
Athletics	30,282
Early Childhood Preschool	120,425
Elementary and Secondary School Emergency Relief	1,997,272
Student Wellness and Success	41,398
IDEA-B Special Education	535,594
Title I School Improvement	5,662
Title I-A	508,228
IDEA Early Childhood Education	161,817
Title VI-R	118,559
Miscellaneous Federal Grants	33,704
<i>Total</i>	<u>\$5,140,934</u>

The General Fund deficit balance exists because sufficient revenues have not been generated to cover expenditures along with accruals associated with GAAP reporting. The deficits in all fund balances were due to accruals in GAAP as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The School District had negative cash balances in the General Fund as well as in several grant funds that were not covered by pending project cash requests, which is contrary to Ohio Revised Code Section 5705.10. The School District also had appropriations in excess of estimated resources in the General Fund and Elementary and Secondary School Emergency Relief Fund, which is contrary to Ohio Revised Code Section 5705.39.

Note 20 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the affect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE adjustments for fiscal year 2023 have been finalized. Additional adjustments were not significant.

Portsmouth City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Litigation

The School District is not party to any legal proceedings.

Note 21- COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 22 – New Accounting Pronouncements and Restatement of Balances

New Accounting Pronouncements

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements".

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, "Leases". It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

These changes were considered in the preparation of the School District's 2023 financial statements; however, there was no effect on beginning net position/fund balance nor was note disclosure presentation required.

Restatement of Balances

During 2023, the School District discovered that it previously overreported its general obligation bonds liability on the statement of net position. This error was corrected accordingly and had the following effect on previously reported net position:

Governmental Activities	
Net Position, As Reported, June 30, 2022	\$19,093,328
<i>Adjustments:</i>	
Error in General Obligation Bonds Liability	<u>170,000</u>
Net Position, As Restated, July 1, 2022	<u>\$19,263,328</u>

Additionally, the beginning balance of the Elementary and Secondary School Emergency Relief Fund budgetary presentation was restated to account for an error identified in the previously reported balance. This restatement increased the balance from a deficit of \$1,001,133 to a deficit of \$206,530.

Portsmouth City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<i>State Teachers Retirement System</i>										
School District's proportion of the net pension liability	0.09214759%	0.09214759%	0.09179633%	0.08956301%	0.08985670%	0.08948856%	0.08795202%	0.08564858%	0.090414417%	0.094710850%
School District's proportionate share of the net pension liability	\$26,698,794	\$22,413,482	\$25,369,820	\$29,979,438	\$21,345,652	\$19,676,526	\$19,450,059	\$20,723,909	\$11,560,296	\$21,054,341
School District's covered payroll	\$10,217,431	\$9,421,000	\$9,518,857	\$9,851,600	\$9,615,021	\$10,174,143	\$10,676,786	\$10,215,757	\$11,552,721	\$12,294,050
School District's proportionate share of the net pension liability as a percentage of its covered payroll	261.3%	237.9%	266.5%	304.3%	222.0%	193.4%	182.2%	202.9%	100.1%	171.3%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%
<i>School Employees Retirement System</i>										
School District's proportion of the net pension liability	0.09338500%	0.09338500%	0.09464540%	0.09390280%	0.09143040%	0.08772280%	0.08608470%	0.08835820%	0.092987200%	0.101841700%
School District's proportionate share of the net pension liability	\$5,553,306	\$4,726,162	\$5,400,557	\$6,872,819	\$5,462,765	\$5,024,047	\$5,150,599	\$5,844,197	\$3,430,958	\$5,508,391
School District's covered payroll	\$2,573,353	\$2,671,667	\$2,855,137	\$2,700,257	\$3,189,186	\$2,868,289	\$2,777,467	\$3,097,643	\$3,209,679	\$4,144,743
School District's proportionate share of the net pension liability as a percentage of its covered payroll	215.8%	176.9%	189.2%	254.5%	171.3%	175.2%	185.4%	188.7%	106.9%	132.9%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
 See the accompanying notes to the required supplementary information.

Portsmouth City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
<i>State Teachers Retirement System</i>							
School District's proportion of the net OPEB liability (asset)	0.08956301%	0.08985670%	0.08948856%	0.08795202%	0.08564858%	0.090414417%	0.094710850%
School District's proportionate share of the net OPEB liability (asset)	\$4,789,853	\$3,505,878	(\$1,437,990)	(\$1,456,696)	(\$1,505,271)	(\$1,906,313)	(\$2,452,379)
School District's covered payroll	\$9,851,600	\$9,615,021	\$10,174,143	\$10,676,786	\$10,215,757	\$11,552,721	\$12,294,050
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	48.6%	36.5%	-14.1%	-13.6%	-14.7%	-16.5%	-19.9%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%
<i>School Employees Retirement System</i>							
School District's proportion of the net OPEB liability	0.09499930%	0.09250880%	0.08855820%	0.08794660%	0.08845020%	0.092411700%	0.101841700%
School District's proportionate share of the net OPEB liability	\$2,707,831	\$2,482,693	\$2,456,843	\$2,211,672	\$1,922,313	\$1,748,967	\$1,429,868
School District's covered payroll	\$2,700,257	\$3,189,186	\$2,868,289	\$2,777,467	\$3,097,643	\$3,209,679	\$4,144,743
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	100.3%	77.8%	85.7%	79.6%	62.1%	54.5%	34.5%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.

Information not available prior to 2017.

See the accompanying notes to the required supplementary information.

Portsmouth City School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$1,224,730	\$1,332,640	\$1,379,224	\$1,346,103	\$1,424,380	\$1,494,750	\$1,430,206	\$1,617,381	\$1,721,167	\$1,617,015
Contractually required contribution - OPEB	94,210	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	1,318,940	1,332,640	1,379,224	1,346,103	1,424,380	1,494,750	1,430,206	1,617,381	1,721,167	1,617,015
Contributions in relation to the contractually required contribution	1,318,940	1,332,640	1,379,224	1,346,103	1,424,380	1,494,750	1,430,206	1,617,381	1,721,167	1,617,015
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$9,421,000	\$9,518,857	\$9,851,600	\$9,615,021	\$10,174,143	\$10,676,786	\$10,215,757	\$11,552,721	\$12,294,050	\$11,550,107
Contributions as a percentage of covered payroll - pension	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$370,293	\$376,307	\$378,036	\$446,486	\$387,219	\$374,958	\$433,670	\$449,355	\$580,264	\$573,456
Contractually required contribution - OPEB (1)	0	0	0	0	14,341	13,887	0	0	0	0
Contractually required contribution - total	370,293	376,307	378,036	446,486	401,560	388,845	433,670	449,355	580,264	573,456
Contributions in relation to the contractually required contribution	370,293	376,307	378,036	446,486	401,560	388,845	433,670	449,355	580,264	573,456
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$2,671,667	\$2,855,137	\$2,700,257	\$3,189,186	\$2,868,289	\$2,777,467	\$3,097,643	\$3,209,679	\$4,144,743	\$4,096,114
Contributions as a percentage of covered payroll - pension	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See the accompanying notes to the required supplementary information.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2023.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

There were no changes to benefit terms for fiscal year 2023.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 5 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – 8 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 8 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
 - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
 - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

There were no changes in assumptions for fiscal year 2023.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2023.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
 - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
 - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

Portsmouth City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

Portsmouth City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Federal Pass Through Entity Number	Assistance Listing Number	Provided to Subrecipients	Federal Awards Expenditures
<u>United States Department of Agriculture</u>				
<i>Passed through the Ohio Department of Education</i>				
Child Nutrition Cluster:				
COVID-19 School Breakfast Program	N/A	10.553	\$0	\$14,027
School Breakfast Program	N/A	10.553	0	310,786
COVID-19 National School Lunch Program	N/A	10.555	0	93,222
National School Lunch Program	N/A	10.555	0	839,293
National School Lunch Program-Non-Cash Assistance	N/A	10.555	0	96,947
Fresh Fruit and Vegetable Program	N/A	10.582	0	49,130
Total Child Nutrition Cluster			0	<u>1,403,405</u>
COVID-19 Pandemic EBT Administrative Costs	N/A	10.649	0	3,135
Total United States Department of Agriculture			0	1,406,540
<u>United States Department of Treasury</u>				
<i>Passed through the Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	N/A	21.019	0	1,775
<i>Passed through the Ohio Facilities Construction Commission</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	SCV3	21.027	0	118,511
Total United States Department of Treasury			0	120,286
<u>United States Department of Education</u>				
<i>Passed through the Ohio Department of Education</i>				
Special Education Cluster (IDEA):				
Special Education-Grants to States	N/A	84.027A	0	842,941
Special Education-Preschool Grants	N/A	84.173A	0	82,797
COVID-19 Special Education-Preschool Grants	N/A	84.173X	0	4,835
Total Special Education Cluster (IDEA)			0	<u>930,573</u>
Title I Grants to Local Educational Agencies	N/A	84.010A	0	2,127,212
Title I Grants to Local Educational Agencies-School Improvement	N/A	84.010A	0	50,002
Total Title I Grants to Local Educational Agencies			0	<u>2,177,214</u>
Rural Education	N/A	84.358B	0	32,245
English Language Acquisition Grants to States	N/A	84.365A	3,652	3,652
COVID-19 Education Stabilization Fund-ARP ESSER	N/A	84.425U	0	2,686,665
COVID-19 Education Stabilization Fund-ARP Homeless Round II	N/A	84.425W	0	31,562
Total COVID-19 Education Stabilization Fund			0	<u>2,718,227</u>
Supporting Effective Instruction State Grants	N/A	84.367A	0	218,024
Student Support and Academic Enrichment Program	N/A	84.424A	0	20,820
Total United States Department of Education			3,652	6,100,755
Total Federal Financial Assistance			\$3,652	\$7,627,581

N/A - pass through entity number not available.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Portsmouth City School District
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) is a summary of the activity of the School District's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

Note 4 – Child Nutrition Cluster

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this schedule, the School District assumes it expends federal monies first.

Note 5 – Food Donation Program

The School District reports commodities consumed on the schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

Note 6 – Subrecipients

The School District passes certain federal awards received from the Ohio Department of Education to another government (subrecipient). As note 2 describes, the School District reports expenditures of federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by law, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Note 7 – Transfers Between Program Years

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amount
Education Stabilization Fund-ARP ESSER	84.425U	\$5,864,629
Education Stabilization Fund-ARP Homeless Round II	84.425W	3,687



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Board
Portsmouth City School District
724 Findlay Street
Portsmouth, Ohio 45662

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portsmouth City School District, Scioto County, Ohio (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 27, 2025, wherein we noted that the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Portsmouth City School District

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*

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Report on Compliance and Other Matters

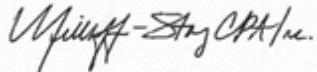
As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003.

School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

August 27, 2025



**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Members of the Board
Portsmouth City School District
724 Findlay Street
Portsmouth, Ohio 45662

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Portsmouth City School District, Scioto County, Ohio (the School District) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The 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, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the 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 the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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.

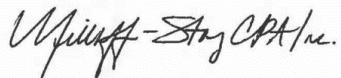
Portsmouth City School District

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

August 27, 2025

Portsmouth City School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	Yes
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	COVID-19 Education Stabilization Fund (AL #84.425U, #84.425W); Special Education Cluster (IDEA) (AL #84.027A, 84.173A, 84.173X)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding Number 2023-001 – Material Weakness – Financial Reporting

A monitoring system by the School District should be in place to prevent or detect misstatements for the accurate presentation of the financial statements. During testing, we noted that the School District overstated property taxes and related auditor and treasurer fees as they recorded the fees for both advances received as well as the final settlement from which the advance was provided. Additionally, we noted prepaid items were recorded in the incorrect fund. Lastly, the School District overstated intergovernmental receivable which caused interfund receivable/payable to be overstated. Certain errors were deemed material and were corrected in the financial statements. Other errors were deemed immaterial by both the auditors and management and therefore correction was waived. The School District should implement additional operating and monitoring procedures to ensure financial statements are accurately reported.

Client Response:

See accompanying corrective action plan.

Portsmouth City School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Finding Number 2023-002 – Noncompliance – Negative Cash Balances

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. During testing, we noted the School District had negative fund balances in general fund and several grant funds that were not covered by end-of-year project cash requests. The School District should implement the appropriate procedures to ensure that funds are available prior to expending money from a fund or transfer or advance funds timely to ensure that deficit spending does not occur. Additionally, the School District should ensure that project cash requests are processed timely to ensure that negative fund balances do not linger for significant periods of time.

Client Response:

See accompanying corrective action plan.

Finding Number 2023-003 – Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. During testing, we noted that the School District's General and Elementary and Secondary School Emergency Relief Fund's original and final appropriations exceeded its estimated resources. The School District should implement budgetary monitoring procedures to ensure that appropriations are limited to estimated resources.

Client Response:

See accompanying corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None



Treasurers Office

Portsmouth City School District
Corrective Action Plan
For the Fiscal Year Ended June 30, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Having just become the Interim Treasurer I'm in the process of reviewing and evaluating all accounting processes. Overstatements and misclassifications don't allow for proper presentation of financial statements. I will work with the Board and Superintendent to resolve these issues.	December 31, 2024	Andrew Riehl, Interim Treasurer
2023-002	Having just become the Interim Treasurer I'm in the process of reviews and evaluating all accounting processes. Negative fund balances are not acceptable. I will work with the Board and Superintendent to resolve this issue.	December 31, 2024	Andrew Riehl, Interim Treasurer
2023-003	Having just become the Interim Treasurer I'm in the process of reviewing and evaluating all accounting processes. Appropriations in excess of estimated resources are not acceptable. I will work with the Board and Superintendent to resolve this issue.	December 31, 2024	Andrew Riehl, Interim Treasurer



Treasurers Office

Portsmouth City School District
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2022-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2023-001
2022-002	Noncompliance – Negative Cash Balances	No	Reissued as Finding 2023-002
2022-003	Noncompliance – Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2023-003

OHIO AUDITOR OF STATE KEITH FABER



PORSCMOUTH CITY SCHOOL DISTRICT

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/17/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov