



OHIO AUDITOR OF STATE
KEITH FABER



**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY
JUNE 30, 2024**

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Elevated Excellence Academy
Hamilton County
2015 W. North Bend Road
Cincinnati, Ohio 45224

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the cash-basis financial statements of the Elevated Excellence Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2024, 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 cash-basis financial position of the Academy, as of June 30, 2024, and the respective changes in cash-basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

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.

Emphasis of Matter – Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the Academy to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matters

As discussed in Note 13 to the financial statements, during 2024, the Academy has elected to change its financial presentation to a cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the Academy closed on June 30, 2024. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, 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.

KEITH FABER
Ohio Auditor of State



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

September 26, 2025

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

AS OF JUNE 30, 2024

Assets:

Current assets:

Cash and cash equivalents	<u>\$ (1,235)</u>
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Net Cash Position:

Restricted for grants	4,485
Unrestricted	<u>(5,720)</u>

Total Net Cash Position	<u><u>\$ (1,235)</u></u>
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See accompanying notes to the basic financial statements

**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS
DISBURSMENTS AND CHANGES IN NET CASH POSITION - CASH BASIS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating receipts:	
Foundation payments	\$ 568,284
Other receipts	41,203
	<hr/>
Total operating receipts	609,487
	<hr/>
Operating disbursements:	
Salaries	185,415
Fringe benefits	71,299
Purchased services	1,230,464
Materials and supplies	15,322
Capital outlay	4,625
Other disbursements	5,845
	<hr/>
Total operating disbursements	1,512,970
	<hr/>
Operating Loss	(903,483)
Non-Operating receipts/(disbursements):	
Federal and State grants	896,614
	<hr/>
Change in net cash position	(6,869)
Net position at beginning of year	(1,000,620)
Restatement - Change in accounting principle (See Note 13)	1,006,254
Net cash position at end of year	<hr/> \$ (1,235) <hr/>

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, 2024**

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 10).

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 “(ERCO)” 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 five 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 41 students. The School voluntarily closed on June 30, 2024 (see Note 14 for further information.)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in this Note, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The School's basic financial statements consist of a statement of net cash position and a statement of revenues, expenses and change in net position. The statement of net cash position presents the cash balance of the business-type activities of the School at fiscal year-end.

The statement of receipts, disbursements and changes in net cash position presents disbursements and receipts of the School's business-type activities. Disbursements are reported by object. An object is a group of related activities designed to accomplish a major service or regulatory program for which the School is responsible.

B. Measurement Focus and Basis of Accounting

The School uses enterprise accounting to track and report on its financial activities. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (disbursements) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of receipts earned, disbursements incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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 Cash Equivalents

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. During fiscal year 2024, the School had no investments.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets and Depreciation

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Inventory and Prepaid Items

The School reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Intergovernmental Revenues

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

Amounts awarded under the items above for the year ended June 30, 2024 totaled \$1,464,898.

H. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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. The School does not report deferred inflow or deferred outflows of resources under the cash basis of accounting. The School's respective share of the net pension/OPEB asset/liability is described in Notes 8 and 9.

J. Operating and Non-Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activities. For the School, these receipts are primarily the State Foundation program and other receipts such as refunds. Operating disbursements are necessary costs incurred to provide the service that are the primary activity of the School. Receipts and disbursements not meeting this definition are reported as non-operating. Non-operating receipts are comprised of various federal and state grants.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 3 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03(B), requires the School to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School prepared its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position, and disclosures that, while material, cannot be determined at this time. The School can be fined, and various other administrative remedies may be taken against the School.

NOTE 4 – CASH AND CASH EQUIVALENTS

The following information classifies deposits by category of risk as defined in GASB Statement No.3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No.40, “Deposit, and Investment Risk Disclosures”.

At fiscal year end of June 30, 2024, the carrying amount of the School’s deposits was (\$1,235), and the bank balance was \$2,167. The entire bank balance was covered from FDIC insurance.

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 5 – PURCHASED SERVICES

For the fiscal year ending June 30, 2024, purchased services expenses were as follows:

Professional and Technical	\$706,010
Management fees	164,926
Property Services	115,890
Communications	62,879
Fiscal fees	59,627
Legal	26,780
Utilities	25,327
Data processing	20,696
Sponsor fees	18,024
Other	24,585
Total	<u>\$1,224,744</u>

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 6 – 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 \$18,024 in sponsorship fees.

NOTE 7 – 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 2024, the School obtained insurance through broker Foremost Insurance Group with the following insurance coverage:

Commercial general liability per occurrence	\$1,000,000
Building limit	425,000
General aggregate liability	3,000,000
Educator's legal liability per occurrence	1,000,000
Umbrella liability aggregate	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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS

The net pension/OPEB (asset)/liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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/OPEB are financed; however, the School does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before January 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School’s contractually required contribution to SERS was \$55,446 for fiscal year 2024.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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.

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, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 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 50 and after termination of employment.

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

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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.

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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was \$15,853 for fiscal year 2024.

Net Pension Liability

The net pension liability was measured as of June 30, 2023, 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 Share of the Net Pension Liability - prior measurement date	0.0013512%	0.00237935%	
Proportionate Share of the Net Pension Liability - current measurement date	<u>0.0139079%</u>	<u>0.00150023%</u>	
Change in proportionate share	<u><u>0.0125567%</u></u>	<u><u>-0.00087912%</u></u>	
 Proportionate Share of the Net Pension Liability	 \$768,485	 \$323,073	 \$1,091,558
Pension Expense	\$69,573	\$27,072	\$96,645

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.

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

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, 2023, 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 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

**ELEVATED EXCELLENCE SCHOOL
HAMILTON COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	3.00 %	0.76 %
US Equity	22.00	6.20
Non-US Equity Developed	12.00	6.91
Non-US Equity Emerging	6.00	8.92
Fixed Income/Global Bonds	18.00	2.46
Private Equity	14.00	10.30
Real Estate/Assets	20.00	5.01
Private Debt/Credit	5.00	6.42
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate for 2022 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.

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	\$1,134,242	\$768,485	\$460,401

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2023, 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, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

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

*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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023, and was also 7.00 percent as of June 30, 2022. 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, 2023. 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, 2023.

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	\$496,816	\$323,073	\$176,135

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**ELEVATED EXCELLENCE SCHOOL
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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – DEFINED BENEFIT OPEB PLANS

The net OPEB liability/asset are disclosed as a commitment and not reported on the face of the financial statements as a liability/asset because of the use of the cash basis framework.

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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 2024, 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 2024, this amount was \$30,000. 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 2024, the School's surcharge payment was \$0.

**ELEVATED EXCELLENCE SCHOOL
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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$0 for fiscal year 2024.

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. The plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB Asset/Liability - prior measurement date	0.0139582%	0.002379350%	
Proportionate Share of the Net OPEB Asset/Liability - current measurement date	0.0139079%	0.001500230%	
Change in proportionate share	<u>-0.0000503%</u>	<u>-0.00087912%</u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$230,244	(\$29,177)	\$201,067
OPEB Expense (Income)	\$23,411	(\$1,512)	\$21,899

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – DEFINED BENEFIT OPEB PLANS (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, 2023 are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	6.75 to 4.40 percent

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Retirement 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2023 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.00 %	0.76 %
US Equity	22.00	6.20
Non-US Equity Developed	12.00	6.91
Non-US Equity Emerging	6.00	8.92
Fixed Income/Global Bonds	18.00	2.46
Private Equity	14.00	10.30
Real Estate/Assets	20.00	5.01
Private Debt/Credit	5.00	6.42
Total	<u>100.00 %</u>	

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Notes to the Basic Financial Statements
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NOTE 9 – 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, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, 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, 2023 and the June 30, 2022 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 3.86 percent at June 30, 2023 and 3.69 percent at June 30, 2022.

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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). 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 (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School's proportionate share of the net OPEB liability	\$292,887	\$230,244	\$178,846
	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	\$168,330	\$230,244	\$309,686

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, 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, 4.14 percent ultimate
Medicare	-10.94 percent initial, 4.14 percent ultimate
Prescription Drug	
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate

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

For healthy retirees the 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. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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

Asset Class	Target Allocation*	Long-Term Expected 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	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023, and was also 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023.

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, 2023, 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	(\$24,695)	(\$29,177)	(\$33,081)

	1% Decrease	Current Trent Rate	1% Increase
School's proportionate share of the net OPEB asset	(\$33,262)	(\$29,177)	(\$24,257)

**ELEVATED EXCELLENCE SCHOOL
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 10 - 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 CCSC 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 CCSC based on the qualified gross revenues.

The School had purchased services for the fiscal year ended June 30, 2024, to CCSC of \$851,389 of which \$164,926 is recorded as the management fee. 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 11 – CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Litigation

There are currently no matters in litigation with the School as defendant.

NOTE 12 – 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 2024, the School paid \$65,000 between both locations.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 13 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES, CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF NET POSITION

For fiscal year 2024, the School implemented Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*. The statement addresses how certain items need to be accounted for with respect to financial reporting:

Change in Accounting Principle

- The nature of the change in accounting principle, including (1) identification of the financial statement line items (excluding totals and subtotals) affected by the application of the new accounting principle and (2) for the implementation of a new pronouncement, identification of the pronouncement that was implemented.
- Except for the implementation of a new pronouncement, the reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable.

Correction of an Error

The School should disclose the following in notes to financial statements for each error correction:

- The nature of the error and its correction, including the periods affected by the error and identification of the financial statement line items (excluding totals and subtotals) affected by the error in prior periods.
- For financial statements that present a single period, the effect on the prior period's change in net position, fund balance, or fund net position, as applicable, had the error not occurred.

For fiscal year 2024, the School implemented a change in accounting principle by switching from using generally accepted accounting principles and reported under the cash basis as described in Note 2. The effect on the June 30, 2023 net position is as below:

Net Position, June 30, 2023	(\$1,000,620)
Changes from converting to cash balance:	
Removal of prior reported assets	(90,346)
Removal of prior reported net OPEB asset	(61,609)
Removal of prior reported deferred outflows of resources	(1,040,823)
Removal of prior reported liabilities	89,934
Removal of prior reported net pension/OPEB liabilities	1,455,741
Removal of prior reported deferred inflows of resources	653,357
Net Changes above	<u>1,006,254</u>
Restated Net Position, July 1, 2023	<u>\$5,634</u>

**ELEVATED EXCELLENCE SCHOOL
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 14 – SUBSEQUENT EVENT

Effective June 30, 2024 the Board of Directors voted to close the School. The School is performing closing procedures as required by the Ohio Department of Education and Workforce (DEW) and will work to distribute its remaining assets in accordance with State law, following the procedures prescribed by DEW regarding official notices to DEW, retirement systems, students, staff and the community. Disposition of student records and property owned by the School will be handled in accordance with DEW requirements.

As of June 30, 2024, the School had a cash balance of (\$1,235), known current assets of (\$1,235) and projected liabilities of \$0. The School experienced limited activity subsequent to fiscal year end, only paying amounts owed to vendors with its remaining cash.

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**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	3L60	\$34,310
Total Child Nutrition Cluster			<u>34,310</u>
Total U.S. Department of Agriculture			<u>34,310</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
COVID 19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425	3HS0	726,580
Special Education Cluster			
IDEA B Special Education Grants to States	84.027	3M20	29,618
Total Special Education Cluster			<u>29,618</u>
Title I - Grants to Local Agencies	84.010	3M00	57,702
Total U.S. Department of Education			<u>813,900</u>
Total Expenditures of Federal Awards			<u>\$848,210</u>

The accompanying notes are an integral part of this schedule.

**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Elevated Excellence Academy (the Academy) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position or changes in net position of the Academy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Academy has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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
2015 W. 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 cash-basis financial statements of the Elevated Excellence Academy, Hamilton County, Ohio (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated September 26, 2025, wherein we noted the Academy used a special purpose framework other than generally accepted accounting principles. We also noted the Academy closed effective June 30, 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 opinions 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001, 2024-003, and 2024-005 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2024-002 through 2024-005.

Academy's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

KEITH FABER
Ohio Auditor of State



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

September 26, 2025



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Elevated Excellence Academy
Hamilton County
2015 W. North Bend Road
Cincinnati, Ohio 45224

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Elevated Excellence Academy's, Hamilton County, (Academy) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2024. The Academy's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Elevated Excellence Academy
Hamilton County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

September 26, 2025

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**ELEVATED EXCELLENCE ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL# 84.425 - COVID 19 Elementary and Secondary School Emergency Relief Fund (ESSER)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2024-001

Material Weakness – Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

FINDING NUMBER 2024-001
(Continued)

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Due to deficiencies in the Academy's internal controls over cash reconciliations, the following conditions related to the Academy's cash reconciliations were identified:

- The Academy had a reconciled cash balance totaling (\$1,235).
- The Academy did not update its name and address changes with the financial institution to have it reflected on the bank statement.
- The Academy incorrectly included a check as both an outstanding check and as an other adjustment that had previously cleared.
- There was no evidenced review of the cash reconciliations.

Failure to reconcile monthly increases the possibility that the Academy will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should establish and implement internal control procedures to ensure the recording of all transactions and preparation of monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Directors should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response:

As the school was having financial difficulties prior to closure we attempted to pay as many outstanding obligations as possible which ultimately resulted in a reconciled cash balance of (\$1,235). This would not have happened had the school been on better financial footing. The name and address not being changed with the financial institution was an oversight because we accessed our bank statements through online banking so we did not even think about the address change. In the future we will make sure the address is changed if we move locations. The inclusion of a check as both an outstanding check and an adjustment was an oversight. In the future we will review the reconciliation more carefully to make sure this does not happen again. Finally, in the future we will include cash reconciliations in the monthly financial report to the board for review and approval.

FINDING NUMBER 2024-002

Noncompliance – Annual Financial Report

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

Ohio Admin. Code 117-2-03(B) requires the Academy to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

As a cost savings measure, the Academy prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

In addition, the Academy filed its 2024 annual report on January 12, 2025, and no extension was obtained. The Academy did not have procedures in place for effective monitoring of the timeliness of the Academy's annual report. Failure to file an annual report in a timely manner could result in the assessment of penalties against the Academy.

Pursuant to Ohio Rev. Code § 117.38 the Academy may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the Academy's ability to evaluate and monitor the overall financial condition of the Academy.

To help provide the users with more meaningful financial statements, the Academy should prepare its annual financial statements according to generally accepted accounting principles and file their annual report timely.

Officials' Response:

Since the school closed and did not have the financial resources necessary to pay all of its obligations a decision was made to file cash basis financial statements instead of GAAP basis financial statements.

FINDING NUMBER 2024-003

Material Weakness/Noncompliance – Student Records and Full-Time Equivalent (FTE) Reporting

Ohio Rev. Code § 3314.08 provides the provisions upon which community schools are funded on a full-time equivalent basis.

Ohio Rev. Code § 3314.08(H) requires, in part, the Department of Education and Workforce to adjust the amounts subtracted and paid under division (C) of this section to reflect any enrollment of students in community schools for less than the equivalent of a full school year.

FINDING NUMBER 2024-003
(Continued)

Ohio Rev. Code § 3314.08(H)(2) provides, in part, that a student shall be considered to be enrolled in a community school for the period of time beginning on the later of the date on which the school both has received documentation of the student's enrollment from a parent and the student has commenced participation in learning opportunities as defined in the contract with the sponsor, or thirty days prior to the date on which the student is entered into the education management information system established under section 3301.0714 of the Revised Code.

Ohio Rev. Code § 3314.03(A)(6)(b) and (A)(27-28) provide that community schools must adopt attendance and participation policies for their students and attendance records shall be made available to the Department of Education and Workforce, Auditor of State and the Academy's sponsor.

Furthermore, **Ohio Admin Code 3301-69-02(B)(1)** states the parent, legal guardian, or custodian must provide an explanation for the absence, which shall be recorded by the approving authority of the school and shall include the data and time of the absence according to local policy. In addition, the Education Management Information System (EMIS) Manual Section 2.1.1 entitled "Student Enrollment Overview" includes a subsection entitled "General Guidelines/Required Documentation" which states, in part, that all excuses from parent, as well as other documents pertaining to a student's enrollment, attendance, and withdrawal from a district, become a part of the official attendance record and must be maintained regardless of format or condition.

Due to deficiencies in the Academy's internal controls over student attendance records, the Academy was unable to provide supporting documentation for new student enrollments, student absences, and student withdrawals.

Additionally, the Academy received a Full Time Equivalency (FTE) review from the Ohio Department of Education and Workforce (ODEW) for fiscal year 2024 in which ODEW noted:

- Special education disability condition and funding code reported in EMIS could not be supported because Evaluation Team Report (ETR) was missing.
- Individualized Education Program (IEP) were missing for eight of 25 students selected.
- Newly identified special education student's Individualized Education Program did not have parent signature for two of 12 students selected.
- Special Education FTE start date reported in EMIS was not the date when the parent signed the initial IEP for three of 12 students selected.
- Lack of supporting documentation for student enrollment and attendance.
- Attendance documents did not support the Start Dates and End Dates listed in the FTE Detail Report. All 25 students in the sample selected were withdrawn on February 26, 2024, and no withdrawal forms were provided.
- The transportation daily rider count sheets did not support the average number of riders reported in the Department's transportation data collection system.
- The Academy uploaded an enrollment policy for a different school.

FINDING NUMBER 2024-003
(Continued)

The Academy did not appeal or take any action to address the above with ODEW which resulted in ODEW making a 2024 final FTE adjustment totaling \$46,695.90. (See Finding for Recovery in Finding Number 2024-004.)

A lack of internal controls over reporting attendance records increases the risk that the Academy's funding could be calculated based on inaccurate information. A lack of proper supporting documentation restricts the Academy's ability to support attendance information reported to ODEW.

The Academy should establish and implement procedures over student records, including student absences to verify student records information is properly maintained and reported.

Officials' Response:

Cincinnati Charter School Collaborative (Operator) maintained all records and refused to respond or provide records to the auditor upon request. No corrective action plan was provided. The Academy closed as of June 30, 2024.

FINDING NUMBER 2024-004

Finding for Recovery/Noncompliance – Due to ODEW

Ohio Rev. Code § 3314.08(K)(1) and (3) state, in part, that if the department determines that a review of a community school's enrollment is necessary, such review shall be completed and written notice of the findings shall be provided to the governing authority of the community school and its sponsor within ninety days of the end of the community school's fiscal year unless the period is extended due to a reason identified in the statute. If the review results in a finding that the community school owes moneys to the state, the department shall deduct such amount from the school's future payments in accordance with guidelines issued by the director.

The Academy closed and ceased operations on June 30, 2024. A Full Time Equivalency (FTE) review was completed by the Ohio Department of Education and Workforce (ODEW) on July 17, 2024. Due to lack of internal controls over student records, the review identified issues and directed the Academy to take action to correct the issues within 30 days. During ODEW's final reconciliation process, it was noted in a letter to the Academy dated November 8, 2024, that the Academy received more funds than the final student data supported, resulting in a balance owed to ODEW in the amount of \$46,695.90.

In accordance with the foregoing facts and circumstances and pursuant to Ohio Rev. Code § 117.24, a Finding for Recovery for public monies due but not collected is hereby issued against Elevated Excellence Academy in the amount of \$46,695.90 and in favor of the Ohio Department of Education and Workforce.

Officials' Response:

Cincinnati Charter School Collaborative (Operator) maintained all records and refused to respond or provide records to the auditor upon request. No corrective action plan was provided. The Academy closed as of June 30, 2024.

FINDING NUMBER 2024-005

Material Weakness/Noncompliance – 2 CFR 200 - SEFA Reporting

2 CFR § 3474.1 gives regulatory effect to the U.S. Department of Education and **2 CFR § 400.1** gives regulatory effect to the U.S. Department of Agriculture for **2 CFR § 200.510(b)** which requires the auditee to prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the entity's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the Schedule must:

- (1) List individual federal programs by federal agency.
- (2) For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total federal awards expended for each individual federal program and the AL number or other identifying number when the AL information is not available.
- (4) Include the total amount provided to subrecipients from each federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the Schedule the balances outstanding at the end of the audit period.
- (6) Include notes that describe the significant accounting policies used in preparing the Schedule and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

Due to lack of internal controls over Single Audit expenditure reporting, the following conditions relating to the above criteria for the Schedule of Expenditure of Federal Awards were identified:

- The Schedule was not formatted as prescribed by the Auditor of State.
- The federal agency which provided each award was not reported for any award listing.
- Pass-through entity identifying numbers were not reported for any award listing.
- The award listing (AL) number was incorrectly labeled CFDA.
- National School Lunch (AL 10.555) was understated by \$34,220.
- Elementary and Secondary Schools Emergency Relief (ESSER) (AL 84.425U) was understated by \$258,562.
- IDEA-B Special Education Grants to States (AL 84.027) was understated by \$25,514.
- Title I (AL 84.010) was overstated by \$244,845.

Due to lack of internal controls over Single Audit expenditure reporting, the following conditions relating to the above criteria for the Notes to the Schedule of Expenditure of Federal Awards were identified:

FINDING NUMBER 2024-005
(Continued)

- Note C – Indirect Costs Rate did not state whether the Academy had elected to use a de minimis indirect cost rate or not.
- Note E – Food Donation Program incorrectly disclosed a Food Donation Program which did not apply to the Academy.

Errors and omissions on the Schedule and Notes to the Schedule could adversely affect future grant awards in addition to causing an inaccurate assessment of major federal programs that would be subjected to audit. Adjustments to which management has agreed are reflected in the Schedule and Notes to the Schedule.

Academy management should develop and implement a system for the compilation and to review of the Schedule and the Notes to the Schedule for errors and omissions. This will help ensure the Schedule and Notes to the Schedule are complete and accurate and major federal programs are correctly identified for reporting purposes.

Officials' Response:

This was a mistake that was made as the Treasurer was creating the Schedule of Federal Financial Assistance without the assistance of the financial statement compiler. In the future, the Treasurer will make sure the schedule is completed appropriately.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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**ELEVATED EXCELLENCE ACADEMY
W. NORTH BEND ROAD
CINCINNATI, OH 45224**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024**

Finding Number: 2024-001

Planned Corrective Action: As the school was having financial difficulties prior to closure we attempted to pay as many outstanding obligations as possible which ultimately resulted in a reconciled cash balance of (\$1,235). This would not have happened had the school been on better financial footing. The name and address not being changed with the financial institution was an oversight because we accessed our bank statements through online banking so we did not even think about the address change. In the future we will make sure the address is changed if we move locations. The inclusion of a check as both an outstanding check and an adjustment was an oversight. In the future we will review the reconciliation more carefully to make sure this does not happen again. Finally, in the future we will include cash reconciliations in the monthly financial report to the board for review and approval.

Anticipated Completion Date: N/A
Responsible Contact Person: Michael F. Ashmore, Treasurer

Finding Number: 2024-002

Planned Corrective Action: Since the school closed and did not have the financial resources necessary to pay all of its obligations a decision was made to file cash basis financial statements instead of GAAP basis financial statements.

Anticipated Completion Date: N/A
Responsible Contact Person: Michael F. Ashmore, Treasurer

Finding Number: 2024-003

Planned Corrective Action: Cincinnati Charter School Collaborative (Operator) maintained all records and refused to respond or provide records to the auditor upon request. No corrective action plan was provided. The Academy closed as of June 30, 2024.

Anticipated Completion Date: N/A
Responsible Contact Person: N/A

**ELEVATED EXCELLENCE ACADEMY
W. NORTH BEND ROAD
CINCINNATI, OH 45224**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024
(Continued)**

Finding Number: 2024-004

Planned Corrective Action: Cincinnati Charter School Collaborative (Operator) maintained all records and refused to respond or provide records to the auditor upon request. No corrective action plan was provided. The Academy closed as of June 30, 2024.

Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2024-005

Planned Corrective Action: This was a mistake that was made as the Treasurer was creating the Schedule of Federal Financial Assistance without the assistance of the financial statement compiler. In the future, the Treasurer will make sure the schedule is completed appropriately.

Anticipated Completion Date: N/A
Responsible Contact Person: N/A

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 11/13/2025

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

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