



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639
PO Box 325 • 618 Tenth Street, Suite 103 • Huntington, WV 25708 • (304) 521-2648 • FAX (888) 900-1264

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Board of Directors
Elevated Excellence Academy
2129 West North Bend Road
Cincinnati, Ohio 45224

We have reviewed the *Independent Auditor's Report* of the Elevated Excellence Academy, Hamilton County, prepared by BHM CPA Group, 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 Elevated Excellence Academy is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 04, 2024

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ELEVATED EXCELLENCE ACADEMY
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Change in Net Position.....	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	13
Required Supplementary Information:	
Schedule of the School’s Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio.....	41
Schedule of the School’s Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	42
Schedule of the School’s Pension Contributions School Employees Retirement System of Ohio.....	43
Schedule of the School’s Pension Contributions State Teachers Retirement System of Ohio	44
Schedule of the School’s Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio	45
Schedule of the School’s Proportionate Share of the Net OPEB Liability – State Teachers Retirement System of Ohio	46
Schedule of the School’s OPEB Contributions School Employees Retirement System of Ohio.....	47
Schedule of the School’s OPEB Contributions State Teachers Retirement System of Ohio	48
Note to the Required Supplementary Information.....	49
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55

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INDEPENDENT AUDITOR'S REPORT

Elevated Excellence Academy
Hamilton County
2129 West North Bend Road
Cincinnati, Ohio 45224

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Elevated Excellence Academy, Hamilton County, Ohio (Academy), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy'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 financial position of the Elevated Excellence Academy, Hamilton County, Ohio as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Academy'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 opinion. 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 Academy'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 Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of the Academy's internal control over financial reporting and 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 Academy'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 Academy's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
February 28, 2024

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)

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

Key Financial Highlights of the School

Key 2023 financial highlights for the School are as follows:

- The School saw the net position increase by \$316,857 during fiscal year 2023. The increase is attributed to changes in the deferred inflows and outflows associated with net pension/OPEB activity during the year.
- The School is required to report a net pension liability and OPEB liability of \$1,455,741 as these are components that significantly reduce the School's net position. By removing the items related to GASB 68 and GASB 75, the School would report a net position of \$6,046.
- The total liabilities, excluding the pension/opeb liabilities, of the School were down \$486,994 as of June 30, 2023. The School focused on repaying the outstanding vendor payables.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of four components: the management discussion and analysis, the basic financial statements, notes to those statements and required supplementary information. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the School's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the School's net position changed during the most recent fiscal year. The statement of cash flows presents the sources and uses of the School's cash and how it changed during the most recent fiscal year.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)

Financial Analysis

Table 1 provides a summary of the School's net position at fiscal year-end for fiscal years 2023 and 2022 (GAAP basis).

	2023	2022
Assets:		
Current Assets	\$ 55,709	\$ 64,112
Noncurrent Assets	101,880	171,227
Total Assets	157,589	235,339
Deferred Outflows of Resources	1,040,823	452,676
Liabilities		
Current Liabilities	89,934	576,928
Long-term Liabilities		
Net Pension Liability	1,259,767	416,180
OPEB Liability	195,974	104,820
Total Liabilities	1,545,675	1,097,928
Deferred Inflows of Resources	653,357	907,564
Net Position:		
Net investment in capital assets	37,591	33,869
Restricted	6,000	-
Unrestricted	(1,044,211)	(1,351,346)
Total Net Position	\$ (1,000,620)	\$ (1,317,477)

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School also reports GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all governments financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB asset/liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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 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.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)

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.

In accordance with GASB 68 and GASB 75, the School's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Including the pension/OPEB items, the School reported a decrease in assets of \$77,750 although the cash balance finished slightly positive after being negative in the prior year. The largest decrease was from the final year of depreciation on the leased facility. The School does report a net OPEB asset for one of the retirement systems mainly because of the change in assumptions on the discount rate used. The deferred outflows jumped significantly as the proportionate share percentage changes those changed are reported as a deferred outflow and amortized over the remaining service life.

The current liabilities decreased by \$486,994 as the vendor payables decreased significantly over last year. The remaining year on the lease liability was paid off as well. The School recognized a larger Net Pension Liability and larger OPEB liabilities for the current year as the allocation percentage changed that was assigned to the School by the retirement systems. The deferred inflow of resources decreased since those changes are amortized over the remaining service life for each retirement system.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)

Financial Analysis

Table 2 shows the change in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

**Table 2
Changes in Net Position**

	2023	2022
Operating Revenues:		
State Foundation	\$ 821,443	\$ 1,386,435
Other	27,067	3,963
Total Operating Revenues	848,510	1,390,398
Operating Expenses:		
Fringe Benefits	198,281	(181,173)
Purchased Services	778,319	1,695,194
Materials and Supplies	7,113	63,086
Depreciation	110,507	107,313
Total Operating Expenses	1,094,220	1,684,420
Operating (Loss)	(245,710)	(294,022)
Nonoperating Revenues (Expenses)		
Federal and State Grants	563,940	374,434
Interest and Fiscal Charges	(1,373)	(3,865)
Total Nonoperating Revenues (Expenses)	562,567	370,569
Change in Net Position	316,857	76,547
Net Position, Beginning of Year	(1,317,477)	(1,394,024)
Net Position, End of the Year	\$ (1,000,620)	\$ (1,317,477)

The School saw the student population decrease from 159 to 94 FTE resulting in the foundation revenue dropping almost \$565,000 during fiscal year 2023. The School also reported a negative fringe benefits in fiscal year 2022 resulting from the net pension/opeb liabilities and related deferred inflows/outflows changes. This compared with a positive net pension/OPEB expense for fiscal year 2023. On the statement of revenues, expenses and change in net position, the amount is broken out to clarify the reporting impact. The purchased services decreased with the reduced student count. The majority of purchased services are related to costs incurred by the management company as disclosed in the management company footnote.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)

Budget Highlights

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by the School's contract with its Sponsor. The contract between the School and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on a bi-annual basis.

Capital Assets

At the end of 2023, the School had \$37,591 reported a capital asset balance. See note 6 for more information on the School's capital assets.

Debt

At June 30, 2020, the School paid off the remaining \$100,627 outstanding long term debt from the prior year. See note 11 for more information on the School's other long term obligations.

Current Financial Issues

The School saw the enrollment decrease for fiscal year 2024 with the October 2023 FTE counts at 50 students compared to 94 at the end of fiscal year 2023.

Contacting the School

This financial report is designed to provide a general overview of the finances of the School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the School, 2015 West North Bend Road, Cincinnati, Ohio 45224.

**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION**

AS OF JUNE 30, 2023

Assets:

Current assets:	
Cash and cash equivalents	\$ 5,634
Intergovernmental receivable	50,075
Total current assets	<u>55,709</u>

Noncurrent assets:	
Net OPEB asset	61,609
Security deposit	2,680
Capital assets:	
Depreciable capital assets	37,591
Total noncurrent assets	<u>101,880</u>

Total Assets 157,589

Deferred Outflows of Resources:

Pension	708,075
OPEB	332,748
	<u>1,040,823</u>

Total Deferred Outflows of Resources 1,040,823

Liabilities:

Current liabilities	
Accounts payable	89,934
Total current liabilities	<u>89,934</u>

Long term liabilities	
Net Pension liability	1,259,767
OPEB liability	195,974
Total long term liabilities	<u>1,455,741</u>

Total Liabilities 1,545,675

Deferred Inflows of Resources:

Pension	274,323
OPEB	379,034
	<u>653,357</u>

Total Deferred Inflows of Resources 653,357

Net Position:

Net investment in capital assets	37,591
Restricted for grants	6,000
Unrestricted	<u>(1,044,211)</u>

Total Net Position \$ (1,000,620)

See accompanying notes to the basic financial statements

**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating revenues:	
Foundation payments	\$ 821,443
Other operating revenues	27,067
	<hr/>
Total operating revenues	848,510
	<hr/>
Operating expenses:	
Fringe benefits	131,082
Pension and OPEB expenses	67,199
Purchased services	778,319
Materials and supplies	7,113
Depreciation	110,507
	<hr/>
Total operating expenses	1,094,220
	<hr/>
Operating Loss	(245,710)
Non-Operating revenues (expenses):	
Federal and State grants	563,940
Interest and Fiscal Charges	(1,373)
	<hr/>
Total non-operating revenues (expenses)	562,567
	<hr/>
Change in net position	316,857
Net position at beginning of year	(1,317,477)
Net position at end of year	<u><u>\$ (1,000,620)</u></u>

See accompanying notes to the basic financial statements

**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY, OHIO
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 822,285
Cash received from other operating revenues	13,210
Cash payments for personal services	(131,516)
Cash payments for contract services	(1,128,594)
Cash payments for supplies and materials	(22,629)
Net cash used for operating activities	<u>(447,244)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	577,851
Management Company Advances Repaid	(7,001)
Net cash provided by noncapital financing activities	<u>570,850</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(15,972)
Principal paid on debt obligations	(100,627)
Interest paid on debt obligations	(1,373)
Net cash used by capital and related financing activities	<u>(117,972)</u>

Net change in cash and cash equivalents	5,634
Cash and Cash Equivalents at beginning of year	-
Cash and Cash Equivalents at end of year	<u><u>5,634</u></u>

Reconciliation of operating loss to net cash used for operating activities:

Operating Loss	(245,710)
Adjustments to reconcile operating loss to net cash used operating activities:	
Depreciation	110,507
Change in assets and liabilities:	
Decrease in intergovernmental receivable	126
Increase in OPEB asset	(25,188)
Increase in deferred outflows	(588,147)
Decrease in accounts payable	(365,509)
Decrease in management company payable	(13,857)
Decrease in deferred inflows	(254,207)
Increase in net pension liability	843,587
Increase in OPEB liability	91,154
Total Adjustments	<u>(312,041)</u>

Net cash used for operating activities	<u><u>\$ (447,244)</u></u>
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See accompanying notes to the basic financial statements

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

The Elevated Excellence School, Hamilton County, Ohio (the “School”), previously known as The Dream School and King School, is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School’s mission is to educate the whole child: academically, physically, morally and aesthetically by stressing academic excellence, a positive attitude towards oneself and others, self-discipline and the preservation of good moral standards. The School is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with Cincinnati Charter School Collaborative (CCSC) for most of its functions (see Note 12).

The School was approved for operation under a contract with the Educational Service Center of Lake Erie West (the “Sponsor”) for a period of five academic years commencing July 28, 2005. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract and its expiration or terminate the contract prior to its expiration. On July 1, 2007, the School changed sponsors and contracted with Educational Resource Consultants of Ohio through June 30, 2012. The contract has been renewed several times with the most recent contract renewed through June 30, 2024.

The School operates under the direction of a six member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the School’s one instructional/support facility which provides services to 94 students.

The School is not considered a component unit for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School’s accounting policies.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The School uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, net position and cash flows.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The statement of cash flows reflects how the School finances and meets its cash flow needs.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in accounts in the School's name. Monies for the School are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The School does not maintain a capital asset policy. The School does not have any infrastructure. 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, but are expended when incurred. The School reports a capital asset for the initial building lease contract less depreciation.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Computers, Furniture and Equipment	5 years
Building Leased Assets	5 years (contract term)

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program and State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Amounts awarded under the items above for the year ended June 30, 2023 totaled \$1,385,383.

G. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. (See Notes 9 and 10)

I. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, 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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

J. Estimates

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

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily the State Foundation program and specific charges to the students or users of the School. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

L. Prepaid Items/Security Deposit

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 expense is reported in the fiscal year in which services are consumed. The School was required to submit a security deposit as part of the lease contract. The asset will be returned at the end of the lease term or used to reduce the final payment.

NOTE 3 – CASH AND CASH EQUIVALENTS

At fiscal year end June 30, 2023, the carrying amount of the School's deposits was \$5,634, and the bank balance was \$2,440. The entire bank balance was covered from FDIC insurance.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3 – CASH AND CASH EQUIVALENTS (continued)

Custodial credit risk is the risk that, in the event of bank failure, the School’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

NOTE 4 – PURCHASED SERVICES

For the fiscal year ended June 30, 2023, purchased services expenses are as follows:

Professional and Technical	\$516,857
Fiscal fees	73,672
Management fees	49,843
Data processing	46,642
Sponsor fees	24,884
Utilities	22,272
Property Services	14,780
Legal	9,860
Other	19,509
Total	<u>\$778,319</u>

NOTE 5 – RECEIVABLES

The School reported the following receivables at June 30, 2023:

ESSER Grant	\$ 39,962
Title I Grant	<u>10,113</u>
Total	<u>\$ 50,075</u>

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023:

Description	Balance 6/30/22	Additions	Deletions	Balance 6/30/23
Capital Assets Being Depreciated:				
Leased Buildings*	\$ 286,583	\$ -	\$ -	\$ 286,583
Furniture and Equipment	149,078	-	-	149,078
Computers/Technology	300,694	15,972	-	316,666
	<u>736,355</u>	<u>15,972</u>	<u>-</u>	<u>752,327</u>
Less Accumulated Depreciation:				
Leased Buildings*	(188,326)	(98,257)	-	(286,583)
Furniture and Equipment	(149,078)	-	-	(149,078)
Computers/Technology	(266,825)	(12,250)	-	(279,075)
	<u>(604,229)</u>	<u>(110,507)</u>	<u>-</u>	<u>(714,736)</u>
Net Capital Assets				
Leased Buildings*	98,257	(98,257)	-	-
Furniture and Equipment	-	-	-	-
Computers/Technology	9,415	3,722	-	37,591
Capital Assets, Net	<u>\$ 107,672</u>	<u>\$ (94,535)</u>	<u>\$ -</u>	<u>\$ 37,591</u>

*The current leased buildings are operating on month to month leases which under the requirement of GASB 87 do not require a reporting of an asset or liability. At the end of fiscal year 2023, the original lease agreements terminated with the extensions not specifying any term period.

NOTE 7 – SPONSORSHIP AGREEMENT

The School has entered into a sponsorship agreement with ERCO (the Sponsor), whereby, the Sponsor shall receive compensation for services provided to the School. The Sponsor shall provide the School Treasurer with fiscal oversight and administrative support related to the following:

- A. Support to ensure that the financial records of the School are maintained in the same manner as are financial records of School, pursuant to rules of the Auditor of State.
- B. Compliance with the policies and procedures regarding internal financial control of the School.
- C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the School paid the Sponsor \$24,884 in sponsorship fees.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 8 – RISK MANAGEMENT

A. Property and Liability

The School 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. For fiscal year 2023, the School obtained insurance through broker Foremost Insurance Group with the following insurance coverage:

Commercial general liability per occurrence	\$2,000,000
Building limit	3,500,000
Medical expenses any one person	10,000
Excess/umbrella liability per occurrence	3,000,000
Excess/umbrella liability aggregate	3,000,000
Employer’s liability	1,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Coverage has not decreased from the prior year.

B. Worker’s Compensation

The School pays the State Workers’ Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly gross total payroll by a factor that is calculated by the State.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability 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 this estimate annually.

The Ohio Revised Code limits the School’s obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions are financed; however, the School does receive the benefit of employees’ services in exchange for compensation including pension.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – The School’s non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, 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	Age 65 with 5 years of service credit; or 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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2021, the Board of Trustees approved a 2 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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's contractually required contribution to SERS was \$101,588 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The School's licensed teachers and other 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 Web site 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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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 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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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 at any 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. 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 fifty 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 must have at least ten years of qualifying service credit that 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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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’s contractually required contribution to STRS was \$29,928 for fiscal year 2023.

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’s proportion of the net pension liability was based on the School’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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate of the Net Pension Liability - prior measurement date	0.0052934%	0.00172744%	
Proportionate of the Net Pension Liability - current measurement date	<u>0.0013512%</u>	<u>0.00237935%</u>	
Change in proportionate share	<u><u>-0.0039422%</u></u>	<u><u>0.00065192%</u></u>	
Proportionate Share of the Net Pension Liability	\$730,834	\$528,933	\$1,259,767
Pension Expense	\$282,733	(\$726)	\$282,007

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$29,599	\$6,771	\$36,370
Net difference between projected and actual earnings on pension plan investments	0	18,406	18,406
Changes in proportionate share	351,887	99,388	451,275
Changes in assumptions	7,211	63,297	70,508
School contributions subsequent to the measurement date	<u>101,588</u>	<u>29,928</u>	<u>131,516</u>
Total Deferred Outflows of Resources	<u><u>\$490,285</u></u>	<u><u>\$217,790</u></u>	<u><u>\$708,075</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$4,798	\$2,023	\$6,821
Changes in assumptions	0	47,644	47,644
Net difference between projected and actual earnings on pension plan investments	25,502	0	25,502
Changes in proportionate share	<u>0</u>	<u>194,356</u>	<u>194,356</u>
Total Deferred Inflows of Resources	<u><u>\$30,300</u></u>	<u><u>\$244,023</u></u>	<u><u>\$274,323</u></u>

\$131,516 reported as deferred outflows of resources related to pension resulting from School 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$204,390	(\$51,207)	\$153,183
2025	148,058	(56,206)	91,852
2026	(36,431)	(2,391)	(38,822)
2027	<u>42,380</u>	<u>53,643</u>	<u>96,023</u>
Total	<u><u>\$358,397</u></u>	<u><u>(\$56,161)</u></u>	<u><u>\$302,236</u></u>

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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 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:

Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Inflation	2.40 percent
COLA or Ad Hoc COLA	2.00%, on and 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 for 2022 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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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.

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/Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was also 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

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the School'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's proportionate share of the net pension liability	\$1,075,753	\$730,834	\$431,747

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent	
Projected salary increases	Varies by service from 2.5% to 8.5%	
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	0% effective July 1, 2017	

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

STRS Ohio's 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 Real 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	100.00 %	

*Target allocation percentage is effective as of 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% and is net of investment expenses. Over a 30-year period, STRS Ohio's 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 as of June 30, 2021, and was also 7.00 percent as of June 30, 2021. 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's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School'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'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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$799,024	\$528,933	\$300,518

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLAN

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset/liability represents the School’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB asset/liability 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 estimates annually.

The Ohio Revised Code limits the School’s obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which OPEB are financed; however, the School does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School 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. 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. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). 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 2022, 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 contribution to health care was 0 percent. 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 paid \$0 for the SERS surcharge.

The School's contractually required contribution to SERS was \$0 for fiscal year 2023.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Plan Description - 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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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 Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, 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 Ohio did not allocate any employer contributions to post-employment health care.

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

The net OPEB asset/liability was measured as of June 30, 2023, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The School’s proportion of the net OPEB asset/liability was based on the School’s share of contributions to the OPEB plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate of the Net Pension Liability - prior measurement date	0.0055385%	0.00172744%	
Proportionate of the Net Pension Liability - current measurement date	0.0139582%	0.00237935%	
Change in proportionate share	0.0084197%	0.0006519%	
Proportionate Share of the Net OPEB Liability/(Asset)	\$195,974	(\$61,609)	\$134,365
OPEB Expense (Income)	\$31,568	\$10,195	\$41,763

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,648	\$893	\$2,541
Changes of assumptions	31,171	2,624	33,795
Net difference between projected and actual earnings on pension plan investments	1,019	1,071	2,090
Changes in proportion share	293,232	1,090	294,322
Total Deferred Outflows of Resources	\$327,070	\$5,678	\$332,748
Deferred Inflows of Resources			
Differences between expected and actual experience	\$125,360	\$9,252	\$134,612
Changes in assumptions	80,449	43,685	124,134
Changes in proportion share	116,457	3,831	120,288
Total Deferred Inflows of Resources	\$322,266	\$56,768	\$379,034

\$0 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$23,996)	(\$15,089)	(\$39,085)
2025	(29,160)	(14,873)	(44,033)
2026	(17,439)	(6,736)	(24,175)
2027	13,933	(3,241)	10,692
2028	23,144	(3,713)	19,431
Thereafter	38,322	(7,438)	30,884
Total	\$4,804	(\$51,090)	(\$46,286)

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

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 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:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
7.00 percent net of investments expense, including inflation	
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
Medical Trend Assumption	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

For 2022, 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 2015 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 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 allocation and best estimates of arithmetic real rates of return for each major assets class, as used in the June 30, 2020 five-year experience study, are summarized in the following table:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return**
Cash	2.00 %	(0.45) %
US Equity	24.75	5.34
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/Assets	16.00	8.00
Multi-Asset Strategies	4.00	3.39
Private Debt/Credit	3.00	5.38
	100.00 %	
Total		

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

*Target allocation percentage is effective as of 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% and is net of investment expenses. Over a 30-year period, STRS Ohio’s 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 at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 4.08 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'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.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School's proportionate share of the net OPEB liability	\$243,403	\$195,974	\$157,687
	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's proportionate share of the net OPEB liability	\$151,132	\$195,974	\$254,547

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS

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

Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Blended Discount Rate of Return	7.00 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	7.50 percent initial, 3.94 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug	
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate
Medicare	-5.47 percent initial, 3.94 percent ultimate

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

For 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 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, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

STRS’s 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 Real 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	100.00 %	

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio’s 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 as of June 30, 2022, and was also 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB asset as of June 30, 2022.

Sensitivity of the School’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's proportionate share of the net OPEB asset	(\$56,956)	(\$61,609)	(\$65,595)

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

	1% Decrease	Current Trent Rate	1% Increase
School's proportionate share of the net OPEB asset	(\$63,904)	(\$61,609)	(\$58,713)

NOTE 11 – OTHER LONG-TERM OBLIGATIONS

The School has no long-term obligations that meet the GASB definition of a direct borrowing. The School does report a long term obligation for the contractual lease obligation on the facility. The beginning balance was restated for the implementation of GASB 87, *Leases*. The following are the long-term obligations outstanding for the School as of June 30, 2023 was as follows:

Description	Balance 06/30/22	Additions	Deletions	Balance 06/30/23	Due Within One Year
Leased Facility	\$100,627	\$0	(\$100,627)	\$0	\$0
Net Pension Liability					
SERS	195,311	535,523	0	730,834	\$0
STRS	220,869	308,064	0	528,933	0
Net OPEB Liability					
SERS	104,820	91,154	0	195,974	0
Total	\$621,627	\$934,741	(\$100,627)	\$1,455,741	0

The School reports a portion of the unfunded net pension liability with the two retirement systems as described in Note 9.

The School reports a portion of the unfunded net OPEB liability with the one retirement system as described in Note 10. The School reports a portion of the net OPEB asset for the another retirement system.

NOTE 12 - AGREEMENT WITH CINCINNATI CHARTER SCHOOL COLLABORATIVE

Effective July 1, 2020, the School entered into a management agreement (Agreement) with the Cincinnati Charter School Collaborative (CCSC), which is an educational consulting and management company. The term of the Agreement with CSCC is for two years and will renew for one additional, successive two (2) year terms unless one party notifies the other party no later than six months prior to the term expiration date of its intention to not renew the Agreement. Substantially all functions of the School have been contracted to CCSC. CCSC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay CCSC a monthly continuing fee of 16 percent of the School's "Qualified gross revenues", defined in the Agreement as, all revenues and income received by the School except for charitable contributions. The continuing fee is paid to CSCC based on the qualified gross revenues.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 12 - AGREEMENT WITH CINCINNATI CHARTER SCHOOL COLLABORATIVE
(continued)

The School had purchased services for the fiscal year ended June 30, 2023, to CCSC, of \$633,406. CCSC will be responsible for procuring the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance which are then invoiced to the school or reimbursed to CCSC.

NOTE 13 – CONTINGENCIES

A. Grants

The School 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.

B. School Funding

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The 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.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2023.

ODE adjustments for fiscal year 2023 have been finalized. The School has reported a payable of \$716.

In addition, the School's contract with their sponsor, Educational Resource Consultants of Ohio, require payment based on revenue received from the State. The School will pay the additional sponsor fee during fiscal year 2024.

For fiscal year 2023, School foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. This funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 33.33 percent for fiscal year 2023 and 50 percent for fiscal year 2024.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 14 – LEASE AGREEMENT

The School leases the facility at 2015 North Bend Road, Cincinnati, Ohio. The School paid \$2,680 as a security deposit on the lease agreement. The School also leases a facility at 6601 Hamilton Avenue, Cincinnati, Ohio. Both lease agreement terms expired at the end of fiscal year 2023 and were extended under a month to month agreement. During fiscal year 2023, the School paid \$103,300 between both locations.

NOTE 15 –CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2023, the School implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement 96 requires the recognition of certain subscription assets and liabilities for multi-year technology arrangements without a cancellation clause that the School has control over. The implementation of this standard had no effect on beginning net position as the School had no technology agreements that met the requirements.

NOTE 16 – 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. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School. The impact on the School’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The School’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The School's Proportionate Share of the Net Pension Liability	0.0135120%	0.0052934%	0.0020130%	0.0058339%	0.0107350%	0.0092053%	0.0053870%	0.0043500%	0.0036650%	0.0036650%
The School's Proportionate Share of the Net Pension Liability	\$ 730,834	\$ 195,311	\$ 133,144	\$ 349,052	\$ 614,813	\$ 549,996	\$ 394,279	\$ 248,215	\$ 185,484	\$ 217,351
The School's Covered Payroll	\$ 552,568	\$ 251,157	\$ 70,571	\$ 197,141	\$ 322,450	\$ 40,114	\$ 133,550	\$ 164,279	\$ 123,463	\$ 81,488
The School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	132.26%	77.76%	188.67%	177.06%	190.67%	1371.07%	295.23%	151.09%	150.23%	266.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Amount presented as of the School's measurement date, which is the prior fiscal year.

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The School's Proportionate Share of the Net Pension Liability	0.00237935%	0.00172744%	0.00219561%	0.00381723%	0.00376663%	0.00370309%	0.00383498%	0.00406639%	0.00432300%	0.00124147%
The School's Proportionate Share of the Net Pension Liability	\$ 528,933	\$ 220,869	\$ 531,260	\$ 844,157	\$ 828,197	\$ 879,677	\$ 1,283,683	\$ 1,123,831	\$ 1,051,554	\$ 1,252,605
The School's Covered Payroll	\$ 298,164	\$ 82,843	\$ 264,979	\$ 448,157	\$ 374,043	\$ 401,100	\$ 368,850	\$ 424,543	\$ 451,638	\$ 402,854
The School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	177.40%	266.61%	200.49%	188.36%	221.42%	219.32%	348.02%	264.72%	232.83%	310.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

Amount presented as of the School's measurement date, which is the prior fiscal year.

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's Pension Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 101,588	\$ 72,939	\$ 35,162	\$ 9,880	\$ 26,614	\$ 45,143	\$ 5,616	\$ 18,697	\$ 21,652	\$ 17,112
Contributions in Relation to the Contractually Required Contribution	<u>(101,588)</u>	<u>(72,939)</u>	<u>(35,162)</u>	<u>(9,880)</u>	<u>(26,614)</u>	<u>(45,143)</u>	<u>(5,616)</u>	<u>(18,697)</u>	<u>(21,652)</u>	<u>(17,112)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 725,629	\$ 552,568	\$ 251,157	\$ 70,571	\$ 197,141	\$ 322,450	\$ 40,114	\$ 133,550	\$ 164,279	\$ 123,463
Contributions as a Percentage of Covered Payroll	14.00%	13.20%	14.00%	14.00%	13.50%	14.00%	14.00%	14.00%	13.18%	13.86%

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's Pension Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 29,928	\$ 41,743	\$ 11,598	\$ 37,097	\$ 62,742	\$ 52,366	\$ 56,154	\$ 51,639	\$ 59,436	\$ 58,713
Contributions in Relation to the Contractually Required Contribution	(29,928)	(41,743)	(11,598)	(37,097)	(62,742)	(52,366)	(56,154)	(51,639)	(59,436)	(58,713)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 213,771	\$ 298,164	\$ 82,843	\$ 264,979	\$ 448,157	\$ 374,043	\$ 401,100	\$ 368,850	\$ 424,543	\$ 451,638
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
The School's Proportionate Share of the Net OPEB Liability	0.0139582%	0.0055385%	0.0019670%	0.0059888%	0.0105274%	0.0029681%	0.0054709%
The School's Proportionate Share of the Net OPEB Liability	\$ 195,974	\$ 104,820	\$ 42,749	\$ 150,606	\$ 292,059	\$ 248,731	\$ 155,942
The School's Covered Payroll	\$ 552,568	\$ 251,157	\$ 70,571	\$ 197,141	\$ 322,450	\$ 40,114	\$ 133,550
The School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.47%	41.73%	60.58%	76.40%	90.57%	620.06%	116.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available

Amount presented as of the School's measurement date, which is the prior fiscal year.

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net OPEB Liability
 State Teachers Retirement System of Ohio
 Last Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
The School's Proportionate Share of the Net OPEB Liability	0.00237935%	0.00172744%	0.00219561%	0.00381723%	0.00376663%	0.00370309%	0.00383498%
The School's Proportionate Share of the Net OPEB Liability	\$ (61,609)	\$ (36,421)	\$ (38,588)	\$ (63,222)	\$ (60,526)	\$ 144,481	\$ 205,096
The School's Covered Payroll	\$ 298,164	\$ 82,843	\$ 264,979	\$ 448,157	\$ 374,043	\$ 401,100	\$ 368,850
The School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-20.66%	-43.96%	-14.56%	-14.11%	-16.18%	36.02%	55.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.73%	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available

Amount presented as of the School's measurement date, which is the prior fiscal year.

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's OPEB Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ -	\$ 4,421	\$ -	\$ 687	\$ 4,689	\$ -	\$ 4,713	\$ 1,118	\$ 1,229	\$ 1,735
Contributions in Relation to the Contractually Required Contribution	-	(4,421)	-	(687)	(4,689)	-	(4,713)	(1,118)	(1,229)	(1,735)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 725,629	\$ 552,568	\$ 251,157	\$ 70,571	\$ 197,141	\$ 322,450	\$ 40,114	\$ 133,550	\$ 164,279	\$ 123,463
Contributions as a Percentage of Covered-Payroll	0.00%	0.80%	0.00%	0.97%	2.38%	0.00%	11.75%	0.84%	0.75%	1.41%

(1) Information prior to 2019 is not available

Elevated Excellence Academy
 Required Supplementary Information
 Schedule of the School's OPEB Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,196
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	(4,196)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 213,771	\$ 298,164	\$ 82,843	\$ 264,979	\$ 448,157	\$ 374,043	\$ 401,100	\$ 368,850	\$ 424,543	\$ 451,638
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

Fiscal year 2022, the SERS Board adopted the following assumption changes:

- Cost of living adjustment was increased from 2% to 2.5%.

For fiscal year 2021, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll Growth Assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was increased from 0.50 percent to 0.85 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020.
- Mortality among service retired members was updated to the following:
PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 13.50-18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to 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 members was updated to 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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

Note 1 - Net Pension Liability (continued)

Changes in Benefit Terms - SERS

For fiscal year 2018, 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 2.50 percent with a floor of zero 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 calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2022, demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed covering the period from July 1, 2015 to June 30, 2021 with changes going into effect June 30, 2022.

For fiscal year 2021, the investment return rate was decreased from 7.45% to 7.00%.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated 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.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2017)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date: (1) The assumed rate of inflation was reduced from 3.25% to 3.00%, (2) Payroll growth assumption was reduced from 4.00% to 3.50%, (3) Assumed real wage growth was reduced from 0.75% to 0.50%, (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (6) 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, and (7) Mortality among disabled members was updated to 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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – SERS (fiscal year 2018)

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.95 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Assumptions – SERS (fiscal year 2019)

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare

Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent

Medicare

Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

Changes in Assumptions – SERS (fiscal year 2020)

Amounts reported for fiscal year 2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.25 to 4.75 percent
Pre-Medicare	-7 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – SERS (fiscal year 2021)

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

Changes in Assumptions – SERS (fiscal year 2022)

- This discount rate changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- The investment rate of return was reduced from 7.50%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - 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% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 year and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.
- Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – SERS (fiscal year 2022) (continued)

-Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2022 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent.

Changes in Assumptions – SERS (fiscal year 2023)

The discount rate used to measure the total OPEB asset/liability at June 30, 2023 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2023, demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed covering the period from July 1, 2015 to June 30, 2021 with changes going into effect June 30, 2022.

For fiscal year 2022, the investment rate of return decreased from 7.45 percent to 7.00 percent. The blended discount rate was also decreased from 7.45 percent to 7.00 percent. Health care cost trend rates changed from 9.62 percent to -16.18 percent initially and a 4.00 percent ultimate rate to 11.87 percent to 29.98 percent initial, 4 percent ultimate.

For fiscal year 2021, health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

For fiscal year 2020, health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – STRS (continued)

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

Non-Medicare increased from 1.984 percent to 2.055 percent effective January 1, 2021. Medicare subsidy increased to 2.10 percent effective January 1, 2021 for AMA Medicare Plan. Medicare Part B elimination postponed indefinitely.

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The Non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.10 percent from the Medicare Plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Elevated Excellence Academy
Hamilton County
2129 West North Bend Road
Cincinnati, Ohio 45224

To the Board of Directors:

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 Elevated Excellence Academy, Hamilton County, (the Academy) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
February 28, 2024

OHIO AUDITOR OF STATE KEITH FABER



ELEVATED EXCELLENCE ACADEMY

HAMILTON 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 4/16/2024

88 East Broad 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