





PRIORITY HIGH SCHOOL  
HAMILTON COUNTY  
JUNE 30, 2024

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Basic Financial Statements:	
Statement of Net Cash Position – Cash Basis.....	5
Statement of Receipts, Disbursements and Changes in Net Cash Position – Cash Basis .....	6
Notes to the Basic Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	25
Schedule of Findings .....	27
Summary Schedule of Prior Audit Findings .....	31

**This page intentionally left blank.**



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

## INDEPENDENT AUDITOR'S REPORT

Priority High School  
Hamilton County  
2945 Gilbert Avenue  
Cincinnati, Ohio 45206

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the cash-basis financial statements of Priority High School, Hamilton, Ohio (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School'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 School, as of June 30, 2024, and the respective changes in cash-basis financial position 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 School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter – Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the School 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.

#### ***Other Emphasis of Matters***

As discussed in Note 13 to the financial statements, during 2024, the School 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 School 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2025, on our consideration of the School'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 School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State

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

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

July 15, 2025

**This page intentionally left blank.**



**PRIORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO  
STATEMENT OF NET CASH POSITION - CASH BASIS**

**AS OF JUNE 30, 2024**

**Assets:**

Current assets:

Cash and cash equivalents	<u>\$ 1,155</u>
---------------------------	-----------------

**Net Position:**

Restricted for grants	<u>1,155</u>
-----------------------	--------------

<b>Total Net Cash Position</b>	<b><u><u>\$ 1,155</u></u></b>
--------------------------------	-------------------------------

See accompanying Notes to the Basic Financial Statements

**PRIORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO  
STATEMENT OF RECEIPTS  
DISBURSEMENTS AND CHANGES IN NET CASH POSITION - CASH BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>Operating receipts:</b>	
Foundation payments	\$ 1,101,501
Other operating receipts	<u>2,731</u>
<b>Total operating receipt</b>	<u>1,104,232</u>
<b>Operating disbursements:</b>	
Fringe benefits	54,698
Purchased services	1,262,294
Materials and supplies	14,114
Capital outlay	16,661
Other operating disbursements	<u>10,225</u>
<b>Total operating disbursements</b>	<u>1,357,992</u>
Operating Income	(253,760)
<b>Non-Operating receipts:</b>	
Federal and state grants	<u>215,879</u>
<b>Change in net cash position</b>	(37,881)
Net position at beginning of year - restated (See Note 13)	<u>39,036</u>
Net position at end of year	<u><u>\$ 1,155</u></u>

See accompanying Notes to the Basic Financial Statements

**PRIORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY**

Priority High School, Hamilton County (the School) is a federal tax exempt 501(c)(3) and state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. 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 began operations at the beginning of the 2020 school year. The School signed a contract with The Educational Resource Consultants of Ohio, Inc. (ERCO) (Sponsor) to operate for a period from July 1, 2019 through June 30, 2022 which has been extended through June 30, 2024. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, 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 staffed by the management company who provide services to 126 full time equivalent 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.

**A. Basis of Presentation**

The School's basic financial statements consist of a statement of net cash position and a statement of receipts, disbursements and change in net cash 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.

**PRORITY HIGH 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)**

**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.

**E. Capital Assets and Depreciation/Amortization**

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.

**PRORITY HIGH 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)**

**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 \$1,319,350.

**H. Net 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 a disbursement 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 system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports 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 and 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 good or service that is 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.

**PRORITY HIGH 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 June 30, 2024, the carrying amount of the School’s deposits was \$1,155, and the bank balance was \$1,124. The entire bank balance was covered by Federal Deposit 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 ended June 30, 2024, purchased services expenses were as follows:

Professional and Technical	\$	574,552
Lease payments		222,300
Management Fees		173,631
Data processing		115,441
Property Services		51,703
Fiscal fees		33,510
Sponsor Fees		33,091
Utilities		25,755
Legal		12,845
Advertising/Marketing		6,405
Other		13,061
Total	\$	<u>1,262,294</u>

**PRORITY HIGH 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 \$33,091 in sponsorship fees.

**NOTE 7 – RISK MANAGEMENT**

***Property and Liability*** - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with CCSC, CCSC has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (see Note 10).

***Director and Officer*** - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and a \$5,000 deductible.

There was no significant reduction in coverage from the prior year. Settlement amounts have not exceeded coverage amounts in each of the past two years.

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

The net pension/OPEB 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 system provides both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability***

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.

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)**

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

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 system 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, the 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 system 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.

***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](http://www.ohsers.org) under Employers/Audit Resources.



**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)**

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 \$50,446 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:

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)**

	<u>SERS</u>
Proportionate Share of the Net Pension Liability - prior measurement date	0.0007453%
Proportionate Share of the Net Pension Liability - current measurement date	<u>0.0005445%</u>
Change in proportionate share	<u><u>-0.0002008%</u></u>
 Proportionate Share of the Net Pension Liability	 \$30,084
Pension Expense	\$2,724

***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 the defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 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)

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)**

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.

<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>	

**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.

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)**

***Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the 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	\$44,406	\$30,084	\$18,025

**NOTE 9 – DEFINED BENEFIT OPEB PLAN**

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability/asset because of the use of the modified 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](http://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.

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 9 – DEFINED BENEFIT OPEB PLAN (continued)**

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.

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.

***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 retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>
Proportionate Share of the Net OPEB Liability - prior measurement date	0.0006758%
Proportionate Share of the Net OPEB Liability - current measurement date	<u>0.0004934%</u>
Change in proportionate share	<u><u>-0.0001824%</u></u>
 Proportionate Share of the Net OPEB Liability	 \$8,128
OPEB Expense	\$564

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 9 – DEFINED BENEFIT OPEB PLAN (continued)**

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for the 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

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 9 – DEFINED BENEFIT OPEB PLAN (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 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>	

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

**NOTE 9 – DEFINED BENEFIT OPEB PLAN** (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, SERS 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	\$10,391	\$8,128	\$6,345
	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	\$5,972	\$8,128	\$10,987



**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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 \$574,019 of which \$168,667 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 AGREEMENTS**

The School has a lease with MESJJ for the facility and property located at 2945 Gilbert Avenue, Cincinnati, Ohio. The lease term runs from July 1, 2020 to July 1, 2024. The lease has a four year extension option that can be exercised by the School. The annual lease payments total \$69,000. The lease included a \$11,500 security deposit.

At the end of fiscal year 2022, the School entered into a lease with Teko Land Group for the facility and property located at 1990 Waycross Road. The lease term runs from April 8, 2022 to April 8, 2029. The lease had a set payment schedule for the first three year then years four to seven are increased using the consumer price index.

Total payments made on the lease agreements for fiscal year 2024 was \$222,850.

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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	(\$23,263)
Changes from converting to cash balance:	
Removal of prior reported assets	(723,672)
Removal of prior reported deferred outflows of resources	(40,956)
Removal of prior reported liabilities	690,486
Removal of prior reported net pension/OPEB liabilities	49,800
Removal of prior reported deferred inflows of resources	86,641
Net Changes above	<u>62,299</u>
Restated Net Position, July 1, 2023	<u><u>\$39,036</u></u>

**PRORITY HIGH SCHOOL  
HAMILTON COUNTY, OHIO**

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

---

**NOTE 14 – SUBSEQUENT EVENT**

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

As of June 30, 2024 the School had a cash balance of \$1,155, known current assets of \$1,155 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.

**This page intentionally left blank.**

# 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

Priority High School  
Hamilton County  
2945 Gilbert Avenue  
Cincinnati, Ohio 45206

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 Priority High School, Hamilton County, Ohio (the School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 15, 2025, wherein we noted the School used a special purpose framework other than generally accepted accounting principles. We also noted the School 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 School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 through 2024-004 that we consider to be material weaknesses.


***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School'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 2024-003 through 2024-005.

***Purpose of This Report***

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

July 15, 2025

PRIORITY HIGH SCHOOL  
HAMILTON COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2024

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

FINDING NUMBER 2024-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the School's internal controls over financial reporting, the following conditions related to the School's financial statements were identified:

- Federal and State Grants receipts totaling \$123,775 for Facilities Funding were incorrectly reported as State Foundation receipts.
- The School did not disclose the School Funding / FTE Contingency totaling \$29,438 in the footnotes.
- The School did not disclose ODEW Closeout Procedures in the footnotes.

The School did not have procedures in place for effective monitoring of the accuracy of financial reporting and notes. It is important that the Board take an active role in monitoring the posting and reporting of such activity. Failure to accurately monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and preparing financial statements and notes the financial statements. The School officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

FINDING NUMBER 2024-002

**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.

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.

**FINDING NUMBER 2024-002**  
**(Continued)**

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

- The School had a reconciled cash balance totaling (\$1,242). A check totaling \$2,400 was cleared against the School's account in duplicate in July 2023 but never resolved with the bank.
- The School did not update its name and address changes with the financial institution to have it reflected on the bank statement.
- There was no evidenced review of the cash reconciliations.

Failure to reconcile monthly increases the possibility that the School 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 record all transactions and prepare 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.

**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.

**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 School'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.



**FINDING NUMBER 2024-003**  
**(Continued)**

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

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

- Lack of supporting documentation for student withdrawals.
- Lack of supporting documentation for birth records, proof of residency, and enrollment forms.
- 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 all selected students.
- Newly identified special education student's Individualized Education Program did not have a parent signature for all selected students.
- Attendance documents did not support the Start Dates and End Dates listed in the FTE Detail Report.

The School did not appeal or take any action to address the above with ODEW which resulted in ODEW making a 2024 final FTE adjustment totaling \$29,437.90. (See Finding for Recovery in Finding Number 2024-005.)

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

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

**FINDING NUMBER 2024-004**

**Material Weakness/Noncompliance – Annual Financial Report**

**Ohio Rev. Code § 117.38** provides that each public office reporting pursuant to generally accepted accounting principles shall file a financial report within one hundred fifty days after the close of the 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.

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the School to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School 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.

**FINDING NUMBER 2024-004  
(Continued)**

In addition, the School filed its 2024 annual report on January 16, 2025, and no extension was obtained. The School did not have procedures in place for effective monitoring of the timeliness of the School's annual report. Failure to file an annual report in a timely manner could result in auditing difficulties.

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

To help provide the users with more meaningful financial statements, the School should have prepared its annual financial statements according to generally accepted accounting principles and filed their annual report timely.

**FINDING NUMBER 2024-005**

**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 School 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 18, 2024. The review identified issues and directed the School to take action to correct the issues within 30 days. During ODEW's final reconciliation process, it was noted in a letter to the School dated November 8, 2024, that the School received more funds than the final student data supported, resulting in a balance owed to ODEW in the amount of \$29,437.90.

In accordance with the foregoing facts and circumstances, a Finding for Recovery for public monies due but not collected is hereby issued against Priority High School in the amount of \$29,437.90 and in favor of the Ohio Department of Education and Workforce.

**Officials' Response:**

We did not receive a response from Officials to the above findings.

# Priority High School

2945 Gilbert Avenue  
Cincinnati, Ohio 45206

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Accounting for Management Company Expenses	No Longer Valid	The Management Company received less than 20% of the School's revenues for 2024.
2023-002	College Credit Plus Program	Not Corrected	Repeated in Management Letter
2023-003	Dropout Prevention and Recovery	No Longer Valid	The School switched to General Education for 2024.
2023-004	Student Records	Not Corrected	Repeated as Finding 2024-003



# OHIO AUDITOR OF STATE KEITH FABER



**PRIORITY HIGH SCHOOL**

**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 7/31/2025**

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](http://www.ohioauditor.gov)