



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PINNACLE ACADEMY
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Pinnacle Academy
860 East 222nd Street
Euclid, Ohio 44123

We have reviewed the *Independent Auditor's Report* of the Pinnacle Academy, Cuyahoga County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 09, 2022

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PINNACLE ACADEMY
YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Pinnacle Academy
Cuyahoga County
860 East 222nd Street
Euclid, Ohio 44123

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Pinnacle Academy, Cuyahoga County, Ohio (the Academy), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

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

BHM CPA Group
Piketon, Ohio
January 25, 2022

PINNACLE ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

The discussion and analysis of Pinnacle Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities through June 30, 2021. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. It should be read in conjunction with the financial statements and notes to the financial statements, which immediately follow this section, to enhance understanding of the Academy's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, issued June, 1999.

Financial Highlights

For the fiscal year ended June 30, 2021, total assets were \$654,214, deferred outflows of resources were \$794,276, total liabilities were \$4,590,782, deferred inflows of resources were \$1,127,204, and total net position was (\$4,269,496).

Using this Financial Report

This report consists of the MD&A, the financial statements, and notes to those statements. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Reporting the Academy as a Whole

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Academy's net position — the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position — as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position — as reported in the statement of net position — are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the Academy.

The statement of net position and the statement of revenues, expenses, and changes in net position report the activities for the Academy, which encompass all the Academy's services, including instruction, support services, community services, and food services. Unrestricted state aid and state and federal grants finance most of these activities. The Academy has entered into a services agreement (the "Agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the Agreement, NHA also provides the facility in which the Academy operates. Under the terms of the Agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

The table below provides a summary of the Academy's net position for fiscal years ended June 30:

	2021	2020
Assets:		
Current assets	\$ 379,295	\$ 279,709
Net OPEB Asset	<u>274,919</u>	<u>267,557</u>
Total assets	654,214	547,266
Deferred outflows of resources:		
Pension system	721,050	938,692
OPEB	<u>73,226</u>	<u>65,211</u>
Total deferred outflows	<u>794,276</u>	<u>1,003,903</u>
Liabilities:		
Current liabilities	323,693	261,314
Net pension liability	4,144,170	3,946,051
Net OPEB liability	<u>122,919</u>	<u>161,193</u>
Total liabilities	4,590,782	4,368,558
Deferred inflows of resources:		
Pension system	645,626	1,101,835
OPEB	<u>481,578</u>	<u>490,812</u>
Total deferred inflows	<u>1,127,204</u>	<u>1,592,647</u>
Net position:		
Restricted - School Service Fund	11,220	-
Unrestricted	<u>(4,280,716)</u>	<u>(4,410,036)</u>
Total net position	<u>\$ (4,269,496)</u>	<u>\$ (4,410,036)</u>

The unrestricted net position represent the accumulated results of the Academy's operations to date. These assets can be used to finance day-to day-operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the Academy as a whole are reported in the statement of revenues, expenses, and changes in net position, which shows the change in net position.

Statement of Revenues, Expenses, and Changes in Net Position

The table below shows the changes in net position as well as a listing of revenues and expenses for the fiscal years ending June 30:

	2021	2020
Operating revenues:		
Foundation payments	\$ 5,491,614	\$ 5,331,393
Food services	-	-
Other revenues	<u>249,752</u>	<u>270,731</u>
Total operating revenues	5,741,366	5,602,124
Operating expenses:		
Contracted service fee	6,860,934	7,277,838
Pension system recharacterization	(103,332)	(82,840)
Expenses of the Board of Directors	<u>9,016</u>	<u>31,804</u>
Total operating expenses	6,766,618	7,226,802
Operating income (loss)	<u>(1,025,252)</u>	<u>(1,624,678)</u>
Nonoperating revenues:		
Federal grants	871,321	1,080,703
State grants	87,569	-
Private sources—NHA	<u>206,902</u>	<u>598,286</u>
Total nonoperating revenues	<u>1,165,792</u>	<u>1,678,989</u>
Change in net position	<u>\$ 140,540</u>	<u>\$ 54,311</u>

As reported in the statement of revenues, expenses, and changes in net position, the cost of business activities was \$6,766,618. These activities were primarily funded by the Academy's state aid (based on student count) and governments and organizations that subsidized certain programs with grants. *Revenues Non-operating – Private sources – NHA* represent a contribution granted by NHA for the excess of the Academy expenses over public revenues available.

The Academy experienced an increase in net position of \$140,540 in 2021. The primary reason for the change in net position is the recharacterization of pension funding and the timing of Board discretionary expenditures. Under the terms of the Agreement, NHA provides a spending account to the Board of Directors for discretionary expenditures.

General Economic Factors

The Academy depends on legislative and governmental support to fund its operations. For fiscal year 2022, community school foundation funding received from the state of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67% for fiscal year 2022 and 33.33% for fiscal year 2023.

Contacting the Academy's Financial Management

The financial report is designed to provide users of the report with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Suite 201, Grand Rapids, MI 49512.

PINNACLE ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2021

CURRENT ASSETS:	
Cash	\$ 47,249
Intergovernmental receivables	207,098
Prepaid expenses	<u>124,948</u>
Total current assets	<u>379,295</u>
NON-CURRENT ASSETS:	
Net OPEB Asset	<u>274,919</u>
Total non-current assets	<u>274,919</u>
Total assets	<u>654,214</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension system	721,050
OPEB	<u>73,226</u>
Total deferred outflows	<u>794,276</u>
CURRENT LIABILITIES:	
Accounts payable	2,618
Unearned revenue	<u>321,075</u>
Total current liabilities	<u>323,693</u>
NON-CURRENT LIABILITIES:	
Net pension liability	4,144,170
Net OPEB liability	<u>122,919</u>
Total liabilities	<u>4,590,782</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension system	645,626
OPEB	<u>481,578</u>
Total deferred inflows	<u>1,127,204</u>
NET POSITION :	
Restricted - School Service Fund	11,220
Unrestricted	<u>(4,280,716)</u>
TOTAL NET POSITION	<u>\$ (4,269,496)</u>

See notes to financial statements.

PINNACLE ACADEMY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2021

OPERATING REVENUES:

Foundation payments	\$	5,491,614
Other revenues		<u>249,752</u>
Total operating revenues		<u>5,741,366</u>

OPERATING EXPENSES:

Contracted service fee		6,860,934
Pension system recharacterization		(103,332)
Expenses of the Board of Directors		<u>9,016</u>
Total operating expenses		<u>6,766,618</u>

OPERATING INCOME (1,025,252)

NONOPERATING REVENUES:

Federal grants		871,321
State grants		87,569
Private sources — NHA		<u>206,902</u>
Total nonoperating revenues		<u>1,165,792</u>

CHANGE IN NET POSITION 140,540

NET POSITION — Beginning of year (4,410,036)

NET POSITION — End of year \$ (4,269,496)

See notes to financial statements.

PINNACLE ACADEMY

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from State of Ohio	\$ 5,522,895
Cash received from food services	11
Cash received from other operating revenue	409,686
Cash paid on behalf of the Academy for goods and services	<u>(6,871,774)</u>
Net cash used in operating activities	<u>(939,182)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Federal grants received	876,942
State grants received	<u>87,569</u>
Net cash provided by noncapital financing activities	<u>964,511</u>
NET DECREASE IN CASH	25,329
CASH — Beginning of year	<u>21,920</u>
CASH — End of year	<u><u>\$ 47,249</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$ (1,025,252)
Support from private sources — NHA	206,902
Entitlement commodities assistance	24,117
Changes in assets and liabilities:	
Change in intergovernmental receivables affecting operating revenue	20,953
Change in prepaid expenses	(124,948)
Change in pension system, net	(103,333)
Change in accounts payable	2,618
Change in unearned revenue	159,945
Change in contracted service fee payable	<u>(100,184)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (939,182)</u></u>
NON-CASH ACTIVITIES:	
Support from private sources — NHA	<u>\$ 206,902</u>
Entitlement commodities assistance	<u>\$ 24,117</u>

See notes to financial statements.

PINNACLE ACADEMY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

1. NATURE OF OPERATIONS

Pinnacle Academy (the “Academy”) is an Ohio Public School Academy, which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy operates under an approved charter contract received from Educational Service Center of Lake Erie West (ESCLEW or the “Sponsor”), which is responsible for oversight of the Academy’s operations. The charter contract’s term expires on June 30, 2021. The Academy provides education to students in kindergarten through the eighth grade, at no cost to the parent. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation.

The Academy was established and is operated as a nonprofit corporation under Chapter 1702 of the Ohio Revised Code and believes itself to be exempt from taxation under Internal Revenue Code Section 115(1) because its income is derived from the exercise of an essential governmental function and accrues to the State of Ohio (the “State”). Donations to the Academy qualify as a charitable deduction under Internal Revenue Code Section 170(c)(1).

The Academy operates under the direction of a board of directors (the “Board”). The Board is responsible for carrying out the provisions of the contract with the Sponsor that 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 has entered into a services agreement (the “Agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the Agreement, NHA also provides the facility in which the Academy operates. The Agreement will continue until the termination or expiration of the charter contract, up to a maximum of five years, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the Agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources. *Revenues Non-operating – Private sources – NHA* represent a contribution granted by NHA for the excess of the Academy expenses over public revenues available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and

financial reporting principles. The more-significant of the Academy's accounting policies are described below.

The Academy's financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise's activities.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

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

Cash Deposits — For cash management, all cash received by the Academy is pooled in a non-interest bearing central bank account. Total cash for the Academy is presented as "Cash" on the accompanying statement of net position. Cash as of June 30, 2021, represents bank deposits, which are covered by federal depository insurance.

Unearned Revenue — Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned.

Pensions — For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension 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. Pension system recharacterization expense represents the net impact of applying GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment benefits Other Than Pensions (OPEB)*.

Deferred Outflows and Deferred Inflows of Resources — In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 5 and 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources are reported, when applicable, for pension and OPEB on the statement of net position. (See Note 5 and 6.)

Operating Revenues and Expenses — The Academy currently participates in the State Foundation Program, the State Intervention Services Program, and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as nonoperating revenue in the accounting period in which all eligibility requirements have been met.

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

Net Position — Net position represent the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Budgetary Process — The contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the Academy to prepare a five-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

3. DEPOSITS AND INVESTMENTS

At fiscal year-end June 30, 2021, the Academy's bank balance was \$47,249 Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of

June 30, 2021, none of the bank balance was exposed to custodial risk as discussed below and all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Academy and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Academy to a successful claim by the FDIC.

4. RECEIVABLES

Receivables at June 30, 2021 consisted of intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables at June 30, 2021, is as follows:

Due from State	\$ 24,203
Due from State - Special Ed	15,416
Title I	100,459
Title I School Improvement	12,111
Title IIA	21,041
National School Lunch & Breakfast	<u>33,868</u>
Total intergovernmental receivables	<u>\$ 207,098</u>

5. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability — The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Academy's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated

average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Academy’s obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions are financed; however, the Academy does receive the benefit of the employees’ services (specifically NHA-employees and other third-party contracted employees) in exchange for compensation including pension.

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

Plan Description — Certain non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, standalone 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	Age 60 with 5 years of service credit	Age 62 with 10 years of service credit;
Reduced	Age 55 with 25 years of service credit	or
Benefits		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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients following commencement. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy — Plan members are required to contribute 10 percent of their annual covered salary and the Academy 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, 2021, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$24,622 for fiscal year 2021. Of this amount \$0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, or 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. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes 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 after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. 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. For the fiscal year ended June 30, 2021, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2021, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$270,752 for fiscal year 2021. Of this amount \$0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities.

The following is information related to the proportionate share and pension expense:

	<u>SERS</u>		<u>STRS</u>		<u>Total</u>
Proportionate share of net pension liability	\$ 359,205	\$	3,784,965	\$	4,144,170
Proportion of the net pension liability	0.005431%		0.015643%		
Total pension expense	\$ 41,535	\$	477,791	\$	519,326

At June 30, 2021, the Academy reported deferred outflows and deferred inflows related to pensions from the following sources:

	<u>SERS</u>		<u>STRS</u>		<u>Total</u>
Deferred outflows of resources					
Difference between expected and actual experience	\$ 697	\$	8,492	\$	9,189
Change of assumptions	-		203,178		203,178
Net difference between projected and actual earnings on pension plan investments	22,802		184,064		206,866
Changes in employer proportion and differences between contributions and proportionate share of contributions	6,443		-		6,443
Academy contributions subsequent to the measurement date	<u>24,622</u>		<u>270,752</u>		<u>295,374</u>
Total deferred outflows of resources	<u>\$ 54,564</u>	<u>\$</u>	<u>666,486</u>	<u>\$</u>	<u>721,050</u>
Deferred inflows of resources					
Difference between expected and actual experience	\$ -	\$	24,203	\$	24,203
Changes in employer proportion and differences between contributions and proportionate share of contributions	<u>29,474</u>		<u>591,949</u>		<u>621,423</u>
Total deferred inflows of resources	<u>\$ 29,474</u>	<u>\$</u>	<u>616,152</u>	<u>\$</u>	<u>645,626</u>

The Academy reported \$295,374 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30	<u>SERS</u>		<u>STRS</u>		<u>Total</u>
2022	\$ (12,120)	\$	(235,953)	\$	(248,073)
2023	(4,057)		(88,794)		(92,851)
2024	9,506		41,737		51,243
2025	<u>7,139</u>		<u>62,591</u>		<u>69,730</u>
Total	<u>\$ 468</u>	<u>\$</u>	<u>(220,419)</u>	<u>\$</u>	<u>(219,951)</u>

E. Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions Experience Study Date	5 Year Period Ended June, 30 2015
Investment Rate of Return	7.5 Percent of Net Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.5 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate — The total pension liability was calculated using the discount rate of 7.50 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 earning were calculated using the long-term assumed investment rate of return (7.50 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 longterm 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 Academy’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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy’s proportionate share of the net pension liability	\$ 492,066	\$ 359,205	\$ 247,731

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.5 Percent at Age 65

Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Discount Rate of Return	7.45 Percent
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	7.45 %

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate — The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. 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, 2020. Therefore, the long term expected rate of return on pension plan investment of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the Academy’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate — The following table presents the Academy’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	\$ 5,389,131	\$ 3,784,965	\$ 2,425,568

6. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” was effective. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB are provided to an employee-on a deferred-payment basis-as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net OPEB liability represents the Academy’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 Academy’s obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which OPEB are financed; however, the Academy does receive the benefit of employees’ services in exchange for compensation including OPEB.

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual 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 2020, 0.5 percent of covered payroll 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 2021, this amount was \$19,600. 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 2021, the District's surcharge obligation was \$3,527.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium

reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>		<u>STRS</u>		<u>Total</u>
Proportionate share of net OPEB liability	\$ 122,919	\$	(274,919)	\$	(152,000)
Proportion of the net OPEB liability	0.005656%		0.015643%		
Total pension expense	\$ 8,667	\$	(16,311)	\$	(7,644)

At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>		<u>STRS</u>		<u>Total</u>
Deferred outflows of resources					
Difference between expected and actual experience	\$ 1,616	\$	17,615	\$	19,231
Change in assumptions	20,952		4,537		25,489
Net difference between projected and actual earnings on pension plan investments	1,385		9,636		11,021
Changes in employer proportion and differences between contributions and proportionate share of contributions	13,958		-		13,958
Academy contributions subsequent to the measurement date	<u>3,527</u>		<u>-</u>		<u>3,527</u>
Total deferred outflows of resources	<u>\$ 41,438</u>	<u>\$</u>	<u>31,788</u>	<u>\$</u>	<u>73,226</u>
Deferred inflows of resources					
Difference between expected and actual experience	\$ 62,513	\$	54,759		117,272
Change in assumptions	3,096		261,127		264,223
Changes in employer proportion and differences between contributions and proportionate share of contributions	<u>39,350</u>		<u>60,733</u>		<u>100,083</u>
Total deferred inflows of resources	<u>\$ 104,959</u>	<u>\$</u>	<u>376,619</u>	<u>\$</u>	<u>481,578</u>

\$3,527 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred

outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (14,692)	\$ (85,818)	\$ (100,510)
2023	(14,589)	(79,297)	(93,886)
2024	(23,251)	(79,093)	(102,344)
2025	(7,492)	(74,799)	(82,291)
2026	(4,790)	(12,541)	(17,331)
2027	(2,233)	(13,283)	(15,516)
Total	<u>\$ (67,047)</u>	<u>\$ (344,831)</u>	<u>\$ (411,878)</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the 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, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.5 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment Expense including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent

Medical Trend Assumption

Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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, 7.50 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.

SERS' 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>
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 2.63 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 state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of

contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.63 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Academy'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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). 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 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Academy's proportionate share of the net OPEB liability	\$ 150,450	\$ 122,919	\$ 101,032

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	\$ 96,789	\$ 122,919	\$ 157,861

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

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

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

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

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	7.45 %

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB liability	\$ (239,198)	\$ (274,919)	\$ (305,228)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	\$ (303,346)	\$ (274,919)	\$ (240,291)

7. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained through Citizens Insurance Company of America as follows:

Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 in the aggregate with no deductible
Commercial Liability Umbrella	\$5,000,000 per occurrence \$5,000,000 in the aggregate with no deductible

There have been no significant reductions in insurance coverage during fiscal year 2021, and claims did not exceed coverage less retained risk deductible amounts during the past three fiscal years.

8. CONTINGENCIES

State Funding — School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in additional adjustments to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2020 and 2021 which resulted in no significant adjustments to the Academy's funding.

In addition, the Academy's contracts with ESCLEW require payment based on revenues received from the State. As discussed above, FTE adjustments could impact the Academy's funding and ultimate amount due to its sponsor.

9. RELATED PARTY

The Board Members for the Academy also serve as the Board members for Apex Academy; both academies are managed by NHA.

10. CONTRACTED SERVICE FEE

NHA incurred the following actual direct and indirect expenses on behalf of the Academy for the year ended June 30, 2021:

	<u>Regular Instruction</u>	<u>Special Instruction</u>	<u>Support Services</u>	<u>Non- Instructional</u>	<u>Total</u>
Contracted service fee:					
Direct expenses:					
Salaries & wages	\$ 2,172,709	\$ 495,835	\$ 691,278	\$ 15,612	\$ 3,375,434
Employees' benefits	461,267	88,033	46,355	-	595,655
Professional & technical services	116,778	231,138	249,100	-	597,016
Property services	-	-	1,246,253	14,779	1,261,032
Utilities	-	-	65,026	-	65,026
Contracted craft or trade services	-	-	-	106,984	106,984
Transportation	-	-	365	-	365
Supplies	368,030	3,096	195,275	-	566,401
Other direct costs	52,097	867	90,343	-	143,307
	<u>3,170,881</u>	<u>818,969</u>	<u>2,583,995</u>	<u>137,375</u>	<u>6,711,220</u>
Indirect expenses:					
Overhead	-	-	149,714	-	149,714
	<u>-</u>	<u>-</u>	<u>149,714</u>	<u>-</u>	<u>149,714</u>
Total expenses	<u>\$ 3,170,881</u>	<u>\$ 818,969</u>	<u>\$ 2,733,709</u>	<u>\$ 137,375</u>	<u>\$ 6,860,934</u>

NHA charges expenses benefiting more than one school (i.e., indirect expenses) based on key cost drivers. These charges represent indirect cost of services provided in the operation of the Academy. Such services include, but are not limited to, education services, facilities management, equipment, operational support services, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, grant management, technology support, and marketing and communications.

11. SPONSORSHIP AGREEMENT

The Academy entered into a sponsorship agreement with ESCLEW. The sponsorship agreement provides that ESCLEW receives 2.5% of State Foundation funds received by the Academy from the State. Oversight fees paid to ESCLEW were \$137,290 for fiscal year 2021.

12. OPERATING LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2020 through June 30, 2021. Annual rental payments required by the lease are \$965,920 payable in twelve monthly payments of \$80,493. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the Academy or NHA.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2021 through June 30, 2022, at the same rental rate.

13. COVID-19

The United States and the State of Ohio Declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the Academy. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on the Academy's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

14. SUBSEQUENT EVENTS

For fiscal year 2022, community school foundation funding received from the state of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67% for fiscal year 2022 and 33.33% for fiscal year 2023.

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PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS (1)**

	2020	2019	2018	2017	2016	2015	2014	2013
Academy's proportion of the net pension liability	0.005431%	0.006244%	0.005634%	0.006877%	0.010575%	0.009827%	0.008943%	0.008943%
Academy's proportionate share of the net pension liability	\$ 359,205	\$ 373,583	\$ 322,693	\$ 410,868	\$ 773,978	\$ 560,738	\$ 452,600	\$ 531,811
Academy's covered-employee payroll	\$ 190,600	\$ 203,507	\$ 186,479	\$ 228,171	\$ 328,414	\$ 295,843	\$ 259,871	\$ 203,644
Academy's proportionate share of the net pension liability as a percentage of the total pension liability	188.46%	183.57%	173.05%	180.07%	235.67%	189.54%	174.16%	261.15%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

⁽¹⁾ Information prior to 2013 is not available.

Amounts presented as of the Academy's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 STATE TEACHERS RETIREMENT SYSTEM OF OHIO
 LAST EIGHT FISCAL YEARS (1)**

	2020	2019	2018	2017	2016	2015	2014	2013
Academy's proportion of the net pension liability	0.015643%	0.016154%	0.017239%	0.019546%	0.023160%	0.020165%	0.019981%	0.019981%
Academy's proportionate share of the net pension liability	\$ 3,784,965	\$ 3,572,468	\$ 3,790,535	\$ 4,643,292	\$ 7,752,474	\$ 5,573,132	\$ 4,860,134	\$ 5,789,360
Academy's covered-employee payroll	\$ 1,887,821	\$ 1,641,814	\$ 1,959,821	\$ 2,148,886	\$ 2,436,914	\$ 2,103,921	\$ 2,041,536	\$ 2,132,732
Academy's proportionate share of the net pension liability as a percentage of the total pension liability	200.49%	217.59%	193.41%	216.08%	318.13%	228.70%	238.06%	271.45%
Plan fiduciary net position as a percentage of the total pension liability	75.50%	77.40%	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the Academy's measurement date, which is the prior fiscal year end.

See accompanying notes to the required financial supplementary information.

PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 24,622	\$ 26,684	\$ 28,491	\$ 26,107	\$ 31,944	\$ 45,978	\$ 38,992	\$ 36,018	\$ 28,184	\$ 40,845
Contributions in relation to the contractually required contribution	<u>24,622</u>	<u>26,684</u>	<u>28,491</u>	<u>26,107</u>	<u>31,944</u>	<u>45,978</u>	<u>38,992</u>	<u>36,018</u>	<u>28,184</u>	<u>40,845</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy covered-employee payroll	\$ 175,871	\$ 190,600	\$ 203,507	\$ 186,479	\$ 228,171	\$ 328,414	\$ 295,843	\$ 259,871	\$ 203,644	\$ 303,680
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information.

PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 270,752	\$ 264,295	\$ 229,854	\$ 274,375	\$ 300,844	\$ 341,168	\$ 294,549	\$ 265,400	\$ 277,255	\$ 243,327
Contributions in relation to the contractually required contribution	<u>270,752</u>	<u>264,295</u>	<u>229,854</u>	<u>274,375</u>	<u>300,844</u>	<u>341,168</u>	<u>294,549</u>	<u>265,400</u>	<u>277,255</u>	<u>243,327</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy covered-employee payroll	\$ 1,933,943	\$ 1,887,821	\$ 1,641,814	\$ 1,959,821	\$ 2,148,886	\$ 2,436,914	\$ 2,103,921	\$ 2,041,536	\$ 2,132,732	\$ 1,871,746
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST FIVE FISCAL YEARS ⁽¹⁾**

	2020	2019	2018	2017	2016
Academy's proportion of the net OPEB liability	0.005656%	0.006410%	0.005732%	0.006999%	0.010739%
Academy's proportionate share of the net OPEB liability	\$ 122,919	\$ 161,193	\$ 159,029	\$ 187,832	\$ 306,113
Academy's covered-employee payroll	\$ 190,600	\$ 203,507	\$ 186,479	\$ 228,171	\$ 328,414
Academy's proportionate share of the net OPEB liability as a percentage of the total OPEB liability	64.49%	79.21%	85.28%	82.32%	93.21%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

⁽¹⁾ Information prior to 2016 is not available.

Amounts presented as of the Academy's measurement date,
which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

PINNACLE ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST FIVE FISCAL YEARS ⁽¹⁾

	2020	2019	2018	2017	2016
Academy's proportion of the net OPEB liability (Asset)	0.015643%	0.016154%	0.017239%	0.019546%	0.023160%
Academy's proportionate share of the net OPEB liability (Asset)	\$ (274,919)	\$ (267,557)	\$ (277,018)	\$ 762,629	\$ 1,238,623
Academy's covered-employee payroll	\$ 1,887,821	\$ 1,641,814	\$ 1,959,821	\$ 2,148,886	\$ 2,436,914
Academy's proportionate share of the net OPEB liability (Asset)	-14.56%	-16.30%	-14.13%	35.49%	50.83%
as a percentage of the total OPEB liability (Asset)	182.10%	174.70%	176.00%	47.10%	37.30%
Plan fiduciary net position as a percentage of the total OPEB liability (Asset)					

⁽¹⁾ Information prior to 2016 is not available.

Amounts presented as of the Academy's measurement date,
which is the prior fiscal year end.

See accompanying notes to the required supplementary information

PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACADEMY OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS ⁽¹⁾**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,527	\$ 3,729	\$ 5,019	\$ 3,169	\$ 3,910	\$ 5,533	\$ 2,275	\$ 929
Contributions in relation to the contractually required contribution (2)	<u>3,527</u>	<u>3,729</u>	<u>5,019</u>	<u>3,169</u>	<u>3,910</u>	<u>5,533</u>	<u>2,275</u>	<u>929</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy covered-employee payroll	\$ 175,871	\$ 190,600	\$ 203,507	\$ 186,479	\$ 228,171	\$ 328,414	\$ 295,843	\$ 259,871
Contributions as a percentage of covered-employee payroll	2.01%	1.96%	2.47%	1.70%	1.71%	1.68%	0.77%	0.36%

(1) Information prior to 2014 is not available.

(2) Includes surcharge

See accompanying notes to the required supplementary information

PINNACLE ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACADEMY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS ⁽¹⁾**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,415
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	20,415
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy covered-employee payroll	\$ 1,933,943	\$ 1,887,821	\$ 1,641,814	\$ 1,959,821	\$ 2,148,886	\$ 2,436,914	\$ 2,103,921	\$ 2,041,536
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

(1) Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

PINNACLE ACADEMY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

1. NET PENSION LIABILITY SCHOOL EMPLOYEES RETIREMENT SYSTEM

Change in assumptions SERS – For fiscal year 2018 an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Change in Benefit terms SERS – With the authority granted to the Board under SB 9, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to a CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019, and 2020.

Change in Assdumptions STRS – For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 motality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms STRS - For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

2. NET OPEB ASSET/LIABILITY

Changes in assumptions SERS – Amounts reported as incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare	
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare	
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Change in Benefit Terms SERS – There have been no changes to the benefit provisions.

Change in Assumptions STRS – For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.5 percent ultimate rate for fiscal

2. NET OPEB ASSET/LIABILITY (CONTINUED)

year 2018 and changed for fiscal year 2019 to a change of -5.20 percent to a 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based

on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

PINNACLE ACADEMY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Award Amounts	(Memo Only) Prior Year Expenditures	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures
Clusters:							
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Ohio Department of Education: Noncash Assistance (Commodities) -							
National Lunch Program Entitlement Commodities 2020-21	N/A	10.555	\$ 24,117	\$ -	\$ -	\$ 24,117	\$ 24,117
Cash Assistance:							
National School Lunch Program 1920	N/A	10.555	211,403	211,403	-	8,718	81,604
National School Lunch Program 2021	N/A	10.555	81,604	-	-	64,306	81,604
National School Lunch Program (incl. commodities) Subtotal			317,124	211,403	-	97,141	105,721
National School Breakfast Program 1920	N/A	10.553	83,913	83,913	-	8,435	34,821
National School Breakfast Program 2021	N/A	10.553	34,821	-	-	28,579	34,821
National School Breakfast Program Subtotal			118,734	83,913	-	37,014	34,821
Total Child Nutrition Cluster			435,858	295,316	-	134,155	140,542
Special Education Cluster - U.S. Department of Education Passed through Ohio Department of Education							
IDEA Flowthrough:							
IDEA Flowthrough 2021	N/A	84.027	165,196	-	-	165,196	165,196
Total IDEA Flowthrough			165,196	-	-	165,196	165,196
IDEA Preschool:							
IDEA Preschool 2021	N/A	84.173	315	-	-	315	315
Total IDEA Preschool			315	-	-	315	315
Total Special Education Cluster			165,511	-	-	165,511	165,511
Other federal awards:							
Passed through the Ohio Department of Education:							
Title I Part A							
Title I Part A 1920	N/A	84.010	\$ 538,362	\$ 447,310	\$ -	\$ 101,285	\$ 42,624
Title I Part A 2021	N/A	84.010	490,072	-	-	318,298	398,061
Total Title I Part A			1,028,434	447,310	-	419,583	440,685
Title I Supplemental School Improvement							
Title I Supplemental School Improvement 1920	N/A	84.010	32,500	28,728	-	9,310	737
Title I Supplemental School Improvement 2021	N/A	84.010	12,111	-	-	-	8,579
Total Title I Supplemental School Improvement			44,611	28,728	-	9,310	9,316
Title II Part A - Supporting Effective Instruction							
Title II Part A 1920	N/A	84.367	66,774	88,443	-	7,351	1,803
Title II Part A 2021	N/A	84.367	103,047	-	-	47,685	94,380
Total Title II Part A			169,821	88,443	-	55,036	96,183
Title IV Part A - Student Support and Academic Enrichment							
Title IV Part A 1920	N/A	84.424	-	-	-	7,521	-
Title IV Part A 2021	N/A	84.424	-	-	-	27,604	-
Total Title IV Part A			-	-	-	35,125	-
Total noncluster programs passed through the Ohio Department of Education			1,242,866	564,481	-	519,054	546,184
Education Stabilization Fund Program - U.S. Department of Education 'Passed through Ohio Department of Education							
COVID-19 ESSER Formula Fund I	203710	84.425D	389,513	-	-	-	246,913
COVID-19 ESSER Formula Fund II	213712	84.425D	1,543,552	-	-	-	110,067
COVID-19 ESSER Formula Fund III ARP		84.425U	3,438,498	-	-	-	41,466
Total ESSER			5,371,563	-	-	-	398,446
Total Education Stabilization Fund Program		84.425	5,371,563	-	-	-	398,446
Coronavirus Relief Fund - U.S. Department of Treasury Passed through Ohio Department of Education							
COVID-19 CRF OTHER EDUCATIONAL ENTITIES	20-21	21.019	30,548	-	-	30,548	30,548
Total CRF passed through Ohio Department of Education			30,548	-	-	30,548	30,548
Total federal awards			\$ 7,246,346	\$ 859,797	\$ -	\$ 849,268	\$ 1,281,231

See Notes to the Schedule of Expenditures of Federal Awards

PINNACLE ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Academy under programs of the federal government for the year ended June 30, 2021. 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, changes in net position, or cash flows of the Academy.

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. 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.

D. FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the entitlement value. The Academy allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

E. TRANSFERS BETWEEN FEDERAL PROGRAMS

During the fiscal year 2021, the Academy made allowable transfers of \$27,604 and \$7,521 from the Title IV Student Support and Academic Enrichment (Title IV) program to the Title I Grants to Local Educational Agencies (Title I) program and Title II Supporting Effective Instruction, respectively. The amount reported for the Title IV on the Schedule excludes the amount transferred to the Title I and Title II programs. The amount transferred to the Title I and Title II programs is included as Title I and Title II expenditures when disbursed. The following table shows the gross amount drawn for the Title IV program during fiscal year 2021 and the amount transferred to the Title I and Title II programs:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Title IIA Supporting Effective Instruction	84.367	\$ 55,036
Transfer from Title IIA	84.424	\$ 27,604
Total Title IIA Supporting Effective Instruction		\$ 82,640
Title IV Student Support and Academic Enrichment	84.424	\$ 35,125
Transfer to Title IIA Grants to Local Educational Agencies	84.367	\$ (27,604)
Transfer to Title I Grants to Local Educational Agencies	84.010	(7,521)
Total Title IV Supporting Effective Instruction		\$ -

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

Pinnacle Academy
Cuyahoga County
860 East 222nd Street
Euclid, Ohio 44123

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Pinnacle Academy, Cuyahoga County, (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated January 25, 2022, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "BHM CPA Group".

BHM CPA Group Inc.
Piketon, Ohio
January 25, 2022



**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**

Pinnacle Academy
Cuyahoga County
860 East 222nd Street
Euclid, Ohio 44123

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited Pinnacle Academy's (the Academy) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Pinnacle Academy's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Academy's major federal program.

Management's Responsibility

The Academy's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Academy's compliance for the Academy's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Academy's major program. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on the Major Federal Program

In our opinion, Pinnacle Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



BHM CPA Group Inc.
Piketon, Ohio
January 25, 2022

**PINNACLE ACADEMY
CUYAHOGA COUNTY**

Schedule of Findings
2 CFR § 200.515
June 30, 2021

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 controls reported at the financial statement level (GAGAS)?	No
(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)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies, CFDA # 84.010
(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?	Yes

**PINNACLE ACADEMY
CUYAHOGA COUNTY**

Schedule of Findings
2 CFR § 200.515
June 30, 2021

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

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

OHIO AUDITOR OF STATE KEITH FABER



PINNACLE ACADEMY

CUYAHOGA 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 3/22/2022

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

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